
Effective, Efficient, Fair

Paying For Public Education In Texas

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Published February 2005.

Should Texas change the way it finances public schools and delivers educational services to students? That question is being debated by leading policymakers and average citizens, not only in the halls of the Capitol in Austin, but by concerned citizens throughout the state.

This report provides some of the information that Texans need to make informed decisions about public school finance. In the first part, the report evaluates student performance and spending in school districts throughout Texas to identify efficient, effective use of taxpayer dollars and determine if additional funds will improve student achievement. The second part evaluates proposals forwarded in Texas to increase state revenues for public schools and proposes a new

role for the state to play in the funding and delivering of public education.

Texas schools do not perform exceptionally well in carrying out their mission, and an argument can be made for changing the methods of financing student learning. At the same time, Texas has a reasonably growth-friendly system of taxation that would argue against radical change in order to provide incremental resources to the education system. Given research that questions the wisdom of increasing funds to public schools for the purpose of raising student achievement, this argument holds particular weight.

While changes in the way Texas finances public schools could benefit students, policymakers should be cautious about over-centralizing or over-regulating the funding or operations of the schools.

Given the rapid rise in Texas school costs over time, combined with what are at best modest improvements in learning, attention should be shifted from putting more resources into the existing system and shifted toward thinking of new, potentially more efficient, ways of providing educational services.

Part I of the study evaluates student performance and spending in Texas school districts:

- Despite decades of costly reform, the educational success of students in Texas public schools is still primarily determined by economic status.
- Student achievement in Texas public schools is generally unaffected by:
 - ⇒ teacher education,
 - ⇒ teacher pay, or
 - ⇒ the number of students per teacher.
- Higher per-student spending has almost no effect on student achievement.
- Student achievement in Texas public schools is highest in districts:
 - ⇒ where the adult population has a high degree of college education,

- ⇒ funded primarily by local funds,
- ⇒ where student attendance is high, or
- ⇒ there are more students per teacher.

Based on this analysis and extant research, student achievement in Texas could be improved by:

- focusing on how funds are allocated rather than on the level of funding,
- recognizing there is no scientific way to identify “adequate” funding and no significant relationship between funding and student achievement,
- strengthening the state’s educational accountability system,
- allowing local communities to underwrite a greater share of education, and
- introducing competition – greater inter-school, inter-district choice and vouchers.

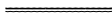
Part II of the study evaluates various tax proposals to increase state revenues for public schools:

- the adverse effects of most current tax proposals are very unlikely to be outweighed by increased funding to education,
- a sales tax has less adverse impact than a gross receipts tax, a business activity tax, or taxes on property and personal income,
- a tax on the professional services purchased by business is likely to cause tax pyramiding and create an uneven playing field for businesses,
- increasing the overall tax burden will likely decrease the state’s output, personal income, employment, job creation, capital investment, business start-ups and population growth,
- increasing the state’s share of education funding is likely to reduce achievement,
- if state revenues must be enhanced, expanding the sales tax base would be least economically detrimental as long as business inputs are excluded,
- a revenue neutral sales tax base expansion with a simultaneous reduction in the sales tax rate is likely to enhance the state’s economic growth,
- reducing property taxes and replacing revenues

Veritas – May 2004

with sales tax to finance public schools would likely have a modestly positive impact on the economy, and

- the current tax system is sufficiently flexible and provides adequate revenue growth for public schools. Education spending and education productivity are the real problems facing Texas.



This publication is available online at:

<http://www.texaspolicy.com/pdf/2004-02-25-vedderhall-all.pdf>
