

Analysis: Perry draws fire on schools

By Phil Magers

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Dallas, TX, Jan. 26 (UPI) -- Texas Gov. Rick Perry Wednesday urged legislators to overhaul the state's troubled \$30 billion school-finance system but do it without raising the net tax burden on Texans.

"Some say it can't be done, but if we avoided a tax hike in the face of a \$10 billion budget deficit two years ago, we can do it in times of surplus," the Republican governor told the Legislature in his State of the State address in Austin.

Perry urged the GOP-controlled legislature to exercise the same fiscal restraint exhibited in 2003 when the budget gap was closed without raising taxes. Lawmakers are under a court order to reform the school-finance system by October.

Due to the improved economy, the state has at least \$400 million more in the coffers this session if they maintain current state spending levels. Most experts don't believe that is enough to fund education and meet other new needs.

Perry said he agreed with legislative leaders the school-funding problem should not be left up to the courts, and proposals are already circulating among lawmakers.

"Each day that passes without a school finance bill represents another day of uncertainty for our schools and another day that Texans must live under a property tax system gone awry," he said.

Hundreds of school districts sued the state over the so-called Robin Hood system that requires property-wealthy districts to share revenues with poor districts. Taxpayers are also in an uproar over high property taxes.

Perry and GOP leaders have called for property-tax relief as part of the school-finance reform package. Local property taxes finance most of local school costs in Texas.

The judge in the school-funding case ruled that local property taxes constitute a statewide property tax, which is unconstitutional in Texas. He also said the funding scheme failed to provide an adequate education for Texas children.

Some legislators have proposed a statewide property tax to replace the local system as a way to bring equity, but Perry made no reference to that issue. He endorsed a fair, broadly based business tax at a low-rate as a possible source.

"We must work to find the right mixture of new revenues without harming Texas jobs," he said.

Perry is in agreement with Lt. Gov. David Dewhurst, who leads the Senate, and House Speaker Tom Craddick, R-Midland, on the business-tax concept, but they are reportedly still apart on the details of how the tax should be structured.

State Comptroller Carole Keeton Strayhorn, a Republican who may oppose Perry next year in the GOP primary, said the governor's address exhibited a lack of leadership.

"In a time that cries out for substance, this governor's speech is a stone skipping on the surface of the state's most critical issues," she said. "This is not leadership. Texas is great, but we can do better."

State Rep. Jim Dunnam, D-Waco and chairman of the House Democratic Caucus, said he was also disappointed because the governor failed to offer a detailed plan to repair school finance.

"I was hopeful we would get some specific proposals on what he thought should be done, much like Gov. (George W.) Bush did when he was here in 1997," he said.

A spokesman for the state's small businesses was skeptical about the business-tax expansion and urged lawmakers to look elsewhere for new school-funding money.

"We are prepared to work with the governor and legislators on finding a solution to school finance, but we urge the governor and Legislature to look at non-tax revenues and other initiatives to generate the necessary funding," said Will Newton, director of the Texas chapter of the National Federation of Independent Business.

Newton suggested state tax collectors could bring in as much as \$500 million in revenue if they simply stepped up enforcement and collection of taxes already on the books.

Perry was also criticized by one of the state's leading teacher groups for ignoring the need for additional resources to fund the education reforms already on the books.

"What our schoolchildren need is a well-rounded diet that provides for quality education," said John Cole, president of the Texas Federation of Teachers. "The governor's plan for education lacks the meat and potatoes to lead us to higher achievement."

Perry said Texas schools have made major progress in academic achievement, and spending must be linked to school performance. He said the goal must be "quality education," and the solution is not just pouring more money into the system.

"How much money we spend is important, but it's not nearly as important as how the money is spent," the governor said.

Cole said the state has reforms on the books to improve accountability and performance, but the schools lack the resources to carry them out.

"Texas has made outstanding progress in teacher and student performance in the last 20 years, but as we set higher and higher hurdles for achievement, we need funding to support our students and teachers," the teachers' leader said.

Perry's call for accountability in the classroom won praise, however, from the Texas Public Policy Foundation, a non-profit, non-partisan Austin-based group that supports limited government as one of its core principles.

"As lawmakers take on the contentious issue of public school finance, the governor is setting the right tone by demanding a higher level of accountability for performance in the classrooms and on the balance sheets," said Michael Quinn Sullivan, the foundation's vice president. "Texas taxpayers should not be asked to bear any further burden; the public education system is more than adequately funded."