

School Districts in Texas *Sector Analysis*

April 29, 2026

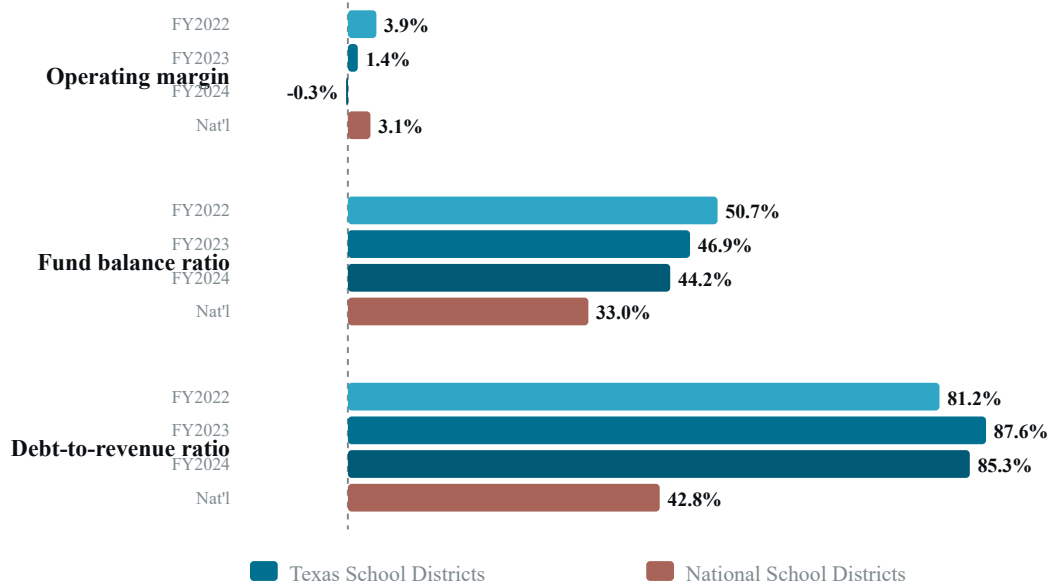
School Districts in the State of Texas ("the State") posted a median operating margin of -0.3% in FY2024, down from 3.9% in FY2022; a median fund balance ratio of 44.2% in FY2024, down from 50.7% in FY2022; a median debt-to-revenue ratio of 85.3% in FY2024, compared with 81.2% in FY2022 across FY2022–FY2024, based on benchmarks covering 624 school districts reporting for the period. 6 individual school districts are highlighted below as illustrative top performers and outliers under fiscal stress.

8 school districts in the State have begun filing FY2025 ACFRs; this report relies on FY2022–FY2024 benchmarks because FY2025 coverage is not yet sufficient for meaningful sector medians.

Texas school districts show mixed fiscal health in FY2024, with compressed operating margins signaling widespread budgetary pressure despite reserve levels that remain above national norms. The sector median shifted from a 3.9% operating surplus in FY2022 to a 0.3% deficit by FY2024, reflecting expenditure growth outpacing revenue across the three-year period. However, fund balance ratios at 44.2% continue to exceed the national school district median of 33.0% by 11.2 percentage points, providing financial cushion as districts navigate tightening operations.

State vs National Medians — FY2022–FY2024

Median values by metric and fiscal year



Source: MuniSpot Municipal Financial Database

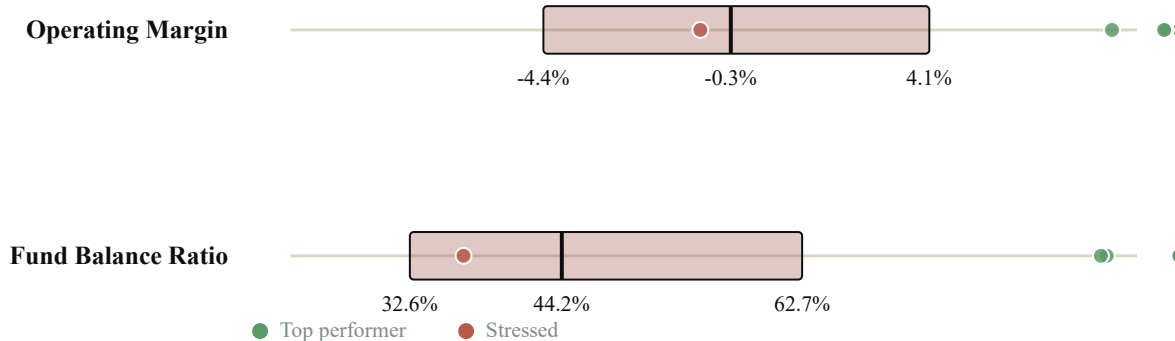
Operating margins compressed steadily from 3.9% to breakeven conditions over the three-year window, with the FY2024 median deficit of 0.3% representing a structural shift in budgetary performance. The 8.5 percentage point spread between first and third quartiles (-4.4% to 4.1%) illustrates the dispersion, with roughly one-quarter of districts maintaining healthy surpluses while another quarter faces operating deficits exceeding 4% of revenue. Texas districts lag the national school district operating margin median of 3.1% by 3.4 percentage points, signaling sector-wide fiscal stress relative to national peers.

Fund balance trajectories mirror operational pressures, declining from 50.7% to 44.2% of expenditures as districts drew down reserves to bridge operating gaps. Despite the erosion, Texas districts maintain reserve ratios 11.2 percentage points above the national median of 33.0%, reflecting historically conservative fiscal management. The 30.1 percentage point interquartile range (32.6% to 62.7%) demonstrates meaningful variation, with stronger districts maintaining six months or more of operating reserves while weaker districts approach minimum coverage levels.

Debt leverage remains elevated statewide, with the median debt-to-revenue ratio of 85.3% sitting 42.6 percentage points above the national school district median of 42.8%. The 124.0 percentage point spread between quartiles (38.1% to 162.1%) reveals stark differences in capital financing approaches, driven by local property tax capacity and state funding formulas. Districts with robust local tax bases maintain moderate debt burdens while others rely heavily on borrowed capital to fund infrastructure needs, creating the wide dispersion in leverage metrics.

Sector Distribution — FY2024

Box = middle 50% · Line = median · Dots = highlighted districts



Source: MuniSpot Municipal Financial Database

ECONOMIC BASE

Texas statewide home values rose 1.1% year-over-year and compounded 7.7% annually over the past five years per the FHFA All-Transactions index (Q4 2025), trailing the national 5-year pace of 8.5%.

Texas's per-capita personal income of \$69,823 grew 3.4% year-over-year (5.6% annualized over five years); the median across Texas counties stood at \$58,430.

Texas issued 7.2 housing permits per 1,000 residents statewide in 2024, down 2.8% year-over-year.

Texas school districts spent a median \$13,584 per pupil in SY 2022-23, funded with a median revenue mix of 47% local, 38% state, 13% federal (median across 997 districts).

The State's economic backdrop provides mixed signals for school district fiscal trajectories. Steady property value appreciation supported by income growth of 3.4% year-over-year anchors local tax base expansion, the primary revenue source for districts with median local funding shares of 84.7%. However, housing permit activity declined 2.8% statewide, suggesting moderating property tax base growth ahead as new construction slows.

Income levels varying significantly across Texas counties, from a median of \$58,430 to the statewide average of \$69,823, explain much of the dispersion in district financial performance. Districts serving higher-income communities benefit from stronger local property tax capacity, enabling lower reliance on state aid and greater fiscal autonomy, while districts in lower-income areas depend more heavily on intergovernmental transfers that constrain operational flexibility.

TOP PERFORMERS

Pearsall Independent School District, TX (FY2024) posted an operating margin of 21.0% and a fund balance ratio of 145.3% on revenue of \$28.8M and expenditures of \$22.7M. Spurger Independent School District, TX (FY2024) posted an operating margin of 12.1% and a fund balance ratio of 104.3% on revenue of \$6.0M and expenditures of \$5.2M. Coahoma Independent School District, TX (FY2024) posted an operating margin of

9.4% and a fund balance ratio of 86.1% on revenue of \$13.1M and expenditures of \$11.9M. Wills Point Independent School District, TX (FY2024) posted an operating margin of 9.3% and a fund balance ratio of 85.6% on revenue of \$33.8M and expenditures of \$30.7M. Seminole Independent School District, TX (FY2024) posted an operating margin of 8.2% and a fund balance ratio of 148.9% on revenue of \$50.7M and expenditures of \$46.6M.

ENTITIES UNDER FISCAL STRESS

Woodville Independent School District, TX (FY2024) posted an operating margin of -0.9% and a fund balance ratio of 36.7% on revenue of \$15.5M and expenditures of \$15.7M.

EXHIBIT 1

ENTITY	FY	OP MARGIN	FB RATIO
Pearsall Independent School District, TX	FY2024	21.0%	145.3%
Spurger Independent School District, TX	FY2024	12.1%	104.3%
Coahoma Independent School District, TX	FY2024	9.4%	86.1%
Wills Point Independent School District, TX	FY2024	9.3%	85.6%
Seminole Independent School District, TX	FY2024	8.2%	148.9%
Woodville Independent School District, TX	FY2024	-0.9%	36.7%

Source: MuniSpot Municipal Financial Database

SECTOR-WIDE TRENDS

Operational performance deteriorated systematically across the sector, with median operating margins declining from a healthy 3.9% surplus in FY2022 to a 0.3% deficit by FY2024, reflecting structural budget imbalances as expenditure growth outpaced revenue expansion. The compression affects districts across the performance spectrum, with even top performers showing narrower margins than historical norms, while weaker districts transitioned from modest surpluses to sustained deficits requiring reserve drawdowns to maintain operations. Reserve trajectories mirror operational stress, falling from 50.7% to 44.2% of expenditures as districts increasingly rely on fund balance to bridge budget gaps. This bifurcation reflects underlying economic capacity differences, as districts serving higher-income communities with stronger property tax bases maintain financial flexibility while those dependent on state aid face structural constraints. Debt burdens contribute to fiscal pressure, with the median debt-to-revenue ratio of 85.3% sitting 42.6 percentage points above national school district norms, driven by Texas's property-rich funding model that encourages local bond issuance.

KEY OBSERVATIONS

- Reserve runway contrasts sharply across the highlighted set: Seminole Independent School District maintains 17.9 months of coverage while Woodville Independent School District holds 4.4 months.
- Operating performance dispersion of 22.0 percentage points between strongest and weakest performers reflects the economic stratification across Texas, with districts serving higher median household incomes (\$143,337 at Coahoma versus \$42,477 at Woodville) demonstrating markedly stronger fiscal outcomes through superior local tax base capacity.

- The sector's elevated debt-to-revenue ratios averaging 42.6 percentage points above national school district norms create structural budget pressure, as districts balance capital investment needs with operational sustainability in an environment of compressed operating margins.
- Local revenue dominance at 84.7% of total revenue provides operational autonomy but concentrates fiscal health on property tax performance, making districts sensitive to housing market cycles and assessed value fluctuations as the primary determinant of financial capacity.
- Fund balance erosion from 50.7% to 44.2% over three years signals systematic budget stress, with districts drawing reserves to maintain operations as expenditure growth consistently outpaces revenue, creating sustainability concerns if operational balance is not restored.

DATA NOTES

1. **FY2024 MuniSpot Sector Benchmarks** **Published by:** MuniSpot **Coverage:** Pre-computed sector medians and percentile rankings for 2024, refreshed quarterly.
2. **Q4 2025 FHFA House Price Index (All-Transactions) (FHFA)** **Published by:** Federal Housing Finance Agency **Coverage:** Quarterly home price index at MSA, state, and national tiers, through 2025.
3. **2024 BEA Regional Accounts (CAINC1 + CAGDP1) (BEA Regional)** **Published by:** U.S. Bureau of Economic Analysis **Coverage:** County-level per-capita personal income and real GDP, 2024.
4. **2024 Census Building Permits Survey (BPS)** **Published by:** U.S. Census Bureau **Coverage:** Annual housing units authorized at place and county grain, 2024.
5. **SY 2022-23 NCES School District Finance Survey (F-33) (NCES F-33)** **Published by:** National Center for Education Statistics **Coverage:** Per-pupil revenue and expenditure at the LEA grain, 2022.

RELEVANT LINKS

Seminole Independent School District, TX — [View Dashboard](#) →

Spurger Independent School District, TX — [View Dashboard](#) →

Coahoma Independent School District, TX — [View Dashboard](#) →

Wills Point Independent School District, TX — [View Dashboard](#) →

Pearsall Independent School District, TX — [View Dashboard](#) →

Woodville Independent School District, TX — [View Dashboard](#) →

Cameron Independent School District, TX — [View Dashboard](#) →

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