

Education funding stalls as schools' costs rise



Costs are rising for Texas schools while funding is stagnant

When adjusted for inflation, investments in public education are on the decline. According to figures released by the Legislative Budget Board in May 2022, total education spending in constant dollars (calculated with compounded state population and inflation growth) is lower in 2023 than it has been since 2015. Since the last significant school finance bill (House Bill 3) was enacted in 2019, inflation is 14.5%. School districts are paying more for fuel, utilities, and insurance, while their employees face rising costs for housing and other living expenses. This has contributed to shortages of teachers and others involved in education across Texas. To keep pace with inflation, legislators would have to adjust the Basic Allotment by \$900 per student — which would cost more than \$10 billion over the next two years. A one-time adjustment to provide additional state funding would also help districts mitigate recent cost increases.



Funding based on enrollment would better reflect true costs

Currently, per-student funding is based on Average Daily Attendance. However, basing education funding on enrollment rather than attendance would more accurately reflect the true cost of educating students. For example, a teacher's salary is the same regardless of how many students in the class are absent on a given day. Bus routes do not change based on daily fluctuations in attendance.



Compared to other states, Texas lags in education funding

According to an Education Week report released in late 2022, Texas ranks 40th in cost-adjusted per-pupil funding level by state. The report states that Texas spends \$12,649 per pupil, which is \$2,798 below the national average. According to the National Education Association, Texas ranks 28th in average teacher salary.

KEY POINTS:

- 1 Funding for public education in Texas has been stagnant since 2019
- 2 Inflation is 14.5% since 2019, driving costs higher for schools and educators
- 3 A meaningful funding increase will help schools facing higher costs and losing teachers



More and more funding goes to charter schools

It is important not to create two parallel tracks of funding education, one with traditional school districts and one with charter schools. The rapid expansion of charter schools happens outside of public view or involvement, and it undermines efforts to have an efficient system of school funding for all students. Charter schools are not subject to the same standards of transparency and accountability as local school districts governed by elected trustees.



The cost of property-tax compression is rising

Rising property taxes have caused frustration for Texans and elected officials alike, and legislative leaders have pledged to deliver property tax relief. Property-tax relief is important, but it is important to remember that dollars spent on property-tax compression (even though they get counted as state spending on education) do not actually result in a net increase in dollars going into the classroom. The cost of existing tax-rate compressions increases by about \$1 billion a year, which leaves fewer dollars available for the state to invest in classroom learning.



Adjusted for inflation, per-student education spending in Texas is at its lowest point in nearly a decade.

