

L1836.63

Ed 833a

DON BUFORD

cop 2

REPORT

JAN 77

LEGISLATIVE REFERENCE LIBRARY
P. O. BOX 12488-CAPITOL STATION
AUSTIN, TEXAS 78711

"A TIME FOR DECISION"

By

The House Interim Subcommittee
on
Public School Finance in Texas

* * *

The Honorable Herman Adams, Jr.
Chairman

House of Representatives
State of Texas
1974

The State of Texas

House of Representatives

Austin

HERMAN ADAMS
STATE REPRESENTATIVE

November 18, 1974

DISTRICT 5
HARDIN, JASPER, JEFFERSON
COUNTIES

The Honorable R.B. McAlister
Chairman, Committee of 24
House of Representatives
Austin, Texas

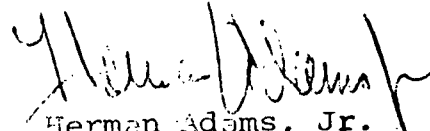
Dear Sir:

Pursuant to your instructions, the Subcommittee on Public School Finance of the Committee of 24, has prepared a report on the status of recommendations concerning public school finance in Texas. Also in response to your instructions, we have looked into the matter of emergency funding of the public schools in Texas for the 1974-1975 school year and have made some recommendations on this and several other key issues which we believe are in the best interest of school finance revision in Texas.

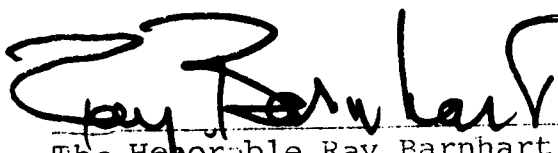
The subcommittee held four public hearings during the months of October and November, discussed the key issues facing us in the upcoming session of the Legislature, and have made recommendations based on broad policy considerations.

We did not feel that recommendations concerning the technicalities of implementing these policy questions were appropriate at this time, due to the short span of time within which we worked, but we do believe, as the title of our report suggests, that the upcoming session of the Legislature is "A Time for Decision".

Sincerely,



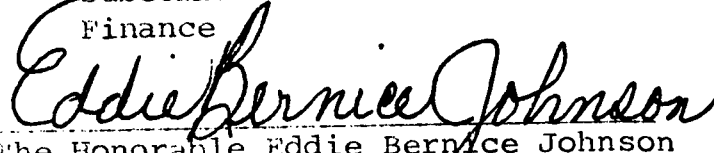
Herman Adams, Jr.
Chairman, House Interim
Subcommittee on Public School
Finance



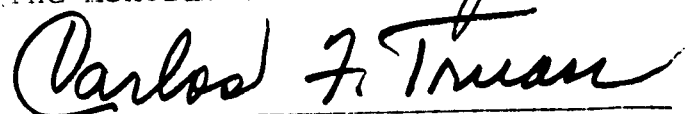
The Honorable Ray Barnhart



Dr. Lawrence Haskew



The Honorable Eddie Bernice Johnson



The Honorable Carlos Truan

TABLE OF CONTENTS

Page

* Letter of Transmittal	IV-i
* Introductory Remarks Chairman Herman Adams, Jr.	IV-ii
* The Staff: House Interim Subcommittee on Public School Finance .	IV-iii
<u>CHAPTER I</u> : Introduction of Report	IV-1
<u>CHAPTER II</u> : Summary of Recommendations of the Various Groups Involved in the Study of Public School Finance in Texas	IV-4
<u>CHAPTER III</u> : Recommendations of the House Interim Subcommittee on Public School Finance	IV-17
<u>APPENDIX</u> A. List of witnesses who appeared before the House Interim Sub- committee on Public School Finance	IV-23 IV-24
B. A Summary of the activities of the House Interim Subcommittee on Public School Finance	IV-26

100
100
INTRODUCTORY REMARKS

Because of the dedication of the members of this Subcommittee, we were able to produce a report in the short time the Subcommittee has been in existence. I commend Representatives Barnhart, Johnson, Truan, and Dr. Haskew for the time they have devoted to the subject of school finance.

I extend special thanks to Don Buford and Camilla Bordie, whose extensive researching and expert counseling were of invaluable service. Also to Margaret Wilson and Grover Campbell for their assistance to the Subcommittee.

It is my hope that the efforts of this Subcommittee will be beneficial to the members of the 64th Legislature.

- Herman Adams, Jr. *H. Adams*

CHAPTER I

INTRODUCTION

INTRODUCTION

Report of
THE INTERIM SUBCOMMITTEE ON PUBLIC SCHOOL FINANCE

On September 25, 1974, at the El Paso hearing of the "Committee of 24," Chairman McAlister appointed a subcommittee to look into the issue of public school finance. Representative Herman Adams, Jr., of Silsbee, was appointed to Chair the subcommittee and the following members of the "Committee of 24" were asked to serve on the subcommittee:

Dr. Laurence D. Haskew, Professor of Educational Administration, The University of Texas at Austin

Rep. Eddie Bernice Johnson, Dallas

Rep. Ray A. Barnhart, Pasadena

Rep. Carlos Truan, Corpus Christi

The House Interim Subcommittee on Public School Finance was charged with two principal assignments. First, to compile an overall picture of the status of the various school finance recommendations currently available; and second, to look into the issue of emergency funding for the 1974-75 school year for the public schools in Texas and to make recommendations of its own on these two issues.

After reviewing the testimony presented before the subcommittee in its first three public hearings, Chairman Adams chose seven key areas related to school finance and instructed the staff to compile a summary of the recommendations of the various study groups as they related to these seven areas. The summary which follows in Chapter II was compiled to serve two principal functions:

1. In response to the charge of the Committee, to provide the full Committee of 24, and anyone else who may be interested, with a concise summary of what the various groups are recommending with regard to these seven areas and where further explanations can be readily found; and,
2. To serve as a discussion outline at the fourth and final hearing for the subcommittee's consideration of its final recommendations.

The seven areas are as follows:

- I. THE FUND ALLOCATION FORMULA
- II. THE TAXATION COMPONENT OF THE SCHOOL FINANCE EQUATION
- III. AN ACCOUNTABILITY SYSTEM
- IV. TEACHER SALARIES
- V. AN ENRICHMENT PROGRAM
- VI. TRANSPORTATION FUNDING
- VII. EMERGENCY FUNDING FOR THE 1974-75 SCHOOL YEAR

Recommendations on these seven areas were compiled
from the following sources:

The Governor's Office of Educational Research
and Planning, The Restructuring of Public
Elementary and School Finance, November 15,
1974.

House Education Committee, A Time for Change,
September 20, 1973.

The State Board of Education, A Public School
Finance Plan, November 9, 1974.

The Texas Advisory Commission on Intergovern-
mental Relations, A Public School Revenue
System, November 8, 1974.

The Texas Association of School Boards,
Legislative Program, October 5, 1974.

The Texas State Teachers' Association,
Legislative Proposal, September 30, 1974.
(Updated November 16, 1974)

* * *

CHAPTER II

A SUMMARY OF THE RECOMMENDATIONS OF VARIOUS GROUPS
INVOLVED IN THE MATTER OF PUBLIC SCHOOL FINANCE
IN TEXAS

*copying
20 Jan 1921
R. C. C.*

* * *

I. THE FUND ALLOCATION FORMULA:

A. Recommendation of the State Board of Education (SBE),
(as of November 9, 1974).

Note: The SBE makes an overall recommendation that any revision in the present school finance formula should be phased in over a 4-year period beginning in 1975-76.

1. Calculation of the amount to be allocated to the local district to meet the costs of the Foundation School Program (FSP), should be based on average daily attendance (ADA).

2. ADA should be calculated on the basis of the best four six weeks, best three nine weeks, or best two twelve week reporting periods.

3. Under the change recommended in Part (2), the total costs would be increased by approximately one percent in 1975-76; fifteen million dollars.

(See publication: A PUBLIC SCHOOL FINANCE PLAN,
p. 3 and 7-8)

B. Recommendation of the Governor's Office of Educational
Research and Planning (GOERP), (as of November 15, 1974).

1. To determine the dollars needed to meet the needs of individual students within a school district it is recommended that the weighted pupil approach is utilized.

2. The formula would utilize a system of weights applied to various student need categories (see page 8, GOERP Recommendations) which would be multiplied by a Full Time Equivalent (FTE) factor. THE FTE system would prorate a student's time among the various programs in which he participates.

3. The weight includes provisions for central office staff, secretaries, custodians, etc., as well as all non-salary current operations costs.

(For further explanation of the Weighted Pupil-FTE fund allocation approach see GOERP Recommendations, pp. 4-10)

C. Recommendation of the Texas Association of School Boards (TASB) (as of October 5, 1974).

1. The present utilization of formulas for staffing and operation should be dispensed with, and the State should adopt finance proposals that utilize weighted pupil averages."

2. The TASB recommends a dual system of weights; one for personnel and one for operation and maintenance.

(See pages 10-11, TASB Legislative Program for explanation)

D. Recommendation of the Texas State Teachers Association (TSTA) (As of November 12, 1974).

1. Average Daily Attendance (ADA) should continue to be used for allocating Certified Teacher Units (CTU). Seperate allocations for K-3 and grades 4-12. (See TSTA Legislative Proposal--Section 16.106).

2. The sum of State money appropriated to the local school district shall be computed and determined in accordance with the provisions of the TSTA legislative proposal, pages 37-41.

E. Recommendation of the Texas Advisory Commission on Intergovernmental Relations (TACIR) (As of November 8, 1974).

The TACIR makes no recommendation with regard to the fund allocation formula.

F. Recommendation of the House Education Committee (HEC) (as of September 8, 1973).

Students in Average Daily Membership (ADM) should be used in the allocation of State funds for teachers, central staff, operating costs and local leeway funds.

(See House Education Committee Report, P. 17)

II. THE TAXATION COMPONENT OF THE SCHOOL FINANCE EQUATION:

Note: All of the current school finance studies recommend that State funds should be distributed to local school districts on the basis of a single factor index: Market Value of Taxable Property.

1000
1000

A. Recommendation of the SBE.

1. The FSP should be financed from a combination of State and local funds. The local share of the cost of the Program should be determined by the application of the equivalent of a \$.25 tax rate per \$100 of market value of taxable property for the State as a whole. Thus, the local fund assignment of each district should be determined by the application of the same rate to the index estimate of the full market value of taxable property in each district. The State share of the Foundation School Program should continue to be guaranteed.

2. The Legislature should adopt a system for the determination of estimates of the market value of taxable property in each school district in the State, and for the establishment of an index of such values, for the 75-76, 76-77 school years, to be utilized for distribution of State funds.

(See p. 13. A PUBLIC SCHOOL FINANCE PLAN FOR TEXAS for further explanation.)

B. Recommendations of GOERP

1. Best estimates of property values in each of the 1100 plus school districts (more than simple self-reports) should be utilized for distribution of State funds for 1975-76 and 1976-77. The tax rate would be approximately 60¢ per \$100 valuation and would have a phase-in provision with a limit on annual increase.

2. A monitoring agency should develop guidelines for appraisal of property and enforce these guidelines.

3. Assessment should remain the responsibility of the local district.

(See pp. 18-19. GOERP Recommendations)

C. Recommendation of the TASB

1. The State's share of funding of the FSP shall begin at 55% of the total cost of the comprehensive foundation program and increase to 80% of the cost; and,

2. It shall be financed by broad based State taxes in a manner similar to the automatic financing feature of the present FSP.

3. The local share of funding shall be financed by an ad valorem tax on all taxable property with valuations being established at true market value except on agricultural land which should be valued as provided for in Article 8, Section 1-d, of the Texas Constitution.

4. Assessment of taxable property should remain an authority of the local school districts.

5. A uniform appraisal manual should be developed.

6. A State agency should be assigned the authority to verify school district assessment values.

(For explanation see: TATB Legislative Program, pp. 13-14)

D. Recommendation of the TSTA. ✓

1. There should be no change in the local district's authority to assess and collect taxes.

2. To finance the basic program the local district would be asked to provide as its share of the cost of the program the amount of money that a 25¢ tax rate applied against market values would raise within that district.

(See TSTA legislative proposal, pp. 37-38 - especially Section 16.503 and 16.504)

E. Recommendation of the TACIR.

1. The local fund assignment should be based on a countywide tax at a rate equal to the statewide average effective maintenance tax rate at the time of adoption of a new school finance plan (page 7 - 8).

2. The authority for appraising property values for public school education should be transferred from the local district to the county level (page 16).

3. State standards and guidelines and a program of state assistance should be established for county tax offices (page 17).

4. A state agency should be made responsible for estimating the total market value of property in each county and school district (page 11 - 12).

Note: Page numbers following the above recommendation refer to explanations found in the publication: THE PUBLIC SCHOOL REVENUE SYSTEM: RECOMMENDATIONS OF THE TEXAS ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS.

F. Recommendations of the HEC.

1. A limit of 75¢ per \$100 valuation of property should be established for educational purposes other than acquisition of Capitol facilities and equipment on payment of debt service.

2. "Taxable Property" for the purpose of measuring local ability should be "all property subject to local ad valorem taxation under the Constitution and statutes of the State of Texas."

(See pages 27 and 28 of the Report of the House Education Committee)

III. AN ACCOUNTABILITY SYSTEM:

A. Recommendation of the SBE.

The SBE School Finance Proposal does not make specific recommendations on the matter of accountability but it does have an information services component to its school finance plan.

B. Recommendations of the GOER.

1. Accountability should be operationalized at four levels: Legislature/Governor, State education agency, regional service center, and local school district. Accountability at all levels should include the implementation of the processes of assessing needs, prioritizing goals and objectives, selecting and implementing programs, evaluating all programs and personnel, disseminating information, and recycling through the components

of the system. It is suggested to the State Board that five-year plans with annual updates be required, and it is also suggested that the annual update be fused with the preliminary application for all State and federal funds. In addition, the State Board should require that 90 percent of all funds earned by the FTEs be spent within the program that earned the funds. It is further suggested that 70 percent of these funds be traceable through program budgeting to direct expenditures within the program.

C. Recommendation of TASE.

1. A quality comprehensive foundation program should provide that each school district adopt an accountability program that provides for needs assessment, programed budgeting, management by objective and program and personnel evaluation.

(See page 17: TASE Legislative Program)

D. Recommendation of the TSTA.

The TSTA legislative proposal does not make any recommendation with regard to an accountability system.

E. Recommendation of the TACIR.

The TACIR makes no recommendation with regard to an accountability system.

F. Recommendation of the HEC.

The TEA shall be provided with all necessary funds per student, per year, for assessment, accreditation, and follow-up and the method of measurement must be adjusted to the cultural needs of each region of the state.

(See p. 27 - House Education Committee Report)

IV. TEACHER SALARIES:

A. Recommendation of the SBE.

The SBE makes no specific recommendations with regard to teacher salaries, but encourages salary increases to realistic levels. ✓

B. Recommendation of the GOERP.

The GOERP makes no specific recommendation with regard to teacher salaries, however teacher salaries would be computed into the weight formula for fund allocation. ✓

C. Recommendation of the TASB.

1. Salary schedules for all educational personnel be automatically adjusted based on the cost of living index. ✓

2. Salary levels presently provided by HB. 240 of the 61st Legislature should be insured.

(See pages 11-12. TASB Legislative Program)

D. Recommendations of the TSTA.

1. Effective in 1975-76, \$160 per month is added to to the beginning base salary for teachers holding BA degrees (pay grade 7). (10/100)

2. 5% experience increments should be added annually.

3. For the 1976-77 school year and thereafter salary schedules should be increased by the same percentage as the Consumer Price Index, increased during the preceding fiscal year.

4. Effective 1978-79, \$60 per month is added to beginning base salary for teachers holding a BA degree.

(See pp. 15-30. TSTA Legislative Proposal)

E. Recommendation of the TACIR.

The TACIR makes no recommendations on the issue of teacher salaries.

F. Recommendation of the HEC.

Place the teacher salary base under the foundation program and increase the base salary level for teachers.

(See page 27, #10. House Education Committee Report.)

V. AN ENRICHMENT PROGRAM:

A. Recommendation of the SBE.

1. An enrichment program should be established which would guarantee each district \$300 per ADA in additional revenue for additional revenue for local tax effort of 40¢ per \$100 in market value. The SBE plan is the same as the TSTA proposal except the SBE does not specify details as to implementation.

(See p. 14. SBE publication: A Public School Finance Plan.)

B. Recommendation of the GOERP.

The State should strive to establish a comprehensive foundation school program "floor" which does not need to be enriched through local tax effort in order to provide quality education. However, enrichment through local option ad valorem taxation should continue to be permitted.

(See p. 19. GOERP Recommendations.)

Page 10 of 11

C. Recommendation of the TASB.

The TASB recommends the development of a system of percentage equalization that:

1. Ensures a similar number of available dollars per weighted pupil for a similar taxpayer effort.

2. Provides a program, inclusive of the base program and local leeway, that guarantees the availability of \$1,300 per student per year.

(See pp. 15-16. TASB Legislative Program)

D. Recommendations of the TSTA.

The TSTA recommends a two-step local leeway provision for enrichment.

1. First, a \$100 local leeway in which the State and district will share on a proportionate basis according to each district's wealth to provide \$100 per student for enrichment. This is to be phased in over 2 school year periods: \$50 for 1975-76, and \$50 for 1976-77.

2. Second, a \$200 per student local leeway would be phased in over the next 2 years: \$100 for 1977-78 and \$100 for 1978-79.

3. The results of this would be a program which would provide approximately \$1,200 per student per year by 1979, \$900 from the Foundation Program, and \$300 from the leeway programs.

(See TSTA Legislative Proposal. p. 42-43)

E. Recommendation of the TACIR.

The State should ensure with State funds that local district taxes levied for enrichment above the Foundation Program level will produce an equal amount of revenue per student from State and local sources for the same local tax effort. (See p. 9. TACIR Recommendations).

F. Recommendation of the HEC.

The House Education Committee recommendation on enrichment is the same as the TSTA recommendation.

VI. TRANSPORTATION FUNDING:

A. Recommendation of the SBE.

The SBE recommends that formulas for the transportation allotment should be increased by approximately \$800 per bus route. The present formula for the provision of special education transportation should be maintained at \$150 per eligible student transported.

(See p. 11. A Public School Finance Plan)

B. Recommendations of the GOERP.

The GOERP recommends that a delivery model needs to be designed that would:

1. Distribute additional funds for school transportation in a manner that most nearly approximates reasonable expenditures.
2. Recognize the diversity of Texas' geography and demography.
3. Allow more flexibility to local school districts in the determination of their transportation systems.
4. Recognize differing costs among the school districts.
5. Provide the framework for continual updating of the model.

* Specific formulas available from GOERP.

(See pp. 13-14. GOERP Recommendations)

C. Recommendation of the TASB.

1. A transportation formula that takes into account the various special problems in Texas, including urban factors, court orders, and other local needs.

2. Empowering the State Board of Education to approve, on an individual district application basis, additional funding to meet special local needs.

(See p. 12. TASB Legislative Program)

D. Recommendation of the TSTA.

The TSTA recommends a funding increase of 75% in support of the transportation provision of the foundation program as it now stands.

(See pp. TSTA Legislative Proposal)

E. Recommendation of the TACIR.

The TACIR makes no recommendations on the transportation funding issue.

F. Recommendation of the HEC.

The House Education Committee recommends a funding increase of 50% over the present allocation. (See House Education Committee Report - p.27).

VII. EMERGENCY FUNDING FOR THE 1974-75 SCHOOL YEAR:

2/22/75

A. Recommendation of the SBE.

The SBE makes no recommendation on emergency funding.

B. Recommendation of the GOERP.

The GOERP says that an emergency funding bill for the 1974-75 school year will be proposed by Governor Briscoe which will include the following provisions:

1. A one-time-only appropriation of \$80 million for the 1974-75 school year only.

2. This money would be distributed to the local school districts on the basis of \$40 per pupil in ADA and each local school district would receive a percentage of that \$40 based on the current percentage of operational funds conveyed by the State under the Minimum Foundation Fund.

C. Recommendation of the TSTA.

The TSTA recommends \$40 per pupil in ADA across the board regardless of the State local ratio of expenditures under the FSP.

D. Recommendation of the TASB.

No recommendations.

E. Recommendation of the TACIR.

No recommendations.

F. Recommendation of the HEC.

No recommendations.

* * *

CHAPTER III

RECOMMENDATIONS :

THE HOUSE INTERIM SUBCOMMITTEE
ON PUBLIC SCHOOL FINANCE

62-6

Recommendations of the Interim Subcommittee on
Public School Finance

On Monday, November 18, the subcommittee held its final hearing in Austin. At this hearing the subcommittee discussed the seven school finance issues outlined in Chapter II of this report and made recommendations of its own which it urges the Committee of 24 to adopt as part of its final report to the 64th Legislature.

The subcommittee decided at the outset of its discussion that it would not make specific recommendations as to the technicalities of implementing the school finance concepts which it favors. Rather, the members of the subcommittee expressed their belief that the role of this subcommittee, and indeed the role of the Committee of 24, should be to encourage the decision making process with regard to restructuring the public school finance system in Texas.

To do this, the subcommittee made recommendations on basic school finance concepts which it believes should be included in the finance plan adopted by the 64th Legislature. In addition to offering recommendations concerning the seven issues outlined in Chapter II, the subcommittee unanimously adopted the following three recommendations:

Recommendation #1

The subcommittee recommends that no effort be spared in designing and enacting a new school finance plan for Texas in the 64th session of the legislature.

Recommendation #2

The subcommittee urges the 64th and all future legislatures to provide adequate funding for any new or modified educational program which they may mandate.

Recommendation #3

The subcommittee urges the 64th and all future legislatures to provide local school districts with adequate planning and preparation time prior to the effective date upon which new or modified educational programs are required to be implemented.

* * *

The subcommittee turned to the specific school finance issues outlined in Chapter II of this report and offered the following recommendations:

I. THE FUND ALLOCATION FORMULA:

Recommendation #4

The weighted pupil concept, which recognizes the financial needs of school districts in terms of the educational needs of individual students, should be utilized in the fund allocation formula of any new school finance proposal designed and enacted for Texas.

Capr only as indicated - Ball

II. THE TAXATION COMPONENT OF THE SCHOOL FINANCE EQUATION

Recommendation #5

Ball - all capr - centered

Ball { The legislature should adopt a system for the determination of estimates of the market value of taxable property in each school district in the state for the establishment of an index of such values for the 1975-76 and 1976-77 school years to be utilized for distribution of state funds.

Recommendation #6

all capr Ball - centered

- Ball* {
1. Single, county-wide authorities, should be made responsible for county-wide appraisal of property for local tax purposes and local districts should be required to use these appraisals.
 2. State standards and guidelines should be established for county-wide appraisal authorities.
 3. The State Comptroller should be made responsible for enforcing the statewide guidelines for estimating the total market value of property in each county and school district.

III. AN ACCOUNTABILITY SYSTEM

Capr only as indicated - Ball

Recommendation #7

all capr Ball - centered

Ball { A quality comprehensive foundation program should provide that each school district adopt an accountability program that provides for needs assessment, programed budgeting, management by objective and program and personnel evaluation. Implementation of an accountability system should be delegated primarily to the Texas Education Agency.

IV. TEACHER SALARIES:

The subcommittee recognized that teacher salaries are a matter of top concern and importance but decided, because of the lack of input received by the committee in regard to the teacher salary question, that it would not make any specific recommendations on this matter.

V. AN ENRICHMENT PROGRAM:

Recommendation #8

The state should ensure with state funds that local district taxes levied for enrichment above the Foundation Program level will produce an equal amount of revenue per student from state and local sources for the same local tax effort. A maximum level of State funds for enrichment would be established.

VI. TRANSPORTATION FUNDING:

Recommendation #9

The subcommittee recommends that transportation funds be made available in accordance with a delivery model that would:

1. Distribute additional funds for school transportation in a manner that most nearly approximates reasonable expenditures.
2. Recognize the diversity of Texas' geography and demography by developing a formula that takes into account the various special problems in Texas, including urban factors, court orders, and other local needs.
3. Allow more flexibility to local districts in the determination of their transportation systems.
4. Recognize differing costs among the school districts.

- Bald* {
5. Empower the State Board of Education to approve, on an individual district application basis, additional funding to meet the special local needs.
 6. Provide the framework for continual updating of the model.

VII. EMERGENCY FUNDING:

caps only are indicated - Bald
Recommendation #10 *all caps - Bald*
centered

Bald { The subcommittee recommends a one-time-only appropriation of \$80 million for the 1974-75 school year. This money is to be distributed to the local districts on the basis of \$40 per pupil in ADA and each local school district is to receive a percentage of that \$40 per pupil equal to the percentage of state funds received under the Minimum Foundation Program.

Upon completion of its discussion and decision-making concerning the above ten recommendations, the subcommittee voted unanimously to approve the entire set of recommendations as well as the other information contained in this report and to urge the Committee of 24 that it include this subcommittee report as a portion of its final recommendations to the 64th Legislature.

* * *

091020

APPENDIX

- A. List of witnesses who appeared before the House
Interim Subcommittee on Public School Finance
- B. A summary of activities of the House Interim
Subcommittee on Public School Finance

All material on
N U
All cases based
APPENDIX -- A

going forward
List of witnesses and groups who either testified before and/or supplied the House Interim Subcommittee on Public School Finance with written material:

* * * * *

Dr. Richard Hooker, The Governor's Office of Educational Research and Planning

The State Board of Education

The Senate Education committee

The House Education Committee

Mr. Lynn Moak, Texas Education Agency

Mr. Alton Bowen, Texas Education Agency

Mr. David Spurgin, Texas Advisory Commission on Intergovernmental Relations

Mr. Brad Duggan, Texas Association of School Boards

Mr. Jim Hooser, Texas State Teachers Association

Dr. Jose Cardenas, Texans for Educational Excellence

Mr. Michael Moeller, Legislative Property Tax Committee

Mr. Craig Foster, Legislative Property Tax
Committee

Dr. Robert Watson, Pasadena Independent School
District

Dr. C. Lee Meyer, Pasadena Independent School
District

Mr. Lonnie Kenfro, Pasadena Independent School
District

Mr. Thomas L. Priddy, Pasadena Independent School
District

Dr. Lloyd Ferguson, Clear Creek Independent School
District

Dr. Sebron Williams, Deer Park Independent School
District

Mr. Billy Reagan, Houston Independent School
District

Mr. Linus Wright, Houston Independent School
District

Dr. Carrol Teague, Harris County Department of
Education

APPENDIX -- B

SUMMARY OF ACTIVITIES OF THE INTERIM STUDY COMMITTEE
ON PUBLIC SCHOOL FINANCE

* * *

The Subcommittee, Chaired by State Rep. Herman Adams, was appointed by State Rep. R. B. McAlister. Committee members include Rep. Ray Barnhart, Rep. Carlos Truan, Rep. Eddie Bernice Johnson and Dr. Laurence Haskew, Professor of Educational Administration, The University of Texas at Austin. Rep. McAlister is Chairman of the parent committee; the House Interim Study Committee on the Reorganization and Modernization of Public Education (Committee of 24).

The Subcommittee was charged with gathering existing information from the various studies and proposals concerning public school finance in Texas and to make recommendations to the parent committee based on its findings.

To date, the Subcommittee has held three public hearings:

The first hearing was held on January 14, 1964, at the University of Texas at Austin. The second hearing was held on February 11, 1964, at the University of Texas at Austin. The third hearing was held on February 18, 1964, at the University of Texas at Austin.

MEETING #1: October 8, 1974.
Members' Lounge, House of Representatives
Topic: "An Overview of School Finance in
 Texas"

At this hearing the Subcommittee heard testimony from the following:

Dr. Richard Hooker: Dr. Hooker presented the Subcommittee with a preliminary report on the study being prepared by the Governor's Office of Education in which the weighted pupil formula for funding the public schools is the fundamental aspect. Specific weights to be proposed and a method of taxation, he said, would be included in the proposal but would not be available until November 15, 1974.

Mr. Lynn Moak and Mr. Alton Bowen: They discussed the State Board of Education's school finance proposal and pledged the support and cooperation of the Texas Education Agency in the work of the Subcommittee.

Mr. Jim Hooser: Mr. Hooser discussed the proposed school finance plan and teacher salary increase proposed by the TSTA.

Mr. Brad Duggan: Mr. Duggan discussed the school finance proposal of the Texas Association of School Boards. This proposal also advocates the use of the weighted pupil fund allocation formula.

Mr. Michael Moeller and Mr. Craig Foster: They discussed the two studies being undertaken by the Property Tax Committee in the area of establishing true market value and developing a uniform property tax code for Texas.

Mr. Foster said a letter would be sent to the Committee in which the market value study

would be summarized and Mr. Moeller said the Uniform Property Tax Code would be prepared and completed by December, 1974.

Mr. Foster said that the market value study needed much further study and said that a bill requesting five to ten million dollars would be presented to the next legislature to extend that study.

MEETING #2: October 22, 1974.
Old Supreme Court Room, State Capitol, Austin
Topic: "The Weighted Pupil vs. Other Fund
Allocation Formulas"

At this hearing the Subcommittee discussed the weighted pupil fund allocation formula and heard from the following:

Dr. Laurence Haskew: Dr. Haskew is a member of the Committee and is a Professor of Educational Administration at The University of Texas at Austin. He discussed the weighted pupil concept and emphasized that, by itself, the weighted pupil portion of the school finance equation has no bearing on the local tax aspect of the formula. WP is simply an index of individual student need.

Compared to our present allocation formula, the WP has the potential for recognizing a far greater variety of student needs. The key to determining whether such a formula would improve education is based on two basic factors:

1. what needs are included in the weight formula, and who determines those weights; and,
2. The extent to which moneys are monitored under this system.

Dr. Richard Hooker: Dr. Hooker discussed the weighted pupil fund allocation formula being proposed by his office, and its various aspects insofar as they were available as of the date of this hearing.

1. He said the weights assigned to each category would include teacher salaries, but teacher salaries could be presented as a separate bill if it were necessary to do so in order to achieve finance reform.
2. The WP plan would have an accountability provision which would include:
 - a. Statewide needs assessment;
 - b. Goal setting procedures and guidelines;
 - c. Evaluation of programs and personnel;
 - d. A budgeting system program; and,
 - e. Student achievement would be a yardstick by which program would be evaluated.

Dr. Jose Cardenas: Dr. Cardenas is the Executive Director of Texans for Educational Excellence, San Antonio, Texas. Dr. Cardenas endorsed the weighted pupil approach as a concept but implored the Subcommittee to keep several facts in mind:

1. The formula would only improve education if it managed to do something to alter the present inequities in spending that exist between various school districts. Any formula should address itself to the enrichment abilities of local districts to see to it that equitable enrichment is available for all.
2. The formula is good, he said, because it recognized that it cost different amounts to educate different kids. The present system does not do this, he said.

3. The WP plan can only work, he said, if it contains a strong accountability provision which would guarantee that moneys would be spent on what they are intended for.
4. Finally, Dr. Cardenas recommended that the State should provide moneys to help local school districts - especially poor districts in the area of capital outlay, construction, etc.

Mr. Lynn Moak: Mr. Moak, of the Texas Education Agency, said State Board of Education has recommended a school finance plan that uses the Certified Teacher Unit as the fund allocation base.

He said there were several problems with the weighted pupil formula if it were implemented immediately upon adoption. Most of the difficulties would be administrative involving the change-over process. He said this was not a reason to oppose the WP approach however, but one to be considered. He felt that if the WP were adopted, the change-over would be easier if delayed for a year - maybe two. Specific points made were:

1. The definition of weights is perhaps the most difficult aspect to be dealt with. Determining what factors and what programs to include, and who has the authority to do so, needs to be accomplished. Local? State? Or, a little of both? Probably the latter is best, he said.
2. Accountability would be a necessary aspect of WP approach.
3. A key administrative question needs to be answered: Would local school districts have the Minimum Foundation Funds as they are presently available while they work out their budget under the WP approach? This is especially important in the first year of the program since local school districts develop their budgets a year in advance.

Mr. Jim Hooser: Mr. Hooser, with the Texas State Teachers Association, said that TSTA recommends that the present fund allocation formula be maintained. The weighted pupil approach is not supported by the TSTA because they have no assurances that it would work.

Mr. Brad Duggan: Mr. Duggan, Texas Association of School Boards, said the Board recommends the weighted pupil approach combined with an accountability system. He said he thought the question of local district dishonesty with the expenditures of funds is blown all out of proportion. Local districts are concerned with quality education, and would basically favor any system that improved education. An accountability system however is necessary. The delivery system would determine whether or not present inequities are done away with.

MEETING #3:

October 29, 1974

Pasadena Independent School District Administration Building, Pasadena, Texas.

Topic: "Practical Application of the Weighted Pupil Formula in Specific School Districts"

At this hearing the Subcommittee heard from the school superintendents and staff members from several specific school districts:

1. Dr. Forrest Watson, Superintendent, Pasadena ISD, and staff members:

Dr. C. Lee Myer
Mr. Bonnie Kenfro
Mr. Thomas L. Friddy

2. Dr. Lloyd Ferguson, Superintendent, Clear Creek ISD;
3. Dr. Sebron Williams, Superintendent, Deer Park ISD;

4. Mr. Billy Reagan, Superintendent, Houston ISD;
5. Mr. Linus Wright, staff member, Houston ISD;
and,
6. Dr. Carrol Teague, Superintendent, Harris
County Department of Education.

The Committee also heard testimony from Dr. Richard Hooker,
Director, Governor's Office of Education.

TESTIMONY AND RECOMMENDATIONS

I. Dr. C. Lee Myer, Budget Director, Pasadena ISD:

Dr. Myer recommended that any school finance plan should require that programs newly introduced be given automatic funding and some lead time for planning before implementation.

REASON: Budgets are developed in the year preceding the year which the budget is applicable.

II. Dr. Richard Hooker, Director, Governor's Office of Education:

Dr. Hooker said that the Governor's recommendations would include the following:

- A. Method for assessing property value which would include guidelines for appraisal and a system of enforcement for such guidelines. Details of this system will be outlined by Dr. Hooker on November 15 in Austin.
- B. An emergency funding bill for public schools will be proposed which will include the following:

1. A one-time-only appropriation of \$80 million dollars for the 1974-75 school year only.
2. This money would be distributed to the local school districts on the basis of \$40 dollars per pupil in ADA, and each local school district would receive a percentage of that \$40 dollars based on the current percentage of operational funds conveyed by the State under the Minimum Foundation Program.

III. Mr. Billy Reagan, Superintendent, Houston ISD:

Mr. Reagan cited statistics that show that 80% of all high school graduates in the Houston ISD do not go on to college. For this reason, Mr. Reagan recommended that the local school districts should do more to prepare students with marketable skills for the job market. Of approximately 17,000 total Houston Independent School District graduates per year, only 6 to 8% (about 1200 students) have saleable skills.

REASON: Vocational education should receive top priority in the weighting process of school finance, should the weighted pupil approach be developed. Generally, Mr. Reagan indicated he favored the weighted pupil approach to school finance.

IV. Dr. Carrol Teague, Superintendent, Harris County Department of Education:

Dr. Teague made the following recommendation to the Subcommittee:

School finance system should require that all new programs which are introduced should have automatic funding or else not require the local district to implement them.

REASON: By mandating new programs without funding, the local school district is required to alter its budget. The budget balancing and development process should not be delayed in this manner because it creates problems in the implementation of programs and students are the people who ultimately suffer.

MEETING #4: November 18, 1974
Old Supreme Court Room
The State Capitol, Austin
Topic: "Crucial Issues in Public School Finance:
Taxation and Emergency Funding"

At this hearing the Subcommittee heard testimony from the following:

Dr. Richard Hooker: Dr. Hooker first discussed the emergency funding proposal for the 1974-75 school year, which he said Governor Briscoe would present to the Legislature in January, 1975. The proposal calls for the immediate appropriation of \$80 million dollars to be distributed to local school districts in Texas on the basis of \$40 per pupil in ADA. Each district would receive a percentage of that \$40 equal to the percentage of State funds normally conveyed to the district under the present Minimum Foundation Program.

Dr. Hooker then turned to the proposal his office has presented to Governor Briscoe for restructuring the school finance system in Texas. Fundamental to the Hooker proposal is the concept of the "weighted pupil" approach to allocating State funds to the local district.

He recommended that the determination of weights under this plan should be the responsibility of the SFA, but offered a set of suggested weights which were determined after studying 41 school districts in Texas representative of the State as a whole.

Dr. Hooker proceeded to outline other aspects of his proposal, including recommendations on the questions of, 1) accountability, 2) local enrichment, 3) transportation, 4) tax assessment and other key areas.

Mr. David Spurgin: Mr. Spurgin, Director of Research for the Texas Advisory Commission on Intergovernmental Relations (TACIR), presented a summary of the recommendations of the TACIR with regard to the taxation component of the school finance equation. Mr. Spurgin said that the Commission's position with regard to the property tax as a base of support for public education is that major property tax revisions are needed if the inequities in Texas' current school finance system are to be solved.

He said that Texas was unique among all the states in that the school districts are assigned the authority to assess property values in their districts. A major recommendation of the TACIR, he said, was to establish a county-wide system of property tax appraisal.

Mr. Spurgin went on to outline some of the major property tax revisions which the TACIR recommends and referred to the publication: "The Public School Revenue System: Recommendations of the TACIR" wherein these recommendations are found.

Mr. Craig Foster: Mr. Foster, a private consultant to the Legislative Property Tax Committee, came before the Subcommittee to discuss the true market value study he was conducting.

He said his study was currently ongoing but that certain general observations can be made based on the 35 sample districts in his sample.

First, it is estimated that between 20 and 30% of all property in Texas does not appear on tax roles.

Second, a comprehensive true market value study which would survey every school district in the state is needed to determine the true market value of all taxed and untaxed property and to develop a true market value index for Texas.

He said the cost for this study would be in the neighborhood of \$6 million dollars but that a more accurate estimate of the cost of such a study would be forthcoming.

Mr. Foster also said that without uniform state appraisal standards which could be enforced, no change in the present system of school finance would succeed in bringing about equity among school districts.

Ms. Mary Simmons and Mr. Ron Tendick of Wichita County appeared before the Subcommittee to urge the retention of the Plan A approach to Special Education no matter what school finance plan was adopted by the 64th Legislature.

* * *

After hearing from the above witnesses, the Subcommittee discussed its final report and adopted ten recommendations which it unanimously approved.

(These recommendations are to be found in Chapter III of)
this Subcommittee Report