

The Texas Taxpayer Savings Grant Program

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Overview

The Texas Taxpayer Savings Grant Program is designed to reduce the amount of general revenue spent on public education by reducing enrollment in and the associated costs of the state's public K-12 schools. The program works by reimbursing parents and legal guardians for "the amount of actual tuition costs or 60 percent of the state average per-pupil spending maintenance and operations expenditures, whichever is less," should they choose to enroll their child in a private school, rather than a Texas public school.

Students eligible for the program must be either entering kindergarten for the first time in Texas or have been enrolled in a Texas public school the previous year. This will allow the program to generate savings, rather than add a cost burden to Texas taxpayers by using state money to fund students already enrolled in private schools.

Savings

The savings generated from the Texas Taxpayer Savings Grant Program stem from reductions in maintenance and operations (M&O) per pupil spending on students participating in the program. Currently, Texas spends \$8,572 on average for M&O per student. Assuming that every student received the maximum grant of 60 percent of their M&O cost (\$5,143), Texas would save \$3,429 dollars per participating student.

The amount of savings generated by the Texas Taxpayer Savings Grant Program depends on a number of factors, the most significant of which is student participation. Per a study by the Heartland Institute, the grants should generate around \$2 billion in savings over the 2012-2013 biennium.

If between 6.3 and 7.6 percent of the student population in Texas were to participate in the Savings Grants, that would equate to between 314,245 and 382,501 students. These estimates are based on student participation in similar programs in Milwaukee, and in the Edgewood School District near San Antonio, and are nominal. If Texas were to see participation equivalent to the Edgewood rates, the state would realize \$2.2 billion in savings. At participation rates on the Milwaukee level, the savings would be closer to \$2.3 billion.

Conclusion

The Texas Taxpayer Savings Grant Program will be administered by the Texas Comptroller's office, which will adopt rules regarding application and reimbursement, as well as rules to prevent fraud and abuse within the program. These rules will be designed to sufficiently ensure that accountability within the program is strong and that it achieves its purpose—to save Texas taxpayers money, and to reduce the financial strain on Texas' public education system. Texas currently spends more money in public education than any other area of state spending. Programs like the Texas Taxpayer Savings Grant Program will reduce the amount of general revenue required to run our public schools and hopefully help to prevent the difficulties with school finance Texas has faced during the 82nd Legislative Session. 