

# The Truth About School Finance in Texas: Myth vs. Reality

Public schools across the state are struggling. Stagnant state funding, inflationary double-digit price increases, and new legislative mandates are forcing districts to adopt deficit budgets and cut programs and staff.

Yet some are claiming otherwise and pushing a false narrative about school funding with the goal of undermining public education to ultimately divert public tax dollars to private voucher schemes.

It's important to set the record straight. Here's a look at some of the biggest myths around school funding and the facts that underscore how much Texas public school students and teachers are being shortchanged.

## **Myth: "Texas is fully funding education."**

**Reality:** At the core of school funding is the basic allotment — the per-student funding each district receives. Since 2019, there has been **no increase by lawmakers to the basic allotment**, despite inflationary price increases of up to 19% on everything including supplies, utilities, and other school operational expenses.

Exacerbating the problem are new state mandates, including House Bill 3, which requires school districts to have a commissioned peace officer at every campus absent extenuating circumstances. Although the Legislature did increase the school safety allotment in 2023 by 28 cents per student and sent \$15,000 to every campus to help districts comply with House Bill 3, that additional funding falls significantly short of the actual cost of providing enhanced security.

In another failure, the Legislature ignored a \$2.3 billion special education shortfall, adding financial strain to districts that are already stretching their budgets to provide services to students with disabilities and special needs.

## **Myth: "Texas public education is being funded at its highest level ever."**

**Reality:** While this statement is technically true, it's grossly misleading because per-student funding has significantly declined over the past decade. In fact, the state's Legislative Budget Board shows that **in inflation-adjusted dollars, funding has dropped \$590 per student over the past 10 years.**

So, how can this assertion technically be true? Well, it includes more funding in response to student enrollment growth (more students being served) and to cover specific, mandated items. It also counts state funds used to pay down local property taxes as funds used for education — even though not a single dollar of these funds is being applied to student learning and instruction. Lastly, this claim includes temporary federal funding set to expire this fall and one-time investments in the Teacher Retirement System that do not impact the classroom.

So, while it is true that the Legislature provided "historic funding levels," *actual public schools did not receive historic funding increases*. Put simply, there was no new funding to address teacher shortages, the special education funding shortfall, or other pressing needs.

## **Myth: “Texas public schools don’t need more money, they just need to spend their money more wisely.”**

**Reality: Texas schools can no longer do more with less.** Many districts passed deficit budgets last year in the hope that more funding would come from the state. These deficit budgets are not the result of financial mismanagement or a lack of proper budgeting, but a result of pressing needs related to inflationary double-digit price increases, including salary increases for teachers and staff and higher operational expenses.

It’s important to note that up to 85% of a school’s budget is used to cover the salaries of teachers, bus drivers, custodians, child nutrition workers, and other staff. The district administrators to which some point as examples of top-heavy bloat only account for 4% of a district’s budget on average. **In looking to close a deficit, school boards are being asked to approve layoffs, cut programs, and even close schools.** Some are considering asking their local taxpayers for additional help through a Voter-Approval Tax Rate Election to raise more revenue.

More than 99% of school districts received a passing rating in the state’s own financial accountability rating system, used to hold schools accountable for the quality of their financial management practices and to ensure maximum allocation for instructional purposes.

## **In conclusion**

School boards across the state will be having tough budget conversations in the coming months to address critical public education funding needs despite a surplus of nearly \$33 billion.

During the last legislative session, lawmakers budgeted \$3.99 billion for public schools, but the money was never allocated largely because legislators did not approve a voucher program. This money should be allocated now to help public schools deal with rising costs related to inflation, teacher retention, and important key initiatives such as school safety. In addition, the state needs to meet its obligation to fund special education students by closing the \$2.3 billion shortfall.

The time is now to stop shortchanging Texas students. The future of the Lone Star State depends on funding the future of our 5.5 million public school children.