

## Lean Budget Helps School Finance

By the Honorable Kent Grusendorf

Our new Legislature solved the state's worst budget problem in history – a \$9.9 billion shortfall - with no new taxes. We need to give a big hats off award to Governor Perry, Speaker Craddick and Lt. Gov. Dewhurst. They did what they promised. We funded priorities, trimmed costs, and controlled spiraling cost drivers, particularly in health care.

Now our new Legislature is set to tackle school finance in a special session.

In fact, it's thanks to what the Legislature did (pass a fiscally prudent budget) and didn't do (raise taxes) that will give the Legislature more room to maneuver in the upcoming school finance special session. It's as if we created our own fiscal safety net for School Finance.

The state's fiscally prudent budget will help the Legislature take on school finance in the future. By holding down costs and cost drivers in the overall state budget, the Legislature in the future will be able to put a greater share of state revenue into public schools.

The budget growth in local school districts in the past decade has been funded entirely from rapid local property value growth - that is, homes and business property have dramatically risen in value. Reliance on this local money created a budget cushion that the Legislature used to fund teacher raises and health insurance in the past and caused the state's share of funding education to drop. As property value growth slows and declines, as it has begun to do, the state will necessarily have to pick up a greater share of funding.

Controlling costs and cost drivers in other areas of the budget this session was the fiscally conservative way to prepare for the coming school finance special session.

Almost all revenue-raising options were deferred until a complete tax overhaul can be achieved. The Legislature considered, but did not pass, a slew of bills to expand the sales tax to services, raise the sales tax, expand the franchise tax, create video lottery terminals, and raise tobacco taxes. Expect to see many of these options on the table again in a school finance special session - coupled with property tax relief and school finance reform.

Clearly, public education was this Legislature's number one budget priority. Even as we trimmed the budget in other areas, we put an extra \$1.2 billion into public schools, distributed as approximately \$150 per student on top of the current formulas. The Legislature also set a deadline of September 1, 2004, for reforming the Robin Hood school funding system.

The reform process is already underway. I am honored that House Speaker Tom Craddick has appointed me to chair a Select Committee on Public School Finance. We have been charged with recommending a better way to fund our schools, provide property tax relief, and drive student success. We will propose a new school finance system, which will be fair, equitable, and efficient in the delivery of educational services to every Texas student.

Over the next few months, our committee will be meeting regularly to look at both tax structure and distribution of funds - parallel to a \$1 million study on the cost of an excellent education.

A thorough study is necessary because so many school districts are reaching their tax rate limits, and schools may find themselves without the tax capacity to provide the quality of education that the Legislature mandates. With more difficult state tests and no social-promotion laws, we are now demanding more of our schools and kids than ever before. If a school district cannot meet these goals within its taxing capacity, our school finance system may be held unconstitutional in the near future.

In fact, the Texas Supreme Court in late May issued a major opinion on school finance for the first time in eight years, essentially drawing a roadmap for the Legislature. After such a major opinion, our committee's work during the interim will be especially timely.

Expect to see the Legislature back in a special session on school finance in either the fall or

spring, after a consensus is built on what will replace the current Robin Hood system. In the meantime, we invite every Texas citizen to participate in building that consensus on what will be the most comprehensive reform of our state's tax structure and public education system in our state's history.

*Kent Grusendorf, R-Arlington, is Chairman of the House Public Education Committee.*