Subcommittee Recommendations: Reforms to Study

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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

- Equity
- Portability
- Transparency
- Autonomy
FSP has a Solid Foundation

Already includes student-centered allocations such as:

- Regular Program
- Compensatory
- Special Education
- Bilingual
- G&T
- Career & Technology
Issue #1: Inefficient Funding Streams

Expenditures Subcommittee

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

**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.
<table>
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<th>Subcommittee</th>
<th>Model(s) to Study</th>
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<td>Weighted student formula</td>
<td>Expenditures</td>
<td>Hawaii’s committee on weights</td>
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<td>allocation weights</td>
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<td></td>
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<td>District-level school</td>
<td>Expenditures</td>
<td>Denver Public Schools Indianapolis</td>
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<td>finance reforms</td>
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<td>Financial Transparency</td>
<td>Outcomes</td>
<td>Colorado</td>
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<td>Arizona (recent)</td>
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<td>Mississippi (pending)</td>
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<tr>
<td>Open Enrollment</td>
<td>Outcomes</td>
<td>Florida</td>
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Thank You

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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

$8,050

Home District School  Charter School
Out-of-District School  Private School (Participating)
“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