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AS THE 79TH LEGISLATURE CONVENES IN THE NEW YEAR, school finance tops their list of important issues. Ever since State District Judge John Dietz of Austin deemed the former school funding system or “Robin Hood,” unconstitutional, lawmakers have been scrambling to come up with a better way to fund Texas schools. Attorney General Greg Abbott has appealed the ruling to the Supreme Court, but waiting for the decision to be overturned is not an option. With a deadline of October 1, 2005, the clock is ticking, and a solution has yet to be established.

Governor Rick Perry, who recently nixed a proposed House Bill that placed a tax on Texas jobs, insists on keeping an open door to new ideas and business revenues. The goal, he says, is to be fair to employers without limiting new jobs. Even though a tax on businesses may take effect, Perry would like to contain the tax’s impact on jobs and economic growth.

Ken Paxton, our state representative in Austin, believes that, “in order to address the charge given to us by the courts, the Legislature must first take the responsibility to clearly define the State’s constitutional obligation and role in public education. It appears clear to me that we should define ‘a general diffusion of knowledge’ as what directly affects teaching and learning in the classroom setting. All other expenses, as important as they may be, should then be left to the discretion of the local taxpayers.

If we clearly define the State’s constitutional roll in this way, the State will be able to fully fund teaching and learning and still be able to lower

property taxes. This approach would also allow us to eliminate the unfair Robin Hood system and give local districts a great degree of control over administrative and extra-curricular expenses.”

One bill that has been filed is House Bill 90, which proposes a statewide



School Funding Crisis: An Ongoing Saga

By Jackie Beynæerts

income tax. However, even the author of the bill, Eddie Rodriguez, D-Austin, is highly doubtful this will pass. His plan is to abolish the maintenance and operations tax rate levied by school districts, drastically reducing homeowners’ property taxes. Rodriguez’s says that the statewide income tax would make up for lost revenues from local property taxes, shifting the burden of education to the state.

Getting the state to fund more for education has been considered in two other bills. Suzanne Marchman, a spokesperson for the Texas Education

Agency, said that for the 2003-2004 school year \$30 billion was budgeted for Texas schools. The state paid \$12 billion dollars, leaving 56 percent of the funding to local revenues.

ROBIN HOOD FOUND UNCONSTITUTIONAL

The Robin Hood system was created in 1993 as a way to collect money through property taxes. The state takes tax revenue from 134 property rich districts and redistributes it to the remaining 907 school districts in the state. According to state representative Glen Hegar, in 2003, \$2 billion was distributed under Robin Hood. This system is flawed however, since almost 700 school districts have gradually raised taxes to the tax rate cap of \$1.50 per \$100 property valuation maximum in an effort to meet state educational requirements. The \$1.50 rate became both the ceiling and the floor rate, in other words, making it a

state property tax, which is prohibited by the Texas State Constitution. Even so, poorer districts and their representatives understandably fear they’ll lose this money they’ve been given, which as it is, isn’t enough. In a study released in January by Education Week Magazine, Texas ranks 38th in per-pupil spending. At \$7,183 per student the state is more than \$500 shy of the national average.

A broad based business tax that is gaining popularity would replace the current franchise tax loopholes. Studies indicate that as many as five out of six

businesses skip paying taxes through franchise tax loopholes. David Swinford, R-Demas said that there needed to be a tax that was not escapable through loopholes. However he also stated that a new tax shouldn't unfairly tax businesses with slim profit margins already, concluding that a payroll tax would be fairer to everyone.

With more than \$30 billion dollars being distributed a year to more than 1,000 school districts, schools today are not accountable for the way that money is spent. However, if there is a broad-based business tax, Texas business owners deserve to know where and how their money is being spent, especially when talking about the education of some 4.3 million students. Most lawmakers agree there should be a statewide system to ensure that students get the best education possible using cost efficient strategies.

Even with a broad based business tax, there still is not a lot of extra revenue, because it is just balancing out the property tax cut. Any new money for schools would have to come from additional sources.

In 1992 the lottery made \$10.8 billion in general revenues in the state of Texas. Five years later the revenue was dedicated to school funding, and by 2003, lottery contributions amounted to \$888.2 million to public education-



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about 3% of all public education expenditures in the state.

Every angle is being considered to raise more money, but other issues have evolved since last year that need funding. Some of these include Child and Adult Protective Services, as well as funding to Children's Health Insurance Programs. To assist these and other growing needs, an increase in cigarette taxes, and a sales tax may be used. If this is the case, lawmakers must work together and get creative on how to raise more money for schools.

Sixty percent of the budget goes to education so it's never been an issue to be taken lightly and while not everyone can agree on how to raise the extra money to fund public schools, lawmakers do agree that it is a serious matter that needs to be resolved quickly, preferably before the 140-day session ends.

“The future of our state is dependent upon the education of our children with efforts focusing on providing a better future for our children, regardless of where they came from, the sound of their last name or heritage of their family,” Perry said. Emphasizing that education should work equally well for the poorest children to the most privileged.

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