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LANDSCAPE ANALYSIS

Texas Public Education Finance



LONESTAR^{RP3}

Education research practice policy partnership





TABLE OF CONTENTS

SECTIONS

Executive Summary.....	iii
Introduction.....	1
Topic Areas.....	3
Topic 1 Dual Credit and Financial Aid for Swift Transfer (FAST).....	5
Topic 2 Community College Funding.....	7
Topic 3 Vouchers and Education Saving Accounts.....	11
Topic 4 Specialized Funding Allotments.....	15
Topic 5 Accountability: School Closures, Turnaround, and Takeover.....	19
Topic 6 Wraparound Services.....	21
Topic 7 Public School Funding and Budget Deficits.....	23
Key Actors.....	27
Looking Ahead.....	31
References.....	35
Author Page.....	41

LIST OF GRAPHICS

Graphic 1 Revenue sources for public community colleges in Texas.....	9
Graphic 2 Funding sources for public K–12 education in Texas.....	25

LIST OF FIGURES

Figure 1 FAST disbursement formula for the 2025-26 academic year.....	6
Figure 2 Public community college expenses: How each dollar is spent.....	10
Figure 3 A majority of private schools are located in urban and mid-sized Texas counties, with many rural counties being private school deserts.....	13
Figure 4 Percentage of Texans and public school parents who support increasing state funding for wraparound services and resources.....	18
Figure 5 Texas school district funding gaps and TEA student achievement ratings, by district type.....	22
Figure 6 Public K–12 expenses: How each dollar is spent.....	26
Figure 7 Map of key actor types in the Public Education Finance ecosystem.....	29
Figure 8 Accountability and compliance loops in the Public Education Finance ecosystem.....	30
Figure 9 Influence and agenda-setting in the Public Education Finance ecosystem.....	30
Figure 10 Interaction between education finance system elements.....	34

LIST OF TABLES

Table 1 Private school distribution in Texas.....	13
Table 2 Changes to public K-12 funding in HB 2 (89R) covered in this analysis.....	17



EXECUTIVE SUMMARY

Scope of the Landscape Analysis

This landscape analysis of public education finance in Texas was developed to identify critical topic areas, key actors, and cross-cutting issues—across K–12 education and community colleges—that can inform a collaborative research agenda grounded in research, practice, and policy partnerships. The report provides a systems-level overview of how education funding is generated, allocated, and experienced across the state, drawing on recent policy developments, public discourse, and research to clarify patterns, tensions, and areas of uncertainty shaping current decision-making.

Why This Topic Matters Now

Texas's public education finance system is in a period of active change. Recent legislative sessions have introduced new investments, revised funding formulas, expanded outcomes-based approaches, and developed new policy tools affecting both K–12 districts and community colleges. At the same time, districts and colleges face mounting pressures related to inflation, enrollment shifts, staffing challenges, expiring federal relief funds, and heightened expectations around student outcomes and workforce alignment.

As a result, decisions about how funds are generated and allocated increasingly shape institutions' ability to plan, staff, and serve students. While individual reforms target specific priorities, their combined effects—and their implications for fairness, stability, and system capacity—are not always well understood. This landscape analysis responds to growing interest in understanding how education finance policy translates into day-to-day capacity and student experience across diverse local contexts.

Topic Areas in Public Education Finance Covered in This Analysis

The following analysis is organized around seven topic areas that reflect the primary policy, practice, and research conversations shaping public education finance in Texas today:

- ★ **Dual Credit and Financial Aid for Swift Transfer (FAST)** | Reviews the expansion of dual credit participation and the FAST program, with evidence on access, cost structures, institutional capacity, and variation in benefits across contexts.
- ★ **Community College Funding** | Analyzes Texas's shift to outcomes-based funding for community colleges and its implications for resource allocation, institutional behavior, support services, and system performance over time.
- ★ **Vouchers and Education Savings Accounts** | Documents the introduction of Texas's Education Freedom Accounts program and concerns raised in discourse and research from other states regarding fiscal impacts, accountability, and student outcomes.

- ★ **Specialized Funding Allotments** | Reviews the expansion and redesign of targeted allotments supporting specific student populations and policy priorities, with attention to access, implementation, and sustainability challenges.
- ★ **Accountability: School Closures, Turnaround, and Takeover** | Explores the intersections among accountability ratings, state interventions, financial stress, and trends in school closures, turnaround strategies, and district takeovers.
- ★ **Wraparound Services** | Examines the growth of nonacademic student supports in K–12 and community colleges, including reliance on temporary funding streams and challenges sustaining services as federal relief funds expire.
- ★ **Public School Funding and Budget Deficits** | Examines trends in K–12 funding adequacy, inflationary pressures, and the prevalence of district budget deficits, alongside variation tied to local property wealth and enrollment change.

Mapping the Ecosystem of Key Actors in Public Education Finance

This report maps the public education finance ecosystem as a network of interconnected actors operating at federal, state, and local levels. Federal entities shape funding and compliance through authorization, appropriation, and oversight, while state government plays a central role in designing funding formulas, administering programs, and translating federal policy into state systems. Local governments, school districts, and community college districts serve as the point where state, federal, and local revenues converge and are allocated to campuses, programs, and services.

The analysis also highlights the role of constituencies, judicial and accountability actors, and a range of intermediaries—including advocacy organizations, research organizations, professional associations, philanthropies, and media—in shaping education finance policy and practice. Engagement is most visible around state-level policy design and local implementation, while coordination across sectors and regions varies.

Looking Ahead

This landscape analysis is intended as a starting point for inquiry, not a set of conclusions or recommendations. By identifying key topic areas and surfacing cross-cutting tensions, it provides a shared foundation for determining where evidence is strong, where it is thin, and where collaborative research could add value. The sections that follow offer deeper detail on issues, actors, and funding flows, setting the stage for collective sensemaking and the development of future research priorities.



INTRODUCTION

Public education finance shapes the resource constraints and incentives that influence how schools and colleges plan, staff, and serve students. In Texas, decisions about how funds are generated and allocated matter especially because of wide variation in local tax bases, student populations, and regional economic conditions. As the state continues to adjust its approach to financing public education, there is growing interest in understanding how funding policy translates into day-to-day capacity and educational opportunity on the ground.

Texas's public education finance landscape includes distinct but increasingly connected systems for K–12 education and community colleges. In the K–12 sector, questions about funding adequacy and equity intersect with ongoing debates over the state's basic allotment, reliance on local property tax revenue, and districts' ability to keep pace with rising costs, enrollment shifts, and emerging budget shortfalls. In the community college sector, the state's outcomes-based funding model—designed to reward student completion, credentials of value, and workforce alignment—has reshaped institutional priorities and planning. These changes have also raised practical questions about regional equity, program sustainability, and the resources required to support students through completion.

Legislative action has been a primary driver of recent changes in public education finance, often linking funding policy to accountability, choice, and institutional performance. House Bill 3 (86R) significantly restructured K–12 funding by increasing the basic allotment and creating targeted investments intended to improve equity and student outcomes, while later legislative sessions have revisited these structures in the context of inflation and evolving fiscal pressures. Community college finance reforms have similarly altered how institutions are funded and evaluated, with implications for staffing, instructional offerings, dual credit partnerships, and alignment with regional labor markets. What remains less well understood is how these funding mechanisms—individually and across sectors—shape institutional decision-making, student access, and outcomes in different parts of the state.

Purpose of the Landscape Analysis

We developed this landscape analysis of public education finance in Texas to identify critical issues, potential products, and opportunities for LONESTAR³ collaborative research. Our analysis provides a broad overview of key trends, topics, and actors shaping public education finance in Texas.

Methods

Our analysis began with an environmental scan of public education finance trends in Texas to identify on-the-ground issues and how they are represented in the media. This scan included local and policy news outlets, as well as official state websites, focusing primarily on materials

published within the last five years (2021-2025), with limited exceptions. We made exceptions when older sources helped illustrate long-term trends or underdiscussed issues.

From this environmental scan, we identified major themes to capture the primary trends shaping public education finance in Texas. These themes informed a subsequent literature review, which drew on academic databases to locate peer-reviewed articles published between 2021 and 2025, with a specific focus on Texas. Exceptions were made when older sources offered greater context into the topic area. We scanned studies for journal quality and relevance to current workforce concerns. We also incorporated select studies outside of Texas to provide a broader context or fill gaps where state-specific empirical work was limited. Additionally, we conducted searches through Google Scholar to capture grey literature, including policy briefs, organizational reports, and white papers.

We identified key actor types in the Texas public education finance ecosystem through an AI-assisted, structured review of select organizations that influence funding decisions and implementation. We compiled an inventory of actor categories from state agency reports and education policy publications, supplemented by insights from existing partnerships and initiatives. We used these same sources to draft a flow map of education finance and mapped this flow onto the key actors to show relationships between funding and policy.

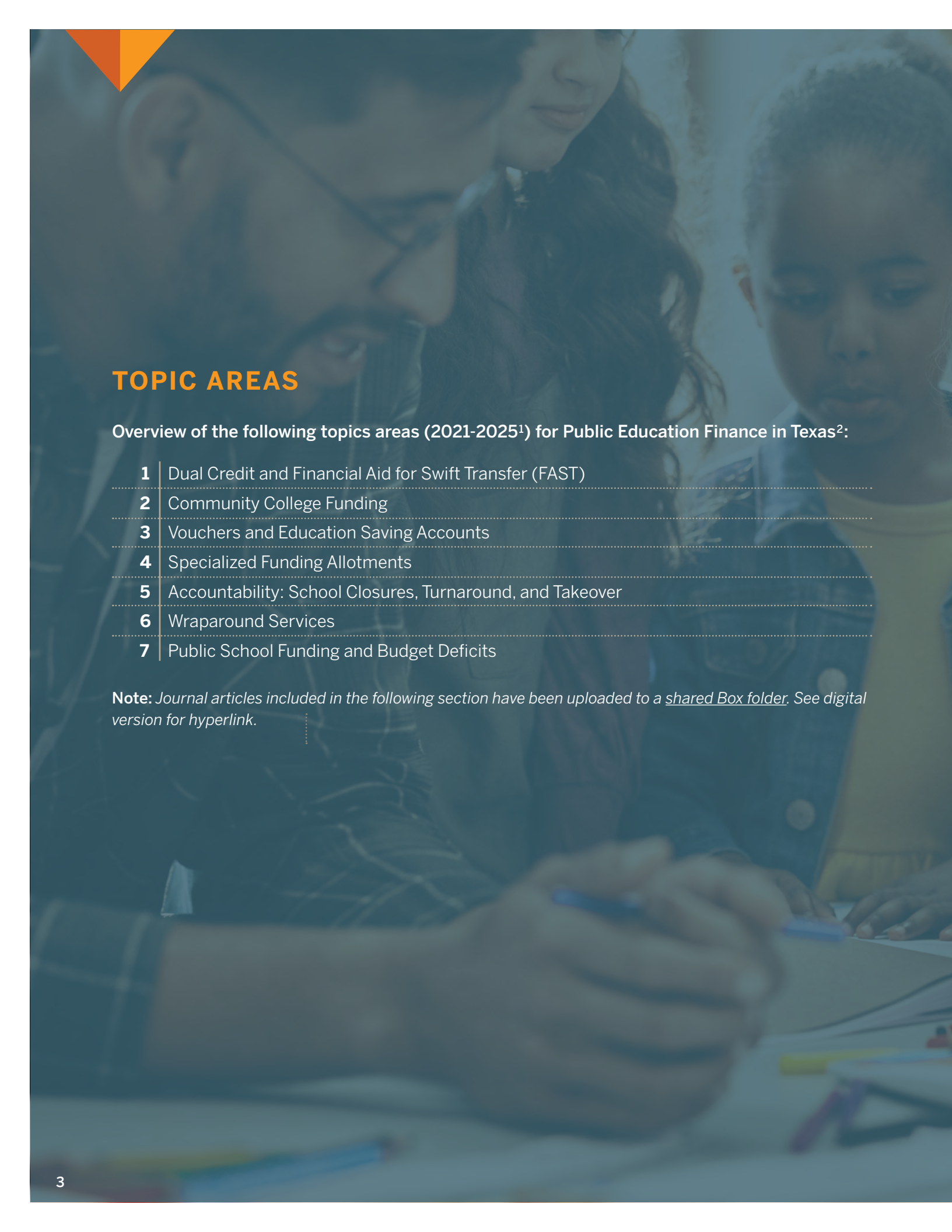
Limitations

Our report does not evaluate the effectiveness of any specific program or policy. Rather, it maps activity across news and research to offer an overview of current areas of focus and potential opportunities for future inquiry. Moreover, this analysis includes only Texas actors, and the reviewed public scholarship and grey literature are limited primarily to work produced within the last five years.

Report Sections

The landscape analysis is structured into four main sections:

INTRODUCTION	CURRENT ISSUES	KEY ACTORS	LOOKING AHEAD
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TOPIC AREAS

Overview of the following topics areas (2021-2025¹) for Public Education Finance in Texas²:

- | | |
|---|---|
| 1 | Dual Credit and Financial Aid for Swift Transfer (FAST) |
| 2 | Community College Funding |
| 3 | Vouchers and Education Saving Accounts |
| 4 | Specialized Funding Allotments |
| 5 | Accountability: School Closures, Turnaround, and Takeover |
| 6 | Wraparound Services |
| 7 | Public School Funding and Budget Deficits |

Note: Journal articles included in the following section have been uploaded to a [shared Box folder](#). See digital version for hyperlink.



¹ Some exceptions were made to include literature that expanded the breadth of the topic area.

² Some exceptions were made in topic areas that had limited Texas-based research.

TOPIC AREAS

TOPIC AREA | 1

Dual Credit and Financial Aid for Swift Transfer (FAST)

Dual credit enrollment in Texas has grown substantially in recent years, with the Financial Aid for Swift Transfer (FAST) program providing free dual credit to economically disadvantaged students and further accelerating participation. Dual credit programs demonstrate positive economic returns through reduced time to degree and earlier workforce entry, and while research indicates modest gains in improving college completion rates, these benefits accrue primarily to White, higher-income, and academically prepared students. Implementation challenges persist, including complex and unclear cost structures in institutional agreements that may limit accessibility for low-income students despite the expansion of state funding.

In The News

- ★ Prior to the passing of HB 8 (88R), dual credit enrollment in Texas had already been growing, with over 202,000 enrollees in fall 2019 (Decker, 2025). While enrollment dipped during the pandemic, there was a 36% increase in dual credit students at Texas public institutions from 2020 to 2024 (Decker, 2025). Recognizing the demand this increase creates, the Alamo Colleges District and St. Mary's University began a partnership to offer high school teachers in Bexar County the graduate-level training required to teach dual credit (Alamo Colleges District, 2025). Other areas, such as the Panhandle, have adapted dual credit for rural contexts by offering instruction through online and hybrid formats (Acheampong, 2025).
- ★ Financial Aid for Swift Transfer (FAST), created by HB 8 (88R), provides economically disadvantaged students with free dual credit enrollment by funding participating colleges (TEA, 2024). This program has further boosted dual credit enrollment, with more than 250,000 students participating statewide through FAST in the 2023-24 school year (Dey, 2025). Individual colleges also experienced this growth, such as Kilgore College, which saw a 36.5% increase in dual enrollment students, making high school students the majority of their student body (Dey, 2024).

In Recent Literature

- ★ Dual credit programs generate a short-term return of \$1.18 for every dollar invested through reduced time to degree and earlier workforce entry, while long-term benefits from increased college graduation rates produce returns nearly five times the initial cost. At the time the study was conducted, dual credit programs were found to produce modest causal effects—increasing college enrollment by only 2.4 percentage points (primarily at two-year colleges) and having no statistically significant impact on overall completion rates. These limited benefits accrued primarily to White, higher-income, and academically prepared students, while dual credit participation revealed negative effects for economically disadvantaged students and did not meaningfully improve completion rates for Black and Hispanic students (Miller et al., 2018).

- ★ The Community College Research Center (CCRC) found that 45% of Texas community college dual enrollment students reenrolled at the same community college in the first year after high school (Velasco et al., 2024). This finding has implications for how dual credit may function as a mechanism for pursuing postsecondary enrollment, particularly at community colleges.
- ★ An analysis of 2,460 Texas dual credit Memoranda of Understanding (MOUs) between institutions of higher education and school districts revealed that 60% reference FAST as a funding source, yet 51% employ complex cost structures beyond any single clear pricing model (Sahms et al., 2025). Moreover, financial responsibilities remain poorly defined with 54% of MOUs not detailing the party responsible for transportation and 75% assigning students partial responsibility for textbook costs. These unclear and variable cost structures may limit dual credit accessibility for students from low-income backgrounds.

Figure 1. FAST disbursement formula (Texas Administrative Code Section 15.505) for the 2025-26 academic year (THECB, 2025a)

FAST TUITION RATE X (SCH FOR SEMESTER) = ELIGIBLE FAST FUNDING				
Examples	Eligible students taking eligible coursework	Total SCHs*	FAST Tuition Rate (FY 2026)	Semester FAST funding for participating institution
Institution A	24 eligible students each took 3 SCHs in fall semester	72 SCHs total	\$58.52	\$4,213.44
Institution B	40 eligible students each took 12 SCHs in spring semester	480 SCHs total	\$58.52	\$28,089.60
Institution C	15 eligible students each took 48 contact hours (CE course) in summer semester**	45 SCHs total	\$58.52	\$2,633.40

Note: *Semester Credit Hours

**With conversion equivalent (1 SCH = 16 contact hours).

TOPIC AREAS

TOPIC AREA 2

Community College Funding

Texas shifted to a fully outcomes-based funding model for community colleges in 2023, measuring performance through credentials awarded, student transfers, and dual credit completion while weighting outcomes for economically disadvantaged, academically disadvantaged, and adult learners. The new formula has enabled most colleges to increase funding, expand programs and services, and strengthen student support systems including mental health resources and advising. This is critical as research conducted prior to the passing of HB 8 (88R) indicated that while institutions serving higher proportions of disadvantaged students spent more per student, funding levels remained insufficient to close gaps in student outcomes. Additionally, significant variation in resource allocation—particularly for disability services—created uneven access to critical supports.

FUNDING INCREASE OF
1.9%
on average, for Texas
community colleges from
FY 2025–FY 2026.

In The News

- ★ In 2023, HB 8 (88R) shifted the community college funding model from 90% contact hours plus 10% outcomes-based funding (OBF) to a 100% OBF model (TACC, n.d.; Texas 2036, n.d.). Performance is now measured by credentials of value awarded, credentials of value in high-demand fields, student transfers to four-year universities, and high school student completion of dual credit courses (TACC, n.d.). Outcomes will be weighted based on three student characteristics: economically disadvantaged, academically disadvantaged, and adult learners (THECB, n.d.). The program was created with the intention of breaking barriers to postsecondary education and better preparing students for the Texas workforce.
- ★ Under the new funding formula, almost all colleges received increased funding in the 2023 and 2024 fiscal years (Dey, 2025). Austin Community College (ACC) saw a 14% funding boost and is piloting a free-tuition program for five cohorts of Austin ISD high school graduates beginning with the class of 2024 (Weissman, 2024). Del Mar College has similarly waived three years of tuition for local high school graduates and adult learners (Dey, 2025). The funding formula has also enabled colleges to expand their noncredit continuing education programs and develop transfer pathways with nearby institutions (Dey, 2025; Weissman, 2024).
- ★ HB 8 has encouraged institutions to strengthen support areas critical to student success. Colleges have added mental health resources, improved their advising models and expanded service staff such as peer advisors, and enhanced their student-success tracking systems (Dey, 2025; Weisman, 2024).

In Recent Literature

- ★ Levin et al. (2022) found that Texas community colleges with higher percentages of students older than 24, first-generation students, English learners, and economically disadvantaged students spend more per student than institutions with lower percentages of these groups. However, academically disadvantaged students were an exception, as spending was lower than for students with stronger academic backgrounds. Still, a cost function analysis found that the higher spending levels were insufficient to bring these students' success outcomes up to the statewide average of students without these needs (Levin et al., 2022).
- ★ Texas's community college funding system, prior to HB 8 (88R, 2023), showed no substantial funding gaps by race or ethnicity, though institutions serving high percentages of Pell recipients received somewhat lower total funding due to reduced local support. Researchers note, however, that equal funding may not guarantee equitable outcomes (Baum & Cohn, 2023).
- ★ Disability services in Texas community colleges are associated with improved degree completion and transfer rates, with the strongest effects at rural institutions (5-8 percentage point increases for students with learning disabilities and other health impairments). However, significant variation in per-student spending (\$53-140 range), absence of dedicated budgets, and reliance on external funding sources create inequities in service provision, with rural colleges facing the greatest constraints despite demonstrating the strongest student outcomes (Kirksey et al., 2025).

See Graphic 1 for community college revenue sources and Figure 2 for expenditures.

TOPIC AREA 2 CONTINUED

Figure 2. Revenue Sources for Public Community Colleges in Texas

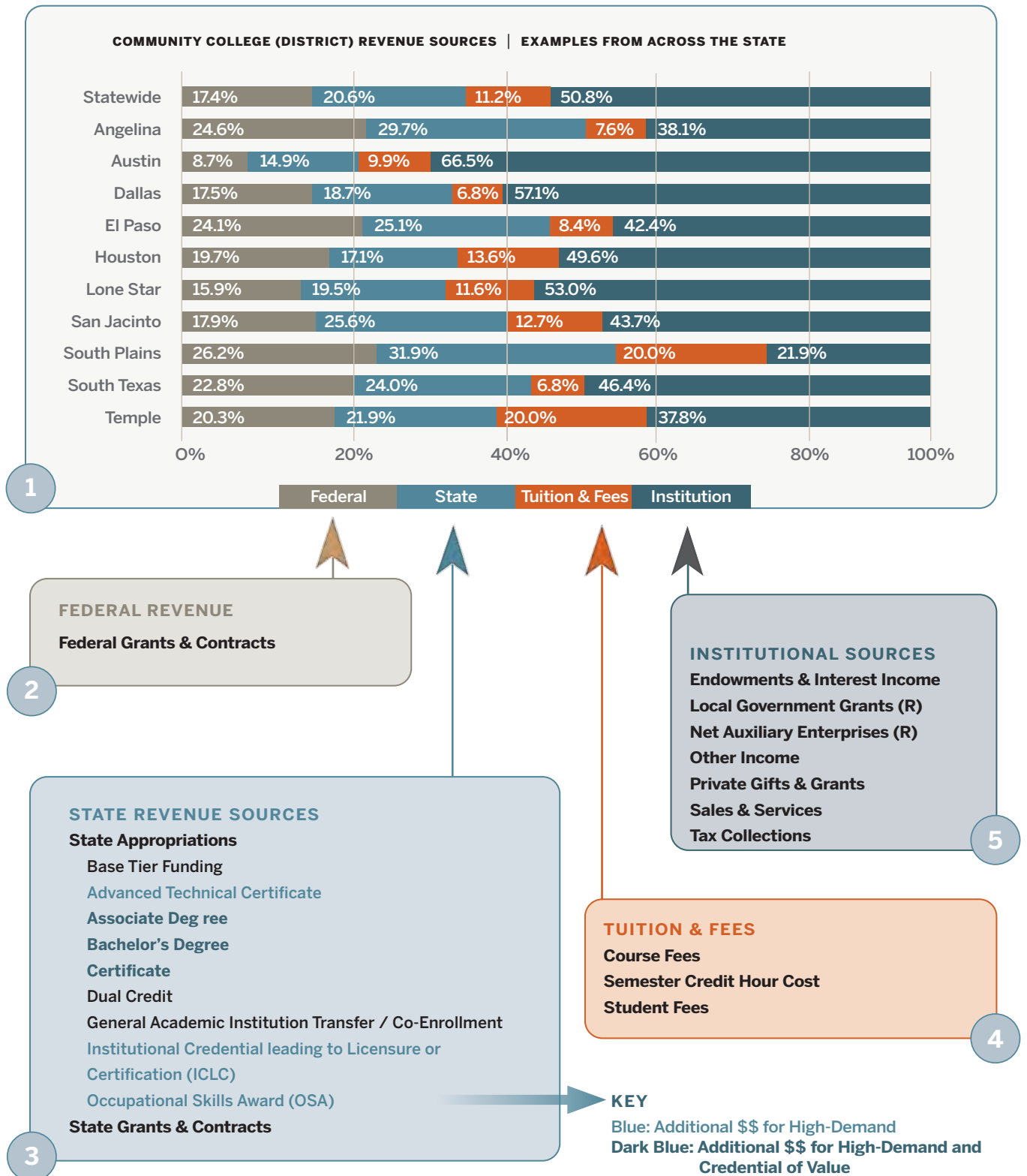
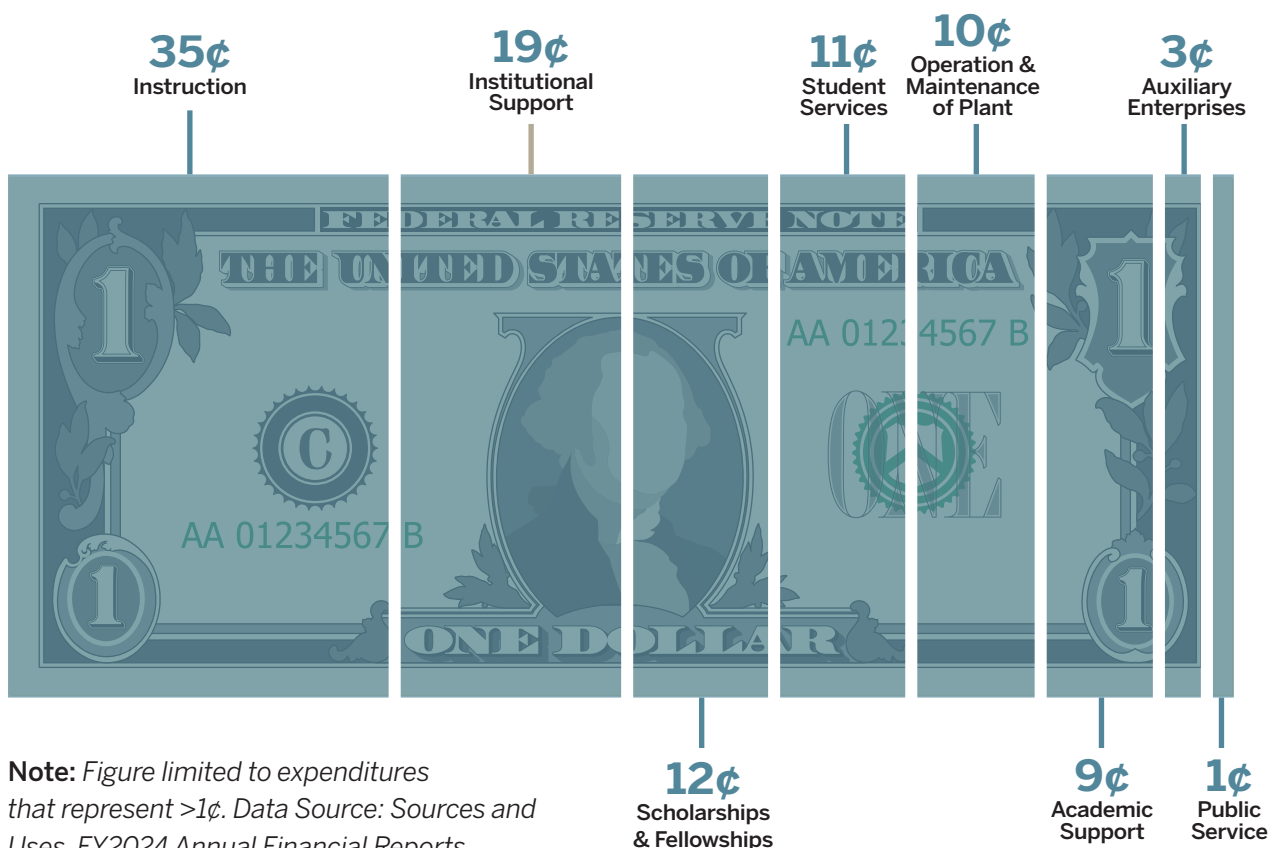


Figure 2. Notes and Sources

- 1 **Note 1:** FY 2024 data is the most recent data available after the implementation of HB8 (88R). Data Source: Sources and Uses, FY2024 Annual Financial Reports (THECB, 2025).
- 2 **Note 2:** These federal data do not include financial aid (e.g., Pell Grants, FSEOG, federal student loans, or work-study), because Sources and Uses reports only institutional federal revenue and excludes student-directed aid. Examples of federal grants and contracts include awards from DOE, DOL, NSF, NIH, and other support for ongoing instructional, workforce, or student-support activities.
- 3 **Note 3:** Details for state appropriations were pulled from FY2026 Final Funding Model (THECB, 2025, n.d.). Examples of state grants and contracts include awards from any state agency, including THECB, TWC, TEA, or HHSC.
- 4 **Note 4:** Tuition & Fees are net of discounts.
- 5 **Note 5:** Tax collections account for over 80% of institutional resources statewide, highlighting the vital role of local property taxes in funding Texas community colleges. (R) Restricted.

Figure 3. Public Community College expenses: How each dollar is spent.



TOPIC AREA 3

Vouchers and Education Savings Accounts

Texas recently passed legislation establishing the Texas Education Freedom Accounts (TEFA) program, which allows families to use state tax dollars for private education, joining other states that have implemented education savings account or voucher programs. The bill authors (filed by Senator Creighton) wanted every student in Texas to have an opportunity to participate in the TEFA program “whether they are entering school for the first time, currently enrolled in public school, or currently enrolled in private school or homeschool” (Senate Research Center, 2025).

While the bill was passed with the intention of advancing parental and school choice, questions about the program center on the potential negative impacts on public school budgets, limited accessibility for rural families, reduced accountability and oversight compared to public schools, and diminished legal protections for students with disabilities. Research from other states with similar programs shows patterns of negative academic achievement impacts for voucher users, participation by low-quality private schools, costs significantly exceeding projections, and programs primarily benefiting families already enrolled in private schools rather than those transferring from public schools.

25,000

STUDENTS

are projected to leave public schools for private schools in fiscal year 2027, increasing to 98,000 in fiscal year 2030 according to LBB.

In The News

- ★ The 89th Texas Legislative Session passed SB 2, creating the Education Savings Account program, officially known as the Texas Education Freedom Accounts (TEFA) (Texas Comptroller, 2025). Commonly referred to as vouchers, the program allows families to use state tax dollars to fund private education for their children. With a \$1 billion budget, the program begins in the 2026-27 school year. According to a legislative budget analysis, families who participate will receive between \$10,300 and \$10,900 annually per child (Edison, 2025a; Legislative Budget Board, 2025). Children with disabilities will be eligible for additional funding (up to \$30,000) to account for special education services, while home-schooled children will be eligible for up to \$2,000 annually. If public demand is high, the program will prioritize student with disabilities and students from a low-income background (Edison, 2025a).
- ★ The bill was designed to prioritize low-income students and students with special needs – to provide parents and families the opportunity to choose a school(s) for their child(ren) (Senate Research Center, 2025). Still, questions have been raised about the potential negative impacts the voucher program

may have on public schools and their existing budget deficits (RYHT, 2025a; Whartnaby & Thompson, 2025); accessibility for rural students who may live far from private school options (TASB, 2023); and, accountability, as private schools are not held to the same standards as public schools (Whartnaby & Thompson, 2025) and do not provide the same legal protections, which is particularly concerning for students with disabilities (Texas Council for Developmental Disabilities and The Arc of Texas, 2025).

- ★ While it is premature to assess outcomes in Texas, other states that have implemented voucher programs offer insight into potential financial and implementation challenges. In Louisiana, for example, two thirds of students who participated in the voucher program attended low-performing private schools, with some schools operating solely due to voucher funding (Chatelain, 2019). This raises concerns given the limited state accountability and oversight required at private schools. Another concern regards who will benefit from the program. In North Carolina, Arizona, and Arkansas the majority of new vouchers were used by students already attending private schools (Mantell, 2024; Nordstrom, 2025). Finally, voucher programs in other states have cost significantly more than originally allocated (Mantell, 2024), with Texas's program estimated to cost \$7.9 billion by the end of the decade (RYHT, 2025a).

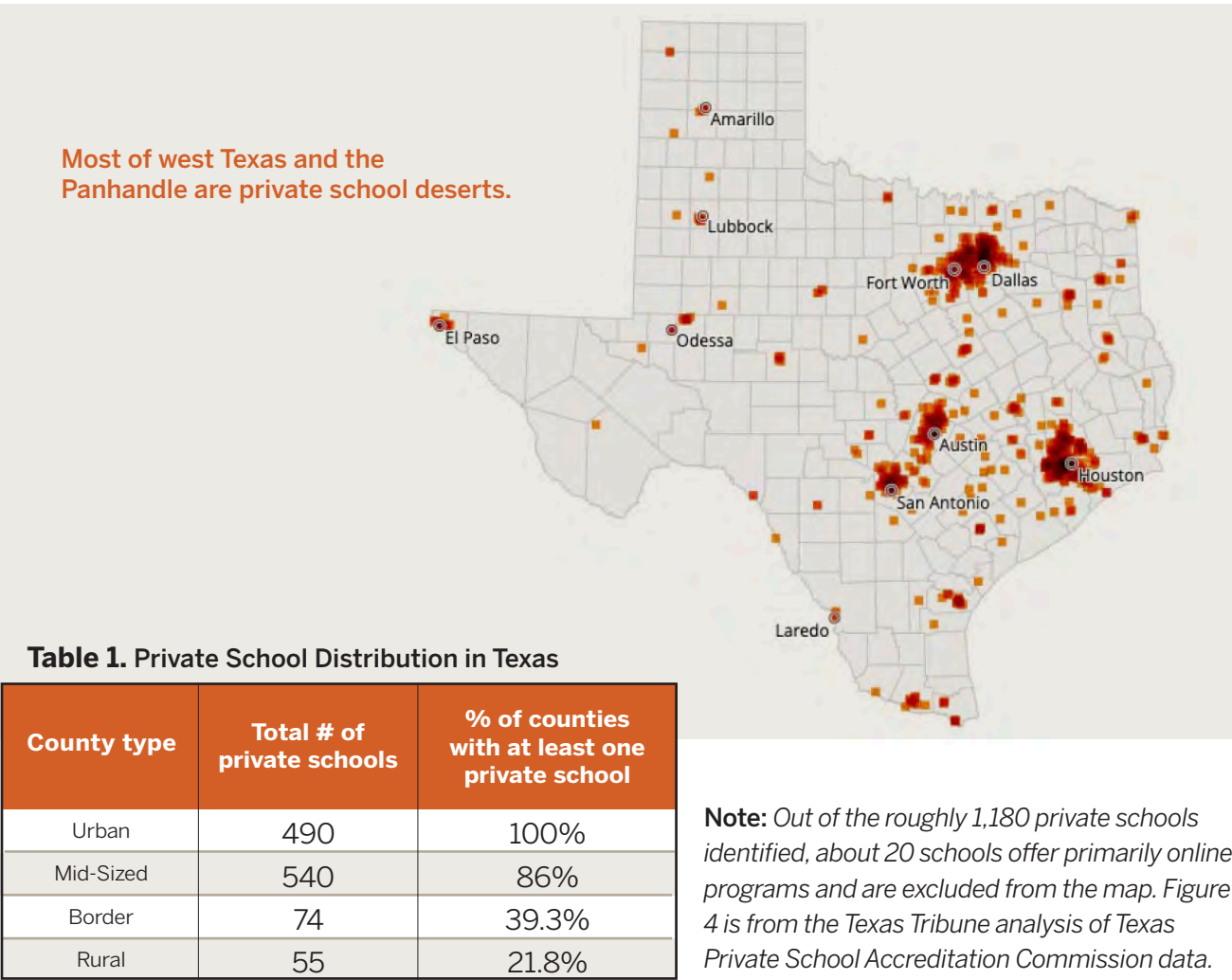
In Recent Literature

- ★ A 12-year longitudinal study tracked Milwaukee voucher students and matched public school peers from the same neighborhoods with similar demographics and test scores, examining college enrollment, persistence, and degree completion rather than test scores. Milwaukee voucher participants demonstrated higher educational attainment than their public school counterparts, spending more total years in four-year colleges and graduating at higher rates, with these benefits evident for students who entered the program in both elementary grades and high school (Wolf et al., 2019). Similarly, a study on Florida's Tax Credit scholarship found that participation increased low-income students' likelihood of enrolling in both 2-year and four-year colleges, as well raised bachelor's degree attainment (Chingos et al., 2019).
- ★ A study of Indiana's statewide private school voucher program (the Indiana Choice Scholarship Program) used precise drive-time proximity measures and student-level data from 2006-07 through 2015-16 to examine competitive effects on traditional public schools. The research found little evidence that the average student in Indiana public schools was affected—either positively or negatively—by the voucher program's enactment and growth, with no significant impacts detected on math and English language arts test scores or graduation rates (Egalite & Catt, 2025). Meanwhile, research on low-income students who used the vouchers to transfer from public to private schools showed an average 0.15 standard deviation loss in mathematics achievement that persisted the remainder of their time in private school, though no statistically significant results were found for ELA outcomes (Waddington & Berends, 2018).

TOPIC AREA 3 CONTINUED

★ The Louisiana Scholarship Program, which provides vouchers for low- and moderate-income students in low-performing public schools to attend private schools, produced substantial negative achievement impacts on state assessments—particularly in math—that diminished after the first year but persisted through four years of the study. Despite these negative academic effects, there was no statistically significant difference in college enrollment rates between voucher users and control group students who remained in public schools (Erickson et al., 2021). This is consistent with prior research on the program that attributed negative effects to the participation of low-quality private schools in the program, with the most severe academic declines concentrated among eligible schools with the lowest tuition rates (Abdulkadiroglu et al., 2015).

Figure 4. A majority of private schools are located in urban and mid-sized Texas counties, with many rural counties being private school deserts (Lopez & Schumacher, 2023).





TOPIC AREA | 4

Specialized Funding Allotments

Texas provides specialized funding allotments to support specific student populations and educational programs, with recent legislation shifting some allotments toward needs-based models and expanding funding across multiple categories. However, research indicates that increased funding alone does not guarantee equitable access to these programs, as disparities persist based on neighborhood demographics and local property wealth. Additionally, organizational factors such as teacher retention significantly affect whether increased funding translates into improved student outcomes, particularly in high-poverty schools serving students with disabilities.

In The News

- ★ HB 2 (89R) adjusts the funding framework of the Special Education Allotment (TEA, 2025c). Rather than distributing funding based on the classroom setting where a child with a disability receives services, the allotment will now be distributed more equitably through an individual needs model, reflecting the intensity of services a student requires (Edison, 2025b; Latham Sikes, 2025). This model begins in the 2026-27 school year. The bill also provides districts \$1,000 for each special education full individual and initial evaluation (FIE) completed (TEA, 2025d). Additionally, it raises the College, Career, and Military Readiness Outcomes Bonus funding from \$2,000 to \$4,000 for graduating high school students who receive special education services (TEA, 2025c).
- ★ The early education allotment also expands under HB 2 (89R). First, it adds a 0.01 weight per ADA for grades K-3 to fund educators' attendance at literacy and math achievement academies (TEA, 2025c). Second, the allotment's funding distribution will now prioritize prekindergarten, based on 4-year old enrollment (Latham Sikes, 2025). The bill further creates the Early Literacy Intervention Allotment, effective in the 2026-27 school year, offering school districts \$250 per K-3 student receiving reading interventions (excluding those already funded through the dyslexia allotment). It also establishes a supplementary supports grant to fund private tutoring and accelerated learning supports for students struggling with reading (TEA, 2025c).
- ★ Though no additional funding was allocated, the Bilingual Education Allotment was modified to "provide funding for alternative language education methods using a dual language immersion/one-way or two-way with a weight of 0.15 for emergent bilingual students and a weight of 0.05 for a non-emergent bilingual student" (TEA, 2025c). However, because only 22% of emergent bilingual students participate in dual language programs, over three quarters remain funded at a weight of 0.10—a rate established four decades ago (Kring Villanueva, 2025).

- ★ The School Safety Allotment expands to provide districts \$20 per attending student—double the previous amount—and \$33,540 per eligible campus, up from \$15,000 (TEA, 2025c). This funding will help districts meet safety mandates implemented after the 2022 Robb Elementary School shooting, as well as those enacted by HB 3 (88R, 2023), such as requiring each campus to have an armed security officer (Edison, 2025b; Rock, 2025).
- ★ HB 2 also triples the funding P-TECH schools receive per attending student (now \$150), increases the Rural Pathways Excellence Partnership (R-PEP) Allotment to a statewide cap of \$20 million (previously \$5 million), and raises the New Instructional Facility Allotment (NIFA) to \$150 million (previously \$100 million) (Latham Sikes, 2025; TEA, 2025c). The bill further modifies the Career and Technology Education (CTE) weighted funding to include junior ROTC courses, as well as raises the number of reimbursements from one to two industry-based certification examinations per student, to encourage pursuing higher-level certifications within a field.

In Recent Literature

- ★ While state funding for two-way dual language (TWDL) programs has increased, students' access to these programs is determined by neighborhood race/ethnicity and socioeconomic factors. For example, in San Antonio, TWDL programs are primarily located in census tracts with high Latinx populations but concentrated in wealthier areas, effectively excluding the poorest Latinx families. In Austin, however, TWDL placement shows clear gentrification patterns, with programs strategically located in affluent, predominantly white neighborhoods (Holtz, 2023).
- ★ A UTEP study found that dual language education costs between \$896-\$1,568 more per student (a 10-16% increase) than other instructional programs for emergent bilingual students, with costs primarily driven by administrator planning, family communication, and teacher professional development and certification. Despite these higher costs, Texas provides slightly less state and local funding to high-ELL districts compared to low-ELL districts (~\$9,000 vs. \$9,100 per student), as high-ELL districts levy higher taxes but generate less local revenue due to lower property values, and state funding is not progressive enough to compensate for these local funding inequities (Knight et al., 2017).
- ★ A study based in California found that increased spending on special education programs was associated with improved ELA achievement for students with disabilities in low-poverty schools and for students without disabilities in both low- and high-poverty schools, but these gains did not extend to students with disabilities in high-poverty schools. High-poverty schools experienced high turnover rates of special education teachers, resulting in students with disabilities receiving access to fewer certificated and highly qualified special educators compared to their counterparts in affluent schools, demonstrating that school funding alone cannot overcome opportunity gaps without addressing the organizational contexts (such as teacher retention) that affect how resources translate into student outcomes (Cruz et al., 2022). These findings may have implications for how Texas funds support services for students with disabilities.

TOPIC AREAS

Table 2. Changes to Public K-12 funding in HB 2 (89R) covered in this analysis (TEA, 2025c).

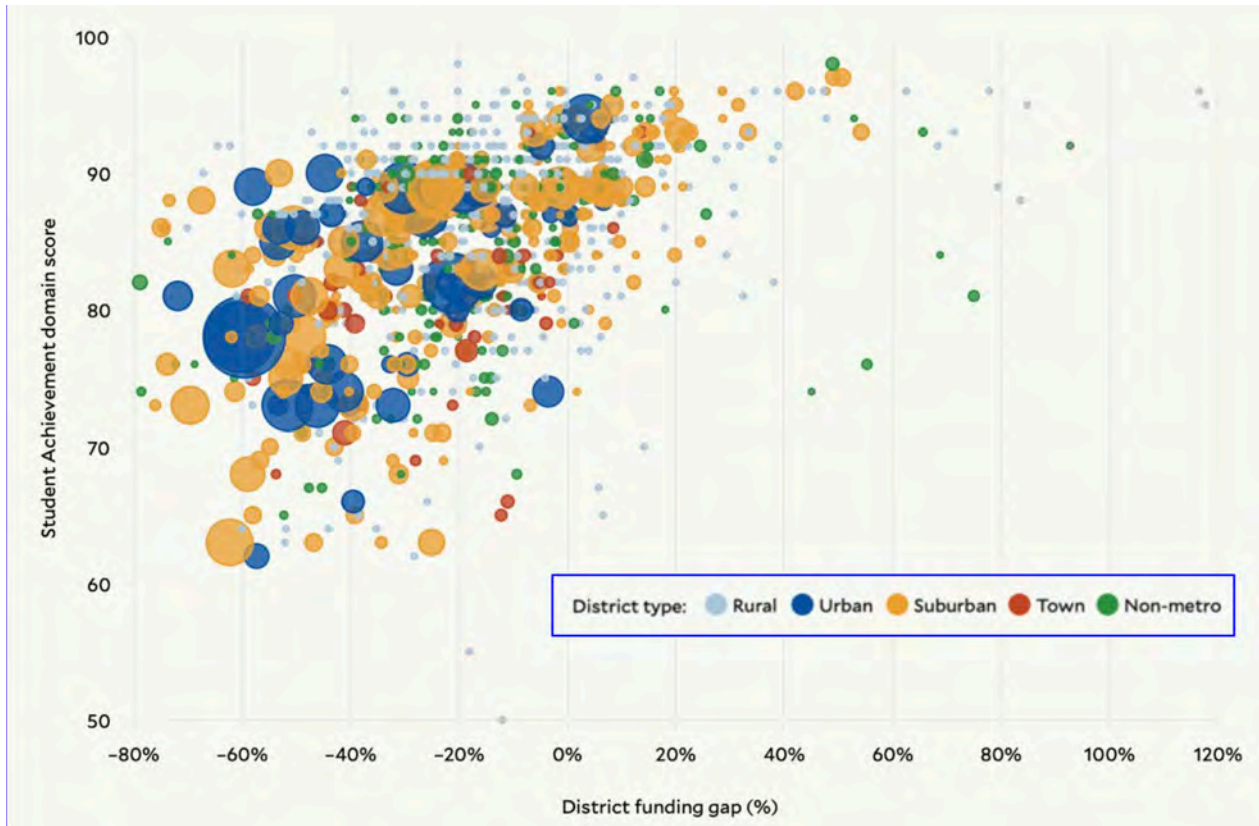
		Funding Changes		
Funding Category / Item	Funding Unit	Before HR 2 (2024–2025)	After HR 2 (2024–2025)	Topic Area
Stand-alone Categories /Items				
Allotment for Basic Costs	Per student (enrolled)	---	\$106	1
Base Funding	Per student (ADA)	\$6,160	\$6,215	1
New Instructional Facility Allotment	Statewide allocation	\$100M	\$150M	2
Rural Pathways Excellence Partnership (R-PEP) Allotment	Statewide allocation	\$5M cap	\$20M cap	
Third Grade Supplementary Supports Grant*		---	TBD	2
Special Education Allotment and Other				2
FIIE	Per evaluation	---	\$1,000	
CCRM Outcomes Bonus**	Per SpEd graduate	\$2,000	\$4,000	
Early Education Allotment				2
Literacy and math achievement academies	Weight (K-3 ADA)	---	0.01	
Early Literacy Intervention Allotment***	Per student (K-3)	---	\$250	2
Bilingual Education Allotment				2
Dual-language emersion for emergent bilingual students	Weight per student	---	0.15	
Dual-language emersion for non-emergent bilingual students	Weight per student	---	0.05	
School Safety Allotment				2
Per attending student	Per student	\$10	\$20	
Per attending campus	Per campus	\$15,000	\$33,540	
Career and Technology Education				2
P-TECH	Per student	\$50	\$150	
CTE weighted funding	Per student	---	Incl. Jr. ROTC	
Number of IBC exam reimbursements	Per student	1	2	

*Does not begin immediately. TEA will provide information when it becomes available.

**CCRM outcomes bonuses for SpEd graduates are not part of Special Education Allotment.

***Begins SY 2026-27

Figure 5. Texas school district funding gaps and TEA student achievement ratings, by district type (Turley & Selsberg, 2024).



Note: The size of each circle represents the size of each district based on student enrollment. The few school districts with positive “funding gaps” are districts that have adequate, or more than adequate, per pupil funding.

TOPIC AREAS

TOPIC AREA | 5

Accountability: School Closures, Turnaround, and Takeover

Texas school districts are experiencing significant challenges related to underfunding and budget deficits, with some resorting to school closures to address financial shortfalls. These resource constraints intersect with accountability pressures as a growing number of campuses receive failing accountability ratings, triggering state-mandated improvement plans and moving closer to the threshold for school closure or state takeover. State takeovers have been implemented in multiple districts with mixed results, and questions remain about their financial sustainability and effectiveness in improving student outcomes. Research indicates that severe underfunding is strongly correlated with poor student achievement, school closures produce long-term negative effects on students' educational and economic outcomes, and turnaround strategies show some academic gains but face challenges with sustainability and teacher recruitment.

In The News

- ★ Across Texas, districts are resorting to school closures to offset budget deficits and declining student enrollment. For example, Austin ISD released plans to close 10 schools by the end of the 2025-26 academic year, estimating more than \$20 million in gross savings (Austin ISD, 2025; McAfee, 2025). Similarly, Killeen ISD approved three school closures and program consolidations designed to save over \$100 million in the next five years (Roker & Cordova, 2025). This issue extends beyond low-performing districts (according to TEA's A-F accountability ratings), as highly-rated school districts are also considering school closures to manage funding challenges (Anderson, 2025a; Carter, 2025; Zeeble, 2025b).
- ★ In addition to school closures, Austin ISD has approved state-mandated turnaround plans for 24 campuses that have received multiple consecutive failing scores under TEA's 2025 A-F accountability ratings, with three campuses scoring a fourth consecutive F rating (Adams et al., 2025). Multiple school districts have been required to implement school improvement plans (Brneger & Montalbo, 2025; Poitevint, 2025; TEA, 2025a), with the number of schools receiving consecutive unacceptable scores (D or F ratings) increasing from 64 to 348 between the 2022-23 and the 2024-25 school year (Dey & Reid, 2025). Schools that receive failing scores for five years in a row trigger the threshold for closure or state takeover of the entire district.
- ★ The Texas Education Agency has employed state takeover on 11 school districts since 2000 (Dey & Edison, 2025). These takeovers resulted in district closures, court settlements, returns to local control, and ongoing state management (Dellinger, 2023). Most recently, questions have arisen about the financial sustainability of Houston ISD's takeover, as the district has experienced a mass exodus of students and continues to operate at a deficit, despite budget cuts for the 2025-26 academic year (DeGuzman, 2025a, 2025b; Dey & Edison, 2025). Houston ISD has shown a significant improvement

in accountability ratings, with more than 80 schools rising to A and B scores in 2025 from D and F scores in 2023 (Zuwanich, 2025). Still, some district leaders have expressed that state takeover is not sustainable for improving student outcomes, citing the importance of district accountability without compromising local control (Dey & Edison, 2025).

In Recent Literature

- ★ While 73% of Texas school districts are underfunded to some degree, approximately 17% are “severely underfunded” with funding gaps exceeding 40% of what they need—a threshold strongly associated with TEA student achievement ratings of C or lower. The severity of underfunding varies considerably, with 78 districts requiring at least double their per-pupil funding to achieve national average test scores. Larger funding gaps are significantly correlated with lower TEA ratings across different district types, indicating that inadequate funding is directly linked to student achievement outcomes (Turley & Selsberg, 2024).
- ★ School closures in Texas cause immediate disruptions to both test scores and student behavior, with test scores recovering within three years but behavioral issues persisting long-term. Students who experience school closures demonstrate significant decreases in post-secondary education attainment, employment rates, and earnings at ages 25-27, with the most severe impacts concentrated among secondary school students, Hispanic students, and those from low-performing schools and economically disadvantaged families (Kim, 2024).
- ★ In Texas, district-managed restart strategies—which involved replacing nearly 80% of teachers and principals at low-performing schools—successfully recruited more experienced and qualified educators and produced positive effects on student achievement in reading and math, with nearly all restart schools meeting accountability standards within three years. However, positive effects on student attendance were not sustained beyond the first year, and interviews with district and school leaders revealed that recruiting high-performing teachers was time-consuming and that grant-funded salary stipends may not have provided sufficient incentive for top teachers to relocate to struggling schools (Herrera et al., 2022).

TOPIC AREA 6

Wraparound Services

Texas school districts and community colleges have expanded wraparound services addressing students' nonacademic needs since 2020, but these supports lack dedicated funding streams within state education finance formulas and instead rely on temporary federal grants, discretionary funds, and local partnerships. The expiration of federal relief funds threatens the sustainability of these initiatives and contributes to uneven access across regions, forcing districts to make difficult tradeoffs between wraparound supports and core instructional spending. Research demonstrates that comprehensive student supports can effectively reduce educational disparities and improve retention and completion rates, yet current funding structures do not explicitly incentivize or sustain these investments despite their documented effectiveness.

In The News

- ★ Unlike other key areas in this scan, wraparound services are not governed by a discrete funding formula or statutory allotment in Texas. Instead, their expansion since 2020 reflects how districts and community colleges have adapted within and around existing education finance structures.
- ★ Texas school districts and community colleges have expanded wraparound supports addressing food and housing insecurity, mental health needs, and family engagement, largely enabled by temporary federal funding streams rather than permanent changes to state education finance formulas (Simpson, 2025; TEA, n.d.a).
- ★ In K–12, wraparound services are not supported by a dedicated allotment within the Foundation School Program. Districts typically fund these initiatives by braiding discretionary dollars from the basic allotment, federal programs (e.g., ESSER, Title I), local property tax revenue, and philanthropic partnerships, often creating tradeoffs with core instructional and operational spending (Simpson, 2025).
- ★ Mental health services represent the most visible category of wraparound investment, with districts relying heavily on federal school-based mental health grants and state mental health funding. Recent pauses, revocations, and subsequent reissuance of federal awards, including more than \$200 million announced nationally in 2024, underscore the instability of funding streams districts depend on for counseling and mental health staffing (Perez, 2025; Cochran, 2025; DOE, 2025).
- ★ Fiscal pressures tied to the expiration of federal relief funds have already affected district infrastructure, with some districts eliminating or restructuring centralized wraparound services departments as ESSER funds sunset and general fund constraints intensify (Menchaca & Partain, 2025).

- ★ Community colleges have similarly expanded basic needs centers, emergency aid, and counseling services since 2020, but these supports are typically funded through grants or institutional reallocations and are not integrated into the outcomes-based finance model established by HB 8 (88R) (Dey, 2025; TACC, n.d.).
- ★ Colleges serving large numbers of economically disadvantaged and first-generation students often view wraparound supports as essential to retention and completion, yet these investments are not explicitly incentivized or weighted in current performance-based funding metrics (Dey, 2025).
- ★ Across sectors, wraparound initiatives are frequently implemented through community partnerships and competitive grants, limiting scalability and contributing to uneven access across regions, particularly in rural and high-need communities (TEA, n.d.a).

In Recent Literature

- Texas community colleges provide wraparound services combining academic and nonacademic
- ★ mental health supports (including counseling, telehealth, and external referrals), but many approaches lack evidence-based foundations, and few specifically target high-risk student populations. The most significant challenge facing these colleges is the lack of consistent, sustainable funding streams to support mental health services, which severely limits their capacity to meet growing student needs (Kosiewicz et al., 2024).
- Students from predominantly low-income backgrounds and students of color who received Integrated
- ★ Student Support (ISS) services in elementary school had higher rates of both college enrollment and college completion compared to similar students who did not receive these supports. The study used propensity score weighting to analyze outcomes for high school graduates from an urban district between 2009-2017 and findings suggest that comprehensive student supports provided early in a student's education may be an effective strategy for reducing income- and race-based disparities in postsecondary educational attainment (Pollack et al., 2023).

Figure 6. Percentage of Texans and public school parents who support increasing state funding for wraparound services and resources” (Charles Butt Foundation, 2024)

For Students	Before- and after-school programs	Mental health services	Free school supplies	Free and accessible transportation	Primary medical care services	Clothing resources	Dental Services
All Texans	84%	82%	81%	80%	73%	73%	67%
Public School Parents	89%	89%	88%	88%	83%	79%	79%

For Students’ Families	Food Assistance Resources	Transportation Assistance Resources	Clothing Resources	Primary medical care resources	Housing assistance resources	Dental Services
All Texans	77%	73%	68%	67%	65%	61%
Public School Parents	86%	82%	77%	77%	74%	74%

TOPIC AREA | 7

Public School Funding and Budget Deficits

Texas schools face persistent funding challenges despite recent legislative efforts to increase per-pupil allocations, with inflation-adjusted funding levels falling short of what districts need and many schools operating in budget deficits. The state's school finance system contains structural inequities that favor property-wealthy districts over those serving predominantly low-income students, and previous reform efforts have failed to overcome these disparities. As a result, Texas is among the states with the highest concentration of chronically underfunded school districts, leaving many unable to adequately meet student needs.

In The News

- ★ As part of its \$8.5 billion investment in public schools, House Bill 2 (89R, 2025), increased per-pupil base funding by \$55, bringing it up to \$6,215 per student for the 2026-27 academic year (RYHT, 2025b). However, it was estimated that schools would need an additional \$1,300 per student to maintain the purchasing power they had in 2019, as the formula does not account for inflation (RYHT, 2024). For FY 2026, Texas school districts would need additional funding ranging from a low of \$5,300 at one district to a high of \$212 million at another to recover from the losses experienced in the last six years.
- ★ HB 2 also established the Allotment for Basic Costs (2025) which grants school districts an additional \$106 per enrolled student for operational expenses associated with transportation, hiring retired teachers, offering health insurance and employee benefits, payroll taxes, member contributions, utilities, and property and casualty insurance.
- ★ The last major allocation of public school funding occurred in 2019 with HB 3 (86R) (TEA, 2019). The bill increased the basic allotment by \$635 per student and created several new funding streams, including the Teacher Incentive Allotment (TIA), a Dual Language Allotment, a Dyslexia Allotment, and funding for free full-day pre-K for eligible 4-year-olds. HB 3 also increased funding for special education and low-income students, provided bonuses for College, Career, and Military Readiness (CCMR) graduates, and reduced property taxes and recapture payments. While the bill achieved significant milestones, it raised concerns about inequitable tax compression that allowed some districts to tax at lower rates than others while receiving the same funding (Every Texan, 2019; Swaby, 2019).
- ★ Some district leaders have expressed that the additional funding offered by HB 2 (89R, 2025) will not be nearly enough to address ongoing challenges relating to budget deficits, school closures, and more (Anderson, 2025b; Cuvillo, 2025; Edison, 2025b; Huddleston, 2025; Zeeble, 2025a).

TEXAS RANKED
45th in the nation
 on public school
 expenditures per student in ADA
 during the 2023–24 school year.
\$4,750 below the national average
 (NEA, 2025)

In Recent Literature

- ★ Despite HB 3 (86R, 2019) being designed to reform Texas school finance and increase state funding, the wealthiest school districts experienced the largest increases in per-pupil funding while the poorest districts saw funding declines to 2016 levels by 2022, with the state's share of total funding actually decreasing since 2020. Analyses revealed that local property wealth continued to dominate funding outcomes and override equity efforts embedded in funding formulas, rendering weights intended to provide vertical equity for economically disadvantaged students, English learners, special education students, and students in majority-Black districts largely ineffectual (Templeton et al., 2023).
- ★ Twelve states, including Texas, account for 70% of students attending the nation's most chronically underfunded districts (defined as the bottom 20% of districts with the most inadequate funding nationally), despite collectively serving only 34% of all U.S. students (Baker et al., 2025).
- ★ According to the annual School Finance Survey distributed by the Texas Association of School Business Officials (TASBO), 42% of the 190 responding school districts – which serve 47% of the state's total student enrollment – ended the 2024 fiscal year in a budget deficit, and 63% predict they will end FY 2025 in a deficit, with the majority of respondents indicating significant budget cuts planned for FY 2026 (TASBO, 2025).

³ Estimates were calculated using TEA attendance projection data and Raise Your Hand Texas financial analyses.

⁴ Vertical equity refers to whether students who are more costly to educate (such as special education, low-income, or English language learners) receive appropriately higher funding levels.



Figure 7. Funding Sources for Public K–12 Education in Texas

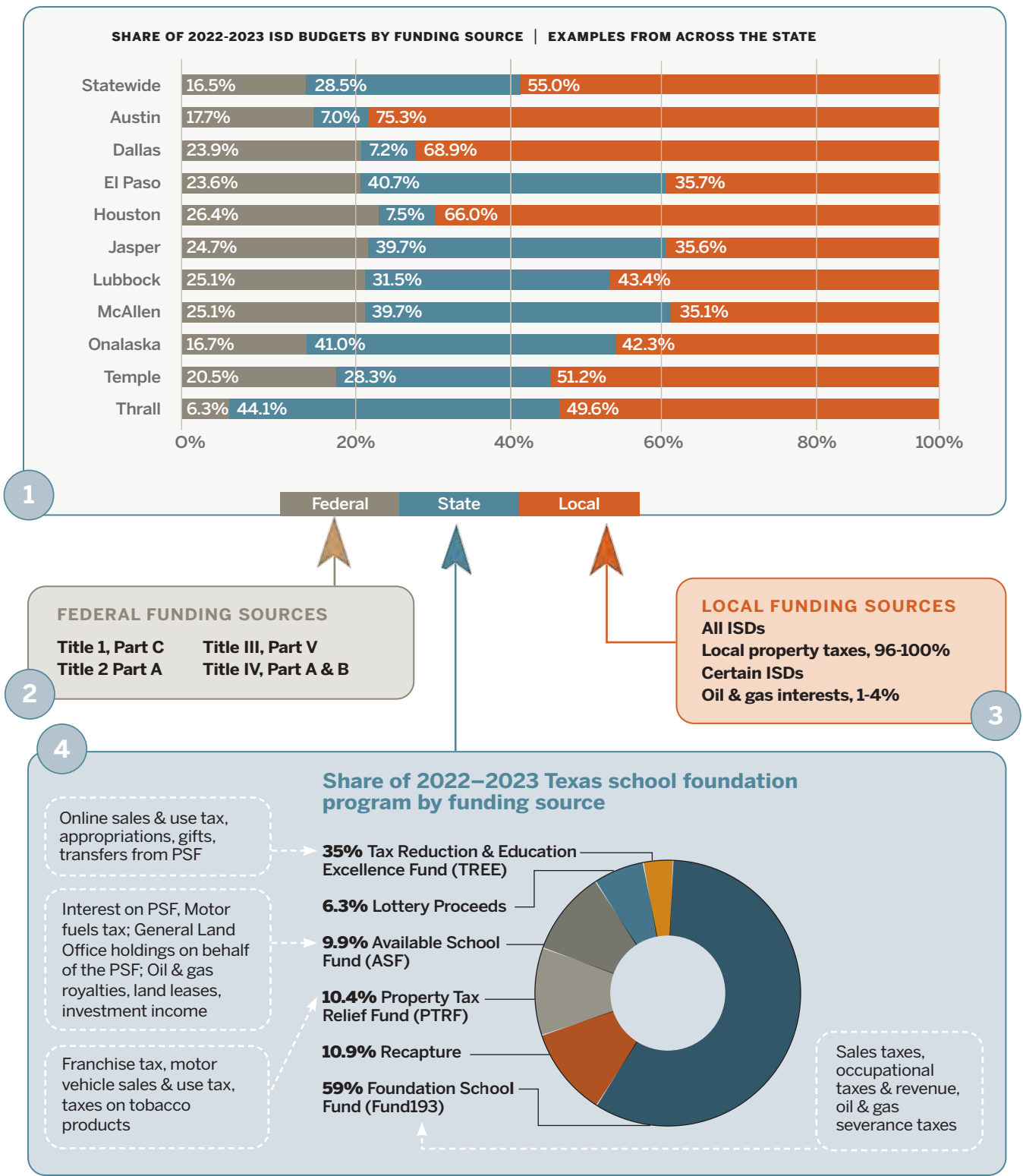


Figure 7. Notes and Sources

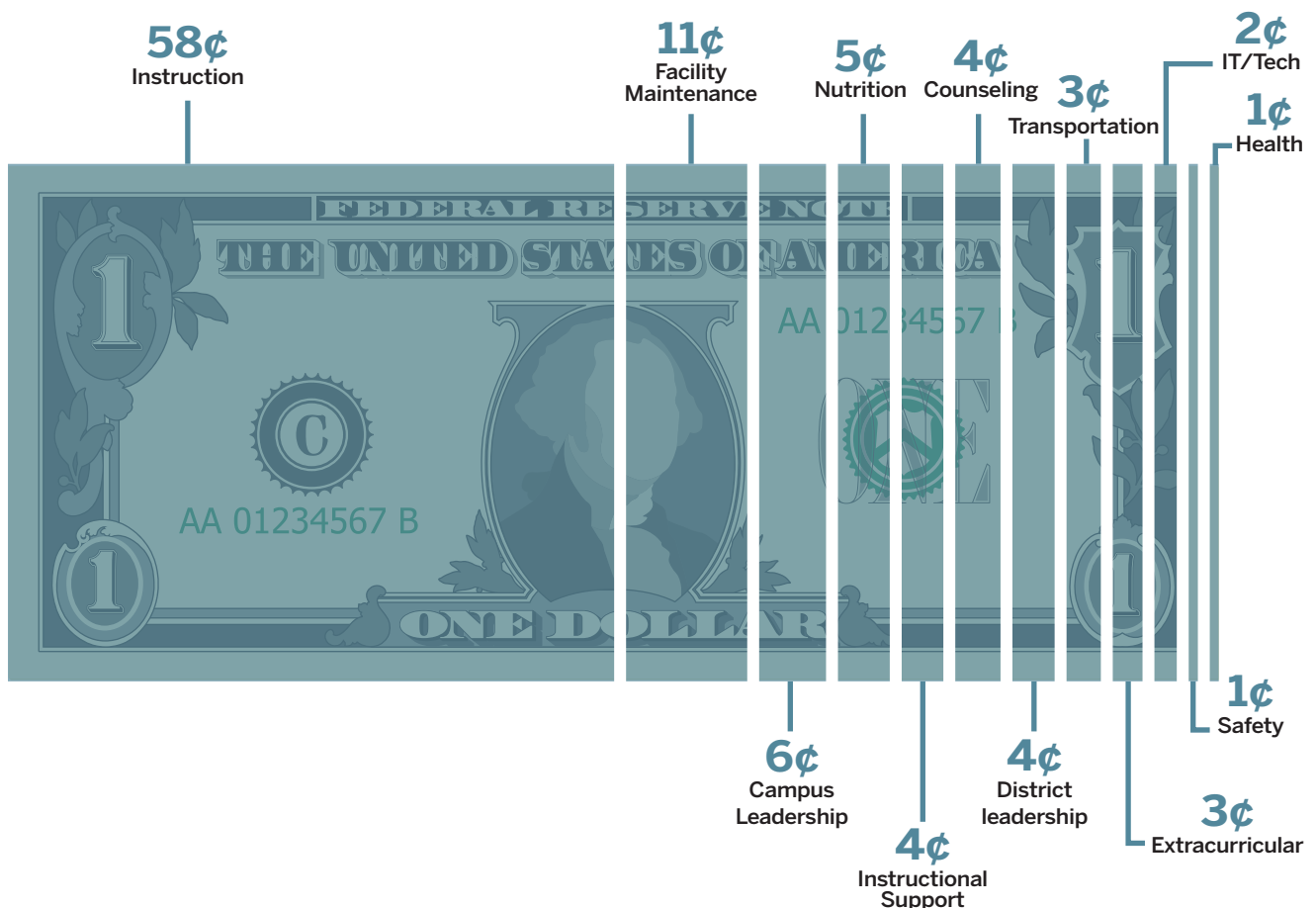
Note 1: These amounts reflect money that school districts received. Recapture funds appear as part of state funds. Source: Texas Tribune, School funding sources vary widely between districts (Edison & Reid, 2025).

Note 2: Note: Federal grants may include: Title I, Part C – Migrant Education; Title II, Part A – Supporting Effective Instruction; Title III, Part A – English Language Acquisition; Title IV, Part A – Student Support and Academic Enrichment; Title IV, Part B – Nita M. Lowey 21st Century Community Learning Centers (21st CCLC). Source: (Texas Education Agency, 2025b).

Note 3: Source: Future-Proofing Texas School Funding (Texas 2036, 2021).

Note 4: Note: Revenue sources shown reflect longstanding contributors to state education funding. The routing and relative contribution of these sources may vary over time based on legislative decisions and economic conditions. The Permanent School Fund (PSF) is a state-managed endowment. Its earnings flow through multiple state funding streams (e.g., the Available School Fund, General Revenue, and special-purpose funds), rather than appearing as a single funding source. Source: Finance Overview (Texas Education Agency, 2025); Issue Brief (Legislative Budget Board, 2014).

Figure 8. Public K–12 expenses: How each dollar is spent (Raise Your Hand Texas, n.d.).





KEY ACTORS

We developed tools that illustrate Key Actors in the Public Education Finance ecosystem. These tools are dense with information, yet the lists of actor types and the key actors they include are not exhaustive. Instead, the tools are intended to offer a high-level view of the ecosystem and support strategic thinking about how public education finance operates across K–12 and community colleges.

The first tool illustrates the types of key actors by category. The second set of tools present high-level funding flows that illustrate the movement of both funding and influence.

Key Actor Map

The Key Actor Map in Figure 9 organizes the public education finance ecosystem into a set of actor categories that reflect distinct roles in shaping, generating, allocating, implementing, overseeing, and influencing education funding across K–12 and community colleges. Rather than listing individual organizations exhaustively, the map highlights the types of actors that operate within the system and the relationships among them. This structure is intended to help readers quickly locate where authority, resources, and influence tend to sit within the broader finance landscape.

Federal Entities. Federal actors shape public education finance primarily through authorization,

- ★ appropriation, regulation, and enforcement, rather than through direct service delivery. These actors influence funding levels, eligibility rules, compliance requirements, and enforcement priorities that affect both K–12 systems and community colleges.

State Government. State government plays a central role in translating federal policy into state-level

- ★ systems and in determining how education funds are distributed within Texas. State actors collectively shape education finance through statute, formula design, revenue estimation, budget oversight, and program administration. Importantly, state actors serve as the primary bridge between federal funding streams and local education systems.

Local Government. Local government actors are where multiple funding streams converge. Local

- ★ governments are responsible for generating local revenue—primarily through property taxes—approving budgets, issuing bonds, and allocating combined state, federal, and local funds to campuses and programs.

Implementers / Frontline Actors. Implementers and frontline actors are where public education

- ★ funding is translated into services and supports for students. These actors make day-to-day decisions about staffing, programming, and service delivery, and their experiences often surface the practical implications of funding policy choices.

- ★ **Constituencies.** Constituencies represent the public groups whose needs, preferences, and political engagement shape education finance decisions. Constituencies influence education finance indirectly through elections, public opinion, community organizing, and participation in governance processes.
- ★ **Judicial & Accountability Actors.** Judicial and accountability actors provide oversight, enforcement, and dispute resolution related to public education finance. While these actors do not typically allocate funds, they shape how funding rules are interpreted, enforced, and revised over time.
- ★ **Influencers & Intermediaries.** Influencers and intermediaries operate between formal governance structures and public discourse. They help frame problems, generate evidence, build capacity, and shape policy agendas across both K–12 and community college systems.

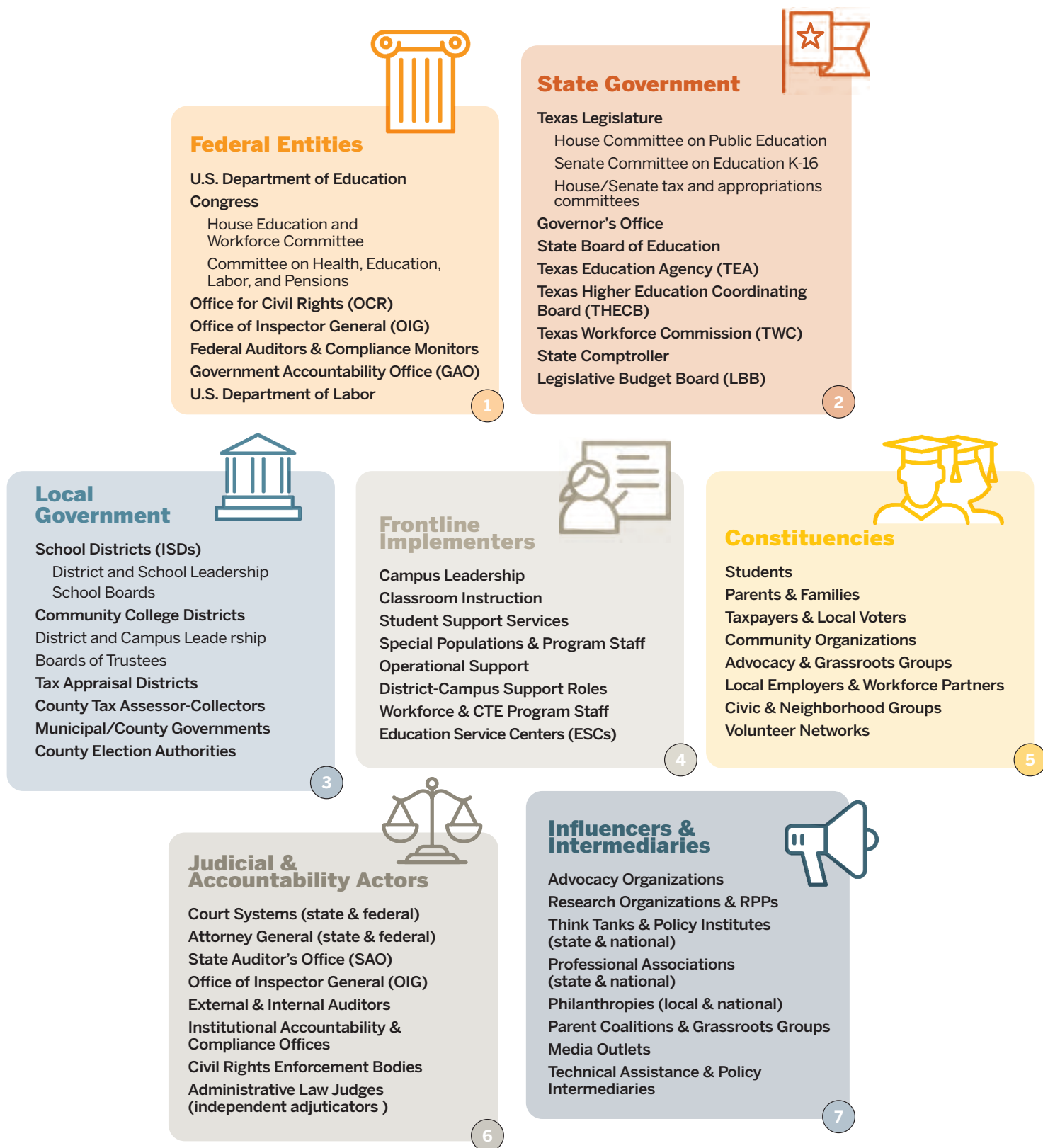
Funding Flow

Figures 2 and 7 show the core flows of public education finance. Coupled with the flow diagrams below, these images complement the Key Actor Map by illustrating how money and influence move through the ecosystem. Rather than depicting specific formulas or program rules, Figures 10 and 11 present a high-level schematics that feature the dominant pathways through which education funds are generated, allocated, and implemented. (Note: The circled numbers in these figures match the numbers in Figure 9.)

- ★ **Primary Funding Flow.** Federal and state funds are authorized and appropriated through parallel legislative processes—by Congress at the federal level and by the Texas Legislature at the state level—and administered by federal and state agencies. Federal funds flow to the state, where they are incorporated into state funding formulas, program rules, and accountability systems and complement state-originated funding. State and federal dollars then converge at the local level, where school districts and community college districts allocate combined resources to campuses, programs, and services.
- ★ **Local Revenue Generation.** The graphics distinguish local revenue generation as a separate but parallel flow. Through property taxes, bond elections, and other local fiscal mechanisms, constituencies directly shape the amount of funding available to local education systems. These locally generated dollars are blended with state and federal funds at the district level before being allocated to implementers.
- ★ **Federal Direct-to-Local Funding.** In limited cases, federal funds flow directly to local entities through competitive grants or targeted programs, such as discretionary grants administered by the U.S. Department of Education or workforce-related grants connected to federal labor programs. While not the dominant pathway, this flow is included to reflect the full funding landscape without overstating its importance.

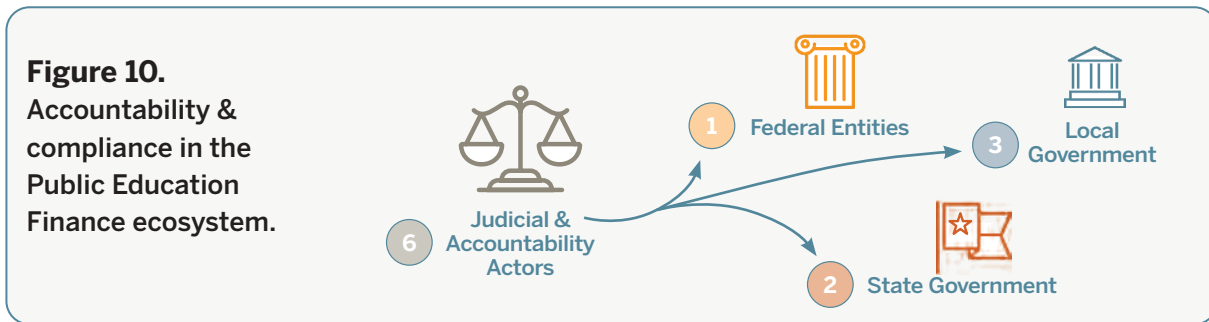
KEY ACTORS

Figure 9. Map of key actor types in the Public Education Finance ecosystem

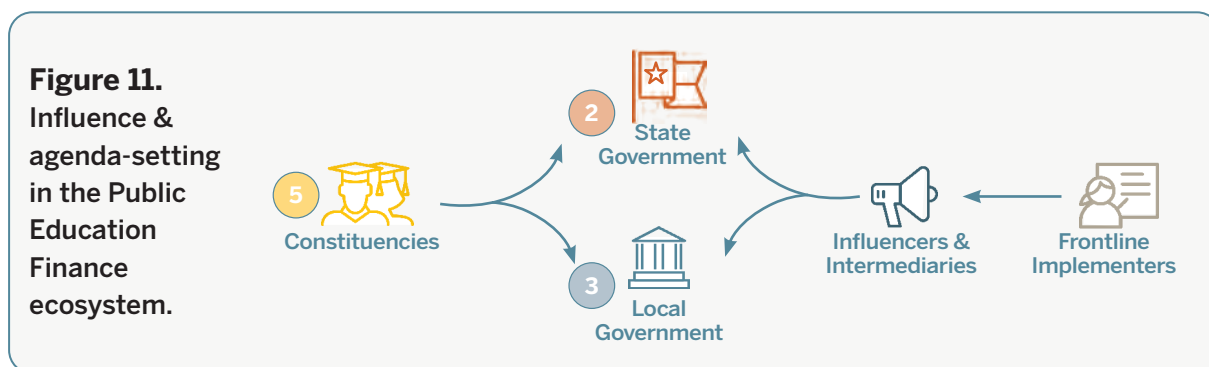


While the funding flow schematics highlight how dollars move through the public education finance ecosystem—from federal and state actors to local systems and frontline implementers—it captures only part of how education finance actually functions. The same pathways that move funding also carry expectations, constraints, and signals about compliance, performance, and priorities. To fully understand how K–12 and community college finance systems operate and evolve, it is necessary to look beyond the movement of dollars to the parallel flows of accountability, oversight, influence, and agenda-setting that shape how funding rules are interpreted, enforced, and changed over time.

- ★ **Accountability & Compliance Loops.** It is important to also highlight non-monetary flows that shape education finance, such as: (1) audits, litigation, enforcement actions, and compliance requirements, (2) political pressure, advocacy, and agenda-setting, and (3) research, advocacy, and policy debates. These feedback loops in Figure 10 are critical for understanding how education finance systems evolve over time, even when funding formulas themselves remain unchanged.



- ★ **Influence & Agenda-Setting.** In addition to formal funding pathways, Figure 11 highlights how influence and agenda-setting shape public education finance over time. Actors in this space exert pressure on state and federal decision-makers through elections, public discourse, research, coalition-building, and policy advocacy. While these dynamics do not directly move dollars, they play a critical role in defining priorities, framing problems, and shaping the policy environments in which funding decisions are made.





LOOKING AHEAD

Texas's public education finance system is in a period of active change. New investments, revised formulas, and expanded policy tools are being layered onto long-standing structures shaped by local property values, accountability systems, and political negotiation. Across the preceding sections, this landscape analysis has surfaced not a single dominant challenge, but a set of **interacting tensions** between adequacy and accountability, flexibility and stability, targeting and systemwide capacity, and short-term fixes and long-term design.

This section is not a summary of the landscape analysis. Instead, it surfaces **cross-cutting patterns** that recur across K–12 and community college finance, actors, and policy arenas. The goal is to shift from describing the public education finance landscape to identifying points of convergence and divergence that merit deeper examination. The questions posed here are intentionally open-ended and are designed to support future inquiry rather than immediate conclusions.

Why Tensions, Not Takeaways?

Rather than organizing this section around recommendations or predefined opportunities, we frame it around tensions, recurring tradeoffs embedded in Texas's public education finance system. These tensions highlight places where values, incentives, and constraints pull in different directions across policy, practice, and systems. This framing is intentional: it preserves multiple plausible paths forward and creates space for dialogue, disagreement, and collective sensemaking. Readers are encouraged to interpret these tensions differently based on their roles, priorities, and local conditions.

Tension 1 | Targeted Investments vs. Systemwide Capacity

Recent legislative activity reflects a strong preference for targeted funding mechanisms—specialized allotments, outcomes bonuses, weighted funding categories, and program-specific investments. Across both K–12 and community colleges, these approaches aim to direct resources toward priority populations (e.g., students with disabilities, economically disadvantaged learners) or policy goals (e.g., credentials of value, early literacy, school safety).

At the same time, many of the most frequently cited challenges in the landscape—budget deficits, staffing instability, facility pressures, enrollment shifts, and the sustainability of wraparound services—are systemwide capacity issues. These challenges affect districts and colleges regardless of their participation in specific programs and often strain the core operational functions that targeted funds depend on to be effective.

This creates a recurring question across the finance ecosystem: When do targeted investments meaningfully strengthen the system, and when do they risk fragmenting it further?

Framing questions

- ★ Under what conditions do targeted allotments and outcomes-based funding translate into durable institutional capacity rather than short-term program expansion?
 - ★ How do districts and colleges braid targeted funds with base funding in practice, and where do gaps or tradeoffs emerge?
 - ★ What indicators signal that core capacity (staffing, planning, infrastructure) is being eroded, even as targeted investments increase?
-

Tension 2 | Accountability Pressures vs. Financial Stability

Accountability systems are deeply intertwined with public education finance in Texas. Performance ratings, turnaround requirements, enrollment shifts, and state interventions shape not only public perception but also fiscal decision-making at the local level. For community colleges, outcomes-based funding explicitly links financial resources to performance metrics tied to student progression and completion.

Across sectors, however, accountability pressures often coincide with financial precarity—persistent budget instability, enrollment decline, and limited fiscal flexibility. Districts facing declining enrollment, persistent underfunding, or repeated accountability sanctions may experience compounding effects: budget cuts, staff turnover, school closures, and reduced local confidence. In some cases, the very interventions intended to improve outcomes introduce new fiscal and organizational strain.

This raises questions about how accountability systems interact with finance structures over time and for whom these systems stabilize improvement versus accelerate disruption.

Framing questions

- ★ How do accountability ratings and finance mechanisms interact over multiple years to shape institutional decision-making?
- ★ Which financial supports or flexibilities mitigate destabilizing effects during periods of accountability intervention or reform?
- ★ Are there identifiable tipping points at which accountability pressure shifts from improvement-oriented to capacity-eroding?

Tension 3 | Flexibility & Local Adaptation vs. Balance & Consistency

Texas's education finance system relies heavily on **local implementation**. Districts and colleges make consequential decisions about staffing, program design, partnerships, and service delivery within broad state frameworks. This flexibility enables adaptation to regional labor markets, demographic shifts, and community priorities.

At the same time, the landscape analysis highlights persistent **geographic and demographic variation** in access to resources, programs, and supports. Reliance on local property taxes, variation in administrative capacity, and uneven access to grants and partnerships contribute to differences in what students experience across regions.

The tension is not simply between state control and local control, but between preserving local flexibility and maintaining reasonable consistency across regions.

Framing questions

- ★ Which finance mechanisms successfully balance local adaptation with guardrails that limit extreme variation across districts and regions?
 - ★ Where does flexibility appear to widen gaps rather than close them and why?
 - ★ How do intermediary actors (ESCs, regional partnerships, philanthropy) shape who benefits from flexibility?
-

4 | Policy Design Under Constraint vs. System Performance Over Time

Recent education finance reforms in Texas were developed under significant fiscal, political, and timing constraints. Legislators, state agencies, and system leaders made deliberate design choices to balance feasibility, resource constraints, accountability, and fiscal sustainability within narrow policy windows. These funding models reflect careful negotiation and intentional tradeoffs.

New questions and considerations arise, however, as these models move from early implementation into routine operation. Over time, finance systems encounter changing conditions—enrollment shifts, labor market volatility, inflationary pressures, and evolving student needs—that were difficult to fully anticipate at the point of design. The resulting tension is not between thoughtful design and redesign, but between policy intent and how systems perform as they mature, adapt, or strain under new conditions.

For research, practice, policy partnerships, this tension raises questions about how to learn from systems in motion: identifying which design features enable adaptation, which assumptions prove fragile, and where implementation routines shape outcomes as much as formal policy rules.

Framing questions

- ★ Which assumptions embedded in current funding models are most sensitive to changes in enrollment, inflation, or workforce conditions?
 - ★ How do finance systems designed under conditions of growth perform during periods of contraction and vice versa?
 - ★ What indicators suggest that a system is adapting as intended over time, as opposed to drifting from its original design goals?
 - ★ Where do local implementation practices and administrative routines amplify or constrain the long-run effects of state-level finance policy?
-

Linking Issues, Actors, & Pathways

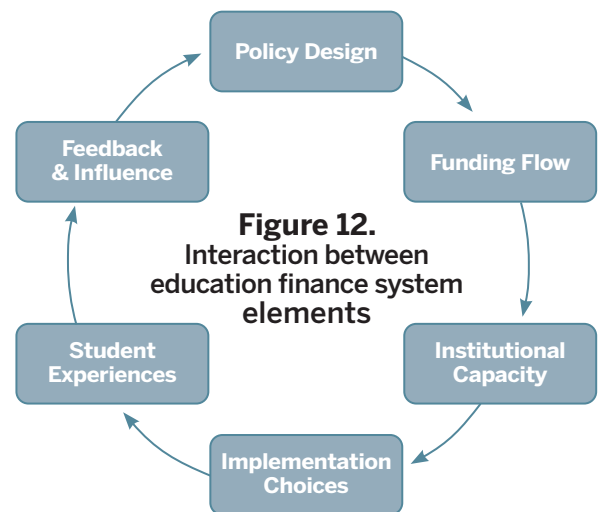
Viewed through a systems lens, these tensions cut across issues (funding adequacy, accountability, student supports), actors (state agencies, local governments, implementers, intermediaries), and pathways (formulas, grants, accountability loops, and influence channels). Rather than existing in isolation, decisions in one part of the system reverberate across others.

A simple way to conceptualize this interaction is shown here, where Feedback & Influence includes accountability signals, political pressure, advocacy, and research.

At each stage, different actors exert authority or influence, and research opportunities emerge where assumptions about these linkages remain untested.

Closing Reflection

Texas's public education finance landscape is neither static nor singular. It reflects layered policy choices, evolving institutional responses, and competing expectations about what schools and colleges should deliver, and how. By treating this landscape analysis as a shared foundation rather than a verdict, our RP3 network has an opportunity to move from mapping complexity to learning within it. The questions ahead are not only about how dollars flow, but about how finance systems shape capacity, constrain choices, and create—or limit—possibilities for students across the state.



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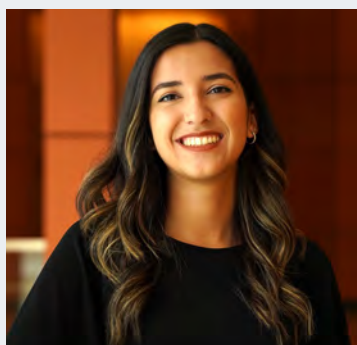
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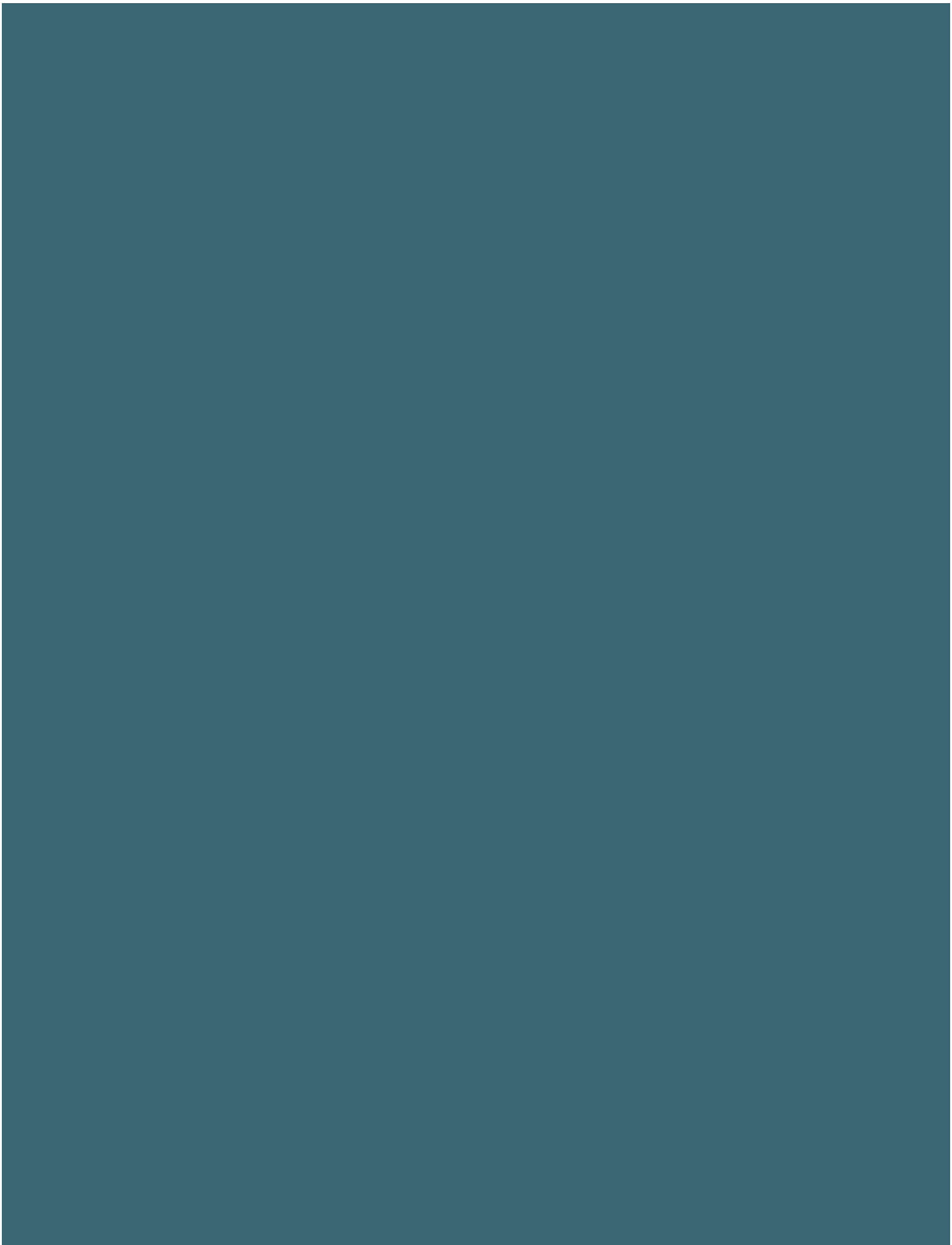
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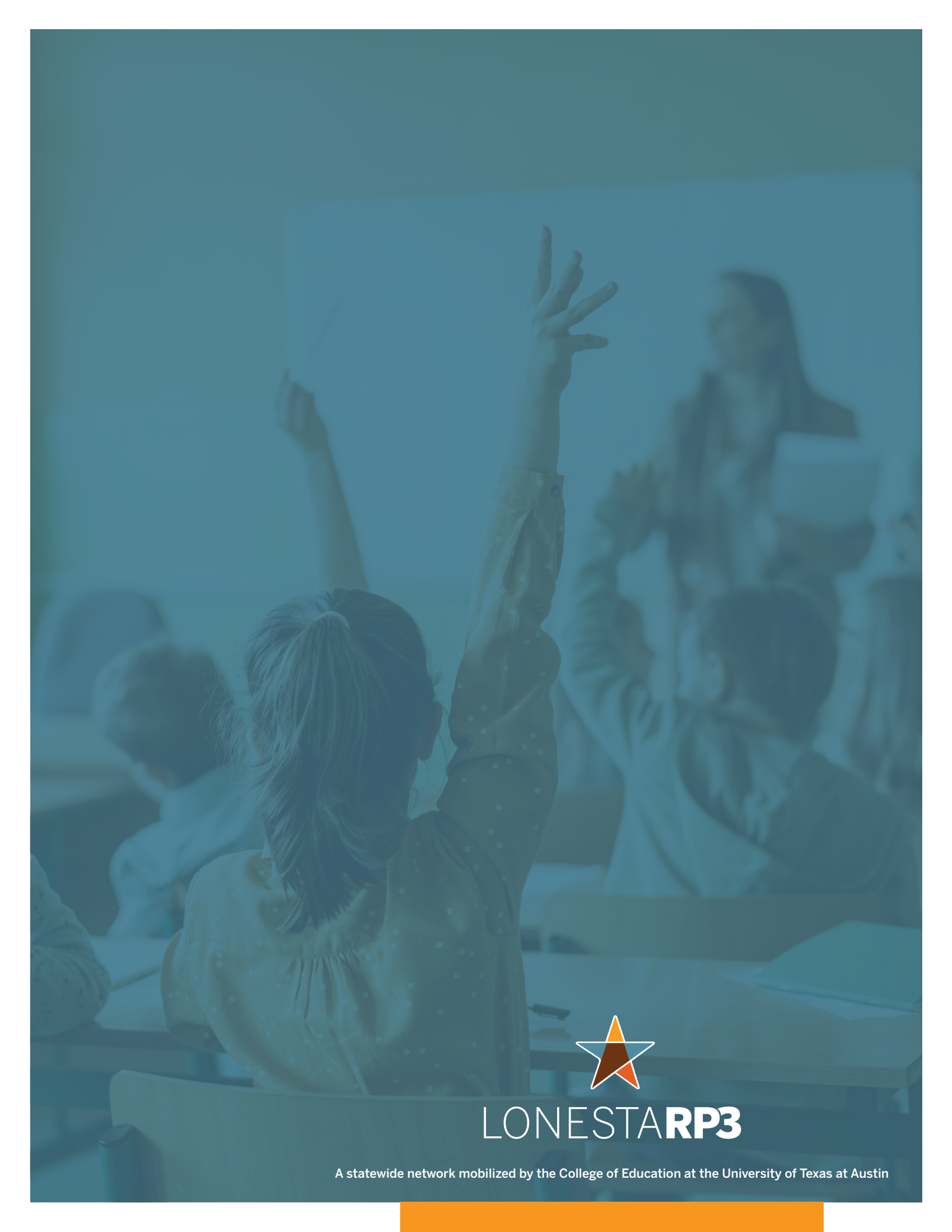
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