

Judgment– Highlights:

1. Standard of Review by the Supreme Court: “If the Legislature’s choices are informed by guiding rules and principles properly related to public education – that is, if the choices are not arbitrary—then the system does not violate the constitutional provisions. At bottom, the ‘crux’ of this standard is ‘reasonableness,’ and the lens through which we view these challenges maintains a default position of deference to the Legislature—that political branch responsible for establishing a constitutionally compliant system.”
2. Adequacy:

Trial Court

- The trial court ruled the system inadequate because all measures examined (STAAR tests, End Of Course exams, SATs, ACTs, performance gaps, graduation rates, etc.) demonstrated that the state was not accomplishing a general diffusion of knowledge.
- The trial court ruled the system inadequate based on its finding that school districts were unable to meet a general diffusion of knowledge at \$1.04

fact findings as to the specific amount of funding needed to achieve a general diffusion of knowledge are beyond the current state of science in this field and the trial court erred in assigning a minimum dollar figure as constitutionally necessary to achieve a general diffusion of knowledge;

The trial court determined having both a formula and target revenue makes it impossible for the system to be efficient.

The trial court also ruled that if the system continues to rely on disparate property values, then the system would need to retain the mechanisms of equalized wealth level, guaranteed yields, recapture and caps on maximum tax rates.

- The trial court held that the state's failure to provide sufficient facilities funding to all districts also resulted in the system being unconstitutionally inefficient.
- The trial court rejected claims of "qualitative inefficiency" promoted by the intervenors.

Supreme Court

- The Supreme Court indicated that financial efficiency turns not on absolute tax rates or levels of funding but the relative difference between wealthier and poor districts that can be represented mathematically with ratios. It further indicated that while no single magic number or ratio determines financial efficiency, current ratios are in the range of similar ratios in Edgewood IV and WOC II that did not present a constitutional violation; the ratios are far below the ratios in Edgewood I where a constitutional violation was presented.
- The Supreme Court determined that the trial court did not err in rejecting the qualitative inefficiency claim. The court indicated that a plaintiff faces a stiff challenge in establishing that a system, once found to be constitutionally adequate, is nevertheless constitutionally deficient under a separate qualitative efficiency requirement. It further made clear that the court focuses on results and does not micromanage programs and methods and recognized that some inefficiency must be tolerated when governments are charged with 'Augean' tasks.

5. State Property Tax:

Trial Court

- The trial court held that districts lack meaningful discretion in the levy, assessment, and disbursement of property taxes; therefore, the system imposes an unconstitutional state property tax.
- The trial court determined that districts are either legally or practically unable to raise their rates and could not decrease their local rates without jeopardizing their abili-2(p)-2(2o-2(p)-m-3(in)-2(e)-2(r)-1(6(n)-2(s)1(p)-1(ta)1(r)1(8

Texas Constitutional Provisions (School Finance)

Article VII, Section 1 (*emphasis added*)

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*
