TO DETERMINE A SOUND METHOD OF DISTRIBUTING

THE PUBLIC SCHOOL FUNDS IN TEXAS

APPROVED:

Harold Eliott
Major Professor

E. P. Dick, Jr.
Minor Professor

J. C. Mathews
Director of the Department of Education

Jack Johnson
Dean of the Graduate Division
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DISTRIBUTING THE PUBLIC
SCHOOL FUNDS OF TEXAS

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By

Joseph Lloyd Alderdice, Jr., B. A.
149258
Midlothian, Texas
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CHAPTER I

INTRODUCTION

Purpose of the Study

It is the purpose of this study to discover and report a sound method of distributing the public school funds of Texas. This investigation will disclose present-day practices in distributing the public school funds, and where advisable will make recommendations to secure more adequate distribution. No state can have a satisfactory program of education unless it develops a satisfactory plan for getting and distributing the public school funds. Progress can be made through sound programs of action that are in accord with the best educational experience. Such programs developed within the profession may very properly become the most important source of legislative proposals, the initial step toward whatever legislation is required for more adequate support of public education.

Public Free Schools to be Established

In reference to public free schools, the public school laws of Texas state briefly and clearly:

A general diffusion of knowledge being essential to the preservation of the liberties and rights of the people, it shall be the duty of the legislature of the State to
establish and make suitable provision for the support and maintenance of an efficient system of public free schools.\textsuperscript{1}

Garber, in speaking on education states: "Although the federal constitution made no mention of education, the germ of the ideal of education for all did not die."\textsuperscript{2} Public leaders continued to urge the need for general enlightenment and the necessity for providing such enlightenment expense if it were to be available to all citizens. The subject of education was given much consideration in the state constitutional conventions. Garber has summarized the references to education in the debates and proceedings of the constitutional convention of twenty-four states.\textsuperscript{3} He concludes that a great majority of the delegates to these conventions felt that it was the duty of the state to establish and maintain a system of public schools for the purpose of educating its citizens. This view of the matter was justified on the following grounds:

1. In a democracy the safety and existence of the state depends upon the education of the people.
2. Education is essential to the economic well being of the state.
3. A system of public schools is the most effective agency at the disposal of the state for the elimination of such social evils as crime and pauperism.

\textsuperscript{1}Sam S. McAllister, "Public School Laws of the State of Texas," Department of Education Bulletin, Article 3823, p. 149.


\textsuperscript{3}\textit{Ibid.}, p. 147.
4. The education of the child is a natural right of the individual and it is the duty of the state to educate children for their own welfare as well as for the welfare of the state.  

Public School Funds and What Shall Constitute Them

All funds, lands, and other property heretofore set apart and appropriated for the support of the public schools, all the alternate sections of land reserved by the state out of grants heretofore made, or that may hereafter be made, to railroads or other corporations of any nature whatsoever, one half of the public domain of the state and all sums of money that may come to the state from the sale of any section of the state, shall constitute a perpetual public school fund.

Allard A. Diven's comments concerning the subject of school funds, makes the following statement:

Funds for public education have rarely been adequate, even now, with the national income almost doubled, and greater proportions diverted to other than subsistence items, the amount for education remains relatively low. Antiquated, inequitable, illogical, and unproductive school finance policies are partially responsible. The substitution of unified, fair, consistent, and business-like systems for financing education would secure and maintain greater public approval.

Individuals, including those with average or low incomes, are quite generous in paying for ample educational opportunities for their own children. No investment gives parents more enduring satisfactions. But the public, with equally adequate resources, and corresponding interest

4Tbid., p. 16.
5McAllister, p. 317, p. 3.
in children, has continued to spend sparingly when buying public school education.

Local tax levies for school purposes are approved more often, and usually by a greater majority vote than levies for other purposes. This indicates a general willingness to provide for schools, but still the total amount of money supplied is too small for the purpose. Resistance to paying ample amounts in the form of taxes arises from the fact that tax money is used for many other purposes which the public does not enthusiastically endorse.

School officials, administrators, and teachers can help to improve the situation for education by developing sound methods of collecting, distributing, budgeting, and spending school funds. Many school finance proposals have been lost in the legislature or enactment of needed legislation has been greatly delayed because of varying points of view argued in public by educators. Through intelligent discussion of the principals involved in good financial administration, the profession can unite on the goals it seeks.

**Sources of Data**

A beginning of this special problem has been made primarily through the use of documents and statistics. Information needed in this research was secured from available sources within the college library. The state constitution, school laws, and periodicals dealing with school funds and finance constitute the main sources of information and therefore form the bases of the study. Bulletins from the State Department of Education, Professional Journals, school surveys, magazines, and books gave helpful material. Information on the available school fund was found in the annual report of the Comptroller of Public Accounts for the State of Texas.

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Proposed Treatment of Data

The writer's first step in dealing with this problem was to investigate and disclose present day practices of distributing public school funds. In formulating the statistics regarding practices of distributing the public school funds, a study has been made of the adequacy of these funds and the exact nature and purpose of such funds.

In the final treatment of data, conclusion and recommendations are made in behalf of a more adequate method of distributing our public school funds.

Related Studies

Paul R. Mort in his "State Support for Public Education" gives plans for the periodic setting aside of funds for school purposes. These are classed under the following headings:

1. Plans which leave to the legislature the appropriation of necessary funds from the general state funds;

2. Plans which provide that funds be made available from the first returns of a fixed tax the yield of which is greater than that necessary to supply all the funds needed to carry out the educational program of the state;

3. Provisions whereby a state official is required to levy a tax upon a specified source sufficient to provide the funds required by the operation of the state aid law.

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4. The dedication of funds from a fixed source too small in its yield to provide the necessary revenue, leaving the deficit to be made up by legislative appropriation; and

5. The dedication of the yield of a fixed tax, unaccompanied by supplementary appropriation. 8

Mort, in a very general way, divides the states into groups according to their state school apportionment laws:

1. States which maintain at state expense a minimum term in all local districts and which permit the local districts to supplement this state minimum as desired. The North Carolina Plan is an example.

2. States which, by means of an equalization fund and other basic state aid, equalize an educational program, the cost of which has been determined in terms of some standard unit, in all the districts of the state, the amount of support depending upon the relative wealth of the administrative unit in The Missouri plan constitutes an example of this type of aid.

3. States which have a state equalization fund and equalize basic county aids so that educational opportunity throughout the states becomes approximately equal. The South Carolina plan is an example.

4. States in which all aid is granted on some standard measure with no attempt at equalization of the tax burden but the amount of money distributed is sufficiently large to guarantee a reasonable minimum program. California is an example.

5. States which distribute aid on one or more bases with no deliberate attempt at equalization, and with amounts of aid so small that little equalization results. Virginia is an example. 9

The ability of a state to support public enterprise depends upon that which may be called its tax revenue capacity. Cherry

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8 Ibid.
9 Ibid., p. 221.
in his report, "Ability of Texas to Support an Adequate School System" defines a state's tax revenue capacity as "the amount of taxes which its own citizens are able to pay; the amount of taxes which it is able to collect from people who live outside the state."10

The most important single measure of a state's tax paying capacity is the per capita income, although, in using this as an index it must be recognized that there are wide variations in the cost of living among the various states. Other important measures included are the number of people filing income tax returns, retail sales, and assessed valuations of property. Let us see how Texas ranks in these four measures.

Texas in 1944 had a per capita income of $844. This was seventy-eight per cent of the national average. California and New York had 138 and 137 per cent respectively of the national average.11

How do we compare in the number of people filing income tax returns? In 1941 about twelve per cent of the population of Texas filed income tax returns. The national average was 205. New York had twenty-six per cent.12

In 1939 the latest year available for retail sales from the nation, the entire country averaged $319 per capita, while that for New York was $414; Texas averaged $281.13

11 Ibid.
12 Ibid.
13 Ibid.
Now for a look at the assessed valuation of property. The total assessed property valuation in New York state is about twenty-five billion dollars—in Texas it is only five billion dollars. Therefore New York state has approximately five times as much property to tax as Texas and at the same time has only twice as many people as Texas to serve.

Non Resident Taxes

In 1944 when our total Texas income was about six billion dollars, a little over one billion was from the sale of minerals, the major portion of which was crude oil. In that the greatest portion of the minerals were sold and consumed outside the state, it appears to be a valid assumption that the major portion of our severence taxes are borne by out-of-state residents.

Neulin writing on the subject of "State Aid for Educational Projects in the Public Schools," made an effort to determine from all available sources how a special subsidy for one or more projects has functioned as a device for use by states in accomplishing educational progress. In this study it was found that certain factors were essential to the best progress in the project of consolidation. These factors include good roads, state requirements for higher standards, larger unit idea, and efficient service of the state department of education.

\textsuperscript{14}Ibid.

\textsuperscript{15}Lester N. Neulin, \textit{State Aid for Educational Projects in the Public Schools}, p. 74.
Swift, in his related study, found that the state of California furnishes money for all types of elementary and secondary education except kindergartens. He further found that state money provided for high schools through the "State High School Fund" and that the "Vocational Education Fund" was provided for by the state of California and the federal government under the Smith-Hughes Act. The third fund reported by Swift was the "State Higher College Fund" derived from the federal royalty grant. 16

Besides the money devoted to these three funds, the state makes special appropriations to pay the cost of state and county administration and supervision, and to maintain various objects, such as military training in high schools, and investigations carried on under the direction of the State Board of Education. The sources from which the money furnished by the state are derived may be most easily presented in tabular form:

State Sources of Public School Aid in California

1. Sources of State School Fund
   a. Perpetual school fund and land rents.
   b. Taxes on (a) inheritances (b) corporations.
   c. Transfers from the "State General Fund"
   d. Miscellaneous.

2. Sources of State High School Fund - Transfer from "state general fund."

3. Sources of Vocational Education Fund - Transfer from "state general fund."

6. Special appropriations - Transfers from "state general fund." (Note: The state general fund is derived chiefly from corporation taxes).  

17Ibid.
CHAPTER II

CRITERIA FOR DISTRIBUTING THE PUBLIC SCHOOL FUNDS OF TEXAS

The purpose of this chapter is to analyze various areas of assumption that should be incorporated in a system of distributing the school funds of Texas. In the following analysis the writer made use of some areas which seem to be significant and sound to a system of distributing state school funds. All assumptions of the areas are discussed and analyzed in the broad view of more and better advantages for the pupils of Texas schools.

No state can have a satisfactory program of education unless it develops a satisfactory plan and program for providing and assuring adequate financial support for a comprehensive system of education. In the study of the public school funds we should keep in mind the students and try to give them a better and stronger system of education.

Before setting up the criteria to be used for distributing the public school funds of Texas, a study of the criteria of several writers has been made.

The first study considered was that made by McGuire in 1933. His problem was to analyze the equalization provisions

\(^1\)McGuire, op. cit., p. 119.
of thirty-nine states and the comments of state officials. McGuire found the following ten provisions best justified by both practice and theory:

1. A state is justified in fixing a tax rate to be levied by the local unit as a condition of receiving equalization aid.

2. Equalization aid should guarantee such minimum term as may be decided by the state.

3. The equalization fund should be used to aid the secondary schools.

4. The teaching unit is the most satisfactory basis for the distribution of aid.

5. Teacher's salaries may be regulated by the state as a condition for receiving aid.

6. The distribution of the equalization fund should be made by the state superintendent with the approval of the state board of education.

7. The number of teachers should be determined by a stated teacher-pupil ratio based upon average daily attendance.

8. A plan of equalization should be flexible enough to be adjusted to special or unusual conditions.

9. Transportation costs should be included in the minimum program equalized.

10. When school funds, local or state, are derived from property taxes, equalized assessments are essential to equalization of burdens.²

The above ten provisions may be used as criteria for judging existing state equalization plans or in contemplating the enactment of such legislation.

Gaus, in his statement of principles,² is confined to those principles which are pertinent to state control of school finance. The development of systems of financial control which are in harmony with accepted principles, and which are effective in promoting the work of the public school system, is much needed in many states. Adherence to sound principles

of organization and control would eliminate many of the current difficulties in financing public education. These principles may be summed up as follows:

1. Education is a function of the state.
2. Taxation is a sovereign power of the state.
3. The financial burden of school support should be equitably distributed among the taxpayers of the state.
4. The state should guarantee to all pupils educational opportunity on a level adequate to social and individual needs.
5. Public education should be adapted to the needs of the individual, to varying social and economic conditions within the state, and to evolving needs of a changing society.
6. The control of public education should be kept close to the people.
7. Public funds should be safeguarded from misuse, lose, fraud, and graft.
8. Financial ability and administrative authority should coexist with educational responsibilities.
9. Legal and administrative controls must be evaluated in terms of achievement of educational objectives.

In summarizing the finance in education Wilkins gives the following outline:

1. Texas has a more expensive task than most states in educating her children because of (a) the higher rate of rural education than most states and the fact that it costs more to educate a rural child than an urban child; (b) the larger number of children per capita.
2. The per capita wealth and, consequently, the tax-paying ability of Texas is lower than the national average and far lower than some states.
3. From points one and two it follows therefore that Texas cannot support the quality of education equal to the national average, let alone the higher states, without making a greater tax effort than the national average.
4. There are three ways through which the states may attain a more advantageous position in relation to the other states:

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3 Eugene Wilkins, *Public School Finance in Texas*, p. 27.
(a) By the adoption of a national policy of taxing where the wealth is and education where the children are. This, of course, is "Federal Aid."

(b) By further exploiting the opportunity of shifting taxes to out of state wealth.

(c) By the economic development of the state to a per capita level equivalent to the national level of the other states.

5. The nation as a whole has expended such limited amounts on education in comparison to potential capacity to sustain this service that regardless of Texas having to make a greater effort than most states, the actual burden which the extra effort will entail to raise our standards to the present national level will be insignificant, provided the economy is held at high levels of production.

6. If Texas will fully utilize the present tax structure of the state it may prove to be adequate for substantial improvement for the state as a whole, but there will continue to remain a considerable segment of the school system which will be poorly financed unless some major changes are affected in policies of public finance.

7. If Texas desires more revenue than present taxes will raise, there is ample opportunity for broadening several present taxes and for instituting new ones.

Inasmuch as the various plans in operation for state aid were not satisfactory, a number of recent investigations have been made. These were stimulated largely because inequalities among the various school districts in the states continued in spite of adjustments in the plan for the distribution of state funds. In one of these studies a review of the theories projected led to the conclusion that state funds cannot be adequately used simultaneously for the two purposes of encouraging a school district to improve its schools and of recompensing for the efforts made. G. D. Strayer and R. H. Haig hold that:

If the sums given to localities as rewards are so substantial that they result in a perceptible diminution of tax burden of the locality which makes the unusual effort, they tend to destroy the equality of tax burden
called for under the principal. Moreover, this does not take into account the origin of the funds which are distributed as "rewards." It, as would be probable, they come from a fund supplied by state-wide taxes, it will normally mean that a locality which makes a special effort, be it rich or poor, will profit at the expense of the other counties of the state. 4

In further analysis of the problem, it is suggested that inasmuch as costs vary from place to place in the state, and inasmuch as they bear diverse relationships to the tax-paying abilities of the various districts, the achievement of uniformity would involve the following:

(a) A local school tax in support of the satisfactory minimum offering would be levied in each district at a rate which would provide the necessary funds for that purpose in the richest district.

(b) This richest district then might raise all of its school money by means of the local tax, assuming that a satisfactory tax, capable of being locally administered, could be devised.

(c) Every other district could be permitted to levy a local tax at the same rate and apply the proceeds toward the cost of schools.

(d) Since the rate is uniform, this tax would be sufficient to meet the costs only in the richest districts, and the deficiencies would be made up by state subventions.

Our next problem deals with measuring educational needs. 5 approaches the problem of state aid by endeavor-


ing to formulate an objective basis for measuring the educational need of a school district. He defines educational need as the composite of all the elements which must be paid for in maintaining schools according to the standards set by the state.⁶ He further maintains that the cost of maintaining schools is directly proportional to the educational need.⁷ Therefore, if an objective measure of need could be devised, then an equitable method for the distribution of state appropriations could be developed. This method, however, must provide a minimum satisfactory program in all the schools and, at the same time, distribute the burden of cost in proportion to local resources.

From the scientific aspect there are many questions still to be answered only through painstaking and thoroughgoing research.

Public School Finance in Tennessee

In his summary and recommendations on school finance, Goldthorpe⁸ brought out the following points:

1. Prohibit the practice of organizing special districts within counties.
2. Make the county board of education financially independent of the county court.
3. Adopt certain minimum standards which the counties must maintain as a condition for securing state aid.
4. Create a productive state fund and a board of investment to manage and invest all proceeds accruing to this fund.
5. Provide for additional state school revenues through newer forms of taxation, such as the income tax, severance taxes, and corporation taxes.

⁶Ibid., p. 24.
⁷Ibid., p. 92.
6. Revise the present methods of apportionment of state aid in such a way as to take into consideration variations among counties as to:
   (a) School tax rates
   (b) Assessed valuation per child or per teacher employed
   (c) Length of school term
   (d) Number of and qualifications of teachers
   (e) Average daily attendance

7. Provide for additional state funds to assist and encourage consolidation, transportation, and employment of supervisors and teachers whose qualifications surpass the legal minimum.

8. Provide adequate funds to enable the state board of education to go outside the state if necessary to secure a commissioner capable of commanding from $5,000 to $10,000 and to pay other members of the staff proportionately.

9. Provide that all bond issues shall be made payable serially and in not less than twenty years.

10. Raise the legal debt limit of counties.

11. Establish seven months (140 days) as the legal minimum school year for all counties.

12. Reorganize the state system of taxation so as to relieve real property of its unjust share and to tax more heavily the newer forms of corporate wealth.

13. Remove the power of appointment of the commissioner of education from the governor and place it under the state board of education with the power to fix his tenure and salary.

14. Provide for the better enforcement of enrollment and attendance laws.

15. Place the appointment and the fixing of salary and tenure of the county superintendent in the hands of the county board of education, subject only to the limitations as to professional training and experience fixed by the state board of education.

The next problem to be considered is from a study made by Dennis H. Cook. Mr. Cook raises the question, "Who is Responsible?"

If education is primarily a state function and if a plant is a necessary condition for education, should it not then follow that financing the school plant be at least partly a

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9 ibid., pp. 196-97.

state responsibility? A state minimum educational program would fall short of accomplishing its purpose in many poor districts where inadequate and unsatisfactory housing facilities exist and where districts are unable to provide from local funds. There is no logic or defensible reason for the school plant to be financed by any unit smaller than the support unit for the educational program because the two are interrelated. Studies have been made which indicate that the school plant can be provided for by an adding approximately fourteen percent to the current budget.

The federal government always has maintained a program of public works and during the recent economic depression, has used these public works program more than ever to provide work for men unemployed by private industry. There could be no public works project resulting in a greater social good, or a higher economic return to the nation, than the erection of adequate and suitable physical facilities for public education. Such projects are distributed throughout the nation and are the center of interest of the community. The federal government's permanent policy of public works should include the construction of school buildings and the provision of maintenance funds apportioned according to methods which will recognize both need and ability of states and local communities.

Moehlman, from his revenue sources, gives a summary of finance and divides the financial responsibility among the several agencies of government as follows:

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1. Community, fifty per cent
   a. Current operation
2. State thirty per cent
   a. Current operation
   b. Capital expense
   c. Transportation
   d. Individual aids
   e. Stimulation
   f. Specific state schools
   g. Advanced education
   h. State educational authority
3. Federal, twenty per cent
   a. Capital expense
   b. Individual aids
   c. Research
   d. Advanced education

The community would place its chief dependence upon the property tax; state revenue would be derived from the proceeds of sales, income taxes, and inheritances and escheats; income and internal revenue taxes would probably be the chief sources of the federal revenue.

After studying the various criteria of experts in the field, the writer has made an effort to set up and show the needs for the following criteria in determining a sound method for distributing the school funds of Texas:

**Transportation Service or Transportation Cost.**--One of the most important facts is that transportation costs are a major factor in creating the inequalities in educational opportunities which exist between city and rural pupils.

Despite the fact that rural districts have far less wealth per pupil than do the cities, the rural area must spend one fourth more per pupil than the cities to provide equal educational opportunity and transportation facilities.

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The real frontier of public education today is found in the rural areas. Of the more than thirteen million children in the United States, nearly eight million are in farm areas. However, rural schools, for the most part, are in administrative units too small to afford adequate transportation. We can readily see the opportunity and skill needed in spending our school funds for the purpose of transportation. From our records of 1946 it was found that one out of every six students depended upon buses to convey them to and from school.13

In determining a sound system of distributing the state funds for the cost of transporting children to and from school, it appears logical and sound to include the following factors: density, road conditions, length of bus route, and number of pupils.

Neeselman,14 in discussing the word "density," refers to the number of children per square mile living in a certain area. The more people living in an area the less it will cost to transport these children to and from school.

Road Conditions.—The writer, being closely related to the subject, can verify with all respect the importance of good roads. Good roads are a time and money saving device. The upkeep of buses will be much less, as will be the depreciation of the equipment. It is much better and cheaper to the state to

13 The Nation's Schools, May, 1946.

14 "Determining Costs of Pupil Transportation" The Nation's Schools, XXV (May, 1940), 34-35.
to spend money for the upkeep and improvement of rural roads than it is to spend money on the upkeep of a caravan of buses. Today, modern buses will cost a school from six thousand to ten thousand dollars per vehicle, plus all expenses to operate them.

It is sufficiently recognizable that the length of the bus run and the number of pupils riding the bus are so closely related that the two may be considered as one problem area. The fewer children riding a bus, the greater the cost per child. It then follows that the longer the route of the bus, the greater the operation cost. Therefore, it is of utmost importance that the buses be routed so as to cover the maximum number of pupils with a minimum mileage. In determining bus routes, however, cost alone should not be the decisive factor; the safety, comfort and convenience of the pupils should be among the prime considerations.

External vigilance with respect to supervision and accounting in all of their phases and the cooperation of school authorities, drivers, children, and parents are the price of safe and efficient transportation. 15

For Well Trained Teachers.—If we are to have well-trained teachers in all of our schools there should be some incentive for a teacher to continue his or her education. In order that we try to better ourselves as teachers, the public school funds should be used to a good advantage in making further education worthwhile. If teachers were paid in accordance to their training, qualifications, and ability, the schools would soon see a

vast improvement in their teachers. This would bring about better schools and better teachers for our state. Too, it is very unfair to students of our poor and low districts to have inferior teachers just because those individuals happen to live in that district. The question then arises, "Is the present method of distributing the public school funds enough of a stimulus to encourage better professional training of teachers?"

Consolidation of Schools.—According to many experts in the field, the consolidation of schools is the most important thing for which we spend our school funds. The legislature of Texas constitutes the school board for the entire state. The obligation to maintain an efficient system of public schools is theirs. It is the duty of the governing body to see that every child in Texas shall have access to a first class elementary school, a first class high school, and, if practicable, college training. ¹⁶

If we did not have consolidation many students would not have access to a first class education. It is pleasing to notice that the number of one and two teacher schools is decreasing and that larger administrative units are coming into existence. Thus it is possible for those pupils in small districts to have privileges not otherwise available.

McGee lists the following as the advantages of large and consolidated schools:

1. The pupils can take more of the subjects that are of particular interest to them.
2. The teachers will be specialized in their field.
3. The students can take vocational subjects which also lead to club work.
4. It makes possible a more extensive recreational program.
5. The large schools make possible better buildings
6. Better equipment
7. Better supervision and teaching
8. Helps to build up the community
9. A longer school term is possible
10. The larger school can better supply more of the educational needs of the boys and girls.

Until we have perfected such a program we have failed to carry out the principles on which our government was organized—equal opportunities to all, special privileges to none. Since it is generally agreed that consolidation of schools has definite advantages, our criterion should therefore be, "Does the present method of distribution encourage distribution?"

Attendance of The Public School Pupils.—Since our citizens are paying taxes to support our schools, it is only right that we have some incentive to get the students to attend school, not just part time, but regularly. If our schools are for our children, then they should be in school. We should not be satisfied, in order to receive salary aid, to have an average daily attendance of sixty-five per cent but should have an average daily attendance of nearly one hundred per cent.

The financial status of the school districts should be measured in terms of daily attendance of students. This will keep the administrative officers on their toes in order to

17 Ibid.
to keep up the attendance so as to receive aid necessary to
operate an up-to-date school.

A criterion that can be set up here would be, "Does this
method create an interest in securing better school attendance?"

Teacher Tenure.--With the attainment of definite tenure
and a livable salary teachers will be respected, fearless, and
contented. The tenure law corrects evils which cannot otherwise
be corrected, thus doing more for the morale of the teachers and
students than any other provision.

Since any condition which reduces the efficiency of
the teacher detracts from the school, since turnover in
teacher personnel wastes days and weeks of the time of the
children while adjustment is made to the new faculty, the
children are the losers. 18

Under the present tenure law, a teacher may be removed for
immorality, willful neglect of duty or incompetency after due
notice has been given. Instead of the school tenure law saddling
the schools with a group of incompetent teachers as some people
believe, its action has exactly the opposite effect.

Under the present tenure law, teaching becomes a joyful thing
it is no longer a dread, task, or drudgery; now teachers can be-
gin to live in the community. The community then is not just a
place to live for nine months or a place to make a living, rather
it is a place to make a home.

The criteria that is to be set up here is, "Does the method
of distributing funds aid in establishing a better tenure for our
teachers?"

18 S. P. Butler, "Teacher Tenure in Texas," The Texas Outlook, XXII (January, 1938), 52.
Establishing Free Public Schools.—Since the opening of our first public school, efforts have been made to make secondary education "free to all." Hand remarks that "the only free schools of today are the Reform Schools." He shows that the lower the economic status of a child's family, the less the likelihood that the child will ever complete secondary school. The reason for this is the cost. Hand's study further showed that the average amount of money spent by each pupil in connection with his attendance at high school ranges from five dollars to $226.00 per year. The mean expenditure per pupil per year was $104.00.20

Rosenstengel states, "Although a free public school is an idea of the American people it has not been achieved as yet."21 A criterion that can be set up here then would be "Does this method of distribution create a desire to establish free public schools of Texas?"

Sound Basis of Apportionment.—The method and basis of apportionment must be such as to favor the poorer and more helpless school units of the state over against the richer and more capable ones. It should provide that the amount of state aid granted to any district shall take into consideration at least the following factors:

1. The valuation of district.
2. The number and grade of teachers employed.

19Harold Hand, American Teacher, p. 94.
20Ibid., p. 41.
21William Rosenstengel, The Nation's School, XXIV, (July, 1944),
3. The actual school attendance.
4. The length of the school term.

The question then arises, "Are our funds distributed so as to create a sound basis of apportionment?"

*Keep Control Of Public Education Close To The People.*

There is no governmental service or activity which is of greater significance to the people than education.

It is important that all the people should feel responsible for their government. In no area is it more necessary than in the provision of public education that the thinking, desires, and ambitions of the people be made effective. Holmstedt feels that controls which limit the expression of the popular will in educational affairs and which restrain the people in the use of their resources to provide for their educational needs and desires are contrary to the principles of democratic government. 22

The criteria set up here then could be "Is the control of public education being kept close to the people?"

*Are Revenues For The Operation And Maintenance Of Schools Adequate To Support An Acceptable Educational Program?*—The quality and quantity of educational services are determined by the amount of money available for school support. (The fundamental purpose of taxation for schools is to obtain the funds necessary to provide satisfactory educational opportunities for all pupils.

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22 Educational Policies Commission, "The Structure and Administration of Educational Procedures in America," p. 42.

23 Raleigh W. Holmstedt, State Control of Public School Finance, p. 56.
The criterion set up here then could be "Is our taxation obtains the funds necessary to provide satisfactory educational opportunities for all pupils?"

Are all of the Economic Resources of the State Utilized For the Support of Schools.—When school revenues are limited to one or two tax sources, an inequitable distribution of the burden of school support is practically certain to result and the funds available are likely to be inadequate.

The criterion set up: "Do we receive school revenues from general tax sources or, are they limited?"

Is the Machinery For the Collection of Taxes and the Distribution of Revenue Effective.—When tax levies are set, the revenue to be received shall be dependable. The time and the amount of the revenue distribution should be known. There is great difficulty in planning a financial program when school officers cannot anticipate with a high degree of accuracy the amount of the revenue.

The criterion set up here is, "Is our method for the collection of taxes and the distribution of revenue effective?"

Are State School Funds Apportioned On Equitable Measures Of Educational Need and Ability to Support Schools?—The primary functions of state school support are to equalize educational opportunity and to equalize the tax burden of the school support. The bases for apportioning state school fund should have a direct relationship to the educational need. Factors which affect school costs and which are beyond the control of local officials should be recognized in the measure of need.
Differentiations because of size and type of school are particularly important.

In general, objective measures of need such as a specified amount of weighted pupil or teaching unit are not more equitable than state approval of the details of the expenditure budgets. The measure of local ability to support schools should be accurate and valid. The true taxable value of property is the most practical measure of local ability to support schools.

The criterion set up here is, "Are our funds so apportioned on equitable measures of educational need and ability to support schools?"

Summary

This chapter has brought out several areas that might exist in determining a sound method of distributing the public school funds of Texas. A sound program of distribution would be one that will do the following:

1. One which will enable us to improve our transportation system on the basis that expense will be saved but results will be increased.

2. One which will encourage better professional training of teachers.

3. One which will encourage consolidation to the point that expense will be saved without decreasing values or results.

4. One which will create an interest in securing better school attendance.
5. One which will establish better tenure of our teachers.
6. One which will create a desire to establish and maintain free public schools in Texas.
7. One which will create a basis of apportionment on the ability to pay according to need.
8. One which will create and help keep the control of public education close to the people.
9. One which will help determine whether our taxation obtains the funds necessary to provide satisfactory educational opportunity for the pupils.
10. One which will create a desire to receive our school revenue from general tax sources.
11. One which will be effective in carrying out our tax distribution of revenue.
12. One which will determine if our funds are so apportioned on equitable measures of educational need and ability to support schools.
CHAPTER III

HOW THE PUBLIC SCHOOL FUNDS ARE DISTRIBUTED

The purpose of this chapter is to analyze the method used in distributing the public school funds. Before breaking up into several groups the present method of distributing the public school funds, it might be appropriate to look at certain portions of the State Constitution of Texas. Beginning with Article VII in connection with the public school laws of Texas, the Legislature has set forth the following points with respect to education and its finance.

Article VII

Section 2.—Public School Fund: All funds, lands, and other property heretofore set apart and appropriated for the support of the public schools, and all the alternate sections of lands reserved by the State out of grants heretofore made, or that may hereafter be made, to railroads or other corporations of any nature whatsoever, one half of the public domain of the State, and all sums of money that may come to the State from the sale of any portion of the same, shall constitute a perpetual public school fund.

Section 5.—School Taxes: One fourth of the revenue derived from the State occupation taxes and a poll tax of one ($1.00) dollar on every inhabitant of the State, between the ages of twenty-one and sixty years, shall be set aside annually for the benefit of the public free schools; and in addition thereto, there shall be levied and collected an annual ad valorem State tax of such an amount not to exceed thirty-five cents on the one hundred ($100) dollars valuation, as with the available school fund arising from all other sources, will be sufficient to maintain and support the public schools of this State for a period of not less than six months in each year.
Section 8.—Permanent School Fund. The principal of all bonds and other funds, and the principal arising from the sale of the lands hereinbefore set apart to said school fund, shall be the permanent school fund; and all interest derivable therefrom and the taxes herein authorized and levied shall be the available school fund, to which the Legislature may add not exceeding one per cent annually of the total value of the permanent school fund; such value to be ascertained by the Board of Education until otherwise provided by law; and the available school fund shall be applied annually to the support of the public free schools.

The Manual of Instructions in Financial Accounting breaks down state school into the following classes:

1. The State and County Available Fund shall be used exclusively for the payment of teachers’ and superintendents’ salaries, transfers, fees for taking the scholastic census, and interest on money borrowed on short time to pay salaries of teachers and superintendents, when these salaries become due before the school funds for the current year become available; provided, that no loans for the purpose of payment of teachers shall be paid out of funds other than those for the then current year, when the state available school fund in any city or district is sufficient to maintain the schools thereof in any year for at least eight months and leave a surplus, such surplus may be expended for the purposes for which the local school funds may be used.

2. Local Maintenance Fund. Local school funds from district taxes, tuition fees of pupils not entitled to free tuition and other local sources may be used for the purposes enumerated for State and County funds and for purchasing appliances and supplies, for the payment of insurance premiums, janitors and other employees, for buying school sites, buying, building and repairing and renting school houses, and for other purposes necessary in the conduct of the public schools to be determined by the Board of Trustees, the accounts and vouchers for county districts to be approved by the county superintendent.

3. Building Fund. The receipts of this fund consist of money received from the sale of bonds issued by the district for the purpose of building and equipping school houses and making additions to buildings; of the accrued interest and premiums on bonds; of money received from the sale of property which was originally bought with the proceeds derived from the sale of bonds; of amounts received from

1McAllister, op. cit., Article VII, p. 345.
insurance adjustments on property originally bought with bond funds; and of interest on daily balances.

The Building Fund should be used in payment of accounts legally contracted in erecting new school buildings and equipping same; the purchase of school sites; additions to buildings and for preparing bond transcripts.

4. Rural Aid Fund. Warrants for all money granted under the provisions of the Rural Aid Law are transmitted by the State Superintendent to the depository of the schools to which the aid is granted. Rural Aid may be received for the payment of teachers' salaries, for industrial equipment, for consolidation, transportation, high school tuition, and in a few districts a special per capita high school aid granted according to Section 36b, Public School Laws, 1931. Receipts in this fund can only be expended for one or more of these purposes. In the case of a consolidation bonus, however, the aid may be spent for purposes other than those mentioned according to the needs of the district receiving the bonus.

5. Sinking Fund. Local taxes assessed for sinking fund purposes, interest on investments of sinking funds, and interest on daily balanced are credited to this fund. The expenditures from the interest and sinking fund include the redemption of bonds from current funds and from sinking funds, interest on bonds and fees for assessing and collecting taxes for sinking fund purposes.

6. Vocational Aid or Federal. This fund is treated as a reimbursement. Salaries for teachers of vocational subjects are paid from either the state and county available or the Local Maintenance Fund. When the payment for these salaries from the state is received (from state and federal funds), the fund from which the salary was paid, State and County available or Local Maintenance Fund, as the case may be, is reimbursed in that amount.

7. County Permanent Fund. A report of the County Permanent Fund, consisting of bonds, vendor's lien notes, unsold land, etc., must be accurately made in order that the condition of this fund may be known each year.

Under permanent school fund include the principal of all Permanent school fund which are invested. The nature of the investment being limited to United States Bonds, State bonds, County bonds, City bonds, Common school districts bonds, Independent school district bonds, Bonds; Road precinct, drainage irrigation, navigation and levee districts of Texas. The interest only on these investments is available for use for school purposes.
6. Balances. Balances in all funds at the close of the current year shall be carried over by the treasurer as part of the respective funds for the succeeding year, or unexpired balances to the credit of any school district shall be carried over for the benefit of such district. In common school districts, if any balance shall exceed five dollars per capita, according to the last scholastic census, then such excess shall be reapportioned to the school districts of the county.

Administration of the public educational system of Texas is primarily local and is vested principally in the independent and common school districts.

**State and Local Support**

Local support of public schools is primarily from an ad valorem tax on general property. All of the older counties received portions of the public domain for school purposes and in some instances appreciable local revenue is derived from the county permanent funds that have been built up.

Part of the state support comes from an ad valorem tax which may be levied at a maximum rate of thirty-five cents per one hundred dollars of valuation. Formerly this was the principal source of state support, but in recent years much larger receipts have come from the gasoline tax, of which one cent (out of a total levy of four cents a gallon) is diverted to the schools, and from the gross receipts tax levied against a number of classes of corporate enterprises, but principally from oil production. Portions of the receipts from cigarette stamp tax, insurance company tax, chain store tax and miscellaneous occupation tax, are also diverted to the school fund.

The constitution requires that a minimum of one-fourth of all occupational taxes be expended for support of schools. There is also a poll tax of one dollar for school support.

In addition, receipts of about $2,700,000 annually come from the state permanent school fund. This permanent school fund is made up of about $28,000,000 in securities and cash. This permanent fund has been built up out of the public domain of Texas.

**Financial statement of public school system**

The following is a financial statement showing income of the public schools of Texas for the fiscal year ended August 31, 1946:

**TABLE 1**

**STATEMENT OF INCOME OF THE PUBLIC SCHOOLS OF TEXAS FOR THE FISCAL YEAR ENDING AUGUST 31, 1946**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Common School District</th>
<th>Independent School District</th>
</tr>
</thead>
<tbody>
<tr>
<td>State and County Avail</td>
<td>$12,751,276.66</td>
<td>$38,420,323.77</td>
</tr>
<tr>
<td>Local Maintenance</td>
<td>12,211,657.82</td>
<td>58,964,819.74</td>
</tr>
<tr>
<td>Equalization (Rural Aid)</td>
<td>6,816,081.04</td>
<td>4,553,511.82</td>
</tr>
<tr>
<td>Interest and Sinking</td>
<td>2,514,504.14</td>
<td>14,675,258.47</td>
</tr>
<tr>
<td>Building</td>
<td>1,660,769.58</td>
<td>16,168,888.77</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$36,275,219.46</strong></td>
<td><strong>$154,866,362.57</strong></td>
</tr>
</tbody>
</table>

### Table 2
Available School Fund for the School Year Ended August 31, 1946

<table>
<thead>
<tr>
<th>Item, Code, and Source</th>
<th>Amount</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, September 1, 1946:</td>
<td></td>
<td>$1,015,611.22</td>
</tr>
<tr>
<td>Treasurer’s cash balance</td>
<td>$1,034,927.12</td>
<td></td>
</tr>
<tr>
<td>Less Warrants Payable</td>
<td>19,315.90</td>
<td></td>
</tr>
<tr>
<td>Net Cash Balance</td>
<td></td>
<td>$1,015,611.22</td>
</tr>
<tr>
<td>Ad Valorem Taxes, Tax Collectors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Comptroller</td>
<td>66.50</td>
<td></td>
</tr>
<tr>
<td>Total Ad Valorem</td>
<td>$13,074,367.99</td>
<td></td>
</tr>
<tr>
<td>Poll Tax</td>
<td>1,179,626.51</td>
<td></td>
</tr>
<tr>
<td>Highway Motor Fuel Tax</td>
<td>15,594,587.18</td>
<td></td>
</tr>
<tr>
<td>Application for Grazing Permits</td>
<td>4,245.25</td>
<td></td>
</tr>
<tr>
<td>Grazing Lease Rentals</td>
<td>23,704.55</td>
<td></td>
</tr>
<tr>
<td>Basement</td>
<td>1,388.54</td>
<td></td>
</tr>
<tr>
<td>Interest on State Deposits</td>
<td>9,751.76</td>
<td></td>
</tr>
<tr>
<td>Interest on County Deposits</td>
<td>55.53</td>
<td></td>
</tr>
<tr>
<td>Interest on city, county &amp; District bonds</td>
<td>1,524,945.53</td>
<td></td>
</tr>
<tr>
<td>Interest on U.S. Government Bonds</td>
<td>1,242,402.16</td>
<td></td>
</tr>
<tr>
<td>Interest = Land Sales</td>
<td>713,521.78</td>
<td></td>
</tr>
<tr>
<td>Refunds</td>
<td>9,244.25</td>
<td></td>
</tr>
<tr>
<td>Redemption of Interest Refunding Bonds</td>
<td>10,429.69</td>
<td></td>
</tr>
<tr>
<td><strong>Total Direct Receipts</strong></td>
<td></td>
<td>31,393,366.80</td>
</tr>
<tr>
<td>Unexpended Balances:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vending Machine Tax Enforcement Fund</td>
<td>52.78</td>
<td></td>
</tr>
<tr>
<td>Boxing and Wrestling Fund</td>
<td>4,358.69</td>
<td></td>
</tr>
<tr>
<td>Motor Fuel Tax Enforcement Fund</td>
<td>244,804.69</td>
<td></td>
</tr>
<tr>
<td>Proration of Taxes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Omnibus Tax Clearance Account</td>
<td>23,341,284.58</td>
<td></td>
</tr>
<tr>
<td>Comptroller’s Tax Clearance Account</td>
<td>454,494.57</td>
<td></td>
</tr>
<tr>
<td>Overallocation of Oil and Gas Enforcement</td>
<td>36,396.01</td>
<td></td>
</tr>
<tr>
<td><strong>Total Transfers In</strong></td>
<td></td>
<td>24,981,190.51</td>
</tr>
<tr>
<td>TOTAL PROVISION OF CASH</td>
<td></td>
<td>$56,295,186.38</td>
</tr>
<tr>
<td>Transfers out</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To permanent school fund bond premium repayment</td>
<td>3,493.50</td>
<td></td>
</tr>
<tr>
<td>To state textbook fund</td>
<td>2,250,000.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total Transfers Out</strong></td>
<td></td>
<td>2,253,493.50</td>
</tr>
<tr>
<td>WARRANTS ISSUED:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support free schools</td>
<td>55,791,170.45</td>
<td></td>
</tr>
<tr>
<td>Accrued interest on bonds purchased</td>
<td>8,602.70</td>
<td></td>
</tr>
<tr>
<td>Refunds</td>
<td>1,540.23</td>
<td></td>
</tr>
<tr>
<td><strong>Total Warrants Issued</strong></td>
<td></td>
<td>55,801,313.38</td>
</tr>
<tr>
<td>Balance, August 31, 1946:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasurer’s cash balance</td>
<td>$507,051.66</td>
<td></td>
</tr>
<tr>
<td>Less Warrants Payable</td>
<td>71,690.01</td>
<td></td>
</tr>
<tr>
<td>Net Cash Balance</td>
<td></td>
<td>$455,361.65</td>
</tr>
</tbody>
</table>

---

State Support of Public Schools in Texas

Public elementary and secondary schools of Texas are supported by funds derived from four sources: (1) the federal government, (2) the state government, (3) the county, and (4) the local school district.

In 1944-45 the federal government spent more than three million dollars for educational purposes in Texas which was more than 2.5 per cent of the total amount expended. For the same year the state contributed $54,554,025 outside its appropriations for higher education in the state. This was a little less than forty-eight per cent of total elementary and secondary school expenditures. Counties and local districts combined provided $56,524,391, about half of total expenditures.

Sources of State School Revenue

<table>
<thead>
<tr>
<th></th>
<th>Federal</th>
<th>State</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>XXX</td>
<td>XXX</td>
<td>XXXXXX</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
</tr>
</tbody>
</table>

Fig. 1.--Share of federal, state, and local governments in school support, as reported in the Thirty-fourth Biennial Report, State Department of Education, No. 473, 1945-46.

The state provides support through three funds:

1. The available school fund
2. The equalization fund
3. The state vocational aid fund
The available school fund is made up of the proceeds of earmarked taxes and the income from the permanent school fund; the equalization and vocational aid funds received legislative appropriations from the general fund of the state.

Earmarked Taxes:—The state constitution dedicates to the available school fund one dollar of the $1.50 tax on each taxable poll, and an ad valorem tax of from seven to thirty-five cents per one hundred dollars, according to the amount needed to produce the per capita school apportionment fixed by the state board of education. One-fourth of the tax on the gross receipts of oil and sulfur producers, one-fourth the tax on cigarette sales and permits are also dedicated to the available school fund by constitutional provision. The constitution further provides that revenues in the available school fund must be used to provide free schools and free textbooks during a school term of at least six months.

In order to guarantee the support of the constitution's minimum six months term, the statutes now earmark for the available school fund certain other tax proceeds in addition to those named above. These earmarked revenues include: one-fourth of a four cent per gallon state tax on highway motor fuels, one-fourth of the taxes levied on the gross receipts of telegraph, telephone, gas, electric power transportation, and water companies, producers of natural gas, cement, carbon black, marble, and on the gross premiums of insurance companies; one-fourth of chain store license, and documentary stamp taxes, admissions, and license tax on the operation of vending machines; and one-fourth of beer, wine, and liquor stamp taxes, according to the statutes,
the portion of the tax on sulfur production dedicated to the available school fund is fifty-five cents out of a total tax of $1.27 per ton. The taxes named above, with the exception of the highway motor fuel tax, are transferred to the available school fund from two accounts in the state treasury known as the omnibus tax clearance account and the comptroller's tax clearance account.

The total amount credited to the available school fund on August 31, 1944-45, including receipts from the permanent school fund, was $42,581,969.

Legislative Appropriations from the State General Fund.—The equalization fund, appropriated biennially for the support of financially weak school districts, was originally known as the rural aid fund. The first legislative appropriation to this fund was made in 1915 and amounted to $1,500,000. In 1944-45, $9,830,990 was appropriated, and this amount was later increased to $11,461,710.

State vocational funds are also appropriated from the state general fund to match in a fixed ratio the funds appropriated by the federal government. In 1944-45 the amount thus appropriated was $822,014 exclusive of rehabilitation and funds for crippled children.

Income for Schools From Permanent School Funds.—The Constitution provides for a perpetual public school fund to be derived from all lands and sales of lands granted by the federal government and reserved by the state. The income from this fund, which equaled $3,379,587 in 1944-45, is paid to the available school fund.
### Table 3

**Sources of State School Revenue in Texas for the Year 1944-45 Giving Amount and Per Cent**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Barmarked taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Ad valorem</td>
<td>$6,575,613</td>
<td>12.0</td>
</tr>
<tr>
<td>b. Poll tax</td>
<td>950,185</td>
<td>1.8</td>
</tr>
<tr>
<td>c. Highway motor fuel</td>
<td>10,378,787</td>
<td>19.1</td>
</tr>
<tr>
<td>d. Omnibus tax clearance</td>
<td>20,341,299</td>
<td>37.4</td>
</tr>
<tr>
<td>e. Comptroller tax clearance</td>
<td>444,212</td>
<td>0.8</td>
</tr>
<tr>
<td>2. Legislative appropriations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Equalization fund</td>
<td>11,401,710</td>
<td>21.1</td>
</tr>
<tr>
<td>b. Vocational education</td>
<td>882,014</td>
<td>11.1</td>
</tr>
<tr>
<td>3. Income from permanent school funds</td>
<td>3,379,567</td>
<td>6.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$54,421,567</td>
<td>100.0</td>
</tr>
</tbody>
</table>

### Apportionment of State Aid

The first state apportionment for the support of schools was made in 1854 and amounted to sixty-nine cents per scholastic. The state constitution now provides that such payments shall be made annually. In addition, some aid is given on an equalization basis and for special school purposes.

To give stability to the state support of public schools, the forty-ninth legislature enacted a law making it possible for the State Board of Education to fix the per capita at twenty-five dollars. These funds are distributed to counties and independent school districts on the basis of the number of scholastics aged six to seventeen inclusive. In 1944-45 the per capita apportionment was $40,460,301. The per capita amount is fixed on the basis of a prescribed formula and so varies from year to year.
Equalization Aid.-- The equalization law for the biennium 1944-45 provided that all payments be made on the basis of need shown according to certain requirements prescribed in the law.

Under this law the aid was distributed to school districts of not less than five hundred scholastics, and to consolidated or rural high school districts which had an average of not more than two hundred scholastics from each original district composing a consolidated or rural high school unit. Some districts nine miles long or longer, or which contain forty-eight square miles or more, are not subject to population restrictions.

In order for a district to participate in equalization aid, its average daily attendance must be at least sixty per cent of the scholastic census; it must levy and collect a local maintenance tax, exclusive of tax for bond purposes, of at least fifty cents per one hundred dollars of property valuation; the school must be situated at least two and one half miles from another school for the same race.

The school budget is computed on the basis of a salary schedule drawn up by the state legislature and an allowance of one teacher for any number of scholastics from twenty to thirty-five, and an additional teacher for each additional thirty or factional part thereof. If county and state allotments, together with the local funds, are not sufficient to operate the school for the legal school term of nine months, the balance is supplied by the state from the equalization fund.
In 1944-45 the amount paid out of the equalization fund for teachers' salaries was $7,127,076. Legislation passed in 1945 extended equalization aid to districts having as many as 1250 schoolsters and raised the rates of the teachers' salary schedule.

Special aid: In addition $3,737,896 was expended from the equalization fund for pupil transportation and $696,636 for high school tuition, in an effort to make an accredited high school available to every child. Allowances for transportation are $2.25 per month for high school children and $1.75 per month for elementary school children for a distance of two and one half miles or more.

The maximum high school tuition which could be paid from the equalization fund in 1944-45 was $7.50 per child per month for a period of not more than five months. This maximum rate was increased to nine dollars per child per month by legislation in 1945.

The state free textbook fund is set aside annually from the available school fund to purchase and distribute textbooks used in the public schools. In 1944-45, $1,400,000 was provided for this purpose.

The funds appropriated for vocational education including federal funds similarly appropriated, are distributed through the state board of vocational education. The apportionment made in 1944-45, including federal and state funds was $2,092,127. To this total the state contributed $882,014.
<table>
<thead>
<tr>
<th>Type of Aid</th>
<th>Name of Fund</th>
<th>Basis of Distribution</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Aid</td>
<td>Available School Fund</td>
<td>Number of scholars per unit of measure</td>
<td>$40,460,301</td>
</tr>
<tr>
<td>Equalization Aid:</td>
<td>Equalization Fund</td>
<td>Costs based on salary and pupil-teacher ratio</td>
<td>$7,127,078</td>
</tr>
<tr>
<td>Teacher Salaries</td>
<td></td>
<td>excess of 5 mill levy</td>
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</tr>
<tr>
<td>Special Aid</td>
<td>Equalization Fund</td>
<td>Not to exceed $9.00 per pupil per month</td>
<td>$596,636</td>
</tr>
<tr>
<td>High School</td>
<td></td>
<td>$2.25 per high</td>
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</tr>
<tr>
<td>Tuition</td>
<td></td>
<td>$1.75 per elementary</td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td>school pupil per month</td>
<td></td>
</tr>
<tr>
<td>Free text books</td>
<td>Available School Fund</td>
<td>Need for books by pupils in attendance</td>
<td>$1,400,000</td>
</tr>
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<td>Vocational Aid</td>
<td>Vocational Fund</td>
<td>Discretion of state board</td>
<td>$882,014</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>$54,204,025</td>
</tr>
</tbody>
</table>

**General Aid**

A general law provides that this fund can be expended only for salaries of teachers and superintendents, fees for taking the census, and interest on money borrowed for salaries of the current year. If, however, the state available school fund in any city or district is sufficient to maintain the school for at least eight months, such surplus may be expended for purposes other than those above.

Tennyson makes the following remarks:
The committee on educational finance of the Texas State Teachers Association is giving considerable study to various methods of financing the public schools support in Texas. One source of public school support in Texas is the county permanent and available school fund.

An examination of the statement, from the auditors' office, state department of education shows that the total of the county permanent funds consisting of investments and cash on hand amounts to $11,763,667.27. The income accrued for 1942 and 1943 amounted to $486,646.74, while the lease account accrued amounted to $110,219.88. Thirty-four counties still own a total of 223,058 acres of unsold land.

Summary

The public school funds of Texas are made up of three funds, namely: state and county available school funds, local school funds, and equalization funds.

State and County Available School Funds:—The state and county available school fund is apportioned to the various school districts according to the number of schoolastics living in a certain district. The present per capita apportionment passed by the last legislature is $55.00 for each schoolastic. This fund is used for the payment of superintendents and teachers' salaries, transfers, fees for taking the schoolastic census, and interest on money borrowed on short time to pay salaries become due before the school funds.

8 Charles H. Tennyson, County Permanent and Available School Funds, Texas Outlook, (November, 1944), 21-22.
for the current year become available. When the state available school fund in any city or district is sufficient to maintain the schools thereof in any year for at least eight months and leave a surplus, such surplus may be expended for the purpose for which the local school funds may be used. 9

The Local School Fund:--Local support of public schools is primarily from an ad valorem tax on general property. Also, in some instances appreciable local revenue is derived from the county permanent funds that have been built up. It is also composed from tuition fees of pupils not entitled to free tuition and other local sources. This fund is used or may be used for salaries, supplies, insurance premiums, purchasing school sites, repairing school property, and other purposes necessary for the betterment of the school system.

The Equalization Fund:--The equalization fund is for the purpose of promoting public school interest of rural schools and those poorer schools and equalizing educational opportunities afforded by the state department of education, to all children of school age living in small and financially weak school districts. The equalization fund is distributed to all schools on the basis of need. Rural aid, an equalization fund, may be received for the payment of teachers' salaries, for industrial equipment, for consolidation, transportation, high school tuition, and in some cases it may be used for other purposes.

CHAPTER IV

APPLYING CRITERIA TO CERTAIN OF THE PRESENT METHODS
OF DISTRIBUTING THE PUBLIC SCHOOL FUNDS

The purpose of this chapter is to determine to what extent the present laws, in relation to the public school funds, meet the criteria set up for the distribution of the public school funds of this state. In this chapter the writer will compare the criteria of Chapter II to the present method found in Chapter III.

State and County Available School Fund

Before discussing the method used in Texas, a study of the comments of Reed A. Morrill would be in order for consideration.¹ The Constitution of the United States does not mention education. Nowhere does it mention the organization of schools. The tenth amendment to the Constitution in part reads..."Powers not delegated to the United States, are reserved to the states respectively, or to the people...." Education was one of the "powers" neither delegated nor prohibited by the Constitution of the United States.

Education, therefore, becomes not only one of the powers of the state, but it also becomes one of the obligations and

responsibilities of the state. The purpose of state constitutional provisions for education is to guarantee perpetuity of educational services in the state.

The state department, for all practical purposes, is an extension of the office of the State Superintendent and can well be regarded as a service group. The ultimate responsibility for public education rests with the people through the state legislature. The state department of education is the agent and advisor of the legislature; and, as such, has a unique responsibility in the planning program.

Available Funds of Texas

The method used in Texas for the distribution of the available school fund is the school census method. The per capita apportionment is derived from the state available school fund by dividing the total number of schoolastics into the amount of the available school fund. This apportionment has increased considerably during the past few years. The per capita apportionment for the year 1939 was twenty-two dollars; for the coming school year of 1947-48 it is fifty-five dollars.2

As previously stated, this method of distributing public school funds will be compared in measurement by the criteria set up in Chapter II. The first criterion to be used concerns the method of distribution. This method will base the cost of transportation upon service rendered. The following factors, as indicated in Chapter II, affect the cost of trans-

2Ibid.
portation; number of pupils, density, length of bus route, and types of roads.

As previously stated, the per capita apportionment is derived from the available school funds. Article 2827 of Public School Laws of Texas\(^3\) concerning "Authorized Expenditures" clearly states that public free school funds shall be used exclusively for the payment of teachers' and superintendents' salaries, fees for taking the scholastic census,... Therefore, inasmuch as the per capita apportionment method is made from the available school funds and since bus transportation very definitely is not designated in that fund, it is quite evident that this first criterion will not stand up in measuring the per capita apportionment method now in use.

The second criterion to be used concerns the encouragement of better professional training for teachers. It is obvious from the above that the per capita apportionment method now in use does not tend to make any provisions whatsoever for the encouragement of better training for teachers. This criterion therefore does not apply to this particular method as there is no special fund used for the betterment of the training of teachers.

The third criterion to be used and applied to the per capita method of apportionment is in connection with the consolidation of schools. However, the per capita method now in use makes no provisions for the consolidation of schools. This criterion will be brought out later in the discussion con-

\(^3\)McAlister, op. cit., p. 147.
cerning the equalization fund with respect to Rural Aid Laws.

A fourth criterion to be applied to the per capita method now in use is the encouragement of better attendance. Bentley⁴ feels that in applying this criteria to the present method of distributing the public school funds, we can readily see that it discourages attendance. This method of distributing the state funds in Texas is not entirely equitable. This has been pointed out by educators for many decades.

Many of our noted educators feel that his method discourages attendance rather than encouraging it. Some, including Carlisle⁵ state that we should distribute these funds for actual attendance rather than by a list of students in our districts.

In our poorer districts, many of the children of the lower class, including negroes and Mexicans, are on our school rolls but never attend school.

Instead of offering an incentive to communities to provide full facilities, to increase the term of school to encourage and enforce the compulsory attendance law so that daily attendance may be kept high, to realize crowded conditions in the classrooms and employ additional teachers, the per capita basis places a premium on exactly the opposite procedure for all unprogressive and economically inclined communities. The method of distributing the state funds on a basis of per capita apportionment is unsatisfactory and unjust.⁶

⁴ Jack C. Bentley, Distribution of the Public School Funds, p. 45.
⁶ Ibid.
This criterion, in relation to the present method of distribution, does not measure up since it does not encourage public school attendance.

The fifth criterion to be applied to the present per capita method is in respect to teacher tenure. However, inasmuch as the per capita apportionment does not tend to make any provision for the betterment of teacher tenure, this particular criterion cannot be used in measuring the present per capita method.

A sixth criterion concerns the establishing of free public schools. The present per capita apportionment method for distributing public school funds pays out fifty-five dollars per year per scholastic in the district. In one sense, this helps to make a free public school system. On the other hand, however, merely paying for teachers from this available fund does not make for free high school education. A high school student faces an expenditure of anywhere from five dollars to $225.00 per year for books, fees, materials, clubs, socials, and the like. In reference to the present method of distribution, the criterion for this phase does not measure up since it does not make public schools one hundred per cent free.

The seventh criterion to be applied to the present per capita apportionment asks whether or not our funds are distributed so as to create a sound basis for apportionment. In this case the answer is definitely in the negative. The rich districts get as much money per scholastic as do the poor
districts. This criterion, therefore, does not measure up to our set standard.

The eighth criterion to be used and applied to the present per capita method is that of keeping the control of public education close to the people. This criterion does not apply to the present method inasmuch as the amount or per capita apportionment is determined by the state legislature. The people, of course, benefit from this amount, but they do not have any say concerning the regulation of the amount distributed or how the amount is distributed.

The ninth criterion to be applied to the present per capita method asks whether or not our taxation obtains the funds necessary to provide satisfactory educational opportunities for all pupils. When the per capita apportionment was twenty-two dollars it was definitely not enough to provide adequate opportunities for all pupils.

It follows then that this ninth criterion does not measure up to our standard since it does not provide satisfactory educational opportunities for all of the school children of Texas.

A tenth criterion to be applied asks whether we receive school revenues from general tax sources or from limited sources. The school funds are derived primarily from two or three tax sources; therefore, they are limited and the funds available in many cases are inadequate.

This criterion therefore, does not measure up as the school revenues are not from general tax sources but are limited.
The eleventh criterion set up is that of whether our present method for the distribution of revenues is effective. In view of the method used at the present time, the revenue derived from the per capita apportionment is distributed in an effective manner. It is not a sufficient amount, as yet, but all schools know exactly how much money they are to receive during the school year. Therefore, this criteria does measure up inasmuch as the method used in the distribution of the per capita apportionment is effective.

The twelfth criterion to be applied is that of whether our funds are so apportioned on equitable measures of educational need and ability to support the schools. Cyr, Burk and Mort state that the inequalities are the result of four causes other than changes in wealth or population:

1. Failure to adjust taxes as conditions change.
2. Neglect by the states to provide sufficient school funds.
3. Unsound methods of giving state financial aid to school districts.
4. Delay in reading certain other bad conditions. 7

Cyr, Burk and Mort further hold that state funds are distributed inequitably and that the following facts will show up the evils of the per capita method.

1. Not all children are enrolled in the schools.
2. Attendance in some districts is better than in others.

7Frank Cyr, Arvid J. Burk, and P. J. Mort, Paying For Our Public Schools, p. 43.
3. It costs more to educate children in wide open spaces, where classes are small, and bus transportation has to be provided.
4. The number of children on a census will not equal the number living in the district.
5. School terms vary and longer terms cost more than shorter ones.

To restore equality in our schools, the causes of the inequalities must be removed. These causes may be classified as:

1. Changes in wealth and population
2. Failure of the tax system to meet these changes
3. Poor methods of distributing state aid
4. Insufficient state funds
5. Poor organization of school districts.

The three basic principles of American education which affect school finance:

1. The attempt to develop each citizen in line with his needs, using to the best advantage the locality where he lives, makes education different from other industries. It is no small measure a local affair. Any scheme of education which fosters mass production of standardized pupils is not American. Mass production is all right for the making of cars but not for the making of future citizens in a free nation.

2. The teacher is the most important factor in the process of education. His freedom and welfare must be protected so he will be of most value to the learner and to the community. School finance must not place centralized restraints upon teaching.

Ibid., p. 55.
3. The opportunity of schools and good programs should be provided for all. This can be done only when school finance gives poor districts more aid than it does rich districts.

This criterion as concerns the distribution of our funds as to the need in regard to the per capita apportionment, does not meet the standard as each district gets the same amount per pupil regardless of the wealth of the district.

Williams makes the following observation concerning the per capita apportionment:

1. The Texas system of apportioning school funds on the basis of a scholastic census is one of the most obsolete systems known.
2. It is responsible for gross inequalities in financial support to public education.
3. In actual practice it amounts to a subsidy for absence.  

The Local School Fund.--It is impossible to compare the criteria of Chapter II with the local school fund discussed in Chapter III as most of our local revenue is derived from ad valorem taxes on general property.

The Equalization Fund.--Morrill gives the following introduction on equalization:

Equalization is not achieved by the state matching local district funds. This only tends to make present opportunity more unequal. Neither is it achieved by the state contributing a given amount equally per A.D.A.; nor by sending each district an equal amount of state funds. One has to see the district needs, analyze its wealth, assessed valuation, and tax producing resources, as well as to know the number of children in the district.

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10Morrill, *op. cit.*, p. 22.
Since costs vary from place to place in the state and since they bear diverse relationships to tax paying abilities of the various districts, the achievement of uniformity would involve the following:

1. A local school tax in support of the minimum offering would be levied in each district at a rate which would provide the necessary funds for that purpose in the richest district.

2. This richest district then might raise all of its school money by means of the local tax; assuming of course, that a satisfactory tax capable of being locally administered could be devised.

3. Every other local district could be permitted to levy a tax at the same rate and apply the proceeds toward the cost of the schools.

4. However, inasmuch as the rate is uniform, this tax would be sufficient to meet the costs only in the richest districts, and the deficiencies would have to be made up by state subventions.

Therefore, the distribution of an equalization fund, as shown above, must be related to both the financial abilities and the needs of the local district. The state then pays the difference between the cost of the minimum education program and the local tax contribution. Poor districts get more aid than the rich; otherwise there is no equalization. In the poor district the local share will be small and the state share greater; in the average district they may be about equal, while
in the wealthy district the local share will be greater and the state share small. Other important factors to be given consideration in a complete equalization program include the following:

1. Teacher requirements
2. Number of days in school
3. Curricular offerings
4. Transportation of students
5. Size of classroom units

Williams made a study on the basic principals and procedures that must be used in the development of a plan to equalize school support. He concluded that the basic principles underlying equalization are:

1. Public education is a state responsibility, and educational opportunity should be equalized up to some prescribed minimum for all children of the state.
2. Public educational opportunity should be equalized at a point near the standard being offered the child living in a community of average wealth.
3. Funds for the support of the minimum program should be raised by the state or state and local taxation adjusted in such a way as to place the same tax load on the people of all communities.
4. Any local unit should be allowed the privilege of providing a program in excess of the minimum program without forfeiting the privilege to whatever state aid it might be entitled under the minimum program provision.  \[11\]

Texas provides for an appropriation known as Rural School Aid, which is expended in accordance with the provisions embodied in the appropriation acts passed by each succeeding

\[11\] Williams, op. cit., p. 49.
Legislature. The equalization fund is appropriated out of the General Revenue Fund by the Legislature. The equalization bill of 1939 provided for $15,681,754 to be used for the 1939-40 school term for the schools of Texas that could qualify under the provisions of the Rural Aid Law. "The equalization fund is made up of three principle parts: They are high school tuition, transportation aid, and salary aid." 12

The criteria set up in Chapter II will be applied to the present method of distributing the equalization fund.

**Tuition Aid Fund.** The state law of Texas is very specific concerning the distribution of the tuition aid fund:

Section 1...It is hereby expressly provided that a sufficient amount of funds allocated by this act shall be used for the payment of tuition not to exceed nine dollars ($9.00) for high school pupils and five dollars ($5.00) for grade school pupils per month, and in no instance shall more than five (5) months tuition be paid for any one pupil on the census roll for any one school year. High School tuition shall be paid according to the provisions of House Bill Number 155, General Laws, Regular Session, Forty-fourth Legislature, as amended, and subject to the limitations, changes and restrictions provided in this Act. In the event a receiving school has its budget balanced with salary and there shall be deducted from the salary aid grant of such school any amount of tuition collected from sending districts and all such collections shall be included in the revenue section of the State Aid application. Such revenue shall include the total tuition received for the preceding year by such school district. In no event shall any salary aid school receive tuition aid in any amount which, together with the salary aid, exceeds the statutory need as indicated by the approved State Aid application. Receiving schools refusing to accept such approved rate as the maximum amount to be charged shall not be eligible to receive tuition aid funds. It is further provided that tuition aid as above set out shall be granted for pupil attending from an Orphan's home in the district or transferred into a district from an Orphan's home or from either of the State Training Schools or pupils attending who are the children of employees of...
any eleemosynary institutions of this State, or for any
or all of such children transferred into a district from
any eleemosynary institution. 13

The first criterion to be applied to the present method
of high school tuition distribution concerns the factors
affecting transportation and transportation cost. This criterion
does not apply to this particular portion of the equalization
law since it applies only to the tuition aid of students and
not to transportation and cost of transportation.

The second criterion to be applied to this method of tuition
aid distribution is relative to better training of teachers.
This of course, does not meet our standard inasmuch as it pays
for the pupil and does not do anything for the professional
training of the teacher.

The third criterion to be applied is the encouragement
for consolidation of schools. This criterion is not applicable
to the present method since it deals only with the pupil and
not the school.

A fourth criterion to be applied to the tuition aid fund
is the encouragement of better attendance. Since it is an aid
to students in attending school by making it possible for many
to attend who would not attend otherwise, this method meets
the requirements set up as the fourth criterion.

The fifth criterion is in respect to teacher tenure. This
tuition aid helps the student remain in school, but no pro-
visions are made for the teacher. Therefore, this criterion

13 State Laws of Texas, Article IV, Section 1, p. 284.
does not apply inasmuch as makes no provisions for teacher tenure.

A sixth criterion concerns the establishment of free high schools. The tuition aid fund certainly helps many students to stay in school. Therefore, to a certain extent, this criterion does apply to the tuition aid fund; however, the present system for granting high school tuition does not offer free tuition to all children. Students living in non-state aid schools must pay their own tuition unless the district is able and willing to pay it. From this viewpoint then the method does not meet our standard.

The seventh criterion asks whether or not the tuition aid funds is on a sound basis of apportionment. This does not apply to our criterion inasmuch as tuition aid is not distributed on an equal basis, but rather to students in certain districts only.

The eighth criterion to be applied to the tuition aid fund is that of keeping the control of public education close to the people. This tuition aid fund helps keep students close to the people. This tuition aid fund helps keep students close to education but does not bring education closer to the people. This aid, as to the amount, is regulated in the Legislature and the people in the district have nothing to do with the amount of aid. Therefore, this does not measure up to our standard as it does not bring education closer to the people.

The ninth criterion asks whether our taxation obtains the funds necessary to provide satisfactory educational opportunities for all pupils. Since this bill aids the students
to attend school without any additional expense to the individual, the funds set aside for tuition aid, nine dollars and five dollars for high school and grade school pupils respectively, does provide satisfactory educational opportunities for all. Therefore, the criterion does measure up to the standard set up in Chapter II.

A tenth criterion asks whether we receive the revenue from general tax sources or from limited sources. We do not receive the revenue from general sources, but from limited ones. Therefore, this criterion does not meet the one set standard.

The eleventh criterion is whether the present method for the distribution of the tuition aid is effective. It is effective since each school knows exactly how much they will receive and since the Legislature has increased its tuition aid from two dollars and three dollars to five dollars and nine dollars for elementary and high schools respectively, it is an adequate amount for this service. This criterion then does meet the standard set up in Chapter II.

The twelfth criterion to be applied is that of whether our funds are so apportioned on equitable measures of educational need and ability to support the schools. This criterion does not meet our standard as each district, regardless of wealth, receives the same amount per student for his tuition aid.

Transportation Fund. The state law again is quite specific concerning the aid for transportation:
... the County Board of Education shall distribute the funds equitably to the districts operating such transportation systems not to exceed the actual approved cost of any one (1) bus so operated. The expenses of such transportation shall be paid on the basis of budgetary need as indicated by approved State Aid application, out of the funds herein allocated and appropriated for transportation aid, not to exceed Three Dollars ($3.00) per month per pupil for high school pupils and Two Dollars and Seventy-five Cents ($2.75) per month per pupil for elementary school pupils for those attending the most convenient accredited school; provided that if there be no convenient accredited school that such pupil may obtain like aid under the provisions of this Article when attending any near school of higher classification than the sending district, when designated by the County Board on the basis of Three Dollars ($3.00) per month per pupil for high school pupils and Two Dollars and Seventy-five Cents ($2.75) per month per pupil for elementary school pupils who reside two and one-half (2½) miles or more from the nearest school in such district; provided further, that all school districts containing one hundred (100) square miles of territory or more of which have less than one (1) enumerated scholastic per square mile may receive Three Dollars and Twenty-five Cents ($3.25) per month per pupil; provided further, that all the counties having less than three (3) enumerated scholastics per square mile in the entire county shall receive Three Dollars and Fifty Cents ($3.50) per month per pupil as transportation aid when there is a need shown therefor as provided herein.

In instances may aid be granted for pupils transported who attend a grade in another school, which grade is taught in such pupil's home district. No transportation aid shall be granted for a pupil being transported out of his home school district if two or more receiving schools are applying for transportation aid from such pupil's home district unless the bus routes through such district have been approved by the State Department of Education and confirmed by the Legislative Accountant. Aid shall not be granted under any provisions of this Article unless the pupil so transported actually resides more than two and one-half (2½) miles from the school attended and is transported in an approved bus over an approved route. Provided that the County Superintendent shall locate a point on each bus route two and one-half (2½) miles from the receiving school, and after such point is established he shall personally determine whether the school is requesting transportation aid on any pupil residing within the two and one-half (2½) mile limit and any district requesting aid on such pupil shall become ineligible for transportation aid on such bus transporting such pupils;
provided however, all school districts conforming to County Unit System of Transportation and receiving no other type of aid, either tuition or salary, and comprising three or more consolidated districts containing fifty (50) square miles or more of territory, may receive transportation aid only on a transportation budget showing need therefor on the basis and at the rate provided in this Act. 14

The first criterion to be applied to this method of distributing the transportation aid concerns transportation and transportation cost. In checking the method of present distribution of these funds, the writer finds that it does not meet the standard set up in Chapter II. This aid is not passed out in accordance to the number of pupils riding the bus, road conditions, length of route or density. As was brought out in Chapter II, the above four factors have much to do with transportation costs. In view of the fact that this aid does not consider the above factors, the present method of apportionment of transportation aid does not meet or fulfill the standard.

The second criterion to be applied to this method is that of better trained teachers. This aid does not do anything for the professional training of teachers, therefore, it cannot be justified.

The third criterion to be used concerns the encouragement of consolidation. Indirectly, this method encourages consolidation since it pays for the transportation of the students from the smaller schools to the larger ones or from districts

14 Public School Laws of Texas, Article V, p. 286.
without adequate schooling to appropriate ones. Therefore, this method does meet our standard.

A fourth criterion used is the encouragement of better attendance. It does encourages attendance in as much as it makes it possible for the students to attend school at no cost to the individual. Therefore this method does meet our standard.

The fifth criterion used is in respect to teacher tenure. No provisions are made in the transportation aid concerning the tenure of teachers. Therefore, this method cannot be used.

A sixth criterion concerns the establishment of free public schools. This method does encourage free public schools to the extent that it furnishes transportation to the students. The present method then meets the standard set up in Chapter II.

The seventh criterion asks whether the funds are distributed so as to create a sound basis of apportionment. This method does meet our standard in as much as the transportation funds are distributed on an equal basis according to their need.

The eighth criterion to be applied is that of keeping the control of public education close to the people. This criterion does not apply to the present method in as much as the amount of transportation aid is determined by the legislature. The people, of course, receive some benefit from this fund, but they do not have anything to do with the amount distributed or how it is distributed.

The ninth criterion asks whether the taxation obtains the funds necessary to provide satisfactory educational oppor-


Articles


Hand, Harold, American Teacher, (February, 1947), 94.

Hutchins, C. D., "Determining Costs of Pupil Transportation," The Nations Schools, XXV (May, 1940), 34-35.


Salary Aid.—Salary aid is covered sufficiently in the state laws:

Teacher-pupil quota: State aid under provisions of this act shall be allotted upon the basis of one teacher for any number of scholastics from twenty (20) to thirty-five (35) and one (1) additional teacher for each additional thirty (30) scholastics, or fractional part thereof, residing in the district. It is expressly provided that in the event scholastics are transferred into the district the excess fractional part thereof shall not be less than two (2) scholastics. The basis for calculation shall be the net scholastic enumeration of white or colored race, as the case may be, including the transfers into the district, and excluding the transfers out of the district, provided such transfers are from districts eligible to receive aid under article 1 of this act, for the current year; and ther shall be deducted all scholastics who have completed the course of study in their home school, as classified by the County Board of Trustees, and those whose grades are taught within the district from which they are transferred unless such scholastics maintain an average daily attendance of sixty five (65) per cent in the district to which they are transferred for the first sixty (60) school days....

The first criterion to be applied to this method of distributing the salary aid asks if the method will aid transportation and transportation cost. This salary aid has nothing whatsoever to do with transportation; it deals only with the salaries of the teachers. The present method does not meet the criteria.

A second criterion to be applied to this method is that of better trained teachers. This aid does not do anything for the professional training of teachers; it only helps them get their salary. The present method does not meet the criterion.

The third criterion to be used concerns the encouragement of consolidation. Indirectly, this method encourages con-
consolidation since it pays for the number of pupils attending school. The more of the smaller schools consolidating with the larger ones, the more pupils attending school, the more teachers and the more salary aid the consolidated school will receive. The present method does meet the criterion.

A fourth criterion used is the encouragement of better attendance. It encourages attendance inasmuch as the more attending school the more salary aid received. This method does meet the criterion.

The fifth criterion used is in respect to teacher tenure. No provisions are made in the salary aid to help the tenure of teachers. Therefore, the present method does not meet the criterion.

A sixth criterion to be used concerns the establishment of free public schools. No provisions are made in the salary aid to encourage the operation of free public schools. Therefore, the present method does not meet the criterion.

The seventh criterion asks if the funds are distributed so as to create a sound basis of apportionment. This method does meet the criterion as the salary aid is distributed on an equal basis according to the number of students.

An eighth criterion to be applied is that of keeping the control of public education close to the people. This criterion does not apply to the present as the amount of salary aid is determined by the Legislature. The people benefit in that it reduces their tax burden but they have nothing to do with the distribution of such aid.
The ninth criterion to be applied asks whether our taxation obtains the funds necessary to provide satisfactory educational opportunities for all pupils. The present method, to a certain extent, does meet the criterion inasmuch as it is an incentive to get more students to school in order to get more money to pay the teachers. This fund alone however, does not make satisfactory educational opportunities for all. It does create more funds in order that the pupils can have a better education.

A tenth criterion to be applied asks whether we receive school revenues from general tax sources. This fund is derived from a limited number of sources. The present method then does not meet the criterion.

The eleventh criterion to be used is that of whether our method of the distribution of revenue is effective. In view of the present method used, the revenue derived from the salary aid is distributed in an effective manner. It is not a sufficient amount, by any means, but each school knows just how much money it is to receive from this source. Therefore, the present method does measure up to the criterion founded in Chapter II.

The twelfth criterion to be applied is that of whether our funds are so apportioned on equitable measures of educational need and ability to support the schools. The present method does not meet the criterion as each district receives the same amount regardless of its condition.
Teacher-pupil unit:—Another method of apportioning school funds is according to the number of teachers employed. Such a method has some advantages over the per pupil plan, because the number of teachers actually employed is really what determines the major cost of maintaining the schools. The per teacher plan of distribution encourages employment of a large number of teachers; hence it will tend to reduce the pupil-teacher ratio. This incentive, although desirable in some circumstances, probably will tend to perpetuate the existence of small schools which should be consolidated.

Although Texas does not use this method of apportioning school funds, the writer has applied his criteria to this other method.

The first criterion to be applied to this method of apportionment concerns the factors affecting transportation and transportation costs. No provisions are made in this plan for transportation, therefore this method cannot be used.

The second criterion to be applied to this method is that of better trained teachers. This is a stimulus to encourage the better professional training of teachers, assuming that the standards of teacher training remain the same. Then, this method meets our criterion.

The third criterion to be used concerns the encouragement of consolidation. This method discourages consolidation since it tends to perpetuate the existence of small schools which should be consolidated. Therefore, this criterion does not measure up to the standards set up in Chapter II.
The fourth criterion used is the encouragement of better attendance. This is not a plan to better the attendance so it cannot be justified.

The fifth criterion used is in respect to teacher tenure. No provisions are made in this method of apportionment for the betterment of teacher tenure. Therefore this method cannot be used.

The sixth criterion used concerns the establishment of free public schools. No provisions are made in this method for free public schools, therefore, it cannot be justified.

The seventh criterion asks whether the funds are distributed so as to create a sound basis of apportionment. The funds, here, are distributed on a sound basis as each school would know the amount that they would receive due to the number of teachers. This method does meet our standard inasmuch as the funds are distributed on a sound basis.

The eighth criterion to be applied is that of keeping the control of public education close to the people. This criterion does not apply to the present method inasmuch as the amount of apportionment is determined by the legislature and paid in accordance to the number of teachers. The people, of course, receive some benefit from this fund, but they do not have anything to do with the amount distributed or how this is distributed on the teacher-pupil unit.

The ninth criterion asks whether the taxation obtains the funds necessary to provide satisfactory educational opportunities
for all pupils. This method meets our standards since it should provide a better type of teaching, in most cases, and it would lower the pupil load per teacher. Therefore, each teacher should do a better job of teaching the pupils. So, it can be said this method does measure up to our standard inasmuch as it helps to make education equal to all pupils.

The tenth criterion to be applied asks whether we receive school revenues from general tax sources or from limited sources. This fund is derived from a limited number of sources. The method does not measure up to the standard set up on the preceding pages of Chapter II.

The eleventh criterion to be used is that of whether our method for the distribution of revenue is effective. In view of the present method used, the revenue derived from this method would be more effective than the per capita method. However, in both cases the schools know how much money and when they will receive it. Therefore, this method does measure up to the standard founded in the research as the method used in the distribution of the teacher-pupil unit is effective.

The twelfth criterion to be applied is that of whether our funds as set up are so apportioned on equitable measures of educational need and ability to support the schools. This method does not meet our standard as each district receives the same amount per teacher regardless of the wealth or of the county or district.
SUMMARY

It is found that the present method of distributing the public school funds of Texas either meets or does not meet the criteria set up in the following:

Distribution of the available school fund on the school census method.--It was found that it meets only one of the criterion and does not meet the remaining eleven.

The local school fund.--It is impossible to compare the criteria with the local school fund as most of our local revenue is derived from ad valorem taxes on general property.

The equalization fund, high school tuition.--It is found that the distribution of aid for high school tuition meets our criteria only in four cases and in eight cases does not measure up to our criteria.

Transportation aid.--It is found that the distribution of aid for transportation meets our criteria in six cases and fails to do so in six cases.

Salary aid.--It is found that the distribution of aid for salaries meets the criteria six times and does not meet the criteria in six cases.

Although the teacher-pupil unit of apportioning school funds is not used in Texas the criteria have been used to measure this method of apportionment.

It is found the distribution of funds in this manner meets our criteria in seven of the cases and not in five of the cases.
CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

From the data available concerning the distribution of the public school funds and the study made by the writer the following conclusions have been reached:

State and County Available School Fund

These conclusions are based upon the application of the criteria to the per capita method of apportioning the available school fund:

1. The present method of distributing the state available school funds on the per capita basis is not one that will better the transportation system of our public schools of Texas.

2. The present method of distributing the state available school funds on the per capita basis is not a stimulus to encourage the better professional training of teachers.

3. The present method of distributing the state available school funds on the per capita basis is not one that will encourage consolidation.

4. The present method of distributing the state available school funds on the per capita basis is not the incentive to encourage and secure better school attendance.
5. The present method of distributing the state available school funds on the per capita basis does not help to establish better tenure for our teachers.

6. The present method of distributing the state available school funds on the per capita basis does not make our public schools one hundred per cent free.

7. The present method of distributing the state available school funds on the per capita basis does not create a method for a sound basis of apportionment.

8. The present method of distributing the state available school funds on the per capita basis does not help to keep the control of education close to the people.

9. The present method of distributing the state available school funds on the per capita basis does not help provide satisfactory educational opportunity for all of our pupils.

10. The present method of distributing the state available school funds on the per capita basis is not from a general tax source but from a limited tax source.

11. The present method of distributing the state available school funds on the per capita basis is effective in distributing the revenue to the various schools.

12. The present method of distributing the state available school funds on the per capita basis does not determine to apportion our funds on equitable measures of educational need and ability to support schools.
The Equalization Fund

Morrill holds that as long as each district raises its own revenue for the schools, the educational offerings each can furnish will remain uneven.\(^1\) The best practical answer, not considering other aspects, would be for the entire area covered by both districts to become unified. Then educational revenue for the combined area could be equitably provided. If, however, it is desired to maintain each district, the principle of equalization must become our solution. This means a minimum program of education must be set up as the foundation program for each district.

Mort feels that underlying the equality principle is the concept of assuring a minimum without placing a ceiling of opportunity, the idea of helping those handicapped by social and economic environment, that equality of opportunity means leveling up, not leveling down. It demands helping the slow, not hobbling the swift.\(^2\)

Tuition Aid Fund

These conclusions are based upon the application of the criteria to the method used in distributing tuition aid:

1. The present method of distributing the school funds on the tuition aid basis is not one that will better the transportation systems of our schools.

\(^1\)Morrill, op. cit., p. 22.

2. The present system of distributing the school funds on the tuition aid basis is not a stimulus to encourage better professional training of teachers.

3. The present method of distributing the school funds on the tuition aid basis does not encourage consolidation.

4. The present method of distributing the school funds on the tuition aid basis does create an interest in securing better school attendance.

5. The present method of distributing the school funds on the tuition aid basis does not establish better tenure for our teachers.

6. The present method of distributing the school funds on the tuition aid basis does not create or establish one hundred per cent free high schools.

7. The present method of distributing the school funds on the tuition aid basis does not create a sound basis of apportionment.

8. The present method of distributing the school funds on the tuition aid basis does not bring education closer to the people.

9. The present method of distributing the school funds on the tuition aid basis does obtain the funds necessary to provide satisfactory educational opportunities for the pupils and the rest depends on the school system.

10. The present method of distributing the school funds on the tuition aid basis does not receive the revenue from general tax sources but from limited ones.
11. The present method of distributing the school funds on the tuition aid basis is effective in the distribution of its revenue.

12. The present method of distributing the school funds on the tuition aid basis is not apportioned on equitable measures of educational need and ability to support schools.

Transportation Aid

1. The present method of distributing the school funds on the transportation aid basis does not give the best possible transportation system to the school children of the state.

2. The present method of distributing the school funds on the transportation aid basis does not create a stimulus to encourage better professional training of teachers.

3. The present method of distributing the school funds on the transportation aid basis does encourage consolidation.

4. The present method of distributing the school funds on the transportation aid basis does encourage or create an interest in securing better attendance.

5. The present method of distributing the school funds on the transportation aid basis does not establish better tenure for teachers.

6. The present method of distributing the school funds on the transportation aid basis does help to establish free public schools of Texas.
7. The present method of distributing the school funds on the transportation aid basis does create a sound basis of apportionment.

8. The present method of distributing the school funds on the transportation aid basis does not help keep the control of public education close to the people.

9. The present method of distributing the school funds on the transportation aid basis does help to provide satisfactory educational opportunity for our pupils.

10. The present method of distributing the school funds on the transportation aid basis does not receive the revenue from general tax sources but from limited ones.

11. The present method of distributing the school funds on the transportation aid basis is effective in the distribution of its revenue.

12. The present method of distributing the school funds on the transportation aid basis is not apportioned on equitable measures of educational need and ability to support schools.

Salary Aid

1. The present method of distributing the school funds on the salary aid basis is not one that will better the transportation systems of our schools.

2. The present method of distributing the school funds on the salary aid basis is not a stimulus to better the professional training of teachers.
3. The present method of distributing the school funds on the salary aid basis is one that encourages consolidation.

4. The present method of distributing the school funds on the salary aid basis does encourage attendance.

5. The present method of distributing the school funds on the salary aid basis does not establish better tenure for our teachers.

6. The present method of distributing the school funds on the salary aid basis does not create a one hundred percent free public school system.

7. The present method of distributing the school fund on the salary aid basis does create a sound basis of apportionment.

8. The present method of distributing the school funds on the salary aid basis does not help the keep the control of public education close to the people.

9. The present method of distributing the school funds on the salary aid basis does help to provide satisfactory educational opportunity for our pupils.

10. The present method of distributing the school funds on the salary aid basis does not receive the revenue from general tax sources but from limited ones.

11. The present method of distributing the school funds on the salary aid basis is effective in the distribution of its revenue.
12. The present method of distributing the school funds on the salary aid basis is not apportioned on equitable measures of educational need and ability to support the schools.

Teacher-pupil units: These conclusions are based upon the application of the criteria to the teacher-pupil unit method of apportioning the available school fund. This method is not used in Texas but is one of the related studies made by the writer.

1. The method of distributing the state available school funds on the teacher-pupil unit is not one that will better the transportation system of our public schools of Texas.

2. The method of distributing the state available school funds on the teacher-pupil unit is a stimulus to encourage the better professional training of teachers assuming that the standards of teacher training remain the same.

3. The method of distributing the state available school funds on the teacher-pupil unit is not one that will encourage consolidation nor does it discourage it.

4. The method of distributing the state available school funds on the teacher-pupil unit is one that will encourage attendance.

5. The method of distributing the state available school funds on the teacher-pupil unit is not one that will better teacher tenure.
6. The method of distributing the state available school funds on the teacher-pupil unit does not tend to make our schools one hundred per cent free.

7. The method of distributing the state available school funds on the teacher-pupil unit does create a method for a sound basis of apportionment using the amount distributed need and ability to pay.

8. The method of distributing the state available school funds on the teacher-pupil unit does not help to keep the control of education close to the people nor does it keep the control away from the people.

9. The method of distributing the state available school funds on the teacher-pupil unit does help to provide satisfactory educational opportunity for all of the pupils.

10. The method of distributing the state available school funds on the teacher-pupil unit is not from a general tax source but from a limited tax source.

11. The method of distributing the state available school funds on the teacher-pupil unit is effective in distributing the revenue to the various schools.

12. The method of distributing the state available school funds on the teacher-pupil unit does not determine to apportion the funds on equitable measures of educational need and ability to support schools.
Recommendations

1. It is recommended that transportation aid be granted on the basis of density, road conditions, length of bus route, since these factors affect the cost of transportation.

2. It is recommended that the state set a minimum program of education that will provide equalized educational opportunity for the children of the state.

3. It is recommended that the state apportionment be based upon the aggregate daily attendance, rather than the scholastic basis, since the aggregate daily attendance does encourage school attendance.

4. It is recommended that all property assessments be based upon true valuation, as required by law or that the state discontinue this means of raising money.

5. It is recommended that all areas in the state become unified on the work-together basis.

6. It is recommended that all revenue derived for school purposes be taken from general tax sources and do away with the limited tax sources.

7. It is recommended that the state available school funds be distributed on equitable measures of educational need and not distributing these on an equal basis.

8. It is recommended that any local unit be allowed the privilege of providing a program in excess of the minimum
program without forfeiting the privilege to whatever state aid it might be entitled under the minimum program provision.

9. It is recommended that funds for the support of the minimum program should be raised by the state or state and local taxation adjusted in such a way as to place the same tax load on the people in all communities.

10. It is recommended that the number of teachers should be determined by a stated teacher-pupil ratio based upon average daily attendance.

11. It is recommended that public education should be adapted to the needs of the individual.
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