A STUDY OF SCHOOL FINANCING
IN SELECTED DISTRICTS OF
WISE COUNTY, 1846-1955

THEESIS

Presented to the Graduate Council of the
North Texas State College in Partial
Fulfillment of the Requirements

For the Degree of

MASTER OF SCIENCE

By

James Earl Watson, B. S.

Denton, Texas

August, 1955
# TABLE OF CONTENTS

**LIST OF TABLES** ................................................................. v

**Chapter**

I. INTRODUCTION ................................................................. 1

- Purpose and Scope
- Description of Districts Selected
- Source of Data
- A Brief Description of Chapter Contents

II. DEVELOPMENT OF TAX STRUCTURE FOR SCHOOL PURPOSES ........ 6

- Early History of School Financing
- School Lands and the Permanent County School Funds
- Special Taxing Authority Conferred upon Schools

III. CHANGES IN THE TAX STRUCTURE OF THE SCHOOLS FROM 1900-1940 . 29

- Authority to Issue Bonds
- Effect of Rural Aid on the Tax Structure of Selected Districts
- Effect of Transportation on the Tax Structure of Selected Districts
- State Per Capita Apportionment
- Tax Assessments by Boards of Equalization
- Tax Rates for School Support of Selected Districts

IV. EFFECT OF GOVERNMENT PURCHASE OF LAND ON THE TAX STRUCTURE OF THE DISTRICTS SELECTED FOR THIS STUDY ................ 48

- Purpose of Purchase
- The Relocation of Families
- Number of Acres Acquired in Districts
- Effect on Tax Base
- Effect on Annual Tax Revenue Received by Selected Districts
- Bonded Debt Attributable to Government Land
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of Scholastics Due to Land Purchase</td>
<td></td>
</tr>
<tr>
<td>Payment to Counties for Roads and Schools in Lieu of Taxes</td>
<td></td>
</tr>
<tr>
<td>V. CHANGES IN THE TAX STRUCTURE OF THE SELECTED DISTRICTS AS A RESULT OF RECENT LAWS</td>
<td>62</td>
</tr>
<tr>
<td>Minimum Foundation Law</td>
<td></td>
</tr>
<tr>
<td>Economic Index</td>
<td></td>
</tr>
<tr>
<td>Change in Local School Financing</td>
<td></td>
</tr>
<tr>
<td>VI. SUMMARY AND CONCLUSIONS</td>
<td>75</td>
</tr>
</tbody>
</table>
LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Securities Owned by Wise County Permanent School Fund, August 14, 1922</td>
<td>13</td>
</tr>
<tr>
<td>II. Securities Owned by Wise County Permanent School Fund, May 4, 1939</td>
<td>14</td>
</tr>
<tr>
<td>III. Securities Owned by Wise County Permanent School Fund, June 16, 1954</td>
<td>15</td>
</tr>
<tr>
<td>IV. Name and Number of School Districts in Wise County, Special Tax, Date, Voted and Where the Minutes of the Transaction Are Found</td>
<td>25</td>
</tr>
<tr>
<td>V. A Comparison of the Bonded Indebtedness of Selected Districts with Tax Rate for Bonds and Interest for the School Years 1934-35, 1944-45, and 1954-55.</td>
<td>35</td>
</tr>
<tr>
<td>VI. State Scholastic Apportionment Received by the Schools of Wise County Under Study at Different Intervals from 1873 to 1955</td>
<td>42</td>
</tr>
<tr>
<td>VII. Revenue Derived from LU-Project in Wise County, 1941-1953</td>
<td>57</td>
</tr>
<tr>
<td>VIII. Name of School District, Total Number of Acres, Per Cent of Area, and the Income from Grazing of Each District</td>
<td>60</td>
</tr>
<tr>
<td>IX. Name of District, State and County Valuation, Per Cent District Valuation Is of County Valuation, and Local Fund Assignment for 1950-51.</td>
<td>68</td>
</tr>
<tr>
<td>X. Name of District, State and County Valuation, Per Cent District Valuation Is of County Valuation, and Local Fund Assignment for 1954-55.</td>
<td>70</td>
</tr>
<tr>
<td>Table</td>
<td>Page</td>
</tr>
<tr>
<td>---------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>XI. Name, Scholastic Apportionment, County Available Fund, Local Fund Assignment, Transportation Aid, and Foundation Aid of the Selected Districts for the School Year 1954-55</td>
<td>71</td>
</tr>
</tbody>
</table>
CHAPTER I

INTRODUCTION

Purpose and Scope

This study is an effort to follow the development of the tax structure for public education in Wise County, Texas, and to point out the school tax changes which have taken place in this county during the period 1846-1955. Special emphasis is given to the changes during the last twenty years. The study is designed to present in a connected order the changes which have taken place in this area during this time, and to give the effects such changes may have had on the tax structure and the community.

Four schools, Decatur, Chico, Alvord, and Greenwood, have been chosen for this study. These schools represent a cross-section of all the schools of Wise County from the largest independent school to one of the few common schools now existing in the county. It is hoped that by a close examination of the changes which have taken place in the tax structure of Decatur, Chico, Alvord, and Greenwood schools, a better understanding of their present financial status will be attained. With this information at hand it should be easier to predict the educational needs of the county for the future, so far as local school finances are concerned.
In this study a great deal of attention has been given to the changes in tax structure brought about by the Land Utilization Program of the Federal Government as this program has been carried out in these four school districts. This federal program might well be noted since the government is becoming a "landowner" in so many school districts through army, air, and other defense projects, as well as lake and other conservation projects.

It is recognized that land acquisition by the government will result sooner or later in some movement in population. It is also recognized that such acquisition removes land from the tax base, thereby working a temporary hardship on the school districts in the purchased area during the transition period between actual purchase of the land and the time when these lands are rehabilitated and are again producing income from grazing. It is hoped to prove that when a public land purchase program results in changing the use of the land, and eventually in reducing the population, the net loss in tax money to local governments is frequently not so great as might at first appear.

It is recognized that the minimum Foundation School Program of 1949 has contributed substantially to the progress of public school education in Texas. The program includes every school in the state in the calculation of local needs for state equalization aid.
To measure local tax-paying ability the program employs a yardstick known as the Economic Index. The Economic Index was created to provide the means for calculating a fair and equitable local fund assignment for each school district in the state, based on the district's tax-paying ability.

Two questions are repeatedly being asked: (1) Does the existing school law tend to place too much of a tax burden upon the public schools? (2) Is there a tendency toward a break-up of poor districts resulting from the putting of state and local contributions on a percentage basis? It is hoped that by this study some light may be shed upon the answer to these and other questions.

In terms of finance, the districts selected for study are not considered wealthy. They, like the majority of small school systems, must depend upon the state for financial assistance.

It is recognized that the tax structure of a community greatly affects its schools, and the schools in turn affect the community. The greatest single factor affecting education in a community is possibly economic. If a community has economic well-being and security, its people will find the means and initiative to improve its schools.

Description of Districts Selected

The area chosen for study is located in Northwestern Wise County and comprises the school districts of Decatur, Chico, Alvord, and Greenwood. It is situated in what is
known as the cross-timbered section of the county. This section of the county was once very fertile, having deep, sandy soils, but when the pioneers cleared away the timber and began cultivating the land, soil erosion set in. As nothing was done to stop this erosion, the land became steadily poorer. Now this section of Wise County is generally considered a very poor area. Oil has recently been discovered in some of these selected districts and wells are now being sought in other areas. The coming of oil wells may change the economic picture in these school districts.

Sources of Data

The data used in this study are summaries and tables from tax records of the county and local districts. Records of the county superintendent's office provide authentic data on the changes in the tax structure during the period under study. Interviews with the project supervisors and the assistant county superintendent of schools furnishes an additional source of information unavailable in school records. A number of books, publications, and bulletins, some of which will be used for reference, were used in the study. The Public School Laws serve as a source of legislative provisions for the tax structure of school districts.

A Brief Description of Chapter Content

The present chapter defines the problem and the purpose of the study, discusses the source and method of
collecting the data, and presents an outline with respect to the organization of material.

Chapter II of this study consists of a brief review of the changes in the tax structure of the districts under study, covering the period from about 1845 to 1900. This period was characterized by the pioneer's attempt to provide some means of financing education for his children by providing some regular means of support.

Chapter III presents a discussion of the changes in the tax structure of the school districts under study from about 1900 to early 1940. This period was characterized by changes brought about as a result of laws permitting bonds to be issued for building purposes, increase in maintenance tax rates, rural aid to small schools, consolidation, and an increase in the per capita apportionment as a result of revenue from state taxes being channeled into the available school fund.

The fourth chapter consists of a study of the Land Utilization Project carried out in the districts under study and the effect it has had upon the tax structure of these school districts.

Chapter V presents a discussion of the effect recent laws have had upon the tax structure of the selected districts with some comparison made with former laws.

The last chapter consists of summaries and conclusions based on the findings of the investigation.
CHAPTER II

THE DEVELOPMENT OF THE TAX STRUCTURE
FOR SCHOOL PURPOSES

Early History of School Financing

The Texas tax structure is founded on the fundamental power of sovereignty to tax for the public benefit. This power is expressed in and its exercise limited by the state constitution. The exercise of the taxing power is vested solely in the legislature which may provide for taxation only for public purposes and by general law.\(^1\) Taxes are required to be equal and uniform.\(^2\) Property taxes, poll taxes, occupation taxes, and income taxes are specifically designated as permissible forms of taxation. It is expressly provided that the specification of objects and subjects of taxation shall not be construed as a limitation on the power of the Legislature to tax other subjects or objects.\(^3\)

The general property tax as a source of public revenue in Texas had its beginning at least as far back as the days of the Republic. It was certainly the keystone of the tax

\(^{1}\)Vernon's Annotated Civil Statutes, Vol. XX, p. 8.
\(^{2}\)Ibid., p. 8.
\(^{3}\)Ibid., p. 8.
structure at the beginning of statehood in 1846. The revenues from this tax were the main support of the state government all through the nineteenth century and into the twentieth. As late as 1915, property taxes provided 76 per cent of the state tax revenue, and through 1929 this tax was the largest single source of tax revenue in the state. The amount of property taxes for state purposes has declined considerably in relative importance since 1929, though its yield of $24,256,967.00 in 1954 is certainly not insignificant.4

Local schools must necessarily conform to the general pattern set by the state in matters of taxation; therefore, it is necessary to follow the state school laws to understand local developments.

When Texas ceased to be a republic and was annexed to the United States as a state in 1845, it was necessary that a new constitution be written. The Constitution of 1845 contained the following provisions pertaining to finance for education:

Section I.—A general diffusion of knowledge being essential to the preservation of the rights and liberties of the people, it shall be the duty of the legislature of this state to make suitable provisions for the support and maintenance of public schools.

Section II.—The legislature shall, as early as practicable, establish free schools throughout the state, and shall furnish means for their support by taxation of property; and it shall be the duty of the legislature to set apart not less than one-tenth of the annual revenue of the State, derivable

from taxation as a perpetual fund; which fund shall be appropriated to the support of the free public schools, and no law shall ever be made, diverting said funds to any other use, and until such time as the legislature shall provide for the establishment of such schools in the several districts of the State, the fund thus created shall remain as a charge against the State, passed to the credit of the free common school fund.

It will be noted that the new constitution stated that "free" schools be established. This term had not been used in former constitutions. Also, the new law not only made provisions for the establishment of public schools, but it took the other necessary step and provided that a tax should be voted to maintain them. Accordingly, in 1848 the legislature carried out the intentions of the constitution and passed a law setting aside one-tenth of the annual revenue for the benefit of the schools. However, from this time, 1845 to 1854, not much progress was made over the state generally in respect to state-supported education.

The School Law of 1854 contained a provision for a permanent school fund and accordingly the legislature set aside $2,000,000 as a first contribution to the permanent fund. This fund was to be invested and the income distributed on a per capita basis.

As a result of this act of the legislature, Wise County received the following state funds during the period 1854 to 1872: 1856, $362.00; 1857, $447.70;

5Frederick Eby, Education in Texas: Source materials, pp. 212-213.
1858, $498.52; 1859, $697.76; 1860, $861.00; 1861, $632.00; 1862, $418.22 in specie and $397.73 in Confederate notes; 1863, $267.88 in Confederate notes; 1864, $1,765.29 in Confederate notes. No state funds were paid Wise County during the period from 1865 to 1872.6

School Lands and the Permanent County School Fund

On June 25, 1858, four leagues, or 17,713.6 acres of land, located in Haskell County, Texas, were presented to the schools of Wise County. The land was located in one survey.7

This grant was further confirmed by a proclamation issued by Governor Edward Clark on the 19th day of April, 1861, and attested by Francis M. White, Commissioner of the General Land Office. The Governor gave as his authority for the proclamation the bill proposed by the committee on education, which became a law January 26, 1839. He also gave as his authority an act of the Legislature of the State of Texas approved January 16, 1850, making additional appropriations of lands for the purpose of education.

---

6 State Treasurer School Ledger, November, 1854, to June, 1867, p. 125.
8 Frederick Eby, The Development of Education in Texas, p. 88.
The authority referred to in the preceding paragraph is found in the General Laws of the Third Legislature, Chapter 42, pages 37 and 28, January 16, 1850, and reads:

Section I.--Be it enacted by the legislature of the State of Texas, that each and every county in this state, which has been established and organized since the sixteenth day of February in the year one thousand eight hundred and forty-six, or which may hereafter be established and organized by law, shall have surveyed and set apart four leagues of land for the purpose of education, which locations and surveys may be made upon any vacant and unappropriated lands within the limits of the state.9

The four leagues of land granted to Wise County provided no immediate source of income. Land was so abundant and so cheap that there was no sale for most of it. Several months after the first law was passed, not a single county had surveyed its lands, and, of course, none had leased or sold it. There is no evidence that Wise County did, or could, use any of this land for the establishment of its early schools.

Up to the time of the adoption of the Constitution of 1866, the power to dispose of county school lands rested fully in the hands of the Board of School Commissioners in each county. At this time, however, full control of these lands was given to the legislature, and it was authorized to sell them under such terms as it might prescribe, the proceeds of such sales to be added to the

9Ibid., p. 69.
perpetual school fund of the State. A similar provision was contained in the Constitution of 1869.

This problem was permanently and finally disposed of in the Constitution of 1876 which stripped the legislature of all its power to dispose of county school lands and vested such power in the county commissioner's court. The original section dealing with county school lands required that the proceeds from the sale of these lands be invested in bonds of the State of Texas or of the United States, the revenue from which was to be used for current county school expenses; this stipulation was changed by amendment in 1883 to permit the proceeds from the sale of land to be also invested in county bonds or any other securities which might be prescribed by law, the county commissioner's court being responsible for all investments.10

The first official act by the commissioner's court to dispose of the land granted Wise County occurred on June 10, 1860, and reads:

The Commissioner's Court of Wise County hereby appoints J. P. Pickett, as their agent to sell or lease the school lands in Haskell County that belong to Wise County, for the best price he can obtain, the rent or lease money to be paid on or before the

10Timb., p. 195.
first day of July each year with full power to
do and perform any and all acts necessary to be
done on the premises.\footnote{Minutes of Commissioner's Court, Wise County, Vol. I, p. 243.}

These lands were later sold to various individuals at
different prices and the funds invested as a permanent
county school fund for the schools of Wise County. In
1940, this fund afforded each pupil about thirty-five cents
per annum. The per capita income from this source dropped
to about thirty cents in 1954.

One of the first investments of the Wise County
Permanent School Fund was made on March 16, 1684. The
commissioner's court purchased a $1,000 bond bearing 6 per
cent interest from the Wise County Road and Bridge Fund.
It seems that the court wished to purchase a wrought-iron
bridge from a manufacturing concern in Ohio for $1,000.

The following tables show the status of the Wise
County Permanent School Fund at different dates:
### TABLE I

SECURITIES OWNED BY WISE COUNTY PERMANENT SCHOOL FUND, AUGUST 14, 1922*

<table>
<thead>
<tr>
<th>Description of Securities</th>
<th>Series</th>
<th>Number of Bonds</th>
<th>Size</th>
<th>Rate Per Cent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Moore County Bonds</td>
<td>21-50</td>
<td>30</td>
<td>1,000</td>
<td>5½</td>
<td>$30,000</td>
</tr>
<tr>
<td>2. Roe Common Road Bonds</td>
<td>1-35</td>
<td>35</td>
<td>100</td>
<td>5</td>
<td>3,500</td>
</tr>
<tr>
<td>3. Joe Bailey School Dist. Bonds</td>
<td>1-7</td>
<td>7</td>
<td>100</td>
<td>5</td>
<td>700</td>
</tr>
<tr>
<td>4. Other Bonds</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>5</td>
<td>445</td>
</tr>
</tbody>
</table>

Total Invested

Total Cash on Deposit

Total Permanent School Funds


Table II, following, shows the conditions of the Permanent School Fund of Wise County on May 4, 1939. The total securities were $32,955.00. The cash on deposit was $2,446.25, making a grand total in the Permanent School Fund of $35,401.25.
TABLE II
SECURITIES OWNED BY WISE COUNTY PERMANENT
SCHOOL FUND, MAY 4, 1939*

<table>
<thead>
<tr>
<th>Description of Securities</th>
<th>Series</th>
<th>Number of Bonds</th>
<th>Size</th>
<th>Rate Per Cent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wise County Common Consolidated School, District No. 9, Schoolhouse Bonds</td>
<td>18-20</td>
<td>3</td>
<td>$175</td>
<td>5</td>
<td>$575</td>
</tr>
<tr>
<td>Wise County General Funding Bonds</td>
<td>8-22</td>
<td>15</td>
<td>1,000</td>
<td>5½</td>
<td>15,000</td>
</tr>
<tr>
<td>Wise County Common School District No. 96, Schoolhouse Bonds</td>
<td>6-16</td>
<td>11</td>
<td>90</td>
<td>5</td>
<td>990</td>
</tr>
<tr>
<td>Edergy Common School, District No. 107, Bonds</td>
<td>14-20</td>
<td>7</td>
<td>100</td>
<td>5½</td>
<td>700</td>
</tr>
<tr>
<td>Wise County Road District No. 3 Bonds</td>
<td>50,51,</td>
<td>68-70</td>
<td>5</td>
<td>1,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Jacksboro Ind. School District Refunding Bonds</td>
<td>69,75,</td>
<td>77,94-99,123</td>
<td>9</td>
<td>1,000</td>
<td>5,000</td>
</tr>
<tr>
<td>City of Cisco, Texas, Refunding Bonds</td>
<td>26-28</td>
<td>3</td>
<td>330</td>
<td>5</td>
<td>990</td>
</tr>
<tr>
<td></td>
<td>26-30</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Invested</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$33,005.00</td>
</tr>
<tr>
<td>Cash on Deposit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,446.25</td>
</tr>
<tr>
<td>Total Permanent School Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$35,451.25</td>
</tr>
</tbody>
</table>

Table III, below, shows the condition of the Permanent School Fund of Wise County on June 16, 1954.

TABLE III

SECURITIES OWNED BY THE WISE COUNTY PERMANENT SCHOOL FUND, JUNE 16, 1954*

<table>
<thead>
<tr>
<th>Description of Securities</th>
<th>Date Purchased</th>
<th>Rate Per Cent</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wise County General Funding Bonds</td>
<td>1939</td>
<td>5 1/2</td>
<td>$ 5,000.00</td>
</tr>
<tr>
<td>City of Cisco, Texas Refunding Bonds</td>
<td>1939</td>
<td>3</td>
<td>450.00</td>
</tr>
<tr>
<td>Wise County Road District Bonds</td>
<td>1940</td>
<td>5 1/2</td>
<td>3,000.00</td>
</tr>
<tr>
<td>Slidell School District Bonds</td>
<td>1940</td>
<td>3 3/4</td>
<td>3,750.00</td>
</tr>
<tr>
<td>United States Savings Bonds</td>
<td>1941</td>
<td>2 1/2</td>
<td>1,400.00</td>
</tr>
<tr>
<td>United States Savings Bonds</td>
<td>1942</td>
<td>2 1/2</td>
<td>1,200.00</td>
</tr>
<tr>
<td>United States Savings Bonds</td>
<td>1943</td>
<td>2 3/4</td>
<td>1,100.00</td>
</tr>
<tr>
<td>United States Savings Bonds</td>
<td>1944</td>
<td>2 1/2</td>
<td>10,000.00</td>
</tr>
<tr>
<td>United States Savings Bonds</td>
<td>1947</td>
<td>2 1/2</td>
<td>3,700.00</td>
</tr>
<tr>
<td>United States Savings Bonds</td>
<td>1949</td>
<td>2 1/2</td>
<td>4,000.00</td>
</tr>
<tr>
<td>United States Savings Bonds</td>
<td>1951</td>
<td>2 1/2</td>
<td>3,000.00</td>
</tr>
</tbody>
</table>

Total Invested                                      $36,600.00
Total Cash on Deposit                                6,054.11
Total Permanent School Fund                          $42,654.11

*Source: County School Superintendent's Records, Decatur, Texas, June 16, 1954.
Table III reveals a gain in the Wise County Permanent School Fund of $6,054.11 in the fifteen-year period, 1939-1954. This gain was partly due to the fact that the thirty cents per annum had not been distributed to the schools on June 16, 1954.

Securities owned by the Wise County Permanent School Fund are counted as sound investments. All interest has been paid regularly, without exception. ¹²

The income from the Wise County Permanent School Fund is now accredited to the available funds of the various districts of the county. As a result the county available fund has been of considerable value to the schools through the years, and the efforts of those who made it possible are now bearing fruit.

Special Taxing Authority Conferred Upon Schools

When the Civil War ended and the South had lost, a new constitution was written for Texas in 1866. The provisions of this new constitution for financing the public schools closely resembled those found in previous constitutions. The new constitution provided for a permanent fund by making provisions that all funds from sale of land or other property, which had been set apart by previous statutes for educational purposes, be put into a public fund. The interest derived from the investment of this fund was to be used for the

education of all the white scholastic inhabitants of the state, and could never be used for any purpose other than that of supporting and maintaining the public schools.

Under the terms of the Constitution of 1866, provisions were also made for dividing the counties into convenient school districts. Where practical, private schools were to become public schools. A state superintendent was authorized, and in place of large tracts of land being set aside for a permanent fund for the schools, the legislature was empowered to levy a tax for educational purposes. This tax was to be used for the maintenance of a system of public schools for all the scholastic inhabitants, both white and black, of the state.

The effect of these provisions upon the schools of Wise County is hard to determine. Mention is made in a later transaction of the commissioner's court minutes that in 1867 the court did arrange the county into school districts. However, before any great amount of action could have resulted from the law, the Federal Government nullified the constitution and such plans were never put into effect.

The first step toward the organization of a new school system for the state, after the nullification of the Constitution of 1866, was that provided in the Constitution of 1869. This document provided for a superintendent of public instruction, and for the dividing of the counties into school districts. The control of these districts was
left to the local school boards. All funds and lands formerly appropriated to the schools were recovered. All money coming from the sale of public land was to be invested in a permanent school fund. Local taxation of such an amount as was necessary to provide each district funds to insure the education for all the scholastics for ten months each year was authorized.

In April, 1871, the State Board of Education ordered the directors of each school district to levy a school tax of 1 per cent on the property in the district. The purpose of this tax was to support the schools and to provide for the construction of new schoolhouses. This law was challenged in the courts and was declared to be null and void.

By a legislative act of April 24, 1872, the trustees of a local school district were authorized to levy a tax for school purposes. The courts have held that a levy made under this law, which was written into later laws, must be made annually. 13

Statutory provisions authorizing tax levies for the support of schools are given such construction by our courts as will reasonably effectuate their purpose. Thus, where school authorities are given power to levy a tax, the law will, without any express provision to that effect, be

construed as authorizing an annual tax; the power is not exhausted by being once exercised.\textsuperscript{14}

When the convention met to write a new constitution in 1875, the article on education became the storm center of the convention. This article, when finally adopted, changed all the provisions of the previous law. It abolished the office of state superintendent. It did away with the compulsory attendance law. The free school age was to become the period from eight to fourteen years. Local taxation for building schoolhouses and maintaining schools was made impossible.

The statutory law of 1876 was then passed to carry out the policies set forth in the constitution. The new school statute provided for a state board of education with a secretary. The main function of the secretary was to collect reports and otherwise act as a clerk. The law did not provide for school districts. The people of the county, however, got together and formed "school communities," or community districts for school or educational purposes in order to obtain the financial benefit of their proportional part of the state apportionment.

In operation, the community system proved to be disappointing. Under this system local taxes could not be levied and collected since there were no school district lines.

\textsuperscript{14}Ibid., p. 991.
The schools, because of a lack of a permanent organization, could not erect permanent buildings. Because of petty jealousies, a number of small schools operated in a community where one large school would have been more efficient. There were few inducements for a school to become permanent in location, or even in operation. In spite of the absence of permanent school district lines and the lack of a school tax to finance the construction of buildings, there was some progress made. There is no way of knowing just how many communities had buildings strictly for school purposes, since many buildings were constructed and maintained solely from donations by the parents. Yet during the school year, 1883-1884, the records show that in fifteen communities of Wise County part of the state and county money was spent for buildings. Whether a majority of the school communities had acquired schoolhouses at that time is doubtful, since the records show that sixteen communities used part of their funds for rent during the year.\textsuperscript{15}

The situation was somewhat different in the urban communities in the county. For a great many years the incorporated towns of Texas had been granted special privileges by the legislature. These towns could assume by election the control of their schools, and because of this fact were superior to the rural schools.

\textsuperscript{15} County School Superintendent's Records, Decatur, Texas.
The towns were permitted to levy a tax not to exceed fifty cents on the $100 valuation of property in order to continue their school terms for as much as ten months of each year.

The towns were able to provide permanent buildings for their schools by taxation while rural communities could not levy a tax.

The constitution and the law of 1876 had granted any incorporated town or city exclusive control of its public schools in case a majority of the taxpayers voted in favor of the measure.

In 1883 an amendment to the constitution was passed favoring the district system. It provided for the voting of local school taxes when the people wanted them. By this amendment, the following sources of revenue were provided for the state school fund:

(1) One-fourth of the revenue from the state occupation tax.

(2) A poll tax of one dollar on all voters between the ages of twenty-one and sixty.

(3) An ad valorem tax of such an amount, not to exceed 20 cents on the $100 valuation, as with the available school fund arising from all other sources would be sufficient to maintain and support the public free schools of the state for a period of not less than six months in each year.  

---

16Frederick Eby, *Development of Education in Texas*, p. 194.
From 1876 to 1883, in those districts where a local tax was collected, the money was usually used for buildings and supplies. Under the community system the schoolhouse situation had been deplorable. Under the district system it was a little better since the schools were more permanent and were operated on a year-to-year basis. In 1885 the county superintendent's records show that there were twenty-four state-owned schoolhouses in Wise County.\textsuperscript{17} The average value of a building was $318.00. By 1900 the number of state-owned buildings had increased, although the records do not show just to what extent. Some of the buildings were constructed with local tax money; others, by public donations. The reason that all districts did not own their own school buildings was due to the weakness of the law. The law did not make proper provisions for the building of schoolhouses in rural districts. There was no legal way by which a rural community might be bonded and thus distribute the cost of a building over a long period of years.

The first school tax which could have been levied on the common school districts of Wise County was that authorized under the authority given to the commissioner's court by the General Law of the Fifteenth Legislature which conferred on school districts the power to levy taxes to pay teachers

\textsuperscript{17}County School Superintendent's Records, Wise County, Decatur, Texas.
for services rendered in public schools from September 1, 1873, to 1876. These taxes were to be collected by a tax collector as were other taxes.

In conformity with the constitutional amendment of 1883, the statutory school law was entirely rewritten in 1884. This law became the basis of all future financing of education in Texas. It contained, among other things, the following provisions pertaining to finances:

(1) District or local taxation was authorized up to 20 cents on the $100 valuation, provided two-thirds of the property owners who paid taxes voted in favor of such tax.

(2) A state tax up to 20 cents on the $100 valuation was to be collected on all property, or as much of this tax as was necessary with other sources of income to maintain the schools for a term of six months in the year.

(3) The school fund was to be invested in county and other bonds, thus enlarging the means of steady investment of the permanent fund.18

That section of the law that provided for a local school tax was far from perfect. Since people had not been accustomed to such a tax, it was difficult to obtain a favorable two-thirds majority in an election. The

18Frederick Eby, Development of Education in Texas, p. 195.
twenty-cent limit was entirely too low, and only property owners could vote; however, since before this time common school districts could not vote any sort of tax for school purposes, the law was a progressive step.

The first district included in this study to vote the tax was Decatur, which voted a twenty-cent tax in February, 1886. The next district was Chico which voted a twenty-cent tax in February, 1891. Greenwood voted a fifteen-cent tax in August, 1902, followed by Alvord which voted a twenty-cent tax in May, 1905.

C. C. Brock, former superintendent of the Chico Public Schools, had this to say about the election of 1891 held in Chico:

The law of 1884 authorized common school districts to levy a local tax of twenty cents on the $100 valuation of property, provided two thirds of the voters of the district favored it. Chico availed itself of the new law on February 7, 1891.

The people voted 39 for and 12 against the tax. This was the first levy of local taxes ever made for the Chico School.

Table IV, below, gives the complete survey of the districts of Wise County which voted taxes from 1886 to 1911, inclusive. A study of this table will show that thirty districts voted the twenty-cent tax, one voted a fifteen-cent tax, two voted a twelve and one-half cent tax, two voted a ten-cent tax, one voted a thirty-cent tax, three voted a twenty-five cent tax, and one voted a fifty-cent tax.

---


TABLE IV

NAME AND NUMBER OF SCHOOL DISTRICTS IN WISE COUNTY,
SPECIAL TAX, DATE VOTED, AND WHERE MINUTES
OF TRANSACTIONS ARE FOUND*

<table>
<thead>
<tr>
<th>District</th>
<th>No.</th>
<th>Tax Rate</th>
<th>Date Voted</th>
<th>Records of Minutes of Commissioner's Court</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decatur</td>
<td>42</td>
<td>20%</td>
<td>2/1886</td>
<td>Vol. I, p. 395</td>
</tr>
<tr>
<td>Bridgeport</td>
<td>91</td>
<td>12 1/2%</td>
<td>9/1886</td>
<td>Vol. I, p. 480</td>
</tr>
<tr>
<td>Bethel</td>
<td>64</td>
<td>20</td>
<td>10/1886</td>
<td>Vol. II, p. 36</td>
</tr>
<tr>
<td>Pleasant Valley</td>
<td>26</td>
<td>12 1/2%</td>
<td>2/1887</td>
<td>Vol. II, p. 55</td>
</tr>
<tr>
<td>Paradise</td>
<td>34</td>
<td>20</td>
<td>12/1889</td>
<td>Vol. II, p. 403</td>
</tr>
<tr>
<td>Chico</td>
<td>92</td>
<td>20</td>
<td>2/1891</td>
<td>Vol. II, p. 499</td>
</tr>
<tr>
<td>Prairie Point</td>
<td>57</td>
<td>20</td>
<td>6/1892</td>
<td>Vol. II, p. 575</td>
</tr>
<tr>
<td>Boonville</td>
<td>13</td>
<td>10</td>
<td>7/1892</td>
<td>Vol. II, p. 577</td>
</tr>
<tr>
<td>Audubon</td>
<td>74</td>
<td>20</td>
<td>7/1892</td>
<td>Vol. II, p. 577</td>
</tr>
<tr>
<td>Oak Grove</td>
<td>62</td>
<td>10</td>
<td>2/1895</td>
<td>Vol. III, p. 41</td>
</tr>
<tr>
<td>Cuba</td>
<td>112</td>
<td>20</td>
<td>4/1899</td>
<td>Vol. III, p. 345</td>
</tr>
<tr>
<td>Round Mound</td>
<td>66</td>
<td>20</td>
<td>8/1901</td>
<td>Vol. III, p. 431</td>
</tr>
<tr>
<td>Dan</td>
<td>111</td>
<td>20</td>
<td>4/1903</td>
<td>Vol. III, p. 482</td>
</tr>
<tr>
<td>Lake Valley</td>
<td>77</td>
<td>20</td>
<td>6/1903</td>
<td>Vol. III, p. 491</td>
</tr>
<tr>
<td>Thomas</td>
<td>59</td>
<td>20</td>
<td>8/1903</td>
<td>Vol. III, p. 509</td>
</tr>
<tr>
<td>Lisle</td>
<td>94</td>
<td>20</td>
<td>8/1904</td>
<td>Vol. III, p. 533</td>
</tr>
<tr>
<td>Pringle</td>
<td>89</td>
<td>20</td>
<td>5/1904</td>
<td>Vol. III, p. 534</td>
</tr>
<tr>
<td>Alvord</td>
<td>40</td>
<td>20</td>
<td>5/1905</td>
<td>Vol. III, p. 560</td>
</tr>
<tr>
<td>Arnold</td>
<td>104</td>
<td>20</td>
<td>8/1906</td>
<td>Vol. III, p. 604</td>
</tr>
<tr>
<td>Plainview</td>
<td>1</td>
<td>20</td>
<td>11/1908</td>
<td>Vol. IV, p. 21</td>
</tr>
<tr>
<td>White Hill</td>
<td>51</td>
<td>20</td>
<td>6/1909</td>
<td>Vol. IV, p. 47</td>
</tr>
<tr>
<td>Newark</td>
<td>53</td>
<td>20</td>
<td>6/1909</td>
<td>Vol. IV, p. 47</td>
</tr>
<tr>
<td>Lola Springs</td>
<td>84</td>
<td>25</td>
<td>2/1910</td>
<td>Vol. IV, p. 73</td>
</tr>
<tr>
<td>Catlett Creek</td>
<td>76</td>
<td>20</td>
<td>3/1910</td>
<td>Vol. IV, p. 83</td>
</tr>
<tr>
<td>Union Grove</td>
<td>103</td>
<td>30</td>
<td>5/1910</td>
<td>Vol. IV, p. 83</td>
</tr>
<tr>
<td>Boonsville</td>
<td>13</td>
<td>25</td>
<td>4/1911</td>
<td>Vol. IV, p. 122</td>
</tr>
<tr>
<td>Willow Point</td>
<td>36</td>
<td>20</td>
<td>4/1911</td>
<td>Vol. IV, p. 122</td>
</tr>
<tr>
<td>Allison</td>
<td>30</td>
<td>50</td>
<td>5/1911</td>
<td>Vol. IV, p. 130</td>
</tr>
<tr>
<td>Greenwood</td>
<td>32</td>
<td>25</td>
<td>6/1911</td>
<td>Vol. IV, p. 131</td>
</tr>
<tr>
<td>Splawn</td>
<td>15</td>
<td>20</td>
<td>8/1911</td>
<td>Vol. IV, p. 142</td>
</tr>
<tr>
<td>Audubon</td>
<td>74</td>
<td>50</td>
<td>8/1911</td>
<td>Vol. IV, p. 151</td>
</tr>
</tbody>
</table>

*Source: Commissioner's Court Records, Wise County, Decatur, Texas, 1886-1911.
Table IV, above, reveals that the Preskett District, number 58, was the first district in Wise County to raise the tax above the twenty-cent limit of the law of 1884. It will be noted that during the period from 1909 to 1911 twelve districts voted a tax or raised the tax already voted. This increased activity is largely attributed to the fact that the two-thirds rule of the law was abolished in 1908 and only a majority of the qualified tax-paying voters of the district was necessary to authorize the tax. The constitutional limit of taxation was increased from twenty cents to fifty cents on the one-hundred-dollar valuation in common school districts. Only two districts, however, raised the rate to fifty cents before 1911. The Allison District, number 30, was the first common school district in Wise County to take advantage of the law of 1908.

Property subject to taxation in a school district has been very definitely defined by the State Constitution and the rulings of the courts. Any property situated in the school district on the first of January is chargeable with taxes for that year. This has been held to include territory subsequently annexed and authorized by the qualified tax-paying voters of the district to which the territory was annexed. 21

By 1900 there were eighty-six common school districts in Wise County, and of this number eleven, or about one eighth of the districts, had voted a local tax. To give an idea of the inadequacy of this method of financing, the records show that 100 per cent collection of the tax in these districts in 1900 would have amounted to only $2,926.40. On the whole, the schools were financed in much the same manner as they had been under the community system.

A sample budget of the period follows:

Greenwood Common School District No. 32
School Year Ending August 31, 1901

Receipts

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept. 1, 1900</td>
<td>Balance on hand</td>
<td>$9.49</td>
</tr>
<tr>
<td>Sept. 1, 1900</td>
<td>State &amp; County Per Capita</td>
<td>174.25</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>183.74</strong></td>
</tr>
</tbody>
</table>

Disbursements

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 12, 1900</td>
<td>Census</td>
<td>1.48</td>
</tr>
<tr>
<td>December 14, 1900</td>
<td>M.L. Keith, teaching</td>
<td>40.00</td>
</tr>
<tr>
<td>January 19, 1901</td>
<td>M.L. Keith, teaching</td>
<td>40.00</td>
</tr>
<tr>
<td>February 17, 1901</td>
<td>M.L. Keith, teaching</td>
<td>40.00</td>
</tr>
<tr>
<td>March 21, 1901</td>
<td>M.L. Keith, teaching</td>
<td>40.00</td>
</tr>
<tr>
<td>April 6, 1901</td>
<td>M.L. Keith, teaching</td>
<td>12.26</td>
</tr>
<tr>
<td>August 31, 1901</td>
<td>Balance on hand</td>
<td>10.00</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>183.74</strong></td>
</tr>
</tbody>
</table>

From a further examination of the records, we find that the Greenwood Common School, District No. 32, opened on November 12, 1900, and was operated for five months. Since

22 County School Superintendent's Records, Wise County, Decatur, Texas.
the state and county funds were not sufficient to pay the teacher's entire salary, it is safe to assume that the parents of the pupils paid the balance due on the last month's salary. The other expenses of the school such as rent, if any, furniture, fuel, and other supplies must have been provided by donations from the parents. The forty-dollar-per-month salary was about the average paid throughout the county.

All in all, the above facts show some progress and advancement in financial support for the schools of Wise County during this period.
CHAPTER III

CHANGES IN THE TAX STRUCTURE OF THE SELECTED
DISTRICTS FROM 1900 TO 1940

Authority to Issue Bonds

Prior to 1905, the laws had not made proper provisions for the building of schoolhouses in rural districts. There was no legal way by which a rural community might be bonded and thus distribute the cost of a building over a long period of time. In 1905, the Legislature provided that common school districts should be permitted to vote bonds for the erection of new school buildings, and in 1909 a new school law was passed permitting the state board of education to invest the permanent school fund in common district schoolhouse bonds.

As was pointed out in the previous chapter, the situation was different in the incorporated cities or towns of the county prior to 1905. The law of 1876 had permitted an incorporated town to assume exclusive control of the public schools by a majority vote of the qualified voters voting at an election called for the purpose of taking over the schools.

The use of bonds as a means of providing funds for the improvement of the state school system has become important
in the last three or four decades. This emphasis on bonds is due to the new interest in providing immediate school buildings and other educational facilities of the best type, which calls for a large outlay of money. Texas school laws provide in detail for the bonding of school districts, and for the collection of taxes to provide for the payment of interest and the gradual retirement of the bonds. In all school districts, the bonds are issued only after the question of bonding the school district has been submitted to the voters, and authorized by a favorable vote. A bond issue is usually voted upon at the request of the school officials.

The authority to issue and the regulation governing the issuance of bonds in a school district are expressly given to the school districts by the legislature in the following article:

Whenever the proposition to issue bonds is to be voted on in any common or independent school district hereunder, the petition, election order, and notice of election must distinctly specify the amount of the bonds, the rate of interest, their maturity dates, and the purpose for which the bonds are to be used. The ballots for such an election shall have written or printed thereon the words "for the issuance of bonds and the levying of the tax in payment thereof," and "against the issuance of bonds and the levying of the tax in payment thereof." Such bonds shall bear not more than five per cent interest per annum and shall mature in serial annual installments over a period of not exceeding forty years from their date; provided, that when the houses are to be built of wood, said bonds shall mature in not more than twenty years from their date. Such bonds shall be examined by the Attorney General and if approved, registered by the Comptroller. All bonds shall be sold to the highest bidder for not
less than their par value and accrued interest, and the proceeds of such sale shall be deposited in the county depository for the common school districts, and in the district depository for the independent school districts, to the credit of such districts, and shall be disbursed only for the purpose for which the said bonds were issued, on warrants issued by the district trustees and approved by the county superintendent for common school districts, and by the president of the board of trustees and countersigned by the secretary of said board for independent districts.¹

Our laws relating to our educational system provide for the levy and collection of taxes against the property in a district to support the schools therein and for the issuance of bonds and taxation to pay them as a means of acquiring funds with which to erect suitable buildings in which to conduct the school in the district. The trustees receive all such tax money for maintenance and funds for construction of buildings in trust for the benefit of the district where the property so taxed is located. Being a trust fund, the trustees have no legal right to use the tax money, or the proceeds of the sale of bonds, for any other purpose other than that for which the tax was levied and collected.

In the case of Dickenson et al v. Board of Trustees of Chico Independent School District et al, the court ruled that the land, because of a reverter clause in the deed, would revert back to the heirs but the improvements on the land, since they had been constructed by tax money

¹Vernon's Texas St., 1936, Art. 2786.
at public expense and by public donations, should go to the consolidating school of Chico since there was no evidence in the deed or otherwise that the improvements on the land should become a part of realty and should revert with the land in case of abandonment for school purposes.\(^2\)

The legislature is without power to devote school buildings to any other purpose or use than that of the school children. School districts and cities, which have charge of their schools, have a vested right in the buildings, lands, and other property. Judge Cureton, speaking for the Texas Supreme Court in the celebrated case of Love V. City of Dallas said:

> The school district has been the basis of the public school system of Texas from the days of the Republic to the present time, as evidenced by the constitutional provisions, statutes, and judicial opinions. The lands and school buildings of the school districts of Texas and those of its cities have been derived from many sources. In part they have come from gifts and donations of land, labor, and money from the inhabitants of the school communities, districts, and cities of the state, as required or permitted by statutes. Sometimes lands come to the counties for school purposes by will. Occasional donations have been made in memory of some outstanding citizen. The statutes from time to time have also provided that a certain amount from the available school fund apportioned to a school district or community could be used for building purposes.\(^3\)

---

\(^2\)Dickenson et al. v. Board of Trustees of Chico Ind. School Dist. et al., 204 S. W.(2d), June 27, 1947, p. 418.

\(^3\)Love v. City of Dallas, 40 S. W.(2d) 20.
The Chico Independent School District, which was organized in 1895, was the first school included in this study to vote a bond for building purposes and a tax to pay off the bonded indebtedness. The records show that in 1895, Chico voted a $3,500 bond bearing 6 per cent interest. A tax rate of twenty-five cents on the one-hundred-dollar valuation was approved to pay the principal and interest on the bond issue.\

Decatur was the next district included in this study to vote a bond for building purposes. In 1885 Decatur was organized as an independent district. In 1900 it voted a $10,000 bond bearing 5 per cent interest and a tax rate of twenty-five cents to pay the principal and interest on the bond issue.

Greenwood, number 32, the only common school district included in this study, voted a $2,000 bond for building purposes in 1911. The following is an order declaring the results of the election:

On this the 30th day of May 1911 come on to be considered the returns of an election held on the 29th day of May 1911 in Common School District No. 32 of this county upon the question of issuing $2000.00 of schoolhouse bonds for said district running 20 years and bearing 5 per cent interest and levying a tax upon all taxable property of said district sufficient to pay current interest on said bonds and provide a sinking fund sufficient to pay the principal at maturity and it appearing that said election was in all respects legally held

and that said returns were duly and legally made and that there was cast at said election 36 votes of which number there were cast
For the bonds 34 votes
Against the bonds 2 votes.

It is ordered by the Honorable Commissioners Court of Wise Co. that the bonds be issued and that a special school tax be levied and the same is hereby levied as a special tax for the heretofore named District.5

Alvord was the last district included in this study to vote a bond. This district was organized as an independent school district in 1919. Before this time its building problems had been financed by donations by the school patrons in the district. In 1917, Alvord voted a $10,000 bond bearing 5 per cent interest and set aside twenty-five cents of the local tax to pay the interest and principal on the bond issue.6

At the beginning of this period, 1900, the manner of financing the district building program was quite different from what it is today. Most of the districts financed their building by donations given by the school patrons. The records show that one district built a new schoolhouse costing approximately $1,200, and four years later donations were still being received to pay off the notes at the bank.

In 1912 the people of the Chico Independent School District increased their bonds by voting a $14,000 Serial

6County School Superintendant's Record, Decatur, Texas.
Bond issue bearing 5 per cent interest for the erection of additional buildings. A tax of twenty-five cents was set aside to retire the bonds and pay the interest each year. By 1925 each of the selected districts for this study had increased its bond issue or had voted a new bond for building purposes. Table V, below, reveals the bonded indebtedness and the tax rate for bond purposes of the four districts at different dates:

**TABLE V**


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenwood</td>
<td>. . .</td>
<td>. . .</td>
<td>$13,300</td>
<td>. . .</td>
<td>$8,600</td>
<td>. . .</td>
</tr>
<tr>
<td>Alvord</td>
<td>$18,000</td>
<td>. . .</td>
<td>30,000</td>
<td>. . .</td>
<td>74,400</td>
<td>. . .</td>
</tr>
<tr>
<td>Chico</td>
<td>24,000</td>
<td>. . .</td>
<td>16,000</td>
<td>. . .</td>
<td>192,000</td>
<td>. . .</td>
</tr>
<tr>
<td>Decatur</td>
<td>32,000</td>
<td>. . .</td>
<td>86,000</td>
<td>. . .</td>
<td>90,500</td>
<td>. . .</td>
</tr>
</tbody>
</table>

*Source: County School Superintendent's Records, Wise County, Decatur, Texas.

Up through 1923, one hundred and fifteen school districts had been formed in Wise County. Of this number, which had
been formed as original districts or formed from original districts, only nine remained in 1955. The total number of districts formed was decreased by process of consolidation, annexation, or by redistricting.

Table V, above, shows an increase in the bonded indebtedness of the three independent districts included in this study. Much of this increase was caused by a decrease in the number of districts. New buildings and equipment were needed to take care of those districts which had ceased to have a school.

Effect of Rural Aid on the Tax Structure of Selected Districts

The conditions in the schools of Wise County in 1915 from a financial viewpoint were not very satisfactory. The amendment to the constitution in 1908 had raised the limit of local taxation from twenty to fifty cents. Many of the schools were falling far short of the requirements of the constitution that the public free schools be maintained for a period of not less than six months in each year. The average school term in the county was less than one hundred and twenty days in 1915.

In 1915 the state legislature enacted the Rural Aid Law. The purpose of this law was to promote the interests of the rural schools of the state by supplementing the funds of the weaker country schools received from the usual sources.
This act enabled the weaker schools to provide better educational advantages for the children who depended upon such schools for their scholastic training. These special grants to country schools were based on two ideas—that of equalizing school advantages for all children of the state, and that of inspiring rural school districts to make more effort at self-improvement. Aid was to be apportioned partly on the basis of the actual need of the child and partly on the basis of the school meeting certain specified requirements as to buildings, equipment, sanitary conditions, regularity of attendance, course of study, and qualification of teachers.

In distributing the rural aid among the rural schools, it was the policy of the state to help those who were willing to help themselves. No district was eligible to receive aid under the law unless it levied and collected for all purposes, both for bonds and maintenance, a local tax at the rate of fifty cents on the one hundred dollars of taxable property in the district. Any district that met all standards and requirements was eligible to receive not more than five hundred dollars in any one year.

The legislative act which set up the Rural Aid Law specified that a school must not have a scholastic population of more than 200, and must not be located in a town or city of more than 1,000 population.

On the first granting of special rural aid, the conditions were fairly easy to meet, but the requirements
for subsequent grants to the same schools were increased in order that the schools might make regular progress.

To show the need for aid, the trustees were required to give in detail the specific sums of money for each purpose, which the school would have, as its financial resources, and its expected disbursement of these funds. ⁶

As a result of state aid local school taxes were increased from twenty to fifty cents and later to $1.00 on the one-hundred-dollar valuation in Wise County. School sites were beautified and many new school buildings were erected. Old buildings were remodeled in accordance with the requirements of the law as to correct lighting and proper heating and ventilation. Thousands of dollars raised by local taxation and from other local sources have been wisely expended to provide better school facilities, such as furniture, libraries, maps, globes, and other equipment.

Effect of Transportation on the Tax Structure of Selected Districts

Prior to 1915 Wise County had practically no improved roads, but the advent of the automobile made the building of good roads necessary. The effect of good roads and the automobile upon the small towns and communities of Wise County are well known. As people went to the city to trade,

⁶Annie Webb Blanton, Rural Aid Appropriations, Bulletins 149, Department of Education, p. 6.
to see their physician, and to attend church, they also wanted to take their children to a better school than their community could offer. Improved roads made bus transportation of children possible, and this in turn induced school districts to group themselves by consolidation to form larger and more effective teaching units. The school bus also made it possible for a district to transport its pupils to high school. Before the time of the school bus, the rural boy or girl usually had to obtain board and room in town in order to attend high school. When high school bus routes were set up, the rural boy or girl could stay at home and still finish high school. Of special benefits to the districts in this matter of providing for the high school population has been "transportation aid" received under various rural-aid laws. Such assistance from the state has enabled many districts to provide first-class high school education for their children.

The cost of transportation was not calculated in the original rural aid budgets. The deficit, if any, on transportation had to be made up from the local taxes. Since part of the local maintenance tax was used for teachers' salaries and current operating expenses, the other part was paid out of the tax not shown in the application for rural aid. In other words, the balance between payment of bonds and interest, out of that part of the tax set aside for such purposes, had to be applied to loss on transportation. If
a school set aside 50 per cent of the local tax for bonds and interest, and only 40 per cent were needed, then the remaining 10 per cent could be applied to transportation cost.

There were no provisions for the purchasing of new buses or the payment for old ones in the rural aid budget. The only money that the school could secure for these purposes was secured by cutting other expenses and by widening the margin between taxes used in the rural aid budget and those applied to bonds and interests.

The total cost of transportation for Wise County during the school term of 1945-46 was $64,523.00. The total amount of transportation aid earned was $44,864.00, which left a loss on transportation of $19,659.00 for the county. There were forty-five district-owned buses and one contract bus operated during this school year. The loss per bus amounted to $427.37. The cost of operating each bus averaged $1,402.67 while the transportation earned per bus averaged $975.30. This loss was caused by two outstanding factors in Wise County. One of these was the lack of paved highways, or hard surface roads, while the other was the loss of scholastics. For the school year of 1934-35 there were 1,696 scholastics in the four districts under study. In 1945-46 in these selected districts there were only 1,357 scholastics. This shows a loss of 339 scholastics for the
four districts. Of the forty-five district-owned buses operating in the county in 1945-46, nineteen were in the districts under study.

State Per Capita Apportionment

The Texas Constitution of 1845 set aside considerable portions of public domain as a landed endowment for public schools. Revenues from these lands were channeled to the schools through a fund known as the available school fund. This fund was increased by special appropriations in 1920-21. The special appropriation was a new step in the history of state school support in Texas. The total of this fund was distributed equally among Texas school districts according to the number of scholastics between the ages of 6 and 17 years residing within the district. The number of dollars anticipated from the available school fund is each year divided by the total number of scholastics in the state, as shown by a scholastic census taken each year. This calculation determines the amount per child to be apportioned from the available school fund. In the beginning this amount was small but the per capita allotment has grown steadily, with slight variations as is shown in Table VI on the following page.

7Records of the County School Superintendent's Office, Decatur, Texas, 1946.
# TABLE VI

STATE SCHOLASTIC APPORTIONMENT RECEIVED BY THE SCHOOLS OF WISE COUNTY UNDER STUDY AT DIFFERENT INTERVALS FROM 1873 TO 1955*

<table>
<thead>
<tr>
<th>Years</th>
<th>Amount Received Per Child</th>
</tr>
</thead>
<tbody>
<tr>
<td>1873-1874</td>
<td>$1.95</td>
</tr>
<tr>
<td>1874-1875</td>
<td>1.59</td>
</tr>
<tr>
<td>1879-1880</td>
<td>3.00</td>
</tr>
<tr>
<td>1884-1885</td>
<td>5.00</td>
</tr>
<tr>
<td>1889-1890</td>
<td>4.00</td>
</tr>
<tr>
<td>1894-1895</td>
<td>3.50</td>
</tr>
<tr>
<td>1899-1900</td>
<td>4.25</td>
</tr>
<tr>
<td>1904-1905</td>
<td>5.00</td>
</tr>
<tr>
<td>1909-1910</td>
<td>6.25</td>
</tr>
<tr>
<td>1914-1915</td>
<td>8.00</td>
</tr>
<tr>
<td>1919-1920</td>
<td>11.50</td>
</tr>
<tr>
<td>1924-1925</td>
<td>12.00</td>
</tr>
<tr>
<td>1929-1930</td>
<td>17.50</td>
</tr>
<tr>
<td>1934-1935</td>
<td>16.00</td>
</tr>
<tr>
<td>1939-1940</td>
<td>22.50</td>
</tr>
<tr>
<td>1944-1945</td>
<td>27.00</td>
</tr>
<tr>
<td>1945-1946</td>
<td>36.00</td>
</tr>
<tr>
<td>1946-1947</td>
<td>41.00</td>
</tr>
<tr>
<td>1947-1948</td>
<td>55.00</td>
</tr>
<tr>
<td>1948-1949</td>
<td>55.00</td>
</tr>
<tr>
<td>1949-1950</td>
<td>48.00</td>
</tr>
<tr>
<td>1950-1951</td>
<td>50.00</td>
</tr>
<tr>
<td>1951-1952</td>
<td>62.00</td>
</tr>
<tr>
<td>1952-1953</td>
<td>68.00</td>
</tr>
<tr>
<td>1953-1954</td>
<td>68.00</td>
</tr>
<tr>
<td>1954-1955</td>
<td>69.00</td>
</tr>
</tbody>
</table>

*Source: County School Superintendent's Records, Decatur, Texas, 1873-1955.

From the above table it will be seen that the amount of the state apportionment changed at different times. In 1894-1895 the change was due to the increase in the number of children on the scholastic rolls. This increase came about because the scholastic age was changed from 8-14 to
7-17. There has been an almost steady increase in the per capita apportionment to the present time despite the fact that the scholastic population has increased due to the changing of the scholastic age to include children between the ages of 6 and 17 years, inclusive, and in spite of the increase in population. This increase in per capita has been made possible by additional revenue from state taxes being channeled into the available school fund.

This almost steady increase in per capita apportionment has provided an incentive on the part of the local school districts in Wise County to improve the conditions existing in the schools by providing better buildings, equipment, and better-qualified teachers. This desire and need caused the districts under study to raise their local tax rates to $1.00 on the $100 valuation of property for all purposes during the years from 1920 to 1930. Below is one example of this effort by the selected districts to raise their local tax rates:

On May 10, 1924, after a heated campaign a $1.00 tax, county valuation of assessing and collecting, was voted by the people of the Chico School by a vote of 153 for and 80 against the issue.

Tax Assessments by Boards of Equalization

The Commissioner's Court, is by law, the Board of

---

Equalization for all common schools. The independent school districts select their own boards in various ways and instruct them to equalize and assess the taxes for school purposes. The improved lands in a district are to be equalized into classes by the board of equalization in accordance with Article Eight of the Constitution and the Revised Civil Statutes of Texas, which in part reads:

They shall equalize improved lands in three classes, first-class to embrace the better quality of land and improvements, second-class to embrace the second quality of land and improvements, and the third-class to embrace lands of but small value or inferior improvements. The unimproved lands shall embrace, first, second, and third class, and all other property made as nearly uniform as possible.9

In the assessment made by the Board of Equalization it often happens that the assessment in the common schools and those in the independent schools are not the same. For instance in the schools selected for this study land in the common schools is assessed from $3.50 to $20.00 per acre while in the independent schools land is assessed from $7.00 to $25.00 per acre. Cattle in the common schools are assessed about $30.00 per head. In the independent schools they are assessed about $40.00 per head. This comparison will hold true for other property in the district subject to taxation for school purposes.

The total amount assessed for school purposes in Wise County in all schools for 1934 was $60,573.07. This amount had reached a total of $147,557.77 in 1954. This increase is due to improvement, prosperity, and an increase of the amount of valuation set by boards of equalization.

A survey of the schools of Wise County for the year 1935-36 shows that the assessed valuation in the common schools varied from $30,488 in district number 44 to $349,184 in district number 75. The valuation per scholastic in the common schools varied from $674 in district number 102 to $5,040 in district number 63. In the independent districts, the assessed valuation varied from $313,000 in the Slidell district to $1,554,480 in the Decatur district. The valuation per scholastic in the independent districts varied from $922 in the Bridgeport district to $2,424 in the Rhome district.

The total assessed valuation in the common schools of Wise County in 1935-36 was $3,616,066 while the total assessed valuation in the independent districts was $5,587,340, making a total assessed valuation in the county of $9,203,406. The average assessed valuation per scholastic in the common schools was $2,003 while the average assessed valuation per scholastic in the independent districts was $1,643, making for the county an average assessed valuation per scholastic of $1,768.10

---

Tax Rates for School Support of Selected Districts

In 1934-35 the Greenwood District, with 240 scholastics and $318,566 assessed valuation, levied a 75-cent tax for maintenance purposes and not any tax for bonds and interest purposes. The Decatur Independent District, with 840 scholastics and $1,554,480 assessed valuation, levied a 75-cent tax for maintenance purposes and a 25-cent tax for bonds and interest purposes.

Of the total property value of the districts under consideration, 49.2 per cent is found in the Decatur Independent District. The independent districts of Decatur, Chico, and Alvord had a combined assessed valuation of $2,844,480, and 1,576 scholastics resided within the limits of such districts in 1934-35. Each of the independent districts levied a $1.00 tax on the $100 valuation for all school purposes.

In 1944-45 the Greenwood District, with 112 scholastics and $323,945 assessed valuation, levied a 70-cent tax for maintenance purposes and a 30-cent tax for bonds and interest purposes. The independent districts of Decatur, Alvord, and Chico, with 1,213 scholastics and $3,026,911 assessed valuation levied a $1.00 tax on the $100 valuation for all purposes.

By a comparison of the two periods, it will be found that the scholastic population decreased by 128 or about 51.2 per cent in the Greenwood Common School. The
independent schools of Decatur, Alvord, and Chico decreased 363 scholastics for the same period of time or about 23 per cent. The valuation of both common and independent districts had increases during this period.

Chapter IV deals with further changes in the tax structure of the selected districts, with adjustments made necessary by the changes in the areas of these districts as a result of government purchase of land.
CHAPTER IV

EFFECT OF GOVERNMENT PURCHASE OF LAND ON
THE TAX STRUCTURE OF THE DISTRICTS
SELECTED FOR THIS STUDY

Purpose of Purchase

The Bankhead-Jones Farm Tenant Act, approved July 22, 1937, authorized and directed the Secretary of Agriculture:

To develop a program of land conservation and land utilization, including the retirement of lands which were submarginal or not primarily suitable for cultivation in order thereby to correct maladjustments in land use and thus assist in controlling soil erosion, reforestation, preserving natural resources, mitigating floods, preventing impairment of dams and reservoirs, conserving the surface and subsurface moisture, protecting the watershed of navigable streams and protecting the public lands, health, safety and welfare.¹

As a result of the Secretary's being given authority to acquire submarginal land, the Cross Timber Land Utilization Project at Decatur, Texas, was opened on October 13, 1938, and plans were made for beginning work. Following approval of land acquisition plans, and tract selection, appraisals were made and options taken for purchase of land.

The eroded area which comprises Project TX-LU-25 lies almost wholly within Wise County, a minor part lying in

¹United States Statutes at Large, 75th Congress, Vol. 50, Part 1, p. 525.
Montague County. The land, at one time rich and fertile, was at the time of purchase a scene of abandoned schools, deserted homes, fields covered by gullies up to thirty feet in depth, bridges and roads washed away and rich bottom lands covered so deeply by sterile sand that pecan and cottonwood trees were dying. At the time this section of Texas was settled from 1880 to 1883 it yielded a bale of cotton and fifty to sixty bushels of corn to the acre. Despite various soil-eroding practices used in those days such as the growing of crops that used excessive amounts of humus such as peanuts, cotton, and corn and the farm practices of plowing up and down slopes, little erosion had occurred before 1908. The extraordinarily heavy rainfall in this year changed the picture. Farmers paid little attention to small ditches and kept right on farming as before. Soon these ditches became too wide and deep to be cultivated and slowly about 1915 to 1918 the exodus of farmers began. Land that at one time had produced 40,000 bales of cotton per year was producing approximately 3,600 bales in 1938. Cheap land in West and Northwest Texas took approximately 1,200 families from Wise County from 1900 to 1918 and most of those families came from the area which comprises the Land Utilization Project. Pella and Audubon were thriving.

communities at one time and now they are nothing more than names. At the time of purchase by the government one could drive for miles without seeing an occupied house.

The destruction of this land, of course, caused damages beyond the borders of the eroded area because the white sand poured down the gullies into streams and caused Denton Creek to overflow and flood thousands of acres of bottomland. The government had hopes of changing this scene of desolation by restoring the land and preventing destruction of more fertile soil in establishing the 20,074-acre project in Wise County.\(^3\)

**The Relocation of Families**

The land-acquisition program of the government resulted sooner or later in some movement in population. The Soil Conservation Service and the Farm Security Administration assumed the responsibility for aiding the people who had to move to become favorably re-established. About 63 families who formerly resided on the land purchased by the government in these school districts under study were relocated. In many cases the land acquired by the government in this area was absentee-owned and the sale involved no relocation problem on the part of the owner. Ninety-five of the 187 tracts acquired were in this class. In some cases there were tenants

\(^3\)Statement by Everett R. Clark, Project Conservationist, Decatur, Texas, June 14, 1954.
who had to be moved as a result of the action of the landlord. Accumulated taxes and other obligations on the land purchased by the government were so great that it left little or no equity in many cases when these obligations were discharged. The government's policy in this land-acquisition program was to proceed at a pace that would permit the necessary relocation of families to take place as gradually as was consistent with the needs of the program and to avoid, insofar as practicable, the complications inherent in rapid evacuation.  

Number of Acres Acquired in Districts

As a result of the purchase by the government of land in Wise County selected for this study, the Land Utilization Service acquired a total of 187 tracts of land containing 20,074 acres at a cost of $138,912.00. This outlay was an average cost of $6.92 per acre and represents approximately 9 per cent of the 245,498 acres in the four school districts under study.  

Effect on Tax Base

It is recognized that land acquired by the government is removed from the tax structure. This may work a

---

4Statement by Everett R. Clark, Project Conservationist, Decatur, Texas, June 14, 1954.

temporary hardship on the school districts in the purchased area during the transition period between actual purchase of the land and the time when these lands are rehabilitated and are again producing income from grazing. Such acquisition may cause a temporary friction with the local governmental units and result in some criticism due to lack of information about the objectives and permanent benefits of the program.

Much of the land purchased by the government was chronically tax delinquent and had returned very little tax revenue for many years; consequently, its purchase caused no appreciable loss to the taxing bodies.6

The 20,074 acres purchased by the government which were on the tax rolls of the districts under study had a taxable valuation at the time of purchase of $110,407.00 or approximately $5.50 per acre. This amount was removed from the tax base of $3,154,548.00 in these school districts in which the government land is located. Reduction in the tax base of these particular school districts as a result of federal purchase and consequent tax exemptions, therefore, amounted to $110,407.00 or a reduction in the tax base of 3.5 per cent.7

---


7 Records of County School Superintendent's Office, Decatur, Texas.
Effect on Annual Tax Revenue Received by Selected Districts

When a public land purchase program results in changing the use of the land and eventually in reducing the population, the net loss in tax money to local governments is frequently not so great as might at first appear.

The removal of 20,074 acres of land from the tax rolls in the Alvord, Chico, Decatur, and Greenwood School Districts had little effect on the actual tax revenue and reduced the total tax levy on this land for all purposes in these school districts by approximately $2,489.18 annually, of which $1,112.66 were taxes levied for school purposes. This figure is based upon the annual $5.50 per acre tax actually assessed on land purchased by the government. However, not all of the taxes levied against this land were collected because a large proportion of these taxes were delinquent from 1 to 12 years. Tax collections represent only 48.5 per cent of the taxes actually levied annually, so the actual tax revenue loss for state, county, and school purposes in these selected districts amounted to only $1,207.25 annually. The actual loss to the school districts included in this study was only $539.64. At the time of purchase tax delinquency amounted to 51.5 per cent. 

8Records County Assessor-Collector's Office, Decatur, Texas.
The loss of $539.64 in tax revenue and $110,407.00 of taxable valuation to the school districts, included in this study, affected by the removal of land from the tax rolls by federal purchase is insignificant compared with the economic benefits conferred by the project on these school districts. The actual tax loss of $539.64 amounts to only 3.5 per cent of the entire $152,299.00 tax revenue collected on this area in these school districts in 1940. This small loss could, therefore, have little influence on the tax situation. This is true because most of the submarginal land purchased by the government had been tax delinquent and had paid little or no taxes for a long period of years.  

Bonded Debt Attributable to Government Land

Public debt attributable to land purchased by the government in selected districts amounted to $5,515.50 or 3.5 per cent of the total $157,300.00 bond issue based on the ratio of the assessed value of the purchased land to the assessed value of all the property in the school districts under study.

The bonded debt of these school districts amounted to $157,300.00 with an average interest rate of 4.3 per cent on the bond issues in 1941-1942. Before the government could accept clear title to the land it required payment

---

9 Statement by Everett R. Clark, Project Conservationist, Decatur, Texas, June 16, 1954.

10 Records County School Superintendent's Office, Decatur, Texas.
of back taxes by the landowner. In this area in which inferior agriculture land had been purchased, payment of the back taxes to the county and schools almost offset the bonded indebtedness that could be equitably charged against such lands. Most of this back tax would never have been paid without government purchase. This payment of back taxes by the help of the government amounted to $3,979.00 on all property taxes and $2,040.00 on school taxes.

Loss of Scholastics Due to Land Purchases

In the beginning of this project it was believed that 49 scholastics on the census rolls of the schools under study would be lost as a result of federal purchase of land in these districts, resulting in a loss of $1,102.00 in state and county school aid. This did not happen because not a single one of the scholastics lost in these school districts was due to government purchase of land. The loss of scholastics in the districts must be attributed to other causes than Federal Land Purchases. In the first place, of the 187 tracts which the government purchased, there were only 75 scholastics on the 98 occupied tracts at the time of purchase. Sixty-two families containing the 75 scholastics on the census rolls, living on the 98

11 Records of Assessor-Collector's Office, Decatur, Texas.
occupied tracts, were relocated and none of the scholastics were relocated or moved outside the school districts.\textsuperscript{12}

Payment to Counties for Roads and Schools in Lieu of Taxes

It is recognized that land acquisition by the government may work both to the benefit and the temporary detriment of local governments. It is true that neither the state nor the local governments can tax land that is federally-owned. Furthermore, the Federal Government does not assume any responsibility for the bonded indebtedness on these lands.\textsuperscript{13}

As a matter of equity it is appropriate for the Federal Government, when it takes ownership of land under Title III of the Bankhead-Jones Act, to make some contributions to the needed public services. This may be done either directly, in the form of grants, or in services or other forms to enable the local political jurisdiction within which such lands are located to provide those needed services.\textsuperscript{14}

The loss of tax revenue due to purchase of privately-owned land by the Federal Government may temporarily disrupt the fiscal basis of those local governments relying on the

\textsuperscript{12}Records County School Superintendent's Office, Decatur, Texas.

\textsuperscript{13}Vernon's Annotated Civil Statutes, Art. 7145, Ch. 6, p. 360.

\textsuperscript{14}United States Statutes at Large, 75th Congress, 1937, Vol. 50, Part 1, p. 526.
general property tax for their income. Such has been the case in these school districts selected for this study. Congress had recognized such possible loss and made provisions under Title III of the Bankhead-Jones Act to pay 25 per cent of the gross receipts or revenue from these lands to the counties for benefits of public schools or roads or for both purposes. Table VII, below, shows for selected schools the amount paid by the government, in lieu of taxes, to the county and schools.

TABLE VII

REVENUE DERIVED FROM LU-PROJECT IN WISE COUNTY, 1941-1953*

<table>
<thead>
<tr>
<th>Date</th>
<th>Net Revenue</th>
<th>25 Per Cent of Net Revenue</th>
<th>County</th>
<th>Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>1941</td>
<td>$320.00</td>
<td>$80.00</td>
<td>$40.00</td>
<td>$40.00</td>
</tr>
<tr>
<td>1942</td>
<td>1,651.40</td>
<td>412.85</td>
<td>206.12</td>
<td>206.12</td>
</tr>
<tr>
<td>1943</td>
<td>3,714.28</td>
<td>928.57</td>
<td>464.28</td>
<td>464.28</td>
</tr>
<tr>
<td>1944</td>
<td>4,056.80</td>
<td>1,014.20</td>
<td>507.10</td>
<td>507.10</td>
</tr>
<tr>
<td>1945</td>
<td>4,548.60</td>
<td>1,137.15</td>
<td>568.57</td>
<td>568.57</td>
</tr>
<tr>
<td>1946</td>
<td>4,637.04</td>
<td>1,159.26</td>
<td>579.63</td>
<td>579.63</td>
</tr>
<tr>
<td>1947</td>
<td>5,927.16</td>
<td>1,456.79</td>
<td>728.39</td>
<td>728.40</td>
</tr>
<tr>
<td>1948</td>
<td>6,115.80</td>
<td>1,528.95</td>
<td>764.47</td>
<td>764.48</td>
</tr>
<tr>
<td>1949</td>
<td>6,777.52</td>
<td>1,694.38</td>
<td>847.19</td>
<td>847.19</td>
</tr>
<tr>
<td>1950</td>
<td>6,589.64</td>
<td>1,647.41</td>
<td>823.70</td>
<td>823.71</td>
</tr>
<tr>
<td>1951</td>
<td>9,761.68</td>
<td>2,440.42</td>
<td>1,220.21</td>
<td>1,220.21</td>
</tr>
<tr>
<td>1952</td>
<td>11,613.80</td>
<td>2,903.45</td>
<td>1,451.72</td>
<td>1,451.72</td>
</tr>
<tr>
<td>1953</td>
<td>11,797.12</td>
<td>2,949.28</td>
<td>1,474.64</td>
<td>1,474.64</td>
</tr>
</tbody>
</table>

*Source: Records of the County Treasurer's Office, Decatur, Texas.

It will be noted from the above table that 25 per cent of the net revenue derived from the use of the land by
grazing was returned to the county and was equally divided for road and school purposes.

The payment to the county under Title III of the Bankhead-Jones Act amounted to approximately 5.2 cents per acre or three fourths of 1 per cent of the cost of the land which was approximately $6.92 per acre for the land purchased within these school districts. The property tax levied on the purchased land at the time of purchase amounted to 12.4 cents, assuming 100 per cent collection, or about 2½ times the equivalent of the revenue which was received under the bill.15

In 1945 a range management and development plan was worked out for the project. At that time pasture units were named, numbered, and checked and a plan of development worked out for each unit. The grazing period was established for the period November 1 through April 30, with no grazing the remainder of the year.

Since the only activity from which revenue is collected on the project lands is grazing, a grazing plan was set up and stocking rates established on each unit of land within the project area. The Service has the authority to determine the maximum number of animal units which, in the interest of conservation of the lands and maintenance of their grazing capacity, should be grazed upon project lands.

15Records County Treasurer's Office, Decatur, Texas.
This determination is revised from year to year in light of available information. Excessive grazing is never permitted.

Permittees for grazing leases are selected from applicants, based on priority groups. A permittee is a qualified applicant who has been issued a grazing permit which authorizes him to graze a specified number of animals in a designated pasture for a prescribed length of time on the project lands.

Priority groups as set up give adjoining landowners first consideration. It is stressed that a permittee be a bonafide farmer or rancher, making his living from farming and ranching. This gives a permittee a chance to give his own land an opportunity to rest and affords him the grazing essential for his continued operations.

Developmental work on the pasture lands has been confined to soil stabilization, regrassing, the construction of fences, and other work incidental to the development of these lands for grazing and livestock production. By 1954, 294 miles of fence had been built, and a total of 13,543 acres of land had been seeded to native grass.16

Of the 20,074 acres of land belonging to the United States Government in the four school districts included in this study, Table VIII, below, gives the acreage breakdown by school districts, the percentage of area contained in each district, and the income from grazing each school received in 1953.

---

TABLE VIII
NAME OF SCHOOL DISTRICT, TOTAL NUMBER OF ACRES, PER CENT OF AREA, AND THE INCOME FROM GRAZING OF EACH DISTRICT*

<table>
<thead>
<tr>
<th>Name of District</th>
<th>Total Acres</th>
<th>Per Cent of Area</th>
<th>Income from Grazing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decatur Independent</td>
<td>4,407</td>
<td>22.0</td>
<td>$324.42</td>
</tr>
<tr>
<td>Alvord Independent</td>
<td>13,405</td>
<td>66.8</td>
<td>985.05</td>
</tr>
<tr>
<td>Chico Independent</td>
<td>547</td>
<td>2.7</td>
<td>39.82</td>
</tr>
<tr>
<td>Greenwood Common</td>
<td>1,715</td>
<td>8.5</td>
<td>125.35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,474.64</strong></td>
<td></td>
<td><strong>$1,474.64</strong></td>
</tr>
</tbody>
</table>


Table VIII, above, reveals that the total income from grazing on the government land in the districts included in this study was $1,474.64 for the year of 1953. The tax levy, before government purchase, for school purposes would have yielded $1,112.66 in taxes for the same period of time assuming 100 per cent collections.

Under the existing rate of erosion and abandonment of farms there had been a rapid decline in the revenue received by the county from the general property tax. A point would have been reached in the near future where no tax revenue at all would have been received from these submarginal lands if they had remained in private ownership.
The future of the project is uncertain. The Soil Conservation Service abandoned the project in 1954 and its care and maintenance has been placed under the Forest Service.

The records reveal the Soil Conservation Service employed 80 men in 1940-41 at a total cost to the government of $22,476. At the present time under the Forest Service only two men are employed to maintain the project.

Many of the former owners of the land included in this purchase by the government now desire to repurchase the land. Much criticism and abuse is now being offered by some as to the use being made of the land and further need of ownership by the government.17

---

CHAPTER V

CHANGES IN THE TAX STRUCTURE OF THE SELECTED DISTRICTS AS A RESULT OF RECENT LAWS

Minimum Foundation Law

In 1949, the State Legislature of Texas enacted a Foundation School Program Act which provided for many changes in the administration and operation of the public schools of Texas. The purpose of the legislation, as stated in one of the enabling acts, S. B. No. 115, was to provide a more efficient method of state administration of the public free schools. The program was put into operation in the school year beginning in September, 1949, and has been continuously used since that time.

Many of the provisions of the Foundation School Program differed greatly from its predecessor, the Rural Aid Program first started in 1915. Critics of the plan prophesied that it would cost the state a great deal more money than the previous method of administration. In some instances, as in increased aid to all districts needing funds for

---

equalization purposes, the increased cost has been much greater. Educational outcomes cannot be measured in dollars and cents, but there are some phases of the program that can be measured on this basis. Where comparisons are possible between previous methods of administration and those of the Minimum Foundation Program, an attempt will be made to make such surveys.

The Minimum Foundation Program, enacted by the 51st Texas Legislature in 1949, is a plan designed to guarantee that every school district will have, or be provided with, sufficient funds to operate a nine-month minimum school program. This program sets lower limits to amounts to be spent by the local districts for teaching services, operating expenses, and school bus transportation.

The program, as it is now set up, is financed jointly by the state and local school districts. A formula was worked out which allocates proportionately larger sums of state aid to districts less able to support a school term of nine months from their local tax sources.

Prior to 1949 only those districts with fewer than 1,500 school children were eligible to receive state equalization aid. Larger districts which contained over 60 per cent of the children of the state could not receive aid under the law.

The dual system of financing the schools through the available school fund and the Rural Aid Law resulted in
competition for state aid between small districts benefiting from rural aid and larger districts receiving only scholastic apportionment. Many of the larger districts contended that financial support of the schools was a local problem and that the state aid did not produce full results in terms of educational services.

The unequal division of wealth from community to community should dispel the idea that financial support of education is completely a local problem. Every school area should have sufficient funds for the providing of an adequate system of education regardless of the district's worth or taxpaying ability.

The Gilmer-Aikin plan originally consisted of three bills, Senate Bills No. 115, 116, and 117. Considered in detail, the bills had three objectives: (1) a more efficient method of school administration at the state level; (2) the guarantee to each child of school age the availability of a good minimum education program; and (3) the guarantee of a method of financing that will tend to equalize local and state support and make each county pay, according to its ability, in proportion to what other counties pay.2

Despite the early generous land endowment of the schools of Texas, funds had never been adequate to support a

---

first-class system of education. During the first decades of this century the situation became worse. School buildings deteriorated, compulsory attendance brought more children to school; the great depression increased the attendance in the high schools; more teachers were needed. The older sources of revenue were found inadequate and new sources had to be found. It was necessary to tax intangibles, natural resources (oil gas, sulphur), liquor, and tobacco. As a consequence the legislature was continuously confronted with the problem of finding more revenue.

Many of those who advocated a change in financing the public schools believed that the Texas child should not suffer because his parents happen to reside in a poverty-stricken, non-taxpaying, non-school-supporting locality.

The basic requirement of a good state school aid law is that it treats all school districts equitably in terms of their educational needs and financial ability. Under the present law, when these educational needs have been determined, four principal steps are to be taken to finance these needs. These steps are as follows:

(1) The district itself must bear an amount by local taxation as its equalized share of the foundation cost. This amount, known as the "local fund assignment," is computed according to a formula which will be discussed presently.
(2) The state calculates the amount which the local district is to receive from the state available school fund. This distribution, known as the "scholastic apportionment," is made on the basis of the number of school-age children residing in each district. The 1952 distribution was $69 per child.

(3) The amount distributed to each school district from county available funds is determined. This is a relatively insignificant item.

(4) These three amounts are added together. If they fall short of meeting the calculated foundation program cost for the district, the state puts up the difference. This is called "equalization aid" and comes from the Foundation Fund provided by legislative appropriation. This program fulfills the state's guarantee of a minimum school program.3

If the total of these four equals or exceeds the amount necessary to meet the cost of the district's foundation program, then the district is not entitled to state equalization aid, since its foundation program is balanced.

Economic Index

Since the financial ability of the school districts of Texas varies greatly, the new system, as set up under the

Texas Education Agency, abolished the traditional per capita system of distributing state funds and in its place adopted a plan based upon the "economic index." This is a measure of the ability of each county and district to raise revenue for school support. The purpose of the new system was to assist the low economic areas to maintain a higher standard of school service than they were formerly doing.4

Under the Gilmer-Aikin Laws the Commissioner of Education is given the duty for calculating and determining the total sum of local funds that the counties and school districts shall be required to contribute toward the total cost of a Minimum Foundation School Program. This calculation is done with the approval of the State Board. Since the schools were required, under the original Gilmer-Aikin Laws, to raise $45,000,000 annually, to help support the Foundation School Program, the Commissioner prepared the economic index which fixed the percentage to be contributed by each county for the use of the Minimum Foundation Program. The economic index was computed every four years. It was based on the assessed valuation of the county, the scholastic population of the county, and the income for the county.

After the economic index calculation was made for each county of the state, the percentage which each county's

calculation bears to the state-wide total was determined. That percentage was then applied to the total local fund assignment figure fixed by the state, and thus each county's share was ascertained. The county's share was divided among the school districts therein according to the state and county assessed values of each district.

The table below will show the results of the application of the economic index as it was applied to the schools of Wise County under study in 1950-51:

**TABLE IX**

NAME OF DISTRICT, STATE AND COUNTY VALUATION, PER CENT DISTRICT VALUATION IS OF COUNTY VALUATION, AND LOCAL FUND ASSIGNMENT FOR 1950-1951.*

<table>
<thead>
<tr>
<th>Name of District</th>
<th>State and County Valuation</th>
<th>Per Cent District Valuation Is of County Valuation</th>
<th>Local Fund Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenwood</td>
<td>$305,600</td>
<td>2.580</td>
<td>$1,613.79</td>
</tr>
<tr>
<td>Alvord</td>
<td>1,192,380</td>
<td>10.067</td>
<td>6,296.91</td>
</tr>
<tr>
<td>Chico</td>
<td>2,768,035</td>
<td>23.369</td>
<td>14,617.31</td>
</tr>
<tr>
<td>Decatur</td>
<td>2,951,145</td>
<td>24.915</td>
<td>15,584.33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7,217,160</strong></td>
<td><strong>60.931</strong></td>
<td><strong>$38,113.34</strong></td>
</tr>
</tbody>
</table>

*Source: County School Superintendent's Records, Decatur, Texas.

The above table reveals that these four selected districts, Greenwood, Decatur, Alvord, and Chico, contained approximately 61 per cent of the total valuation of the county in 1950-51. The total local funds charged to selected
districts was $38,113.34. The economic index for Wise County for 1950-51 as determined by the Commissioner of Education was .139 per cent.

To find the Economic Index for the county beginning in 1954, divide the state and county assessed valuation of all property in the county subject to school district taxation for the next preceding school year into the state and county assessed valuation of the district for the next preceding school year, finding the district's percentage of the county valuation. Multiply the district's percentage of the county valuation by the amount of funds assigned to all of the districts in the county.

Senate Bill No. 1 which was passed in 1954 changed the Minimum Foundation Program by giving credit of $100 per professional unit against the local fund assignment of each district. This amendment changed the basic concept of the bill. Under the original law, before amended, the local taxpayers of the district contributed one dollar as the state contributed four dollars to the Foundation Program. This $100 credit makes the state 80 per cent plus $100 per professional unit, while the local share is 20 per cent less $100 per professional unit.

In the schools selected for this study approximately seventy teachers will be employed for the school term of 1955-56. This credit of $100 per professional unit will
mean a reduction of $7,000 in the total local fund assignment for these schools.

The official schedule for the school year 1954-55 for the schools included in this study as provided for under the Minimum Foundation Program is included in Table X, below:

TABLE X

<table>
<thead>
<tr>
<th>Name of District</th>
<th>State and County Valuation</th>
<th>Per Cent District Valuation Is of County Valuation</th>
<th>Local Fund Assignment Unadjusted for 1954-55*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenwood</td>
<td>$308,460</td>
<td>2.482</td>
<td>$1,546.00</td>
</tr>
<tr>
<td>Alvord</td>
<td>1,189,440</td>
<td>9.957</td>
<td>5,960.00</td>
</tr>
<tr>
<td>Chico</td>
<td>2,107,990</td>
<td>16.963</td>
<td>10,564.00</td>
</tr>
<tr>
<td>Decatur</td>
<td>3,492,440</td>
<td>28.103</td>
<td>17,501.00</td>
</tr>
<tr>
<td>Total</td>
<td>$7,098,330</td>
<td>57.119</td>
<td>$35,571.00</td>
</tr>
</tbody>
</table>

*Source: County Superintendent's Records, Decatur, Texas.

The economic index for the county in 1954-55 was .116 per cent. In 1950-51 it was .139 while for the school year 1955-56 it is set at .103 per cent. This shows a decline in the fund assessment charged to the county under the Foundation Program.

The local fund assignment for each district will be decreased by $100 per professional unit earned and each
vocational and exceptional children teacher unit approved for 1954-55 and 1955-56. This credit of $100 per professional unit will decrease the local share of the Foundation Program to approximately 17 per cent and raise the state's share to about 83 per cent.

Since the cost of the Minimum Foundation Program for Texas public schools is made up from four sources; namely: (1) local fund assignment, (2) scholastic apportionment, (3) county available fund, and (4) equalization aid, Table XI will show the receipts from these sources of the districts under study for the school year 1954-55. Transportation receipts are included in Table XI for reference.

**TABLE XI**

<table>
<thead>
<tr>
<th>Name of School</th>
<th>Scholastic Apportionment</th>
<th>County Available Fund</th>
<th>Local Fund Assignment</th>
<th>Transportation Aid</th>
<th>Foundation Aid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenwood</td>
<td>$2,789.60</td>
<td>$11.44</td>
<td>$1,799</td>
<td>$2,171</td>
<td>$6,889.96</td>
</tr>
<tr>
<td>Alvord</td>
<td>18,195.80</td>
<td>74.62</td>
<td>6,208</td>
<td>9,450</td>
<td>34,096.54</td>
</tr>
<tr>
<td>Chico</td>
<td>20,753.16</td>
<td>84.76</td>
<td>10,564</td>
<td>10,900</td>
<td>42,942.08</td>
</tr>
<tr>
<td>Decatur</td>
<td>57,694.00</td>
<td>236.60</td>
<td>17,501</td>
<td>15,370</td>
<td>88,356.40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$99,432.56</strong></td>
<td><strong>$407.42</strong></td>
<td><strong>$36,072</strong></td>
<td><strong>$37,891</strong></td>
<td><strong>$172,284.98</strong></td>
</tr>
</tbody>
</table>

*Source: County Superintendent's Records, Decatur, Texas.*
Table XI, above, reveals that for the school year 1954-55 the local fund assignment from taxation, the scholastic apportionment, and the county available fund fell short of meeting the foundation program cost of the districts selected for this study by $172,284.98. This amount came from the Foundation Fund provided for by legislative appropriations.

By comparing the Minimum Foundation Program four years after its adoption in 1949 with the same period of time before its adoption, under the Rural Aid Laws, it is found that the districts of Greenwood, Alvord, Chico, and Decatur received a total sum of $172,284.98 in equalization aid for the school year of 1954-55 whereas in 1945-46 these schools received a total sum of $19,847.00 in salary aid.

The total assessed valuations of these school districts under study has been declining, and as they have declined the past few years, the average local tax rate representing the shared local cost under the foundation program has been diminishing. As the local tax share has diminished, the local tax rate assessed by the districts has increased. Each of the schools included in this study now levy a $1.50 tax on the $100 valuation for all school purposes. This increase in rate of taxes assessed by each district, plus the amount made possible by a decrease from year to year in the local fund assignments under the Gilmer-Aikin
Laws, provides the much-needed revenues necessary for buildings, equipment, and better-qualified teachers.

Under the Minimum Foundation Program the districts included in this study are providing a term of nine months for the scholastics living in the districts; new buildings have been erected and old ones repaired; new buses have been purchased to provide safe transportation for the children; new and better equipment has been provided for instructional use; and finally better salaries are being paid to the teachers and other employees of the schools.

Change in Local School Financing

The Texas Legislature on May 4, 1955, passed Senate Bill No. 116 as amended, fixing the maximum tax rate to be levied for maintenance purposes in school districts in Texas. The Amended Section I, Item 1 of S. B. 116 reads as follows:

1. In all common and independent school districts, rural high school districts, and cities and towns constituting independent school districts, and in all other school districts for the further maintenance of public free schools, an annual ad valorem tax may be levied not to exceed, in districts having a bonded indebtedness of seven per cent (7%) or less of its total assessed value of taxable property, One Dollar and Fifty Cents ($1.50) on the One Hundred Dollars ($100.00) assessed value of taxable property in the district. For each one per cent (1%) or major fraction thereof, increase in bonded indebtedness beyond seven per cent (7%) of the assessed value of taxable property in such school district, the maximum maintenance rate shall be decreased by Ten Cents (10%). The maximum maintenance
rates which may be levied annually in any district
shall conform to the following schedule:

Bonded indebtedness in the amount of 7% or
less of the assessed value of taxable property ... $1.50
Bonded indebtedness in the amount of 8% of
the assessed value of taxable property ......... $1.40
Bonded indebtedness in the amount of 9% of
the assessed value of taxable property ......... $1.30
Bonded indebtedness in the amount of 10% of
the assessed value of taxable property ......... $1.20;
provided, however, that such annual ad valorem tax
levied may not exceed the maximum established by a
majority vote of the resident, qualified, taxpaying
voters of the district, voting in an election or
elections held for such purposes. 4

This law is the answer to those who have contended
that the Federal Government is the only governmental agency
which has the financial means to build the schoolhouses
that the growing enrollment will require. The law permits
school districts to issue construction bonds equal to 10
per cent of total property values and to increase ad valorem
taxes to pay them off.

Previously the limit of taxation for both the con-
struction and operation of schools was $1.50 on the $100
property valuation. This meant, in districts where costs
of operation required a tax close to that limit, that there
was little or no leeway for financing new school buildings.

This law, raising the limit of taxation, will provide
the way and the means for the selected districts to provide
larger and more adequate buildings as the need arises.

4Vermont's Texas Session Law Service, 54th Legislature
June 2-June 25, 1955, Ch. 528, p. 1635.
CHAPTER VI

SUMMARY AND CONCLUSIONS

Summary

From the foregoing survey of the changes in the tax structure of the selected school districts of Greenwood, Alvord, Chico, and Decatur, located in Wise County, Texas, the following summary can be made.

(1) The Constitution of 1845 and subsequent constitutions and statutes of Texas have looked toward an efficient system of public schools in Texas.

(2) The first state funds for local school districts were allocated in 1856. The State Treasurer's report shows that Wise County received $362.00 from the state funds in 1856 to aid in supporting the public schools.

(3) On June 25, 1858, four leagues of land, located in Haskell County, Texas, were presented to the schools of Wise County. This land was later sold and the proceeds invested in the county available school fund. This fund was invested in bonds and the interest from such investments has been apportioned to the schools of Wise County on a scholastic basis. The income from this fund was about thirty cents for the school year 1954-55.

(4) The school law of 1884 provided for a twenty-cent tax rate on the $100 valuation for the communities, provided
two thirds of the property owners who paid taxes voted in favor of such tax. This law was later amended requiring only a majority vote for the levy of taxes.

(5) In 1885 the records show that there were twenty-four state-owned school buildings in Wise County. The average value of the buildings was about $318.00.

(6) The first school district included in this study to vote a school tax, under the Law of 1884, was Decatur which voted a school tax in 1886. By 1911 forty-one school districts in Wise County had voted a tax or increased the tax already voted.

(7) The first school district included in this study to vote a bond for building purposes was the Independent School District of Chico which voted a $3,500 bond in 1895.

(8) The Greenwood District, the only common school included in this study, voted a $2,000 bond for building purposes in 1911.

(9) State aid grants to the schools of Wise County began in 1915 as a result of the enactment of the Rural Aid Law by the legislature of the state. The first grant to the schools of Wise County totaled $2,425. The purpose of the grant was to supplement the funds that the weaker county schools received from the usual sources. This rural aid enabled these schools which received it to provide better educational advantages for the children who depended upon such schools for their scholastic training.
(10) The Texas Constitution of 1845 set aside considerable portions of public domain as a landed endowment for public schools. Revenues from these lands were channeled to the schools through the Available School Fund. This revenue is distributed equally among Texas schools according to the number of scholastics residing in the counties. In the beginning the per capita apportionment was small but has grown steadily with slight changes.

(11) Of the 115 school districts formed as original districts or formed from original districts in Wise County by 1923, only nine remained in 1954.

(12) The amount of local tax assessed by school districts, permissible under the laws, had changed from time to time and by 1939 each of the selected districts was assessing a tax of $1.00 on the $100 valuation of taxable property for all purposes.

(13) The changes brought about by the introduction of bus transportation for the children living in the rural communities made it necessary that schools levy more taxes and raise their assessed valuation in order to meet this added cost.

(14) The Authority for the TX-LU-25 Project, located in the selected school districts of Wise County, was contained in Title III of the Bankhead-Jones Farm Tenant Act of 1938.
(15) An area of 20,074 acres of land was acquired by purchase by the Federal Government in 1941 at a cost of $138,912.00 for the purpose of effecting a grassland recovery program.

(16) The records show that the income derived from the grazing of cattle on the TX-LU-25 Project located in Wise County has increased steadily since 1941 and that the total amount paid by the government to the schools included in this study, in lieu of taxes, was $1,474.64 for the year 1953.

(17) The Minimum Foundation Program, enacted by the 51st Texas Legislature in 1949, was designed to guarantee that every school district would have, or be provided with, sufficient funds to operate a nine-month minimum school program. This program was to be financed jointly by the state and local school districts.

(18) Under the Minimum Foundation Program, established by the Gilmer-Aikin Laws, a new plan for financing the schools based upon the "economic index" was adopted. This plan was a measure of the ability of the local districts to raise revenue for school support. Its purpose was to assist the low economic areas to maintain higher standards of school services than they formerly maintained.
Conclusions

It is obvious that the state has recognized the fact that the four school districts selected for this study, as well as others in the state similarly situated, are incapable of providing sufficient funds for their local schools. This explains the state's reason for setting up the Rural Aid Program in 1915, and expanding this program into the Minimum Foundation Program in 1949.

Because the state in some instances has granted to schools an ever-increasing volume of money, this action does not mean that the support of the schools is now the full responsibility of the state government. The responsibility for helping to finance the schools still rests to a great degree with the local school authorities. It has been found that there has been almost continuous and increasing co-operation between the local school system and the state to provide a more adequate program of education for the selected districts.

The United States Soil Conservation Service has reached a definite goal during the first fifteen years of the grassland recovery program on the TX-LU-25 Project in Wise County, Texas. The original objectives laid down for long range accomplishments are now being realized. Erosion control has reached the stage at which the soil is no longer being carried away by wind and water. Palatable livestock forage, almost lacking fifteen years ago, is now being
produced in appreciable quantities. The success of the program on the TX-LU-25 Project has contributed greatly to the economic stability of farm operators in the area and has built more favorable human attitudes toward natural resources and our educational process. Finally, it has been proved by this study that this purchase did not materially affect the tax structure of the selected districts.

The Gilmer-Aikin Laws are in many respects an improvement over the previous laws. The laws have provided longer terms, higher salaries, and better transportation and equipment for the public schools of the state. The laws are as democratic in operation as was the old Rural Aid Laws and financially more democratic in that they supply more children better educational opportunities. Under the Gilmer-Aikin Laws a more complete equality of educational opportunities is provided for the children of the selected districts. The Gilmer-Aikin Laws and subsequent laws passed by the legislature have not infringed upon the principle of the separability of state finance and local control. The program is considered to be well-rounded financially. For the children living in the selected districts of Greenwood, Alvord, Chico, and Decatur for the school years 1950 through 1955, the laws have provided better schools, better transportation and higher paid teachers at a lower proportionate cost to the taxpayers of the district.
BIBLIOGRAPHY

Books

Eby, Frederick, Education in Texas, Source Materials, Austin, University of Texas Press, 1921.


Reports


State Treasurer School Ledger, Austin, Texas, November, 1954, to June, 1887.


Texas State Department of Education, Rural Aid Appropriations, Bulletin 149, Austin, Texas, 1915.


County School Superintendent's Records, Wise County, Decatur, Texas.

Minutes Commissioner's Court, Wise County, County Clerk's Office, Vol. I, Decatur, Texas.

Records County Assessor-Collector's Office, Wise County, Decatur, Texas.

Records County Treasurer's Office, Wise County, Decatur, Texas.


Unpublished Material

Barnett, Maudena, Assistant County School Superintendent, Statement, Decatur, Texas, June 16, 1954.


Newspapers