

Talking Texas Vouchers Podcast

S1E2 – Funding and Statistics

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All right, welcome to another episode of Talking Texas Vouchers. This is episode two, season one, and the title of this is Funding and Statistics. We did have, it is February 5th, we did have a historic vote today.

So SB2, which we're going to talk about, did pass the Texas Senate. The Texas House still does have to present their bills, and they are a little bit different than the Senate bills, and you can go up to TalkingTexasVouchers.com to see all the drafts, and in the, click the little panel on the home page for legislation, and it'll bring you right to those, and you can pop those open and take a look at them. We will have future episodes on these draft bills, and in the case of the Senate bill, it's the one that passed, SB2.

They are somewhat complicated. The SB2 had a lot more information in than the House bills, but likely they'll come together on those pretty quickly, so that when they get presented, they'll be fairly close, and once they go, House passes, if there's any difference, they'll go to committee and work out their differences and get those passed. So I'm going to have a little disclaimer on these now, since we're getting into the legislation, and there'll be effects with people that do apply for these ESAs and vouchers, and just wanted to, you know, put this out there that, you know, Talking Texas Vouchers is a podcast intended for information and entertainment purposes only.

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Okay, what's this episode all about? We're going to be talking about the allocation of funds, the number of students impact, and the general statistics around the ESA accounts, also called vouchers. And of course, this is depending upon future legislation. SB 2 passed, but that does not mean it's in Texas law yet.

It has to still go through the House. So we're going to talk a little bit about the draft funding bill, SB 1, that is more than just ESAs. It's the whole Texas budget, and that was released January 7th.

And then of course, we had the draft bill, SB 2, that was released January 24th, and it did pass with amendments today, about an hour or so ago. Links to that are available at TalkingTexasVouchers.com. So what we're going to do is talk about some of the statistics, the number of children affected, the cost versus funds distributed, the impact, and then of course, we'll talk a little bit about the Senate, what's passed here on the Senate floor, about an hour ago with amendments. There was about 20 plus amendments.

A lot of them passed, and a lot of them didn't. So, or some of them didn't. Okay, so let's get into SB 1. It is the budget bill for the legislature.

And again, in Texas, they have, the legislature is in session for six months every two years. So it's not like other states where they are in session year-round and every year. So this is the 89th session, session.

And the SB 1 was drafted by Huffman. He was the sponsor, or they were the sponsor. And you can get, again, a link to the bill at TalkingTexasVouchers.com. Click on the legislative resource box on the homepage.

So if you want to see the dollar amount, you go to page III-31, paragraph 78. If you're looking at the PDF, that's page 309. And it allocates \$1 billion for the education savings account.

This is more than the previous years. Again, they've been trying to get ASA accounts and vouchers accounts through for the last two legislative sessions. So that's four years they've been trying to get these through.

And these were anywhere from \$200 million to \$500 million in the past. So I think now that they knew they had enough to pass, they bumped it to a million or billion dollars. Might sound like a lot of money, but we're going to break that down.

So the actual paragraph, so in all of SB 1, this is the only thing that talks about education savings accounts, is that it's going to be setting aside for ESAs \$1 billion out of the general fund for fiscal year 2027. So that's not this fiscal year. That's really next year.

So it would affect the 2026-2027 school year. Okay. And the amount will be determined by the legislative budget board and shall be transferred to the comptroller to be ran.

Okay. So now we have SB 2. This is the actual budget or bill that implements the voucher program. It was released on the 24th, legislative session 89R by Creighton and others.

Okay. So drafts and amendments were offered today, February 5th, and they came out of the education committee, but now this is actually on the Senate floor and it did pass. Links to the bill, again, it's probably not, it might take a day or so before all the amendments get put in, but you can get it over at talkingtexasvouchers.com. There'll be a link to the bill.

And then again, this establishes the ESA program. So amendments were presented today, long part of the day, started I think this morning. Bill was presented.

Amendments started about 430, I guess. They went on for a couple hours until they had statements from mostly the Democrats that were opposing it. And then it went to vote and it passed along party lines 20 to 11.

And most of the amendments, whether they were supported or opposed by Creighton, did follow, pass along party lines. So the amendments passed along party lines as well. Now, one of the things that was a bit of a surprise was one of the amendments passed blocks online virtual schools from receiving ESA.

So private online virtual schools, according to SB2, will not be eligible for receiving ESA funds. They wanted these to be physical schools that receive these funds. Now, I don't think that's right.

I think school comes in all kinds of forms. And I think the online schools are going to be what saves costs for the taxpayer. But again, the Republicans didn't see it that way.

And so as of right now, online virtual private schools will not be able to receive the ESA funds. Now, there is still online virtual charter schools that are tuition-free, and that won't change. But those won't be covered as part of the ESA.

So, and again, charter schools, whether they're online, virtual, or face-to-face, traditional, these charter schools do have regulations very similar to public school, such as attendance. So charter schools and public schools are closer to each other than, say, public schools and private schools. Okay.

So one thing I also wanted to point out is that in SB1, again, this is the budget bill, they also proposed the teacher compensation increases, which is what the governor was promising. If he gets the vouchers passed, he will give money to increase teacher pay. Now, look at how much was identified in SB1.

Now, SB1 still has to pass, but it's increased teacher compensation, includes the amount of the appropriated above the contingent. So this is actually from the SB1. Sets aside \$750 million in the general revenue fund for related teacher incentive allotments.

That's teacher raises, right? And then another \$4.1 billion from the general revenue fund, okay, for compensation of public school educators to be implemented. So they're going to get a total of \$4.85 billion in additional funding in SB1. And that will bring the total funding in the state of Texas for public schools close to \$100 billion.

Okay, \$100 billion. Now, let's look at some of the foundational statistics. Typically, the overhead to administer programs is about 10% or more.

For analysis, we'll be conservative and say it's at 5%. And I think 3% seems to be the cap in SB2, but that could change, obviously, with the House bill could go up or down. So they're trying to, you know, kind of keep it to about 3%.

So let's just use 5%. It's easier to work with. So let's estimate about \$950 million of it will go to families.

So let's talk about the total public. I got some typos here. Sorry about that.

Total public school students in Texas during the 2023-2024 school year was 5.5 million students in K-12 public schools, okay? There's the total number there, 5,531,236. There's your source. This is a Texas government source.

Now, the average spending in Texas per student is projected to be about \$13,000 for 2025. So that's before this is actually implemented. And again, that's also from the Texas Education Agency, okay? So total operating budget in 2022-2023 school year was over \$92 billion, equating to about \$16,000 per student.

So that's where you get some of these numbers that go as high as \$16,000. And then there's a lot of pushback. Of course, that doesn't all go to students.

There's administrative costs and other things that come out of that \$16,000. So others push it down to about \$6,000 or \$7,000. But the draft legislation, which the Texas Senate discussed and did pass, does talk about it being around \$10,000, \$10K for family.

And then if it includes a disability, it's \$11.5. So let's do some of the math, numbers of the affected students. So \$950 million will be spent on education vouchers that go to the families. Current drafts and implementations of the two house bills will allocate about 90% to the parents, which is normally spent by the district, and 10% to the district.

So in the house bills, there is money out of that allocation that goes to the district since they're losing the student. In SB2 released here in the 24th, points to about \$10,000 per child or \$11,500 per child with a disability. And again, that's the one that just passed.

So if the average is about \$10,000 spent on per student, and we got \$950 million, it's only 95,000 students. A lot of times you'll hear the legislature push it up to 100,000. That's because they're not counting the cost of administration that will be coming out of that.

So anywhere from 95,000 students to 100,000 students will be supported, probably because some of the homeschooling you'll see later, they only get 2,000. So they can obviously fit a lot more, five students, homeschool students for everyone, private school. All right, so the current drafts of the legislation also state that for a child to receive ESA, they have to be enrolled in public or charter schools during the previous year.

Now that doesn't make that in the news. So again, this is what it says. The student has to be enrolled in public school 90% of the year in the previous year to be able to qualify for ESA.

So this means that students that are currently in private school now will not qualify in the current SB2 bill. So more to come in that in some of the later episodes as we drill into each of these bills, the drafts, and talk about the details of those. Okay, so let's do the math.

Percentage of all public students, we can use their 100,000 students that are affected, that can be moved to private. Of the 5,531,236 students currently enrolled is only 1.8%. I'm sure people, you know, raise it up to 2%, but it's 1.8%. Now let's put that into context of the dropout rate. In the year 2022-2023 school year, the dropout rate for grades 7 to 12 was 1.6%. So we're approaching the dropout rate, and then it's easily under the dropout rate for grades 9 through 12.

So if the public schools want to do something about 2%, there's a dropout rate that they could work on too. And if you look at the total four-year impact of those dropout rates, it's about 6.3%. That's a lot of kids dropping out. And again, these sources are from the Texas's government sources that you can see there.

So again, we're already losing more than this in high school students to dropouts. So all of that talk about it destroying the public school, this 2% has been very steady over decades, and we have not seen public schools collapse because of the dropout rate. So again, unless this grows much higher, which some say it could be as high as \$4 billion a year by 2030, I'm not sure if that means more students will be taking advantage of it, but point is, is dropout rate is at 2% already.

Okay, so let's talk about current charter private home school student population. So 2023-2024, we had about 488,000 students that were in charter schools, about 8% of that 3.5 million. In 2021, we had about 347,000 K-12 students in private schools.

So we've already got kids in private school, almost at that same percentage of charter schools. So that represents about 5.4% of the population of both public and charter against private students. Okay, so we're adding public and private, I'm sorry, public and charter against private students, that represents about 5.4%. Home schooling now is a little tougher to estimate.

Some non-government sources say it's about 500 to 600,000 students. It's a little hard to tell because once they disenroll in the public school system, it's harder to track in Texas. So that represents about 8 to 10% of the student population.

A lot higher than other states, but Texas has pretty flexible home schooling regulations, so, or lack thereof, and so a lot of home schooling going on in Texas. Okay, so what does that really mean? Okay, so if we got about 78% currently in public schools and 8% in charter schools, round up the private schools to 6% and about, we'll just say on the lower end, 8%. We're talking 86% are in some sort of a currently funded model between public and charter, and about 14% are in non-publicly funded, so private and home schooling.

And if we look at the effects of the ESA, we only go from 86% down to 84%, and then those dollars would move into private and home schooling. Okay, so we're only talking less than a 2% shift per year. Okay, according to those draft bills, again, only students currently enrolled in public school during the previous year, as well as students with disabilities or disadvantaged, will be eligible for ESAs.

Students currently in private school already and beyond the first grade might not be eligible to get these. Okay, now these eligibility sections, if you want to look at them, SB2 is 29.355, and then again there's two draft house bills, and you can see the sections there for each of those draft house bills if you want to dig into the details. We will be going through those in later episodes.

Okay, so let's talk about the types of schools students will be able to attend on ESA. Public schools, again, no funds because the public is already paying for those with tax dollars. Same thing with charters, no funds.

Now, accredited private schools, and note that they have to be accredited private schools. The funds will go into an account, not directly into a bank account of the parents, and those funds will then have to be applied for and then requested for distribution to specific organizations. So these dollars will not just be sent to the parents to be sent over for tuition.

The private schools will have to request it on behalf against those accounts. Now, interestingly, accredited micro schools, not that there are a lot of accredited micro schools, but if one wanted to go that route, they could potentially get some funds directly, but it's going to probably be under the homeschooling umbrella because otherwise they would be a private school, and these micro schools are so small that they just wouldn't have the funding to be able to go through the accreditation for 10 or 15 students. So again, so this \$2,000 would probably be able to be used under the discretion if the micro school had some sort of affiliation, and it may have to be actually considered them a tutoring program to get that, and there's a lot of, you know, background checks and all that.

And to be tutors, the tutors have to be accredited themselves, like the past teachers and stuff. And then in the homeschool situation, the funds do go into an account. They're not directly accessible to the parents, but the parents can apply for reimbursement against those for curriculum and other approved expenses.

Okay, so let's talk about where the possible vouchers can be against traditional online and then potentially this online learning centers that I talked about in the previous episode. So traditional again, we already talked about that. No funds for public and charter.

Accredited private schools, yes, that is the main target for these. Now micro schools, possibly yes, and homeschools, possibly yes. So it's about \$2,000 that the homeschool model is going to be able to get, and then maybe the accredited micro school could get some of those funds.

So that's why they're kind of highlighted. Now online, again, there was an amendment went through. So public and charter, of course, if they're online public and charter, then there's no funds there.

In the amendment of SB2, private online schools, virtual schools, were not, were taken out and specifically said that it could not fund those. That's a big hit because there's a lot of private online private schools that are out there that probably were expecting to get some of these funds. Now why they only want to have brick and mortar supported, I'm not sure what the background is on that.

Probably dig a little bit deeper on that to figure that out, but why that amendment went through. Now again, on the accredited micro schools, they would come under the homeschooling model. So maybe they could get some funds.

They might have to be considered a tutoring center. Now the online learning center, which we talked about in episode one, of course, there's public, you're attending at the public school. So that's a physical brick and mortar.

Now there is some charter online programs, but charter will not get any ESE funding. So they they could not use in, there's no money for them to pay for the online center. So there

would be a cost for parents if they were enrolled in an online charter school, but wanted to use a learning center.

And that would be basically a direct cash from the parents to the online learning center. Now for accredited private, again, no money because private online schools are not going to get any funding in SB2 unless that changes. So no money for SB2, only on-site schools are approved for the 10k ESA.

Now if it's a micro school and they consider them online, there's a possibility under the, if they consider themselves a tutoring environment, there might be the potential for getting it covered. But again, they'd have to be considered a tutoring center with a bunch of other criteria to be considered able to collect those under the And then homeschooling, if they're purely homeschooling, again, there might be some of the \$2,000 that they might be able to use for the tutors. But again, the online learning center would have to have all the things in place to be considered a tutoring location.

So again, we'll go through each of the schools real quick as we're wrapping up the show, so that everybody kind of gets a definition of these different types of schools if they didn't see the first episode. So public school, again, is funded by and operated by government entities, funding sources, local property taxes, state funding, and federal funding for now. Some of the key features, it's free for all students, and they have to take all students there that are in the district.

They don't have a choice. And then they're governed by a school board and state regulations, and then board curriculum is designed to meet state standards. So each district has their own curriculum against the state standards.

Charter schools are also publicly funded, but independently operated schools. So they're not part of the school's district board, state and federally funded, and it's a per pupil allocation. And they can also take in grants and private donations.

So how they work is they operate under a charter or contract with the state and local board. So they basically present to them how they would like to run the school, and if approved, then they get granted charter status. They do have greater flexibility on their curriculum and management, but they are accountable for student performance.

And if they fail two years in a row, they could lose their charter status, and that means they can't support students. Private schools, on the other hand, again, schools are funded and managed independently of government entities. So funding sources, tuitions are paid by the families, endowments and private schools, donations, they get those more money so they can drive down the tuition fees a little bit for families.

And some of the advantages there is a wide variety curriculum and extracurricular options. Some private schools have really high focus on athletics or other kinds of things, maybe drama, arts, those kind of things. And then often they're associated with religious or philosophical beliefs, but they have a selected administration admissions process, so they get to pick who comes in there.

And that's often the criticism now of the vouchers is that private schools can get to select their students, and that's seen by some as a problem. And then of course last is homeschools. Well, last here is homeschools which are educations left by parents or maybe even a tutor that they bring into the house, family funded completely with materials, curriculum, resources, and some states offer some tax credits or stipends.

That's really what's happening here with the ESAs for homeschools. They're going to get a \$2,000 budget if there's disabilities, \$2,500 to help some of the materials and curriculum. In that case, it's very highly personalized learning experience to the family, flexible schedules and curriculum, it's no attendance issues, those kind of things, and strong parental involvement.

And then the last was the microschools. Sometimes they call them co-ops, but they would be small community-based schools offering personalized education. They really fall under the homeschooling side because they're often not associated at all with districts or even accredited by privates, but that might start to come around as that microschools are starting to become a little more popular to be built out.

Tuitions, again, these are paid by families as of now. Sometimes they have grants and private donations, so they can be a nonprofit. Again, the advantages here of microschools is the low student-to-teacher ratios and the very flexible curriculum and the learning pace, so kids can learn at different paces because oftentimes they're taught with different self-paced learning materials.

And then they're often operated in unconventional settings, so you could be in a garage in somebody's house, all the way through to a church, to a community center, all kinds of stuff, or a private building that's rented, so a whole variety of different settings. So that's the end. Thanks for another listen to an episode of Talking Texas Vouchers.

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Have a great day. Bye.