

## ***Myths and Facts***

Chapter 41 School Districts believe in, and support, an adequately funded public school finance system.

However, this should be achieved by bringing students and schools up to the adequate funding level, not by diminishing the educational opportunities currently offered to students. When the Texas Legislature honors funding promises it made to comply with court orders, it is not the school districts that benefit, it is the schoolchildren of Texas.

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**Myth** – *Chapter 41 school districts have enough property wealth and local tax revenue to raise all property-poor districts to an equitable funding level.*

**FACT** – It is neither possible, nor desirable, to take enough local tax revenue from Chapter 41 school districts to raise the state’s lowest property wealth districts to the state average funding level of \$5,400 per student. Here’s why:

The 55 Chapter 41 school districts with the highest per student funding contain 0.8 percent of the state’s total student population and represent 1.2 percent of total state revenue. The 262 districts with per pupil funding of \$4,999 or less have almost 13 percent of the student population and 12.2 percent of total revenue.

Consequently, Chapter 41 school districts cannot now make a difference of any financial significance when it comes to bringing up the lowest wealth districts. Not enough money exists. The state lawmakers most versed in school finance looked at this very issue during the 82<sup>nd</sup> Legislative Session and came to the same conclusion.

Absent a hefty infusion of new state money into the school finance system, lawmakers would have to take revenue from the large urban and suburban school districts to increase equity funding. These districts, such as Dallas, Houston and Lubbock, have per pupil funding of \$5,000 to \$5,999, but account for almost 79 percent of total revenue. While requiring additional revenue from the Chapter 41 school districts would have a negligible effect overall on education funding, it would have the potential to destroy the schools that have already contributed \$17 billion to that system.

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**Myth** – *All Chapter 41 school districts are homogenous in student demographics with an overwhelming majority of students coming from wealthy families.*

**FACT:** Property wealth in many Chapter 41 school districts is due to the presence of industry or minerals (oil and gas) and the reality is many of these same districts could be considered “rooftop poor,” meaning they have a large number of families living at or below the federal poverty level.

The reality is that over half of the students in revenue-contributing districts throughout the state are economically disadvantaged.

Austin ISD is a prime example. Classified as a Chapter 41 school district, Austin has paid more local tax revenue into the statewide school finance system than any other district since 1993, a staggering \$1,452,878,984. Yet, 65 percent of its student population meets the federal definition of poverty and almost 30 percent have limited English proficiency, students who require more revenue to educate. While Austin may be considered a property wealthy school district by the state, the majority of its students are not.

A similar story could be told by Houston, Dallas, whose combined enrollment is about 500,000 students, and many other Chapter 41 school districts. The state classifies these Chapter 41 school districts as property wealthy while a large number – if not a majority – of their students are economically disadvantaged.

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**Myth** – *Chapter 41 school districts have access to plenty of money.*

**FACT:** It is true 13 cents of taxing authority is available at the local level with voter approval. The public in Chapter 41 school districts understands a substantial part of their local tax revenue is already being sent to the state, in some cases 50 percent or more. It is a nearly impossible sell to convince taxpayers that it is in their best interest to raise taxes on themselves and send 50 percent or more of that new revenue to the state. Chapter 41 school districts are continuing to lose local control of their available funds to educate their schoolchildren.

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**Myth** – *Property-wealthy, Chapter 41 school districts are found primarily in the rich areas of Texas.*

**FACT:** The number of Revenue-Contributing School Districts has **more than doubled since 2007** when there were 164. It took 15 years to reach 164 Chapter 41 school districts, but only five years to add the next 200 Districts. Three of the largest school districts in Texas – Austin, Dallas and Houston – are Chapter 41 school districts and their student demographics are far from wealthy. The reality is more and more Chapter 41 school districts are being added each year – at a faster and faster rate – during a time when the Texas economy is not robust, unemployment is high, and people are struggling with their own budgets.