

Why Are Half Of My Property Taxes Leaving Austin?

By CLAIRE MCINERNEY · JUL 20, 2018

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As a taxpayer, this is a big year for Amanda Braziel.

The Austin Independent School District librarian has owned a home in Central Austin for 15 years. This year, the property tax bill for her house, which is appraised at around \$363,757, was \$4,336. That's a lot for a public school librarian whose gross monthly income is about \$4,192.

"I'm essentially paying more in property taxes than I bring home from one month working in AISD," she says.

Filling In The Blanks

How Texas Pays For Public Schools

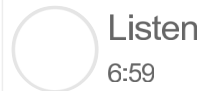
This wasn't always the case. Braziel has watched her property bill get higher and higher as Austin's home values increased. The city is growing so fast that property values are skyrocketing year after year because of housing demands.

Property taxes are used to pay for local services; more than half the money goes toward schools.

But here's the thing: When Braziel writes that \$4,192 check, only half of it will go to AISD. Where's the rest of it going?

Recapture 101

The money goes into a state system called recapture. Under state law, if a school district has a lot of property wealth – that is, property taxes produce way more money than the state says is necessary to educate a child – the district can't keep it all. The extra money goes back to the state to pay for other school districts that don't have as much money. That's why the system is sometimes called Robin Hood – stealing from the rich and giving to the poor.



KUT's Claire McInerney reports

When KUT asked listeners to [send in questions about Texas' school finance system](#), a lot of them had to do with recapture.

One of those questions came from Ted Magee, an administrative assistant at the UT School of Law with a daughter going into fourth grade.

"Why is recapture necessary in the first place? Shouldn't it be fair from the start?"

Magee said he understands the reason for recapture, but asked: "Why is recapture necessary in the first place? Shouldn't it be fair from the start?"

The recapture system started in 1993. Before then, school districts had been suing the state for years, saying the school funding system was

uneven. With each lawsuit, the state Supreme Court weighed in.

“The Supreme Court had already told us that if we were going to base a portion of our school funding on the property tax, that we had to equalize it,” says Sheryl Pace, a senior analyst for the Texas Taxpayers and Research Association.

Property taxes are more than just a portion of the system; those dollars are pretty much the entire system. The state Constitution forbids Texas from having an income tax, which makes it unique compared to other states. That’s a huge chunk of money Texas doesn’t have for its schools.

So schools rely heavily on property tax money, which Pace says varies drastically around the state.

Answers To Your Questions About Recapture

Some areas make property tax money off of oil and gas, she says; other areas make money off farm and ranch land, for example.

Then of course, there's residential property.

The problem the Legislature faced in 1993 was that different pockets of the state were worth more money, so the schools in those areas had access to more money. Under the state Constitution, however, all students were required to have access to a “quality education system.”

The Texas Supreme Court ruled it wasn’t fair that a handful of communities had significantly better schools than other parts of the state. Recapture was born from the mandate to make the system more equal.

“If you base school funding on the property tax, recapture, of some sort, is a necessary evil,” Pace says, “because we can’t allow wealthy districts to raise so much more per student than the poor districts.”

Recapture almost acts as the missing revenue stream Texas doesn't get from income taxes.

How is a district chosen to pay recapture?

A major criticism of the system, especially in districts like Austin ISD, is that paying recapture is detrimental to education. The district has a lot of low-income students and students who need additional resources like English language services, so sending away this money has put AISD in a budget crisis. The crisis is made worse because enrollment continues to decline.

This year, AISD is sending more than half of its property tax dollars back to the state.

Chandra Villanueva, a program director for the Center for Public Policy Priorities, says the recapture system makes things equal in the state, but doesn't create adequate schools.

"We're moving into a place where we have an almost equitable school finance system, but everyone is starving," Villanueva says. "Everybody is underfunded, and that's where the problems come."

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The problem isn't that recapture exists, she says, it's that the amount of money the state says is enough to educate a child is too low.

As a librarian, Brazier sees firsthand how state funding helps and hurts local schools. She says she's OK paying into a system that helps kids around the state, but doesn't quite understand how schools are selected to pay recapture.

“How does the state determine what enough funding is for a school district?” she says.

Austin is fairly unique in the recapture system. Because home values are increasing, the state considers the city wealthy. But the schools are losing students, as families leave Austin and enroll their kids in neighboring districts and charter schools. So AISD doesn't receive as much per-pupil funding from the state.

Villanueva says people who want to see improvements in the funding system shouldn't focus on recapture, but should instead push lawmakers to increase how much it costs to educate a child.

“I think that's the biggest challenge: Getting people to understand why our schools don't have enough money,” she says. “It's not because the state is taking money away from some school districts and giving to others; it's because the state is not allowing any school districts to operate with enough money.”