

# Texas's Inefficient System

## Constitutional and Empirical Findings on Texas School Finance

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**The constitutional claim.** The Texas school finance system fails the “efficient system” standard set by Article VII §1 of the Texas Constitution and applied by the Texas Supreme Court in *Edgewood v. Kirby* (1989) and *Morath v. Texas Taxpayer and Student Fairness Coalition* (2016). Four structural shortfalls accumulated during the decade since *Morath* fall below the suitability standard the 2016 Court articulated.

**The fiscal finding.** A campus-level regression on Texas Education Agency PEIMS data covering 1,203 districts and 8,674 campuses produces empirically derived at-risk weights that diverge substantially from the post-HB 3 (2019) tiered weights. The aggregate annual structural-soundness gap is **\$1.82 billion** statewide, with **\$2.91 billion** of aggregate underfunding among the 401 high-need districts whose empirical need exceeds the post-HB 3 statewide average weight. *The Lost Decade* (Texas AFT & Every Texan, 2022, 2024) documents a separate wage adequacy gap of approximately **\$4 billion per biennium**. The two findings measure different axes of the same constitutional crisis.

### Four documented shortfalls

- **Inadequate at-risk weights.** House Bill 72 (1984) set the TEC §48.104 compensatory weight at 0.20. House Bill 3 (2019) restructured it to a tiered 0.225 to 0.275 range keyed to census-block poverty. Adjusted for forty years of inflation, the post-HB 3 weights still do not cover actual instructional cost; empirical weights from the ARC regression run two to three times the post-HB 3 statewide average.
- **Bond-dependent facility funding.** Cleveland ISD failed four of five bonds 2019–2023 while serving 92.8% economically disadvantaged students. Ten Texas districts have passed zero non-athletic bonds across 39 attempts since 2016.
- **Charter duplication.** 118 non-HISD campuses operated by 51 different Local Education Agencies are inside Houston ISD’s boundary. Austin ISD and KIPP Austin both contracted simultaneously in November–December 2025.
- **TIA pipeline.** 46.1% of campuses in the highest economic-disadvantage quartile have zero TIA-designated teachers. House Bill 3 (2019) created TIA without the campus-type adjustment Dallas ISD added in 2020–21.

### Eight legislative actions

1. Recalibrate funding weights every five years from PEIMS data, with campus-level and student-level allotment calculation; add absenteeism, homeless, and foster-care weights.
2. Index IFA and EDA guaranteed yields to construction-cost inflation.
3. Establish a state Facility Equalization Allotment for low-wealth districts.
4. **Bond-Failed Fast-Growth Allotment:** state per-pupil facility aid for fast-growth districts whose bonds have failed.
5. Restructure SB 1882 partnership program (TEC §11.174): public posting, sunset, conflict-of-interest bar, clawback.
6. Require ISD impact assessment before charter expansion; prohibit simultaneous ISD/charter board service.
7. Restructure takeover trigger (TEC §39.107(a)) to require de novo judicial review.
8. Amend TIA (TEC §48.112): campus-type adjustment + need-profile distribution cap (1.5x).

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