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News Release

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School districts sound alarm over school finance proposal

School districts across Texas voiced concern Friday over a proposed change to the way that the state calculates a district's funding.

Houston-area school districts urged legislators not to begin using property values from the current year in the state's school finance formulas. Right now, those formulas use property values from the prior year, which allows local school districts to write budgets with a clear understanding of how much funding they will receive from the state or lose through Robin Hood.

Last month, the Texas House passed a version of the House Bill 3 school finance reform legislation that would continue the use of property values from the prior year. However, when the Texas Senate passed its own version of House Bill 3 weeks later, the legislation called for instead using property values from the current year.

Members of the House and Senate are now negotiating a final version of House Bill 3 that both chambers can approve before the legislative session ends on May 27. As those negotiations have continued, educational leaders across Texas have become increasingly worried that the final bill will use current-year values.

"For most of this year, we've been optimistic that legislators would deliver transformational school finance reform for students and taxpayers," said Dr. Scott Muri, Superintendent of Spring Branch ISD. "But our optimism is turning to deep concern because it appears some legislators are determined to start using current-year values. A change to current-year values would significantly diminish an otherwise positive legislative session for Texas students."

School districts in the Houston, Austin and Dallas-Fort Worth areas all held press conferences on Friday morning in order to amplify their concerns about this proposed change. Dozens of school districts have also written joint letters to legislators in recent weeks asking that the system continue to use values from the prior year.

A change from prior-year values to current-year values would save the state about \$1.8 billion per year. However, those costs would simply be shifted to local school districts.

A shift to current-year values would also make it much more difficult for local education leaders to write responsible annual budgets. The use of property values from the prior year provides certainty for school districts because those values have gone through the appeals process, as well as the property value study conducted by the state Comptroller of Public Accounts. That means that school district leaders write their budgets with a relatively firm understanding of how much property value exists in their district.

Under a change to current-year values, districts would be writing budgets based on values that are still subject to appeals and review. This could lead to significant fluctuations in state funding. For example, if the total value of property in a school district ends up higher than projected, the district could have to pay more than expected in Robin Hood recapture after the school year has begun. This could force the district to lay off teachers or shave programs during the school year.

“Prior-year values provide certainty, and certainty makes it easier to manage taxpayer resources responsibly,” Muri said. “This change would make it much more difficult for local school districts to write their budgets.

“We urge legislators to resist the temptation to shift this cost onto the backs of local school districts,” he said. “If they go through with this change, it will be impossible to label this a good legislative session for students and taxpayers.”

The following school districts participated in Friday’s press conference in Houston:

(partial list at time of printing)

Alief ISD
Brazosport ISD
Galveston ISD
Houston ISD
Spring Branch ISD

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