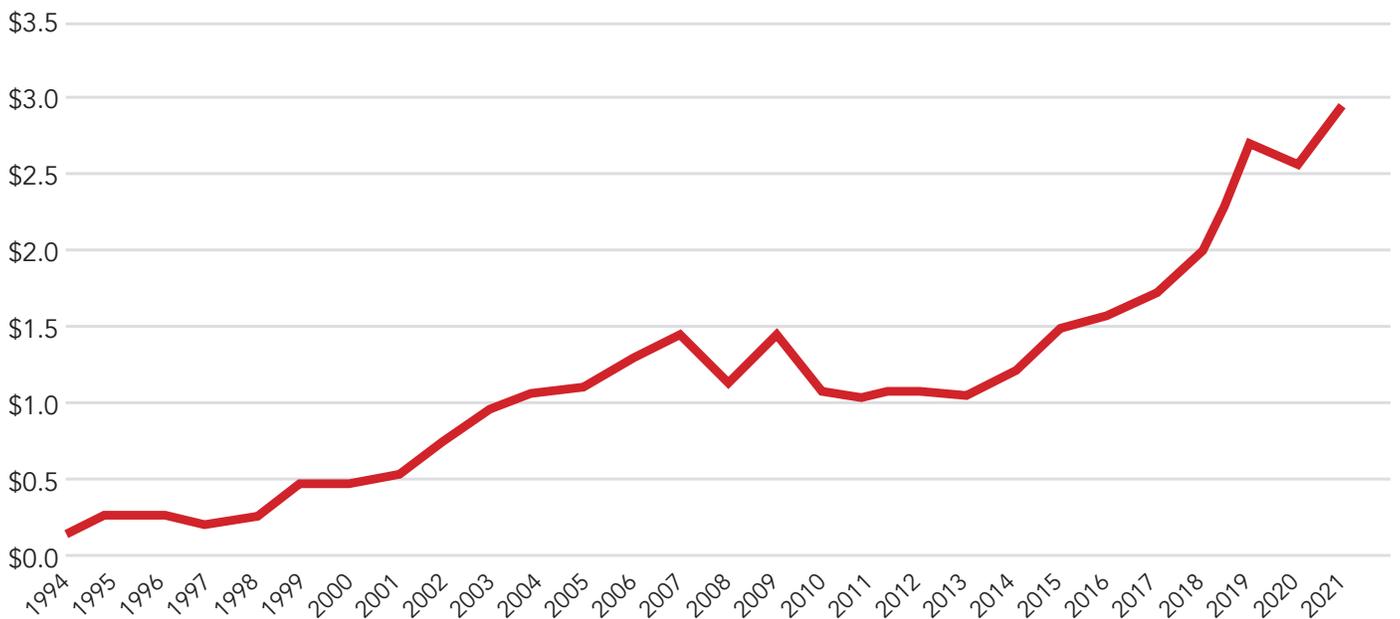


The Rise of Recapture

Texas is taking more and more dollars away from local school districts.

Recapture is a method of equalizing varying degrees of property wealth among Texas school districts. The Texas Legislature created recapture in 1993 in response to a Texas Supreme Court ruling which found that the state's heavy reliance on local property taxes to fund public education had created unconstitutional disparities in the amount of money that each district had to educate students. But today, the state relies on recapture dollars for much more.

Here's how it works: A series of formulas determines a school district's entitlement, which is the amount of funding the district should have to educate each student. If the district's tax rate brings in revenue in excess of entitlement, the state takes those excess dollars away. However, if recapture-paying districts set a lower tax rate, the state reduces their entitlement — meaning they will have fewer dollars to educate students and pay teachers.



Recapture has grown significantly over time.

When the Legislature created recapture, it affected a handful of the state's wealthiest school districts. Over time, however, the state has relied more heavily on these dollars, which has dramatically increased the amount of money collected and the number of school districts sending their local tax dollars to the state. Recapture has now grown well beyond its original purpose of providing school districts with similar levels of revenue. The billions of dollars the state collects in recapture payments are used to balance the state budget.

Recapture Then and Now

- In 1994, the state collected **\$127 million** in recapture from **34 school districts**.
- In 2021, the state collected **\$2.96 billion** in recapture from **158 school districts**.

School Districts That Lose Revenue to Recapture



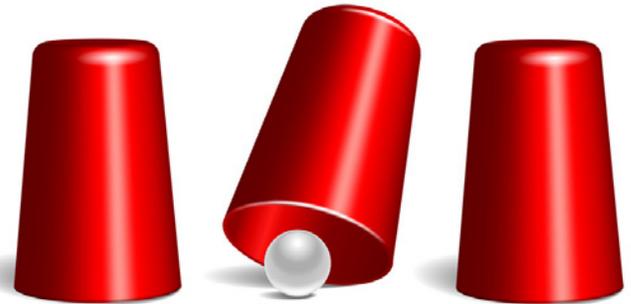
158 districts
statewide



1.2 million
students

→ More than half
of students are
**economically
disadvantaged**

Every two years, legislators underestimate the total amount that districts will pay in recapture. Then, when districts pay more than projected, legislators use those additional recapture dollars to replace other state funding that would have gone to schools. In other words, **higher-than-projected recapture payments do not translate to additional dollars for public education.** Legislators simply have more revenue to spend on other programs and balance the rest of the state budget. In the 2020-21 budget cycle, this amount was \$1.4 billion.



It's a shell game.

How Can Legislators Fix It?

1. Cost of Education Adjustment.

School-funding formulas should reflect the fact that it's more expensive to do business in certain areas.

2. Stop the Shell Game.

When the state collects more than projected through recapture, those dollars should stay with public education.

3. Taxpayers.

Tax bills should tell taxpayers how much of the money they are paying in school taxes is actually taken away from their local district by the state.



**TEXAS SCHOOL
COALITION**

For more information about recapture's impact on students and taxpayers, please visit recapturetexas.org.



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