

Empowering Voters to Make Informed Decisions About Increasing Property Taxes By Using School District Efficiency Audits

Introduction

This past legislative session, the Texas Public Policy Foundation worked with Texas lawmakers on [House Bill 3](#) to reform the Texas school finance system to include taxpayer protections such as school district efficiency audits ([Belew 2019a](#), [4, Belew 2019b](#), [Troxclair](#)). As a result, House Bill 3 requires that, prior to a school district raising its maintenance and operations (M&O) property tax rate, a school district must conduct an efficiency audit, which is an “investigation of the operations of a school district to examine fiscal management, efficiency, and utilization of resources” and consider whether the school district has implemented the best practices of other Texas school districts ([HB 3, 1-7](#)).

School district efficiency audits are very different from regular financial audits; financial audits focus on examining financial statements to make sure records are fair, accurate, and in conformity with official standards ([Belew 2019b](#), [Troxclair](#)). On the other hand, school district efficiency audits have the purpose of investigating a school district’s expenditures of money to see if the expenditures align with cost-effectiveness and best practices to improve student results. Importantly, efficiency audits can generate ideas for significant cost savings to the jurisdiction in question ([Belew 2019b](#), [HB 3 2, Hansen](#)).

Efficiency audits should be focused on informing taxpayers of the current financial practices of their local school district, thus assisting them in determining whether that school district needs more tax money. An efficiency audit may suggest that a school district does not need more taxpayer money, but instead needs to align existing expenditures with best-practice programs, offer more student options, reduce redundancies, or eliminate activities that are not directly associated with improving student results ([Belew 2019b](#), [Hansen](#)). Keeping property tax burdens low is important because ever-increasing property tax burdens can result in Texans losing their homes and discourage business development ([Belew et al., 4-6](#)).

Under [House Bill 3](#), prior to raising its M&O tax rate, a school district’s board of trustees must select an independent auditor to conduct the efficiency audit, hold an open meeting to discuss the audit results, and post the audit on the school district’s internet website ([HB 3, 1-2](#)). This process ensures that school district taxpayers and school board members have efficiency audit information before voting at the ballot box to raise their school district’s maintenance and operations tax rate ([HB 3, 1-2](#)).

Prior to January 2020, the Legislative Budget Board is required to adopt school district efficiency audit guidelines, which must be used by the school district’s independent efficiency auditor ([HB 3, 1-3](#)). The Foundation deeply appreciates the Legislative Budget Board’s efforts to engage with stakeholders, including the Foundation, to work on the development of meaningful guidelines. To that end, the Foundation has conducted research and spoken with agency, school, legislative, and state and national school efficiency experts and requested public comment.

While there is no perfect or completely uniform method to measure school district efficiency, and any method can be subjected to some criticism, Texas taxpayers still should be informed so that they can form an opinion.

To that end, Texas taxpayers have spent considerable money supporting the development of the [Texas Smart Schools Initiative](#), which measures Texas school district efficiency, and implementing a robust school district data collection and transparency system to allow for school district comparisons, available at [txschools.gov](#) and [Texas Academic Performance Reports](#). The Legislature has also revised the Texas School Finance formulas to encourage school districts to adopt

best-practice programs used by other school districts ([TEA 2019c, 1-7](#)). In the interest of using existing data that reduces taxpayer costs, these resources should be utilized and made available to Texas taxpayers as part of these audits.

Below are the Foundation's recommended efficiency audit guidelines for consideration by the Legislative Budget Board. They are based on the following documents:

- [Texas Commission on Public School Finance report](#)
- [Texas Education Agency Strategic Plan for Fiscal Years 2019 - 2023](#)
- [House Bill 3](#)
- [HB 1, General Appropriations Act, 86th Legislature](#)
- [Texas Rural Schools Task Force report](#)
- [Texas Smart Schools Initiative](#)

Recommended Overall Audit Guidelines

I. **Efficiency audit results are for the taxpayer to make an informed decision and should be simple, easy to understand, and succinct.** Texas taxpayers—who may not be immersed in school district finance or law—should be able to understand what the standards mean and be able to make an informed choice at the ballot box about whether to increase their taxes based on the audit results. The Texas Legislature recently required “plain language” description(s) in the ballot for certain bonds ([SB 30, 4](#)). The Texas Legislative Budget Board should utilize the plain language standard for school district efficiency audits.

Specifically, the Foundation recommends the guidelines include:

- **Cover letter.** Each audit should begin with a prescribed cover letter with an explanation to the taxpayer that (1) their school district is seeking to increase their maintenance and operations taxes; (2) how much, per year, the increase will cost a taxpayer with a home value of \$200,000; (3) what an efficiency audit is, and how it can be used by the taxpayer to make an informed decision; and (4) key efficiency measures and data points. The cover letter format should be standardized, with the required information to be filled in by the district or auditor, and include no more or less than the required text and district information. If additional text is allowed (which the Foundation does not recommend), the cover letter should be limited to two pages with a minimum font size of 11 and minimum margins of one inch (see example on Page 8).
- **Tables of key district data.** In addition to the insights provided to the taxpayer through a few facts and figures in the cover letter, there should be a series of helpful and informative tables with historic data on (1) enrollment and staffing changes; (2) recent school district per-student revenue, spending, salary, and tax rates; (3) recent school district student outcomes; and (4) campus-level student spending and enrollment information. This provides historical context and campus comparisons as taxpayers examine the rubric measures immediately following.
- **Audit with color-coded dashboard.** An easy to understand and color-coded “dashboard,” including (1) audit measure background or rationale, (2) audit measure, and (3) key data points that expand on the audit measure. The dashboard should include color-coded responses to audit measures where, if a district is complying with a measure, it gets a “green box,” and if the school district is not complying with a measure, it gets a “red box”; or if the measure is not applicable to the school district, it gets a “not applicable.” This would serve as a more holistic view of the efficiency and practices of the district.

II. **Audit results should rely on existing, uniform data where possible to ensure that audits can be completed in a timely manner, audits are uniform across Texas school districts, and audits come at a low cost to the school district and taxpayers.** School districts in Texas are already required to provide robust and uniform information to the Texas Education Agency. This existing data should be utilized whenever possible. Almost all data should be readily attainable from:

- [Texas Smart Schools Initiative](#);
- Existing school district records; or
- The Texas Education Agency’s [TxSchools.gov](#) and [Texas Academic Performance Reports](#).

III. While the Legislative Budget Board should provide directions, definitions, and resources, some questions may require independent auditor judgment based on school district policies. The Legislative Budget Board should provide auditors with a guidance document with definitions, suggested resources, and parameters. However, each school district is different, and some answers may require independent auditor judgment. Nonetheless, these questions should be included because they can be highly informative.

Recommendations for Audit Rubric Guidelines

I. The guidelines should investigate whether the school district is getting a return on investment by maximizing student performance in return for each taxpayer dollar when compared to school districts that are similar (peer districts).

In 2009, the Texas Legislature passed legislation requiring the Texas comptroller to “identify school districts ... that use resource allocation practices that contribute to high academic achievement and cost-effective operations” ([Combs, 1](#)). In response, then-Comptroller Susan Combs prepared the Financial Allocation Study for Texas (FAST) to examine the relationship between Texas school district spending and student achievement ([Combs, 1-7](#)). The initial FAST report provided information on the following state efficiency measures:

- Public education expenditures;
- Per-student expenditures;
- The change in per-student expenditures vs. inflation (consumer price index);
- Growth in school enrollment; and
- Change in expenditures vs. enrollment ([Combs, 8-17](#)).

Today, the FAST program is administrated by the Texas Smart Schools Initiative. According to the [Texas Smart Schools Initiative](#), they consistently use data reported by school districts to the Texas Education Agency, along with other metrics, to:

“... identify schools and districts that are getting the maximum student performance in return for each taxpayer dollar by accurately matching authentic fiscal peers (those with similar characteristics such as language proficiency, utilization of free/reduced price meals, district size, etc.) then comparing their core expenditures. Overlaid with academic achievement, this metric provides a comparative picture of unprecedented clarity” ([Texas Smart Schools Initiative](#)).

While no metric determining cost-effectiveness based on student results is perfect, the Texas Smart Schools Initiative has a well-developed methodology that is largely prepared by utilizing data reported by Texas school districts and maintained by a state university, Texas A&M.

An alternative efficiency metric could be developed, should the LBB choose to do so; however, it appears that the development of a new metric would require a significant new investment of time and resources. This would duplicate previous legislative and agency efforts as detailed in the brief history above.

Alternative metrics could use the Texas Smart Schools Initiative as a starting point. The state of Georgia has developed a similar metric which could also be informative ([Governor’s Office of Student Achievement](#)). A critical factor of any efficiency metric, however, should be that it examines district and campus expenditures in the context of student outcomes.

Another potential format could plot expenditures and student outcomes of peer districts (selected to reflect district size and student population) into a four-quadrant graph (x-axis = average expenditures per student, y-axis = average

student outcomes). This would provide a simple, transparent visual for the public to see how their district compares to the rest of their peers and would create, as with the Texas Smart Schools ratings, a useful starting point for district and community conversations about ways to reach student outcome goals.

II. **The guidelines should investigate whether the school district is providing meaningful access to high-quality school options, especially for students assigned to *D*- and *F*-rated campuses and in rural schools, consistent with programs included in the [Texas Education Agency Strategic Plan for Fiscal Years 2019 - 2023](#), [Texas Rural Schools Task Force report](#), and [HB 1, General Appropriations Act, 86th Legislature](#).**

Texas has long supported providing families with options within a school district's already existing campuses and has encouraged the expansion of the number and type of high-quality, specialized, and diverse campuses.

For example, to diversify and provide specialized high school options, the Legislature has passed and long funded T-STEM, P-TECH, and Early College High School grants programs ([TEA 2019b](#), [HB 1](#)). House Bill 3 is providing additional funding to encourage the adoption of P-TECH and New Tech High Schools ([TEA 2019c](#), 3-4). In addition, the Legislature has authorized and long funded the Texas Virtual School Network ([HB 1, III-19-III-24](#)).

In addition, since 1995, Texas has implemented a robust charter network, with many types of charter schools, including classical, STEM, and dropout recovery charters ([TEA 2019f](#)). The result has been charter growth such that there are 707 charter schools educating 296,323 or 5.5 percent of Texas students ([TEA 2018a](#)). In addition, school districts can choose to adopt transfer policies that allow students from other district schools or school districts to transfer schools ([TEA 2019e](#)).

According to the Texas Education Agency, offering high-quality school options for students assigned to *D* and *F* schools is of critical and strategic importance ([TEA 2018b, 8](#)). Currently, in Texas, a school district can assign a student to a particular school, even if the school is rated *D* or *F* in the Texas A-F School District Accountability System ([Belew 2018, 3](#)). In school year 2017-18, more than 606,000 children attended one of 1,066 Texas traditional public schools that were graded *D* or *F* in the state's A-F School District and School Academic Accountability System ([Belew 2018, 3](#)).

To give options to these students, the Texas Education Agency is providing a number of discretionary grants, programs, and even formula funding. For example, the [Texas Education Agency Strategic Plan for Fiscal Years 2019 - 2023](#) calls for expansion of the following programs:

- **The System of Great Schools (SGS).** The System of Great Schools provides a school district network and funding opportunities to school districts to build the capacity "to create high-quality, best-fit school options" for families and students ([TEA 2019a, 1](#)). The System of Great Schools will also "increase the number and percentage of students in top-rated schools and reducing the number and percentage of students in low performing schools" ([TEA 2018b, 9](#)).
- **School Redesign Grants (SRG).** School Redesign Grants "support the replication of high-quality schools." School districts awarded these grants receive "best-in-class technical assistance and consulting support to pursue actions to replicate successful schools or replace struggling schools with successful models" ([TEA 2018b, 9](#)).
- **School District-Charter Partnerships and Related Grant Funding.** These partnerships are designed to drive local innovation by incentivizing partnerships between districts and charter schools or other non-profit entities that "provide opportunities for replication of high-performing schools." These schools can "access additional per-pupil funding and an accountability intervention pause" ([TEA 2018b, 9](#)).
- **Transformation Zone Schools.** "Transformation Zones are school- and community-driven groupings of district schools. These schools form a Zone so that they can collaborate and access flexibilities and supports that enable them to empower educators and thus better serve their students. Transformation Zones have a shared governance model that gives Zones the best of district leadership and community voice" ([TEA 2018b, 9](#)).

The Texas Education Agency is also working to expand options for rural school students. Texas has more rural schools than any other state, with 459 of the state's 1,247 school districts being rural ([Texas Rural Schools Task Force, 7](#)).

The Texas Education Agency is seeking to expand options for rural school children by encouraging partnerships and collaborations, improving career and technology options, and using the Texas Virtual School Network. The Texas Virtual School Network offers a wide variety of online classes to students across Texas ([4-6](#)).

The Texas Commission on Public School Finance also heard testimony that school options create efficiency, and public school leaders have noted charter competition is pushing some Texas public schools to do better to remain attractive to families ([Taylor, 29](#); [Evans](#)). In addition, research indicates that student outcomes across Texas would improve if parents were provided with school options ([Belew 2018, 15-17](#)).

Nationally, and in Texas, parent demand for school options is significant; it is estimated that more than 800,000 of the state's estimated 6.2 million Texas students—or more than 1 in 10—currently attend a non-traditional public school, including home school, private school, charter school, or select public school ([TEA 2018a](#), [TPSA](#), [THSC](#)).

The many benefits of school options include:

- Parents choosing the best option for their unique child, for size, safety, or academic performance reasons;
- Allowing students assigned to failing *D* and *F* Texas schools an opportunity to go to a school that will provide them with a high-quality education;
- The quality of a Texas child's education no longer depending on the family's school zone or school district assigned attendance area;
- Allowing for personalized education tailored to each child, instead of having to follow a one-size-fits-all system;
- Spurring education innovation; and
- Encouraging parent involvement by providing parents with individual liberty and autonomy ([Belew 2018, 15-17](#)).

III. **The guidelines should investigate whether the school district has adopted the best-practice programs—utilized by other Texas school districts—that have a high likelihood of improving student academic achievement results.**

The recent Texas Commission on Public School Finance report, which led to the passage of [House Bill 3](#), is focused on “ensur[ing] that tax dollars are spent most efficiently” to improve student outcomes, including, but not limited to, students reading well before the third grade and graduating college, career, and military ready ([Texas Commission on Public School Finance, 12-23](#)). The commission concluded that “Texas’ future prosperity ... [is] threatened by current [downward] trends in education outcomes” ([21](#)). The report indicated that to ensure there is a return on taxpayer’s \$61 billion expenditure on public schools, school funding should be invested in:

“... specific, data-driven strategies that are currently showing strong results within our state [and] represents the potential to significantly accelerate Texas educational outcomes and provide a real, substantive chance to reach our state’s 60x30TX goal” ([Texas Commission on Public School Finance, 12-16](#)).

Further, the commission heard testimony that to improve student results, it matters far more how school districts spend money than how much money is spent; expenditures on certain programs are more likely to improve student results; and that some school districts are getting better results than their peer school districts at lower levels of spending ([Hanushek, 1-26](#), [Taylor, 15-25](#), [Morath 2018a, 1-13](#)).

The Texas Commission on Public School Finance determined the following programs have a significant return on taxpayer investment. Therefore, these programs should be included in the Legislative Budget Board’s efficiency audit guidelines. Specifically, the school district should investigate to determine if the school district has:

- **Adopted SMART student outcome goals.** The very first recommendation that the commission made in its report was that districts be required to locally develop three- and five-year goals that focus on increasing early education outcomes and student college, career, and military readiness. This recommendation was partially codified in [House Bill 3](#), which required districts to set “annual goals for the following five school years to reach quantifiable” student goals in early education and college, career, and military readiness, and annually and

publicly report goal progress ([Texas Commission on Public School Finance, 26](#); [HB 3, 189-192](#), [TEA 2019c, 2-3](#)). These school board goals were based, in part, on the Texas Education Agency's Lone Star Governance school board program, which the Texas Education Agency has prioritized for expansion in the [Texas Education Agency Strategic Plan for Fiscal Years 2019 - 2023](#) ([Morath 2018b, 9](#); [TEA, 2019d 14, 1-51](#)). The Lone Star Governance program provides intensive, in-field coaching for school boards that focuses on improving student outcomes ([Morath 2018b, 9](#)). Specifically, school boards must adopt SMART goals. For example, a school board's SMART goal might provide:

In 2020, 20 percent of 3rd grader students are reading at grade level; by 2022, it will be 40 percent ([TEA, 2019d, 14](#)).

- **Implemented an approved, high-quality, teacher incentive pay program.** The commission's report recommends, and House Bill 3 requires, that school districts receive additional funding if they adopt an approved teacher incentive pay program. The commission's report indicates that high-quality, teacher incentive pay programs will include the following provisions:
 1. Effective teachers are identified, in part, based on their students' growth or academic performance,
 2. Teachers are tiered based on performance so that not all teachers are rated "excellent," and
 3. Effective teachers are provided a significant increase in salary ([Texas Commission on Public School Finance, 33](#); [TEA 2019c, 1-2](#)).
- **Adopted a student-based, weighted funding system so that money follows the student to their school based on that student's needs.** The commission's report recommended that "every student with greater needs should receive additional, equitable resources to allow all students, regardless of background, the chance to achieve and live a productive life" ([Texas Commission on Public School Finance, 16](#)). House Bill 3 includes several programs and funding allotments to boost spending on higher-needs student populations, including economically disadvantaged students, students with certain disabilities, and English Language Learners ([TEA 2019c, 1-7](#)). Therefore, audits should investigate if money is distributed by the school district to their schools based on the needs of the individual students attending a school campus and not on less effective models, including staffing.

Recommended Efficiency Audit Cover Letter

(Note: Red, underlined terms to be left blank for districts to fill; these terms were chosen to serve as examples. See page 3 for additional details on the text and formatting of this recommended letter.)



Dear School District taxpayers and community members:

On November 11, 2020, your school district is holding an election to increase the school district's maintenance and operations property tax rate. Maintenance and Operations (M&O) taxes are for the operation of public schools. If approved by voters, the tax rate would rise from \$0.97 per \$100 of property value to \$1.06.

If your school district's M&O tax rate increase election is successful, the estimated increase in property taxes paid by the owner of a home with a taxable value of \$200,000 in your school district will be \$300 each year, for a total district property tax amount of \$3,000 per year. City, county, and special taxing district property taxes are in addition to these rates and amounts.

The average maintenance and operations tax rate of the state is \$1.05; the average rate of similar school districts is \$1.03 [*peer groups for this tax rate should be the same as those used in the efficiency measures below: according to these recommendations, TXSmartSchools*].

In the next five years, your school district DOES / DOES NOT anticipate having another property tax increase election or bond election.

Attached, please find the results of your school district's efficiency audit, which was conducted by an independent auditor. Efficiency audits focus on informing voters about a school district's fiscal management, efficiency, utilization of resources, and whether the district has implemented best practices. The information includes data and tools that the state of Texas currently utilizes to measure school district efficiency.

Some key information about your school district¹:

- Over the last five years, your school district's average expenditure per student has been \$_____. (Source: <https://txschools.gov/>)

¹ NOTE: School year or fiscal year data is from the last school year(s) where there is a complete or near complete data set.

- Over the last five years, districts similar to yours spent an average of \$_____ per student. (Source: <https://txschools.gov/>).
- Over the last five years, the percentage of tested students growing in reading INCREASED/DECREASED from _____ to _____. (Source: <https://txschools.gov/>)
- Over the last five years, the percentage of tested students growing in math INCREASED/DECREASED from _____ to _____. (Source: <https://txschools.gov/>)
- The Texas Education Agency reviews and tracks the performance of both school districts and individual schools with the Texas A-F Accountability System. The results are posted year-to-year. The results for the _____ school year in _____ ISD are as follows:

Overall District Grade: _____

_____ Campuses received an A Grade

_____ Campuses received a B Grade

_____ Campuses received a C Grade

_____ Campuses received a D Grade

_____ Campuses received an F Grade

Please see the attached audit results for more information and details.

Sincerely,

School District

Recommended Efficiency Audit Rubric/Taxpayer Report

(Note: Red, underlined terms, terms in small caps, and all table values to be left blank for districts to fill; these terms and values were chosen to serve as examples.)

District Data:

I. Five-year enrollment and staffing changes

From school year 2016-17 to 2019-20 [the four most recent school years], student enrollment has **INCREASED / DECREASED**, while the number of teachers has **INCREASED / DECREASED** and central administrative staff has **INCREASED / DECREASED**. Enrollment is expected to **INCREASE / DECREASE** over the next two years. Total staff is expected to **INCREASE / DECREASE** over the next two years.

SCHOOL YEAR	TOTAL STUDENT ENROLLMENT	TOTAL STAFF	TOTAL TEACHERS	TOTAL CENTRAL ADMINISTRATION	RATIO OF TEACHING TO NON-TEACHING STAFF
Anticipated 2021-22	209,456				
Anticipated 2020-21	210,212				
2019-20	213,528	26,247.2	11,833.6	1,345	1:1.2
2018-19	215,408	27,417.3	11,545.8	1,123	1:1.4
2017-18	214,891	24,387.9	11,644.6	1,090	1:1.1
2016-17	214,462	23,603.1	11,421.6	1,080	1:1.1

II. Recent school district per-student revenue, spending, salary, and tax information

From School year 2014-15 to 2018-19 [the five most recent school years available] average revenue per student has **INCREASED / DECREASED**, while average expenditures per student have **INCREASED / DECREASED**, average teacher salary has **INCREASED / DECREASED**, and average central administration salary has **INCREASED / DECREASED**. During the same timeframe, the amount of maintenance and operation taxes paid on a \$200,000 home has **INCREASED / DECREASED**, and the amount of interest and sinking taxes paid on a \$200,000 home has **INCREASED / DECREASED**, resulting in an increase/decrease to the total district tax burden.

SCHOOL YEAR	AVERAGE REVENUE PER STUDENT	AVERAGE EXPENDITURE PER STUDENT	AVERAGE TEACHER SALARY	AVERAGE CENTRAL ADMINISTRATION SALARY	M&O* TAXES PAID ON \$200,000 HOME	I&S** TAXES PAID ON \$200,000 HOME	TOTAL SCHOOL DISTRICT TAX BURDEN (M&O + I&S)	YEAR OVER YEAR INCREASE IN TOTAL HOMEOWNER TAX BURDEN	YEAR OVER YEAR INCREASE IN INFLATION
2018-19									
2017-18	\$6,345	\$7,329	\$54,538	\$120,220	\$2,500	\$300	\$2,800		
2016-17	\$6,132	\$6,321	\$53,471	\$116,014	\$2,400	\$330	\$2,730		
2015-16	\$6,030	\$6,054	\$55,431	\$118,458	\$2,300	\$335	\$2,635		
2014-15	\$5,931	\$5,567	\$53,698	\$118,433	\$2,200	\$200	\$2,400		

* Maintenance and Operations Tax Rate

** Interest and Sinking Tax Rate

III. Recent school district student outcome information

From School year 2014-15 to 2018-19 [the five most recent school years available] the percentage of students who:

- Meet grade level standards in Reading has **INCREASED / DECREASED**.
- Meet grade level standards in Math has **INCREASED / DECREASED**.
- Meet grade level standards in Writing has **INCREASED / DECREASED**.
- Meet grade level standards in Science has **INCREASED / DECREASED**.

Meet grade level standards in Social Studies **INCREASED** / **DECREASED**.

SCHOOL YEAR	READING (Meets Grade Level Standard or Above)	MATH (Meets Grade Level Standard or Above)	WRITING (Meets Grade Level Standard or Above)	SCIENCE (Meets Grade Level Standard or Above)	SOCIAL STUDIES (Meets Grade Level Standard or Above)
2018-19	53%	43%	53%	43%	53%
2017-18	47%	46%	47%	46%	47%
2016-17	55%	50%	55%	50%	55%
2015-16	50%	47%	50%	47%	50%
2014-15	51%	48%	51%	48%	51%

IV. Campus-level student spending and enrollment information

This table shows campus spending and enrollment data for the campuses in _____ ISD for school year _____ [most recent school year]. Average spending at the campus level is compared to average spending across the district, and campus spending above or below the district average is noted separately. The state assigns higher funding values to students perceived to have higher needs, such as economically disadvantaged students or students with special educational needs. Additional information on individual schools and school districts is available through TXschools.gov and [Texas Academic Performance Reports](#).

CAMPUS	DISTRICT AVERAGE EXPENDITURE PER STUDENT*	CAMPUS AVERAGE EXPENDITURE PER STUDENT*	CAMPUS SPENDING ABOVE/BELOW DISTRICT	AVERAGE TEACHER SALARY	% ECONOMICALLY DISADVANTAGED STUDENTS	% SPECIAL EDUCATION STUDENTS	CURRENT STUDENT ENROLLMENT	CURRENT CAPACITY FOR STUDENT ENROLLMENT
Hickory Elementary		\$5,931		\$45,000	80.8%	6.0%	600	0
Aspen Elementary		\$6,720		\$50,000	23.9%	4.2%	320	20
Pine Elementary		\$9,196		\$55,000	92.7%	6.9%	420	20

* Excludes federal dollars and capital expenses

Efficiency Evaluation

The following measures were determined based on the laws, research, and policies supported by:

- The [Texas Commission on Public School Finance](#) report,
- The [Texas Education Agency Strategic Plan for Fiscal Years 2019 - 2023](#),
- [House Bill 3, 86th Legislature](#),
- Texas School District A-F Accountability System results,
- The [Texas Smart Schools Initiative](#), and
- [HB 1, General Appropriations Act, 86th Legislature](#).

EFFICIENCY MEASURE AND RELATED SCHOOL DISTRICT DATA POINTS

NOTE: School year data below is from the last school year(s) where there is complete or near complete data.

District Financial Practices

Background Information:

The Texas Legislature has indicated an important measure of school district cost-effectiveness is whether a school district is getting relatively high student achievement results at a low cost when compared to peer school districts.

Mark box **green** if measure is true; **red** if measure is false; or **NA** if not applicable.

Note: Peer school districts are determined by the Texas Smart Schools Initiative and will generally be school districts of a similar enrollment size and serving a similar student population.

1. The School District has earned a 3 or higher TXSmartSchools score, indicating the school district is relatively cost-effective when compared to similar peer school districts. (TXSmartSchools rates districts on a 1-5 scale, with 3 considered average.) (Source: <http://txsmartschools.org/>)
2. The school district's total square footage per student is within ___% of the trend for their peer group. (Source: Auditor calculation)
 - If no, the district's total square footage per student is ___% ABOVE / BELOW the trendline. The COST/SAVINGS over 30 years due to being ABOVE/BELOW the trendline is estimated at \$_____.
3. The school district has consolidated schools due to declining enrollment. (Source: Auditor judgment)
4. The school district is only operating businesses that are historically associated with school district operations. For example, the school district does not own or operate a water park, hospital, or golf course. (Source: <https://txschools.gov/>)
5. In the previous three years, the district has not made a forecast error in excess of 5 percent.
 - If no, please explain in 500 words or less. (Source: School district data)
6. The school district's formula for distributing funding to individual schools ensures money follows the student such that school campuses educating a higher percentage of students from poor families, students who are English language learners, and students who qualify for special education, have more revenue to expend on a per-student basis. (Source: School district's funding distribution model)

High-Quality School Options

Background Information:

Texas has many laws, policies, and programs that support districts providing families and students with a number of high-quality public-school options, especially if a student is currently assigned by their school district to a D- or F-graded school campus.

For Measures 7 and 8:

If the district has *more than one* campus serving the same grade levels (for example, if the district has more than one elementary school):

7. If there is student enrollment capacity, students are allowed to transfer and enroll at a similar campus under a district transfer policy. (Note: The district is not required to provide transportation costs.) (Source: School district data)

- 8. If there is student enrollment capacity, and students are assigned by the district to a school graded *D* or *F*, those students are allowed to transfer and enroll under a district transfer policy. (*Note:* The district is not required to provide transportation costs.) (*Source:* School district data)
- 9. The district helps families understand their enrollment options by taking meaningful actions, including but not limited to (1) informing parents of district transfer policies, and (2) informing students in *D* or *F* schools of transfer options. (*Source:* School district data)
- 10. If there is student enrollment capacity, and students are assigned to a school graded *D* or *F*, the district has meaningfully reviewed ways to expand the capacity of higher-performing schools. (*Source:* Independent auditor judgment)
- 11. The district currently participates in, or in the last three years has applied to participate in, the Texas Education Agency’s System of Great Schools, which encourages district expansion of high-quality school options. (*Source:* School district data)
- 12. The district has partnered or is attempting to partner with a high-performing school option in a [Texas Partnership](#) if it will generate more formula funding for the district. (*Source:* Texas Education Agency)

School District Best Practices

Background Information: The Texas Legislature encourages school districts to recruit and retain effective teachers by adopting a teacher incentive pay program that includes the following criteria:

- Effective teachers are identified, in part, based on their students’ growth or academic performance;
 - Teacher are tiered based on performance so that not all teachers are rated “excellent,” and
 - Effective teachers are provided a significant increase in salary.
- 13. The school district has implemented, or is in the process of implementing, a teacher incentive pay program eligible for funding under House Bill 3 that includes the following criteria:
 - Effective teachers are identified, in part, based on their students’ growth or academic performance;
 - Teachers are tiered based on performance so that not all teachers are rated “excellent,” and
 - Effective teachers are provided a significant increase in salary.

(*Source:* Texas Education Agency)
- 14. The school district has a policy where effective principals are identified, in part, based on their students’ growth or academic performance and can earn more autonomy over the hiring and retaining of their staff and their school’s budget. (*Source:* School district data)

Background Information:

- SMART goals are:
- S—Specific
 - M—Measurable
 - A—Achievable
 - R—Realistic
 - T—Time bound

An example of a SMART goal is:

In 2020, 30 percent of third grade students were reading at grade level; by 2022, it will be 50 percent.

15. The school board is implementing or has fully implemented the Texas Education Agency's Lone Star Governance school board program that requires the adoption of SMART goals. (Source: Texas Education Agency)
 - If the school district has participated in Lone Star Governance, what are the school board's SMART goals? (Source: School district data)
16. The superintendent's employment contract includes SMART goals that require the superintendent to continuously improve student performance based on one or more measures in the Texas A-F School District Accountability System or Lone Star Governance school board program. (Source: Independent auditor judgment)
17. The superintendent's employment does not include a severance package that would result in the school district losing state funding ([TEC 11.201](#)). (Source: School district data)
18. The school district has not lost funding in the last five years for paying a superintendent a severance package that caused the district to lose state funding ([TEC 11.201](#)). (Source: Texas Education Agency)
19. Principal employment contracts include SMART goals that require the principal to continuously improve student performance based on one or more measures in the Texas A-F School District Accountability System or Lone Star Governance. (Source: Independent auditor judgment)

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