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No shortage of ideas

School-funding plans
abound as state awaits
special-session decision.

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EXPRESS-NEWS AUSTIN BUREAU

AUSTIN — For nearly a year now, Gov. Rick Perry has said he will call a special legislative session to overhaul how Texas funds public schools after GOP leaders reach consensus.

With a decision on a special session possible as early as this week, leaders have amassed a list of funding options and other possible

tweaks.
Among examples: Giving districts flexibility to keep classes small in early elementary grades, requiring every high school student to take a college entrance exam, and piloting state aid for select students attending private or religious schools.

But Perry, who huddled separately

last week with Lt. Gov. David Dewhurst and House Speaker Tom Cradick, R-Midland, has not declared agreement on how to redo the nearly \$30 billion-a-year system.

The Legislature must replace billions of dollars if local property taxes are slashed.

To make up for local tax cuts, legislators could be asked to increase and expand the sales tax and create a statewide property tax as the Senate voted to do last year.

Revenue also could come from replacing the corporate franchise tax with a broader but modest business tax, increasing the cigarette tax, and authorizing slot machines at horse and dog race tracks.

Perry has suggested the most efficient method of wiping out the "Robin Hood" shift of more than \$1 bil-





Special session could come this week

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lion a year from property-rich to property-poor districts could come from splitting the taxation of home and business property between individual districts and the state.

Only the cigarette tax increase has drawn adherents, however, leading some to speculate Perry could play "small ball" and limit legislators to launching teacher and school performance incentives and lowering the cap on residential appraisal increases to 3 percent a year.

Others say that with lawmakers convening in regular session in January, a special session might not be vital after all.

A spokesman for the Texas Public Policy Foundation, which has been modeling the impact of tax changes on the Texas economy, said: "Be careful."

"As upset as any of us may be about taxes and education, we don't want things to be made inadvertently worse," Michael Sullivan said. "Simply not calling a special session shouldn't be a bad thing."

School districts, many of whom suing the state, fret that lawmakers intent on lowering taxes — including Perry's proposal to require voter action if local governments want to outspend inflation and population growth — will neglect education aid.

Catherine Clark of the Texas Association of School Boards favors "the plan where the special session never happens."

"There's certainly a need for funding," Clark said. "If that was going to be the focus of deliberations, we'd be enthusiastic

about" a session.

School advocates seek multi-billion dollar increases that would drive up the state's stake in education aid from less than 40 percent now and would enable schools to satisfy escalating academic expectations.

A state-hired expert has advised it would cost \$10 billion more a year to slash local school taxes and eliminate the "Robin Hood" element and the franchise tax while leaving money for performance incentives or other initiatives.

Perry later declined to embrace the analysis, saying: "There are wish lists that are not reality. Although there might be a lot of wants, people understand that putting a tax burden on the Texas economy at this particular point in time is not good."

Activists familiar with past struggles to rework funding also urge caution; it took more than three years between a unanimous Texas Supreme Court order mandating an equitable funding system to adoption of the existing approach in 1993.

MICHAEL SULLIVAN
Texas Public Policy Foundation spokesman

struggles to rework funding also urge caution; it took more than three years between a unanimous Texas Supreme Court order mandating an equitable funding system to adoption of the existing approach in 1993.

Leaders might be realizing that each desired step — such as wiping out redistribution of dollars from rich to poor districts — is hard, said Wayne Pierce, executive director of the Equity Center, which represents low-wealth districts.

"You have to restructure your entire tax system," Pierce said. "It's like dominoes."

Legislators who built the list of options say members need to overcome qualms.

"The status quo is not acceptable," said Rep. Kent Grusendorf, R-Arlington.

"We will probably make some enemies along the way," said Sen. Florence Shapiro, R-Plano.

Districts have a July 26 trial date for their lawsuit charging a failure to adequately support schools.

They say a World War II-era law limiting local taxes for school maintenance and operations to \$1.50 per \$100 valuation amounts to a restrictive, unconstitutional statewide property tax.

As of 2003, nearly 500 of the state's 1,000-plus districts were at the cap, including 13 Bexar County districts: Alamo Heights, East Central, Edgewood, Harlandale, Judson, North East, Northside, San Antonio, Schertz-Cibolo-Universal City, Somerset, Southwest, South San Antonio and Southside.

Like others, the judge hearing the suit awaits Perry's decision.

"Are they going to address it?" state District Judge John Dietz of Austin asked. "If the Legislature doesn't speak, then the judiciary is going to have to."

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