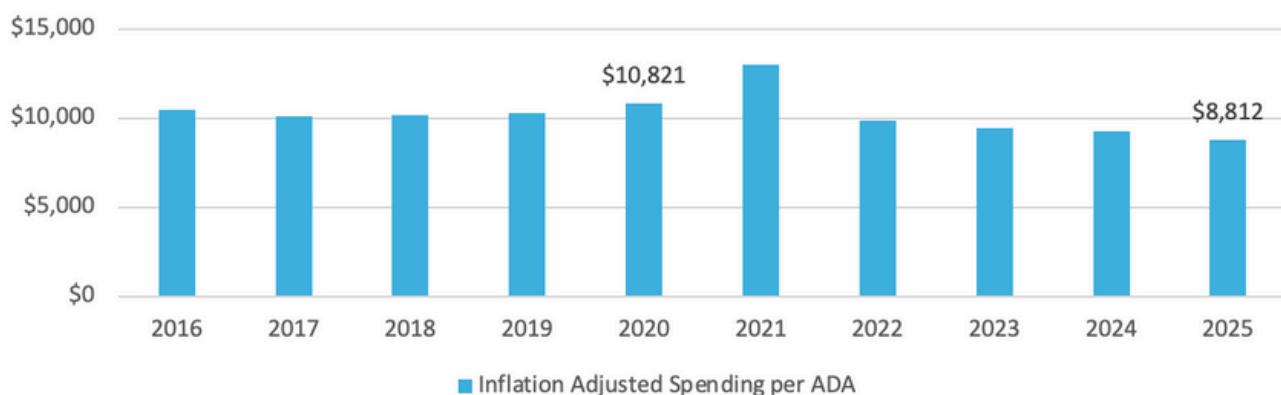




### TEXAS PUBLIC SCHOOL SPENDING IS NOT KEEPING PACE WITH INFLATION.

Texas families, businesses, and schools have been hit hard by inflation in recent years. Though the 2023 Legislature started that session with a \$32 billion budget balance to appropriate, very little was shared with our public schools. By the time the 2025 Legislative session came to order, Texas schools were estimated to receive \$2,009 less per student than they did in 2020 when adjusting for inflation.

#### School Funding is Not Keeping Pace with Inflation



Source: Legislative Budget Board. Fiscal Size-Up 2024-25. Includes state, local, and federal funds. Student count in average daily attendance.

Efforts made in 2019 to improve school finance quickly diminished because the legislature failed to make any further adjustments to the basic allotment – the base level of per student funding that schools rely on for daily operations and teacher pay.

#### LATEST SCHOOL FINANCE REFORMS FALL SHORT

In 2025, the Legislature passed an \$8 billion investment in public schools. However, nearly \$4 billion of those funds were held over from 2023 because the Legislature was unwilling to approve private school vouchers in exchange for public school funding.

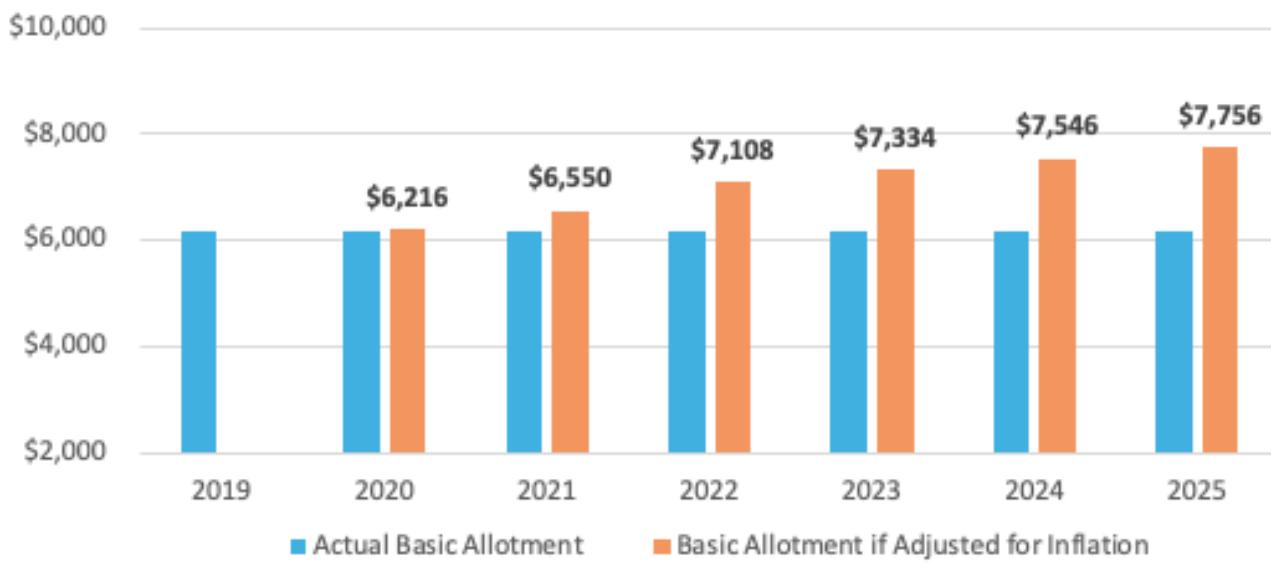
Instead of providing a substantial increase in the basic allotment, the Legislature created a new mechanism called the "Guaranteed Yield Increment Adjustment." Though extremely complicated, in basic terms, funding that would have gone towards raising the amount of revenue districts below the 96<sup>th</sup> percentile of wealth would receive for the first tier of enrichment funding (an optional additional tax rate districts are able to access) is now distributed to all districts instead.

This is not new money but a rearranging of funding the state was already obligated to spend.



For the 2026 – 2027 biennium the guaranteed yield increment adjustment adds \$55 to the basic allotment. To bring the basic allotment back to the same buying power it had in 2019 would require an increase of nearly \$1,600.

### The Basic Allotment Needs a Substantial Increase



Source: Bureau of Labor Statistics. CPI Inflation Calculator – July 2025 estimates.

Overall, the Legislature took a more restrictive approach to allocating this new funding to schools. This includes targeted teacher pay, changes to special education funding, and several other changes. Our schools don't need overly complex gimmicks and burdensome restrictions. Without sustained inflation adjusted funding, the investments made in 2025 will diminish just as quickly as those made in 2019.

