

Cost of Education Index (CEI)

Texas Education Code (TEC) Reference

TEC, §42.102

History/Relevant Background Information

The concept of adjusting education funding for variations in cost began in a 1984 special session with the creation of the Price Differential Index. The State Board of Education (SBOE) was directed to create a replacement for this temporary index and undertook this in 1987, but the study was moved to the Legislative Education Board (LEB) and the Legislative Budget Board (LBB) in 1989. The Foundation School Fund Budget Committee adopted rules based on research by LEB and LBB in 1991.

The current CEI attempts to adjust for varying economic conditions across the state, based mainly on the size of the district, the teacher salaries of neighboring districts, and the percentage of low-income students in the district in 1989–1990. The index has not been updated since that time.

Description of Funding Element

Each district's CEI is applied to seventy-one percent of the Basic Allotment (BA) to calculate the Adjusted Basic Allotment (ABA) using the following formula:

$$ABA = BA \times \{[(CEI - 1) \times .71] + 1\}$$

The CEI also contributes to the calculation of Weighted Average Daily Attendance (WADA), as 50 percent of the adjustment is a part of the numerator in the calculation of WADA as seen in the formula below:

$$WADA = [\text{Tier 1} - (\text{trans} + \text{NIFA} + \text{VSN} + \text{HS Allotment} + \frac{1}{2} \text{CEI})] \div \text{Basic Allotment}$$

The value of the CEI ranges from a low of 1.02 to a high of 1.20, with an average of 1.08. The revenue produced for school districts by the CEI is estimated to be \$1,842,819,453 for the 2014–2015 school year.

Contact for More Information

State Funding Division, (512) 463-9238 or sfinance@tea.state.tx.us