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Testimony to the Joint Committee on the Public School Finance System

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Texas AFT is committed to building a permanent public school finance system for our state on the foundation of the following principles:

1. The system must **generate revenue reliably** and over the long term.
2. The method of generating revenue must **ensure that all Texans pay a fair portion**. Our state's commitment to public education is a responsibility shared by individuals and families across wealth and income and by businesses of all sizes and in every sector.
3. State funding for public education must be **adequate to meet growing student enrollment, new demographic challenges and rising educational expectations**.
4. State funding must be **distributed equitably** to ensure that every student in Texas public schools has the opportunity for high-quality education regardless of family means and regardless of which side of any district border a student happens to live on.
5. The system must maintain meaningful capacity for local taxpayers to provide **local enrichment** in an equitable system.

The first step for the incoming legislature must be reversing the de-facto policy of disinvestment in public education that subtracted more than \$5 billion from funding for our schools in the current budget. Texas AFT's 65,000-plus members have seen the damaging effects of these budget cuts in their schools and classrooms, as documented in four surveys of educators and superintendents that Texas AFT has conducted since the current budget took effect. Our members urge the legislature and governor to change course in the 2014-2015 budget, take advantage of the new influx of state revenue greatly exceeding previous estimates, and invest in the public schools that are the key to a prosperous future for our state and its citizens.

Beyond filling that present yawning school budget hole, we urge this committee and the members of the next legislature to pay attention to the big picture of school-finance problems. Revenue-neutral changes to our taxing methods or adjusting formulas to fit a pre-determined and inadequate revenue level will not provide the high-quality public education demanded by Texas residents and businesses and required by our constitution.

The state has a major structural budget shortfall, because lawmakers reduced school property-tax rates back in 2006 without fully replacing the lost revenue. As we have consistently argued, a

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variety of measures will make our state's tax system fairer and generate considerably more revenue. Among them are:

- Fair valuation of undervalued commercial property;
- Expanding the sales tax to many types of now-exempt professional services, such as legal and accounting and architectural services, while taking care to avoid taxes on basic necessities such as health care; and
- Closing other outdated tax loopholes that favor particular industrial sectors or even business types within a particular sector.

Updating the obsolete funding formulas that understate the costs of serving high-need students is a needed part of repairing our state's broken school-finance system as is fully funding those formulas. Texas' continuing rapid school enrollment growth is dominated by dramatic increases in the number of students who are economically disadvantaged or who have limited English proficiency. Yet the formulas that are supposed to provide extra resources to school districts to serve all these students are woefully out of date and do not come close to reflecting the actual costs of needed services. At a March 2010 hearing of the Joint Select Committee on School Finance Weights, Allotments & Adjustments, several members of this committee heard from school-finance expert and former state representative Paul Colbert. He pointed out that the real problem with our system of weighted funding is that the state has never provided the level of funding called for by study after study, which documented the extra resources required to educate students who are economically disadvantaged, who are learning English as a second language, etc. In short, under the current school-finance formulas, Colbert demonstrated, the state has never used the "true weights" to determine funding and, as a result, the legislature is asking school districts "to make bricks without straw."

The effect of the current inadequate and inequitable school funding was illustrated clearly by Rep. Scott Hochberg in the House Public Education Committee's January interim hearing. In a powerful rejoinder to suggestions that money is not critical to educational outcomes, Hochberg highlighted school-funding data that show a stark, consistent correlation between funding levels and school-district accountability ratings—the lower the funding, the lower the rating. Specifically, districts rated exemplary have on average an advantage of \$1,000-plus per weighted pupil over those rated academically unacceptable.

Texas AFT is ready to work with members of this committee and other legislators to restore and secure our state's capacity for excellent public education while also providing higher education, health care, and the many other valuable services necessary to ensure prosperity for our growing population and changing economy.