



Testimony

Funding Texas' Public Schools for the 21st Century

*Testimony before the Senate Education Committee
in support of school finance reform*

by Vance Ginn, Ph.D.

Chairman Taylor and Members of the Committee:

My name is Dr. Vance Ginn, and I am an economist at the Texas Public Policy Foundation, a non-profit, non-partisan free market think tank based here in Austin. I appreciate the opportunity to testify today in support of [Senate Bill 16](#) that would create the Texas Commission on Public School Finance.

The 85th Texas Legislature rightfully discussed reforms to the fundamentally flawed school finance system during the regular session. Texans demand action to improve education because they have long been saddled with [poor education outcomes](#). The commission provides a grand opportunity for reform instead of simply spending more taxpayer dollars.

In fact, more money should be off the table. The [2018-19 budget](#), including the \$1.8 billion in delayed transportation funds, increases by 4.46 percent above the previous budget's appropriations, making it a [Conservative Texas Budget](#) (CTB) at this stage of the budget process. However, to sustain a CTB based on a 4.5 percent increase in population growth plus inflation above the 2016-17 General Appropriations Act (GAA) plus [supplemental amount](#), the 85th and 86th legislatures must appropriate less than \$2.79 billion in supplemental appropriations for the 2018-19 budget. If history is a good guide, much of this will be used to fully fund Medicaid expenditures during the biennium, so there is little to no money available for public education, which is not the solution to improve education outcomes anyway.

As you investigate reforms to the overly complicated school finance system, the Foundation would like to be helpful in that process so that Texans have the best opportunity to succeed with a simpler, efficient system that provides an equitable student-centered funding structure.

End Inefficiencies in Current School Finance System

The commission should examine multiple [inefficiencies](#) whereby dollars are not being currently allocated efficiently so Texas students can achieve better education outcomes—the ultimate goal of schooling.

For example, the Texas Education Agency's (TEA) [2015-16 Financial Actual Report](#) shows that Texas taxpayers spent a total of \$64.8 billion on public education for 5.3 million students in the 2015-16 school year. However, only \$28 billion went to instruction, resulting in less than half of public education dollars going to instruction. Alternatively, Texans spent \$12,265 per student and the average student-teacher ratio was [15.2](#) statewide, resulting in almost \$186,500 going to the classroom. With average teacher pay of [\\$51,891](#), less than 30 percent of classroom expenditures went to teachers.

While part of the other 70 percent goes to fund buildings, electricity, and other expenses, there are potential inefficiencies in hiring that the commission should consider. The [staffing surge](#) in administrators and other staff compared with teachers among public schools is troublesome. According to data from the National Center for Education Statistics for the period FY 1993 to FY 2015, student enrollment has increased by 48 percent while the number of staff has increased by 61 percent. Administrators and other staff employment, not including teachers, has increased by 66 percent compared with only a 56 percent increase in teachers. Clearly, there is a growing disparity between the number of students being taught in our public schools and the number of nonteaching staff.

If public schools had increased the nonteaching staff at the same rate as its increase in students, economist Dr. Ben

Scafidi [notes](#) that public schools could have saved \$2.2 billion annually or increased teacher benefits by \$6,318. By effectively prioritizing current taxpayer dollars allocated for education to the classroom, teachers can be paid more without more taxpayer dollars.

The fundamental problem with Texas' school finance system is that it is designed around equity for school districts rather than equity per student. Resolving this issue would help keep the state out of court. The Texas Supreme Court has encouraged the Legislature to make structural reforms to correct the school finance system for the last 30 years, and did so even more forcefully in its [2016 opinion](#).

The Foundation recommends student-centered funding based solely on the delivery of a general diffusion of knowledge that is transparent, equitable, and portable. Moreover, legislators should deregulate public schools and allow educators to operate as professionals.

More Money Is Not the Answer

While some argue that the state just needs to pay its fair share because of a reduction in the general revenue (GR) to public education, a closer look at the data tells a different story. It's true that public education's share of GR expenditures declined from 40.4 percent in the 2004-05 budget to 38 percent in the 2016-2017 budget. However, in that period, GR to public education increased by \$17.7 billion to \$41.6 billion, which represents a 74 percent increase. This growth far exceeds compounded population growth plus inflation of 50.8 percent, so schools have received plenty of money.

Why the decline in GR's share? Medicaid. Medicaid's share of GR has increased from 19.8 percent to 24 percent in the same period. In dollar terms, there's been an increase in GR by \$14.4 billion to \$26 billion, or a 124 percent increase. The decline in public education's share of GR is not from less spending on schools, quite the contrary, but rather a greater increase in Medicaid spending. In other words, more taxpayer money is not the solution, which is why the Foundation has long advocated ending the inefficiencies in the public school system, deregulating public schools, and fostering an environment of education choice whereby dollars follow students to best meet their needs.

Conclusion

All the numbers in the world won't address the issue: education is about each individual child having the opportunity to achieve their version of the American Dream. Education is opportunity. And even the best school isn't the right school for every child. For these reasons, it is time to give families a choice and give all kids a chance to achieve their full potential.

Thank you for your time and efforts in this endeavor, and I look forward to answering your questions. ★



Vance Ginn, Ph.D., is an economist in the Center for Fiscal Policy at the Texas Public Policy Foundation. He is an expert on Texas' state budget, franchise tax, tax and expenditure limit, and other fiscal issues. Before joining the Foundation in September 2013, Ginn was a Koch Fellow, and taught at three universities and one community college in Texas. He has published peer-reviewed articles in academic journals, as well as commentaries in major media outlets across Texas and the nation.

About the Texas Public Policy Foundation

The Texas Public Policy Foundation is a 501(c)3 non-profit, non-partisan research institute. The Foundation's mission is to promote and defend liberty, personal responsibility, and free enterprise in Texas and the nation by educating and affecting policymakers and the Texas public policy debate with academically sound research and outreach.

Funded by thousands of individuals, foundations, and corporations, the Foundation does not accept government funds or contributions to influence the outcomes of its research.

The public is demanding a different direction for their government, and the Texas Public Policy Foundation is providing the ideas that enable policymakers to chart that new course.

