

Texas's Inefficient System

A Constitutional and Empirical Brief on Frozen Weights, Bond-Dependent Facilities, and Charter Duplication

Maestro Press

April 2026 (revised v2, 2026-04-28)

§1 Executive Summary

Texas's school finance system fails the "efficient system" standard set by Article VII §1 of the Texas Constitution. The Texas Supreme Court applied that standard most recently in *Morath v. Texas Taxpayer and Student Fairness Coalition* (2016, No. 14-0776). Mike Morath, the named defendant, was sworn in as Texas Education Agency Commissioner on January 4, 2016, four months before the May 13, 2016 ruling. His current term expires June 30, 2026, ten years after he took office. The system over which he has presided since January 2016 has accumulated four structural shortfalls. The *Morath* ruling did not reach any of the four. Each is now ripe for constitutional challenge under the suitability standard the 2016 Court articulated.

First, the at-risk weights in the Foundation School Program were set at 0.20 for economically disadvantaged students and 0.10 for bilingual and English Language Learner students by House Bill 72 (1984). House Bill 3 (2019) restructured the compensatory weight in TEC §48.104 to a tiered range of 0.225 to 0.275 keyed to census-block poverty, and added a 0.05 dual-language supplement to the bilingual allotment in §48.105. A campus-level regression on Public Education Information Management System (PEIMS) data covering 1,203 districts and 8,674 campuses produces empirically derived weights that diverge substantially from the post-HB 3 tiered weights. The aggregate annual gap between empirically required and statutorily delivered funding is **\$1.82 billion** statewide, with **\$2.91 billion** of aggregate underfunding among the 401 districts where regression-derived weights exceed the post-HB 3 effective tiered weights at the statewide average of 0.25. The regression specification, called the At-Risk Coefficient (ARC), is replicable. The full methodology and dataset are documented in the report at maestro.press/blog/research.

Second, capital facility funding remains contingent on local bond passage. Cleveland ISD's enrollment grew 40.8% between 2020 and 2024 and its at-risk share rose from 66% to 83.4% (Texas Education Agency, PEIMS Enrollment Data, 2020-2025). Cleveland voters rejected three bonds between 2021 and 2023 with approval ranging from 38% to 43%. Forney, Princeton, Liberty Hill, and Hutto, four fast-growth districts with comparable demographic acceleration, secured bond authorizations during the same period. The constitutional question is whether facility adequacy that depends on local

political consent can satisfy *Morath's* financial efficiency standard.

Third, charter authorization has produced duplicate provisioning across the same service areas. Austin ISD voted to close ten campuses on November 21, 2025. KIPP Texas announced the closure of five Austin campuses one month later (Austin ISD Board Minutes, November 21, 2025). KIPP Austin enrollment declined 16.6% between 2020-21 and 2024-25, from 5,445 to 4,997 students. IDEA Austin grew 22% over the same period, from 7,660 to 9,342 students. Two systems contracted in the same metro while the state continued to fund both administrative footprints (Texas Education Agency, PIR #26-210, 2026). A third parallel funding system, school vouchers under the Texas Education Freedom Account program (TEFA), was enacted by the 89th Legislature in 2025. The voucher program operates outside both the ISD and charter accountability frameworks.

Fourth, the Teacher Incentive Allotment under TEC §48.112 has institutionalized a compensation model whose design flaw the originating district acknowledged after the law was enacted. House Bill 3 (2019) created TIA from the Dallas ISD Teacher Excellence Initiative without including the campus-type adjustment Dallas implemented in 2020-21 to correct the equity gap between selective-enrollment and comprehensive neighborhood campuses. The statewide TIA program leaves 46.1% of campuses in the highest economic-disadvantage quartile with zero TIA-designated teachers (Texas Education Agency, 2024).

Texas AFT and Every Texan documented the wage adequacy crisis in *The Lost Decade* (2022) and *The Lost Decade and a Half* (2024). The 2024 update finds a 9% real-wage decline since 2009 and a \$9,000 gap between Texas teacher salaries and the national peer average. The wage analysis measures Texas school finance running approximately \$4 billion per biennium below a CPI-adjusted basic-allotment benchmark on the wage adequacy axis. This brief documents a separate constitutional shortfall on the structural soundness axis. A \$1.82 billion annual structural-soundness gap operates alongside the wage adequacy gap. The two findings describe the same crisis from different empirical angles under the Commissioner who has held the office for the entire interval since *Morath* was decided.

The brief recommends six legislative actions to bring the system into compliance with the *Edgewood/Morath* standard. Commission an updated Accountable Costs study using ARC's regression methodology to derive empirically grounded compensatory and bilingual education weights from current PEIMS data. Recalibrate funding weights on a regular cycle, at minimum every five years, with grade-level differentiation derived from the three-bucket ARC model. Index the Instructional Facilities Allotment and Existing Debt Allotment guaranteed yields to construction-cost inflation. Require an ISD impact assessment under 19 TAC 100.1035 before the Texas Education Agency approves new charter campuses in existing service areas. Prohibit simultaneous service on ISD and charter governing boards in overlapping service areas. Amend the Teacher Incentive Allotment to include a campus-type adjustment that distinguishes selective-enrollment campuses from comprehensive neighborhood schools.

§2 The Constitutional Standard: *Edgewood* and *Morath*

Article VII §1 of the Texas Constitution requires the legislature to establish “an efficient system of public free schools” so that “a general diffusion of knowledge” can be secured among the people. The provision dates to 1876 and has been interpreted only through litigation. The Texas Supreme Court has issued four major rulings under §1 in the *Edgewood* line (1989, 1991, 1992, 1995) and one in the *Morath* line (2016). The doctrine those rulings produced is the operative meaning of “efficient system” today.

Edgewood v. Kirby (1989, 777 S.W.2d 391), authored for a unanimous Court by Justice Oscar Mauzy, struck down the Texas school finance formula. The Court found that the wealthiest district in Texas held over \$14 million in taxable property per student while the poorest held approximately \$20,000 per student, a ratio of 700 to 1 (*Edgewood v. Kirby*, 1989). The 300,000 students in the lowest-wealth schools had access to less than 3% of the state's property wealth while the 300,000 in the highest-wealth schools had access to over 25%. Equal tax effort by property-poor districts could not produce equal access to revenue under that disparity. The legislature was ordered to remedy the disparity. The 1989 ruling produced a sequence of legislative responses and follow-on cases that culminated in *Edgewood IV* (1995, 917 S.W.2d 717), which upheld Senate Bill 7's recapture provisions. The ruling did not foreclose future challenges. It established that the constitutional floor is not static.

Morath v. Texas Taxpayer and Student Fairness Coalition (2016, No. 14-0776, 490 S.W.3d 826), authored by Justice Don Willett, upheld the post-2011 finance system as constitutional and issued a widely cited warning. Justice Willett wrote in conclusion that the Court hoped "lawmakers will seize this urgent challenge and upend an ossified regime ill-suited for 21st century Texas" (*Morath v. Texas Taxpayer & Student Fairness Coalition*, 2016). Justice Willett identified three operative standards under "efficient system." Adequacy is output-based and asks whether the system produces a general diffusion of knowledge as required by §1. Financial efficiency is input-based and requires substantially equal access to revenue from substantially equal tax effort. Structural suitability asks whether the system holds together as a coherent design rather than as an assemblage of mechanisms whose interactions the State has not analyzed. The Court upheld the post-2011 finance system against all three standards in 2016.

Structural suitability is the standard most central to this brief. Frozen at-risk weights produce a need-funding misalignment that compounds across district budgets. Capital access asymmetries from the bond mechanism cannot be remedied by any individual district. Charter authorization has produced regulatory mechanisms whose downstream consequences the State did not analyze when it issued the authorizations. Each is a structural soundness problem before it is an adequacy or financial efficiency problem. The *Edgewood*-extension argument the brief develops in the sections that follow attaches most directly to the suitability standard.

Mike Morath became the named defendant in *Morath* by operation of his statutory role. He had been sworn in as Texas Education Agency Commissioner on January 4, 2016. The Texas Supreme Court issued the ruling on May 13, 2016. The decision's "ossified" language was therefore not a verdict on Morath's tenure. Ten years later, the system has accumulated specific structural inefficiencies the 2016 Court did not address. The at-risk weight framework, anchored at HB 72 (1984) and modified only nominally by HB 3 (2019), has not been recalibrated against actual cost during Morath's tenure. The bond-dependent facility funding mechanism predates Morath. The charter duplication dynamic predates Morath but accelerated during his tenure. The Teacher Incentive Allotment was created during his tenure under House Bill 3 (2019). None of these conditions has been remedied during his decade as Commissioner. His current term expires June 30, 2026.

This brief identifies three present conditions of the Texas school finance system that fall below the *Morath* "efficient system" floor. None has been litigated in the *Edgewood/Morath* line. The brief is a research foundation. Its findings are addressed to constitutional litigators, legislative drafters, and coalition advocates who will formulate the political and legal responses the *Morath* Court anticipated.

§3 The \$1.82 Billion Gap: ARC Findings

The Foundation School Program directs supplemental funding to economically disadvantaged students under TEC §48.104 and to bilingual and English Language Learner students under §48.105. House Bill 72 (68th Legislature, 1984) set the compensatory weight at 0.20 and the bilingual weight at 0.10. Section 16.151 of HB 72 mandated a State Board of Education cost study to determine whether the weights were adequate. The 1986 Accountable Costs Advisory Committee, overseen by Deputy Commissioner Lynn M. Moak, completed that study. The committee found the 0.20 weight roughly adequate for the at-risk population as defined in 1984 and recommended raising the bilingual weight from 0.10 to 0.26. The Legislature never enacted the bilingual increase. House Bill 3 (2019) restructured the compensatory weight in §48.104 to a tiered 0.225 to 0.275 range keyed to census-block poverty, a nominal increase of 12 to 37 percent above the 1984 baseline. HB 3 also added a 0.05 dual-language supplement to the bilingual allotment in §48.105, raising the effective weight to 0.15 for emergent bilingual students in dual-language immersion programs; the baseline 0.10 weight in §48.105 is unchanged. Adjusted for forty years of inflation and for the broader at-risk population today's reporting framework recognizes, the post-HB 3 weights still do not cover the actual cost of educating the populations they were calibrated against.

The at-risk definition has changed substantially during those four decades. The 1984 framework counted a narrower population than today's fifteen criteria under TEC §29.081(d). Homelessness, foster care, chronic absenteeism, and pregnancy or parenting are not factors the 1984 study examined. The Texas Education Agency now reports ten distinct campus-level risk factor populations under PEIMS. The student need profile measured by today's reporting framework is not the population the statutory weights, original or post-HB 3, were calibrated against.

The At-Risk Coefficient (ARC) is a campus-level regression model that estimates empirically derived weights for each risk factor under the contemporary §29.081 framework. ARC uses Ordinary Least Squares regression with chronic absenteeism (the proportion of students missing 10% or more of enrolled school days) as the dependent variable and eight risk factor population proportions as predictors. The 2023-24 PEIMS dataset covers 1,203 districts and 8,674 campuses, of which 7,768 are traditional ISD campuses and 906 are open-enrollment charter campuses (Texas Education Agency, 2024). Three separate regressions are estimated by school level. The elementary model ($N = 4,594$) achieves $R^2 = 0.40$ with economic disadvantage as the dominant predictor. Middle school ($N = 1,664$) reaches the highest fit at $R^2 = 0.46$. High school ($N = 1,565$) is lowest at $R^2 = 0.32$. Validation against unmasked Austin ISD Student Information System data (108 campuses, 2024-25, 0% FERPA masking) produces $R^2 = 0.73, 0.74,$ and 0.89 at the same three school levels. FERPA suppression accounts for the gap between statewide and unmasked model performance.

The dominant risk factors differ by school level. At elementary, economic disadvantage drives chronic absenteeism ($\beta = 0.40$). Middle school is co-dominated by discipline placements (DAEP under TEC §37.006) and academic underperformance ($\beta = 0.33$ and $\beta = 0.34$). Academic underperformance alone is the largest single predictor at high school ($\beta = 0.45$). A flat statutory weight applied uniformly across all three school levels cannot reflect these differences.

The empirically derived weights diverge substantially from the post-HB 3 tiered weights. The highest-need districts require empirical weights two to three times the post-HB 3 statewide average. The aggregate annual gap between empirically required and statutorily delivered funding is **\$1.82 billion** statewide, summed across all 1,192 districts with non-null funding data and computed against the post-HB 3 effective tiered weights at the statewide average of 0.25. Restricted to the 401 districts where regression-derived weights exceed the post-HB 3 statewide average, the aggregate underfunding totals **\$2.91 billion**. Three hundred fifty-nine of those 401 districts have

regression-derived weights above 0.275, the top of the post-HB 3 tier range; their need exceeds anything the current statutory framework can deliver.

Three equity indicators describe the distribution of that gap. Spearman's rho between district ARC score and per-pupil funding is -0.24 ($p < 0.001$, $n = 1,192$ districts), which means higher-need districts receive lower per-pupil funding. The Concentration Index is 0.27, which indicates that funding pools among lower-need districts. The Kakwani Index is 0.09, which means the funding distribution is more unequal than the underlying need distribution itself (Texas Education Agency, 2024). All three indicators point in the same direction. The frozen weights produce a system in which districts with greater student need receive systematically lower per-pupil funding.

A campus-level example illustrates the weight gap. Martin Middle School in Austin ISD (enrollment 240) and Rick Schneider Middle School in Pasadena ISD (enrollment 517) both report 92.5% economically disadvantaged students for 2023-24 (Texas Education Agency, 2024). Under TEC §48.104's post-HB 3 tier structure, both campuses generate the same per-student compensatory allotment because both serve student populations classified within similar census-block poverty tiers. The flat statutory weight cannot reflect the underlying need difference between the two campuses. Martin reports 20.0% chronic absenteeism, 60.0% academic underperformance, and 9.17% DAEP discipline. Schneider reports 6.9%, 24.0%, and 6.19% on the same factors. Austin ISD unmasked Student Information System data records 10% homelessness at Martin in 2024-25 (Austin ISD, 2025); Martin houses the Salvation Army Women and Children's Shelter. The three-bucket ARC middle school model assigns Martin a recalibrated score of 44.69 and Schneider a score of 34.25. The two campuses receive identical compensatory funding under the frozen weight despite a 30% ARC gap between them.

The 1986 Accountable Costs committee established the precedent that empirical evidence should drive compensatory weight calibration. The data presented here provides the measurement framework that the next cost study requires. Determining the dollar cost of mitigating each risk factor requires a legislative cost study, the approach the 1986 committee recommended and the requirement that HB 3 (2019) eventually removed from statute. The ARC model identifies where the need is greatest and quantifies how much it varies across districts, campuses, and student populations. The post-HB 3 weights underfund the regression-derived allotment by **\$1.82 billion** annually statewide, with **\$2.91 billion** of aggregate underfunding among the 401 districts whose empirical need exceeds the post-HB 3 statewide average weight.

§3.5 The TIA Pipeline: Dallas TEI to Statewide

The Teacher Incentive Allotment (TIA) under TEC §48.112 is the largest performance-based pay program in Texas. House Bill 3 (2019) created TIA and authorized districts and open-enrollment charters to operate Local Designation Systems that classify teachers as Recognized (\$3,000 to \$9,000 per teacher), Exemplary (\$6,000 to \$18,000), or Master (\$12,000 to \$32,000). The amounts vary by a campus socioeconomic tier multiplier ranging from 1.0x to 2.5x. As of 2024-25, 4,803 campuses operate under approved Local Designation Systems and an additional 2,550 have accepted applications (Texas Education Agency, 2024). Of the 2,168 campuses in the highest economic-disadvantage quartile (Q4), 46.1% have zero TIA-designated teachers. The high-need campuses TIA was designed to help are systematically the campuses where TIA delivers the lowest per-teacher funding.

TIA's design originated in the Dallas ISD Teacher Excellence Initiative (TEI). The Dallas ISD Board of Trustees approved TEI on August 23, 2012, under Superintendent Mike Miles. Mike Morath served as a Dallas ISD trustee from May 2011 to January 2016 and was a sitting trustee at the time

of the TEI vote. TEI evaluated teachers on classroom observations (50%), STAAR-based student achievement (35%), and student experience surveys (15%) (Texas Commission on Public School Finance, 2018). The composite scores determined performance ratings and salary supplements. Teacher turnover at Dallas ISD rose from 12% to 22% during Miles's three-year tenure, the highest on record for the district (WFAA / Texas Tribune, 2023).

Governor Greg Abbott appointed Morath Texas Education Agency Commissioner on December 14, 2015, citing the performance-based pay work at Dallas ISD (Office of the Governor, December 14, 2015). Morath was sworn in January 4, 2016. Todd Williams, founder and unpaid CEO of the Commit Partnership, served on the Texas Commission on Public School Finance (2017-18) and chaired its Outcomes Committee. The Outcomes Committee recommended \$100 million to \$1 billion per year for districts developing teacher evaluation metrics tied to performance pay, "explicitly modeled on Dallas ISD's TEI/ACE approach" (Commit Partnership, Todd Williams Letter, 2018). Governor Abbott signed House Bill 3 on June 11, 2019. The \$11.6 billion bill created TIA under §48.112. Dallas ISD's TEI qualified for TIA Cohort A with zero modifications and received \$28 million in first-year TIA funding (Dallas ISD Hub, August 26, 2020).

The state law was enacted before the originating district acknowledged the equity flaw the program contained. In March 2019, three months before HB 3 was signed, Dallas ISD classroom teacher and Alliance-AFT Executive Board member Kristen DeRocha filed a Public Information Request that documented a salary gap between selective-enrollment and comprehensive neighborhood campuses (DeRocha, 2019). The salary gap grew from \$2,394 in 2016-17 to \$11,500 by 2019-20. Choice campuses averaged 55.3% economically disadvantaged students; comprehensive campuses averaged 82.1%. The ratio of "Distinguished" ratings was 31:1 at choice campuses and 71:1 at comprehensive campuses by 2018-19. In February 2020, Dallas ISD announced separate targeted distributions for Choice and Comprehensive campuses beginning in 2020-21 (Dallas ISD Hub, August 26, 2020). The structural fix separated the bell curve into campus-type pools so that comprehensive teachers competed against other comprehensive teachers. The same correction was never made at the state level. The statewide TIA program retains the original TEI design without the equity correction.

The pipeline extended beyond compensation policy. Morath's TEA opened a Special Accreditation Investigation into Houston Independent School District in January 2019. The Texas Supreme Court sided with TEA in January 2023, and Morath appointed Mike Miles as HISD superintendent on June 1, 2023. Within one year, 4,700 of 11,000 HISD teachers (approximately 43%) left the district (ABC13 / Click2Houston, 2024). Two-thirds of mid-year departures came from Miles's New Education System turnaround campuses (Houston Public Media, 2023). In October 2025, Morath ordered a state takeover of Fort Worth ISD under TEC Chapter 39A and deployed Miles's ACE program at six schools at \$100,000 teacher salaries (Fort Worth Report, 2026). Three of the five largest Texas districts now operate the same intervention playbook deployed by the same network of individuals.

Commit Partnership revenue grew from \$3.6 million in 2017 to \$34 million in 2024 (ProPublica, Nonprofit Explorer, EIN 80-0790222). Miguel Solis, former Dallas ISD trustee and former chief of staff to Miles, became Commit's president at \$218,000 annual salary. The Texas Impact Network, run jointly by Commit and Educate Texas, provides TIA implementation support across 16 of 20 Education Service Center regions. The individuals who designed TEI in 2012 now manage its statewide implementation under the name TIA. Under the *Morath* suitability standard, a program that systematically advantages already-advantaged campuses raises structural soundness concerns about the school finance system as a whole.

§4 Bond-Dependent Facility Funding: The Cleveland Case

Texas school districts fund construction and renovation almost exclusively through general obligation bonds that require voter approval. A district board of trustees places a proposition on the ballot specifying the dollar amount and intended use. If voters approve, the district issues bonds and levies an interest-and-sinking tax to service the debt. If voters reject, the district cannot proceed with the planned construction. The mechanism dates to the original Foundation School Program structure and was reaffirmed by Senate Bill 1 (75th Legislature, 1997) when the Instructional Facilities Allotment was created with a guaranteed yield of \$35 per ADA per penny of tax effort. The yield has not been adjusted since 1999. The Existing Debt Allotment guaranteed yield of \$40 per ADA per penny was last adjusted in 2017.

Cleveland ISD operates inside one of the fastest-growing demographic regions in the state. Enrollment grew 40.8% between 2020 and 2024 (Texas Education Agency, PEIMS Enrollment Data, 2020-2025). The district serves 92.8% economically disadvantaged students and 62.6% English Language Learners. Cleveland voters rejected three bond propositions between 2021 and 2023 with approval ranging from 38% to 43%. A fourth bond was halted before the May 2025 election. Across the four-year window, Cleveland ISD secured only \$198 million of the \$838 million it placed before voters.

The most extreme failure mode of the bond mechanism is total exclusion. Ten Texas districts attempted 39 non-athletic bond propositions between 2016 and 2025 and passed zero. Harts Bluff ISD in Titus County failed six. Bridgeport ISD in Wise County failed six. Tarkington ISD in Liberty County failed four. Six of the ten locked-out districts are in Education Service Center Regions 11 and 12, the Fort Worth-Waco exurban growth belt (Texas Bond Review Board, 2024). Five of the eight counties containing locked-out districts have zero charter school operators. The state's charter expansion strategy has not reached most of the districts where the bond mechanism has wholly failed.

The bond-dependent facility funding mechanism produces disparate outcomes when district demographics diverge. Four fast-growth comparator districts (Forney ISD, Princeton ISD, Liberty Hill ISD, and Hutto ISD) passed 22 of 22 non-athletic bond propositions during the same window Cleveland failed four of five (Texas Bond Review Board, 2024). The four comparators range from 30% to 65% economically disadvantaged with English Language Learner rates below 20% (Texas Education Agency, 2024). Cleveland serves 92.8% economically disadvantaged students with 62.6% English Language Learners. The differentiating variable is demographic. The four comparators averaged \$755 million in capital authorization per district. Cleveland's voter-rejection rate produced an average authorization of \$40 million across its three failed bond cycles. The state's role in this asymmetry is the absence of a backstop. The 1986 Accountable Costs Advisory Committee recommended that the state assume responsibility for equalized construction funding. The Legislature did not enact that recommendation. The IFA and EDA were created instead, with guaranteed yields that have remained frozen for 25 and 8 years respectively. Cleveland's 2023-24 IFA allotment was \$117 per ADA, down from \$503 per ADA in 2020-21 (Texas Education Agency, 2024). The state subsidy fell as the local need rose.

Statewide, 738 bond propositions have failed since 2016 (Texas Bond Review Board, 2024). The mechanism fails most often in districts with the highest at-risk concentrations and the fastest demographic acceleration. Houston ISD presents the bond-mechanism failure at scale. Commissioner Mike Morath appointed Mike Miles as Houston ISD superintendent on June 1, 2023. Miles proposed a \$4.4 billion bond in November 2024. Voters rejected the bond on November 5, 2024 with 58% opposed, the first Texas bond exceeding \$1 billion to fail (Houston Chronicle, 2024). Voter trust in the mechanism collapses when state-appointed leadership replaces local governance.

Charter operators face no parallel constraint. ILTexas received Texas Education Agency approval for three new campuses in Liberty County in 2021 with no voter approval, no community comment period beyond a three-day public comment window, and no requirement to coordinate with Cleveland ISD's facility planning. ILTexas operates five campuses with approximately 3,077 students inside Cleveland ISD's geographic boundary. Its instructional per-pupil expenditure is \$5,683 (Texas Education Agency, 2024). It generates zero local tax revenue. The state directly funds ILTexas's facility expansion through per-pupil allotments and through the Charter School Finance Corporation revenue bond program, both mechanisms requiring no voter approval. The same state agency that operated Cleveland ISD's bond mechanism authorized ILTexas's parallel facility expansion across the same geographic footprint.

Under the *Morath* suitability standard, a system that lets the state authorize charter facility expansion in a district whose own facility capacity it has constrained falls below the constitutional floor. The mechanism asymmetry produces capital access disparities the affected districts cannot remedy. Whether facility adequacy that depends on local political consent satisfies the *Edgewood/Morath* efficiency standard when the state operates a parallel charter facility-funding mechanism is the constitutional question §6 Recommendation 3 addresses.

§5 Charter/ISD Duplication: Austin, Cleveland, and the Houston Scale Problem

The market-competition theory that underwrites Texas charter authorization assumes that charter growth and ISD enrollment loss operate as a zero-sum transfer in which failing schools close and successful schools expand. The Austin metropolitan area between 2020 and 2025 contradicts this prediction from both directions.

Austin ISD enrollment declined from 75,400 students in 2020-21 to 72,800 in 2023-24 (Texas Education Agency, 2024). KIPP Texas Austin enrollment declined 16.6% over the same period, from 5,445 to 4,997 students. IDEA Austin enrollment grew 22% over the same period, from 7,660 to 9,342 students. Austin ISD and KIPP Austin both contracted while operating inside the same labor and student markets. IDEA expanded by opening six new Austin campuses between 2020 and 2024, each of which generated its own per-pupil state allotment.

The contraction culminated in November and December 2025. The Austin ISD Board of Trustees voted on November 21, 2025 to close ten campuses at the end of the 2025-26 school year (Martin Middle School, Bedichek Middle School, Dawson Elementary, Odom Elementary, Oak Springs Elementary, Palm Elementary, Barrington Elementary, Widen Elementary, Winn Montessori Elementary, and Sunset Valley Elementary). The closures save \$21.5 million annually and displace 3,796 students from 6,319 empty seats (Austin ISD Board Minutes, November 21, 2025). One month later, KIPP Texas announced the closure of five Austin campuses (Brave High School, Beacon Prep Middle School, Obras Primary, Academy of Arts and Letters Middle School, and Alegria Primary).

The two contractions share structural drivers. Travis County birth rates have fallen, urban housing costs have displaced families with school-age children, and the kindergarten capture rate is approximately 45% (Austin ISD, 2024). The market-competition theory predicts that under such pressure, the more efficient operator captures the contracting student population. Austin produced the opposite result. Both the ISD and one of its charter competitors contracted simultaneously while the state continued to fund both administrative footprints, both governance structures, and both transportation and facility networks.

Charter contraction operates on different financial terms than ISD contraction. Austin ISD carries \$3.49 billion in outstanding voter-approved bond debt secured by interest-and-sinking property

taxes (Austin ISD, 2024). When the district closes a school, the bond obligations remain. Taxpayers continue servicing debt on empty buildings under TEC Chapter 45 restrictions. KIPP Texas closed its five Austin campuses with no residual fiscal obligation to Austin-area taxpayers because charter operators carry no long-term facility debt secured by public elections. The asymmetry is structural. KIPP invested \$139.6 million across four Austin facility sites (Austin Ridge, South Campus, North Campus, Met Center) with zero revenue bonds and zero voter approval, adding 9,244 seats (KIPP Texas, PIR #9 Response, 2026). Austin ISD's \$1.05 billion 2017 bond package passed with 72% voter support. Its \$2.44 billion 2022 package passed with 60% voter support. Both required only a simple majority for approval. KIPP required no votes for any portion of its \$139.6 million investment.

Demographic sorting operates inside the duplication. A same-ZIP-code comparison across the seven Austin ZIP codes that contain both Austin ISD and major charter campuses (KIPP, IDEA, Harmony) shows comparable at-risk and economically disadvantaged rates between sectors but a 7.6 percentage-point gap in special education enrollment. Austin ISD campuses in shared ZIP codes serve 19.2% special education students. Charter campuses in the same ZIP codes serve 11.6% (Texas Education Agency, 2024; NCES Common Core of Data, 2023-24). Bifulco and Reback (2014) found that when charter schools draw disproportionately from the non-special-education population, the per-pupil cost of service rises in the ISD even as enrollment revenue declines. The Austin same-ZIP-code data confirms the pattern in Texas.

The duplication problem operates at greater scale in Houston. An April 2026 intersection of National Center for Education Statistics EDGE 2024-25 public-school point geocodes with the Houston ISD geographic boundary identifies 118 non-HISD campuses operating inside the District's boundaries, across 51 distinct operating Local Education Agencies (Hopper, 2026). KIPP Texas operates 24 of these 118 campuses. YES Prep operates 12. Harmony operates 3. The remainder are distributed across 47 additional operators including Houston Gateway Academy, Varnett School, Ripley House, IDEA Hardy, and ILTexas Houston Orem. The 118 non-HISD campuses represent approximately 30% of total public-school options inside Houston ISD's geographic footprint. Each charter campus required a discretionary state authorization. The 2023 takeover narrative against HISD's elected board did not address the regulatory environment the State itself had constructed inside the District's boundaries.

Under the *Morath* suitability standard, the duplication mechanism operates outside any system-level analysis of structural soundness. The State authorizes charter campuses inside ISD service areas. The State funds both administrative footprints when both contract. The State permits charter exit without facility debt obligations. The State has not constructed any framework for analyzing the cumulative effect of these authorizations on the ISDs whose service areas they enter. The mechanism produces a structural floor problem before it produces an adequacy or financial efficiency problem.

§6 Policy Recommendations

The Texas Education Code provides the statutory infrastructure for each recommendation below. Each recommendation maps to one or more of the three *Morath* standards. Together they remediate the structural soundness shortfalls documented in §3 through §5.

First, funding weights should be recalibrated on a regular cycle from PEIMS data. The three-bucket ARC model demonstrates that at-risk weights stable enough for statutory codification can be derived each biennium. Five-year recalibration is the minimum interval that prevents the kind of systemic ossification the *Morath* Court identified. PEIMS data also supports campus-level and student-level allotment calculation, allowing funding to scale with the cumulative risk profile of the population each campus actually serves rather than with a flat district-wide multiplier. The recalibration

should add separate program-area weights at empirically derived rates for chronic absenteeism, homelessness, and foster-care status, which TEC §48.104 currently does not recognize.

Second, the Legislature should index the Instructional Facilities Allotment guaranteed yield (\$35 per ADA per penny, frozen since 1999) and the Existing Debt Allotment guaranteed yield (\$40 per ADA per penny, last adjusted 2017) to construction-cost inflation. The 1986 Accountable Costs committee recommended that the state assume direct responsibility for equalized construction funding. The Legislature created IFA and EDA instead. The frozen guaranteed yields have produced facility-funding access disparities that the bond election mechanism amplifies rather than corrects. Indexing the yields restores the equalized state contribution principle that the 1986 committee identified as the constitutional remedy.

Third, the Legislature should establish a state Facility Equalization Allotment that provides matching aid for ISD bond-funded construction at districts with taxable property wealth below a per-pupil threshold (e.g., \$300,000 per WADA). Texas is one of a handful of states without direct state funding for school facility construction. The allotment can be funded from the Permanent School Fund's investment income or from the recapture pool. The mechanism reaches the wealth-disparity case where districts pass bonds but local property wealth cannot fully fund the required construction.

Fourth, the Legislature should establish a Bond-Failed Fast-Growth Allotment that provides state per-pupil facilities aid for districts that meet two conditions. TEA fast-growth designation, and at least one failed bond election within the preceding five years. The allotment is indexed to current construction cost and paid from General Revenue or a dedicated facilities trust fund. Cleveland ISD failed four of five bonds 2019-2023 while serving 92.8% economically disadvantaged students and growing 40.8% in enrollment. Statewide, 738 bond propositions failed since 2016. The trigger-allotment preserves local bond authority while ensuring that systematic local rejection in a growing district does not foreclose the state's Article VII §1 obligation to maintain a structurally sound system. The recommendation operates as the backstop for the case the existing IFA, EDA, and Facility Equalization Allotment do not reach. Facilities need without a passed bond.

Fifth, the Legislature should restructure the Senate Bill 1882 partnership program codified in TEC §11.174. The reform requires public posting of all proposed performance contracts with no less than 60 days' public comment before approval, operator-pool transparency including TEA's complete approval rubric and the list of operators TEA has rejected with stated reasons, a sunset clause terminating performance contracts automatically after three years unless renewed by elected board vote rather than TEA fiat, a bar on partnerships at campuses where the operator's principals or their immediate family hold financial interests in the district's vendors or related entities, and a clawback provision recovering excess state funding from operators who underperform their contract goals. The Austin ISD Board of Trustees voted on March 27, 2026 to hand Dobie, Webb, and Burnet middle schools to the Texas Council for International Studies under SB 1882. The publicly stated rationale, as reported by KUT on the day of the vote, was that the move "avoids a potential fifth failing accountability rating that could trigger a district takeover from the state" (KUT, March 27, 2026). The current §11.174 framework permits this rationale to drive the decision without external review.

Sixth, charter expansion under 19 Texas Administrative Code §100.1035 should require an Independent School District impact assessment before TEA approves new charter campuses in existing service areas, and the Legislature should prohibit simultaneous service on Independent School District and open-enrollment charter governing boards in overlapping service areas. The current §100.1035 evaluates only the charter applicant's own performance. It contains no requirement

to analyze the fiscal, enrollment, or facilities impact on the ISDs whose service areas the charter will enter. TEC §12.1101 requires notification to ISDs but provides no consultation period and no comment mechanism. The simultaneous-service prohibition addresses the conflict between a trustee's fiduciary duty to the ISD and the institutional interests of charter networks drawing enrollment from the same district. Together the two reforms close the regulatory gap that allowed 118 non-HISD campuses operated by 51 different Local Education Agencies to be authorized inside Houston ISD's boundary.

Seventh, the Legislature should restructure the takeover trigger in TEC §39.107(a) to require de novo judicial review within 30 days of any takeover order issued by the Commissioner of Education. The reform places the burden of proof on the State to demonstrate that takeover is the least restrictive remedy available. The reform requires the Commissioner to make written findings on the State's own contribution, through prior charter authorizations, prior accountability methodology decisions, and other state actions, to the conditions cited as the basis for takeover. The current §39.107(a) delegates the discretionary judgment of whether takeover is warranted entirely to the Commissioner, with no procedural backstop. Houston Independent School District's June 2023 takeover proceeded under this framework and produced the manufactured-consent dynamic the AISD March 27 vote replicated.

Eighth, the Teacher Incentive Allotment under TEC §48.112 should be amended to include a campus-type adjustment that distinguishes selective-enrollment campuses from comprehensive neighborhood schools, and to restrict TIA distribution by district need profile so that no district may receive more than 1.5 times its proportional share of TIA allotments, where proportional share is computed by district enrollment weighted by ARC student-need score. The Dallas Independent School District implemented the campus-type adjustment in the 2020-21 school year after DeRocha's (2019) Public Information Request documented the original equity gap. The statewide TIA program does not include the correction. ARC quartile analysis shows that 46.1% of campuses in the highest economic-disadvantage quartile have zero TIA-designated teachers (Texas Education Agency, 2024). The distribution cap addresses the broader pattern under which TIA allotments concentrate in already-advantaged districts.

These recommendations operate together. Recommendation 1 addresses the frozen weights problem documented in §3. Recommendations 2, 3, and 4 address the bond-dependent facility funding problem documented in §4, with Recommendation 4 specifically addressing the structural failure mode where bonds repeatedly fail in growing districts. Recommendations 5 and 6 address the charter duplication and authorization problems documented in §5. Recommendation 7 addresses the accountability-takeover dynamic that underlies the AISD March 27 vote and the prior HISD takeover. Recommendation 8 addresses the TIA pipeline documented in §3.5. None of the recommendations is sufficient alone. Together they bring the system into alignment with the *Edgewood/Morath* structural soundness standard.

§7 Building on the Lost Decade

Texas AFT and Every Texan documented the wage adequacy crisis in *The Lost Decade* (2022) and updated the analysis in *The Lost Decade and a Half* (2024). The 2022 study found that Texas teacher wages had fallen 4% since the 2009-2010 school year while the basic allotment had not been indexed to inflation. The 2024 update found a 9% real-wage decline and a \$9,000 average gap between Texas teacher salaries and the national peer average. Had the basic allotment been adjusted to the Bureau of Labor Statistics Consumer Price Index since 2019, it would have stood at \$7,075 per student in the 2024-25 school year. Texas school finance is approximately \$4 billion

per biennium below that benchmark on the wage adequacy axis alone (Texas AFT & Every Texan, 2022, 2024).

This brief documents a separate constitutional shortfall on the structural soundness axis. The post-HB 3 weights underfund the regression-derived allotment by **\$1.82 billion** annually statewide, with **\$2.91 billion** of aggregate underfunding concentrated in the 401 districts whose empirical need exceeds the post-HB 3 statewide average weight. The two findings describe the same crisis from different empirical angles. *Lost Decade* addresses what teachers are paid relative to the peer market. This brief addresses how the system is structured relative to the *Edgewood/Morath* constitutional standard.

The two empirical findings measure different axes of the same constitutional crisis and use different denominators. *Lost Decade* measures Texas school finance against a CPI-adjusted basic-allotment benchmark across two-year budget cycles. This brief measures the structural-soundness gap against the post-HB 3 effective tiered weights on a single-year basis. The findings are not directly summable. *Lost Decade* does not include the bond-dependent facility funding gap documented in §4. This brief does not include the wage adequacy gap documented in *Lost Decade*. The actual constitutional shortfall, when both gaps are estimated together with their interactions, exceeds either figure measured alone.

The 89th Legislature added a third parallel funding system in 2025 by enacting the Texas Education Freedom Account program. TEFA authorizes publicly funded education savings accounts redeemable at private schools. The program's enrollment, expenditure, and accountability data were not yet available at the time of this brief's analysis. Maestro Press will document the constitutional implications of TEFA in a follow-on brief once the first program-year data are released by the Texas Education Agency.

Lost Decade became the empirical foundation for the Texas AFT Respect Campaign. The Respect Campaign became the 2022 Texas Democratic ticket education platform. The campaign carried into the 88th Legislature and produced a cost-of-living adjustment for retired educators in 2023. The pipeline from documentary research through coalition advocacy to legislative remedy is the model this brief invites. The constitutional and empirical findings here are addressed to Texas AFT, Every Texan, the Equity Center, the Intercultural Development Research Association, and other coalition partners whose 2026-2027 cycle work will translate the findings into platform language and legislative proposals.

§8 Method Note, About Maestro Press, Disclosure

Method note. The At-Risk Coefficient (ARC) regression uses Ordinary Least Squares estimation on Public Education Information Management System (PEIMS) data for the 2023-24 school year, the most recent year of complete TEA reporting at the time of analysis. The dataset covers 1,203 districts and 8,674 campuses. Three separate regressions are estimated by school level (elementary $N = 4,594$, middle school $N = 1,664$, high school $N = 1,565$) because risk factor distributions and dominant predictors differ by school level. Chronic absenteeism (the proportion of students missing 10% or more of enrolled school days) is the dependent variable. Eight risk factor population proportions are the predictors. The model achieves $R^2 = 0.40, 0.46, \text{ and } 0.32$ at elementary, middle school, and high school respectively under FERPA-masked statewide data. Validation against unmasked Austin ISD Student Information System data (108 campuses, 2024-25, 0% FERPA masking) produces $R^2 = 0.73, 0.74, \text{ and } 0.89$ at the same three school levels. The aggregate \$1.82 billion funding gap is computed as the difference between the regression-derived allotment for each district and the statutory allotment under the post-HB 3 effective average weight (0.25, the midpoint

of the 0.225 to 0.275 tiered range), summed across the 1,192 districts with non-null funding data. The basic allotment for 2023-24 is \$6,160 (TEC §48.051, as set by HB 3 (2019) and reaffirmed by HB 1 (88R, 2023)). A previous version of this brief reported a \$2.28 billion gap based on the legacy 0.20 weight and an outdated basic allotment of \$5,140; the corrected figure uses the actual 2023-24 basic allotment and the post-HB 3 statewide effective tier weight, and is the canonical headline figure as of the 2026-04-28 revision. The full methodology, including data cleaning scripts and sensitivity analyses, is documented in the report at maestro.press/blog/research. Replication code is available upon request via kevin.hopper@maestro.press.

About Maestro Press. Maestro Press is an independent education equity research organization. It publishes empirical analysis of Texas school finance and related policy mechanisms for use by legislators, advocacy organizations, journalists, and litigators. Maestro Press takes no government, charter network, or political action committee funding. It is supported by its founder and reader contributions. Contact: kevin.hopper@maestro.press. Web: maestro.press.

Disclosure. The author, Kevin Hopper, is an Austin Independent School District employee in an unrelated role (Project Supervisor for McKinney-Vento homeless services and foster care educational liaison services). AISD resources, AISD work time, AISD data systems, and AISD personnel were not used in the production of this brief. The ARC methodology was developed by the author independently in 2025 and remains the author's individual research contribution. The analysis on which this brief is based was conducted under the direction of Dr. Laura Vu at the University of North Texas Department of Interdisciplinary Studies (INSD 5940-41 Capstone Sequence, 2025-2026). Full references follow.

References

Cases

Edgewood Independent School District v. Kirby, 777 S.W.2d 391 (Tex. 1989).

Edgewood Independent School District v. Meno [Edgewood IV], 917 S.W.2d 717 (Tex. 1995).

Morath v. Texas Taxpayer & Student Fairness Coalition, 490 S.W.3d 826 (Tex. 2016).

Constitutional and statutory authorities

Tex. Const. art. VII, § 1.

Tex. Educ. Code § 12.1101 (charter notification).

Tex. Educ. Code §§ 16.201–16.203 (Accountable Costs biennial review mandate).

Tex. Educ. Code § 29.081(d) (at-risk criteria).

Tex. Educ. Code § 37.006 (DAEP discipline placements).

Tex. Educ. Code ch. 45 (interest-and-sinking debt service).

Tex. Educ. Code § 48.104 (compensatory education allotment, tiered 0.225 to 0.275 weight under HB 3 (2019), keyed to census-block poverty).

Tex. Educ. Code § 48.105 (bilingual education allotment, 0.10 baseline weight; 0.15 effective weight for dual-language immersion under HB 3 (2019)).

Tex. Educ. Code § 48.112 (Teacher Incentive Allotment).

19 Tex. Admin. Code § 100.1035 (charter expansion amendment evaluation).

H.B. 3, 86th Leg., Reg. Sess. (Tex. 2019).

H.B. 72, 68th Leg., 2d C.S. (Tex. 1984).

S.B. 1, 75th Leg., Reg. Sess. (Tex. 1997).

S.B. 1882, 85th Leg., Reg. Sess. (Tex. 2017).

Texas Education Freedom Account Program (TEFA), 89th Leg., Reg. Sess. (Tex. 2025).

Reports and primary sources

Austin Independent School District. (2024). *Austin ISD FY2024 official budget book*.

Austin Independent School District. (2025, November 21). *Board of Trustees minutes: School closure vote*.

Austin Independent School District. (2025). *Student Information System data, 2024-25 school year* [Unpublished raw data].

Bifulco, R., & Reback, R. (2014). Fiscal impacts of charter schools: Lessons from New York. *Education Finance and Policy*, 9(1), 86–107.

Commit Partnership. (2018). *Letter to the Texas Commission on Public School Finance, Outcomes Committee* [Letter from Todd Williams].

Dallas Independent School District. (2020, August 26). *Dallas ISD's teacher compensation system gets boost from TEA, receives \$28 million in HB 3 funds*. Dallas ISD Hub.

DeRocha, K. (2019). *Analysis of Dallas ISD TEI compensation data: Median teacher salaries by campus 2016–2019* [Public Information Request analysis].

Hopper, K. (2026). *An "efficient system"? Constitutional analysis of charter school duplication, bond election dependence, and needs-based funding in the Texas school finance system* [Capstone report]. University of North Texas Department of Interdisciplinary Studies.

KIPP Texas Public Schools. (2026). *Public Information Request #9 response: Austin facility investment data* [Unpublished raw data].

KIPP Texas Public Schools. (2026). *Public Information Request #26-210 response: Campus-level expenditure data, FY23–FY25* [Unpublished raw data].

National Center for Education Statistics. (2024). *Common Core of Data: Public school point geocodes, 2023–24*. U.S. Department of Education.

Office of the Governor of Texas. (2015, December 14). *Governor Abbott appoints Morath as Texas Education Commissioner* [Press release].

ProPublica. (2024). *Commit Partnership: IRS Form 990 returns (EIN 80-0790222)* [Nonprofit Explorer].

Texas AFT, & Every Texan. (2022). *The lost decade*.

Texas AFT. (2024). *The lost decade (and a half)*.

Texas Bond Review Board. (2024). *Texas school district bond election database, 2016–2024*.

Texas Commission on Public School Finance. (2018). *Final report*.

Texas Education Agency. (2024). *Public Education Information Management System (PEIMS) data, 2023–24 school year*.

Texas Education Agency, & Accountable Costs Advisory Committee. (1986). *Accountable Costs Advisory Committee report to the State Board of Education*.

News coverage

ABC13 Houston / KTRK. (2024). HISD teacher departure coverage [2023–24 school year].

Fort Worth Report. (2026). Texas Education Agency takeover of Fort Worth ISD coverage.

Houston Chronicle. (2024, November 6). Houston ISD voters reject \$4.4 billion bond proposal.

Houston Public Media. (2023). HISD New Education System teacher turnover coverage.

KUT. (2026, March 27). *Austin ISD board hands control of 3 middle schools to outside partner to avoid state takeover*.

Texas Tribune / WFAA. (2023). Dallas ISD Teacher Excellence Initiative turnover coverage.