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Pflugerville ISD – Legislative Priority #1: Foundational Funding Stability

Date: January 2026

To: PfISD Board Governmental and Community Relations Committee

From: PfISD Executive Leadership

Subject: Legislative Priority #1 – Foundational Funding Stability

Executive Summary

Texas public school funding has not kept pace with economic realities. The Basic Allotment (BA), the state's foundational per-student funding, has increased only from $6,160 in 2019 to $6,215 in 2025, a $55 increase (less than 1%) despite inflation exceeding 20% during that same period. This minimal growth leaves districts like Pflugerville ISD (PfISD) unable to meet rising costs tied to staffing, safety, and student services. PfISD and similar suburban districts are now facing enrollment declines due to statewide demographic trends, charter expansion, and anticipated voucher implementation. These pressures reduce revenue faster than fixed costs can be adjusted, creating an urgent need for a modernized and responsive funding model.

Key Funding Pressures

- Declining Enrollment: PfISD faces steady enrollment decline, reducing revenue faster than costs can be lowered. Fixed operational costs in transportation, safety, and staffing remain constant despite fewer students.
- Special Education: Texas's new intensity-based, tiered funding model introduces uncertainty. While it may benefit some districts, others could experience reduced allocations. PfISD advocates for full or threshold-level reimbursement of actual costs tied to student progress. (Advocacy Recommendation)
- Teacher and Staff Compensation: PfISD receives approximately $2.6 million for the Allotment for Basic Costs (ABC) Allotment, $6.7 million for the Teacher Retention Allotment (TRA), and $900,000 for the Support Staff Retention Allotment (SSRA). These funds help, but do not fully cover salary costs needed to maintain competitive pay in Central Texas.
- Emergent Bilingual and Compensatory Education: While recent formula adjustments have increased flexibility, funding remains insufficient to meet the instructional needs of emergent bilingual and economically disadvantaged students.
- Safety and Security: Under HB 2, the School Safety Allotment increased to approximately $21 per ADA and $33,540 per campus. While progress was made, these amounts remain insufficient to fund full-time armed officers and meet TEA's safety infrastructure standards without local supplementation.
- Career and Technical Education (CTE): Although CTE allotments increased, they still fall short of covering the real costs associated with dual credit tuition, modern

equipment, and industry credentialing. PfISD estimates a local gap of 20–30% depending on program area.

Statewide Context

- Flat Funding Amid Rising Costs: The Basic Allotment has remained essentially unchanged while inflation and state mandates have raised operational costs significantly.
- Changing Enrollment Patterns: Texas's overall enrollment growth has slowed, and many suburban districts like PfISD are experiencing decline for the first time in decades.
- Unfunded Mandates: New requirements in safety, accelerated instruction, and mental health services continue to expand without full state funding.

Legislative Recommendations

1. **Texas should increase the Basic Allotment (BA) to reflect the real cost of education and restore its purchasing power.**
    a. The BA has risen by only $55 since 2019—growing from $6,160 to $6,215—despite inflation exceeding 20 percent and significant increases in required instructional and operational costs. While we recognize that recent legislatures have been reluctant to increase the BA, it remains the foundation of the state's school finance system, and its stagnation now places unsustainable pressure on local budgets.
    b. In addition to impacting base funding, the BA affects dozens of weighted formulas—meaning the shortfall compounds across areas like special education, transportation, emergent bilingual instruction, and safety. Any serious effort to stabilize school funding must include BA reform.
    c. Even a modest increase to the Basic Allotment would send a meaningful signal that the Legislature recognizes the fiscal pressures facing Texas public schools and is committed to restoring balance and sustainability to the system.
2. **Texas should implement biennial education cost reviews to increase fiscal transparency.**
    a. These statewide reviews, conducted by the Comptroller or Legislative Budget Board, should compare actual district operating costs to current state funding levels, including the Basic Allotment. Modeled on Truth in Taxation, these reviews would not mandate inflation indexing but would provide objective data for legislators and the public. They would help identify misalignments between funding formulas and the actual cost of delivering mandated services.
3. **Texas should allow the conditional conversion of copper pennies to golden pennies based on fiscal benchmarks.**

a. Districts should be permitted to convert up to two copper pennies to golden pennies when meeting clear fiscal responsibility criteria, such as:
   i. Maintaining an Interest and Sinking (I&S) tax rate below $0.40, or
   ii. Keeping their total tax rate within a legislatively defined cap.
b. **Why $0.40?** This threshold reflects prudent debt management and falls well below the $0.50 debt test used for bond approval. It rewards districts demonstrating financial discipline and allows for predictable, locally retained revenue without expanding the overall tax rate or increasing the state's fiscal liability. It also helps reduce recapture obligations, allowing districts to retain more local funding for direct instructional use.

4. **Texas should expand allowable uses and amounts of the Allocation for Basic Cost (ABC) fund to support enrollment-related stabilization.**
   a. Districts facing enrollment declines due to demographic shifts or policy changes (e.g., vouchers, charter expansion) should be eligible for transitional support under the ABC fund. While enrollment may decline, fixed costs, such as staffing, transportation, and safety, do not decrease proportionally. This stabilization support could be limited to 2–3 years per district to ensure fiscal responsibility while maintaining service continuity.
5. **Texas should require funding adequacy analysis to be embedded in Annual Financial Reports.**
   a. Districts should report program-level costs and funding sources, especially in high-need areas such as Special Education, Emergent Bilingual, Career and Technical, Transportation, and Safety & Security, where state support often falls short of actual costs. This would:
      i. Quantify the local dollars required to meet state and federal mandates,
      ii. Increase transparency for constituents and legislators, and
      iii. Provide a credible foundation for evaluating and updating funding formulas.
6. **Texas should require biennial reviews of high-impact funding formulas to ensure alignment with service costs.**
   a. The Legislature should conduct reviews of formulas for the Basic Allotment, Special Education, Transportation, School Safety, Emergent Bilingual, and Compensatory Education every two years. These reviews would assess whether each formula continues to reflect the true cost of mandated services, including cost-of-living and inflationary pressures. This process would not trigger automatic increases but would maintain legislative focus on fair and sustainable funding.

Advocacy Message- Stable Funding for Stable Schools

PfISD believes a strong funding foundation is the cornerstone of student success. Texas must modernize its school finance system to reflect the real cost of providing safe, high-quality education. With inflation rising and enrollment shifting, our funding model must be

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transparent, stable, and locally flexible. PfISD's recommendations build on current state mechanisms, reward fiscal responsibility, and equip lawmakers with the data they need to govern wisely.

Board Call to Action

The PfISD Board of Trustees can support this priority by:

- Sharing local cost data and fiscal impact numbers with lawmakers and the public.
- Advocating for biennial cost reviews and ABC fund flexibility.
- Supporting conditional golden penny conversion tied to responsible tax benchmarks.
- Reinforcing how foundational funding supports teacher retention, student outcomes, and school safety.