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HISD endorses tax-cap relief

Board backs 5% limit on yearly property tax hike

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Already faced with a menacing budget shortage next year and expecting deeper cuts in state funding, the Houston school board has agreed to support tax relief efforts that could cost the district millions of dollars.

The HISD school board this week unanimously adopted a resolution that supports restricting the annual increase in a homeowner's property value to no more than 5 percent. As the law stands, values can increase up to 10 percent

more than the previous year.

Legislators have proposed a quartet of bills that range from freezing assessed values at current rates to limiting appraisals to a 5 percent increase from year to year. To the owner of a \$300,000 townhouse, for example, a 5 percent cap means the home could be taxed at no more than \$315,000 next year.

The move would slow astronomical increases in value that many areas such as Neartown Houston and neighborhoods in Austin have experienced over the past decade.

If any of the bills pass, Houston Inde-

pendent School District could lose an estimated \$13 million. While backing the limits, the board also asked the state Legislature to consider finding other funds to offset any loss such a cap would cost Houston.

HISD Trustee Jeff Shadwick, who introduced the resolution, said it is a boon for taxpayers. Even with the HISD laying off workers and trimming extracurricular programs, Shadwick said the district can survive with less local property tax revenue.

"We can always cut \$13 million from

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BY THE NUMBERS

HISD is bracing for deep budget cuts to offset its own deficit and to help close a state funding gap. So far, the district is facing:

- 360 jobs cuts, some of which may be restored in 2003-04 school year
- \$3 million cut in magnet programs
- \$100 million budget shortfall in current budget year
- \$50 million estimated budget shortfall for next school year
- \$13 million estimated loss under bills the district supports
- \$39 million estimated loss under cuts recommended in an education subcommittee

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a \$1.3 billion organization," Shadwick said.

Shadwick considers himself the most fiscally conservative of the nine board members. The district positions itself on the politically good side of lawmakers who ultimately will decide on future funding, he said.

"This is going to be a hard year for us anyways," Shadwick said. "As a district official, I have the duty on one side to ask if the district can afford this now. I also have the duty to represent and to protect taxpayers. This is speaking up for taxpayers."

The budget season so far has been a crisis unfolding as a series of crises.

Increases in health care costs and lower funding projections already have HISD trimming \$100 million from its budget. Another \$50 million to \$60 million may be trimmed in the next fiscal year.

Locally, a budget shortfall has meant cutting hundreds of jobs, slimming magnet school programs and outsourcing some departments. The latest talks in Austin indicated that the district could lose tens of millions more as part of a \$3 billion education cut that a budget subcommittee began considering this week.

"It's going to get worse before it gets better," said Bill Carpenter, HISD's governmental relations director, who often represents the district in legislative hearings.

Some board members who supported the resolution felt reluctant saying, in essence, the district is willing to lose more funding in these hard times.

During two hours of discussion on Monday, trustee Karla Cisneros asked Superintendent Kaye Strippling if HISD can afford to take another hit — this one for \$13 million.

"It makes me nervous," Strippling answered.

Cisneros, speaking on Tuesday, said the district may as well brace for inevitable cuts.

Board President Kevin Hoffman said funding from other state sources may soften the blow of a revenue cut.

The district is gambling, in part, that a new formula for funding

schools could be comparatively favorable to Houston.

"It's too early to be optimistic" about a favorable funding formula, board member Laurie Bricker said. "But I am optimistic that our cuts are not serious enough that schoolchildren will feel them."

A bill in the state house would get rid of the so-called Robin Hood plan of shifting funds from richer districts to poorer ones. It also proposes sending an extra \$1.2 billion to schools in 2005.

But lawmakers have not come up with a plan that replaces the funding mechanism.

Board member Dianne Johnson pointed out that as local tax revenue rises, the state's contribution to schools drops. Because of that, trustee Larry Marshall said, limiting property tax revenue may force the state to find other sources for education funding to the district, as board members hope.

"The only option we could have is to raise taxes, but that won't fly," Marshall said. "We're in a tax revolt atmosphere right now. So you have to first look for relief for taxpayers."

Conservative officials and policy-makers said Houston's support for limiting appraisals may push other districts to look at how much they are willing to give up.

"HISD made a very bold statement not only for their homeowners but for other Texas homeowners," said Paul Bettencourt, Harris County tax assessor-collector.

"It's a recognition of the obvious when the largest district in state makes such a bold statement. It's a wake-up call for others that tax relief is palatable and urgent for homeowners in Texas."

Michael Sullivan, director of media and government relations at the Texas Public Policy Foundation, a fiscally conservative think tank, said limiting tax revenue for schools while they are struggling for funding will help districts in the long run.

"We need to ask questions about every little mission the district has that is not in the classroom," Sullivan said. "It may not be good for bus service to close or for a cafeteria to close. But at the end of the day, the school's mission is just to educate my child."