




Robin Hood Recapture in 2021



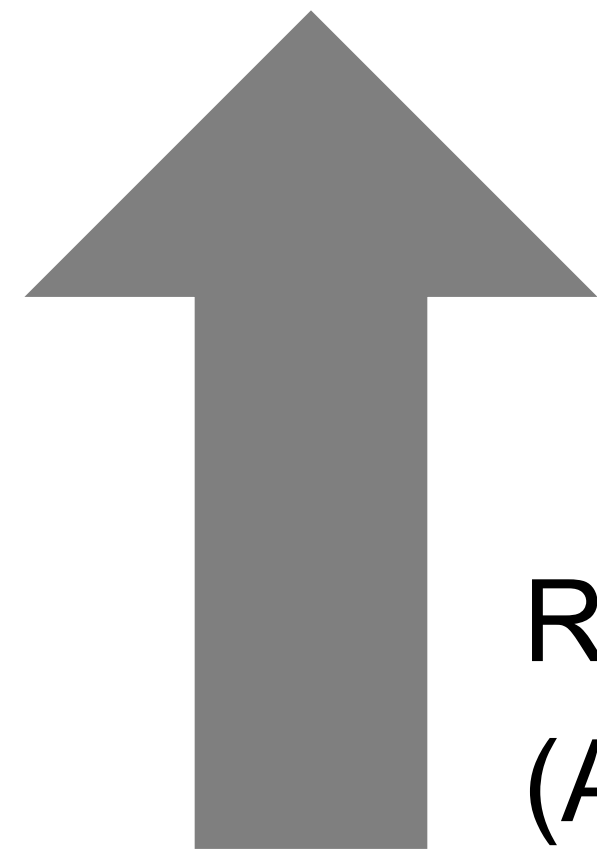
**TEXAS SCHOOL
COALITION**

September 2021

A vertical photograph of a forest with tall, thin trees and a mossy ground. The image is partially obscured by a dark green rectangular box containing text.

What is recapture?

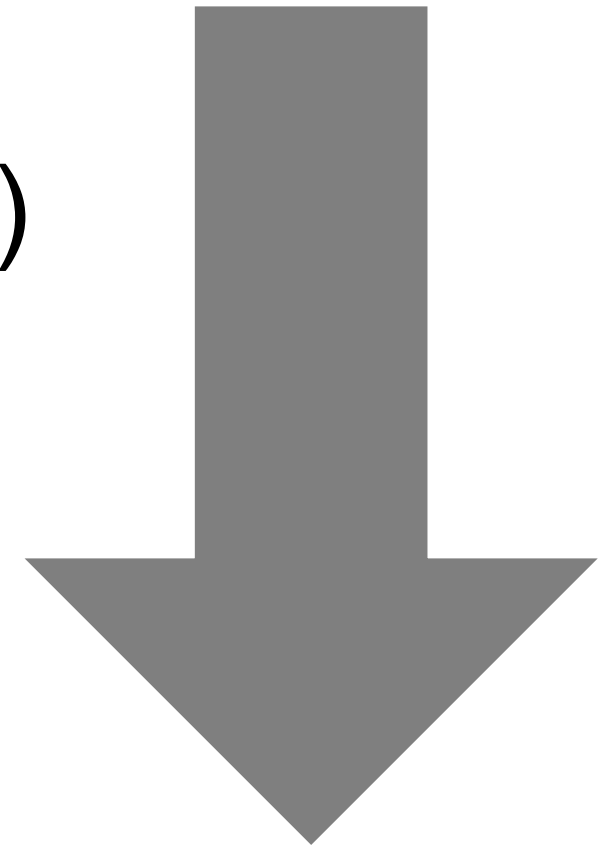
- A method of equalizing varying degrees of property wealth among Texas school districts
- Taking from the rich
- But not necessarily giving to the poor



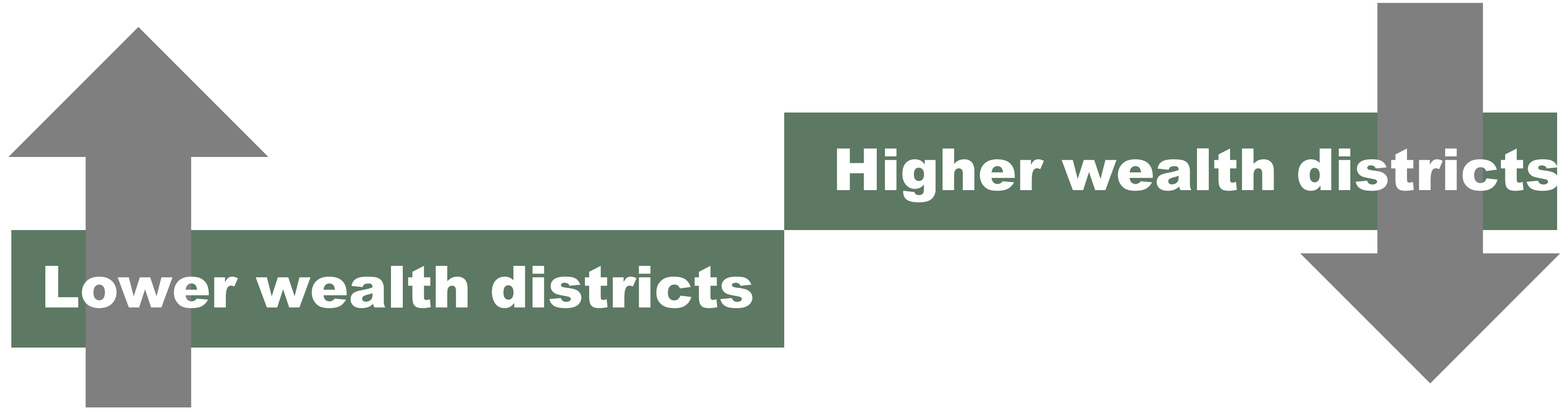
Raise the floor
(Additional state funding)

Higher wealth districts

Insert a ceiling
(Reduce local funding)



Lower wealth districts

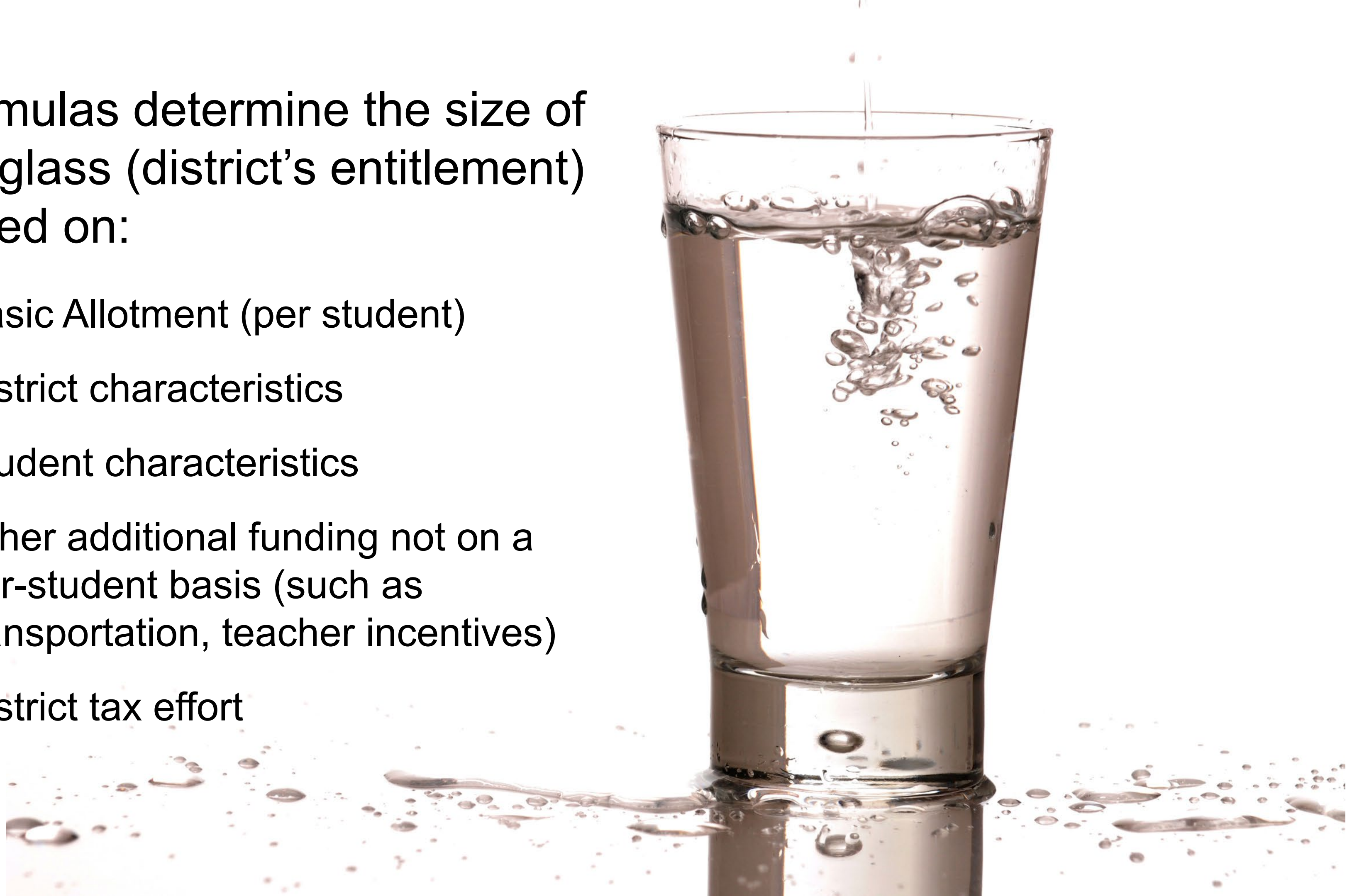


Lower wealth districts

Higher wealth districts

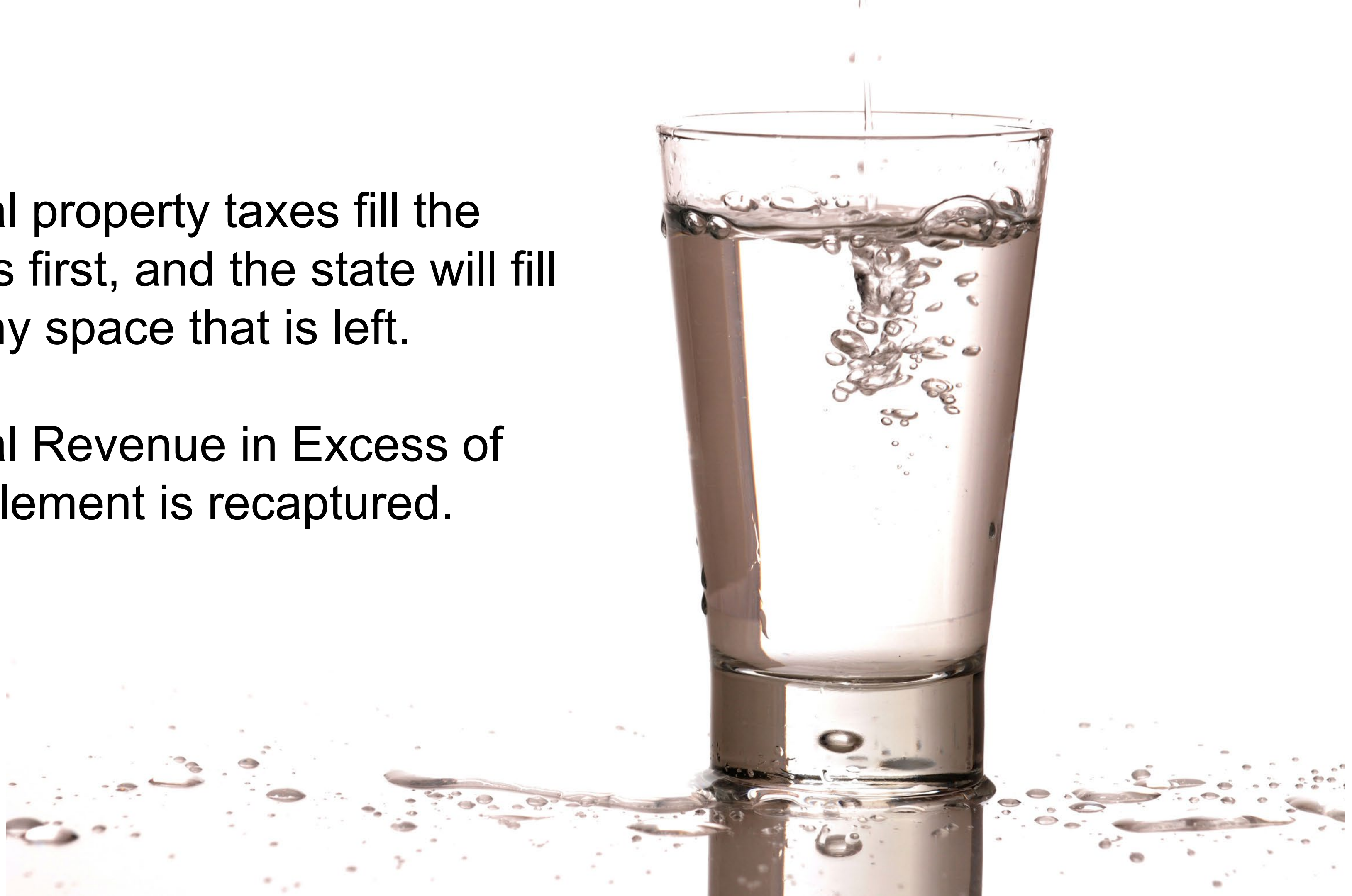
Formulas determine the size of the glass (district's entitlement) based on:

- Basic Allotment (per student)
- District characteristics
- Student characteristics
- Other additional funding not on a per-student basis (such as transportation, teacher incentives)
- District tax effort

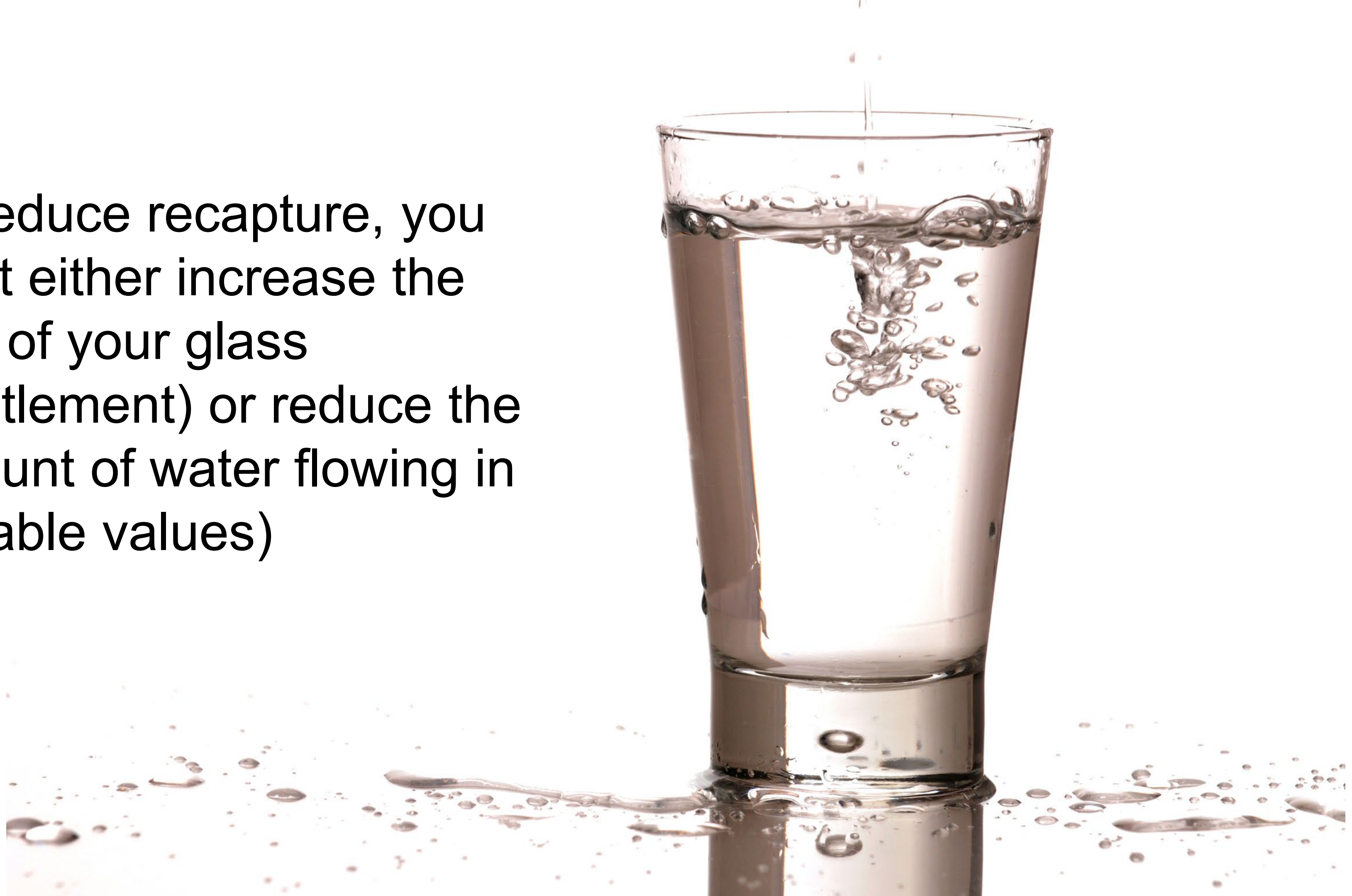


Local property taxes fill the glass first, and the state will fill in any space that is left.

Local Revenue in Excess of Entitlement is recaptured.



To reduce recapture, you must either increase the size of your glass (entitlement) or reduce the amount of water flowing in (taxable values)



If a district reduces its tax rate, it reduces recapture

COMMON MISPERCEPTIONS



Not necessarily. Recapture is revenue in excess of entitlement.



Reducing tax rate reduces entitlement, so the district has less to educate students.



Taxpayers may pay less, but district could still pay the same in recapture.



Paying less recapture means the district would have more \$ with which to serve students

COMMON MISPERCEPTIONS



Possibly, depending how recapture was reduced.



If just because taxpayers pay less, schools have less money to use to serve students.



If reduction is due increased state funding, that allows more local dollars to stay local.



Districts that pay recapture can afford it, as their students have many advantages

COMMON MISPERCEPTIONS



There is a difference in property wealth and personal wealth.



Many recapture districts serve a majority of students from severe poverty.



Formulas should adjust, but many recapture districts struggle to meet student needs.



Recaptured funds benefit schools in need with low wealth levels.

COMMON MISPERCEPTIONS



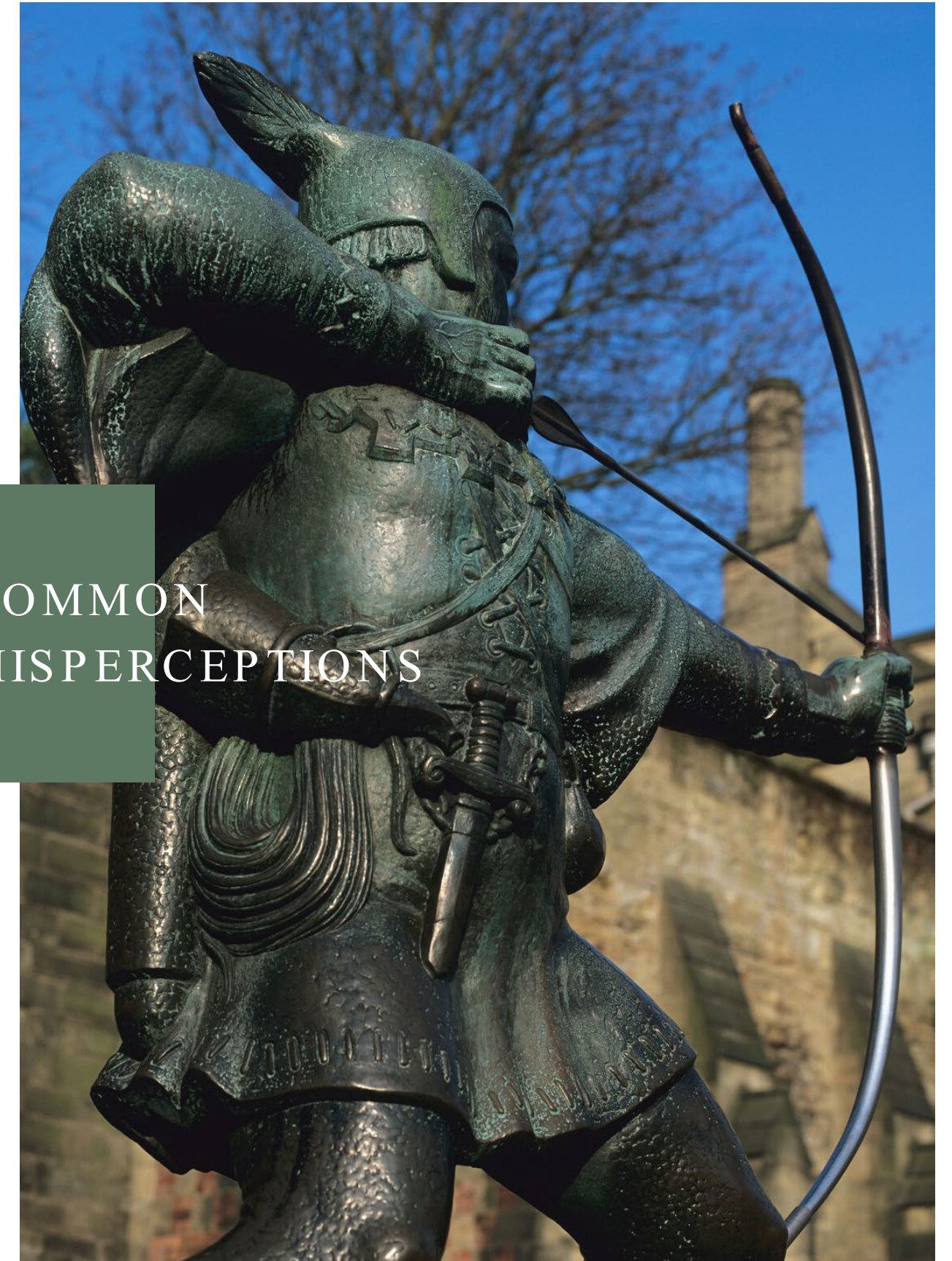
Recapture benefits the state, not other school districts.



Formulas determine entitlement; growth of recapture doesn't change that.



Funding levels are the same, so it's simply a matter of the source of funding--who pays.



The Texas Legislature reduced recapture in 2019 with HB 3

COMMON MISPERCEPTIONS



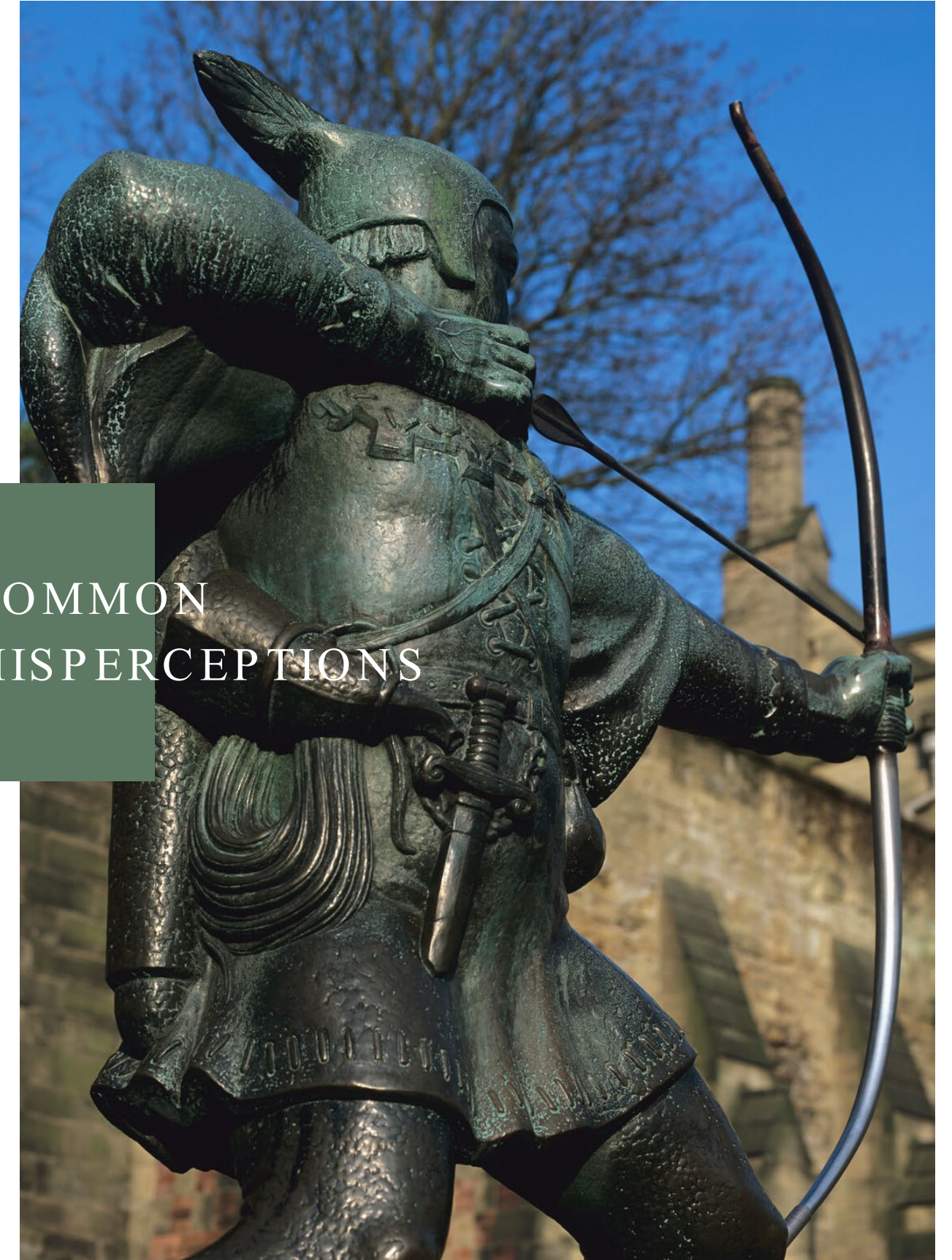
Sort of, but not really.



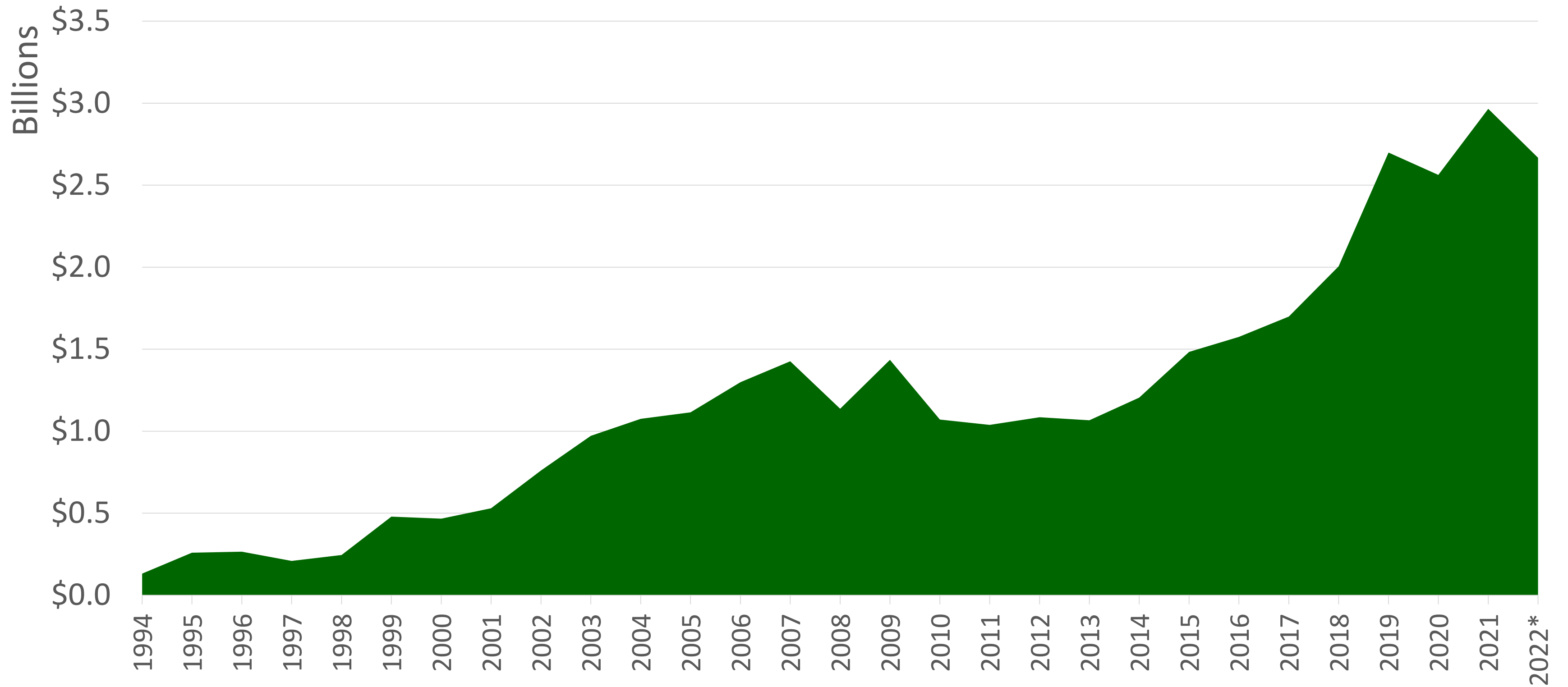
HB 3 reduced recapture compared to what it could have been absent change.



HB 3 provided a slight one-year reduction, but now recapture is back above pre-HB 3 levels.



Statewide Recapture 1994-2022



Source: TEA Summary of Finance data
* Preliminary estimated amount

How do we fix it?

IF IT WAS EASY, IT WOULD
ALREADY BE DONE.

POSSIBLE
SOLUTIONS





Past Attempts

RECAPTURE REPEAL

2003: removal of Chapter 41 from law, effective if something else was adopted in its place...it wasn't.

TAX RATE COMPRESSION

2006: 50 cent tax rate compression kept recapture under control...for a while. 2019: HB 3 offered a similar solution with continued incremental compression over time.

TAXPARENCY

2017: attempt to have percent of taxes paid that remain with district vs. percent recaptured. Failed to pass as this isn't info legislators want taxpayers to know.



CHANGES ARE VERY EXPENSIVE

Recapture is a \$3 billion source of revenue that is not easily replaced.

CHALLENGES



IT'S HARD TO MOVE THE NEEDLE

Because property values continue to increase, it is difficult to feel the impact of the reforms.



RECPTURE DISTRICTS ARE IN THE MINORITY

Legislators represent fewer districts that pay recapture than those that do.



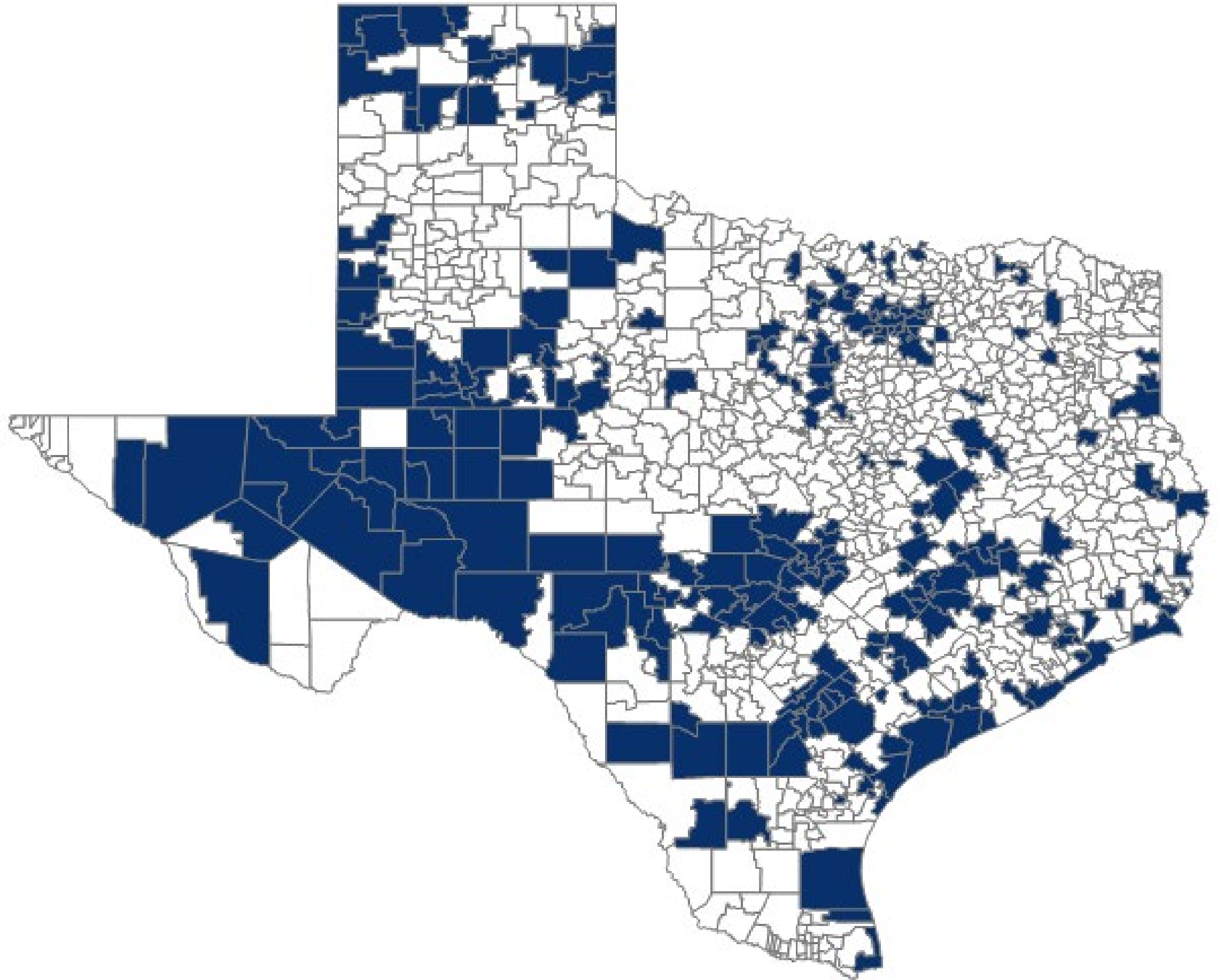


The Appropriations Shell Game

In 2021, supplemental appropriations reduced spending for Foundation School Program by \$5.2 billion for FY 20 and 21. \$1.4 billion of that was due to higher than expected recapture.

Every two years, legislators underestimate the total amount that districts will pay in recapture. Then, when districts pay more than projected, legislators use those recapture dollars to replace other state funding that would have gone to schools.

Recapture districts can be found in nearly every region of the state.



The Top Tens

Top Ten Districts Paying the Most Recapture

	School District	Recapture
1	Austin ISD	\$710,562,924
2	Houston ISD	\$197,810,414
3	Plano ISD	\$191,901,269
4	Midland ISD	\$154,436,692
5	Highland Park ISD	\$104,751,098
6	Eanes ISD	\$101,813,483
7	Pecos-Barstow-Toyah ISD	\$99,468,684
8	Wink-Loving ISD	\$87,060,824
9	Spring Branch ISD	\$61,264,358
10	Grapevine-Colleyville ISD	\$56,507,928

Top Ten Districts Paying the Most Recapture as Percent of Total M&O Tax Collections

	School District	Recapture	% of collections
	Sands CISD	\$10,982,769	99.6%
	Glasscock County ISD	\$36,087,261	86%
	Rankin ISD	\$45,577,034	84%
	McMullen County ISD	\$25,320,913	83%
	Grady ISD	\$34,440,456	83%
	Wink-Loving ISD	\$87,060,824	82%
	Kenedy County Wide CSD	\$6,995,670	80%
	Port Aransas ISD	\$18,601,544	75%
	Palo Pinto ISD	\$4,047,137	75%
	Klondike ISD	\$14,019,634	71%

Source: TEA Near Final Data, 2020-2021, as of September 24, 2021



Possible Solutions

COST OF EDUCATION ADJUSTMENT

The cost of doing business is much greater in certain districts, yet formulas don't account for that when calculating entitlement.

STOP THE SHELL GAME

Ensure money paid for recapture benefits schools, rather than just generating a state savings.

INCREASE TRANSPARENCY FOR TAXPAYERS

At the very least, ensure taxpayers know where their dollars are going.