ANALYSIS OF THE DISTRIBUTION OF THE
PUBLIC SCHOOL FUNDS

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ANALYSIS OF THE DISTRIBUTION OF THE
PUBLIC SCHOOL FUNDS

THESIS

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MASTER OF SCIENCE

By

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August, 1940
88233
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CHAPTER I

INTRODUCTION

Statement of Problem

The purpose of this study is to determine to what extent the present laws for distributing the public school funds meet certain criteria set up for apportioning the public school funds of Texas.

Sources of Data

The approach to the present problem has been largely documentary and statistical. Information for this study was secured from available sources of documentary data. The state Constitution and school laws constitute the main sources and the bases of the study. Bulletins from the State Department of Education were used. These include salary schedules, regulations established by the State Board of Education, and reports of the State Department of Education. Professional journals, books, and school surveys yielded helpful material. The annual report of the Comptroller of Public Accounts of the State of Texas was useful in giving information for the Available School fund.

Treatment of Data

Since this study was based upon documentary data, it was necessary to apply the constitutional provisions and state
statutes to the analysis of the distribution system employed by Texas in distributing the public school funds. In the analysis of the present system of distributing the public school funds of Texas, it has been necessary to use various bulletins from the State Department of Education as sources of information needed for this study. Many books on public school finance were studied and applied to the study of this problem.

Related Studies

Much valuable information on the subject of equalization is presented by Swift in a study of public school finance. Swift describes the equalization law of Florida. This law has been twice modified since that date. He also presents a plan of equalization for Kansas. This plan has never been put into operation because the legislature failed to make the necessary appropriation for its execution.

In the National Survey of School Finance, Mort lists thirty-five states and shows the rates of local taxation used for a basis for equalization in each.

The study made by G. G. Singleton on State Responsibility for the Support of Education in Georgia is an important related study. The purpose of this study is to determine the responsibility of the state of Georgia in supporting education and to


propose a plan for its accomplishment. Singleton found the system employed by Georgia for distributing the public school funds was wholly inadequate and that there existed a gross inequality of educational opportunities among the children of that state. The following reforms were included in his proposed plan.

a. Reporting average daily attendance by schools.
b. Separating all data reported for white schools from all data reported for colored schools.
c. Using a more scientific method of assessing property.
d. Making a distinction between capital outlay and current expenses.
e. Allowing one teacher for every thirty pupils in average daily attendance.
f. Requiring the state department of education to set up a uniform system of school accounting and budgetary procedure to be adopted by all local units.\(^3\)

The next study to be considered was made by W. I. Pearman on Support of State Educational Programs. The problem as stated by Pearman was as follows:

a. To determine the extent to which individual states use the allocation and appropriation policies for the support of education.
b. To analyze the factors of state fiscal administration which are associated with different methods employed under each of the two general policies for the support of education.
c. To compare over a period of years the trends of educational support under the two general policies.\(^4\)

In this study it was found that the desirability or undesirability of the use of the allocation policy or the

\(^3\) G. G. Singleton, State Responsibility for the Support of Education in Georgia, p. 52.

\(^4\) W. I. Pearman, Support of State Educational Programs, p. 9.
appropriation policy for the support of educational activities depends upon certain factors which are brought to light in this study. These factors are: (1) the type of general fiscal administration employed by the state, (2) the methods which are used by the state to distribute educational funds among the different educational activities, and (3) the different methods of allocation of revenue which may be employed under the allocation policy.⁵

The other related study was made by Neulen on State Aid for Educational Projects in the Public Schools. In this study, Neulen⁶ was to determine from all available data how special subsidy for one or more projects has functioned as a device for use by states in accomplishing educational progress. In this study it was found that certain factors were essential to the best progress in the project of consolidation. These factors are as follows: good roads, attitude of the people, individuals lecturing on advantages of consolidation, and by organizations, such as the parent-teacher association, actively urging its adoption, state requirements for higher standards and mandatory regulations, larger unit idea, and efficient service of the state department of education.

⁵Ibid., p. 138.

⁶Lester Nelson Neulen, State Aid for Educational Projects in the Public Schools, p. 74.
CHAPTER II

CRITERIA FOR DISTRIBUTING THE PUBLIC SCHOOL FUNDS
OF TEXAS

Criteria

The purpose of this study is to point out areas of assumptions that should be incorporated into a system of distributing the public school funds of a state. Below are some areas that seem to be significant to a system of distributing state funds. Each of these assumptions will be discussed in the light of better school advantages for the children of Texas.

The first area to be analyzed deals with an incentive to encourage attendance in the schools. — It is obvious that before much can be done to alleviate the illiteracy of a state, some system must be instituted to encourage the attendance on the part of the school children of the state.

Since the public schools are primarily for the children, and a vast sum of money is being spent for their benefit, some system should be put into force that will provide incentive to schoolmen to encourage school attendance. It is believed that this area is one that is paramount and is worthy to be included in a system of distributing state school funds.
There are many methods of distributing the state funds employed by various states of the United States. There are two methods of apportioning the public school funds that do encourage school attendance. These two methods are the average daily attendance and aggregate days attended. The average daily attendance method will be discussed in the following paragraphs.

Based upon the average daily attendance basis of apportionment, the state pays or allocates the available school fund to districts only on the average number of pupils who are in daily attendance and who are taught throughout the school term. A district will not receive any money on pupils that have not enrolled in school and who are not in daily attendance. It is obvious that this system of apportionment will stimulate interest on the part of school officials, and cause them to put forth a great effort to bring the children into the public schools, since the school support depends upon the number of children enrolled and in daily attendance. It will also encourage the enforcement of the compulsory-attendance and child-labor laws as well as keep the enrollment from decreasing.

Under these systems of distributing the state school funds, the financial status of the school districts will be measured in terms of the daily attendance of the pupils. This will bring pressure on the school officials to keep up their attendance so as to have needed financial support that will be needed to maintain a satisfactory school term.
This system does encourage attendance and the results will be more children in the public schools than would be found under a system that apportions the available school fund according to a census scholastic basis. One criterion then should be, does the method encourage school attendance?

The second area is transportation service.--In the distribution of state school funds for transporting children to and from school, there is a need for including various factors that materially affect the cost of transporting school children. In determining the cost of transporting children to and from school, it appears logical to include these factors, namely: density, road conditions, length of bus route, and number of pupils per vehicle, in a system of distributing the state funds. These factors are explained in the following paragraphs.

The first factor is density. The meaning of density is the number of children per square mile residing in a community. If the community is densely populated the cost per pupil will be less. It is found that when a community is densely populated, road conditions are usually good.

The density is determined by dividing the number of transported pupils who reside more than two miles from school by the number of square miles, minus twelve square miles for each school site. "Alabama is using the density-sparsity method of transportation cost. That state allows 15.5 cents per day to districts having one pupil per square mile, and
7.4 cents per day to districts having five pupils per square mile.\textsuperscript{1}

The second factor is road conditions. The conditions of roads affect the cost of transportation probably more than any other factor. Bad roads require more gasoline and oil to operate a bus. The wear and tear and depreciation are greater on buses in communities where the roads are poor than in communities that have good roads. Since poor roads increase transportation cost, it is obvious that this factor should be included in determining transportation cost.

The third factor is length of bus route. In sparsely settled communities the bus routes are often long and road conditions are bad. It is often true that buses in sparsely settled communities transport fewer pupils than buses in densely settled communities. It is also true that it costs more to transport a few pupils a long distance than it does to transport a larger number a short distance. To illustrate this, we will use two buses A and B. Bus A is used in a sparsely settled community and Bus B is used in a densely settled community. Bus A goes twenty miles and transports twenty-five pupils. Bus B goes twelve miles and transports forty pupils. Bus A will have gone sixteen miles farther in a day than Bus B. If transportation cost was paid by allowing $2.00 per pupil per month, then Bus A would have received $50.00, while Bus B

\textsuperscript{1}C. D. Hutchins, "Determining Costs of Pupil Transportation," \textit{Nation Schools Magazine}, (May 1940) p. 34.
would have received $30.00. Bus B would have received $30.00 more than Bus A, yet this bus would have gone 320 miles farther in a month than Bus B. It is logical that this factor should be included in determining transportation cost.

The fourth factor is the number of pupils per vehicle. The number of pupils per vehicle should be taken into consideration in determining transportation cost. The greater the number, the greater will be the wear and tear on the bus. It will require more stops and starts when a greater number are transported per bus than will be required for a smaller number; consequently the wear and tear will be increased. It will require more gasoline and oil when the bus is heavily loaded and having to stop and start often than when it is not heavily loaded and has fewer stops and starts. Then another criterion should be, does the State in distributing the public school funds consider factors affecting the cost of bus transportation?

The third area to be analyzed deals with the equality of opportunity in school facilities. -- It is a recognized fact that the unequal distribution of wealth in this country has brought about unequal advantages to the children of this state. Some districts are equipped with the finest of school plants with all the modern equipment that is needed to carry on an efficient school. There are other districts that have inadequate buildings and very poor equipment if any at all. Since these conditions do exist in our country, and since there is a need to adjust such findings, it is believed that these
conditions can be adjusted through our system of distributing the public school funds. It is also believed that a good system of distributing school funds should make provisions for the weaker districts that can not purchase the necessary equipment and facilities that are needed in the instruction of the child.

In order that better schools can be built up in any state, it is necessary that school districts that are weak financially and unable to support an adequate school, be required to meet standards set by the Department of Education, whereby they can receive aid from the state.

In order for the state to help such weak districts, it is necessary that they meet the following requirements before they will be eligible to share in the state funds. Under this method each school will be asked to meet the following requirements:

a. All schools must levy and collect a seventy-five cent tax on the $100 assessed property valuation.

b. All schools must pay the maximum teacher salary schedule.

c. All teachers must have completed three years of college work.

d. All schools must maintain an eight month school.

e. All schools must meet building requirements. That is, adequate housing conditions that satisfy the state laws on school buildings. 2

The burden of school support will be on the state under this method. The local district can use its local funds for

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2State Department of Education, Bulletin No. 382, Public School Laws of Texas, Equalization Funds, pp. 204-205. (1938)
buying the needed equipment and maintaining its school plant. Then another criterion should be, does this method encourage standardization of schools, and does it aid in bringing about equality of opportunity in equalizing the facilities of our schools?

The fourth area to be analyzed deals with the ability of the state to support public education. In behalf of complete state support, F. H. Swift said:

On the basis of Constitutional provisions, laws, and Supreme Court decisions the state is the sovereign and final authority in all matters relating to public schools.

School districts and all other minor corporations are creations of the state. All powers, functions, and responsibilities which such minor school corporations exercise are purely delegated functions.

Since it has long since become evident that multitudes of these minor corporations are unable or unwilling to fulfill satisfactorily the responsibilities of providing and adequately supporting the school facilities requisite to meet the social and political demands of the state, this responsibility necessarily reverts to the sovereign and delegating power, the state.

Since the public schools are state and not local institutions, all financial resources available to the state for the support of schools belong equally to all the schools of the state.

Admitting that equality of school revenues, school burdens, and educational opportunity may be realized through some policy other than complete state support, such as an adequate state equalization fund, it is nevertheless true that the simplest, most direct, most economical, most easily administered, and most efficient policy would be one under which state levies all taxes and provides and distributes all school funds.

The success of systems of complete state support on the part of Delaware, Australian states, and many European countries is proof of its effectiveness and its superiority over our decentralized systems.

3F. H. Swift, Policies in Public School Finance, p. 84.
It is believed that equality of educational opportunities can be accomplished under a system of complete state support. As was stated by F. E. Swift, "it is the simplest, most economical, and most easily administered, and the most efficient policy would be one under which the state levies all taxes and provides and distributes all school funds". 4

Then another criterion should be, does the method provide equality of educational opportunities?

The fifth area to be analyzed deals with the need for trained teachers for every child. --A general rule is, the schools are no better than the teachers who teach them. In order to improve the teachers of any state it is necessary to distribute the public school funds in such a way that a premium will be placed on qualifications. There should be some way of encouraging the teacher to seek higher qualifications. If the teachers are paid according to their qualifications, and the pay is sufficient to justify the preparation, this would mean better trained teachers and better schools for Texas.

Another criterion should be, does the method of distributing the public school funds encourage professional training of teachers?

The sixth area to be investigated deals with the consolidation of schools. --First, let us compare the cost of operating a number of small schools with that of a large consolidated

4 Ibid.
school. This comparison was made by Tom McGehee, who secured these figures from the County Superintendent of Bowie County.\(^5\)

Let me give you the comparative cost of maintaining some large schools with that of the small schools.

First, let us take up the comparative cost of maintaining a thirteen-teacher rural consolidated school with that of fourteen small schools that have a membership about equal to that of the thirteen-teacher school. The maintenance cost of the thirteen-teacher consolidated school for 1937-38 was $16,480; while the maintenance cost of the fourteen small schools for the same year was $23,505.28. It cost $12,105.28 or 73 per cent more to school the same number of children in the small schools.

Now, let us compare the cost of maintaining a small consolidated district that had a membership about equal to that of six small schools. A small consolidated district that employed six teachers and had a membership of 185 students, operated at a cost of $3,490.90. Six small schools that employed ten teachers and had a membership of 186 students operated at a cost of $11,929.05. The cost of maintaining schooling for 186 students in the six districts was $5,438.15 more than the cost of maintaining schooling for 185 students in the small consolidated district.

The legislature of Texas constitutes the school board for the entire state. The obligation to maintain an efficient system of public free schools is theirs. "It is the duty of this governing body to see that every child in Texas shall have access to: (1) a first class elementary school; (2) a first class senior high school; (3) if practical, college training".\(^6\)

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\(^6\)Ibid.
Advantages of Consolidation.—There are many advantages in the large schools that can not be had in the small school, advantages that come through special sources. For an example, vocational agriculture, home making, and science are open to boys and girls who are taught by men and women who have special training in these fields. The small schools are unable to secure these departments on account of the costs involved.

These courses not only offer training in the subject matter, but provide group activity in the ways of clubs and other exhibit work that put them in public gatherings.

Some of the other advantages are: cheapness in operating school, better buildings, longer school terms, better equipment, vocational training, club activity, supervision, and a more extensive recreational program.

Since consolidation of schools offers better educational advantages and can be operated cheaper than the small schools, another criterion should be, does the method of distribution encourage grouping of schools into larger units?

The seventh area to be analyzed deals with the equality of teachers.—In distributing the public school funds of a state, several factors should be considered in determining the salaries of teachers.

The first factor to be considered is equal pay for equal service rendered, provided the qualifications are equal. There has been a decided difference in salaries of elementary and secondary teachers. The Biennial Survey of Education
1934-1936, reads as follows:

The average salary for elementary teachers in 24 States and the District of Columbia is $1,005; for junior high school teachers in eight of these States and District of Columbia it is $1,670; for senior high school teachers in seven states it is $1,944.7

It is obvious that the salaries among elementary teachers are lower than those of the secondary teachers. The fact that the salaries of the secondary teachers are higher than those of the elementary teachers is due to higher qualifications, more maturity, and more experience. "In 1935-36 there were more than 603,379 teachers employed in the elementary and kindergarten schools in the United States".8 These teachers were in general not so mature, experienced, or well-prepared as the teachers of the secondary schools. Beginning teachers often start teaching in the elementary even though they are prepared for high school work. Higher salaries in the secondary school have caused or influenced teachers to prepare themselves for that phase of teaching. Since there are more jobs available in the elementary schools, many teachers, prepared for high school teaching, are forced to accept jobs at the elementary level.

Richard J. Turrentine's article on Single Salary Schedule, reads as follows:

It is unfortunate--yes, even suicidal to the best interests of public school education

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8Ibid.
in Texas that (1) classroom teachers on elementary levels who have natural and praiseworthy ambition are coerced by circumstances higher salaries and greater personnel, social and professional recognition—to seek continuously for positions on high school levels under the pressure of "Assumed or imaginary professional promotions"? (2) Since approximately four-fifths of prospective teachers—for reasons indicated—prepare for high school positions even though four-fifths of the demands for services are on the elementary levels, it becomes evident that those who fail to secure high school positions for which preparation has been made—often the lower half and almost invariably the lowest quartile—will seek success through sympathy and "political pulls" to secure what they consider temporary positions in the grades on levels of instructional services when they, and informed officials, know inadequate preparation has been made. Available, experiential evidence unerringly indicated that an effective major remedy for the two educational evils mentioned is a single salary schedule for classroom teachers having equal training and equivalent experience.9

There should be no discrimination in salaries of the elementary and secondary levels. There should be equal pay for equal service rendered, provided the qualifications and experience are equal. Equalizing the salaries of elementary and secondary teachers will tend to improve the teaching that is now being done in the elementary schools.

The other factor that pertains to the equality of teachers is the difference in salaries paid to men and women. It is evident that men have been paid higher salaries than have been paid to women. There should be no discrimination in pay when women hold identical jobs and rendered identical services. The only reason for drawing more salary for identical position

would be qualifications and experience. Under the single salary schedule each will draw according to the position, qualification, and experience.

The eighth area to be analyzed deals with the flexibility of a plan of equalization. In the distribution of the equalization fund many factors of unusual conditions enter in, making it difficult for some poor districts to receive state aid. Unusual conditions should be left to the discretion of the State Superintendent and State Board of Education. It is very difficult and almost beyond human ability to lay down a set of rules or laws for the distribution of a fund when the geography of such a state may render it impossible for that district to receive state aid under such conditions. The purpose of most equalization funds is to equalize educational opportunities and particularly to help the weak and poor districts. Even with this purpose it is necessary for those poor districts to meet certain requirements before they are eligible for state aid. Without a flexible plan for distribution of the equalization fund, it would be of little benefit for some districts in most states. Then another criterion would be, does the method of distributing the public school funds include flexible provisions for taking care of special or unusual conditions that may prevail in some districts?

The ninth area to be considered deals with the equalized assessments. When school funds, local and state, are derived from property taxes, equalized assessments are essential to equalization of burdens. In some counties property is assessed
at only twenty-five per cent of its true value. In such counties the maximum tax rate often brings in very little revenue for the support of schools. Property should be assessed at its true value for school support. This method would put the tax upon the ability to pay.

The laws of Texas provide that all property shall be assessed at its true and full value, which is defined as being the price that would be obtained for it at a private sale where the property is situated. F. H. Swift made a study of twenty-three counties in Texas as to the assessed valuation and he found the following:

Of the twenty-three counties studied, in two property was assessed at thirty-five per cent of its true value; in nine counties, at 32 per cent; in six, at 20 per cent; in five, at 16 per cent; and in one, at 13 per cent. Stating the matter in another way, we may say that in two counties 65 per cent was not taxed; in nine counties, 68 per cent; in six counties, 80 per cent; in five counties, 84 per cent; and in one county, 87 per cent was untaxed. 10

The state laws of Utah also require that all property shall be assessed at its true value. The State Board of Equalization made an investigation that covered three years on assessed valuations in Utah. "They found that property was being assessed at approximately 55 per cent of its true value, but that the percentage of true valuation which was assessed varied all the way from 39 per cent to 75 per cent."

The conditions just described, pertaining to Texas and Utah's

10 F. H. Swift, Policies in Public School Finance, p. 146.

11 Ibid., p. 146-147.
assessed valuation of property, are presented graphically in Figures 1 and 2.

Fig. 1.--Inequalities in assessments of twenty-three Texas Counties.\textsuperscript{12}

<table>
<thead>
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<th>2 counties</th>
<th>9 counties</th>
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<tr>
<td>65%</td>
<td>68%</td>
</tr>
<tr>
<td>35%</td>
<td>32%</td>
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<table>
<thead>
<tr>
<th>6 counties</th>
<th>5 counties</th>
<th>1 county</th>
</tr>
</thead>
<tbody>
<tr>
<td>80%</td>
<td>84%</td>
<td>37%</td>
</tr>
<tr>
<td>20%</td>
<td>16%</td>
<td>13%</td>
</tr>
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Proportion of each $100 of true valuation in district most representative of the group

<table>
<thead>
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<th>Taxed</th>
<th>Not Taxed</th>
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<tbody>
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<td>$74</td>
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<td>69</td>
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<td>63</td>
<td>37</td>
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<td>43</td>
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<td>42</td>
<td>58</td>
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<tr>
<td>39</td>
<td>61</td>
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</tbody>
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Fig. 2.--Assessment evils in Utah.\textsuperscript{13}

\textsuperscript{12}Ibid., p. 147. \hspace{1cm} \textsuperscript{13}Ibid., p. 148.
The above tables indicate that there is an inequality in the rendition or assessed valuation of property. In order to equalize the tax burdens that are now imposed upon the wealth of some counties, it is necessary that property be assessed at its true value. When property is rendered at a value far below its true value, a district gives out what is frequently a grossly exaggerated impression of its poverty on the one hand and of its economic effort on the other hand, while at the same time it is actually defrauding the state.

"Remedies for meeting the situation just described include restricting the general property tax to purposes of local taxation, equalization of local assessments by state authorities, placing in the hands of state authorities complete responsibility of local assessments."\textsuperscript{14}

The ninth criterion would be, does the method eliminate the rendition of evils that now exist in most states and does it tend to equalize the assessed valuation of property at its true value?

The last area to be analyzed deals with the equality of educational rights of the children.---There are school districts in most states which, because of low tax rates and inadequate conditions of school plants, fail to share in the equalization funds of the states. Children residing in such districts where the high school grades are not taught, find that the state will not pay high school tuition for them.

\textsuperscript{14}Ibid., p. 149.
when transferring to other schools in the county. The State of Texas will pay high school tuition to children transferring to other schools in the county, provided the sending schools can qualify under the Equalization Law. Every child within a state is entitled to high school advantages, regardless of home district conditions.

The responsibility of equalizing educational rights of children rests upon the Legislature of this state to enact laws for placing the state school system under complete control of the State. What is meant by complete state control is letting the state assume the burden of school support. Under this plan the state will assess and collect all taxes that are derived from the property of the state. The revenue from these taxes is placed in an equalization fund to be distributed according to the need of a minimum program set up by the State Department of Education. The assessments on property will be made according to its true value, thus equalizing the burden of taxation.

Under this plan the children will be given the opportunity to transfer to other schools at the expense of the state, when such grades as they need are not taught in their home districts. Another criterion then would be, does the method of distributing the public school funds offer free high school education to the school children of this state?
Summary of Criteria

The present chapter has shown a number of areas that might exist in the distribution of the public school funds in a state. These criteria follow:

1. A method of distribution that will be an incentive to encourage school attendance.

2. A method of distribution that will base transportation cost upon factors effecting transportation service.

3. A method of distribution that will encourage desirable standardization of small schools.

4. A method of distribution that will tend to equalize educational opportunities.

5. A method of distribution that will encourage professional training among teachers.

6. A method of distribution that will encourage consolidation of small schools.

7. A method of distribution that will equalize salaries of teachers, provided the qualifications, experience, and service rendered are equal.

8. A method of distribution that is flexible enough to meet the unusual geographical conditions of the state.

9. A method of distribution that will equalize property assessments, from which taxes are derived.

10. A method of distribution that will offer free high school education to every child within the state.
CHAPTER III

ANALYSIS OF THE DISTRIBUTION OF THE
PUBLIC SCHOOL FUNDS OF TEXAS

In the distribution of the public school funds of Texas Article VII of the State Constitution deals with the support and maintenance of a system of public free schools. In Article VII, section 1, the State Legislature is endowed with the power to make suitable provision for the support and maintenance of an efficient system of public free schools. Since the public school funds are distributed according to Constitutional provisions and laws enacted by the Legislature, it is deemed necessary to include in the analysis Article VII of the State Constitution and such laws enacted by the Legislature as are relative to the distribution of the public school funds of Texas.

The State Constitution

Article VII

Sec. 1. Public Free Schools To Be Established.—A general diffusion of knowledge being essential to the preservation of the liberties and rights of the people, it shall be the duty of the Legislature of the State to establish and make suitable provision for the support and maintenance of an efficient system of public free schools.

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

Sec. 3. School Taxes, Text Books, Districts.—One-fourth of the revenue derived from the State occupation taxes and a poll tax of one ($1.00) dollar on every inhabitant of the State, between the ages of twenty-one and sixty years, shall be set apart annually for the benefit of the public free schools; and in addition thereto, there shall be levied and collected an annual ad valorem State tax of such an amount not to exceed thirty-five cents on the one hundred ($100) dollars valuation, as with the available school fund arising from all other sources, will be sufficient to maintain and support the public schools of this State for a period of not less than six months in each year, and it shall be the duty of the State Board of Education to set aside a sufficient amount out of the said tax to provide free textbooks for the use of children attending the public free schools of this State; provided, however, that should the limit of taxation herein named be insufficient the deficit may be met by appropriation from the general funds of the State, and the Legislature may also provide for the formation of school districts by general laws; and all such school districts may embrace parts of two or more counties. And the Legislature shall be authorized to pass laws for the assessment and collection of taxes in all said districts and for the management and control of the public school or schools of such districts, whether such districts are composed of territory wholly within a county or in parts of two or more counties. And the Legislature may authorize an additional ad valorem tax to be levied and collected within all school districts heretofore formed or hereafter formed for the further maintenance of public free schools, and for the erection and equipment of school buildings therein; provided that a majority of the qualified property taxpaying voters of the district voting at an election to be held for that purpose, shall vote such tax not to exceed in any one year one ($1.00) dollar on the one hundred dollars valuation of the property subject to taxation in such district, but the limitation upon the amount of school district tax herein authorized shall not apply to incorporated cities or towns constituting separate and independent school districts, nor to independent or common school districts created by general or special law. [Adopted November 2, 1926. Proclamation January 20, 1927.]

Sec. 3a. Validation, Bonds, Taxation, Trustees.—Every school district heretofore formed, whether formed under the general law or by special act, and whether the territory embraced within its boundaries lies wholly within a single county or partly in two or more counties, is hereby declared to be, and from its formation to have been, a valid and lawful district.
All bonds heretofore issued by any such districts which have been approved by the Attorney General and registered by the Comptroller are hereby declared to be, and at the time of their issuance to have been, issued in conformity with the Constitution and laws of this State, and any and all such bonds are hereby in all things validated and declared to be valid and binding obligations upon the district or districts issuing the same.

Each such district is hereby authorized to, and shall, annually levy and collect an ad valorem tax sufficient to pay the interest on all such bonds and to provide a sinking fund sufficient to redeem the same at maturity, not to exceed such a rate as may be provided by law under other provisions of this Constitution.

And all trustees heretofore elected in districts made up from more than one county are hereby declared to have been duly elected, and shall be and are hereby named as trustees of their respective districts, with power to levy the taxes herein authorized until their successors shall be duly elected and qualified as is or may be provided by law. [Adopted August 3, 1909. Proclamation September 24, 1909]

Sec. 4. Sale of School Lands.—The land herein set apart to the public free school fund shall be sold under such regulations, and at such times, and on such terms as may be prescribed by law, and the Legislature shall not have the power to grant any relief to purchasers thereof. The Comptroller shall invest the proceeds of such sales and of those heretofore made as may be directed by the Board of Education herein provided for, in the bonds of the United States, the State of Texas, or counties in said State, or in such other securities and under such restrictions as may be prescribed by law; and the State shall be responsible for all investments. [Adopted August 14, 1833. Proclamation September 25, 1833].

Sec. 5. Permanent School Fund.—The principal of all bonds and other funds, and the principal arising from the sale of the lands hereinbefore set apart to said school fund, shall be the permanent school fund; and all interest derivable therefrom and the taxes herein authorized and levied shall be the available school fund, to which the Legislature may add not exceeding one per cent annually of the total value of the permanent school fund; such value to be ascertained by the Board of Education until otherwise provided by law; and the available school fund shall be applied annually to the support of the public free schools. And no law shall ever be enacted appropriating any part of the permanent or available school fund to any other purpose whatever; nor shall the same or any part thereof ever be appropriated to or used for the support of any sectarian school; and the available school fund herein provided shall be distributed to the
several counties according to their scholastic population, and applied in such manner as may be provided by law. [Adopted August 11, 1891. Proclamation September 22, 1891] Sec. 6. County School Lands.--All lands heretofore or hereafter granted to the several counties of this State for educational purposes are of right the property of said counties, respectively, to which they were granted, and title thereto is vested in said counties, and no adverse possession or limitation shall ever be available against the title of any county. Each county may sell or dispose of its lands in whole or in part, in manner to be provided by the commissioners court of the county. Actual settlers residing on said lands shall be protected in the prior right of purchasing the same, to the extent of their settlement, not to exceed one hundred and sixty acres, at the price fixed by said court, which price shall not include the value of existing improvements made thereon by such settlers. Said lands and the proceeds thereof when sold shall be held by said counties alone as a trust for the benefit of public schools therein, said proceeds to be invested in bonds of the United States, the State of Texas or counties in said State, or in such other securities and under such restrictions as may be prescribed by law; and the counties shall be responsible for all investments; the interest thereon and other revenue, except the principal, shall be available fund. Adopted August 14, 1883. Proclamation September 25, 1883. Sec. 6a. Taxation School Lands.--All agriculture or grazing school land mentioned in Section 6 of this article owned by any county shall be subject to taxation except for State purposes to the same extent as lands privately owned. [Adopted November 2, 1926. Proclamation January 20, 1927] Sec. 7. Schools for Whites and Negroes.--Separate schools shall be provided for the white and colored children, and impartial provision shall be made for both. Sec. 8. State Board of Education.--The Legislature shall provide by law for a State Board of Education, whose members shall be appointed or elected in such manner and by such authority and shall serve for such terms as the Legislature shall prescribe not to exceed six years. The said board shall perform such duties as may be prescribed by law. [Adopted November 6, 1928] Sec. 16. Terms of Office.--The Legislature shall fix by law the terms of offices of the public school system and of the State institutions of higher education, inclusive, and the terms of members of the respective boards, not to exceed six years. [Adopted November 6, 1928]
Public School Funds of Texas

There are five sources of revenues for the support and maintenance of our public schools in Texas, which are as follows:

1. The Local School Funds.—There are seven thousand school districts in the State of Texas. The local school funds amount to approximately $34,000,000 and constitute 45 per cent of the amount derived from real and personal property, the rate being fixed by the people of each district. The local board of trustees can spend the local money for the following things: teachers salaries, equipment, health examinations, janitors and other employees, transportation, insurance premiums, payment of interest on short time loans and on bonds, and for the redemption of bonds issued for building purposes.

2. County Funds.—The county funds play a very small part in the support of public schools in Texas. There are, however, a few counties in Texas that are receiving from $4.00 to $5.00 per capita each year from the county school funds. Rusk and Montgomery counties have set up a county equalization fund out of money derived from their state lands. The reason why this fund is small, is because so many counties have been organized since the state had exhausted its land supply. A great many counties invested their money from the state lands unwisely and others sold too cheaply and therefore very little remains of the state lands allotted to counties.
3. State Funds.—There are two state funds used to support the public school system of Texas. The large fund, known as the state available school fund, is derived from the interest on the permanent school fund, a state ad valorem tax of not to exceed thirty-five cents on the $100 valuation of property, gasoline, cigarette, poll, occupation, and severance taxes. The State Constitution provides that the state available school fund shall be apportioned by the State Board of Education on a scholastic per capita basis. The apportionment for 1940-41 will be $22.50 per capita. This is the highest per capita apportionment in the history of Texas.

The smaller fund is the Rural Aid Fund or Equalization Fund, it is derived from legislative appropriation from the general revenue fund of the state. According to the Rural Aid Act, 1939, section one, the purpose of this fund, is stated as follows: "for the purpose of promoting public school interest and equalizing educational opportunities afforded the children of scholastic age within the State..."¹ The appropriation made for the biennium 1939-41 was $13,651,654. The Rural Aid Act provides that this fund be distributed by the State Board of Education and the State Superintendent on the basis of need.

The Legislature of Texas began giving special aid to small and financially weak school districts in 1915. In that

¹The State Department of Education, Public School Laws of Texas, p. 146.
year an appropriation of $1,000,000 was granted from the
genernal revenue fund of the state for the biennium, 1915-
1917. The appropriation for 1939-41 is more than thirteen
times the amount appropriated in 1915-17. This fund has
helped greatly in raising the standards of the schools of
Texas.

4. Federal Funds.—The federal funds amount to approxi-
mately $1,400,000 each year and are matched by the State
funds according to the terms of the federal laws. The federal
funds are used exclusively for vocational courses, such as
vocational agriculture, homemaking, trades and industries,
rehabilitation, and for crippled children and constitute one
and one-half per cent of the amount which is spent for public
schools.

5. Philanthropic Funds.—The philanthropic funds make
up a still smaller part of the school support. Included in
these funds are the special sources of income, such as the
Rosenwald Fund, the Jeannes Fund, and gifts made to local
districts by local philanthropists.

The State Available School Fund

What constitutes the available school fund.—The state
available school fund at the present time consists of the
following:

1. One-fourth of the proceeds of all occupation taxes.

2. The income of the state permanent school fund, includ-
ing interest on land notes and interest on bonds.
3. A poll tax of one dollar assessed annually upon all voters between the ages of twenty-one and sixty years.

4. An ad valorem state tax not to exceed thirty-five cents on the one hundred dollars of property valuation.

5. Appropriation made by the Legislature from the general funds.

The sums derived from these sources are added, and the total amount is divided by the number of children in Texas who are in the scholastic age. The quotient is called the state per capita apportionment. The per capita apportionment for 1939-1940 school term was $22.00. This is the amount granted to each child in the state of Texas who has been enumerated in the scholastic census from the district in which he resides.

The per capita apportionment was at first small, but now amounts to more than half of all the money spent for school maintenance in this state. It has grown from $1.31 in 1872 to $22.00 at the present time.

Table 1 shows sources of the money for this fund.

**TABLE I**

**SOURCES FOR THE AVAILABLE SCHOOL FUND**
**FOR THE YEAR ENDING AUGUST 31, 1939**

<table>
<thead>
<tr>
<th>Item, Code and Source</th>
<th>Amount</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, Sept. 1, 1938</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasurer's Cash Balance... $1,172,625.94</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Warrants Payable.......750,502.06</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Cash Balance ........................</td>
<td>$ 420,123.88</td>
<td></td>
</tr>
</tbody>
</table>
TABLE 1—Continued

<table>
<thead>
<tr>
<th>Item, Code and Source</th>
<th>Amount</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Receipts:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>111 Ad Valorem Tax:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax Collectors........</td>
<td>$2,911,110.49</td>
<td></td>
</tr>
<tr>
<td>State Comptroller.....</td>
<td>15.21</td>
<td></td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td></td>
<td>$2,911,125.70</td>
</tr>
<tr>
<td>121 Poll Tax:..........</td>
<td>$509,407.81</td>
<td></td>
</tr>
<tr>
<td>131 Store Tax:.........</td>
<td>196,309.96</td>
<td></td>
</tr>
<tr>
<td>132 Gross Receipts Taxes:</td>
<td>8,718,984.24</td>
<td></td>
</tr>
<tr>
<td>133 Insurance Companies Occupation Tax:</td>
<td>813,738.66</td>
<td></td>
</tr>
<tr>
<td>134 Occupation Taxes-Miscellaneous:</td>
<td>73,588.46</td>
<td></td>
</tr>
<tr>
<td>135 Cigarette Stamp Tax:</td>
<td>2,215,399.72</td>
<td></td>
</tr>
<tr>
<td>140 Note Stamp Tax:....</td>
<td></td>
<td>106,155.82</td>
</tr>
<tr>
<td>141 Highway Motor Fuel Tax:</td>
<td>10,552,415.22</td>
<td></td>
</tr>
<tr>
<td>248 Cigarette Permits:</td>
<td>71,246.85</td>
<td></td>
</tr>
<tr>
<td>333 Application for Grazing Permits:</td>
<td>1,318.54</td>
<td></td>
</tr>
<tr>
<td>334 Grazing Lease Rentals:</td>
<td>5,655.89</td>
<td></td>
</tr>
<tr>
<td>611 Interest on State Deposits:</td>
<td>18,722.54</td>
<td></td>
</tr>
<tr>
<td>612 Interest on County Deposits:</td>
<td>22.35</td>
<td></td>
</tr>
<tr>
<td>631 Interest on C. C. &amp; D. Bonds:</td>
<td>2,457,253.71</td>
<td></td>
</tr>
<tr>
<td>631 Interest on Land Sales:</td>
<td>322,949.48</td>
<td></td>
</tr>
<tr>
<td>651 Cigarette Tax Penalties:</td>
<td>4154.93</td>
<td></td>
</tr>
<tr>
<td>733 Refunds:...........</td>
<td>13.60</td>
<td></td>
</tr>
<tr>
<td>911 Redemption of Interest Refunding Bonds:</td>
<td>28,926.35</td>
<td></td>
</tr>
<tr>
<td><strong>Total receipts:</strong></td>
<td></td>
<td>$30,096,399.38</td>
</tr>
<tr>
<td><strong>Transfers in:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquor, Wine and Beer Taxes:</td>
<td>1,179,178.52</td>
<td></td>
</tr>
<tr>
<td>Liquor Board Tax Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From Unexpended Balances:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>½ Oil Appropriation:</td>
<td>22,772.78</td>
<td></td>
</tr>
<tr>
<td>Motor Fuel Tax Enforcement Fund:</td>
<td>21,792.82</td>
<td></td>
</tr>
<tr>
<td>Cigarette Enforcement Fund:</td>
<td>10,351.71</td>
<td></td>
</tr>
<tr>
<td>Boxing and Wrestling Enforcement Fund:</td>
<td>2,374.83</td>
<td></td>
</tr>
<tr>
<td><strong>Adjustments on Bonds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent School Fund:</td>
<td>525.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total Transfers In:</strong></td>
<td>$1,237,475.72</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL TO BE ACCOUNTED FOR:** $31,744,499.48²

²Annual Report of the Comptroller of Public Accounts of the State of Texas, 1939, p. 43.
Expenditure of State, County and Local Funds

Authorized expenditures.—All State, county and local funds must be expended according to Article 2327. The provisions for expending the funds are:

1. The State and county available funds shall be used exclusively for the payment of teachers' and superintendents' salaries, fees for taking the scholastic census, and interest on money borrowed on short time to pay salaries of teachers and superintendents, when these salaries become due before the school funds for the current year become available; provided that no loans for the purpose of payment of teachers shall be paid out of funds other than those for the then current year.

2. Local school funds from district taxes, tuition fees of pupils not entitled to free tuition and other local sources may be used for the purposes enumerated for State and county funds and for purchasing appliances and supplies, for the payment of insurance premiums, janitors and other employees, for buying school sites, buying, building and repairing and renting schoolhouses, and for other purposes necessary in the conduct of the public schools to be determined by the board of trustees, the accounts and vouchers for county districts to be approved by county superintendent; provided, that when the State available school fund in any city or district is sufficient to maintain the schools thereof in any year for at least eight months, and leave a surplus, such surplus may be expended for the purposes mentioned herein.

3. All independent school districts having within their limits a city with a population of 160,000 or more according to the last Federal census shall, in addition to the powers now possessed by them for the use and expenditure of local school bonds, be expressly authorized and empowered at the option of the governing body of any such school district, in buying or school sites and/or additions to school sites and in the building of school houses, to issue and deliver notes of the school district, negotiable

3State Department of Education, Public School Laws of Texas, Article 2327, Sec. 3, p. 139.
or non-negotiable in form, representing all or a part of the purchase price or cost to the school district of the land and/or building so purchased or built, and to secure such notes by a vendor’s lien and/or deed of trust lien against such land and/or building, and by resolution or order of the governing body of the school district made at or before the delivery of such notes, to be set aside and appropriated as a trust fund, for the payment of the principal of and interest on such notes, such part and portion of the local school funds, levied and collected by the school district in that year and/or subsequent years, as the governing body of the school district may determine, provided that in no event shall the aggregate amount of local school funds set aside exceed, in any one subsequent year, ten per cent of the local school funds collected during such year.

✓ County Available School Fund

Four leagues of land were granted to each county of Texas by the school laws of 1839 and 1840. Later laws granted the same amount of land for school purposes to counties created afterward, but counties recently created have received no such donation because all the public domain of the state has been disposed of. In some cases the county school lands were sold at very low values, the money being poorly invested, and eventually lost completely. In some cases the lands were retained or the funds were invested wisely and some counties still have their investments or lands and a substantial income is provided by this source. The latest report of the State Superintendent shows the total value of the county permanent school funds of the state to be $11,415,353.31.

5Ibid., p. 234.
Authorized expenditure of the county available school fund.--The income of the county permanent school fund is expended according to Article 2327, section 1. This fund is spent for teachers' salaries, superintendents' salaries, fees for taking the scholastic census, and interest on money borrowed on short time to pay salaries of teachers and superintendents, when these salaries become due before the school funds for the current year become available.

Local School Fund

What constitutes the local school fund.--The local school fund is made up of taxes voted by the qualified property tax paying voters of the district. This tax money goes into the local fund for school maintenance. Tuition fees of pupils not entitled to free tuition and other local sources are also placed in the local fund. The above sources constitute the local school fund.

Authorized expenditures of local funds.--The local school funds are spent according to Article 2327, section 2. of the Public School Laws of Texas. These funds can be spent for purchasing appliances and supplies, for the payment of insurance premiums, janitors and other employees, for buying school sites, buying, building and repairing and renting schoolhouses, and for other purposes necessary in the conduct

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6State Department of Education, Public School Laws of Texas, Article 2327, Sec. 1, p. 139.
of the public schools to be determined by the board of trustees, and approved by the county superintendent. 7

**Permanent School Fund**

The permanent school fund began with the school lands granted to the counties by the laws of 1839 and 1840. The Constitution of 1845 authorized the Legislature to set apart for the permanent school fund, not less than one-tenth of all the taxes derived from taxation. The law of 1840 added to the permanent school fund $2,000,000 in United States bonds. The law of 1853 gave to the permanent school fund all the money procured from the sale of public lands. This law was repealed during the Civil War. A great deal of the money was loaned to the railroads and much of these loans was lost completely. During the Civil War and from 1865-1870, no appropriations were made for the support of public education. The Constitution of 1866 made the sum due the permanent school fund a charge against the state. The Constitution also provided that for every section of land granted to railroads or corporations, an alternate section would be set aside for public education. The Constitution of 1869 confirmed all donations previously made to the permanent school fund, and gave all future income from the sale of lands to the permanent school fund. The Constitution of 1876 also confirmed all

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7State Department of Education, Public School Laws of Texas, Article 2527, Sec. 2, p. 139-140.
previous grants made to the permanent school fund and gave to the permanent school fund one-half of the remaining domain of the state still remaining.

The school lands were placed under the management of the State Land Commissioner. On land that is sold on time payment the interest goes to the available school fund and the principal goes to the permanent school fund. At the present time the permanent school fund of Texas is valued at approximately $65,500,000.⁸

Authorized expenditure of the permanent school fund.— According to Article VII, section 5 of the Constitution of Texas, no part of the principal of the permanent school fund shall be appropriated for any thing.⁹ Only the interest on the principal can be spent for education. The earnings of the permanent school fund are placed in the available school fund and are expended according to Article 2327, section 1 of the Public School Laws of Texas.

Equalization Fund of Texas

The equalization bill of 1939 provided for $6,825,827 to be used for 1939-40 school term for the schools of Texas that can qualify under the provision of the Rural Aid Law. This bill also provided for $6,825,827 for the public schools

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⁹State Constitution, Article VII, Sec. 5.
of Texas for 1940-41 school term. The Legislature appropriated out of the General Revenue this money to be put in the Equalization Fund and distributed according to the Rural Aid Bill of 1939.

The equalization fund is distributed for three principal purposes, namely, salary aid, transportation aid, and high school tuition. The annual current appropriations are as follows:

a. $3,735,357 for Salary Aid
b. $2,160,373 for Transportation Aid
c. $ 762,477 for High School Tuition

Salary aid under the rural aid provisions.--Under the Rural Aid Act, section 4, the salary aid is granted upon the basis of "one (1) teacher for any number of scholastics from twenty (20) to thirty-five (35) and one additional teacher for each additional thirty (30) scholastics, or fractional part thereof residing in the District."10

Before a school will be eligible for salary aid, that school must be at least two and one-half miles from another school in the county. No school will be granted salary aid under the Rural Aid Act unless that school has an average daily attendance of 85 per cent of the scholastic census enrollment. All schools making application for Rural Aid must have levied and collected a fifty cents maintenance tax for local maintenance, exclusive of the tax for interest and

sinking fund for bonds. If a school district has levied and collected seventy-five cents tax, fifty cents of this tax must be used for local maintenance and the twenty-five cents can be applied to the bonds, if the district has any bond indebtedness.

The salary aid is distributed according to the class of schools. Affiliated schools receive salary aid according to the salary schedule set up by the State Board of Education for affiliated schools. The base pay for affiliated schools is $90 a month and for unaffiliated schools the base pay is $65 a month. The affiliated schools are paid on a nine months term, while the unaffiliated schools are paid on an eight months term.

In order to explain more clearly just how the salary aid is distributed to schools eligible for state aid, let us take an example. This total expenditure of the school amounts to $23,971 and the total receipts are $15,181. This leaves a need of $8,790 to balance the budget. The teachers' salaries of this school amount to $19,464. The available school fund from which teachers are paid has $11,084. The salary aid is obtained by subtracting the available school funds from the teachers' salaries. After this subtraction is made, it will leave $8,380 that will be needed for teachers salaries. This school is eligible for $8,380 under the salary aid provision of the Equalization Law.
Transportation aid.--The annual appropriation for transportation aid for 1939-40 school term was $2,160,373. Schools that shared in this fund must have made application for transportation aid and this application must have been approved by the State Department of Education. This fund was allocated on the basis of $2.00 for each high school pupil who resided in the school district and who was transported more than two and one-half miles from the school receiving such pupil. There was only one ($1.00) dollar allowed for each elementary school pupil, who resided more than two and one-half miles from the school receiving the pupil.

High school tuition.--The annual appropriation for high school tuition for the 1939-40 school term was $782,477. According to the Rural Aid Act, section 9, high school tuition is paid in the following manner.

Sec. 9. (High School Tuition). It is hereby expressly provided that a sufficient amount of funds allocated by this Act shall be used for the payment of high school tuition not to exceed seven dollars and fifty cents ($7.50) per pupil per month, and in no instance shall more than five (5) months tuition be paid for any one (1) pupil on the census roll for any one (1) school year. High school tuition shall be paid according to the provisions of House Bill No. 158, General Laws, Regular Session, Forty-fourth Legislature, as amended, and subject to the limitations and restriction provided in this Act.

11J. C. Hinsley, Handbook of Texas, p. 169.

Children living in school districts that are not eligible to share in the equalization fund and whose grades are not taught, must pay their own tuition, provided the sending district is not able to pay.

Summary of Methods of Distribution

The public school funds of Texas are composed of three funds, namely, the local school fund, the state and county available school funds, and the equalization fund. The methods of distributing these funds will be discussed in the succeeding paragraphs.

The Local School Fund

The local school funds are composed of revenues derived from district taxes, tuition fees of pupils not entitled to free tuition and other local sources. This fund may be expended for teachers' and superintendents' salaries, and for purchasing appliances and supplies, for the payment of insurance premiums, janitors and other employees, for buying school sites, buying, building and repairing and renting schoolhouses, and other purposes necessary in the conduct of the public schools to be determined by the local trustees. All vouchers given the local school funds must be approved by the county superintendent.

State and County Available School Funds

The State available school fund is apportioned to the various school districts of Texas according to the number of
scholastics residing in those districts. The per capita apportionment for 1939-40 school year was $22 per scholastic. This fund is used exclusively for the paying of teachers, superintendents, fees for taking the scholastic census, and interest on money borrowed on short time to pay salaries of teachers and superintendents, when these salaries become due before the school funds for the current year become available.13

The Equalization Fund

The equalization fund is apportioned by the Legislature from the General Revenue Fund. The purpose of this appropriation is to promote public school interest and to equalize educational opportunities afforded by the State to all children of scholastic age within the State. This fund is distributed to all the State aid schools on the basis of need. Under the Rural Aid Act the equalization fund is allocated for the following purposes, namely, salary aid, transportation aid, and high school tuition. The annual appropriations for each are as follows: salary aid, $3,735,337; transportation aid, $2,180,373; and high school tuition, $732,477.

Section 14 of the Rural Aid Act states the powers of the State Board of Education and State Superintendent in distributing the equalization fund. This section reads as follows:

Sec. 14. It shall be the duty of the State Board of Education, and it is hereby authorized, to take

13State Department of Education, Public School Laws of Texas, Article 2027, Sec. 1, p. 139.
such action and to make such rules and regulations not inconsistent with the terms of this Act as may be necessary to carry out the provisions and intentions of this Act, and for the best interest of the schools for whose benefit the funds are appropriated. It shall be the duty of the State Superintendent of Public Instructions to appoint the number of inspectors hereinafter authorized to make a thorough investigation, in person, of the grounds, building equipment, teaching staff, and financial condition of each school applying for aid; and no aid shall be given unless it can be shown that all provisions of this Act have been complied with, and that such amount of aid is actually needed. Provided, however, that no regulation of the State Superintendent or the State Board of Education shall conflict with any provisions of this bill or any present statute. Provided further, that the State Superintendent of Public Instruction shall appoint not to exceed twenty-four supervisors, four stenographers, one director of Rural Aid, one secretary for Rural Aid, and one director relating to high school supervision. The twenty-four supervisors appointed hereunder shall reside in their respective supervisory districts. The salaries and traveling expense of all such appointees as provided for above in this section shall be paid for out of moneys herein appropriated....

CHAPTER IV

APPLICATION OF CRITERIA TO THE PRESENT METHOD OF DISTRIButing THE PUBLIC SCHOOL FUNDS OF TEXAS

The purpose of this chapter is to determine to what extent the present laws governing the public school funds meet certain criteria set up for distributing the public school funds of this state. This chapter deals with the application of the criteria developed in Chapter II to the present method of distributing the public school funds found in Chapter III.

Per Capita Apportionment Method

The school census basis is the method employed in Texas for the distribution of the available school fund. The per capita apportionment is derived from the state available school fund by dividing the total number of scholastics into the available school fund. The per capita apportionment for the year 1939-40 was $22.

This method of distributing the available school fund will be measured by the first criterion set up in Chapter II. The first criterion to be applied is a method that will be an incentive to encourage school attendance. In applying this criterion to the present method of distributing the public school funds by the per capita method, we readily see that it discourages school attendance. This method of distributing the state funds in Texas on the per capita basis is not entirely
equitable, as has been pointed out by educators for many decades. State Superintendent Carlisle\(^1\) in his report more than forty years ago was very critical of the method of distributing the state school funds on the scholastic basis. He said that the school money should be based upon the number of children taught and not upon the number residing in the district. This method of distribution is not an incentive for school officials to encourage attendance. The state apportionment for the present year is \$22. If one thousand children resided in a district at the time the school census was taken the district will receive \$22,000 from the available school fund. If only five hundred of these children enroll in school, the district will receive \$44 for each child in school. In Southwest Texas the Mexican children are enumerated on the census roll but some of them do not enroll in the public schools; consequently these schools receive more than their just share of the state available funds.

A very severe criticism of the plan of distributing State money to counties, and State and county money to districts, on the basis of scholastic population is found in the report of the School Survey Commission of the State of Virginia.\(^2\) This report says:

The apportionment of school funds on the basis of school population was formerly the method employed

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\(^{1}\)Biennial Report of the State Superintendent of Public Instruction, 1893, p. 20.

in almost every state. It is bad practice, however, and has been abandoned in the most progressive States, the principal objections to it being those indicated below:

1. The distribution of funds on the basis of school population is grossly unfair because the number of children in the school population has no direct relation to the number of children actually enrolled in the schools or to the amount of education provided.... As a matter of actual fact the present method of apportionment pays a premium to counties for keeping children out of the school, since funds are supplied on the basis of school population, but expended on the basis of attendance.

2. The present method of apportionment disregards almost entirely the great differences among counties, cities, and districts in their ability to provide for school support out of local funds. The wealthiest cities and the poorest counties, all receive alike the same relative amount of State aid....

3. Finally, it is to be noted that the present method of apportionment of the State school funds makes no distinction between counties, cities, and districts which make little effort to provide proper education and those which make every effort to provide good schools....

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

In applying the first criterion to this method of distribution, we find it does not measure up to the criterion since it makes no provision for the encouragement of school attendance.
The second criterion to be applied to the per capita method of apportionment, is a method that will provide for factors affecting transportation cost. These factors are: road conditions, length of bus route, number of children transported, and density. The per capita apportionment is derived from the available school fund, and Article 2327\textsuperscript{3} definitely states that this fund shall not be expended for purposes affecting other than teachers' and superintendents' salaries, fees for taking the scholastic census, and interest on money borrowed on short time to pay salaries of teachers and superintendents, when these salaries become due before the school funds for the current year become available. It is obvious that this criterion does not apply to this method, since no provision is made for paying the bus transportation.

The third criterion to be applied to the per capita apportionment method deals with a method of distributing the public school funds that will encourage standardization of schools. The per capita apportionment is allotted to all the school districts in Texas on the number of children between the ages of six and eighteen years. The apportionment will be made to any district regardless of the type of school maintained. It makes no provision for schools that are standardizing. Then this method of distributing the state funds does not measure up to the criterion set up for distributing the public school funds.

\textsuperscript{3}State Department of Education, \textit{Public School Laws of Texas}, Article 2327, p. 139.
The fourth criterion deals with a method that will equalize educational opportunities. The per capita method does equally distribute the public school funds, that is, each child within the scholastic age is allotted the per capita apportionment on equal basis. However, this system does not equalize educational opportunities, but tends to cause the inequalities to be even greater. The Van Independent School District of Texas has an assessed valuation of $10,290,940 and the assessed valuation per capita is $23,603.07. The Pennington Independent School District has an assessed valuation of only $240,120. The assessed valuation per capita in this district is only $600.30. According to the per capita apportionment both schools will receive practically the same amount from the available school fund. Van school district has 436 pupils and the Pennington school district has 400 pupils. Each school was allotted $22 per capita from the available school fund. It is obvious that this method does not equalize educational opportunities, but tends to make the inequalities greater.

The fifth criterion to be applied deals with a method that will encourage professional training among teachers. The per capita apportionment does not make any provisions for professional training among teachers. Schools that do not meet

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5Ibid.
requirements for state aid, offer no inducement for professional training of teachers. The present method of distributing the public school funds on the per capita basis makes no provision for teacher training.

The sixth criterion to be applied to the per capita method of apportionment deals with a method that will encourage consolidation of schools. As was stated in the third criterion, the per capita method does not make any provision for consolidation of schools. The Rural Aid Act does make provision for consolidation indirectly through the equalization fund.

The seventh criterion deals with the equalization of teachers' salaries. The per capita apportionment of the public school funds makes no provision for equalizing the salaries of teachers. In non-state aid schools, no definite salary schedule is followed. State aid schools must meet certain requirements before state aid is granted. Among these requirements is one that the school must pay the maximum salary schedule, which does equalize the salary of teachers.

The eighth criterion to be applied deals with the flexibility of the per capita method of apportionment. The available school fund, from which the per capita apportionment is derived, can not be spent for any purpose other than those specified in Article 2327 of the Public School Laws of Texas. Obviously this method of distributing the public school funds is not flexible.

The ninth criterion deals with the equalization of property assessments. The per capita apportionment is allotted
to the various districts regardless of the inequalities that might exist in the valuation of the property assessments. Since this method fails to provide equalization of property assessments, it fails to measure up to the criterion set up for equalization of property assessments.

The tenth criterion to be applied deals with a method that will offer free high school training to every child within the state. The per capita method of apportionment does not provide for high school tuition to children that must seek high school advantages in other than their home districts. The per capita apportionment is used for the payment of teachers, superintendents, fees for taking the scholastic census, and interest on short time loans for teachers salaries. Then it is apparent that this present method of distributing the school funds does not satisfy this criterion.

The Equalization Fund

Texas provides for an appropriation known as Rural School Aid, which is expended in accordance with the provisions embodied in the appropriation acts passed by each succeeding legislature. The equalization fund is appropriated out of the General Revenue Fund by the Legislature. The equalization bill of 1939 provided for $13,651,754 to be used for 1939-41 school terms for the schools of Texas that can qualify under the provisions of the Rural Aid law.

The equalization fund is appropriated to three principal purposes, namely, transportation aid, salary aid, and high
school tuition. The annual appropriations for 1939-40 school year were as follows:

a. $5,735,347 for Salary Aid
b. $2,150,373 for Transportation Aid
c. $732,477 for High School Tuition

The criteria set in Chapter II will be applied to the method of distributing the equalization fund. The criteria will be applied to the three purposes of the equalization fund, namely, transportation aid, salary aid, and high school tuition.

Transportation aid.--Under the present plan for distributing the public school funds for transportation aid, one dollar is allowed for each elementary pupil and two dollars is allowed for each high school pupil transported per month, provided each pupil resides two and one-half miles from the school. Transportation aid is allowed in any consolidated district regardless of size. Districts that are not consolidated may receive transportation aid if its area exceeds forty-eight square miles.

The first criterion to be applied to this method of distributing the transportation aid is whether this is a method that will encourage school attendance. Transportation aid under the present system of transporting children to and from school has increased school attendance. The convenience and comfort afforded by the modern buses is an incentive to encourage school attendance. The late school bus laws, regarding types of buses, have made bus transportation much safer than prior to the passage of such laws. There are several objections
to bus transportation that seem to discourage school attendance. These objections are: long bus routes, road conditions, children having to wait in the cold for the buses, children having to walk long distances to meet buses, and over crowded conditions on buses. Since only a small per cent of the school children are transported by buses in Texas, the present method of distributing the transportation aid does encourage those who are transported by bus to attend school.

In applying the second criterion to the present system of distributing the public school funds for transportation aid, we find that the present method does not consider the factors that were included in the criterion on transportation aid, namely, density, road conditions, length of bus route, and number of pupils per vehicle. The present method makes no provision for the distance a child is transported regardless of cost. The best authorities on the subject agree that distance transported should be considered in granting aid for transportation.

The present system of distributing the public school funds for transportation aid does not measure up to the criterion set up for bus transportation aid. The second criterion recognizes the fact that it does cost more to run a bus in some communities than it does in others; that the length of the bus route would materially add to the cost of transportation; that fewer children in sparsely settled communities would materially add to the cost, and that road conditions would certainly cause the cost to be greater.
Since the present method of distributing the transportation aid does not consider factors affecting transportation cost, then it fails to meet requirements set up in the criterion for distributing the transportation aid.

The third criterion to be applied to the present method of distributing transportation aid is a method that will encourage standardization of schools. The present method makes no provisions for standardization; therefore this criterion apparently does not apply to the present method.

The fourth criterion is a method that will tend to equalize educational opportunities. The present method of distributing the transportation aid does apply to the criterion, for it makes some provisions for equality of educational opportunity. Under this method children are transported to better schools where educational facilities are more adequate, with better trained teachers, longer school terms, better school buildings, and a more extensive curriculum.

The fifth criterion to be applied is a method that will encourage professional training among teachers. The present method of distributing the transportation aid does not make any provisions for professional growth of teachers.

The sixth criterion deals with a method that will encourage consolidation of schools. The present method does not directly make any provision for consolidation of schools, however, indirectly bus transportation aid has been largely responsible for the consolidation movement. Smaller schools that cannot provide adequate training for the children are
rapidly being consolidated with larger school systems. Indirectly the present method of distributing the transportation aid does encourage consolidation of schools.

The seventh criterion to be applied to the present method of distributing the transportation aid, is a method that will equalize salaries of teachers, provided the qualifications, experiences, and service rendered are equal. The present method makes no provision for equalizing the salaries of teachers, therefore it is not applicable to this criterion.

The eighth criterion deals with a method of distribution that is flexible enough to meet unusual conditions that arise from no fault of any one. Under the present method no provision is made for these unexpected things that render districts ineligible for transportation aid.

The ninth criterion is a method that will equalize property assessments. The present system of distributing the transportation aid makes no provision for equalization of property assessments; consequently it is not applicable to the criterion set for distributing the state funds.

The last criterion considers a method of distributing the public school funds in such a way that free high school training will be offered to every child within the state. The present method of distributing the transportation aid makes no provision for high school tuition. This fund is used exclusively for transportation.
Salary aid.—In the granting of salary aid, the basis for determining the number of teachers needed is the net scholastic population of the district. The salary of one teacher is allowed in a district that has a net scholastic population of between twenty and thirty-five, two are allowed for thirty-six to sixty-six, and an additional teacher for each thirty scholastics or fraction thereof.

The first criterion to be applied to this method of distributing the salary aid is a method that will encourage school attendance. The scholastic population of a district is not a true basis for determining the number of teachers needed. The number enrolled in school, or the average daily attendance, would be a better method of determining the number of teachers needed. The average daily attendance is a requirement in qualifying for aid under the Rural Aid Act. Section 5 of this Act reads as follows:

Sec. 5. Average Daily Attendance.—No school shall be granted salary aid under the provisions of this Act whose average daily attendance is less than sixty-five per cent (65%) of the scholastic census enrollment for either white or colored school. Provided, the provisions of this Act shall not apply to any school where there is any kind of epidemic of sickness, and such exemptions may be allowed only when the facts are determined and certified to by the County or State District Health Officer residing in the area affected. Districts where parochial schools are maintained are exempt from the provisions of this Section.6

Since the present method of granting salary aid is based upon the net scholastics of a district, and since only

6State Department of Education, Public School Laws of Texas, Rural Aid Act, Sec. 5, p. 204.
sixty-five per cent of the net scholastics are required to be in attendance, this method offers very little incentive to encourage school attendance. This method of apportioning the salary aid fails to provide proper incentive to school officials in keeping up the average daily attendance of pupils. Under this method one-third of the scholastics can stay away from school and the district will still be eligible for salary aid. It is obvious then this method does not provide proper incentive to school officials to encourage attendance.

The second criterion to be applied to this present method of distributing the salary aid is whether it is a method that will consider factors affecting transportation cost in distributing the public school funds. Those factors that affect transportation cost are: density, length of bus route, road conditions, and number of pupils transported per vehicle. The salary aid is not applicable to this criterion since transportation aid is provided for under a separate appropriation for the equalization fund.

The third criterion to be applied to the present method of distributing the salary aid of the equalization fund, is a method that will encourage standardization of schools. Teachers are given $5.00 per month more on their salary in standardized schools than is received by teachers teaching in schools that are not standardized. The school term may also be longer in the standardized schools than is in the schools that are not standardized. According to the State Department of Education
for 1938-39. This report reads as follows:

The State Department of Education has had splendid cooperation from county school superintendents, county school boards, trustees, and teachers in the standardized program, in the year 1938-39. This list of standardized schools for 1938-39 numbers 1,883, representing 173 counties.

The purpose of the standardization program is to raise standards of the rural schools so that the students will be better prepared to enter into and properly continue in an accredited system of schools. The State Department of Education, with the approval of the Committee on Classified and Accredited Schools, recognizes the work done in a standard school as worthy of recognition by any accredited school.

To become a standard school, it is necessary to meet certain requirements such as buildings, playground equipment, library and teaching equipment. Special stress is placed upon academic training of the teacher and the actual teaching being done. The school asking for standardization must be checked according to the Official Score Card prepared by the State Department of Education. Each school must be visited by the Deputy State Superintendent.

Progress has been made during the past few years in the training of teachers for standardized schools. For the year 1939-40 a teacher must have the following training, provided the school is to receive standardization: a permanent certificate issued prior to September 1, 1929, or three years of college training, unless a teacher has taught in a standardized school one or both of the school years 1937-38 or 1938-39. 7

An elementary school must maintain a term of 175 days of actual teaching exclusive of holidays under the standardization program.

The present standardization program that is employed in the Texas school system, meets all the requirements set up in the criterion for standardization of schools.

The fourth criterion to be applied to the present system of distributing the salary aid fund is whether it is a method that will tend to equalize educational opportunities. This criterion has been partly met through the equalization law of the Rural Aid Act. Section one of the Equalization Laws reads as follows:

Section 1. Appropriation.—For the purpose of promoting public school interest and equalizing the educational opportunities afforded by the State to all children of the scholastic age within the State, including sufficient funds to match Federal Funds appropriated for the purpose of conducting Vocational Agriculture, Homemaking, Trades and Industries, General Rehabilitation and Rehabilitation for Crippled Children, there is hereby appropriated out of the General Revenue Fund, $6,825,327, or so much thereof as may be necessary, for the school year ending August 31, 1940 and $6,827,327, or so much thereof as may be necessary for the school year ending August 31, 1941, to be allotted and expended by the State Superintendent under the direction of the State Board of Education; provided that any un-expected balance occurring at the end of the year, 1940, in any allocation may be transferred and added to the appropriation for the year ending August 31, 1940.3

Since the inauguration of the Equalization Fund in 1916 by Governor James E. Ferguson, Texas has gone a long way in equalizing educational opportunities. However, there remains a lot to be done in equalizing educational opportunities. A survey of all the independent school districts in Texas with a scholastic population of 400-499 pupils was made by the students in L. A. Sharp's Education 552 class.9 This


survey covered eighty-nine school districts. The lowest expenditure per child was $26.49 and the highest expenditure per child was $261.97. The highest expenditure per child had ten times as much as the lowest expenditure per child.

There are many common school districts in the State of Texas that receive nothing from the Equalization Fund. The reason why these schools do not share in this fund is because they are unable to meet the requirements set up for apportioning the State Aid.

The present system of distributing the public school funds does not satisfactorily measure up to the criterion set up for equalizing educational opportunities. There still exist under the equalization plan set up by Texas to equalize educational opportunities, a decided inequality among the various districts of Texas. The only remedy to rid Texas of this vast inequality of educational opportunities is the complete state support method discussed under this criterion.

The fifth criterion to be applied to the present method of distributing the salary aid of the equalization fund is a method of distribution that will encourage professional training among teachers. The present salary schedule will be explained before making the application to the criterion. Table 3 shows the present salary schedule for rural aid schools in Texas.

The basic salary for rural aid classified schools is $90 per month. After the first year of teaching experience one dollar is added to the basic salary each year for ten years not to exceed ten dollars regardless of years of experience.
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<th>Years Experience</th>
<th>Basic Salary</th>
<th>Complete Second Year College or 60 Hours</th>
<th>Completion Third Year College or 90 Hours</th>
<th>Completion B.A. Degree or 120 Hours</th>
<th>Completion M.A. Degree or 150 Hours</th>
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<td>0</td>
<td>$ 90.00</td>
<td>$ 92.50</td>
<td>$ 95.00</td>
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<td>102.50</td>
<td>105.00</td>
<td>107.50</td>
<td>110.00</td>
</tr>
</tbody>
</table>

After the completion of the first year of college training two and one-half dollars is added to the basic salary for each additional year of college work completed. The salary schedule allows $2.50 for the second year, $2.50 for the third year, $2.50 for the B.A. Degree, and $2.50 for the M.A. Degree per month. The maximum salary a teacher can draw in the rural aid schools of Texas is $110.00 per month. The salary schedule

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for the rural aid unclassified schools is the same as for
classified schools with one exception, the basic salary is $85
per month in the unclassified schools.

In applying the fifth criterion to the present method
of distributing the salary aid of the equalization fund we
readily see that there is very little incentive for profes-
sional training according to the present salary schedule. Ac-
cording to the state salary schedule only $2.50 per month or
$22.50 per year is added to salary for an additional year of
college training. To show why the present method is not an
incentive for professional growth from a financial standpoint,
let us take an example, the registration fee in any State col-
lege for a long session will be $70 and board and room will be
at least $25.00 per month or $225 for the long session. This
would be a total of $295 for registration fees and board and
room to say nothing about the incidental expenses that will be
incurred. At a raise of $22.50 per year on salary, it would
take a period of 13.1 years to gain back what was spent in
getting one year of advanced training in college. It is ob-
vious that our present method of distributing the public
school funds does not encourage professional training among
teachers.

Concerning the quality of teachers, B. F. Pittinger says:

The quality of the teachers determines very
largely the quality of the schools, and the quality
of teachers bears a definite relation to the salaries
paid. To attract competent people to teach school,
and to encourage these people to become properly
trained and to remain in the work after their training has been enriched by years of experience requires a considerable financial inducement.\textsuperscript{11}

Apparently the present method of distributing the public school funds offers very little inducement to the teachers in bettering their professional training, therefore this system fails to measure up to the criterion set up for professional growth.

The sixth criterion to be applied to the present method of distributing the salary aid of the equalization fund is whether it will encourage consolidation of schools.

The present trend of the smaller rural schools of Texas for the past decade has been toward consolidation. The distribution of the public school funds has encouraged it to a great extent. The consolidation movement of Texas public schools has been due primarily to the following causes: longer school terms, better school buildings, better trained teachers, better teaching equipment, more adequate instruction, and state aid from the equalization fund. The advantages that are derived from consolidation and the increased support from the state has been sufficient to encourage consolidation of schools.

Quoting from the Adequacy of the Texas Schools concerning consolidation we have the following report:

The following data reveal a steady decrease in the number of school districts. In 1909-10 there were 8498 school districts in existence; this number

gradually diminished until in 1935-36 there were 7016, a decrease over the twenty-six-year period of 21.1 per cent. During the same period the number of independent districts increased 316, or 45 per cent.

There was an approximate decrease of 57 per cent in the number of one-teacher schools, and a 30.6 per cent decrease in the number of tw-teacher schools during the period from 1921-22 to 1934-35; the number of three-teacher schools has remained practically constant. There was a total decrease of 3353 schools, of which 3316 were consolidated.12

In making the application of the sixth criterion to the present method of distributing the salary aid, we see that directly this method does not encourage consolidation, since no bonus is given for consolidation under the present Rural Aid Law. Indirectly the method of distributing the salary aid has influenced consolidation to some extent, because of the increase in salaries and longer school terms that are offered to schools that standardize. Apparently the present method of distributing the salary aid does not directly encourage consolidation since it makes no appropriation for the grouping of schools.

The seventh criterion to be applied deals with the equalization of teachers' salaries. The present method of distributing the salary aid is based upon the Rural Aid salary schedule. The base pay in the accredited school is $90 per month. Seven dollars and fifty cents is added per month for a bachelor's degree, and one dollar for each year of teaching experience

after the first year of teaching. The salary schedule for
the unaccredited schools is the same with the exception the
base pay is $35 per month. There is an additional amount
added for being superintendent or principal of a school.

There is a difference in salaries among the teachers in
state aid schools of Texas. This difference is due partly
to the qualifications and experience. The teachers of voca-
tional subjects, such as, vocational agriculture and home-
making, receive a much higher salary than do teachers of aca-
demic training. These vocational teachers receive federal
subsidies which bring their salaries far above those of the
regular teachers. There are evidences of discrimination be-
tween the vocational teachers and the regular teachers in Texas.
The salaries paid to the regular teachers do not compare favor-
ably with the high salaries paid to the vocational teachers,
since the service rendered by the regular teachers is equal to
that of the vocational teachers.

In some of the larger school systems of Texas that do
not share in the equalization fund we find an inequality exist-
ing among the salaries of the teachers. The high school teach-
ers are paid higher salaries than are paid to elementary teach-
ers. Some larger school systems fail to take into considerat-
onequal pay for equal service rendered when qualifications and
experience are the same.

It is obvious under the present method of distributing
the salary aid that there exist inequalities in the salaries
of the teachers of this state.
The eighth criterion to be applied to the present method of distributing the salary aid is a method that is flexible enough to meet the unusual geographical conditions of this state. The Equalization laws have been too detailed and specific. There have been numbers of schools that could show a need for aid, but because of such specific provisions of the Equalization Laws were unable to qualify for aid. Section 18 of the Rural Aid Act does make provision for sparsely settled districts that are found in the extreme western part of Texas. The present method of distributing the public school funds is not as flexible as is necessary for the efficiency of the public schools of Texas. It fails to give the State Board of Education and State Superintendent sufficient authority to make the necessary exception that should be made in distributing the school funds. The Rural Aid laws are too specific and detailed to meet the unusual conditions that now prevail in Texas, therefore this method does not measure up to the criterion set up in Chapter II.

The present system of assessing the general property of the state is under the supervision of the elected county Tax Assessor and Collector. The County Tax Assessor appoints local people to make the assessments. The assessments of real estate is often based upon previous assessments regardless of the true valuation of such lands. Under the law, all property is supposed to be assessed for State and county purposes at one hundred per cent of its real value.
A comparison of the average true value of agriculture land in each county, as given by the thirteenth Census, with the average assessed values of lands and buildings, as given in the report of the State Comptroller for 1911, shows that in only six counties were assessed values as much as ninety per cent of true values. In seven counties they were between eighty and ninety per cent; in thirteen counties, between seventy and eighty per cent; in twenty-seven counties, between sixty and seventy per cent; in forty-three, between fifty and sixty per cent; in sixty-four, between forty and fifty per cent; in thirty-nine, between thirty and forty per cent; in thirty, between twenty and thirty per cent; and in six they were under twenty per cent.13

In applying the criterion set up for equalization of assessments, the State Tax Commission was to have complete authority in the assessing of general property throughout the State. If the property was assessed by local officers, they were to be under the supervision of the Tax Commissioners. The Tax Commissioners would have the authority to have property reassessed if they felt that property had not been assessed at its true value. Property assessments under this plan would be equalized and the tax revenue on general property would materially increase as the assessments are raised.

The present method of assessing general property does not measure up to the criterion set up for the equalization of assessments. It fails to make any adjustment in the assessed valuations that are far below the true value of such property. As was shown by Miller,14 Swift,15 and Mort,16 property

13E. F. Miller, A Financial History of Texas, p. 278.
14Ibid.
16P. R. Mort, State Support for Public Education, pp. 130-1.
assessment inequalities do exist in Texas, and the present system does not eradicate such evils. It is apparent that this method fails to provide for equalization of property assessments.

The last criterion to be considered deals with a method of providing free high school tuition or training for all the children of this state. The present method of distributing the salary aid makes no provision for free high school education for all the children of this state. The salary aid is used exclusively for paying the teachers and therefore it does not apply to this criterion.

**High school tuition**—The present method of distributing the high school tuition aid, according to Section 10 of the Rural Aid Act is as follows:

Section 10. High School Tuition.—It is hereby expressly provided that a sufficient amount of funds allocated by this Act shall be used for the payment of high school tuition not to exceed seven dollars and fifty cents ($7.50) per pupil per month. High school tuition shall be paid according to the provisions of House Bill No. 158, General Laws, Regular Session, Forty-fourth Legislature, as amended, and subject to limitation and restriction provided in this Act for each of the years of this biennium. Providing that the provisions of this Section shall not apply to granting of aid under terms of this Section for vocational education or crippled children. It is further provided that high school tuition aid, as above set out, shall be granted for pupils transferred to outside high schools for Waco State Home at Waco, and from the Alabama and Coushatti Indian Reservation near Livingston; provided the aid so granted shall not exceed the per capita charged other schools' transferred high school pupils by the high schools affected hereby. 17

The first criterion to be applied to the present method of distributing the high school tuition aid is whether it is a method that will encourage school attendance. The present method of distributing the high school tuition aid does encourage high school attendance. If it were not for the aid offered by the state to the high school pupils of this state it would impossible for a large number of them to attend school. The free high school training afforded by the state is an incentive to encourage school attendance. It is believed that this method meets the requirements set up in the first criterion.

The second criterion deals with a method of distributing the tuition aid fund that will consider factors affecting transportation cost. This criterion does not apply to the method of distributing the high school tuition aid, for it is used exclusively for tuition and not for transportation aid.

The third criterion deals with a method that will encourage standardization. This criterion is not affected by the present method since it does not apply.

The fourth criterion is a method that will tend to equalize educational opportunities. The present method does tend to equalize educational opportunities since it offers free high school tuition to pupils that do not have high school advantages in their home districts. There are no exceptions to the state in paying the high school tuition. Pupils residing in school districts that are not eligible for state aid must pay their own tuition, provided the home district is not
financially able to pay it. The present method of distributing the high school tuition aid does not equalize educational opportunities, yet it does provide for high school training to students that would be deprived of such, if it were not for this aid.

The fifth criterion deals with a method that will encourage professional training of teachers. Since the present method of distributing the high school tuition aid is used exclusively for paying tuition for high school pupils, it makes no provision for professional growth of teachers.

The sixth, seventh, eighth, and ninth criteria are not affected by the present method of distributing the high school tuition aid. The sixth criterion is a method that will encourage consolidation of schools. This criterion is not applicable to the present method. The seventh criterion deals with a method that will equalize salaries of teachers. This criterion is not affected, therefore it does not apply. The eighth criterion deals with a method that is flexible enough to meet unusual geographical conditions. The present method of distributing the high school tuition aid does not make any provisions for unusual circumstances that may arise depriving students of high school training. The ninth criterion is a method for equalizing property assessments. The present system does not provide any method for equalizing property assessments.

The last criterion to be applied to the present system of distributing the high school tuition aid, is a method that
will offer free high school tuition to all the children of the state. The present system for granting high school tuition does not offer free tuition or high school training to all the children of the state. High school pupils residing in non-state aid schools must pay their own tuition unless the home district is willing and able to pay it. The state will pay a maximum of seven dollars and fifty cents per pupil per month for a maximum of five months to those coming from state aid schools. However, this sum is not paid for pupils coming from non-state aid schools. It is obvious that this method does not offer free high school tuition to all the children of this state, therefore it fails to measure up to this criterion.
CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The writer believes that from the data obtained on this problem and from the study made, he is justified in making the following conclusions:

State Available School Fund

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

1. The present method of distributing the state available school fund on the per capita basis is not an incentive to encourage school attendance.

2. The present method of distributing the state available school fund does not include factors such as density, length of bus route, road conditions, and number of pupils per vehicle, which materially affect transportation cost.

3. The present method of distributing the state available school fund on the per capita basis makes no provision for standardization of schools.

4. The present method of apportioning the state available school fund does not equalize educational opportunities, but tends to make the inequalities even greater.
5. The present method of apportioning the state available school funds make little provision for professional training for teachers.

6. The present method of apportioning the state available school fund on the per capita basis does not provide for consolidation of schools.

7. The present method of apportioning the state available school fund on the per capita basis makes no provisions for the equalization of teachers' salaries.

8. The present method of apportioning the state available school fund does not make provisions for flexibility in the use of this fund.

9. The present method of apportioning the state available school fund makes no provisions for equalizing assessments, which is essential to equalization of burdens.

10. The present method of distributing the state available school fund does not make provision for free school education for all the children within the scholastic age of this state.

**Equalization Fund**

These conclusions are based upon the application of the criteria to the methods employed in distributing the equalization fund.

**Transportation Aid**

1. The present method of distributing the transportation aid encourages those who are transported by bus to attend school.
2. The present method of distributing transportation aid does not consider factors included in the criterion on transportation aid, namely, density, road conditions, length of bus route, and number of pupils per vehicle. The present method fails to distribute the transportation aid on a basis of equality.

3. The present method of distributing transportation aid does not provide for standardization of schools.

4. The present method of distributing the transportation aid tends to equalize educational opportunities.

5. The present method of apportioning transportation aid does not make any provisions for professional training of teachers.

6. The present method of apportioning the transportation aid indirectly encourages consolidation of schools.

7. The present method of distributing transportation aid makes no provision for the equalization of teachers' salaries.

8. The present method of apportioning transportation aid does not make provisions for the flexibility of this fund.

9. The present method of apportioning the transportation aid does not make provisions for the equalization of property assessments.

10. The present method of distributing the transportation aid does not provide free high school training to all the children within the scholastic age of this state.
Salary Aid

1. The present method of apportioning the salary aid does not provide proper incentive since the average daily attendance can be as low as sixty-five per cent and qualify for salary aid.

2. The present method of apportioning the salary aid does not make any provisions for transportation service.

3. The present method of apportioning the salary aid has caused an increase in the standardization of schools in Texas. Schools that standardize are eligible for state aid, provided they can show a need for aid.

4. The present method of apportioning the salary aid does not equalize educational opportunities in Texas. The purpose of this aid was to equalize educational opportunities, yet it fails to accomplish this purpose.

5. The present method of apportioning the salary aid makes provision for professional growth, however, the increase in salary is so small that it affords little encouragement.

6. The present method of distributing the salary aid indirectly encourages consolidation of schools.

7. The present method of apportioning the salary aid does not provide for the equalization of teachers' salaries in Texas.

8. The present method of distributing the salary aid is not flexible, since it can only be spent for teachers' and superintendents' salaries, fees for taking the scholastic census, and interest on short time loans borrowed for paying teachers' salaries.
9. The present method of apportioning the salary aid does not make provisions for the equalization of property assessments.

10. The present method of apportioning the salary aid makes no provision for free high school education to all children within the scholastic ages of this state.

High School Tuition Aid

1. The present method of apportioning the high school tuition aid encourages school attendance, since it provides high school training at state expense.

2. The present method of apportioning the high school tuition aid does not make provisions for transportation service.

3. The present method of distributing the high school tuition aid does not make any provisions for standardization of schools.

4. The present method of apportioning the high school tuition aid tends to equalize educational opportunities, since high school tuition is paid by the state.

5. The present method of apportioning the high school tuition aid does not provide for professional training of teachers, since this fund is used exclusively for high school pupils.

6. The present method of apportioning the high school tuition aid does not make any provisions for consolidation of schools, equalization of teachers salaries, or equalizing of property assessments.
7. The present method of apportioning the high school tuition aid does not offer free high school education to all the children within the scholastic ages of this state. The state offers only seven dollars and fifty cents for high school tuition to pupils who reside in state aid school districts.

Local School Fund

1. The present method of distributing the local school fund is not an incentive to encourage school attendance.

2. The method of distributing the local school fund does not provide for any type of transportation service. However, this fund may be spent for transportation, provided the local board of trustees approve of such expenditure.

3. The present method of apportioning the local school fund does not encourage standardization of schools.

4. The present method of apportioning the local school fund does not equalize educational opportunities, but tends to make this inequality even greater.

5. The present method of distributing the local school fund makes no provision for professional training of teachers, since this fund is used almost exclusively for buildings and equipment.

6. The present method of distributing the local school fund does encourage consolidation to some extent, since the local fund can be used for purchasing buses.

7. The present method of apportioning the local school fund does not provide for equalization of teachers' salaries.
3. The present method of distributing the local school fund is very flexible, since it can be spent for most anything necessary in the conduct of the public schools to be determined by the board of trustees.

9. The present method of apportioning the local school fund does not provide for equalization of property assessments.

10. The present method of apportioning the local school fund provides that tuition fees of pupils not entitled to free tuition be paid out of the local school fund. This present method of apportioning the local school fund does not provide free education to all the children within the scholastic ages of this state.

Recommendations

In the light of these conclusions, the following recommendations are made:

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

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

3. It is recommended that the state set a minimum program of education that will provide equalized educational opportunities for the children of this state.
4. It is recommended that the state adopt a salary schedule that will encourage professional growth among the teachers of Texas, by having a wider difference between beginning and experienced teachers.

5. It is recommended that the Equalization laws be less specific and that the State Board of Education be authorized to outline a policy for the distribution of the funds in order that greater efficiency may prevail in the administration of the law.

6. It is recommended that salary aid be granted on the basis of enrollment or attendance rather than the scholastic population.

7. It is recommended that a plan of equalization should be flexible enough to be adjusted to special or unusual conditions.

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

9. It is recommended that wealth per scholastic should be the basis for determining need rather than the scholastic population.

10. It is recommended that an increased state support of schools be adopted in Texas.
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