Public School Funding and "TAXPARENCY"

While rising property values benefit property owners in the long run, local taxpayers often receive sticker shock when their local property tax bill arrives. Logically, with education funding largely reliant on property taxes, education should be the biggest beneficiary of rising property values. Not so. Unfortunately, **public education does not receive additional operating revenue from property value increases** beyond the first year, because the State reduces their contribution to education spending the next year. Cities, counties and other taxing entities have the option to reduce their tax rates or utilize the property value growth for increased costs – or a combination of both. School districts do not have that same option because the State uses school tax property value growth to reduce its own obligation to fund public education.

As a matter of fact, when adjusted for inflation, the **State has actually reduced its funding by $795 per student – almost 19 percent since 2008**. While the combined amount spent for public education in 2017 from local, state and federal sources appears to be the highest amount ever spent at $51 billion, it is actually 5% less than 2008 when inflation and the increase in the number of students is factored in. During that same time period (2008 to 2017), **the State's share of funding public education has decreased from 44.9% to 38.4%, while the local share (primarily property taxes) has grown from 44.8% to 51.5%.** So, while schools are struggling to meet the demands of an increasingly at-risk student population, pay teachers competitive market salaries and benefits, and provide technology, facilities and programs that will benefit all students, the State has actually been reducing its share of funding public education.

To make matters worse, while school property taxes were increasing due to rising property values, the state saw fit to give $2.6 billion in Franchise Tax Relief, essentially substituting rising local property taxes for dedicated state business taxes in the 2016-2017 biennium! Right?! Yes! **The State's benefit from rising school property values was $5.4 billion and they gave $2.6 billion of their own funds dedicated for public education back to businesses in the form of franchise tax relief.** Supporting businesses in Texas is very important, but not at the expense of educating students for the workforce needed by these very businesses.

In the most recent ruling on school finance, the Texas Supreme Court described the system as "Byzantine, undeniably imperfect, with immense room for improvement." Certainly, Texas's current **public education funding system is in need a serious overhaul that should follow these principles**:

- **All funds collected from local school district property taxes shall be used solely for public education without reducing the State's funding obligations to public education.**
- **Local property taxes and state funding shall share equally in funding public education. (As in 2008: property taxes paid 44.8% and state funds paid 44.9% of education spending. The other 10.3% came from federal sources.)**
- **Transparency and fidelity in taxation at all levels shall be reflected in the wording of public tax notifications/ statements – noting where local tax dollars will be going ($XX to ISD; $XX to State's General Fund).**
- **Public education funding shall be adjusted each biennium for inflation and student population growth.**