

POSITION STATEMENT CONCERNING STATE FUNDING OF PUBLIC EDUCATION IN TEXAS

Approved By The Governmental & Quality Workforce Development Committees on January 21, 2004

Issue

The Texas economy is at risk due to inadequate state funding of public education.

Background

- State investment in K-12 education has declined from 52% to less than 38% in the last ten years ¹
- State and local annual combined expenditures in FY2004-05 on K-12 public education is projected to be \$28.57 billion (\$10.264 billion in state aid and \$18.313 billion in local tax levies).¹
- 54% of combined state and local tax burden is borne by business entities, as compared to the national average of 41%.²
- 408 of the 1,055 Texas school districts, encompassing more than 60% of the state's public school population, have reached the local property tax cap of \$1.50 per \$100 for Maintenance and Operations.¹
- An additional 300 school districts are approaching the \$1.50 per \$100 property tax cap.
- Experts agree that the fiscal capacity of the current system is nearly exhausted and will not support the continued education improvements needed to sustain a strong economy.
- Only eleven out of every 100 high school 9th graders in Texas will graduate from college ³
- K-12 statewide student enrollment has risen from the 2001-2002 school year to the 2002-2003 school year by 93,000 students ⁴
- Seven out of ten young children are in poor or mediocre early care settings. School districts can expect to save more than \$11,000 per child in remedial and special education for children who have high quality early childhood education prior to entering elementary school.⁵
- If current socioeconomic trends continue, the future labor force will be less well educated, less skilled, lower paid, and need more training. That reality would seriously weaken the future economic competitiveness of Texas.⁶

Recommendations Summary

- The Fort Worth Chamber of Commerce believes that the level and percentages of state funding for public schools are inadequate. The Fort Worth Chamber advocates a long-term solution to the problem of financing and reforming public education to produce a system that guarantees equity and adequacy, accommodates growth, meets all state mandates and addresses the different costs associated with special populations and regional and size variations.
- Further we agree that a variety of options for revenue enhancement and cost savings should be considered. Any revenue enhancement options or cost savings programs should not place a disproportionate share of the state and local tax burden on business entities and should allow for continued economic growth.

The Fort Worth Chamber of Commerce supports:

- **Equity** - We support a school finance system that maintains a commitment to overall statewide equity. We believe it is the state's duty to provide all districts with substantially equal access to the operations and facilities funding necessary for a general diffusion of knowledge while continuing local responsibility for processes and results. The school finance system that is ultimately adopted by the Texas Legislature should improve equity and reduce reliance on local property taxes.

- **Adequacy** - The Fort Worth Chamber of Commerce supports the current system of standards, assessment and accountability and believes that the state should maintain stability in the system. We further believe that the public school finance system must provide funding to school districts adequate to support academic performance to the highest accountability standard and rising performance expectations – otherwise known as an Exemplary standard. This includes the following expectations: a) increasing high school graduation rates; b) requiring students to complete the academically more rigorous Recommended High School Plan; c) supporting high-quality early care and preschool programs; d) implementing the checkpoints of the so-called Student Success Initiative;⁷ and e) sustaining high quality career and technology programs.
- **Capacity for Growth** - We support increasing the overall capacity of the school finance system to ensure that the new system is predictable and is indexed to accommodate the costs associated with increased educational standards and inflation. The new finance system must also not erase the relative competitive economic and tax advantages that the state enjoys, for purposes of future economic development, business attraction and retention.
- **Efficiency** - We believe that the public school finance system should encourage efficiency in terms of improved student results and lower costs. We further strongly urge that any new system should tie future revenue to performance, including sanctions for unsatisfactory performance, and rewards for exemplary performance.
- **Increased funding for public schools** - We believe that the Legislature must consider a variety of methods of taxation and other sources of revenue and cost savings in establishing an overall public education system that will generate the resources the state needs to support education as an investment in our state's future. Children enrolled in high quality early childhood education are better prepared for school, score higher on standardized achievement tests, and are twice as likely as other children as other children to attend college.⁵ The education finance plan should provide access to high quality early care and education for all Texas children to ensure they are ready for school by age five. The system of raising revenue should not negatively impact the economic vitality of the state or its ability to attract and retain business investment.
- **Local Enrichment Option** - We believe that the citizens in local school districts should be able to decide to augment, within some limits, the essential and exemplary education as defined by the state.

NOW THEREFORE, BE IT RESOLVED, that the Fort Worth Chamber Executive Committee supports increased state funding of public education in Texas as delineated in the above position statement.

ADOPTED THIS 19th DAY OF FEBRUARY, 2004 BY THE FORT WORTH CHAMBER EXECUTIVE COMMITTEE.

John Gavin
Chairman

Bill Thornton
President

References

- ¹ Moak, Casey & Associates, Dan Casey. 1801 N. Lamar Blvd., Suite 202, Austin, Texas 78701-1050, 512/485-7878, 512/485-7888 (fax), <http://moakcasey.com>. For 2004-05, there is an appropriated \$10.264 billion in state aid.; local tax levies statewide are \$18.313 billion. The state and local shares combine to equate to \$28.57 billion. The state share, therefore, as a percentage of the total is projected to be 35.9% ($\$10.264 \text{ billion} / \$28.57 \text{ billion} = 35.9\%$).
- ² Texas Association of Business, 2003. 1209 Nueces Street, Austin, TX 78701, 512/477-6721, 512/477-0836 (fax), www.txbiz.org.
- ³ National Information Center for Higher Education Policymaking & Analysis, May 2003. *Student Pipeline - Transition and Completion Rates from 9th Grade to College – 2000*; Web graph at: <http://www.higheredinfo.org/dbrowser/index.php?submeasure=119&year=2000&level=nation&mode=graph&state=0>
- ⁴ Academic Excellence Indicator System (AEIS)
- ⁵ Campbell, F.A., et al, (2002) Early Childhood Education: Young Adult Outcomes from the Abecedarian Project. *Applied Developmental Science*, 6, 42-57 and Helburn, et al. *Cost, Quality and Child Outcomes Study; Executive Summary*. (Denver: University of Colorado, 1995)
- ⁶ Murdock, Steve, *The Texas Challenge: Population Change and the Future of Texas*, 1997
- ⁷ The Student Success Initiative is legislation enacted in 1999 that affirms the principle that elementary and middle schools students must be *prepared for success at the next school level*. The Student Success Initiative established specific checkpoints for promotion at certain grade levels (3rd grade reading, 5th grade reading and mathematics, and 8th grade reading and mathematics), as evidenced by performance on certain tests at those grades.