



Texas Doesn't Have to Give a Discount to Reduce Recapture and Keep Equitable Funding in Schools

IDRA Testimony against SB 2088, submitted by Chloe Latham Sikes, Ph.D., to the Texas Senate Education Committee, April 5, 2023

Dear Chair Creighton and Honorable Members of the Committee:

My name is Chloe Latham Sikes, Ph.D., and I am deputy director of policy at IDRA, an independent, non-partisan 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.

IDRA opposes SB 2088 because it unnecessarily reduces recapture funds that are used to equalize state funding across public school districts of high and low property wealth. Recapture arose as the state's primary way to balance high- and low-property wealth districts' local revenue for their schools. Today, recapture continues to help close the gap by helping finance the state share of school funding, comprising about 5% of the state's share (LBB, 2022-23).

Yet funding gaps remain. The top 100 wealthiest school districts are **still able to raise \$4,738 more** in local tax revenue for their Tier 1 funding than the 100 lowest property wealth districts. That's a disparity of over **\$118,000 per classroom** that wealthier districts can use to pay teachers, purchase instructional materials and invest in technology (IDRA, 2023).

A 10% reduction in recapture payments for paying early and in full, as this bill proposes, would be a **loss of over \$334 million for the 2022-23 school year**. Since it's a percentage discount, the loss of revenue could grow much higher as property values grow in recapture districts. This flat discount to recapture payments ultimately takes money away from the statewide public school system and compromises a critical equalizing feature of the school finance system.

There is good news, though. There are several alternative proposals this session that would reduce recapture while providing greater funding to all students, instead of coming at the expense of low-wealth districts:

- Increase the basic allotment and adjust it annually for inflation, thereby allowing districts subject to recapture to retain more of their local revenue.
- Move to enrollment-based funding, which accounts for more students in the district for funding calculations, driving down the calculated excess local revenue.
- Slow the number of new charter school campuses that are approved through TEA's amendment process. For instance, the state could impose more rigorous procedures for

charter campus expansion that provide greater public transparency and accountability to local communities. This could have the effect of retaining more students in their local school districts which also reduces local revenue in excess of entitlement.

Texas does not have to give a discount to reduce recapture. The state can make meaningful and sustainable investments that support all students and relieve local property tax burdens. All Texas students deserve to benefit from fairly-funded public schools.

IDRA is available for any questions or further resources that we can provide. Thank you for your consideration. For more information, please contact chloe.sikes@idra.org.

Resources

IDRA (2023). Texas Schools Need Funds to Serve Students – Infographic. <https://idra.news/TxRevenueGap>

Latham Sikes, C. (2022). How Texas Schools are Funded – And Why That Matters to Collective Success. IDRA.

<https://idra.news/IBTxSciFunding>

LBB. (2022-23). Fiscal Size-Up 2022–23 Biennium. Legislative Budget Board.

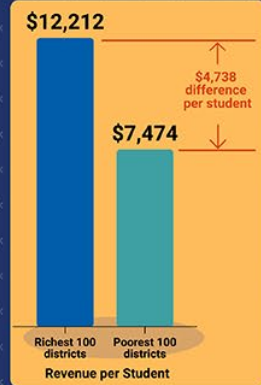
https://www.lbb.texas.gov/Documents/Publications/Fiscal_SizeUp/Fiscal_SizeUp_2022-23.pdf

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 leading policy analyses and advocacy; dynamic teacher training and principal coaching; useful research, evaluation and frameworks for action; and innovative student, family and community engagement.

Texas Schools Need Funds to Serve Students



Despite five decades of walkouts, advocacy, litigation, research, advocacy and state leadership promises, some students are still considered more valuable than others.



Texas schools in 2021 had a **\$4,738 gap** per student in how much they could raise locally for schools.



This means the richest school districts could raise **\$118,443 more** to spend **per classroom** on teachers, curriculum, books, technology tools and supplies.



The State of Texas is responsible for providing funds for educating all public school students.



But Texas ranks **40th** in per-student funding.

It doesn't have to be this way. Texas can do better for our future.



Tell policymakers to raise the education basic allotment, which helps all students and teachers across the state.



Tell them **not** to support private school voucher schemes.

The Texas Legislature is considering ways to take public tax money away from public schools and give it to private schools that are not accountable to the public or even to students' families. Private schools are not required to serve students with special needs or learning differences and do not have to report results or what they do with your money.

March 2023. Gap figures based on average estimated 2021 revenue per weighted student at district's adopted tax rates for 2020-21. Calculated by IDRA. Data source: Texas Education Agency, 2021. State ranking data from Making the Grade 2022 report by the Education Law Center.

