Gov. Rick Perry's Regarding the Education Plan

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

Tuesday, April 13, 2004

Thank you Dr. Trevino. It is good to return to a school that is working to educate and inspire its many students, Fox Tech High School of San Antonio.

I want to say a word to our fine teachers and educators here today, you have pursued the most noble of professions, and I want you to know your work is deeply appreciated. As governor I speak for millions of parents, taxpayers and elected officials when I say thank God for the educators of Texas.

Today we not only invited the senior class and faculty to join us, we also asked leaders in the local community to be here too. Education and the economy are bound together. Employers are dependent on our schools for well-educated graduates to fill positions in the 21st Century economy, and our schools are dependent on the private sector to provide the tax revenue needed to fund schools, and to provide the jobs for the graduates of the future. Our schools and our employers succeed together. When there is a proper balance, when the economy lifts up our schools, and when our schools lift up the economy, Texas prospers.

As governor, my chief aim is to build a Texas of unlimited opportunity and greater prosperity for our people. That's why I have come here today to announce a plan that will take Texas down the pathway to prosperity - a plan that balances job creation and education, without harming one in the name of the other - a blueprint for progress that improves our schools, preserves the job climate and protects Texans' wallets.

My plan begins with education, because educational excellence is my highest priority. Over the past few months I unveiled a series of results-based incentives that will improve student achievement. Results-based incentives, or RBI's for short, will help our schools move from minimum standards to maximum achievement. High schools will receive more money for each year a student advances to the next grade, meaning more schools will develop the kind of dropout prevention programs that have worked so well here in the San Antonio Independent School District.

I proposed incentives to challenge our students to take the hardest course of study, the distinguished achievement program, and incentives for Algebra One students to succeed on the end-of-course exam. I want to reward excellence on the new TAKS test with a commended performance incentive and I want to reward passage on the TAKS by our state's more than 600,000 students who speak English as a second language.

I also want to financially reward our best teachers. I know many teach for reasons that have nothing to do with...
money. But it amazes me that the public sector has yet to follow the model of the private sector, which rewards top performers.

The incentives I have proposed will provide schools an additional $500 million each year. When we tie money to results, we will get more results for our money. And that is true not only in our wealthiest communities, it is true in every community that educates students of every background. That is because the incentives I am proposing double when at-risk students succeed. All schools will benefit from my results-based incentives. In fact, based on last year's performance, students in the most property-poor school districts would have benefited even more than those in property-rich districts.

But I am not stopping there. I am here today to propose a comprehensive school finance proposal that - in addition to new funding for enrollment - puts a total of $2.5 billion...that's an average of $375 more per student into public education to improve the financing of our schools, and under my proposal the one-time funding of $1.2 billion passed by the legislature last session would continue to go toward public education.

In all, my plan puts $3.7 billion into public schools. My plan provides for $1 billion in new incentive money to foster higher achievement...$100 million in new money to help non-English speaking students who enter our schools become proficient in the English language...and provides 1.2 billion in new dollars to increase funding equity in Texas.

My plan offers the fiscally responsible approach: It invests $3.7 billion in public education and it gives millions of Texans who are over-taxed an immediate 17 percent average tax rate reduction in school operations taxes.

My plan provides homeowners and those who own rental property nearly $3.2 billion in initial property tax relief. This amounts to an annual tax cut of $418 for an owner of an average-priced home. To put the property tax picture in perspective, from 1993 to 2002, school property taxes increased 26 cents for every $100 of assessed value. If Texas legislators pass into law my property tax cut, they can reverse nearly a decade's worth of school property tax rate increases with just one vote.

Here is how it would work: My plan will lower residential rates by 25 cents and establish a business rate at a dollar 40. Residential property tax rates will be capped at a dollar 25 and businesses at the dollar 40. Today, the average school property operational tax is a dollar 45 on homeowners and employers so virtually every residential taxpayer, and the vast majority of employers, will see their school property taxes cut under my plan. These are real tax cuts not tax shifts.

I also want to put a guarantee in the Texas Constitution to use surplus state dollars in future years to further reduce school property taxes until the maximum rate is 75 cents for both homeowners and employers. Two-thirds of surplus dollars in future budgets will be dedicated to increase funding for education and additional property tax relief, and the other third will be dedicated to other priorities. This means in times of economic growth, Texas homeowners and employers will see their school property tax rates go down even further, and Texas public schools will get additional resources.

The third aspect of my plan ensures that the State of Texas funds the education of every child fairly, regardless of the financial means of a local community. As a native of Paint Creek, Texas...and the product of a rural school where we played 6-man football, the teachers lived on campus and the principal drove the school bus...I am 100 percent committed to equity in education funding. Equity in funding ensures equality in opportunity. I will not waver in this commitment. In fact, I want to improve upon it. The funding system under my plan provides that approximately 98 percent of students will be in an equalized system in the future, up from some estimates of 85 percent under the current system.
Under my plan, the era of Robin Hood ends. Local residential dollars will remain in local communities to be spent on local schools by local leaders. No longer will residential property taxpayers see their money spent elsewhere.

School taxes collected on residential property would continue to flow directly to the schools, while school taxes on business properties would be collected by the state. The funds that property wealthy districts provide to other school districts under the Robin Hood formula today would instead be provided directly by the state, which will take on the burden of addressing funding gaps.

My plan eliminates the divisive Robin Hood funding scheme at a fraction of the cost of other proposals… leaving more money that is better spent on our public schools. Not only should we eliminate Robin Hood at a cost we can afford, we should preserve local control over how education dollars are spent…and one way my plan preserves local control, in addition to keeping residential properties on the local tax roll, is by allowing voters to approve local enrichment funding for unique local needs.

By equitably funding education and maintaining local control over local dollars, we can take the divisiveness out of the system that pits community against community, and focus all Texans on one shared goal: improving the education of our children.

To be clear, I am calling for the creation of a constitutionally linked tax roll, which is vastly different than what some will call a split tax roll. My plan benefits and protects business property taxpayers as well as residential taxpayers. Because residential and employer rates will be constitutionally linked, they will be reduced until both are at the same rate.

Furthermore, under my plan we will protect both residential and business taxpayers by capping the amount of property tax revenue local taxing jurisdictions can raise without a vote of the people. This, too, protects employers from a shift in the tax burden, and it will make sure a property tax cut reaches residential taxpayers and employers.

Those who oppose the idea of capping appraisals and property tax levies are the folks who spend tax dollars, not the Texans who pay the tax bills. Local governments should not fear the verdict of the people, the very same voters who were wise enough to elect them to office.

My plan will protect Texas taxpayers from ever rising property taxes. Under the current system without a meaningful revenue cap, Texans are on pace to pay $46.6 billion in property taxes by 2010. With the proposed revenue cap tied to growth in population and inflation, they will pay $1.1 billion less in 2005 and $7.4 billion less by 2010. This represents a cumulative savings of more than $24 billion over six years.

Now, as they teach you in economics class here at Fox Tech, there is no such thing as a free lunch. In order to cut property taxes AND increase funding for education, there are some tax-trade-offs required. Fortunately, some of those revenue options are available today because legislators didn't raise taxes to balance the budget last year. Had we followed the demands of the tax-and-spend crowd, there would be substantially fewer options for funding education today.

There is a common thread to funding my plan: it derives billions in revenue from voluntary, and often unhealthy, behavior and through tax fairness. And unlike other proposals under consideration, my plan does not jeopardize jobs. Tax plans that create massive new taxes on employers will kill jobs.

My plan includes a $1 per pack cigarette tax hike, fees on adult entertainment, closing the franchise and auto sales tax loopholes to make them fairer, and - if Texas voters agree - video lottery terminals in approved areas.
As I have said from the outset of this debate, we cannot trade a large property tax cut for a new tax scheme. I believe that we would not have been successful recruiting a fine employer like Toyota - nor would we have been able to announce the additional investment and additional jobs resulting from Toyota - if employers faced the uncertainty of an untested tax system.

I believe we can reform our school finance system without a major tax hike, without a broad new job-killing employment tax and without an across-the-board rate hike on the existing sales tax base. And I will continue to protect Texans by opposing a personal income tax in any shape or form.

My plan is a good deal for Texans. It will make the American Dream of home ownership more affordable and unhealthy behaviors more costly. The fiscally responsible approach is one where Texans get real property tax relief, schools receive more money for higher performance and job-creators are not left with all the pain and little gain.

I have worked with lawmakers and their leadership for many months to build consensus, and we have achieved a lot of common ground on the broad issues of educational excellence, cutting property taxes and maintaining equity without Robin Hood. I believe we are close to the answers and the consensus that have eluded the state’s leadership for more than a decade. I am offering one path today and there are other ideas.

For us to succeed we must recognize this is not a Republican or a Democrat issue…it is a Texas issue. Because what is at stake is nothing less than our future as a state, and the destiny of 4.2 million Texas schoolchildren. We need undivided focus and good-faith efforts from Republicans, Democrats, Senators and Representatives and the leadership. We must all stay focused on cutting property taxes, improving school funding and achieving educational excellence for our children.

Texans want action. Texans want a real property tax cut. And Texans want to make sure our education system develops the full potential of every child. And I won't rest until they get what they want.

Thank you and God bless you.