

Texas School Finance and Property Tax Reform Survey
April 2019

Public school finance and property tax reform emerged as top priority issues for the 2019 Texas legislative session. These topics are the focus of a survey conducted by the University of Houston Hobby School of Public Affairs. The survey found there is strong support for increasing the state's share of funding for public schools and support for increasing or implementing several targeted taxes to pay for it. A substantial majority of Texans believe property taxes are high and support revenue caps.

The survey was conducted online between March 21 and April 1, 2019 among Texas registered voters. Respondents matched on demographics and characteristics to the population of registered voters of Texas. The number of respondents was 1,000 with a margin of sampling error of +/-3.7%.

Education

Evaluating Texas Public Schools

Texans believe Texas schools overall are doing an average (C) job while their own local independent school district is doing a somewhat better job (B-).

The survey respondents were asked two questions about how good a job they thought the state of Texas and their local independent school district were doing in providing the efficient system of public schools mandated by the Texas Constitution. On average, Texans believe their local school district is doing a better job than the State of Texas overall, with only 33% reporting that Texas is doing a very good (8%) or good (25%) job versus 46% who believe their local school district is doing a very good (14%) or good (32%) job. At the other end of the scale, 30% of registered voters believe the State of Texas is doing a poor (20%) or very poor (10%) job with only 19% believing their local school district is doing a poor (14%) or very poor (5%) job.

Raises for teachers, librarians, and school staff

The survey suggests Texas voters strongly support the proposal to provide a \$5,000 raise for classroom teachers and librarians. Respondents also expressed support for pay raises for teacher aides, counselors, nurses, and other school staff.

Two-thirds of our sample of registered voters identify raising salaries by \$5,000 for classroom teachers and librarians as either a very high priority (33%) or a high priority (33%) while 15% of respondents stated that the \$5,000 pay raise is a low (7%) or very low legislative priority (8%). Sixty-four percent of respondents rated raising the salary of school support staff as a high or very high priority.

School safety

In the aftermath of the Santa Fe High School shooting and a series of safety issues affecting Texas schools, voters are strongly supportive of providing funds for school safety.

Roughly seven in ten voters believe that funding school safety is a very high (26%) or high (43%) priority; only 12% of respondents rated this spending priority as low or very low.

Expand early childhood education and kindergarten for all

The survey suggests Texas voters are strongly supportive of increasing funding for early childhood education programs.

Sixty-two percent of respondents rated increasing spending for early childhood education programs and kindergarten for all as a very high (28%) or high (34%) priority. Nineteen percent said it was neither a high nor a low priority and the other 19% rated this initiative as a low (8%) or very low priority (11%).

Funding for low-income students and bilingual education

An overwhelming majority of Texan voters believe that additional state funding for school districts with higher percentages of low-income students should be a priority for the state government. However, state spending in bilingual education for students whose first language is not English is a lower priority for the respondents.

Over two-thirds (68%) of respondents believe the state should increase spending in poorer school districts while only 12% of respondents think this should be a low or very low priority.

A plurality (43%) of voters rated spending on bilingual education for students who speak languages other than English at home as a very high or high priority; 37%, on the other hand, rated this initiative as either a low or a very low priority.

Extracurricular activities

Texas voters are split on their willingness to prioritize funding extracurricular activities in schools. A plurality (40%) favor increasing funding for arts, sports and other non-core programs and 30% of respondents believe it is a low or very low priority.

Funding Public Education

Optimal state share of school funding

Virtually all Texans believe that the State of Texas should provide a notably larger share of public education funding than it does at present, with most believing the state should provide 50% or more of funding versus 36% today.

Thirty years ago, the State of Texas provided approximately 50% of the funding for public school education. After ten years had passed, the proportion had dropped to 45%, and at present it is 36%. Four out of five Texans believe that the State of Texas should provide either more than 50% (40%) or around 50% (41%) of funding for Texas public schools. Less than one in ten Texans believe that the share of state funding should be 36% as it is today (3%) or less than 36% (5%), with the remainder supporting state shares of 45% (6%) or 40% (5%).

Ending recapture provision of the Robin Hood plan

The state's Robin Hood plan requires the transfer of funding by wealthier school districts through the recapture provision to support comparatively poorer districts.

A majority of Texans are not very familiar with Robin Hood, but after learning more about it they are broadly supportive of it. More than half (56%) of Texas registered voters are either not familiar (41%) or only a little familiar (15%) with the Robin Hood component of the state's public school finance legislation while 44% are either very familiar (15%) or somewhat familiar (29%) with it. After a short description of Robin Hood is provided, almost two-thirds (65%) of registered voters either strongly approve (28%) or somewhat approve (37%) of Robin Hood, while 35% of Texans do not approve, either somewhat (18%) or strongly (17%).

Yet the Robin Hood system also elicits contentious responses among Texan voters. Forty percent of respondents believe that the state should make eliminating the recapture provision a priority. In other words, school districts should be allowed to keep the local property taxes they raise to finance their schools. Thirty-five percent think that eliminating the provision is a low or very low priority while one-in-four respondents state that it is neither a high or low priority for the state.

When asked about the practice of diverting some of the recapture funds to support state budgetary needs other than public education, a substantial majority (69%) of Texans either strongly oppose (55%) or somewhat oppose (14%) this practice. Less than a fifth (17%) of Texans support this diversionary practice, 6% strongly and 11% somewhat.

Potential revenue sources for public school funding

Respondents were asked about their support for potential revenue-enhancing mechanisms that could be used to provide a reliable stream of funding for public education in the future as well as to reduce the share of independent school district revenue that comes from local property taxes, including those originating from the 'recapture' process.

A majority of Texans support revenue enhancements that include closing loopholes that allow large corporations to avoid paying tax on the fair market value of their property, returning oil and gas severance taxes to their higher pre-1995 values, and increasing 'sin' taxes on cigarettes and other tobacco products and on beer, wine and other alcohol and creating new 'sin' taxes on legalized casino gambling and the legalized sale of marijuana for recreational use.

- **Close corporate tax appraisal loopholes.** The most popular revenue enhancement option was to close the current loopholes in Texas appraisal law that allows large corporations to frequently avoid paying their assessed rate based on the fair market value of their property. Wealthy corporations can use the courts and their legal advantage (high priced legal talent and well-paid consultants versus financially strapped appraisal districts) to take advantage of a loophole allowing the use of the values of 'similar' properties rather than the fair market value when determining their property taxes. Three-quarters of registered voters (75%) support closing these loopholes (which indirectly increase the taxes paid by homeowners) compared to a mere 12% who oppose closing the loopholes.
- **Sin taxes.** Four of the five remaining options that enjoy majority support involve a variety of 'sin' taxes. The most popular was increasing the tax on cigarettes and other tobacco products

(68%), followed by legalizing and taxing casino gambling (62%), legalizing and taxing the sale of recreational marijuana (62%), and increasing the tax on beer, wine and other alcohol (53%). In the case of only two of these four revenue enhancement options were more than a fifth of registered voters in opposition: legalizing and taxing recreational marijuana (28%) and increasing the tax on beer, wine and other alcohol (27%), with 18% and 19% opposing an increase in the tax on cigarettes and other tobacco products and legalizing and taxing casino gambling respectively.

- **Increase oil & gas severance tax.** The final popular revenue enhancement option for public schools was an increase in the oil and natural gas severance tax (returning the rules governing taxation to their 1995 levels prior to when the Texas Legislature cut them in the midst of an oil slump) that garnered the support of 56% of registered voters, with only 18% in opposition.

Unpopular revenue enhancement options

An absolute majority of respondents opposed four revenue enhancement options. The least popular reform was the adoption of a state income tax that was opposed by 75% of respondents and supported by only 12%. Also very unpopular was the option of introducing a 1% tax on groceries (currently exempt from sales tax), which was opposed by 65% and supported by 21%. A majority of registered voters also opposed increasing the current state sales tax of 6.25 cents by a half (0.5) cent, with 56% opposing this reform and 25% supporting it. Finally, 54% of Texans opposed ending the current sales tax exemption for non-prescription drugs, a reform that was supported by 27% of registered voters.

Property Taxes & Revenue Caps

A substantial majority of Texans believe both Texas property taxes are high and support revenue caps.

Property Taxes

More than two-thirds (68%) of Texas registered voters believe property taxes in Texas are very high (31%) or high (37%). In contrast, fewer than 1 in 20 (4%) Texans believe property taxes in the state are low (3%) or very low (1%).

Revenue Caps

Survey respondents were randomly assigned to two representative groups to assess their support for legislation that capped annual revenue increases at two different levels: 2.5% and 5.0%. School districts, cities, counties and other taxing jurisdictions whose budgets surpass these values would be required to obtain voter approval for the increase. There was no noteworthy difference in the level of support between the two different revenue caps, with 78% and 77% supporting legislation establishing a 2.5% and 5.0% cap respectively, and only 22% and 23% opposing this legislation.