



Testimony to Senate Finance: On SB 1 - Texas Education Agency
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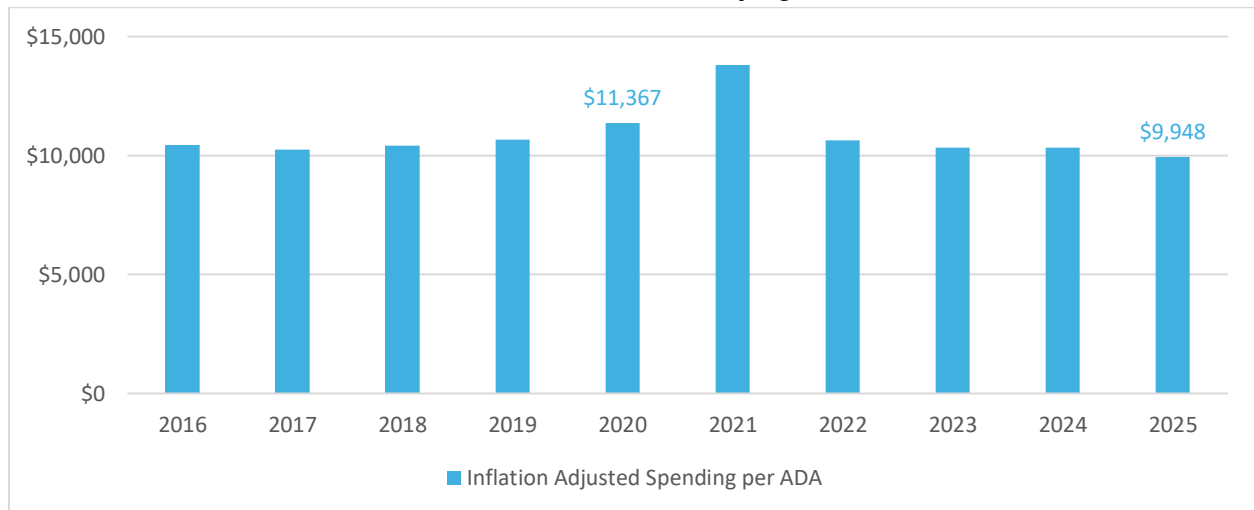
Every Texan is an independent public policy organization that uses data and analysis to advocate for solutions that enable Texans of all backgrounds to reach their full potential. We believe all Texans should have access to high-quality education that aids in their social and economic well-being.

Senate Bill 1 prioritizes tax cuts over investments in public education. Since 2019, the state Legislature has dedicated over **\$51 billion to property tax cuts** while keeping base level funding stagnant for the 5.5 million students in Texas public schools. This budget offers an additional \$6.5 billion in property tax cuts and only \$4.9 billion to enhance formula funding.

School Funding Erodes with Legislative Inaction

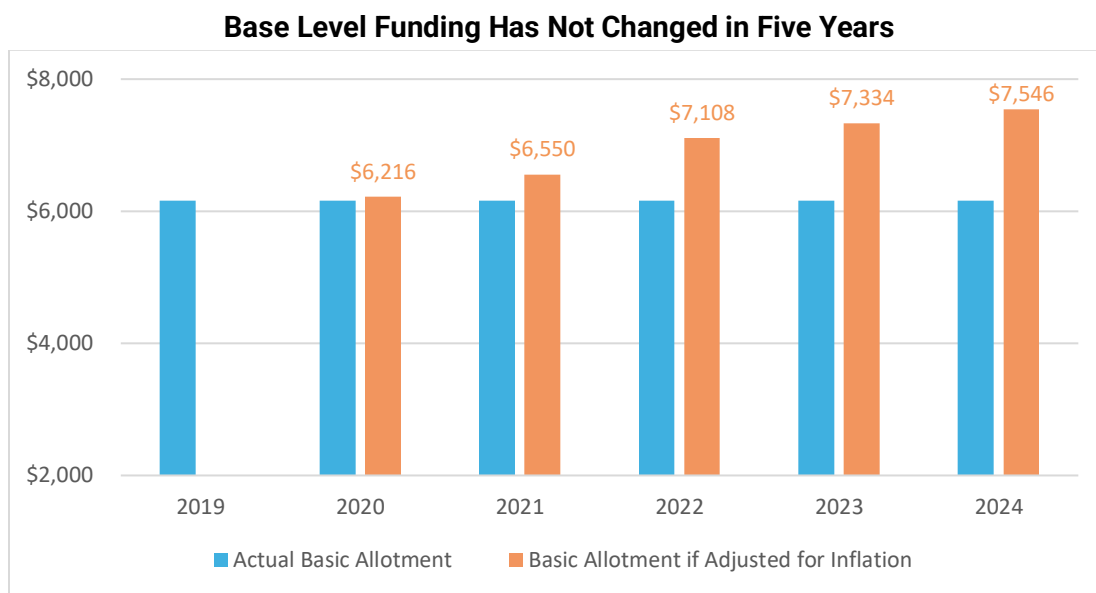
According to the Legislative Budget Board (LBB), inflation-adjusted real funding per Average Daily Attendance (ADA) is \$1,419 less than it was when HB 3 (86th-R) when into effect in 2020. These estimates include the nearly \$4 billion set aside for public education last session that ultimately was not allocated as retaliation against the successful efforts to defeat vouchers. As a result, the funding gap is greater than what is illustrated below and will continue to grow without legislative action.

Without Investments, Schools Lose Buying Power to Inflation



Source: Legislative Budget Board. Fiscal Size-Up 2024-25. Includes federal, state, and local funds. Funding spike in 2021 is due to one-time federal COVID funding.

This erosion of school funding is the result of the Legislature keeping the basic allotment stagnant for five years. If the basic allotment was adjusted annually for inflation, it would be valued at \$7,546 in 2024, and increase of \$1,386 over today's amount of \$6,160.



Source: Bureau of Labor Statistics, CPI Inflation Calculator using July estimates for 2020 through 2024.

Every Texan estimates the cost of adjusting the basic allotment to address inflation levels is roughly \$10.3 billion for the year from state/local sources or \$20.6 billion for the biennium.¹ While that seems like a large sum, for perspective the Legislature spent over \$22 billion on property tax cuts in the last biennium. The longer the Legislature waits, the more expensive it will be to fill this funding hole.

Considering that the basic allotment is a completely arbitrary amount, not tied to any established costs, adjusting for inflation is just the first step to improving the quality of public education in Texas. According to the National Education Association, the national average of revenue per ADA was \$19,983 in 2023, while the Texas average was \$15,916.² To reach national average revenue levels, Every Texan estimates a cost of nearly \$42 billion from state/local sources for the biennium.³

The Current System Leaves Too Many Kids Uncounted

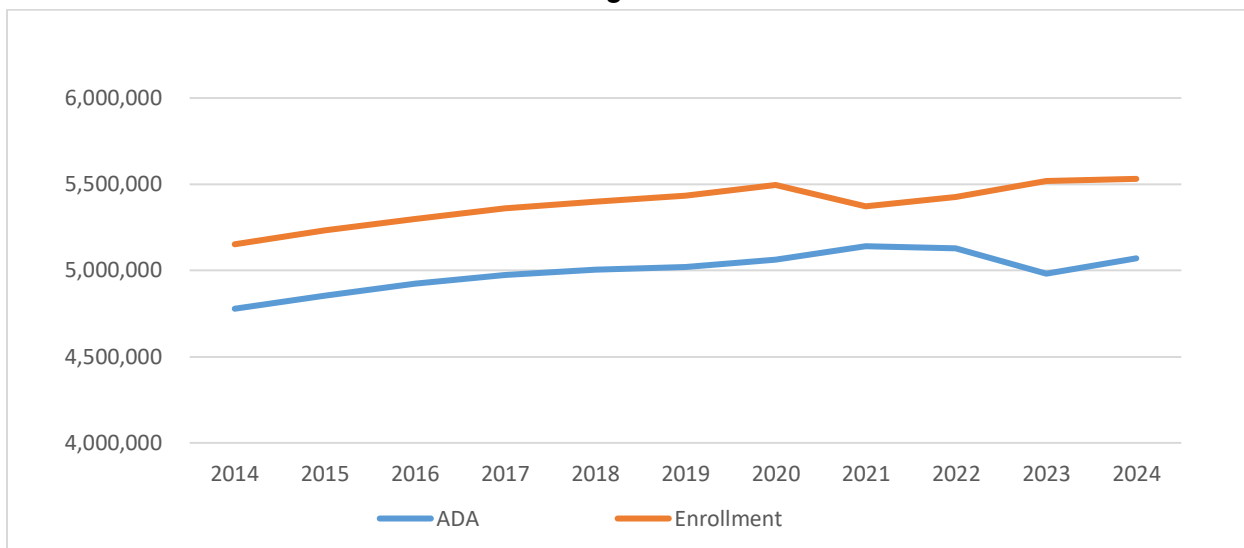
The Texas school finance system left nearly 460,000 students uncounted in the 2023-24 school year - or 8% of all students.⁴ For perspective, that's nearly the entire school population of Arkansas.⁵

Undercounts happen because Texas continues to use an archaic method to fund our schools. Instead of using enrollment — the number of actual students served — our state determines funding based on attendance. Average Daily Attendance (ADA), the system used in Texas, is

calculated by adding attendance counts throughout the year and then dividing that by the number of instructional days. This means if a student misses school, they are not counted for funding purposes that day.

School districts plan and budget based on the number of students enrolled. Every student must be assigned a campus, classrooms, teachers, and desk space. The school must be prepared to educate every child every school day, even though children are sometimes absent. Schools do not save money when children are absent. In fact, chronic absenteeism brings additional costs such as remediation for students and administrative time for teachers and districts.

Attendance-Based Funding Leaves Students Uncounted



Source: Legislative Budget Board, Fiscal Size-up 2024-25 and Texas Education Agency, Enrollment in Texas Public Schools 2023-24

Investing in our Future

Texas public schools hold the responsibility of educating 5.5 million children across our vast state, they accept every student, regardless of their backgrounds or abilities. Our teachers work tirelessly to ensure every child has the opportunity to reach their full potential. Yet, the session after session the Legislature has prioritized expensive ongoing property tax cuts for the wealthiest over the future of our students.

Before directing any additional funds to property tax cuts, the Legislature should ensure our schools are able to keep up with rising costs and that every student enrolled in a Texas public school is funded.

¹ Every Texan analysis is based on the January, 25 2025 TEA Summary of Finance’s WADA of 7,418,570 and an increase of \$1,386 per WADA.

² National Education Association. 2024 Ranking and Estimates. https://www.nea.org/sites/default/files/2024-04/2024_rankings_and_estimates_report.pdf

³ Every Texan analysis is based on the January, 25 2025 TEA Summary of Finance’s WADA of 7,418,570 and an additional \$4,067 per WADA.

⁴ Legislative Budget Board. Fiscal Size-Up 2024-25

Average Daily Attendance (ADA) for fiscal years 2020 and 2021 includes additional student attendance to maintain district funding during the COVID-19 pandemic.

ADA for fiscal year 2022 includes the Operational Minutes Adjustment to hold districts harmless for decreased attendance rates due to the pandemic for the first four six-week periods of school year 2021–22.

Amounts for fiscal years 2022 and 2023 are estimated; amounts for fiscal years 2024 are projected.
Texas Education Agency. Enrollment in Texas Public Schools, 2023-24.

⁵ National Center for Education Statistics. The student enrollment in Arkansas is estimated to be 488,600 in Fall 2023.
https://nces.ed.gov/programs/digest/d13/tables/dt13_203.20.asp