Gov. Rick Perry's Speech at the Texas Association of Business Annual Conference

*Note - Gov. Perry frequently departs from prepared remarks.

Saturday, February 07, 2004

Thank you Julie. My thanks and appreciation go out to the president and CEO of the Texas Association of Business, my friend and former colleague, Bill Hammond.

Let me single out a special group of folks with us today - leaders who have stood for positive change in the last 13 months, who voted for lawsuit reforms that will protect jobs and who bridged a $10 billion budget gap without raising taxes on hardworking Texans: the distinguished members of the Texas Legislature. I dare say no employer in this room could find more capable employees for $600 a month!

It is good to be in the presence of so many employers: and women who create jobs and opportunity who generate payroll for workers and revenue for our schools and who possess the kind of everyday common sense that state leaders would always be wise to listen to. As we gather here today, we are on the verge of an historic moment. No issue we deal with will have a greater impact on the future of Texas than educational excellence. For months I have stated four principle goals that I would like to see achieved during any special session on educational excellence.

First and foremost, we must shift the focus of our schools so we no longer define success based on the number of students who meet minimum standards but based on the number of students who reach their maximum potential. To do so, we must improve public education by rewarding educational excellence.

Second, as taxpayers and community leaders, you know as well as I do that it is time we cut, control and cap school property taxes in Texas. The reason I not only say we must cut school property taxes but also control and cap them is because I am not interested in a property tax cut that can be washed away by rate-gaming or appraisal creep. And in the near future, you will hear more from me on this important subject.

Third, whether you live in a wealthy school district, one that is property poor or one in between, I think we can all agree that every student in this state deserves a chance to succeed based on a quality education that is properly funded. I support equity in education funding. I also believe we can have equity without the divisive funding scheme known as Robin Hood. It is time for Robin Hood to return to its status as a fictional character.

Fourth, any change to our tax structure in order to fund educational excellence must sustain and enhance a healthy job climate - not harm it! That is why we should not risk our economic fortunes on tax changes that will eliminate our competitive advantage for attracting and retaining jobs. Tax revenue does not come easy; it is the product of hard work and entrepreneurship. We cannot sustain investments in education if we choke off the source of funding for
Those who say an educated workforce is critical to a strong economy are right. But there are some folks who don’t understand that the converse statement is just as true: a strong economy is critical to an educated workforce. We must make a commitment both to educational excellence and economic growth and not hamper one of those two causes in the name of the other.

To raise taxes in the name of education sounds nice, but it is counter-productive. Tax hikes that kill jobs also kill the tax revenue that fund schools and other priorities. It is simple economics 101 summed up by an old saying: “don’t bite the hand that feeds you.” Those who embrace higher taxes should be courageous enough to say who it is they think is not paying their fair share. There are no phantom taxpayers. Even those who talk about taxing business would be wise to remember an observation once made by President Reagan: businesses don’t pay taxes, people do. Higher taxes on employers get passed on in the form of higher prices for the customer. Or maybe the employer is forced to sustain a smaller profit margin, meaning someone often loses their job. Either way, when taxes get raised on employers, real men and women pay the price, not some faceless entity.

Today I want to discuss some of the details of my plan for educational excellence. For too long the school finance debate has been focused almost solely on tax trade-offs. But I believe the most important aspect of this debate is the quality of our schools, and the achievement of our students. I believe you have to start with the ultimate goal first, and then chart the course.

All the time employers ask themselves the question, “where do we want to be five or ten years from now?” As the CEO of state government, I also ask that question. And I believe educational excellence must be the long-term destination we seek, and how we finance education is the course we will take to that destination.

What we have done to improve education in Texas over the past decade is nothing short of remarkable. From 1994 to 2002, passing rates on the TAAS test increased from 53 percent to 85 percent. Scores have gone up across the board, among various demographic groups, at every grade level tested. And our students have consistently ranked in the top ten nationally on reading, writing and math tests.

Since 1999, we have appropriated 7.1 billion new dollars to Texas schools. 54 percent of that total, nearly $4 billion, is above and beyond what was needed to keep up with enrollment growth. Teachers who have been in the classroom since 1999 have experienced an average salary increase of nearly $9,300. In fact, when you compare teacher salaries in Texas to the other 49 states and include a cost-of-living adjustment, we’re 16th in the nation. According to the National Education Association, the amount of money made available for education in Texas is $40.7 billion a year. When broken down based on average daily attendance, that is $10,400 for every student we educate.

Now, some of the groups that clamor for higher taxes to fund more education spending want you to believe a much lower number. Somehow, they think the cost of textbooks, funding for teacher retirement and school employee health plans and the $5.4 billion generated from the sale of bonds for school facilities should not be counted as an education expense. They must be using that “whole math” method where two plus two equals three. There is no employer in this room who doesn’t consider what is contributed to health insurance and worker pension plans when total compensation is calculated for each employee. And there is no employer who ignores new facilities costs, or materials costs, in calculating a total operational budget.

The point of mentioning these numbers is not to say we spend too much or too little on education, but to have an accurate and complete picture as a starting point for this important debate. But most importantly, we must remember what this debate is about. Nothing is more important than the education of our children. That’s why I believe now is the time to usher in a new era of educational excellence that is not based on meeting minimum standards, but focusing on maximum achievement.
Last week I announced a series of new results-based performance incentives that will give schools every reason to strive for maximum student achievement. When we tie money to results, we will get more results for our money. I agree with Chairmen Shapiro and Grusendorf that when it comes to the teaching of our children, it ought to pay to perform.

With $200 million set aside for a new Teacher Excellence Incentive, I want to reward teachers who achieve excellence in the classroom based on the meeting of specific performance measures and I want to reward proven, experienced teachers who elect to teach in the toughest learning environments: underperforming schools that serve large numbers of disadvantaged students.

Let me give you an example of how incentives work in a different arena. Louisiana State University placed an incentive in their football coach’s contract that stated they would exceed the salary of the highest paid coach in the nation if he won the national title. And lo and behold, he went out and did it, and they paid him even more than the incentive in his contract so he wouldn’t take a job in the NFL. If we can provide incentives for victories on the football field, then we should reward victories in the classroom too!

I am also proposing that we reward commended performance on the TAKS test, completion of Texas’ toughest curriculum, the distinguished achievement program, and success on the Algebra One exam. And I am proposing a new incentive to help more students with Limited English Proficiency succeed on the TAKS. Last year, of the 630,000 LEP students who took the TAKS, less than 15 percent passed. And that data includes tests taken in Spanish. We must do better and under my plan we will do better by rewarding schools that make a difference in the lives of students that speak English as a second language.

At the heart of my plan is a new enhancement to high school funding that will help keep more students in school and on track to graduation: the High School Advancement Incentive. The concept is simple. Our high schools will draw down an additional $100 for each student that makes it to the tenth grade, an additional $200 when they advance to the eleventh grade and $300 by the time they reach their senior year for a total of 600 new dollars for every student they keep in school. The average income of a high school dropout is less than $15,000 a year. We want students that struggle with course like algebra, that come from broken homes or that encounter language or learning barriers to reach their maximum potential just as much as students from wealthy homes and wealthy communities. Recognizing that some schools are a long way from reaching the goal of excellence, I have also proposed a $100 million Student Progress Incentive that will reward schools that make great gains even if they still have a long way to go to reach maximum achievement.

Those who complain my plan over-emphasizes testing don’t understand it, and don’t understand the nature of the new TAKS test. I am not advocating any more testing than what we already do in schools, I am just advocating for better results. And those who raise the concern of “teaching to the test” need to know that we have a tougher new test that measures what students need to know. To teach to the TAKS test by its very nature means to teach the curriculum. And I believe we ought to teach the curriculum!

Let me take a moment to explain one final concept that is essential to the success of the seven results-based performance incentives I am proposing a new “Truth in Education Spending” measure that will help taxpayers understand in detail how local education dollars are spent. The fact is that the average taxpayer has a very hard time finding out exactly how our schools spend their dollars. They can request that information but when they receive it, it is often written in broad categories and bureaucratic code. I believe if taxpayers are going to foot the bill, they are entitled to look at every item on the receipt!

School spending ought to be transparent, and simple to understand. All taxpayers, including each of you in this room who represent both the employment sector and the individual taxpayer, deserve to know what percentage of our dollars makes it into the classroom, and what exactly is classified as a classroom expenditure. Texans deserve to
know exactly what they are getting for their education tax dollars. They deserve to know whether their schools have appropriate safeguards to prevent fraudulent activity, and whether facilities costs are exorbitant. They deserve to know if school districts are using tax dollars directly or indirectly to retain high-priced lobbyists and PR firms to extract higher taxes from the very same taxpayers who are picking up the tab!

And taxpayers deserve to know why $5.5 billion is sitting in local school fund balances an amount that is approximately $1 billion more than what is needed for emergency purposes even as some school leaders claim they are cash-starved and in need of billions of new dollars of education spending. Educational excellence means we need more education for our money, not just more money for education.

My plan doesn't require a bunch of new programs or new bureaucratic hurdles it utilizes the existing curriculum and existing performance measures to get the job done. And even better, it involves funded incentives - not unfunded mandates!

How do I know results-based performance incentives work? Because they are already working. Since 1997, we have been reimbursing schools up to $100 for each student that scores 3 or better on the Advancement Placement test. And from 1997 to 2002, the number of students taking A.P. exams has more than doubled the number of students succeeding on the A.P. test has also doubled and the number of African-American and Hispanic students that have taken the test has nearly tripled.

Any organization that approaches a challenge stating why it can't accomplish something will surely achieve that end. But I believe the mindset should not be “we can't and we won't” but instead “we can and we will.”

I appointed Galena Park Superintendent Dr. Shirley Neeley as our newest Commissioner of Education because she took over a school district that was struggling and she turned it around by saying “we can…and we will.” Because of Dr. Neeley’s vision and determination, Galena Park ISD with a student population that is 66 percent economically disadvantaged and 88 percent minority is now the largest, most diverse school district in the state with an exemplary rating. I want children all across Texas, just like the children of Galena Park to succeed. Achieving educational excellence means doing more than meeting the minimum standards, it means ensuring every child reaches their maximum potential.

When we fund failure equally with success, we make failure its own incentive. When we predicate additional funding on additional progress, we make excellence the focus of every school, in every district, everywhere in Texas. And our children deserve nothing less. Thank you.