Dear Senator Sparks,

Midland ISD is reaching out to gain your support on an important issue affecting school districts across the state, especially here in the Permian Basin. Recapture was created out of a 1989 Texas Supreme Court ruling that deemed the state's school finance system unconstitutional and charged the state Legislature to provide equal access to education funds. Recapture was the byproduct of this charge to create equalized funding for school districts by sharing property tax wealth with property-poor districts. While there were good intentions behind the recapture policy, its implementation has led to significant financial challenges for districts in the Permian Basin and across the state.

Recapture has grown and is taking nearly $3 billion annually in property taxes from Texas independent school district students and the community who paid their required tax obligations based on the most recent summary of finance for 2024. The Permian Strategic Partnership (PSP) represents 29 districts across the Permian Basin. In a recent analysis, 32% of Texas recapture dollars came from districts in the Permian Basin, with more than half (67%) of the total recapture dollars in the Permian Basin comprising of five districts in 2024. Districts in the Permian Basin have some of the highest percentages of economically disadvantaged students paying a significant amount of recapture to the state annually. Based on a 2021 report from the Texas Education Agency (TEA), the data showed economically disadvantaged students experienced more significant learning loss in reading and math, indicating how economically disadvantaged students impact student outcomes.

Midland ISD became a property-wealthy district starting with the 2013-14 fiscal year and has paid $914,460,401 in recapture through the 2023-24 fiscal year. We are projecting to send back $87,148,221 for the 2024-25 fiscal year, resulting in approximately $1,001,608,622 billion of local taxpayer's funds being taken from educating our students since the 2013-14 fiscal year.

Midland ISD's per-student recapture cost during the 2023-24 fiscal year was $3,193, while 57.68% of our student population was economically disadvantaged. This percentage of economically disadvantaged students has continued to increase to 60.07% for the 2024-25 fiscal year. The district is a property wealthy district due to our unique oil and gas industry spanning outside the city limits, but the economically disadvantaged percentage of students represents the community demographics.

We propose several solutions to address recapture and increase transparency for all constituents. First, we request that legislators consider restructuring the recapture calculation to allow districts with an economically disadvantage percentage of 40% or higher to pay less in the form of recapture and use their taxpayer funds to improve their school districts. Second, we recommend creating a formula for the cost of recapture to incorporate the cost of living, medium income, and overall economy in each district's community. This recalculation would provide greater financial flexibility to address the unique challenges of each community and allow more significant investments in long-term strategic academic improvements by allowing the district to utilize our local resources.

We also request legislators require additional transparency to all constituents through two solutions. The first requires property tax bills to state the percentage and amount of taxes that will be sent to the state through recapture. The second requires the Texas Comptroller of Public Accounts and the TEA to delineate precisely how much of the funds collected in recapture funding are directly spent in meeting the goal of wealth equalization.

We appreciate your time and consideration in addressing this growing concern of recapture for Midland ISD and the Permian Basin. Thank you for your continued support for Midland ISD and all public schools in the areas you serve, and I look forward to your thoughts. Please let me know if I can provide any additional information to support the passage of this legislation.

Sincerely,

Midland Independent School District

Dr. Stephanie Howard, Superintendent of Schools

Tucker Durham, Chief Financial Officer

Brandon Hodges, Board President - District 5

Josh Guinn, Board Vice President - District 7

Angel Hernandez, Board Secretary - District 2

Michael Booker, Board Trustee - District 1

Tommy Bishop, Board Trustee - District 3

Dr. Matt Friez, Board Trustee - District 4

Sara Burleson, Board Trustee - District 6