

# Subcommittee Recommendations: Reforms to Study

Aaron Smith Education Policy Analyst Reason Foundation

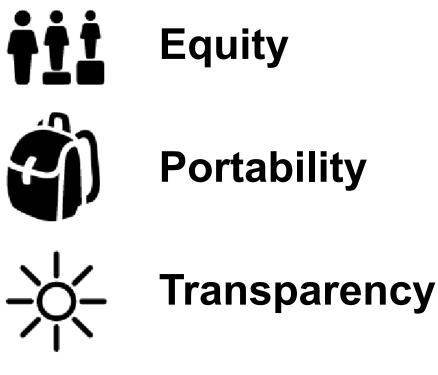


# Key Takeaways

Texas should implement student-centered funding reforms at both the state and district level.

The subcommittees should study examples of successful reforms in other states.

### Student-Centered Funding





Autonomy

### FSP has a Solid Foundation



<u>Already includes student-</u> <u>centered allocations such as:</u>

**Regular Program** 

Compensatory

**Special Education** 

Bilingual

G&T

Career & Technology

### Issue #1: Inefficient Funding Streams

#### **Expenditures Subcommittee**

because allotment staff program<sup>TEA</sup> **Y**M&O available recapture debt AID Texas payments level revenue used made effort CTR eligible ADA attendance all receive days additional multiplied basic provides information regular following local entitlement prior enrichment adjusted payment facilities Charter using transportation through annual wealth each subject per target || student value Chapter funds yield first districts rate share pennies las collections two total calculate

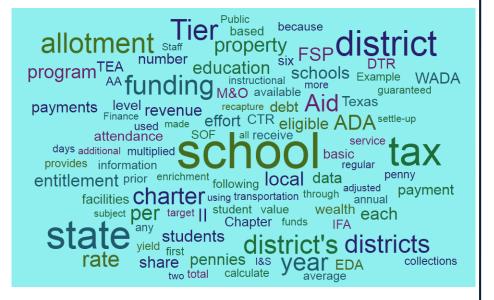
**Issue:** Some funding streams allocate dollars with strings attached and/or arbitrarily.

**Solution:** Eliminate inefficient streams and allocate saved dollars through a robust Basic Allotment and other student categories.

# Reform to Study: California



#### **Expenditures Subcommittee**



#### 2013- Local Control Funding Formula

Central policy aim: More productive use of dollars.

Eliminated 50+ categorical grant programs.

Control shifted from state to local.

Used savings to fund a robust weighted student formula.

More transparent, equitable formula. Increased local autonomy.

Early indications: Money appears to matter more after LCFF, but more research needed.

### Issue #2: Reliance on Local Property Tax Revenue

#### **Revenue Subcommittee**





**Issue:** Local revenues are a barrier to inter-district school choice.

#### **Research**

Limited studies available, but show positive effects on test scores.

District's student achievement a strong predictor of transfer demand.



# **Reform to Study: Indiana**

#### **Barriers to Inter-district Enrollment** *Political*

"There are folks unhappy they can't go to school here, and I feel sorry for them, but on the other hand their taxes aren't supporting education in this community."

-Paul Reed, deputy superintendent and chief business official of Newport-Mesa Unified

"Capacity concerns may often be valid...However, cases in which transfer applicants are rejected may more closely reflect the principal's or superintendent's concerns over peer effects than concerns over actual capacity constraints."

-Randal Reback, "Supply and Demand in a Public School Choice Program

### **Reform to Study: Indiana**



### Barriers to Inter-district Enrollment Financial

Additional student usually generates fewer dollars than district's average per pupil spending.

Districts can charge tuition to cover gap.

Source: Reback, Randall. "Supply and Demand in a Public School Choice Program."

#### Effects of an Additional Student on Revenue: Dallas County School Districts

District	Current Per Pupil M&O Revenue	Revenue from One Additional Student	M&O Gap
Highland Park	\$7,390	\$6,214	(\$1,176)
Carrollton-Farmers Branch	\$8,590	\$7,426	(\$1,164)
Duncanville	\$7,255	\$6,739	(\$516)
Irving	\$7,873	\$7,436	(\$437)
Garland	\$7,294	\$6,875	(\$419)
Desoto	\$7,678	\$7,309	(\$369)
Cedar Hill	\$6,998	\$6,644	(\$354)
Mesquite	\$7,218	\$6,894	(\$324)
Grand Prairie	\$7,695	\$7,408	(\$287)
Dallas	\$7,544	\$7,280	(\$264)
Lancaster	\$6,588	\$6,552	(\$36)
Richardson	\$6,734	\$6,803	\$69
Coppell	\$6,762	\$6,947	\$185
Sunnyvale	\$7,339	\$7,871	\$532

**Source**: Estimates based on Texas Education Agency's 2017-18 Tuition Limit Report.

## **Reform to Study: Indiana**





HEA 1001

Taxpayer revolt in 2007.

2008- eliminated property tax levies as General Fund revenue source for education.

Inter-district transfers grew from <3,000 before to over 52,000 today.

Most students transfer to top performing districts.

Helped pave way for other reforms that improved funding equity, according to an Indiana University report.



### Other Reforms to Study

Issue	Subcommittee	Model(s) to Study
Weighted student formula allocation weights	Expenditures	Hawaii's committee on weights
District-level school finance reforms	Expenditures	Denver Public Schools Indianapolis
Financial Transparency	Outcomes	Colorado Arizona (recent) Mississippi (pending)
Open Enrollment	Outcomes	Florida



### Thank You

Aaron Smith Education Policy Analyst Reason Foundation aaron.smith@reason.org



# APPENDIX

### **Student-Centered Funding**



Funding allocated based on student need.

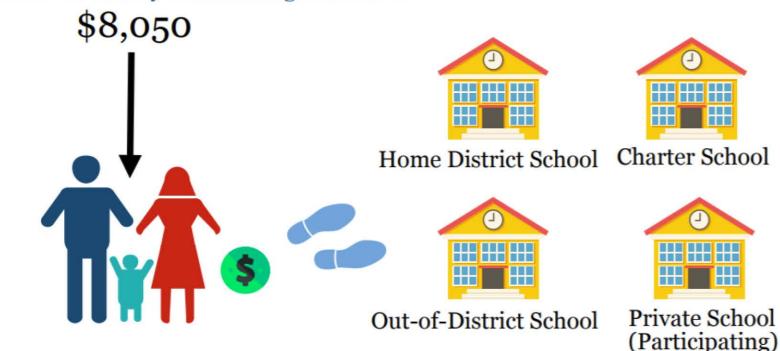
Example

Base Allotment: \$7,000 plus additional weights for:

- Economically Disadvantaged (0.15)
- English Language Learner (0.25)
- K-3 (0.05)
- Special Education (Various Categories)

\*Dollar amounts and weights for illustrative purposes only

Example: Economically Disadvantaged Student





"We want to allow students in that are very intentional about being great academic scholars (and) have a solid academic background. I don't know how other districts do it, but we are going to be very selective."

-Robert O'Connor, Sharyland ISD Superintendent