



# Texas School Coalition

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## The Growth of Recapture in Texas

*State law requires certain school districts (known as Chapter 41 districts) to send local property tax dollars to the state through a process called recapture. Because the state has been paying less and less of the cost of education, it increasingly relies on recapture dollars to pay for public education across Texas. Property owners in Chapter 41 districts are paying more and more in local taxes, but their local schools are not benefiting.*

### What causes recapture to increase?

- The state's share of education funding has been on the decline.
- The law says that when local property values increase, as they have across Texas, the state can put less money into schools.
- In other words: Local property taxpayers are picking up more of the tab, so the state can redirect its education dollars to other budget priorities.
- The state's shrinking commitment makes it nearly impossible for local school boards to reduce property tax rates without reducing funding in the classroom.

### How has the state's share of education costs changed over the years?

- In 2008, the state paid 46 percent of the funding for public schools.
- Today, the state pays 38 percent of the funding for public schools.
- As the state's share decreases, the system relies more heavily on recapture.

### How much has recapture increased in recent years?

- Total recapture payments statewide have more than doubled in five years.
- In 2014, statewide recapture payments totaled \$1.2 billion.
- In 2019, statewide recapture payments exceed \$2.6 billion.
- Districts that pay recapture educate 24 percent of Texas students.

### How will recapture payments increase in the future?

- Property values are expected to increase 6.8 percent each of the next two years.
- This growth means the state's obligation for funding Texas schools will decrease by \$3.5 billion over the biennium, which means local property taxpayers will pay even more of the burden.
- An even greater reliance on local property taxes will drive recapture higher.
- Statewide annual recapture payments could exceed \$3.8 billion by 2021.
- The most effective way to reduce recapture is to put more state dollars into public education statewide and increase the state's share of the cost of education.