



City of San Antonio

Agenda Memorandum

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In Control: Intergovernmental Relations Committee

**CITY OF SAN ANTONIO
GOVERNMENT & PUBLIC AFFAIRS DEPARTMENT
MEMORANDUM**

TO: Intergovernmental Relations Council Committee

FROM: Jeff Coyle, Director of Government & Public Affairs

SUBJECT: Public School Finance Reform

DATE: February 9, 2018

Summary

As the 86th Legislative Session approaches, the Intergovernmental Relations Committee is engaging with key stakeholders to discuss priority issues of shared concern. The IGR Committee will meet on February 13th with area school superintendents and stakeholders to participate in a discussion on school finance reform and its importance to the quality of life for the San Antonio community.

The meeting will include a brief presentation by attorney David Thompson with Thompson & Horton, LLP on the background of school finance in Texas. Mr. Thompson has represented school districts statewide on school finance related lawsuits and his presentation will be followed by a roundtable discussion.

Background

According to figures published by the National Education Association in 2017, Texas ranks 38th in public education spending per student. School finance reform has received significant focus over the last few legislative sessions. During the 2017 special called session the legislature passed HB 21, a school finance reform bill. The bill addressed some issues in school finance like creating a grant program for special needs students, phased out a small school penalty, allowed charters to access state facility funding and addressed other singular issues. Although the final version that passed was not a comprehensive school finance reform bill, it did authorize the creation of the Public School Finance Commission and charged the commission to make structural recommendations on reforming the school finance system to be considered in the 86th Legislative Session.

The Texas public school finance system has been challenged in court seven times since the late 1980s. The latest case was brought by two-thirds of the state's school districts and reached the Texas Supreme Court. In

2016, the Court ruled that the funding system satisfies minimum Constitutional requirements, while encouraging legislators to adopt reforms to a “Byzantine school funding system” that was “undeniably imperfect, with immense room for improvement.”

Issue

With increasing concern on rising property taxes, numerous state elected officials have proposed property reform tax measures that impact local governmental entities’ ability to raise revenue. The latest proposal from Governor Greg Abbott was released in January 2018. Among other provisions, Abbott’s proposal would limit local governmental entities’ property tax revenue growth to 2.5 percent annually, which includes cities, counties and school districts, and would require a two-thirds vote to approve any increase above the 2.5 percent threshold. During the Governor’s announcement he recognized that public school finance reform might need to pass during the next legislative session as the foundation for his proposal.

The State’s share of public education funding continues to shrink and there is an over-reliance on local funds to support public education.

Alternatives

This item is for briefing purposes only.

Fiscal Impact

This item is for briefing purposes only.

Recommendation

This item is for briefing purposes only.