

*Finance, Adequacy, and  
Performance of Texas  
Schools*

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## Opportunities for Significant Improvements

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- Understanding that finance system broken
- Political will to improve
- Strong legislative and executive leadership
- Strong accountability system to build on

## Inherent Risks

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- **Specter of court involvement**

## Two Possible Paths

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- **Treat as school policy issue with need to integrate financing/funding**

## Key Financing/Funding Issues

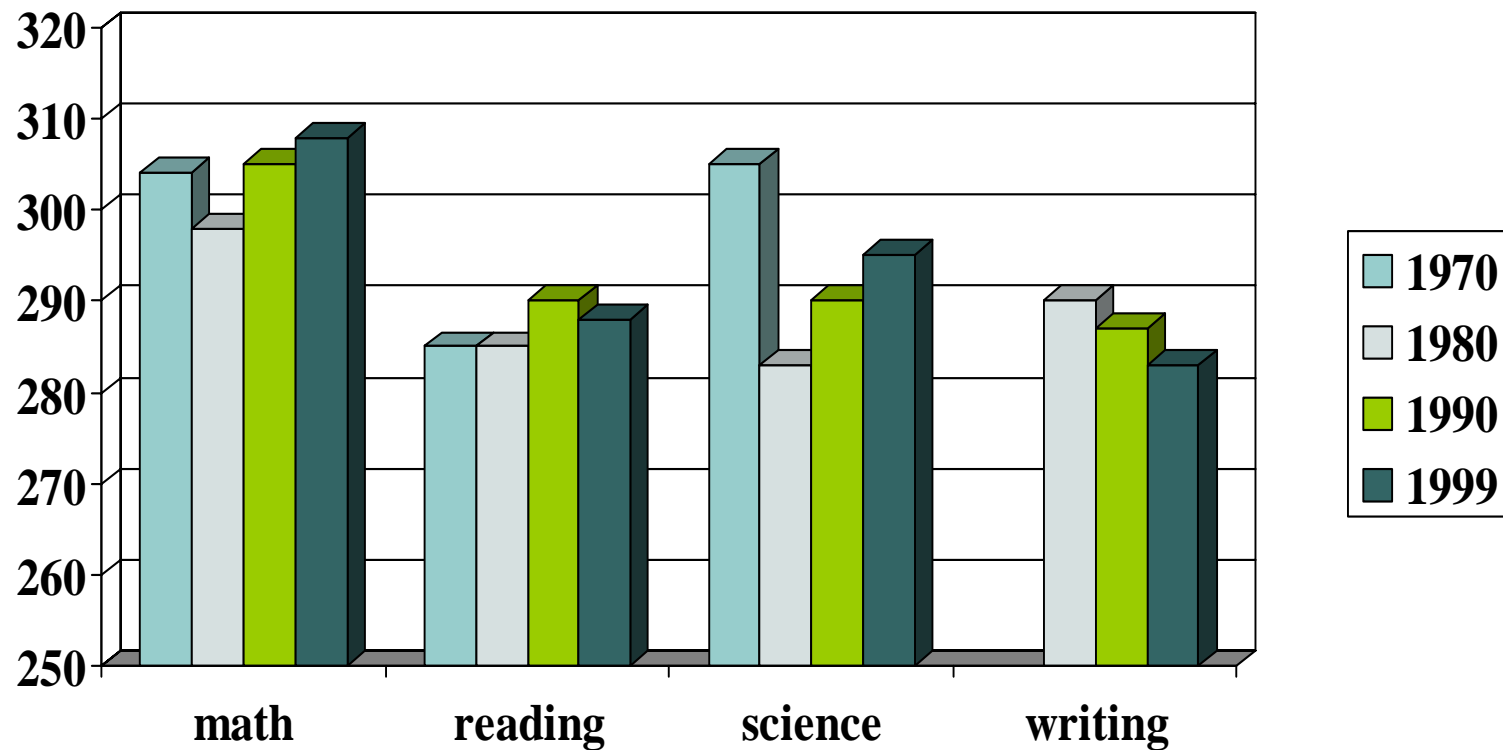
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- ***Lack of consistent relationship between spending and school quality***



# U.S. NAEP performance (17 year olds)

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## Public School Resources, 1960-2000

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	1960	1980	2000
Pupil-teacher ratio	25.8	18.7	17.3
% master's degree	24	50	56
Median experience	11	12	15
Spending/pupil	\$2,235	\$5,124	\$7,591

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- **System affects behavior and choices**
  - **Special education**
  - **Inefficiency**
  - **Local involvement**

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  - Inefficiency
  - Local involvement
- Falling public support for financing
- **Pressures of “adequacy” arguments**

# Integration with School Policy

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- **Focus is student outcomes**

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  - **Toward higher performance**
  - **Away from undesirable gaming**



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- **Provide choice options**

# An example

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- Provide clear information on school performance
  - Passing
  - Gains
- Ensure uniform and equitable base funding
- Adjust for costs without distorting incentives
- Reward proficiency and achievement growth
  - Campuses
  - Teachers
- Provide options
  - Expanded charters
  - Vouchers

## Realism About What Is Possible

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- **Scientific derivation of adequacy is NOT possible**
  - **Level of proficiency is a choice**
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# Realism About What Is Possible

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  - Level of proficiency is a choice
  - Amount of public spending is a choice
- Existing system cannot reliably indicate either spending or outcomes associated with these choices
- **Certainty about best approach currently unattainable**

# Conclusions

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- Provide appropriate incentives
- Encourage local decision making
- Evaluate what happens
- Be prepared to refine approaches