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Ex-judge: Increase education spending

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AUSTIN - The Texas Legislature must spend more on education -- and not simply shift the tax burden -- if it hopes to create a school finance system that passes legal muster, according to a former judge who helped pave the way for the current Robin Hood system.

Speaking Monday before a special panel on tax reform, F. Scott McCown said any school finance plan must give districts more discretion over spending, and that will cost money. Otherwise the Legislature can't hope to meet the requirement of a Nov. 22 ruling by the Texas Supreme Court that found the current system unconstitutional.

Lawmakers have until June 1 to make a fix. Gov. Rick Perry created the tax committee to make recommendations before an expected special legislative session on the issue.

"But what you recommend can't be revenue-neutral. You're going to have to create a tax plan that allows school districts meaningful discretion," said McCown, who now heads the Center for Public Policy Priorities, a liberal Austin-based think tank.

By contrast, many legislative leaders have called for lowering local district property taxes and replacing the revenue with the same amount of state taxes, but without substantially increasing education spending overall.

House Speaker Tom Craddick reiterated his call Monday for a school finance plan that leads to a one-for-one swap of local property taxes with state taxes.

But McCown said that the Texas Supreme Court has ruled that the current system amounts to a de facto statewide property tax, in violation of the Texas Constitution, because local districts don't have enough control over local property tax rates.

The Legislature has put a cap of \$1.50 per \$100 of value on local property taxes, and more than half of Texas school districts now tax at that rate to meet maintenance and operation expenses.

During their failed attempts at overhauling the system, lawmakers have attempted to craft a plan that allows districts to lower local rates to \$1 per \$100 of value and then replace that money with extra state money.

But McCown said that the state must also add money on top of those replacement dollars in order to give districts discretion over their tax rates. More money would also be needed to meet the constitutional requirement under Robin Hood that all districts must be able to raise roughly the same amount of money for the same tax rate, he said.

That means that tax reform will cost the state two ways, he said: "It costs you money to replace the dollars [from lower local property taxes] and it will cost you dealing with equalization [between districts] -- you can't make it revenue-neutral."

By contrast, an economist for the Texas Public Policy Foundation, a conservative Austin-based think tank, said the state does not need more growth in tax revenues.

Speaking before the same tax reform panel, foundation economist Byron Schломach noted that Texas public education spending has increased at a rate higher than population growth and inflation over the last 14 years.

"We do not need more tax revenue growth. If anything, we need less," he said.

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