



October 12, 2026

The Honorable Don Huffines
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

***RE: Investigation of the El Paso Independent School District Under Tex. Tax Code § 111.003;
Request for Selection Criteria, Statutory Basis, and Distribution of the Report***

Dear Comptroller Huffines:

I represent House District 77, home to more than a third of the residents served by the El Paso Independent School District (“EPISD”). I write about the investigation of EPISD that your office opened at the Governor’s request, and I write now, before your report issues, so the record it will be judged against is complete.

The investigation rests on a statute written for another purpose, a statistic that does not measure what it is said to measure, and a selection that no stated criterion explains. On each point, the State’s own records answer the question this investigation claims to ask.

I. THE INVESTIGATION BEGAN ON THE GOVERNOR’S CAMPAIGN CALENDAR

On August 19, 2026, the Governor held a campaign event in El Paso¹ and criticized EPISD’s spending.² That same day, invoking Tax Code § 111.003(a)(1) and (2), he asked your office to investigate the spending of up to four independent school districts and to deliver a final report to his office by December 31, 2026.³ Your office announced the review the same day⁴ and, on October 5, named EPISD, Austin ISD, Prosper ISD and Barbers Hill ISD.⁵

The Governor supplied one selection standard: “up to four ISDs of varying size and geographic location.”⁶ Your office’s August 19 announcement also excludes districts “led by state-appointed boards.”⁷ Neither says anything about spending. Your office’s announcements add no other criteria, and

¹ Daniel Perez, El Paso ISD Among Four Texas School Districts Selected for State Spending Review, El Paso Matters (Oct. 6, 2026).

² Kristian Jaime, Gov. Abbott Blames EPISD’s Financial Woes on “Bloated” Bureaucracy, El Paso Times (Aug. 20, 2026).

³ Letter from Gov. Greg Abbott to Comptroller Don Huffines (Aug. 19, 2026) (“Abbott Letter”).

⁴ Tex. Comptroller of Pub. Accounts, News Release, Texas Comptroller Don Huffines to Launch Performance Review of School Districts’ Spending (Aug. 19, 2026) (“Aug. 19 Release”).

⁵ Tex. Comptroller of Pub. Accounts, News Release, Texas Comptroller Huffines Selects School Districts for Performance Review (Oct. 5, 2026).

⁶ Abbott Letter, *supra* note 3.

⁷ Aug. 19 Release, *supra* note 4.

a Texas Education Agency spokesperson has said the agency will play no role in the reviews.⁸ The report is due eight weeks after the November 3 general election, and the statute requires that it go to one person: the Governor.⁹

II. THE GOVERNOR’S “104 PERCENT” IS A PER-STUDENT FIGURE

The Governor has said that EPISD’s administrative costs rose 104 percent from FY2015 to FY2025 while its enrollment fell 21 percent.¹⁰ He has identified neither the source nor the measure. The figure matches TEA’s financial data exactly when measured one way: General Administration spending per student.¹¹

EPISD spent \$9,872,122 on General Administration (function 41) in FY2015 and \$15,964,257 in FY2025, an increase of 61.7 percent before inflation. Over the same decade its enrollment fell from 60,556 to 47,994. Divided among 47,994 students instead of 60,556, the larger total becomes a 104 percent increase per student, from \$163 to \$333. More than 40 points of the Governor’s figure measure children who left the district, not dollars it spent.

Declining enrollment is a genuine fiscal problem, and EPISD must solve it. But the cost of a payroll office, an external audit and state compliance reporting does not fall in proportion to enrollment. Presenting that result as proof of waste misstates what the number measures.

III. UNDER THE STANDARD THE STATE BUILT WITH YOUR OFFICE, EPISD EARNS FULL CREDIT

Texas already measures a school district’s administrative cost. The Legislature directed the Commissioner of Education, “in consultation with the comptroller,” to develop the financial accountability rating system for every school district in the State.¹² That system, School FIRST, measures administrative cost in indicator 13: Instructional Leadership (function 21) plus General Administration (function 41), divided by total expenditures net of recapture. For a district of EPISD’s size, full credit is awarded at or below 4.50 percent.¹³

EPISD’s FY2025 ratio is **4.20 percent**. TEA did not score indicator 13 for any district in the 2025-26 ratings, so this figure is my office’s calculation, applying TEA’s formula to TEA’s own financial data.¹⁴ Among the 114 districts in TEA’s largest size class, EPISD ranks 30th lowest; the median is 4.59 percent, and 84 districts spend a larger share on administration.¹⁵ Tested against a ratio TEA published for another district, this method produced a figure about 0.4 points higher than TEA’s own. In that test it erred against the district, not in its favor.

The same system grades financial management as a whole. For rating year 2025-26, based on FY2025 data, TEA rated EPISD “A = Superior Achievement,” with a score of 92.¹⁶ The State graded EPISD’s finances superior for FY2025, the final year of the period the Governor cited.

⁸ Perez, *supra* note 1.

⁹ Tex. Tax Code § 111.003(b).

¹⁰ Jaime, *supra* note 2.

¹¹ Tex. Educ. Agency, PEIMS Summarized Financial Data (Actual), FY2015–FY2025 (“TEA PEIMS Data”).

¹² Tex. Educ. Code § 39.082(a).

¹³ 19 Tex. Admin. Code § 109.1001(e)(1) (School FIRST Rating Worksheet, Rating Years 2025-2026+).

¹⁴ Tex. Educ. Agency, School FIRST, El Paso ISD, Rating Year 2025-2026, Indicator 13 (“This indicator is not being evaluated.”).

¹⁵ TEA PEIMS Data, *supra* note 11. Size class estimated from fall enrollment.

¹⁶ Tex. Educ. Agency, School FIRST Ratings, Rating Year 2025-2026 (“TEA FIRST Ratings”).

District	Administrative cost ratio (TEA indicator 13 formula, FY2025)	Administrative spending per student	TEA FIRST rating, 2025-26 (score)
Prosper ISD	3.93%	\$424	A, Superior (94)
El Paso ISD	4.20%	\$474	A, Superior (92)
Barbers Hill ISD	4.27%	\$635	A, Superior (100)
Austin ISD	4.67%	\$604	B, Above Standard (88)

Sources: Texas Education Agency; House District 77 analysis.

Two of your four selections, EPISD and Prosper ISD, rank 30th and 20th lowest among the 114 large districts. Austin ISD ranks 61st. Barbers Hill ISD falls in the next size class, where its 4.27 percent sits well inside the 5.50 percent full-credit line.

IV. NO SPENDING CRITERION EXPLAINS THE SELECTION

If administrative cost were the test, EPISD would not have been chosen. Of the 84 large districts that spend a larger share on administration than EPISD, your office selected one: Austin ISD. It passed over the other 83. Four of them, Houston ISD, Beaumont ISD, La Joya ISD and Fort Worth ISD, are led by state-appointed boards and fall under your office’s exclusion.¹⁷ No announced rule excludes the other 79, including Crowley ISD (7.17 percent), Frenship ISD (6.56 percent), Abilene ISD (6.04 percent), Waco ISD (5.84 percent), Tomball ISD (5.55 percent), Grapevine-Colleyville ISD (5.54 percent), Goose Creek CISD (5.24 percent) and Garland ISD (5.16 percent).

Nine of those 84 districts also hold a lower 2025-26 TEA financial rating than EPISD’s A: they spend more on administration and score lower on the State’s own measure of financial integrity.¹⁸ For 46 of the 84, the House member who represents the largest share of the district is a Republican. Not one of those 46 was selected.

The spending data does not distinguish EPISD from the 79 eligible districts your office passed over. The calendar does: the Governor campaigned in El Paso on the day he requested this investigation.

V. SECTION 111.003 IS A REVENUE-LAW STATUTE, AND NO REVENUE LAW HAS BEEN IDENTIFIED

Section 111.003 appears in the Tax Code’s chapter on collection procedures, and the Governor invoked two of its subsections. Subsection (a)(1) authorizes your office, at the Governor’s request, to “investigate the books and accounts of assessing and collecting officers of the state and other officers or persons receiving, disbursing, or possessing public funds.”¹⁹ Subsection (a)(2) adds that your office shall “perform other duties and make investigations in relation to public funds as requested by the governor.”²⁰ The Governor did not invoke § 111.003(a)(3), the only provision that reaches an institution’s “policies, management, and operation.”²¹

Whichever subsection is invoked, the report the statute requires is the same, and it is built around the revenue laws. For every investigation “requested under Subsection (a),” the report must describe “each

¹⁷ Tex. Educ. Agency, Board of Managers, Districts Under an Appointed Board of Managers (accessed Oct. 12, 2026).

¹⁸ TEA FIRST Ratings, *supra* note 16.

¹⁹ Tex. Tax Code § 111.003(a)(1).

²⁰ Id. § 111.003(a)(2).

²¹ Id. § 111.003(a)(3).

violation of the revenue laws” and “the failure, if any, to enforce revenue laws,” and it must include “the name of each person reasonably believed to have committed a violation or to have been guilty of nonfeasance.”²² Any person connected with the public service must submit all books, records and accounts “without delay.”²³ And if the report “indicates a violation of revenue laws or neglect of duty, the governor shall notify the attorney general, who shall institute criminal and civil proceedings.”²⁴

Neither the Governor’s request nor your office’s announcements identify a revenue law EPISD is alleged to have violated. The concern the Governor’s letter describes is whether dollars “directly reach students, classrooms, and teachers, instead of being absorbed by central-office growth, administrative bloat, consultants, and the web of noninstructional bureaucracy.”²⁵ That is a question about how a district allocates its budget, not about the assessment or collection of state revenue. When a district does not amend its budget as Education Code § 44.006 requires, that is a governance lapse, and EPISD’s is documented below. I am aware of no authority treating it as a violation of the revenue laws.

Your office’s announcements call this a performance review. The statute it rests on describes an investigation that ends in the naming of individuals and a mandatory referral for prosecution. Either your office believes a school district’s budget practices are a matter for criminal prosecution, or it is using a prosecutorial statute to conduct a performance review. The Legislature has addressed the second case directly.

VI. THE LEGISLATURE HAS ALREADY PRESCRIBED HOW THE STATE REVIEWS A SCHOOL DISTRICT

Since January 2004, the Government Code has assigned performance reviews of school districts to the Legislative Budget Board. Section 322.016 authorizes the Board to “review the effectiveness and efficiency of the operations of school districts,” at its discretion or on the request of the school district, and a district may make that request “only by resolution adopted by a majority of the members of the board of trustees of the district.”²⁶ The Board must file its report with the district, the Governor, the Lieutenant Governor, the Speaker, the Commissioner of Education and the chairs of the House and Senate committees with jurisdiction over public education, and it must make the entire report available to the public on the Internet.²⁷ Section 322.016 gives the Governor no role in initiating a review. Only the Board or the district’s own trustees may do so.²⁸

None of those protections applies to an investigation under § 111.003, which reports to the Governor alone. When a general provision conflicts with a special one, the Code Construction Act requires that the two be construed, if possible, so that effect is given to both; if the conflict is irreconcilable, the special provision prevails unless the general provision is the later enactment and the manifest intent is that the general provision prevail.²⁹ Section 322.016 is both the special provision and the later enactment. Read together, the two statutes divide the work: § 111.003 reaches violations of the revenue laws, and § 322.016 governs reviews of the effectiveness and efficiency of school district operations. An inquiry

²² Id. § 111.003(b).

²³ Id. § 111.003(c).

²⁴ Id. § 111.003(d).

²⁵ Abbott Letter, *supra* note 3.

²⁶ Tex. Gov’t Code § 322.016(a).

²⁷ Id. § 322.016(c).

²⁸ Id. § 322.016(a).

²⁹ Id. § 311.026.

into whether a district spends too much on administration is the second kind of review, and the Legislature has said who conducts it and who receives the results.

Your office's own 1999 review of EPISD shows what a school performance review looks like when a district asks for one. It was conducted at the superintendent's request, with the endorsement of then-State Senator Eliot Shapleigh. The review team spent more than seven months on the work, made 142 recommendations, and delivered its report to the Governor, the Lieutenant Governor, the Speaker and every member of the Legislature.³⁰ The present investigation allows less than three months. The Governor's own letter says the work must be completed "before the legislative session to provide information necessary to consider appropriate actions and reforms,"³¹ and on August 19 you said, "We will . . . report our findings to the Legislature and the people of Texas."³² Nothing in § 111.003 requires it. The statute directs the report to the Governor alone and says nothing of the Legislature.³³

VII. THE LEGISLATURE HAS BARRED A FIXED CLASSROOM-SPENDING TEST

The Governor's letter frames this investigation around whether dollars reach classrooms instead of administration. The Legislature has written that test out of the State's financial accountability system. The system "may not include an indicator . . . or any other performance measure that" requires a district to spend "at least 65 percent or any other specified percentage of district operating funds for instructional purposes," or that lowers a district's rating for failing to do so.³⁴ If your report measures EPISD against a classroom-spending percentage, it will apply a standard the Legislature has barred from the State's own rating system.

VIII. EPISD IDENTIFIED ITS OWN LAPSES BEFORE THE STATE ARRIVED

EPISD's budget problems are already on the public record, because the district's own oversight put them there. The district's FY2025 audit found spending in excess of the board-adopted budget, without the amendments Education Code § 44.006 requires, in eight general-fund functions: instruction; instructional resources and media services; curriculum and instructional staff development; school leadership; guidance, counseling and evaluation services; student transportation; extracurricular activities; and facilities maintenance and operations.³⁵ General administration is not among them, and the general fund as a whole finished the year \$5.4 million under budget.³⁶ The district's outside finance consultants projected a \$47.6 million decline in fund balance for FY2026, against the \$6.1 million decline in the adopted budget.³⁷ The superintendent has said that the district "was not rightsized to align with enrollment trends" and that "we have taken a close look at every central office position and made significant reductions."³⁸

Those lapses were identified locally, by the district's auditors, its consultants and its board, and the corrections began before your office was asked to act. The board hired a new superintendent on

³⁰ Tex. Comptroller of Pub. Accounts, Texas School Performance Review: El Paso Independent School District (Mar. 1999).

³¹ Abbott Letter, *supra* note 3.

³² Aug. 19 Release, *supra* note 4.

³³ Tex. Tax Code § 111.003(b).

³⁴ Tex. Educ. Code § 39.082(c).

³⁵ El Paso Indep. Sch. Dist., Annual Comprehensive Financial Report, Fiscal Year 2025, at 24.

³⁶ *Id.*

³⁷ MoakCasey, Presentation to the El Paso ISD Board of Trustees, "Where We Are Now," at 4 (May 19, 2026).

³⁸ Jaime, *supra* note 2.

December 9, 2025.³⁹ The district reports reductions of 326 central-office and non-campus positions.⁴⁰ The board president has reported that a projected \$37 million shortfall for 2026-27 was reduced to \$4.3 million by the time the budget was adopted in June.⁴¹ The State did not uncover any of this. It arrived after the work was underway.

IX. INFORMATION REQUESTED

So that the Legislature and the public can evaluate the report on its merits, I request that your office provide the following in writing within fourteen days of the date of this letter:

1. The criteria and data used to select EPISD, and the basis for passing over the 79 eligible large districts with higher administrative cost ratios.
2. Each revenue law, by citation, that your office contends EPISD may have violated.
3. The definitions of “administrative” and “instructional” spending your office is applying, by PEIMS function code, and an explanation of any difference from TEA’s indicator 13.
4. Whether the report will measure any district against a specified percentage of spending for instructional purposes, notwithstanding Education Code § 39.082(c).
5. Whether EPISD will receive the draft findings, and whether its written response will be published in the final report, as State Auditor’s Office reports publish the responses of the entities they audit.
6. Whether the findings will distinguish conditions that predate the superintendent’s appointment on December 9, 2025 from the corrective actions taken since.
7. Whether any referral to the Attorney General under § 111.003(d) is contemplated.
8. Whether the complete report, including any names identified under § 111.003(b)(3), will be delivered to the district, the Legislature and the members of the El Paso delegation on the same day it is delivered to the Governor, and posted in full on the Internet. Section 322.016(c) would require a performance review to be filed with the district and posted in full.

³⁹ El Paso Indep. Sch. Dist. Bd. of Trustees, Special Meeting Agenda, Item 5.C (Dec. 9, 2025); KTSM, El Paso ISD Board Officially Names Lusk New Superintendent (Dec. 2025).

⁴⁰ Perez, *supra* note 1.

⁴¹ Id. (reporting a Facebook post by Leah Hanany).

EPISD has acknowledged these lapses and is correcting them. If your office's report cannot answer these questions, it will not serve the purpose the Governor's own letter assigns it, which is to inform the Legislature. It will instead stand as the record of a district rated superior by the State's own financial system and selected on the day of a campaign event. The families of El Paso are entitled to more from the officer charged with keeping the State's accounts.

Respectfully,



Vincent M. Perez
Texas House of Representatives
House District 77

cc: *The Honorable Greg Abbott, Governor of Texas*
 Board of Trustees, El Paso Independent School District:
 Leah Hanany, President
 Dr. Jack Loveridge, Vice President
 Alex Cuellar, Secretary
 Mindy Sutton, Trustee
 Robert Osterland, Trustee
 Dr. Matthew Reza, Trustee
 Brian Kelley, Trustee
 Dr. Brian Lusk, Superintendent, El Paso Independent School District