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STATE & LOCAL | 2/15/2005

## DEWHURST PLANS REFORMS LIEUTENANT GOVERNOR DISCUSSES EDUCATION FINANCE ALTERNATIVES

By Ken Tran

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Lt. Gov. David Dewhurst outlined his funding proposal to reform school finance Monday.

During a conference hosted by Texas Conservative Coalition Research Institute, Dewhurst detailed ways, most centered on tax reform, to raise funds and fix the system. Dewhurst outlined several methods of raising the \$6.7 billion proposed for his upcoming senate bill - a corollary to House Bill 2 which was submitted by Rep. Kent Grusendorf, R-Arlington. HB 2 aims to establish over \$3 billion in new money during the next two years for education reform, including restoration of health insurance for teachers and more accurate diagnostics of student performance.

One method would be the elimination of local property taxes for educational funding, replaced by a statewide property tax. The new tax, which would be set at a maximum of \$1 per \$100 of property value, would have a lower cap than the current system, thus lowering the overall reliance



Media Credit: Annie Snodgrass

**Lt. Gov. David Dewhurst gives the keynote address at a school finance and education reform conference in Austin Monday.**

of education programs on property tax.

The difference would be made up by implementing reforms on business taxes, specifically on a franchise tax that currently affects one in every six businesses. Dewhurst proposed expanding the tax to more businesses but at a lower rate.

Another proposal was the elimination or drastic reduction of Robin Hood, which HB 2 proposes to reduce by 88 percent. Robin Hood is the current program which recaptures funds from property rich districts and gives them to poorer ones.

"They feel cheated sending money away," said Kate Linkous, spokeswoman for Dewhurst. "When you think about Robin Hood, it's not about local control."

Local control is an important issue to many districts, but especially to rural districts where residents are uneasy about creating more centralized taxation.

"I would rather not see a statewide tax," said Rep. Robert Cook, D-Eagle Lake, vice chairman of the House Rural Caucus. "We don't want to lose local control. Our local school districts and boards can make better decisions because they are close to the people."

Local control is key to successful policy, said Chris Patterson, director of research for the Texas Public Policy Foundation. Where and how money is distributed directly influences academic performance because higher student performance is linked with higher local funding, she said.

"Unless there was an increase in local control, such as giving parents full choice of schools, to offset the statewide [property] tax, it would be a bad idea," Patterson said. "If you take away the locals, there is a loss of accountability."

Free-market ideology prevailed throughout the conference, with discussions concerning the establishment of charter schools to compete directly with existing public schools to create higher performance. Also, a shift in emphasis from longevity to performance for teacher benefits, in order to promote greater accountability, was discussed.