



Defunding Texas' Public Schools is Not Relief to Taxpayers

IDRA Testimony on Interim Charge on Property Tax Relief, Submitted to the Texas Senate Finance Committee, May 23, 2022

Dear Chairwoman Huffman and Members of the Committee:

IDRA is an independent, non-partisan, education non-profit committed to achieving equal educational opportunity for every child through strong public schools that prepare all students to access and succeed in college.

Texas public schools depend on the system that is funded by both local tax revenue and state funding. In its ideal form, this allows for funding equity between high- and low-property wealth districts to equitably fund public education according to their students' needs and the capacity of the surrounding community, with additional support from the state. We have never reached that ideal for many reasons, and eliminating the M&O tax rate would ensure we never do.

Local districts' revenue capacity is already jeopardized. HB 3, passed in 2019, instituted the individual and statewide compressed tax rates based on districts' property wealth growth. As property values rise, the tax compression will continue to restrict local districts' ability to generate local revenue for public schools. Local collections through the M&O tax rate account for over \$29 billion in local revenue (2021-22 Statewide Summary of Finances). Without sustainable state plans to pay for public schools, the current reduction and proposed elimination of the M&O tax rate would effectively defund our public school system. There is no relief in bankrupting our public schools.

We recommend this committee alleviate Texans' property tax burden and support public school funding by:

- Maintaining local districts' ability to set M&O tax rates at a unified level, without the compression instituted by HB 3, which violates the equity principle of equal return of tax revenue for equal tax effort;
- Investing more through sustainable state revenue sources that are progressive in nature, such as reducing tax exemptions for businesses, expanding sales taxes to professional services that generate high revenues (e.g., legal services, business consulting) and eliminating property tax cuts to large commercial properties;
- Leveraging additional state funding to promote greater equity in the school funding system through increasing the basic allotment and weights for special populations, including for emergent bilingual students (i.e., English learners); and
- Opposing policies that divert public dollars from public schools. This includes limiting the growth of charter schools and opposing proposals for that take public school dollars out of the system for private purposes.

IDRA is available for any questions or further resources that we can provide. Thank you for your consideration. For more information, please contact Chloe Latham Sikes, Ph.D, IDRA Deputy Director of Policy, at chloe.sikes@idra.org.

Resources

IDRA. (2016). Principles for Fair Funding for the Common Good. San Antonio: IDRA.

https://www.idra.org/education_policy/fair-funding-common-good/principles-fair-funding-common-good/

TEA. (2022). 2021-2022 Statewide Summary of Finances. TEA: Austin.

IDRA is an independent, non-profit organization led by Celina Moreno, J.D. Our mission is to achieve equal educational opportunity for every child through strong public schools that prepare all students to access and succeed in college. IDRA strengthens and transforms public education by providing dynamic training; useful research, evaluation, and frameworks for action; timely policy analyses; and innovative materials and programs.