



CORE PRINCIPLES ON SCHOOL FINANCE

The following statements of core principles were developed collaboratively by all participating organizations and are a framework for evaluating legislative proposals related to school finance.

TEXAS CONSTITUTION

Article 7, Section 1 - Support and Maintenance of a System of Public Free Schools. A general diffusion of knowledge being essential to the preservation of the liberties and rights of the people, it shall be the duty of the Legislature of the State to establish and make suitable provision for the support and maintenance of an efficient system of public free schools.

Article 8, Section 1-e - Abolition of Ad Valorem Property Taxes. No state ad valorem taxes shall be levied upon any property within this state.

Meaningful Discretion - The Texas Supreme Court has ruled that local school property taxes constitute an unconstitutional de facto statewide property tax because local school boards are without meaningful discretion in the administration of those taxes. To address this Supreme Court ruling, the Legislature should:

- Adopt a system which allows local school boards “meaningful discretion” in the levying of taxes and the allocation of tax proceeds beyond that required to meet the state’s educational requirements; and
- To constitute “meaningful discretion,” a local board’s discretionary authority should apply to at least 15 cents (or 10%) of its property taxing authority, such supplemental funding produced to be equalized.

Adequacy – For the school finance system to provide a “general diffusion of knowledge,” it should:

- Recognize the dynamic nature of educational requirements and expectations, changing socio-economic factors, and appropriate cost differentials, providing up-to-date cost adjustments for varying student needs and district characteristics; and
- Provide a meaningful opportunity for each Texas student to meet all local, state and federal performance expectations.

Equity – For the school finance system to provide “an efficient system of public free schools,” it should:

- In order to “close the gap,” provide “substantially equal access to similar revenue per student at similar tax effort,” considering all state and local tax revenues of districts; and
- Provide a system of equity which includes at least 92 percent of the students within the equalized system and which phases in greater equity up to 98 percent.

Capacity – For the school finance system to “make suitable provision for the support and maintenance of an efficient system of public free schools,” it should:

- Reduce over-reliance on local property taxes by creating stable state revenue sources in order to increase and maintain the state share of public school funding;
- Assure funding for enrollment growth and inflation each year; and
- Provide state support for existing debt and new instructional facilities, ensuring that support for facilities meets the equity principle.

Vouchers – The Coalition opposes the use of scarce public funds to provide financial resources to private elementary and secondary schools through funding of programs or materials, tax credits, virtual charter schools, or vouchers.

