



**House District 101
Online**

Greetings!

When the Legislature discussed education funding this session, it encountered two distinct challenges. The first was the effect of the general budget shortfall on total education spending. The second was the way in which education funding is distributed once the total line item amount is established.



Education Funding: Total Line Item

HD 101 Website

When this session began, the Legislature faced a budget shortfall of over \$20 billion. While in previous years legislators had the option of cutting around the edges, the size of the existing shortfall required a reduction to every section of our budget. Since education is by far the largest line item in the Texas budget (accounting for about 57% of total General Revenue in the 2010-11 biennium), it was not possible to balance our budget within available funds without affecting education spending.

**Special Session
Update**

The Governor has placed the following items on the call for the special session:

However, while we were not able to budget for education at the same formula levels as we have in the past, the Legislature still made funding education its top priority. For example, agencies of education as a percentage of total General Revenue actually increased to 60.5% for the coming biennium (a \$3 billion dollar increase). Additionally, even though agencies of education make up more than 60% of General Revenue, public education bore only around 25% of the total budget reduction. In other words, in order to preserve education, around 40% of General Revenue programming bore around 75% of the total budget cuts.

- School Finance and Flexibility Measures
- Medicaid Reform
- Congressional Redistricting
- Texas Windstorm Insurance Reform
- Sanctuary Cities
- Driver License Security
- TSA Procedures

Throughout the budgeting process, legislators were quick to shore up education funding with the new revenues gained from the Comptroller's increased revenue estimates, as well as the new moneys made available by the use of \$3.2 billion of the Rainy Day Fund to balance last year's books. In the first draft of the budget, the proposed revenue for school funding was more than \$9 billion less than required by existing formulas. When the budget process ended, we had worked the formula gap down to \$4 billion and actually increased total public education spending by \$125.2 million more actual dollars than spent during the previous budgeting cycle.

Distributing Education Funds

Our current shortfall, which is largely the result of the worst economic conditions in over 50 years, is temporary. Sales tax receipts are already on the rise; property values will rebound.

However, the way we distribute education funding is not temporary, and in fact, the current distribution method has put many school districts at a disadvantage long before this current budget crisis.

Currently, Texas public schools are not funded in an equitable manner. Increasing inequities in funding and the resulting massive disparities between the 1,029 school districts (the lowest district receives \$4,700 per weighted student while the highest receives \$13,000) are the result of a confusing mixture of weights and adjustments added over the years to a group of base funding formulas. These formulas depend heavily on local property taxes and property values, which vary widely from district to district. Most of the current weights and formulas were established in 1984. The formulas for small districts, transportation funding, the weights for bilingual education and most of the special education instructional arrangement weights have not changed since that time. The current cost of education index (CEI) is based on school district characteristics and data from 1989!

My top priority throughout the budgeting process was to ensure that any cuts to education spending would not fall disproportionately on school districts that already do more with less. Mesquite, for instance, receives one of the lowest weighted allotments per student of any district in the Metroplex. Garland is in a similar situation. I committed early on that I would not accept a distribution plan that relied heavily on across the board cuts.

The compromise plan, which still awaits final approval in the special session, would rely on a slightly-adjusted, flat cut for the first year of the biennium. During the second year of the biennium, districts that receive disproportionately larger sums than other districts under current formulas would bear the brunt of the cuts. We staggered the methods of the cuts to give the property rich districts more time to prepare for their larger reductions, though first-year cuts are still less for the property poor districts.

More importantly, the proposed plan repeals all target revenue hold harmless funding by 2018. This section of the funding formula is one of the main reasons Mesquite and Garland fare so poorly under existing formula distributions. The plan also calls for the establishment of an interim joint legislative committee to evaluate the overall structure of school finance.

Local District Funding

City by city, the proposed plan will yield the following cuts. Mesquite will experience a 2.8% cut in 2012 and a 1.8% cut in 2013. Garland will receive a 3.1% cut in 2012 and a 2.1% cut in 2013. Sunnyvale, which currently receives \$1300 more per weighted student than Mesquite, will see slightly deeper reductions, with a 4.2% cut in 2012 and an 8.7% cut in 2013. Dallas, which is also a property rich district, will receive a 3.1% cut in 2012 and an 8.6% cut in 2013.

While these cuts are difficult, they are also manageable. As the *Dallas Morning News* noted recently, Mesquite ISD had been preparing for as much as a \$19 million cut for the first year of the biennium. The reported plan to deal with such a reduction was to use \$3 million in unexpended dollars from the previous year, \$8

Town Hall Schedule

**Sunnyvale - June
30th from 7:00 to
8:00 pm at the
Sunnyvale Town
Hall**

**Balch Springs - July
5th from 6:30 to 7:30
pm at the Balch
Springs Library
Auditorium**

**Mesquite - July 7th
from 7:00 to 8:00 pm
at the Mesquite Arts
Center**

CONTACT CINDY

**Capitol Phone:
(512) 463 0464**

**District Phone:
(972) 603 6743**

million from the local reserve fund, and to find \$8 million more in spending reductions. Under the proposed funding formula, Mesquite is scheduled to lose a little less than \$7.5 million--an amount that could be covered in its entirety by the already mentioned use of reserve fund money.

School districts statewide are holding around \$10.6 billion of tax payer money in local reserve funds--more than double what is required to eliminate our entire funding gap for the biennium. While TEA does suggest that districts maintain around two to two-and-a-half months of cash on hand, districts are still holding \$1.5 billion more than is suggested by TEA's maximum recommendation. **To put all of this in perspective, if the state followed the same accounting practices as the districts, it would maintain around \$28 billion in the Rainy Day Fund--nearly five times the current estimated balance.**

Additionally, while some school districts do very well managing tax payer dollars, others could use improvement. *The Dallas Morning News* reported this week that Dallas ISD spent \$57 million over four years (one year's average base pay for 1,086 teachers) on non-classroom expenses such as meals, hotel stays, travel reimbursements, and consulting contracts. As DISD prepares future budgets, cutting the fat will be a good place to begin.

Education Is Our Top Priority

When we convened in January, our budget outlook was grim. We have come a long way since then. While the Legislature made tough decisions so that Texas will continue to live within its means, education remained our top priority throughout the budgeting process. Other sections of the budget received deeper cuts in order to keep education funding at the budgeted level. At each step of the process, and whenever we discovered new revenue, we increased funding to education. General Revenue funding for agencies of education increased by \$3 billion over the last budget cycle, and all funds spent on public education increased by \$125.2 million. Finally, we have set in motion the repeal of the most unjust sections of our funding formula. I look forward to working with the interim joint committee over the next year-and-a-half to continue the task of bringing equity to school funding in this state.

Again, please do not hesitate to contact me or my office with any questions or concerns.

In friendship,

