

Keeping Texas Competitive

A Legislator's Guide to the Issues 2013-2014



The Cost of Texas Education

The Issue

Over the last 10 years, state and federal education funding has increased from \$14.6 billion annually to \$24.8 billion. Total spending (federal, state, and local funds) on K-12 education increased from \$27.687 billion in 2001 to \$46.081 billion in 2011.

Advocates for ever-increasing educational funding claim that the Texas Legislature reduced “public education funding by approximately \$5.4 billion” during the last legislative session. However, the truth is that the Legislature reduced overall funding for school funding by less than \$500 million. State funding actually increased by \$2.5 billion to help make up for the loss of federal stimulus funds.

State and Federal Biennial Education Funding (in billions)					
2002-03	2004-05	2006-07	2008-09	2010-11	2012-13
\$29.166	\$30.043	\$33.596	\$50.257	\$50.119	\$49.639

Over the course of the last decade, spending on Texas education increased at a substantially faster rate than the school population has grown during that same time period.

So what does the cost of Texas education look like? For the 2012-13 biennium, the Legislative Budget Board states that the Texas Education Agency (TEA) was appropriated just over \$47 billion in all funds. The cost breakout is as follows:

- **Foundation School Program Operations:** \$34 billion. Operating costs are typically defined as monies that for the most part flow directly to the classroom.
- **Foundation School Program Facilities:** \$1.36 billion. These funds go to the physical upkeep of Texas schools.
- **State Education Programs:** \$542 million. These are primarily education support programs designed to augment classroom education.
- **Federal Education Programs:** \$7 billion.
- **Federal Child Nutrition Program:** \$3.4 billion.
- **Instructional Materials:** \$608 million. These funds are spent primarily on textbooks.
- **Agency Administration and Educator Certification:** \$279.1 million. These costs cover TEA’s central office, as well as their educator certification and a portion of their professional development costs.

Currently, there are five school finance lawsuits moving through the Texas courts that could result in substantial reform in the way Texas funds its public schools. While they are couched in the terms of “efficiency,” “equity,” and “quality,” they all have one primary goal: more taxpayer money spent on Texas public schools. What has been absent from the debate thus far, however, is whether reforms other than simply spending more money and redistributing it within the system might improve Texas schools.

The Texas Constitution requires that the Texas Legislature “establish and make suitable provision for the support and maintenance of an efficient system of public free schools.” Though the Texas Supreme Court has noted that efficient “conveys the meaning of effective or productive of results and connotes the use of resources so as to produce results with little waste,” it has functionally interpreted the term in context of school finance to mean “[c]hildren who live in poor districts and children who live in rich districts must be afforded a substantially equal opportunity to have access to educational funds.”

What should be the focus, however, is whether taxpayers, parents, and children can receive the benefits of a high quality education system at equal or less cost than the current system. This is the true meaning of efficiency, and requires Texans to examine whether the state is getting the most out of every dollar it spends on public education. Does the state really need bureaucracy layers like Re-

gional Education Service Centers? Does it need to have one non-teaching employee for every teacher it puts in the classroom? Do local educators really need to be under the thumb of policymakers and bureaucrats in Austin and Washington, D.C.?

Sustainable school finance reform for Texas will require willingness to rethink entirely how we operate our public schools. As the latest crop of school finance lawsuits move through the courts, fiscal efficiency—i.e., increasing the quality of education without increasing its costs—must be the ultimate goal for the state's lawmakers. This should mean high accountability for the dollars Texas spends on public education and increased competition within the system, to ensure that as much of our tax expenditure as possible is following students directly to the classroom.

The Facts

- Texas is constitutionally obligated to provide an efficient public education system.
- According to the Texas Education Agency and the Bureau of Labor Statistics' data, enrollment growth in Texas plus general inflation increases grew by 49% between the 1999-2000 school year and the 2009-10 school year.
- Comparatively, actual total education expenditures increased by 76% over the period, about 1.5 times faster.
- During that same time period, Texas' per student spending, when all education expenditures are taken into account, rose from \$8,003 per student to \$11,642.
- The Texas Office of the Comptroller estimates that Texas spent over \$11,000 per student during the 2010-11 school year.
- Despite the increases in education spending, Texas' SAT, ACT, and NAEP performance has remained stagnant over the course of the last decade.
- At present, Texas has very few policies that encourage competition and efficiency in its public schools.

Recommendations

- Texas should reduce the money it spends on administration, overhead, and non-instructional functions.
- Increase competition in the Texas education system through education scholarships, tax credits, and expanded charter law so that our public schools are incentivized to run more efficiently.
- Have state funding follow the students, thereby empowering students to hold districts and schools accountable for performance.
- Reduce or remove any regulations at the state and local level that increase the cost of education, hinder innovation, and do not lead to higher student achievement, such as: state minimum salary schedule; locally-adopted salary schedules; paying teachers more for an advanced degree; multi-year contracts; teacher tenure; class size mandates; and teacher certification restrictions.
- Increase access to distance learning by reducing restrictions on online learning in Texas.
- Explore means to save costs on Texas education facilities. This could mean anything from creating more flexibility in seat-time requirements to increased use of learning technologies in the state's public schools.
- Redesign the state's school finance formula so that Texas delivers on its constitutional obligation to provide an efficient system of public education.
- Remove unnecessary levels of state and regional bureaucracy, such as Regional Education Service Centers.

Resources

Examining Decades of Growth in K-12 Education by Brooke Dollens Terry, Texas Public Policy Foundation (June 2010).

The Texas F.A.S.T. Report by the Texas Office of the Comptroller.

Finding Real Efficiencies in Texas Public Schools by James Golsan, Texas Public Policy Foundation (Jan. 2012).

School Finance: Increasing Efficiency Through Personnel Management by James Golsan, Texas Public Policy Foundation (Apr. 2012).

Regional Education Service Centers: A Question of Necessity by James Golsan, Texas Public Policy Foundation (Apr. 2012).

