

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

ADEQUATE FUNDING

"Adequate" is a comparative word. It has meaning only in context (i.e. adequate to accomplish what purpose?). The operative definition with respect to Texas public school funding is the amount of money schools would need to offer an "accredited" or basic program, or meet minimum state education requirements, with "adequate" being defined by the Texas Supreme Court in the *West Orange Cove* decision as *the requirement that public education accomplish a general diffusion of knowledge.*" The Court further added that *"the word 'adequate' does not carry its broader dictionary meaning: 'commensurate in fitness; equal or amounting to what is required; fully sufficient, suitable, or fitting.*" However, a more realistic measure of public school finance adequacy is the one from the Florida State Constitution: "Adequate provision shall be made by law for a uniform, *efficient, safe, secure, and high quality* system of free public schools *that allows students to obtain a high quality education.*"

AVAILABLE SCHOOL FUND (ASF)

Created by the Texas Constitution of 1876, the ASF is made up of interest and earnings generated by the state's Permanent School Fund, as well as constitutionally dedicated motor fuel taxes and other miscellaneous revenue sources. This fund can be used only to support public education and must be distributed based on a per capita basis to school districts. ASF provides funding for textbooks and technology. Prior to the creation of the Target Revenue System (HB 1 2006), the annual amount usually ranged from \$250-\$400/ADA, but it was deducted from the state aid that Chapter 42 districts received. It was not deducted from state aid received by Chapter 41 districts, so they were the only districts to actually benefit from the distribution. For all districts currently under the Target Revenue/Hold-harmless (TRHH), ASF is used to fund some of the aid they receive, but districts that were Chapter 41 in their base year have the amount of ASF they received per student in that year included in their revenue target.

AVERAGE DAILY ATTENDANCE (ADA)

A method of counting students used for providing state aid to school districts in Texas. Districts count students in attendance each day and average the attendance count over the school year. If a student misses 9 days during the 180-day school year, the district loses 5% of the funding a student with perfect attendance would generate. (Some states base funding on enrollment rather than attendance.)

AVERAGE RESIDENTIAL VALUE (ARV)

The portion of a district's total taxable value that is residential

BASIC ALLOTMENT

The initial starting number that, after adjustments for district and student cost differences, is used to calculate foundation school program (FSP) costs and state aid to school districts. In theory, it is the minimum cost of a basic education. It is currently the greater of \$4,765 or an amount calculated by multiplying the state average wealth per pupil by an arbitrary number (currently 0.0165) set in statute. That number was set at the value that would produce a program that would cost the state the amount that legislative leaders were willing to appropriate for the FSP for the fiscal 2010-2011 biennium in 2009. Unless the statute is changed, the basic allotment will revert to a fixed level of \$4,765 in 2013.

BILINGUAL EDUCATION ALLOTMENT

Provides additional financial support to school districts to teach English Language Learner (ELL) students (formerly known as Limited English Proficiency (LEP)) in bilingual or other special language programs. The bilingual education allotment must provide additional services and instructional support supplemental to the regular program to help integrate ELL students into the regular program. The allotment is based on the average daily attendance of ELL students in bilingual or other special language programs and has a weight of 0.1, equivalent to 10% more funding than the cost of a basic education for a regular student.

CHAPTER 41 DISTRICT

(see "Recapture District")

CHAPTER 42 DISTRICT

A district with a property wealth sufficiently below the equalized wealth level to receive Foundation School Program (FSP) aid in excess of its Available School Fund (ASF) per capita allotment. Ch. 42 districts (and "Gap" districts) do not pay recapture.

COMPENSATORY EDUCATION ALLOTMENT

Provides additional financial support to school districts to teach at-risk and underachieving students. A compensatory education program must provide additional services and instructional support beyond the regular program to help students achieve at grade level. The allotment is based on the number of educationally disadvantaged pupils, defined as the number of students participating in the federal free or reduced-price lunch program. The allotment currently is based on a weight of 0.2, equivalent to 20% more funding than the cost of a basic education for a regular student.

COMPENSATORY EDUCATION "SET ASIDES"

A portion of the compensatory education allotment is withheld from school districts to fund programs specified by the Legislature (e.g. the administration of the state's testing program). Set asides are not withheld from Recapture ("Chapter 41") or Gap districts. Although most set asides were repealed under HB 3646 in 2009, a district's Target Revenue/Hold-harmless (TRHH) is based on either the 2005-06 or 2006-07 school year, when about \$150 million was withheld from compensatory education funding for set asides.

COMPRESSED TAX RATE

The first step in determining a district's tax rate. All districts were compressed to a lower tax rate as a result of HB 1 (2006). The formula is: 2005 M&O tax rate X state compression rate (66.67% for 2009-10) = Compressed Tax Rate Example: \$1.50 (most common 2005 M&O rate) X 66.67% = \$1.00

COMPTROLLER'S PROPERTY TAX DIVISION (CPTD)

The department responsible for conducting the property value study that determines the taxable wealth of each Texas school district to be used to allocate state aid.

COST OF EDUCATION INDEX (CEI)

The index the state uses to adjust the basic allotment to account for geographic or other cost differences beyond local school district control. The current index takes into account five factors outside a school district's control that affect the salaries they must pay their teachers: (a) the average beginning salary of teachers in nearby school districts, (b) the percent of economically-disadvantaged students in the school district, (c) school district size (in terms of ADA), (d) location in a rural county (with a population less than 40,000), and (e) whether the school district is classified as an "independent town" or "rural." The CEI is based on a 1990 analysis of differences in payroll costs among school districts. It has not been updated since 1991. All districts have a CEI. The highest CEI is 1.20 and the lowest is 1.02. The CEI is used to adjust 71% of the basic allotment in Tier 1 (the percentage of operating expenditures that were spent on salaries in 1989). That adjustment is then further cut in half when applied to Tier 2 and the calculation of WADA. As a result, the highest CEI provides 14.2% more Tier 1 funding and 7.1% more Tier 2 funds. The district with the lowest CEI receives 1.42% more in Tier 1 and 0.71% in Tier 2.

COUNTY APPRAISAL DISTRICTS (CAD)

Each county has established an appraisal district office responsible for maintaining taxable real and personal property records and placing a value on all property for taxation purposes. A chief appraiser heads the CAD office. He or she is an individual appointed by an appraisal district board of directors. The appraisal district board is elected by certain taxing entities. The chief appraiser's property value estimates are used by counties to levy local taxes. They are also used by the state in determining the distribution of state aid, except in instances where the Comptroller determines that the values are not valid (more than 5% below the values determined by the CPTD study).

DISECONOMIES OF SCALE

Term used to describe cost differences resulting from the number of students in a district. For example, if a district is very small, it may not have enough students in each grade to maintain the same class sizes that a larger district can use. Therefore, the cost per student for teachers' salaries will be higher. (See also Small and Mid-sized District Adjustment and Sparsity Adjustment)

DISTRICT COST DIFFERENCES

Factors that influence the cost of education based primarily on characteristics of the school districts themselves, rather than the cost of educating specific types of students within the district. Examples include the diseconomies of scale of small districts, the costs associated with extreme distances or isolation, and the market costs that affect the salaries districts must pay.

DISTRICT PROPERTY WEALTH

The total amount of (real) taxable property located within a school district's legal boundaries, as determined by state estimates, divided by the total number of weighted students (or in some cases average daily attendance) in the school district.

EDGEWOOD LAWSUIT

A series of four decisions by the Texas Supreme Court, in a case that challenged the constitutionality of the Texas school finance system. In Edgewood I (1989), the Court found the system unconstitutionally "inefficient" due to its inequity, ruling that districts must receive "similar revenue for similar effort." In Edgewood II (1991), the Court ruled that all property in Texas must be in an equitable system and contribute to that system at substantially similar rates. In Edgewood III (1992), the Court struck down the "County Education Districts" created in response to Edgewood II as being equivalent to an unconstitutional state property tax, and in Edgewood IV (1995), the Court found that the recapture system created by SB 7 in 1993 was constitutionally "efficient".

EFFECTIVE TAX RATE

This term has two separate meanings. In school finance, it is the tax rate used in determining a district's tax effort for Foundation School Program (FSP) funding. It is calculated by multiplying the amount of property taxes collected by the prior year's taxable wealth as certified by the comptroller. In the Tax Code, it is the rate that would provide the school district with approximately the same amount of revenue it had the year before on properties taxed in both years. For example, if property values go up 25%, the effective tax rate goes down 20% ($125\% \times 80\% = 100\%$).

EQUALIZED WEALTH LEVEL (EWL)

A level of district wealth/WADA set by the legislature to provide approximately equal yield per student per penny of tax revenue. When a school district's wealth/WADA exceeds the predetermined level, it is subject to recapture provisions of Chapter 41 of the Texas Education Code. In 2009-10, there are two equalized wealth levels of \$476,500 per WADA (Tier 1) and \$319,500 per WADA (Tier 2, Level 3).

EQUITY

In school finance, the term refers to fair or equal distribution of resources for schooling, taking into account student differences and school district characteristics. The standard used by the Texas Supreme Court is a taxpayer equity standard, which means "equal yield for equal effort." The Court did not require complete equity, saying the Constitution only requires "similar revenue for similar tax effort." In other words, the school finance system is to be property-wealth neutral: a district's property tax base should have little or no impact on its ability to finance the district's program cost (funding level) established by the Foundation School Program (FSP), or on its ability to enrich above the basic program.

EXISTING DEBT ALLOTMENT (EDA)

The EDA program was initially authorized by the 76th Legislature in 1999. The EDA program provides assistance to school districts in making debt service payments on previously existing qualifying debt through a guaranteed yield program. Qualifying debt is defined as debt for which taxes were levied in the last year of the prior fiscal biennium and for which the district does not receive aid under the Instructional Facilities Allotment (IFA). For the 2009-10 biennium, the EDA covers debt on which payment was made in the 2008-09 school year. The EDA provides a guaranteed yield that has been frozen at \$35 per penny per ADA since 1999, causing the number of eligible districts to be reduced as property values rise. Currently, EDA only provides a guaranty on the first 29 pennies of I&S (debt service) tax rate.

FOUNDATION SCHOOL FUND

State tax money that is dedicated to providing support for the Foundation School Program (FSP).

FOUNDATION SCHOOL PROGRAM (FSP)

The FSP is a program for the support of a basic instructional program for all Texas school children, and for an equalized program of enrichment above the minimum. The FSP described in Chapter 42 of the Texas Education Code consists of two parts, or tiers. The first tier provides funding for a basic program, including district and student cost adjustments necessary to provide that program. The second tier provides a guaranteed yield system so that school districts have substantially equal access to revenue sufficient to support an enriched program, based on the willingness of their community to levy higher tax rates in support of that enrichment. Chapter 42 also contains several hold-harmless provisions designed to protect districts against reductions in revenue, particularly the Target Revenue/Hold harmless provision (TRHH) established in 2006 by HB 1 (and modified in 2009) to compensate for the 1/3 reduction in M&O tax rates also mandated in HB 1. Because of the TRHH, only 25% of school districts in Texas operate under the tiered system (as of 2009-10). Most districts are instead funded at the level per student that they received under the tiered system as it existed in either the 2005-06 or 2006-07 school year, together with some additional funding outside of the regular formula system and restricted to specific purposes.

FULL TIME EQUIVALENT STUDENT (FTE)

The amount of time a student spends in a special education or career and technology program each week divided by the 30 hours in a regular class week. The special education and career and technology allotments are based on the number of FTEs in those programs, and those FTEs are subtracted from a district's total ADA to calculate its regular program allotment.

“GAP” DISTRICT

A district with a property wealth slightly below the equalized wealth level whose Available School Fund per capita allotment is in excess of its Foundation School Program aid. (Formerly, a district whose property wealth was below the equalized wealth level but above the guaranteed yield.)

GENERAL REVENUE (GR)

The state's main funding source; monies that are collected by the state made available for all general programs. This revenue comes from non-dedicated state taxes, primarily the state sales tax, and other state-generated income.

GIFTED AND TALENTED (GT) ALLOTMENT

The state gifted and talented education allotment provides additional financial support to school districts to teach students who “perform at or show the potential for performing at a remarkably high level of accomplishment when compared to others of the same age, experience, or environment” in academics, creative arts or leadership. The GT allotment must be used to provide programs for GT students. The allotment is limited to no more than 5% of a district's ADA. The allotment currently is based on a weight of 0.12, equivalent to 12% more funding than the cost of a basic education for a regular student.

GUARANTEED YIELD

A revenue plan in which the state “guarantees” a certain revenue yield per student is provided for school districts for every penny of tax rate effort that they collect at the local school district level. Used by the state of Texas to “equalize” the amount of money raised by school districts that have different levels of property wealth. For example, if the Guaranteed Yield is set by the state at \$25 per student per penny of tax effort (equivalent to \$2,500 per student at a tax rate of \$1.00 per \$100 of taxable value), all school districts are guaranteed that amount for each penny of local tax effort. If school district A raises only \$5 per penny, the state provides the additional \$20 needed to reach the guarantee; if school district B raises \$15, the state provides an additional \$10 to that school district. High-wealth districts may raise all of their guaranteed yield revenue from local tax sources. This is also referred to as equalizing returns for local tax effort, or an equalized yield.

HOLD HARMLESS

In general, a hold harmless allows an entity to not lose money as a result of laws changing. For school districts, this refers to provisions that guarantee school districts receive at least as much state funding as they received prior to legislative changes in school funding formulae that may have reduced their funding or that may phase in reductions over a period of time. (See also Target Revenue)

HOMESTEAD EXEMPTION

A portion of the value of a residential homestead that is not taxed. The Constitution currently exempts \$15,000 of value from all homesteads and allows the Legislature to exempt an additional \$10,000 for the elderly or disabled, and the exempted value is not included in determining a district’s taxable value for the Foundation School Program (FSP). Because these are uncontrollable costs, the state makes up for the lost revenue. (See also Optional Homestead Exemption and Over-65 Tax Freeze)

INDIRECT COSTS

Costs generally attributable to all students, such as the cost of utilities or central administration. A portion of most dedicated allotments may be used to pay for the proportionate share of such costs, up to a specified maximum, rather than only for the supplemental costs of the program to which the allotment is dedicated.

INSTRUCTIONAL ARRANGEMENT

The general structure of a program (such as mainstream, homebound, resource room or self-contained) used to deliver special needs services. The special education allotment is based on weights specific to the instructional arrangement through which each special education student receives services.

INSTRUCTIONAL FACILITIES ALLOTMENT (IFA)

A guaranteed yield program to help fund construction of new instructional facilities. Provides assistance to school districts in making payments for debt service on qualifying bonds financed using Interest and Sinking (I&S) taxes and for facilities financed through lease-purchase agreements from Tier 1 or other revenues. IFA is distributed through grants, most of which go to districts with low property wealth because the yield of \$35 has been frozen at that level since 1999. Because the appropriation for IFA is often not sufficient to fund all eligible new facilities, in many years only the poorest school districts qualify for IFA.

INTEREST AND SINKING FUND (I&S) TAX RATE

Also called the “debt service” tax rate. I&S taxes must be approved by the voters and pay for bonded indebtedness for facilities and other capital needs. Except for unusual circumstances, debt service tax rates are limited to \$0.50.

LIMITED ENGLISH PROFICIENCY (LEP)

The term used in statute for students in need of bilingual or other special language programs. It is defined as “a student whose primary language is other than English and whose English language skills are such that the student has difficulty performing ordinary class work in English.” Note: The most commonly accepted term in the bilingual education community is English Language Learner (ELL).

LINEAR DENSITY

The number of eligible pupils transported by the school bus system divided by the number of route miles they ride. A metric used in funding the Foundation School Program transportation allotment.

LOCAL ENRICHMENT

Funding raised by school districts beyond the minimum funding provided by the state system. Local enrichment can be equalized (see #1) or unequalized (see #2). If local enrichment is not equalized, then some districts can spend less than a hundred dollars per student, while others spend several thousand.

1. Equalized enrichment is supplemental tax effort for which school districts receive the same amount of funding per student for the same tax effort, usually through a combination of a guaranteed yield and recapture of revenue in excess of the guaranty.
2. Unequalized enrichment refers to a situation in which some school districts receive more tax revenue per student than others, though both tax at the same level.

LOCAL FUND ASSIGNMENT (LFA)

The tax rate needed by a district to fund its Tier 1 obligations. Previously a uniform rate of 86 cents per \$100 of taxable value, it now is set at each individual school district’s compressed tax rate. (See also Compressed Tax Rate)

LOCAL SHARE

The amount of revenue a district must raise toward its Tier 1 or Tier 2 programs. The state will provide additional funds if the LFA does not generate enough money to fund the Tier 1 foundation program and to achieve the yield guaranteed under Tier 2.

MAINTENANCE AND OPERATION (M&O) TAX RATE

Pay for administration and operational costs of schools (teachers, buses, classrooms, etc.) and, in limited instances, for school facilities. The state limits M&O taxes to \$1.17 per \$100 of taxable value (there are 6 districts in the state that are allowed to go higher due to an exception, but the amount over 1.17 is subtracted from their maximum I&S tax rate). Since 2006, voter approval has been required to increase a district's M&O tax rate by more than 4 cents over the district's compressed tax rate. (See also Compressed Tax Rate)

MID-SIZED DISTRICT ADJUSTMENT

An adjustment for the diseconomies of scale experienced by some districts too large (upt to 5,000 ADA) to qualify for the small district adjustment. Under the mid-sized adjustment, a district with 4,000 ADA receives 2.5% more funding; a district with 3,000 ADA receives 5% more and a district with 1,400 ADA receives 9% more (the latter district would also qualify for the small district adjustment, but would only receive 8% under that adjustment if it had over 300 sq. mi. and only 5% if it had less than 300 sq. mi.) (See also Diseconomies of Scale and Small District Adjustment)

OPTIONAL HOMESTEAD EXEMPTION (OHE)

Up to 20% of the value of a residential homestead, in addition to the \$15,000 mandatory exemption, that may be exempted from school property taxes by vote of the local school board. Because this is a controllable cost, the exempted value is included in the total taxable value of the district for determining state aid under the Foundation School Program, essentially giving the district a lower effective tax rate. A provision in the Education Code gives the commissioner of education the discretion to grant state funding for 50% of the OHE if the commissioner determines that sufficient surplus funds have been appropriated. (See also Homestead Exemption and Over-65 Tax Freeze)

OVER-65 TAX FREEZE

The Texas Constitution prohibits increasing the total school property taxes owed on a residential homestead owned by an individual who is over 65 or is disabled. Because this is an uncontrollable cost, the comptroller calculates the loss of taxable value resulting from the freeze and that amount is subtracted from a district's market value in determining its taxable value for Foundation School Program funding.

PERMANENT SCHOOL FUND (PSF)

A perpetual trust fund created by the Texas Constitution in 1876. PSF earnings go into the ASF, which the state must apportion on a per capita basis to counties for students enrolled in Texas public schools after funding state textbook purchases. PSF investments include U.S. Treasury bonds, Texas municipal bonds, school district building bonds, and securities. The State Board of Education (SBOE) administers the fund under constitutional and statutory requirements.

PROPERTY TAX

The property tax is an ad valorem tax, meaning it taxes the value of real estate property and some business personal property. (Ad valorem is Latin for "according to value.") Schools charge and collect property taxes (as do cities, counties and other taxing districts). The Texas Constitutional prohibits a statewide property tax.

PROPERTY VALUE

There are several methods of determining property value for ad valorem tax purpose, including:

Market value – An estimate of the value of a property if it were sold in the open market. This is the method primarily used for valuing homes, although a constitutional amendment passed in 2009 will limit this to its value as a home.

Income capitalization – A value determined by that category’s perceived ability to earn income over time. This is frequently used for mineral, commercial and industrial property.

Agricultural productivity value – A form of income capitalization that values land specifically on its ability to generate income from agricultural and timber activities. (See also Taxable Value)

PSEUDO (OR “FALSE”) CHAPTER 41 DISTRICTS

Among Texas school districts that are theoretically subject to recapture, there is a subset that get all their recapture monies returned to them due to hold harmless or other adjustments to funding formulae. Their “recapture” is subtracted from their total program cost to determine their state aid in the same manner that all districts have their local fund assignment and Tier 2 local share subtracted in determining their aid. Since these school districts do not actually contribute to the recapture money used by the state to equalize school funding, they are not truly “Chapter 41” or “recapture” school districts, but only appear to be so because of their high property wealth level. A few Pseudo 41 school districts complain about sending money to the state (and blame their tax rate levels on recapture) when they are well aware the funding will be returned to them – a fact that many of their residents are not aware of. (A list of Pseudo Chapter 41 school districts is available online [here](#).)

PUBLIC EDUCATION GRANT (PEG)

Students in low-performing schools may request to attend a different public school in the student's home district or in another district. If the student attends school in another district, the student is included in the average daily attendance for that district and the receiving district receives an additional allotment equal to 0.1 times the district’s adjusted basic allotment (10% more funding). A district whose wealth is between the guaranteed yield wealth and the equalized wealth level used for recapture may be entitled to additional state aid. The receiving district may accept or reject the student and may not charge the student tuition.

RECAPTURE

The provision of the Texas school finance system that was created in 1993 in response to the Edgewood II Supreme Court ruling finding the system to be inequitable and, thus, unconstitutional because “To be efficient, a funding system that is so dependent on local ad valorem property taxes must draw revenue from all property at a substantially similar rate.” Recapture requires certain property wealthy school districts to share locally-collected property tax revenue with the state for redistribution through the FSP. Also known as “Robin Hood,” the recapture system would benefit more than 90% of students if it weren’t for the inequity frozen by the Target Revenue Hold-Harmless (TRHH).

RECAPTURE DISTRICT

A true recapture district pays more in recapture than what it receives in state funding. TEA labels any district that exceeds the Tier 2 \$319,500 Equalized Wealth Level (EWL) as “Chapter 41” (referring to Ch. 41 of the Texas Education Code). In fact, however, with the average wealth level of all districts in the state above \$350,000, a district can have a below-average wealth level, not pay recapture, and still be considered by TEA to be a “Ch. 41 district.”

RODRÍGUEZ V. SAN ANTONIO INDEPENDENT SCHOOL DISTRICT (1973)

Federal lawsuit that was filed alleging the Texas school finance system was unconstitutional. Mr. Rodríguez was an Edgewood school district resident and parent who was the lead plaintiff in the suit. The U.S Supreme Court eventually ruled in a 5-4 vote that education was not a fundamental right protected by the U.S. Constitution and therefore an issue to be resolved within each state. This case was the impetus for the subsequent Edgewood court cases.

ROLLBACK RATE

A tax rate that would provide roughly the same local taxes and state aid per WADA as was available the previous year, plus debt service taxes, and \$0.06. If a district sets a tax rate in excess of its rollback rate, voters may petition for an election to “roll back” the tax rate to its previous level.

SMALL DISTRICT ADJUSTMENT

An adjustment for the diseconomies of scale experienced by districts with up to 1,600 ADA. There are two small district formulas: one for districts with at least 300 sq. mi. with a theoretical maximum of 64% more funding, and one for districts with less than 300 sq. mi. with a maximum of 40%.

SPARSE DISTRICT FUNDING

An adjustment for the diseconomies of scale of extremely small districts (less than 130 ADA if a full program in all grades is offered, less than 75 ADA in a K-8 district or less than 60 ADA in a K-6 district). A district is funded as if it had 130, 75, or 60 ADA respectively if it is at least 30 miles by bus from the nearest high school district. K-12 districts with at least 90 students, K-8 districts with at least 50 ADA and K-6 districts with at least 40ADA qualify for the adjustment regardless of distance.

SPECIAL POPULATION FUNDING

Refers to the four major student subgroups that have been determined to have special needs and therefore require supplemental funding. The student groups include: students who are at risk of dropping out, represented by the number of students enrolled in the free or reduced-price lunch program (compensatory education); students with unique physical, mental or emotional needs (special education); students needing specialized instruction because they are in the process of learning English (bilingual education and English as a second language); and students who are academically gifted or have creative art or leadership talent (gifted and talented). There are corresponding funding formulae dedicated to those groups.

STATE BOARD OF EDUCATION (SBOE)

A 15-member body elected by general election (staggered, four-year terms) from various districts of equal population statewide. The powers and duties of the board are limited to a brief list in the constitution and in statute. Primarily, the SBOE manages the Permanent School Fund, sets curriculum, testing and graduation requirements consistent with statute, and grants or approves open-enrollment charters.

STATE-LOCAL SHARE

The state funding system is based on the idea that education can be jointly paid for by the state and local school districts. The local share refers to the ability of a local community to pay for its public schools based on the total amount and value of taxable property and the number of students it must educate. The state share covers the remaining portion of funds required to educate children in a district after the local share has been applied.

STUDENT COST DIFFERENCES

Factors that influence the overall cost of education based primarily on the cost of educating specific types of students within a district. Examples include the more expensive instructional arrangements required for students with special needs, students who are limited in English proficiency, or the cost of raising economically disadvantaged or at-risk students to the performance level of the overall student population.

TARGET REVENUE OR TARGET REVENUE HOLD-HARMLESS (TRHH)

Initially, the minimal amount of funding per WADA that was guaranteed for each school district based on the greater of its 2005-06 or 2006-07 state and local revenue plus additional funding provided outside the formulas to districts in subsequent years. In 2009, it was changed to the amount to which a district would have been entitled for the 2009-10 school year if the changes in law adopted that year had not been adopted. Although legislation from the 2009 session attempted to restore partial use of the more equitable state finance formulae, as of the 2009-10 school year, only approximately 25% of school districts received funding through the school finance funding formulae, with the rest receiving funding based on their prior target revenue. (See also Hold Harmless)

TAXABLE VALUE

The value of property for ad valorem tax purposes. It differs from market value by the use of various income capitalization values, particularly agricultural value, and from the subtraction of various exemptions for homesteads, economic development and charitable purposes. It also reflects the value lost due to constitutional freezes on ad valorem taxation for the elderly and disabled. Used by the varying taxing jurisdictions (e.g. school districts, counties, cities, etc.).

UNEQUALIZED ENRICHMENT

A term used to describe money that is unequally available to school districts because of differences in local property wealth per student and that is not equalized by state funding. This gives school districts different amounts of additional funds for enhancing educational opportunity beyond the basic programs provided by the equalized foundation school program and equalized enrichment or requires taxpayers to pay different tax rates to achieve a given level of funding. When enrichment is unequalized or not fully equalized, wealthier districts have an advantage for TAKS test passage, which is required of all students, regardless of whether their school district is property wealthy or property poor. Unequalized enrichment also allows taxpayers in wealthier districts to pay lower tax rates, giving these communities an advantage in attracting further economic development.

WEALTH

In school finance, “wealth” is not a measure of income – the wealth of a district is measured in taxable property value per student. In Texas, district wealth for educational operating expenses is based on taxable value per WADA. In funding facilities, Texas uses wealth per ADA. A district’s ability to provide local revenue for educating its students is based on its wealth. Each \$10,000 of a district’s wealth per pupil generates \$1 of local revenue for each penny of tax rate. A district with a wealth of \$100,000 can raise \$10 per penny, or a total of \$1,000 per pupil at a \$1 tax rate. A district with a wealth of \$500,000 raises \$50 per penny and can raise \$5,000 per student with a \$1 tax rate.

WEIGHTED AVERAGE DAILY ATTENDANCE (WADA)

In Texas, students with additional education needs are weighted for funding purposes to help recognize the additional costs of educating those students. Weighted programs include special education, vocational, bilingual, gifted and talented, and compensatory education. Students are also weighted based on costs that affect their district overall, such as the diseconomies of scale of small districts or the higher market costs that are adjusted for by the Cost of Education Index. The costs of these student and district adjustments made in Tier 1 of the Foundation School Program are then applied (but only half of the CEI is used) to calculate a weighted student count (WADA), which is used to distribute Tier 2 guaranteed yield funding. Comparisons of revenues and expenditures between districts are usually done on a per-WADA basis, in recognition of the uncontrollable nature of the costs that the weights represent (See also Weights)

WEIGHTS

Students differ greatly in their educational needs. The costs associated with meeting these needs vary widely (i.e., it is more expensive to provide vocational education than it is to offer a traditional academic program). The state finance system assigns an extra weight for each student with certain special needs and uses this to deliver extra money to school districts to help pay those extra costs. Under Texas finance formula, students in career and technology (vocational) classes, students who are from low-income families, those who are learning English, children who are gifted, and those who have certain physical, mental or emotional disabilities earn extra state money for their school district to cover (at least partly) the higher costs of their instructional programs. These different groups are given a “weight,” meaning that they count like one whole student plus a bit more. For instance, low-income students are counted as 1.2 students (the equivalent of 20% more funding), and students who do not speak English are counted as 1.1 students (10% more funds). To determine a school district’s WADA, the state adds all of these and treats them like extra students who enroll in that school district. For example, a school district may have 100 total students but all the extra credit it receives for students with special needs may add up to a total of 120, so the state gives that school district enough money to educate 120 students – equal to 20% more funding. The extra weight is provided because schools need to provide additional, specialized services (such as specialized materials and equipment, smaller class sizes, assistance from an educational aide, or extended day programs) for students with special needs.

WEST ORANGE-COVE CASE

A challenge to the constitutionality of the Texas school finance system as it existed in 2004. The Texas Supreme Court ruled that Texas provided sufficient funding to be considered adequate since most school districts were able to meet certification requirements. The Court found that "Whether public education is achieving all it should -- that is, whether public education is a sufficient and fitting preparation of Texas children for the future -- involves political and policy considerations properly directed to the Legislature. Deficiencies and disparities in public education that fall short of a constitutional violation find remedy not through the judicial process, but through the political processes of legislation and elections." It also declared the system unconstitutional, ruling that the \$1.50 maximum was an unconstitutional state property tax and ordered the state to pick up a larger share of costs. The ruling resulted in HB 1 (2006). (See also Adequate Funding)