

Texas Public School Finance

Layers of Knowledge Series
an Equity Center Presentation

SF 3: The Starting Point (Basic Allotment)



Tier 1 Starting Point: Basic Allotment (BA)

“When the weighted pupil system was first adopted in 1984, the concept of the basic allotment was intended to represent the **minimum cost of an accredited education for a regular student in the least expensive district.**” Paul Colbert, “The Basic Allotment and the Deterioration of Tier 1,” *Equity Center InDepth*, Spring 2014

History of Basic Allotments since 2009

School Year	Maximum Basic Allotment
2009-2010	\$4,765
2010-2011	\$4,765
2011-2012	\$4,765
2012-2013	\$4,765
2013-2014	\$4,950
2014-2015	\$5,040

History of Basic Allotments since 2009

School Year	Maximum Basic Allotment
2009-2010	\$4,765
2010-2011	\$4,765
2011-2012	\$4,765
2012-2013	\$4,765
2013-2014	\$4,950
2014-2015	\$5,040

\$275 Increase
(5.8%)

History of Basic Allotments since 2009

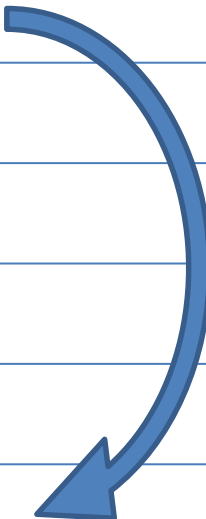
School Year	Maximum Basic Allotment
2009-2010	\$4,765
2010-2011	\$4,765
2011-2012	\$4,765
2012-2013	\$4,765
2013-2014	\$4,950
2014-2015	\$5,040



**\$275 Increase
(5.8%)**

Hypothetical 2% Increase since 2009

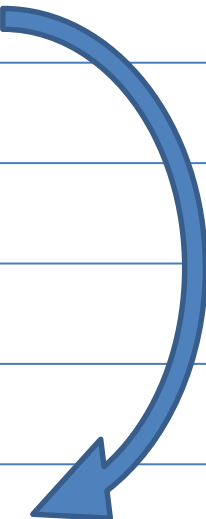
School Year	Maximum Basic Allotment
2009-2010	\$4,765
2010-2011	\$4,860
2011-2012	\$4,958
2012-2013	\$5,057
2013-2014	\$5,158
2014-2015	\$5,261



\$496 increase
(10.4%)

Hypothetical 1.0113% (rounded) Increase since 2009

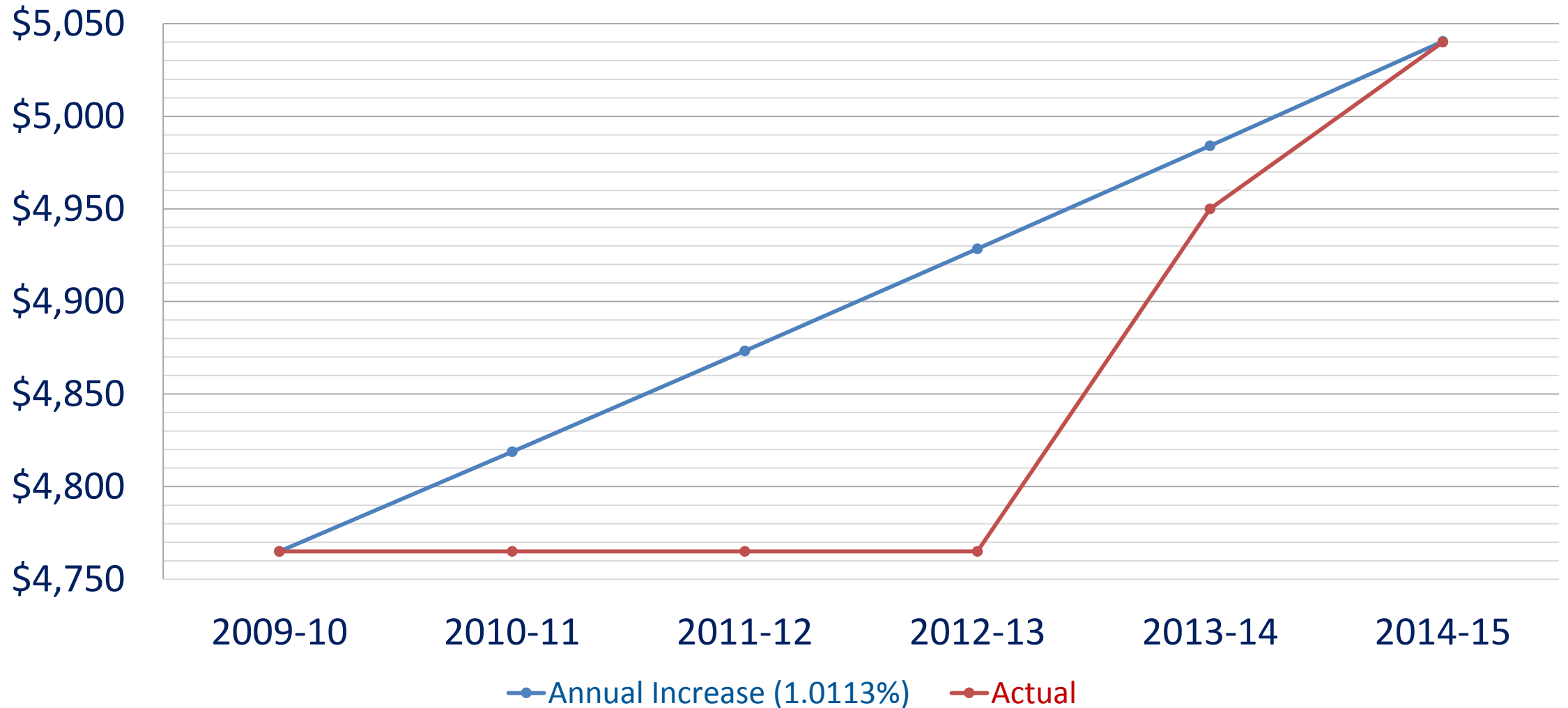
School Year	Maximum Basic Allotment
2009-2010	\$4,765
2010-2011	\$4,819
2011-2012	\$4,873
2012-2013	\$4,928
2013-2014	\$4,984
2014-2015	\$5,040



**\$275 Increase
(5.8%)**

Basic Allotment Over Six Years

Annual (1.0113%) vs. Actual Increases



Important Basic Allotment Points

- The Basic Allotment is actually **\$4,765** in **statute** at TEC §42.101(a)
- The Basic Allotment operable for the 2014-15 school year is **\$5,040**, which was set by **appropriation** and is tied to the current biennial budget
 - \$5,040 applies only to the 2014-15 school year
 - Will expire automatically at the end of the current biennium
- Not all districts have \$5,040 for their Basic Allotment; for many it is less

A District's Compressed Tax Rate Determines its Basic Allotment

$$\text{BA} = \text{The Lesser of} \\ \$5,040 \text{ and} \\ \text{CTR} \times \$5,040$$

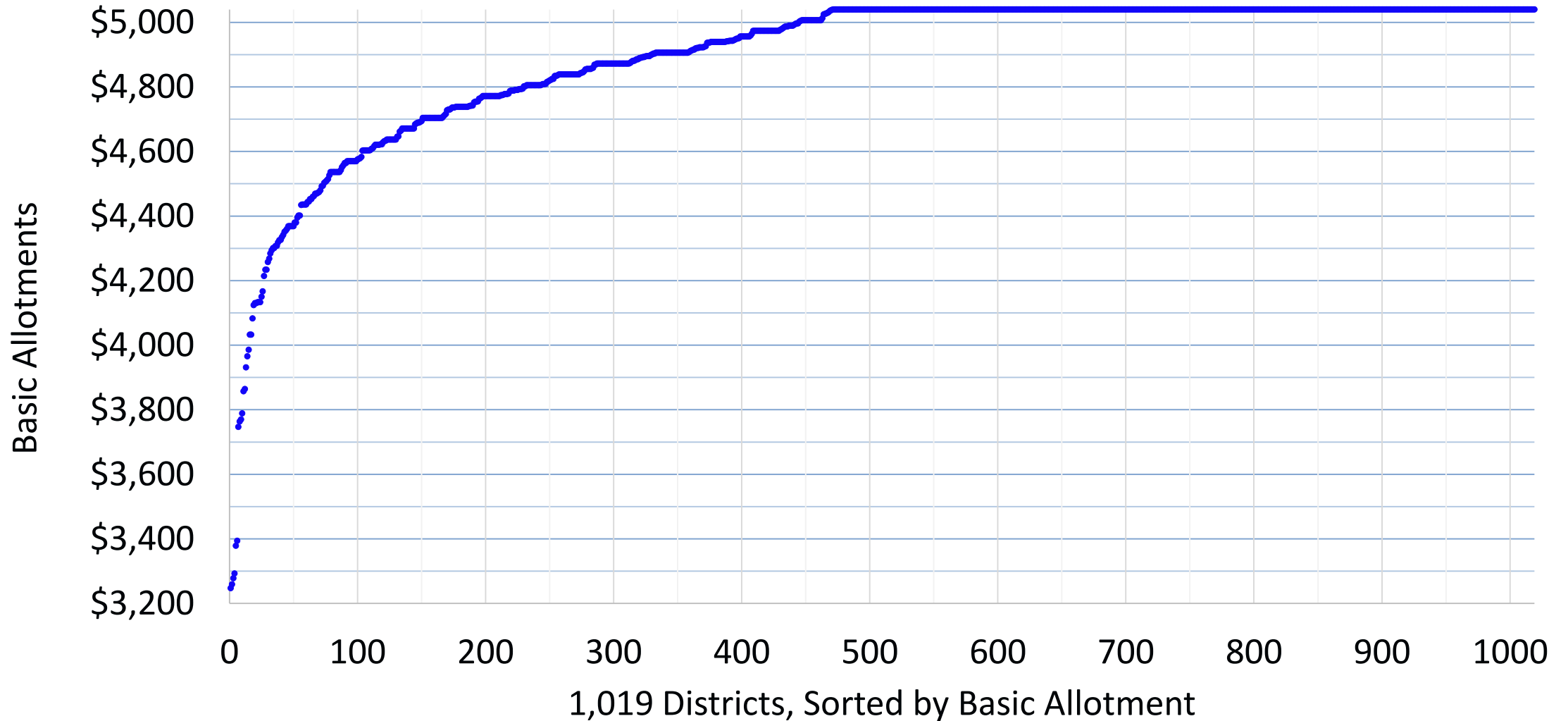
The Basic Allotments for the six Harris County districts with CTRs greater than \$1.00 is \$5,040.

Basic Allotment & Compressed Tax Rate

$$BA = CTR \times \$5,040$$

- The maximum Basic Allotment is **prorated** for districts with CTRs below \$1.00
 - Example 1: If CTR is \$0.95, then Basic Allotment is **95%** of \$5,040
 $0.95 \times \$5,040 = \$4,788$
 - Example 2: If CTR is \$0.90, then Basic Allotment is **90%** of \$5,040
 $0.90 \times \$5,040 = \$4,536$

2014-15 Basic Allotments



A Superfluity of Basic Allotments

There are **223** *different* Basic Allotments for
1,019 districts.

The Basic Allotment Enigma

- “...the concept of the basic allotment was intended to represent the **minimum cost of an accredited education for a regular student** in the least expensive district.”
- There are **223** *different* Basic Allotments for **1,019** districts.

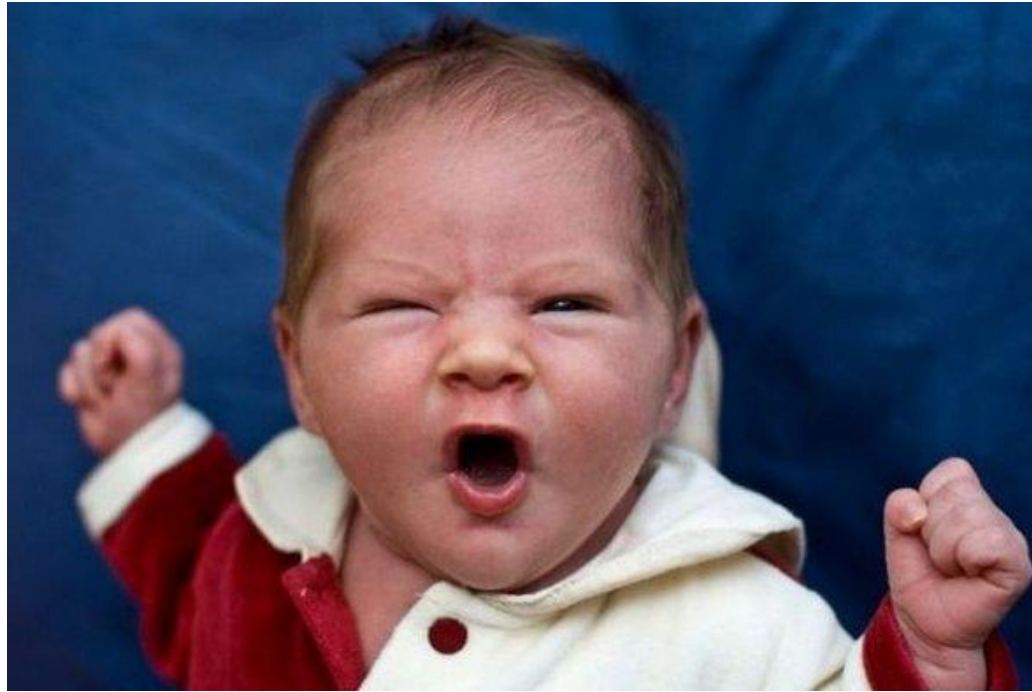
There should be **ONE** Basic Allotment (otherwise it doesn't make sense), but there are **MANY**.

2013-14 M&O Tax Rates

M&O Tax Rate	Number	Cumulative Total
Below \$1.00	53	53
\$1.00	9	62
Between \$1.00 & \$1.04	31	93
\$1.04	573	666
Between \$1.04 & \$1.17	65	731
\$1.17	286	1,017
Above \$1.17	2	1,019

2013-14 M&O Tax Rate Range

\$0.6504 — \$1.2433



Equity Center

Standing Up for Texas Taxpayers and Children