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Texas Conservative Coalition Research Institute Statement on House Bill 3

AUSTIN, TX – The Texas Conservative Coalition Research Institute (TCCRI) is pleased to support the final version of House Bill 3, which provides the most substantive reform of the school finance system in decades.

Under the leadership of Governor Abbott, Lieutenant Governor Dan Patrick, Speaker Dennis Bonnen, Chairman Larry Taylor, and Chairman Dan Huberty, the Texas Legislature has accomplished its primary goals of the 86th Legislative Session: school finance reform and property tax reform. TCCRI applauds the state's leadership for their tireless work in realizing these priorities.

A central feature of Texas's school finance system is the manner in which revenue is raised primarily through local property taxes in order to fund public schools. That feature produces issues related to recapture (i.e. "Robin Hood") and charges of inequity that result in endless litigation over the constitutionality of the system. House Bill 3 directly addresses those issues through more than \$5 billion in various forms of property tax relief. Starting in 2020, the bill reduces school district property tax rates by an average of 8 cents. That relief will increase over time as the bill creates a mechanism for ongoing school district property tax compression of 2.5% per year. These property tax cuts, combined with changes to basic per pupil funding, increase the state's share of public education funding from 38% to 45%.

Changes made to the school finance formulas in HB 3 will reduce the unpopular "Robin Hood" system by roughly \$3.6 billion (almost 50%), which lets school districts keep more of the local property tax revenue they raise for their own students. House Bill 3 also provides \$2 billion for teacher pay raises. That includes an increase to the minimum teacher salary schedule, but also includes a merit-based incentive pay program for high-performing teachers.

"Our state leaders and legislators showed their commitment to public school students, teachers, and Texas taxpayers," said TCCRI President Mia McCord. "There is no substitute for strong leadership, and I thank the Governor, Lieutenant Governor, Speaker, and our Education Chairmen for all of their hard work in bringing the school finance commission's guidance to fruition. Texas will be better for it."

Founded in 1996, The Texas Conservative Coalition Research Institute (TCCRI) is committed to shaping public policy through a principled approach to state government.