



## FORT DAVIS INDEPENDENT SCHOOL DISTRICT

P.O. Box 1339  
Fort Davis, TX 79734

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### LOST AMONG CRISES: PUBLIC SCHOOL FINANCE

There are many folks in Texas with some sort of connection to Fort Davis, the “mile high” beauty of West Texas. Some of you, or your children, have attended Prude Ranch Summer Camp. Some of you have had family vacations to Davis Mountains State Park. Many of you have visited the McDonald Observatory and Fort Davis National Historic Site. Did you know, though, that this little community, originally founded in 1854, is struggling to keep the school doors open for our children? Foreign conflicts, inflation, immigration, crime, government corruption, consumer product shortages, and shrinking bank accounts (to name a few) dominate conversations and demand attention every day; however, there is one crisis that is going unnoticed and which may have a far greater impact on local communities very soon, and for a much longer period of time.....public school finance. The Texas state government, only a few years ago, hailed House Bill 3 (HB3) as the solution to school finance problems. The reality is very different from political statements. This crisis only affects about 10 % of the public school districts in Texas, but those few districts are facing financial ruin within the next 2-4 years. Some may make it longer, some may hit the financial cliff sooner, but all will ultimately deal with it at some point. I was born and raised in this area. I have family connections to the area dating back to the 1880's. My mother, aunt, cousins, and I have taught here since the early 1960's. My children have attended school and graduated here. Many of my childhood friends still live here, where their children, and even grandchildren, still attend school; however, here we sit, on the edge of a financial crisis, facing the possibility of closing the doors that first opened our school buildings in 1929.

Texas public school finance is based upon two primary funding sources: 1) funding from the state, which is divided into two main parts of Available School Fund and Foundation School Program; 2) local property taxes levied by the local school districts. There is federal funding which benefits some districts more than others, but federal funds have decreased over the last decade to a fraction of what they once were. State funding is determined through a series of complicated calculations, ratios, weights, attendance, enrollment, property values, and more. The legislature, I believe, makes these calculations complicated on purpose in an effort to confuse and frustrate the regular tax payer. The system can be oversimplified to one connection and objective: **the higher the property values a district will have, the lower the state share of money to that district will be.**

The Texas Constitution guarantees equal education to all students. Local revenues have been the subject of multiple public school finance lawsuits that began in the 1990's and continued until 2016, when the Texas Supreme Court determined the system was constitutional, though in need of modernization. This unanimous decision effectively closed all remaining doors to lawsuits challenging public school finance. Now, the state gets to determine what our local tax rates and collections can be. Those familiar with the previous school finance lawsuits will see the irony here. The effects of HB3 delayed what many saw coming. HB3 created about a 2-year reprieve in funding. Those two years are up, and the crisis is upon us once again. This time, however, there may not be enough time to fix it. Fort Davis ISD is not alone here. There are many other small rural districts facing a serious shortfall of revenue. These are good



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districts, supporting and educating local families for generations. These same families, like those at Fort Davis, are in danger of losing one of the primary identities of their communities--their schools. A one-time payment, or “Band-Aid” type of action by the legislature, will not work. Meaningful and long-term solutions to the school funding process must happen.

Fort Davis ISD, like many other small rural school districts, has managed our taxpayers’ funds in the most frugal manner possible, routinely achieving “Superior” on the state’s Financial Integrity Rating System of Texas (FIRST) every year. State funding for FDISD has steadily, and dramatically, decreased since the 2008-2009 fiscal year (see Figure 1), and we expect funding to continue to drop for at least the next two years. FDISD will see our fund balance (what many mislabel as our savings account) completely depleted in the summer of 2024 (Figure 2). This precipitous drop is due to the deliberate action by the state to **increase local property values year after year**, which then **decreases the state’s obligation** to fund the education of our children. FDISD is still using buildings built in 1929. FDISD had a band program many years ago, dropped it, restarted it, and dropped it again in 2014 due to lack of funds. FDISD has no cafeteria, no bus routes, no teacher housing, and no tax revenue from energy, minerals, oil, gas, utilities, or railways. Our only tax revenue comes from small businesses, ranchers, and other homeowners. FDISD pays teachers according to the state’s minimum pay scale. FDISD has seen further reduction in enrollment due to the COVID-19 pandemic and the decision by many families to continue to home-school their children.

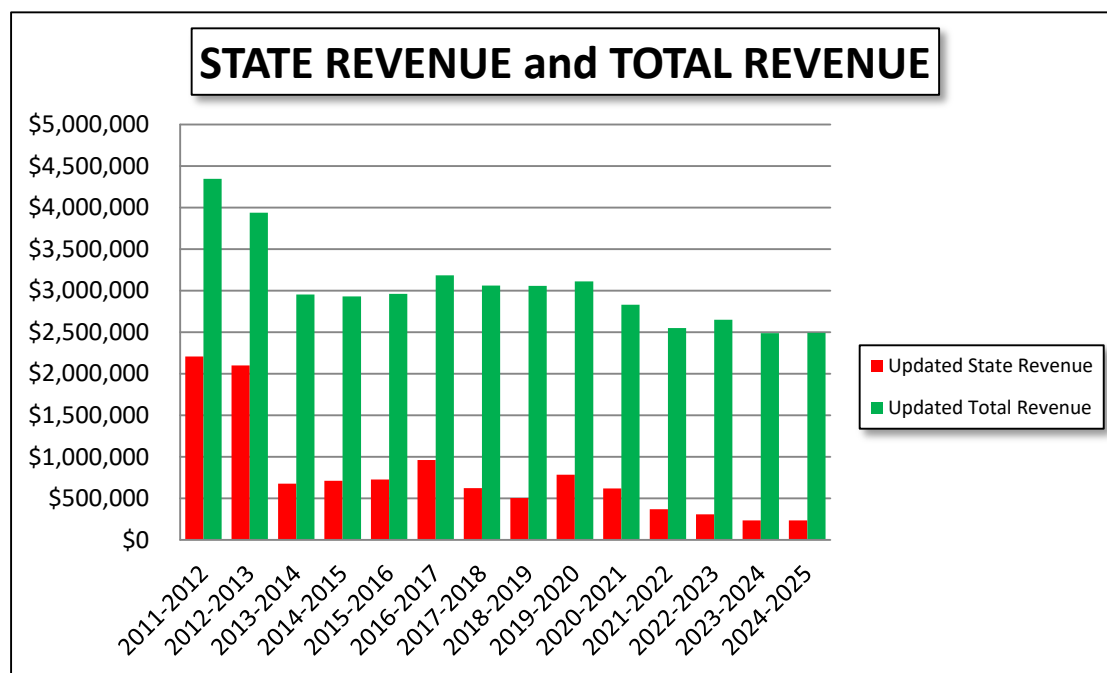


Figure 1



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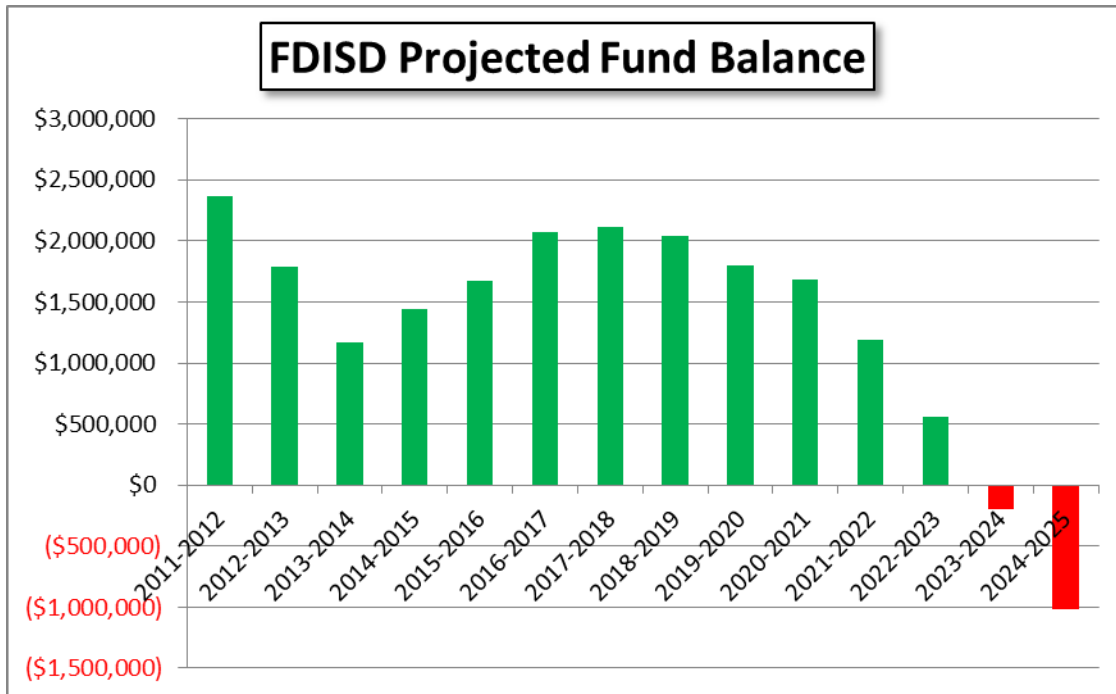


Figure 2

The value of local property is determined by County Appraisal Districts, but the state Comptroller's Office routinely overrides these values every year, setting them much higher all across the state. What is the purpose of County Appraisal Districts if the state ultimately determines what local property values should be? These values are then used in calculations and formulas, and an **allotment** is assigned to the district. The largest portion of this allotment is called Tier 1 and has remained almost unchanged for years, while the overall state share has declined (Figure 3). FDISD's Tier 1 allotment has dropped 15%, but look at the state share of funding, with a whopping **95% drop** over that same time period! The state then basically directs that everything collected over our "allotment" has to be sent back to the state. These returned funds are known as "recapture."

There is more to the school funding calculations than the Tier 1 allotment, but this calculation makes up the bulk of what the state believes a local district should keep. The primary problem with the current school funding process, however, is simply the way that the state determines and uses local property values. Figure 4 clearly shows how this faulty system is penalizing districts like FDISD. Property values (PVS) have increased dramatically (**by 45% since 2012 alone**), while the state's share of funding to the district has literally hit the floor. No other metric involved in the school funding calculations has changed anywhere near as much.



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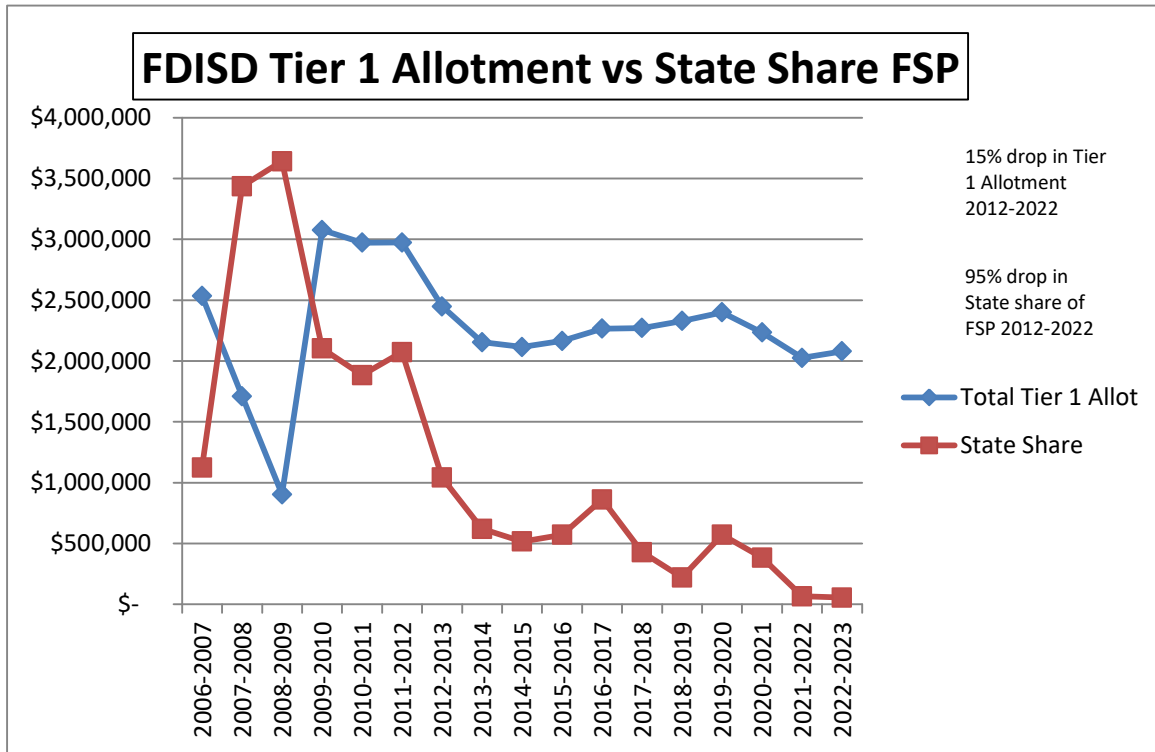


Figure 3

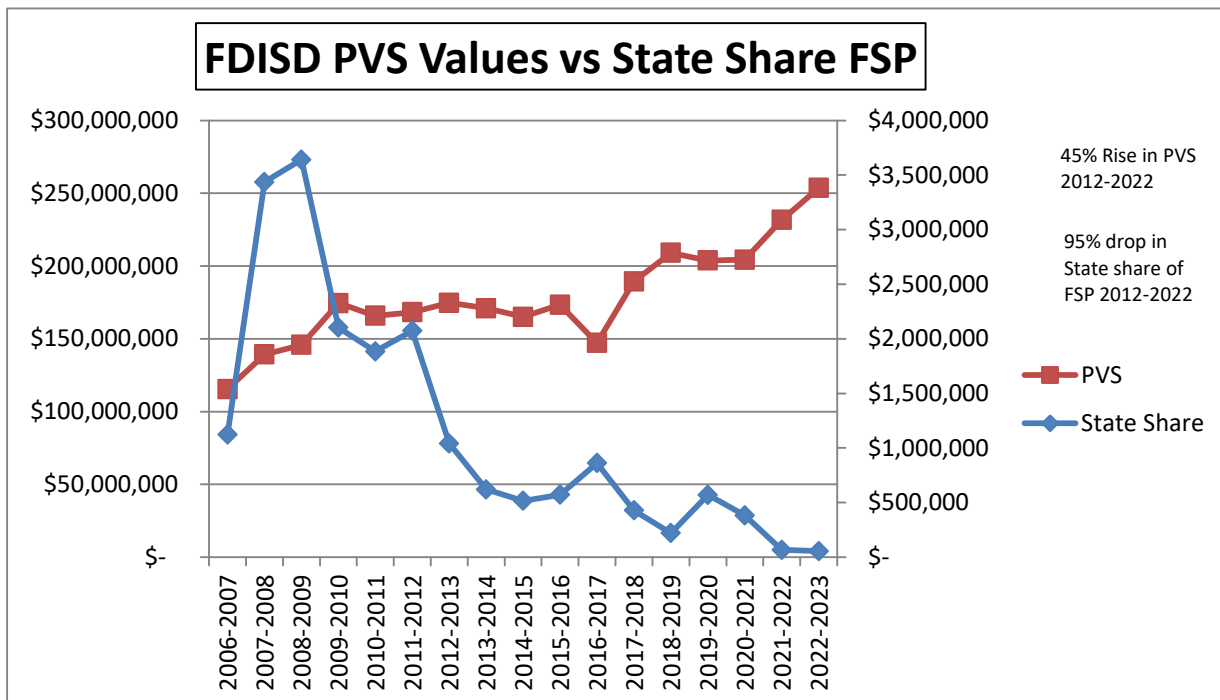


Figure 4



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FDISD, like many others, has fixed costs that are simply unavoidable, with 78% of the costs incurred through payroll, with the remainder required for other fixed costs like utilities, insurance, internet, phone, and dues. This leaves very little left for discretionary spending, and cutting every single extra-curricular activity entirely would only save a fraction of the budget. One must also remember that districts have very specific obligations to meet accreditation and graduation requirements. Figure 5 has some data regarding what other districts, of similar size to FDISD, have budgeted for their expenditures over the last several years. You will see that FDISD is among the lowest, if not the lowest, on the chart (see the linear dashed line and first column in each year).

This situation, while not unique, only applies to a limited number of other school districts. These school districts, however, are critical to their communities! They are part of the historical fabric and identity of the community. Current law is inadequate, because one size does **not** “fit all!” Large urban areas do not have the same restrictions and limitations of small rural areas in sparsely populated regions of the state. You simply cannot intelligently claim all school districts are “same” with regard to funding.

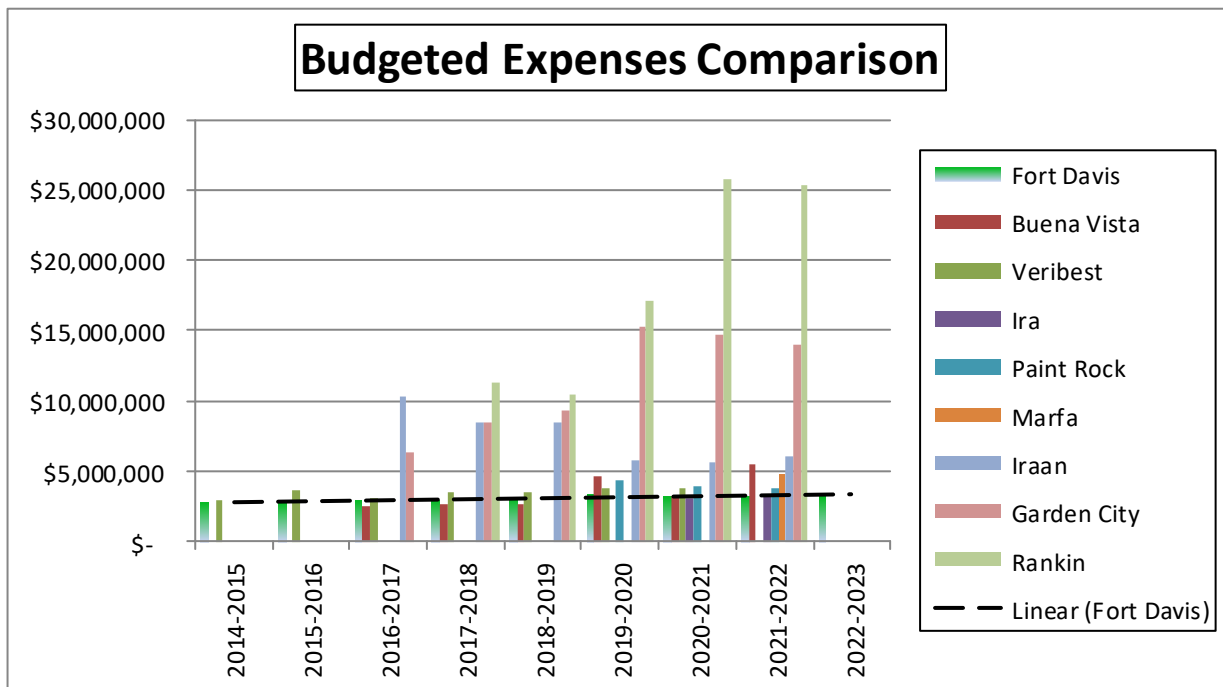


Figure 5

### What Can Be Done?

Legislators could do the following to help:

1. Include ALL revenues (M&O and I&S) in calculations to determine whether a district is “rich,” or “poor.”
2. Increase and scale the Basic Allotment according to school size, but detach this allotment from the state’s minimum salary schedule.
3. Increase the “weights” for special populations.



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4. Remove the ability of the state Comptroller's office to override our local County Appraisal District calculations of property values, except in very limited circumstances.
5. Put automatic inflationary adjustments into the calculations, so that legislative action is not required to adjust the funding system.