

New School Finance Plan for Texas

A Presentation to the Select Committee on School
Finance Weights, Adjustments and Allotments

by Moak, Casey & Associates and the Texas School
Alliance

May 19, 2010

Characteristics of a Good School Finance System

- ▶ Built on foundation of necessary elements for a quality education
- ▶ Differentiate among student and community cost pressures
- ▶ Sensitive to changing cost demands through enrollment, inflation, state policy, and community expectations
- ▶ Provide equity in the distribution of state and local resources

Increasing Aspirations

- ▶ State Policy Objectives
 - ? Exemplary Student Performance
 - ? Top Ten States in College and Workforce Readiness
 - ? Elimination of Performance Gaps
 - ? Reduction of Dropout Rates
 - ? Well-balanced and Appropriate Curriculum
 - ? Qualified and Effective Personnel
 - ? Financial Adequacy and Equity

Linking Aspirations to Resources

- ▶ New school finance systems, like new accountability systems, should require research, structure, policy review and a multi-year time table.
- ▶ School finance systems should link accountability system standards with appropriate resources.
- ▶ School finance systems should adhere to necessary constitutional elements.
- ▶ Current school finance system fails to meet standards

The Adequacy Foundation

- ▶ Adequate program cost for college/workforce preparation, gap reduction, and increase graduation rates
- ▶ Average cost per weighted pupil with additions and deductions for student and community factors
- ▶ Student Needs Index based on poverty, language, mobility, at-risk status
- ▶ Community Characteristics Index based on teacher costs, costs of living, and school district size

The Adequacy Foundation Con't

- ▶ Include of factors for current programs for high school, transportation, student success, pre-k programs, technology, and DATE
- ▶ Provide incentive adjustments based on student performance, and productivity/efficiency
- ▶ Equalize financing with recapture based on maximum of \$1.00 tax rate

Supplemental Enrichment

- ▶ Continued local conditions and use of property taxes to support the adequacy foundation requires meaningful discretion
- ▶ Provide meaningful discretion up to 20¢ based on adequacy tier yield, tax effort, and weighted students
- ▶ Equalized financing with recapture credit for the first six cents
- ▶ Use current Truth-in-Taxation provision for effective rate plus four cents as rollback limit

Facilities Financing

- ▶ Recognize facility financing as elements of equitable and adequate system
- ▶ Update facilities program based on I&S tax rate at yields equal to the adequacy foundation yield
- ▶ Combine current EDA and IFA programs with two-year transition for low-wealth districts
- ▶ Repeal 50 cent cap on debt service
- ▶ Equalize financing without recapture

Transition

- ▶ Establish target level of students in fully-equitable system at 95%
- ▶ Establish multi-year plan
- ▶ Create necessary mechanisms to undertake research and policy recommendations
- ▶ Fund independent review of weights and base costs to reduce factors
- ▶ Identify factors to be used in recognizing student success and productivity/efficiency measures



Lynn M. Moak

Daniel T. Casey
Partners

Amanda Brownson, Ph. D.
Bob Popinski
Maria Whitsett, Ph.D.
Joe Wisnoski
Associates

Susan Moak
Kari Ruehman
Administrative Staff

Kathy Mathias
Larry Groppe Ed. D.
Thomas V. Alvis Ph. D.
Consultants

400 West 15th Street, Suite 1410, Austin, Texas 78701-1648
Ph. (512) 485-7878 Fax (512) 485-7888
www.moakcasey.com