TEXAS SCHOOL FINANCE · NOVEMBER 2026

Digging Out

Restoring equal educational opportunity in Texas

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Texas led on school funding in the 1990s, then stopped investing

FUNDING EFFORT RANK

6th → 35th

State and local revenue relative to personal income: 5.35% in 1993, 3.31% in 2024

TEACHER PAY PARITY

85% → 68%

Pay of a 35-year-old teacher relative to similarly educated non-teachers, 2000 to 2024

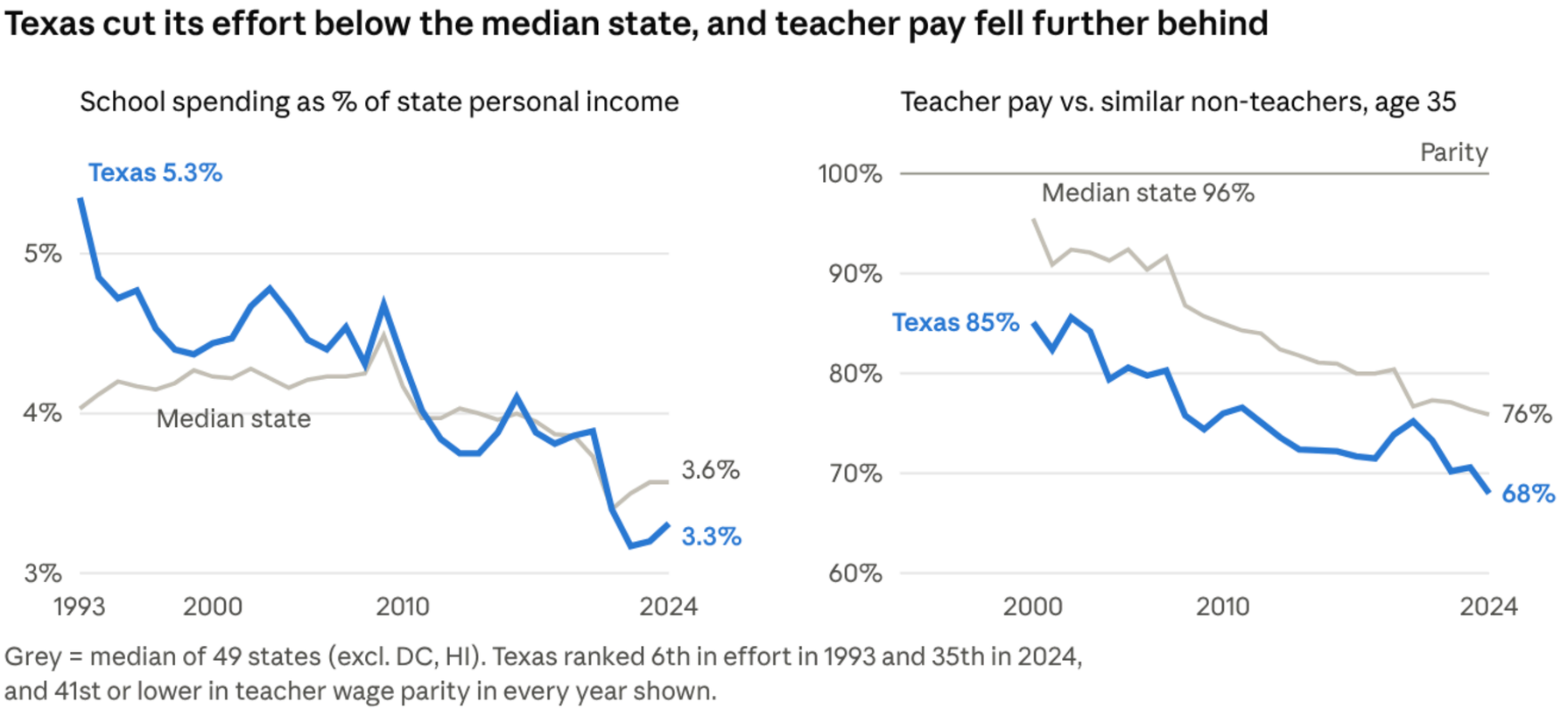
HIGHEST-POVERTY DISTRICTS

50%

of what national-average outcomes cost in 2024: 46th of 48 states

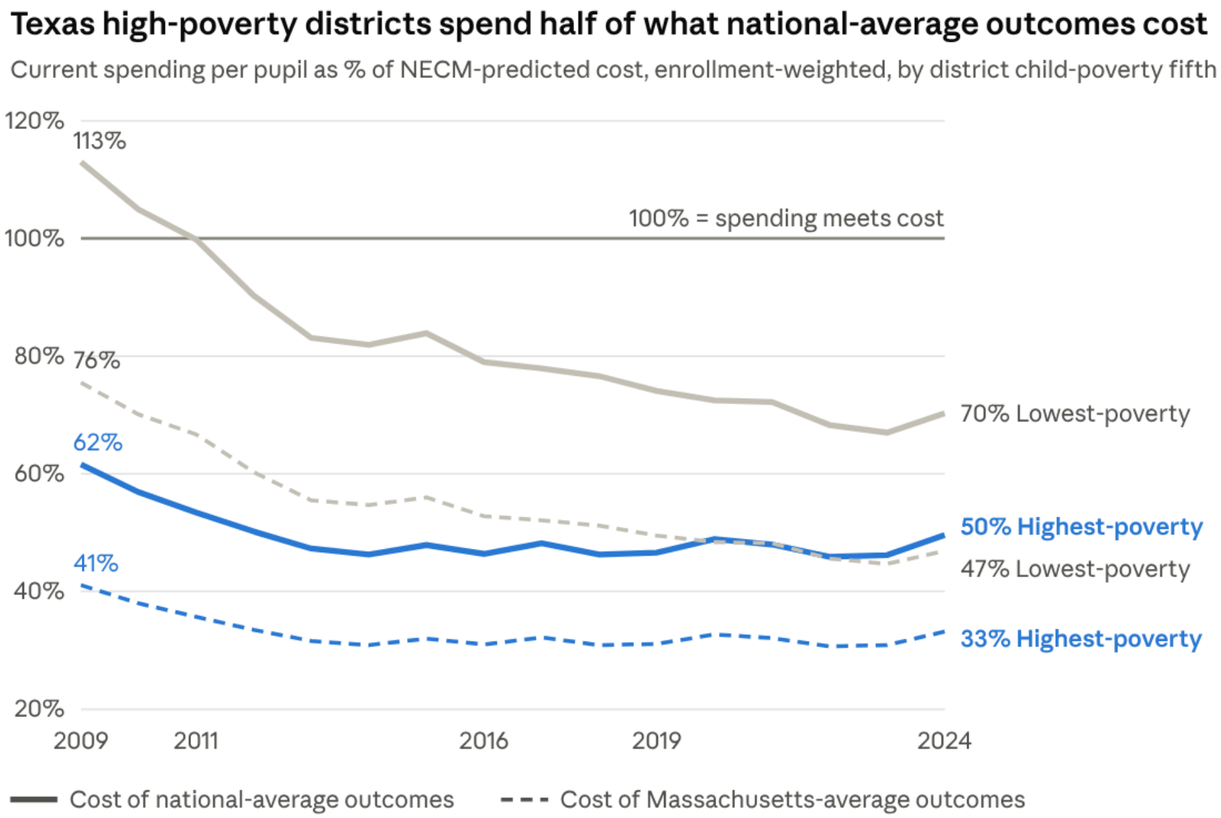
Source: School Finance Indicators Database state panel and National Education Cost Model, 2026 data runs. Ranks exclude DC and Hawaii.

Effort fell below the median state, and teacher pay fell further behind



Source: SFID state panel, 2026 data runs (state_panel_analysis.dta), 1993–2024.

High-poverty districts spend half of what national-average outcomes cost



Source: NECM district cost estimates aggregated in the SFID state panel, 2026 data runs, 2009–2024.

The children most affected are overwhelmingly Black and Hispanic

87% vs. 33%

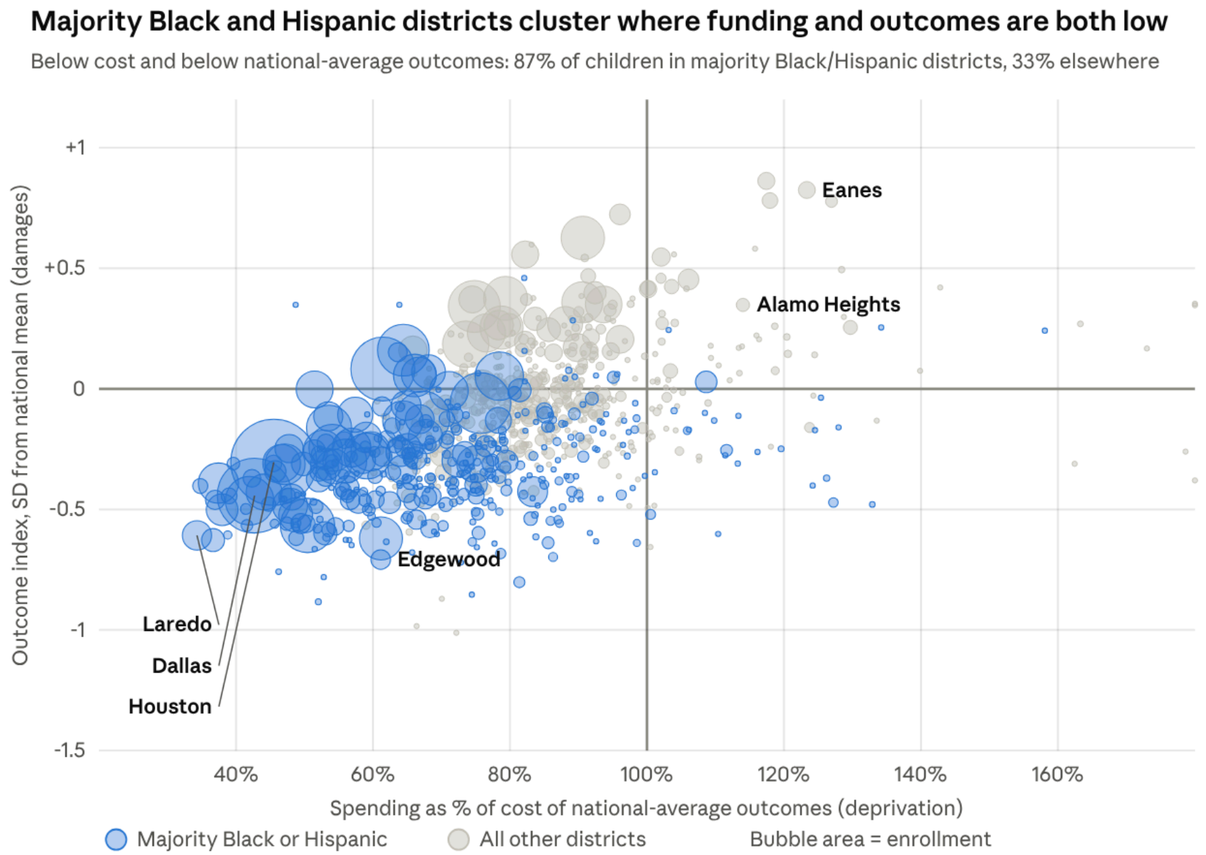
Share of students in districts both funded below cost and performing below the national average: majority Black and Hispanic districts vs. all others (2009–2024 averages)

In 2024, **98%** of Texas students attended districts spending below the cost of national-average outcomes, up from 73% in 2009.

District	Spending / cost
Dallas ISD	43%
Houston ISD	46%
Edgewood ISD	61%
Alamo Heights ISD	114%

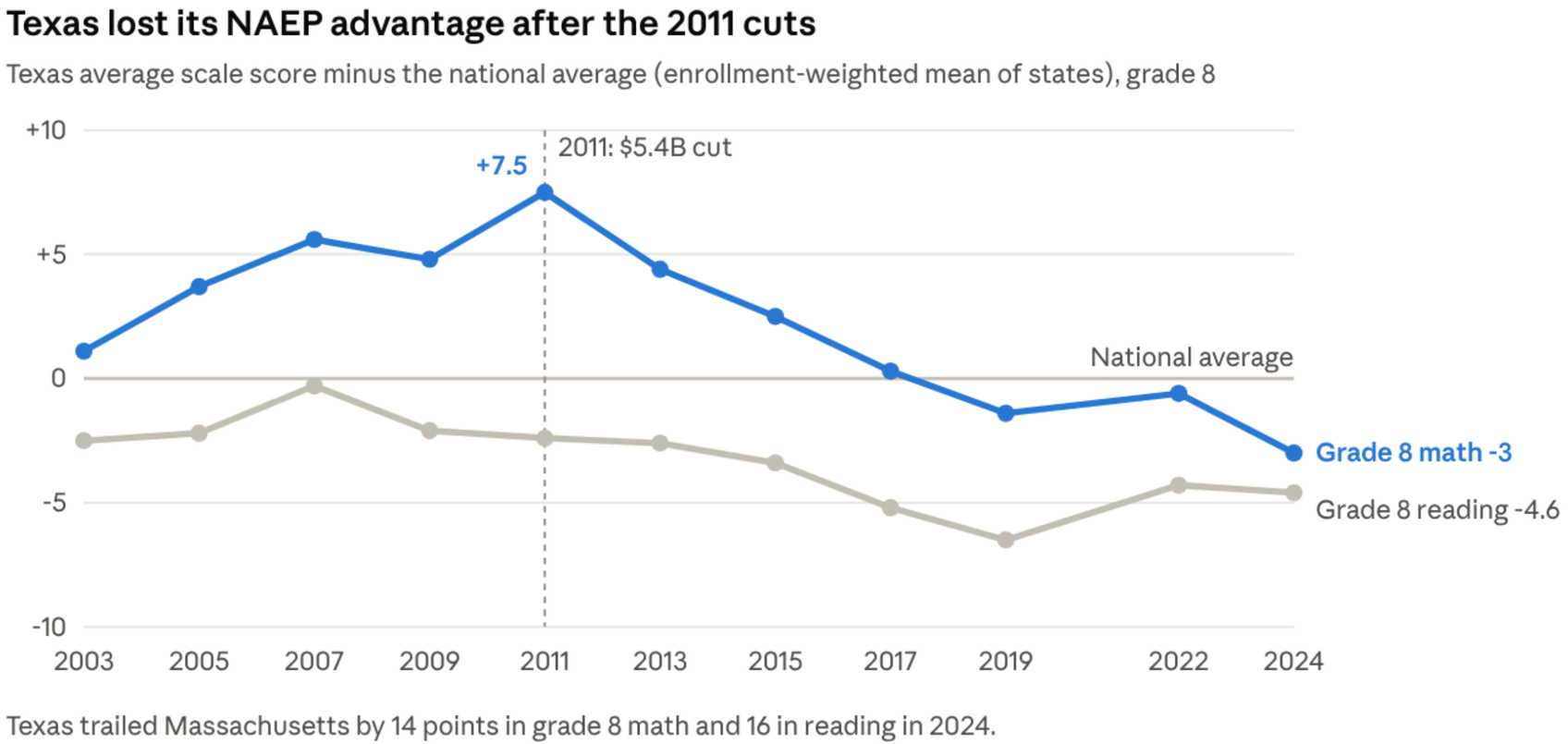
Source: NECM district panel, 2026 data runs; district averages 2009–2024. Edgewood ISD (Bexar County), named in Edgewood v. Kirby (1989), sits a few miles from Alamo Heights.

Majority Black and Hispanic districts cluster where funding and outcomes are both low



Source: NECM district panel averages 2009–2024 (2026 data runs); 922 districts with outcome data. Spending relative to cost correlates 0.46 with outcomes.

Outcomes followed the money: Texas lost its NAEP advantage after 2011



Source: NAEP state results via SFID state panel; national = enrollment-weighted mean of state averages, 2003–2024.

THE 2012 EXPERT REPORT, RE-RUN THROUGH 2025

The inequities documented at trial in 2012 are still here, and some are larger

$553 → $1,419

Facilities (I&S) revenue gap per WADA, lowest- vs. highest-poverty fifth, 2006 to 2025

89% vs. 93%

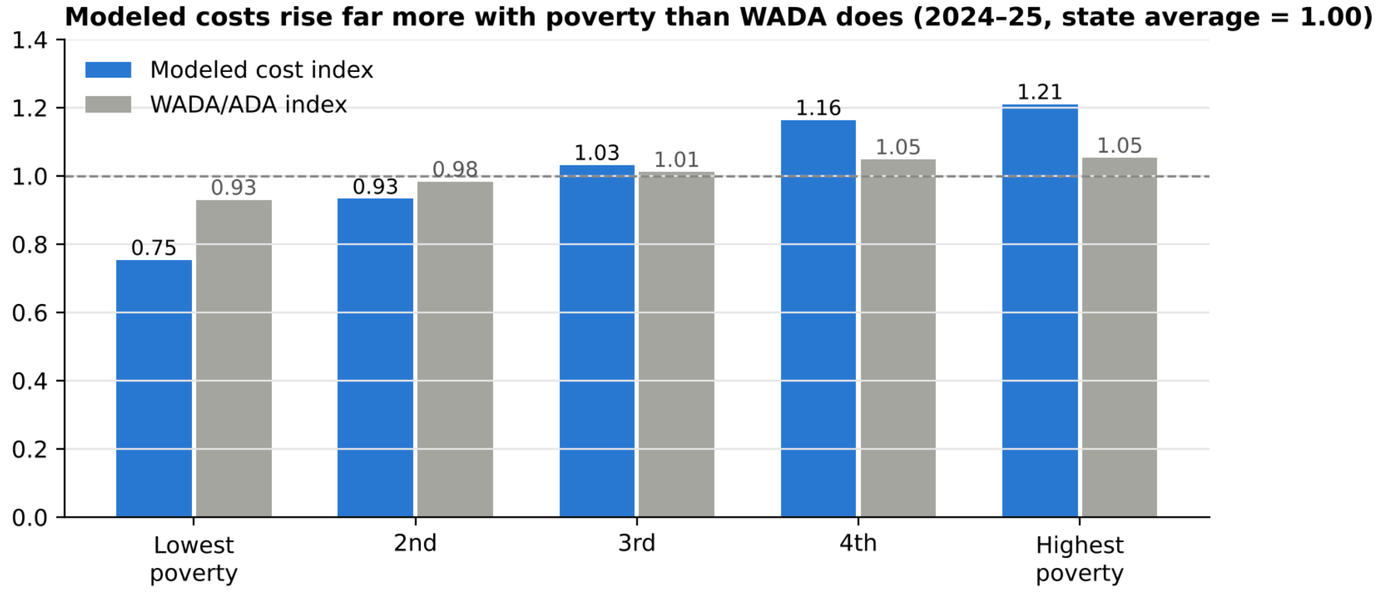
Attendance as a share of enrollment, highest- vs. lowest-poverty fifth: funding on attendance penalizes poor districts

≈ 0%

Implicit poverty weight in state and local spending, excluding federal aid, in nearly every year 2009–2025

Source: Appendix A; TEA PEIMS, TAPR and FSP files; Census SAIPE. Stata replication package TX_2012_Replication.

Costs rise with poverty far faster than Texas's weights do



Highest-poverty fifth spends **89%** of what average Texas outcomes cost; lowest-poverty fifth, **120%**.

97% of high-poverty students are in districts below cost.

WADA captures about **one-third** of cost differences. Allocating M&O by cost would add **$1,795** per pupil in the highest-poverty fifth.

Source: 2SLS cost function re-estimated as in the 2012 report (STAAR outcomes, 2018–2025); TEA FSP WADA/ADA, 2024–25.

One fix needs no new study: fund students who are enrolled

460,000

enrolled students, 8% of the total, unfunded under attendance counts in 2023–24 (Every Texan)

HB 1246 · HB 31

Rep. Hinojosa’s 2021 and 2023 bills to fund on enrollment. Neither passed; Texas still counts ADA.

≈ $6 billion

per biennium to switch (Commissioner Morath), going to the districts furthest below cost

Sources: Baker (2012) expert report; Baker & Corcoran (2012), The Stealth Inequities of School Funding; TEA (Sept. 2025); Every Texan (Feb. 2025).

Vouchers are the wrong priority while public schools sit below cost

Measure	Amount
Education Freedom Accounts, first year (2026–27)	$1 billion
Comptroller request, next biennium	≈ $2 billion
Legislative Budget Board projection, 2030	$4.8 billion
Gap to the cost of national-average outcomes, all Texas districts (approximate)	**≈ $45 billion a year**

About 43% of selected students came from public schools; most of the money goes to families already in private school or homeschooling. The accounts are pegged to average funding that falls below cost in nearly every district.

Sources: Texas Comptroller; Legislative Budget Board fiscal note on SB 2 (2025); NECM 2026 data runs. The gap figure is an approximation.

What Texas should do: study it, recalibrate it, fund it

2027

Study it

Commission an independent Texas cost study of what each district needs to give every child equal opportunity to reach state goals.

2029 SESSION

Recalibrate it

Rebuild the Foundation School Program on cost: poverty and EL weights sized to cost, a current wage index, enrollment counts.

PHASED

Fund it

Index the basic allotment to inflation, stop counting tax compression as new funding, close the gap on a fixed schedule.

Prior Texas cost studies: Gronberg, Jansen, Taylor and Booker (2004); Imazeki and Reschovsky (2004).

Texas led once. It can lead again.

Every figure in the brief and the appendix is reproducible from public data with the accompanying Stata packages.

TX_Brief_Replication · TX_2012_Replication · Texas district and campus panels, 2004–2025

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