



Coalition to INVEST IN TEXAS SCHOOLS

Coalition to Invest in Texas Schools Questions & Answers

PURPOSE: Here are questions and answer intended to assist you in your communications activities to the media or other key stakeholder groups. These should be used as a guide in conjunction with other materials you have been provided.

General

Q1: It's my understanding that total spending on public education in Texas has grown at a much higher rate than actual enrollment over the last decade. Why do schools need more funding from the state?

A1: Higher total spending is the result of enrollment growth, the rise in health insurance costs, and the increased cost of other business expenses such as utilities and fuel. Education is a very labor-intensive activity, and personnel costs amount to about 80 percent of district operating budgets. When districts experience double-digit insurance rate increases, education spending rises accordingly. Not only do some districts have growing enrollment, a higher percentage of those new students need additional resources for special programmatic needs such as bilingual education and accelerated instruction. If we are to exceed, or even maintain, the levels of academic performance standards we have set for our students, the state must provide more funding.

Q2: How much of the total budget is spent on education vs. administration?

A2: According to a cost analysis done by Moak, Casey & Associates in January 2004, central administration accounts for 4 percent of operating budgets. Another 20 percent goes for plant maintenance and operations, security, food service, data processing, and transportation. The remaining 76 percent is spent on instruction and instruction-related functions.

Q3: The state already spends almost \$30 billion each year on public education shouldn't school districts first eliminate wasteful spending before asking taxpayers for more money?

A3: A recent study by Texas A&M University determined that, on average, Texas school districts are 93 percent efficient. In fact, the study concluded that some "Texas school districts are remarkably efficient in transforming resources into measured educational outcomes that reflect the core educational goals of the state."

Researchers noted that the remaining 7 percent was not necessarily waste but might be accounted for by social studies, science, art, music, and technology instruction---elements excluded from the study. In addition, the efficiency analysis did not include operation costs such as, food service, transportation, utilities, insurance, or other unique needs such as mold remediation or flood repairs. (Source: School Outcomes and School Costs: The Cost Function Approach 2004)



Open government laws allow the public to access district accounting records. School districts are required to use a standard accounting system established by the Texas Education Agency – the Public Education Information Management System (PEIMS). School districts provide a complete accounting via this system of every penny they receive and spend.

Q4: Texas ranks near the bottom on SAT scores and graduation rates. How can you justify throwing more money at the problem when we've increased funding so drastically over the last decade and have no real results to show for it?

A4: Texas has real and positive student performance results to report, dating back to 1994 when the accountability reporting system was implemented. Texas students continue to show improved understanding and mastery of the required Texas curriculum. At this time, it is not a curriculum goal to prepare students for a commercial test such as the SAT, which does not measure the Texas curriculum. SAT and ACT results are supplemental accountability measures and may become more important in future accountability systems. For now, Texas leaders have wisely chosen to employ state assessments designed for measuring student mastery of the state curriculum.

Q5: Where should the additional funding come from?

A5: Texas needs a balanced tax system that does not place a disproportionate burden on any sector of the economy and allows for the growth of state needs, including education. The Texas economy must be kept attractive for business and treat business and individuals in a manner that is fair.

Capacity

Q6: What is the capacity issue?

A6: Capacity is the ability of local school districts to raise sufficient property tax revenues to fund required programs and activities. Over half of Texas districts are at or near the property tax cap, meaning they no longer have the capacity to provide more local resources when they are needed. Capacity is affected by several factors including enrollment growth, property values in the district, demographic trends, and increased state and federal academic performance standards. School districts look to the state to provide additional funding to sustain quality educational programs and services.

Q7: Why must the state provide additional funding?

A7: Growing enrollment, changes in the student population and increased academic performance expectations are all factors that increase the amount of money needed by a school district to provide a quality education to every student.

For example, districts need stable revenue structures to keep pace with inflation and enrollment growth. Texas public school enrollment grows by approximately 75,000 students each year – about equal to the size of Fort Worth ISD. Just to maintain the quality of education, meet current standards, adjust for inflation and accommodate enrollment growth necessitate additional funding to schools each year.

State demographic trends indicate that the number of new students requiring special services, such as bilingual education or special education, now make up the majority of new enrollments each year, and this trend is expected to continue. These students require additional resources to provide for their unique learning needs.

Finally, initiatives like No Child Left Behind and changes to state academic performance standards help Texas improve its ability to attract top employers and compete in the global marketplace. Recent research conducted for the Joint Select Committee on Public School Funding shows a strong relationship between school funding and student performance; specifically, increased funding leads to improved performance.

Equity and Adequacy

Q8: How is equity different from adequacy?

A8: Equity refers to fairness in the distribution of financial resources. It can be defined in several ways, and statistical measures have been developed to determine equity levels. Adequacy refers to sufficiency of resources. Any determination of adequacy must first take into account what we want to accomplish and then factor in the real cost of the programs and services that will help us accomplish our goals. Adequacy tells us how much money we need to meet our goals; equity tells us whether we are distributing or allocating state funds fairly.

Q9: If the state changes the school finance system to address adequacy in funding, will legislators still have to address issues of school finance equity?

A9: Yes. Equity and adequacy are separate concepts, both of which are essential to a fair and constitutional system of public school finance.

Q10: What is equity?

A10: Equity is a value judgment about what is fair and not fair. For some, equity could mean everyone gets the same level of resources. It could also mean that some get more resources because they have more needs (e.g., students in special education and bilingual education).

Texas has defined school finance equity in terms of “fiscal neutrality.” A fiscally neutral system should show no relationship between the property wealth of a school district and the resources available to educate each student. The origin of this concept is in the Edgewood v. Kirby school finance lawsuit, and many other states have fiscal neutrality as an equity goal. The Texas Legislative Budget Board reports equity measures for the state, comparing actual data to state goals of 85 percent of students in an equalized system and 95% of education revenue in an equalized system.

Q11: How much does it cost per student each year?

A11: In 2002-03, Texas spent, on average, \$6,503 per student. This amount varies by school and school district, based on factors such as special needs (i.e., bilingual, gifted/talented and special education), the demand for local enrichment programs, the size of a school district, etc. The national average expenditure per student in 2001 was \$6,549 according to the U.S Department of Education.

Q12: An adequacy study just released says that Texas already spends too much for an adequate education. Why do Texas schools need more funding?

A12: While the study finds that the state average expenditure per student should be between \$6,172 and \$6,271, it links this level of expenditure with a performance standard of 55 percent of students passing the state reading and mathematics tests. In fact, Texas has a goal that 100 percent of students will pass state tests, not 55 percent. A true measure of adequacy would tell policymakers how much it costs for all students to perform at or above state standards. We believe there are several other factors that are vital to true definition of efficiency and adequacy. Student performance on science and social studies tests should be taken into account as well as the performance of all grades tested. Other factors that should be included in the determination of adequacy are graduation rates and school completion rates. These factors, if included in the study, would most likely increase the spending benchmark defined in the study.

In addition, the analysis used to define adequacy did not include costs associated with the delivery of the required state curriculum that also includes, science, social studies, economics, technology, speech and communications, health and physical education, and fine arts. Furthermore, the analysis did not include the cost of operations including transportation, food service, insurance and utilities.

Local Responsibility

Q13: What do you mean by local control and local responsibility?

A13: Local control of public education is a key ingredient to meeting the particular needs of the various communities of Texas. School board members are directly responsible to the communities they serve. The school board governs and oversees the management of the district. The superintendent is responsible for the day-to-day operation of the district.

Q14: Why should I trust my school board and superintendent to spend efficiently?

A14: There are good and bad in all organizations but the bad are few and far between, despite the headlines they garner. The fact is an overwhelming number of schools and school boards are operated efficiently and those that aren't are dealt with by prosecutors, administrative programs and ultimately the voters. Open government laws also provide you the opportunity to participate in decision making at the local level. In addition, these laws provide citizens with access to information.

Vouchers

Q15: My child attends private school. Why shouldn't the taxes I pay be used for that private education?

A15: Supporting public education is good public policy. Our economy and democracy depend heavily on an educated populace. Most policymakers consider education to be a public good, something supported by the state because of its great importance. A public good is usually supported through tax dollars to ensure that all eligible participants get high-quality services. Schools are one example of a public good, other examples include court systems and national defense. Citizens all help pay for public goods, whether or not they individually

have the opportunity to benefit. All citizens benefit from the existence of good public schools, including empty-nesters and those who have the means to send a child to private school. Many people choose to pay for services they could get for free or low cost through the government. Examples include transportation, education, and personal security systems. Willingness to pay for additional or different services does not remove the obligation to pay taxes to support the public system.

Q16: Wouldn't competition among schools and school districts make for better schools?

A16: We already have competition in Texas in the form of charter schools and the Public Education Grant (PEG) program, which allows students at low-performing schools to transfer to another school within their district, or another district, without being charged tuition.

In addition, the No Child Left Behind Act of 2001 (NCLB) provides school choice options if a district fails to meet Adequate Yearly Progress (AYP) after two years. Some school districts provide a number of choices to families – including liberal intra-district and inter-district transfer policies, magnet schools, and alternative schools.

Q17: Why are school districts so against vouchers?

A17: Vouchers to support private education will reduce resources available for public schools. Voucher programs would direct public money to organizations that are not obligated to educate every student who wants to enroll. Private schools that accept public tax money in the form of vouchers may be selective in admissions, may withhold student test results, do not have an obligation to share financial education with parents or taxpayers, and do not have to comply with open records rules or other safeguards required of public schools.

Moreover, vouchers are not the solution for students in low-performing schools. Vouchers do not guarantee accountability because private schools are not subject to school performance standards, academic performance standards, and state curriculum standards.

Q18: How would a pilot program of only a few thousand students hurt public schools? Shouldn't we at least try it?

A18: A pilot program will be susceptible to the problems noted above: lack of accountability and discriminatory selectivity. A pilot program could cause ripple effects throughout the state, as legislators from districts where a voucher program is implemented may be less likely to support improvements to the public school system.

The Coalition to Invest in Texas Schools believes that vouchers are not the solution for students in low-performing schools.

Even when couched as “school choice” or “freedom scholarships,” a voucher program does not guarantee a better education for a student in a low-performing school and in fact may mean the exact opposite.

Private schools are not subject to the same standards and requirements as public schools, including:

- school performance standards
- academic performance standards
- state curriculum requirements
- teacher certification and training standards
- financial accountability standards
- open meetings and records laws
- requirements to serve all students regardless of ethnicity, gender, religion, disability, language proficiency or other factors

According to the Texas Education Agency (TEA), only 11 schools and 34 charter schools were rated low performing for both 2000 and 2001. Students in low-performing schools already have the option, through the Public Education Grant (PEG) program, to transfer to another school within their district or another district without being charged tuition.

Instructional Costs v. Non-Instructional Costs

Q19: I've heard that public schools only spend, on average, 51 percent of their money on instructional costs. Is that true?

A19: No. In January 2004, Moak, Casey & Associates, L.L.P, conducted a study, which determined that 63 percent of school district budgets go toward direct instruction, while another 13 percent are instruction-related expenses. Only 4 percent of school budgets are spent on central office functions. (Source: A Cost Analysis for Texas Public Schools & The Texas Education Dollar Where Does it Go?)

Q20: How are instructional vs. non-instructional costs tracked?

A20: School districts are required to use a standard accounting system established by the Texas Education Agency – the Public Education Information Management System (PEIMS). School districts provide a complete accounting via this system of every penny they receive and spend.

Current System

Q21: What's wrong with the current school funding system?

A21: Of the 1,045 school districts in the state of Texas, almost 70 percent of schools are already at or near the state cap on the amount of property tax they can levy to cover maintenance and operations budgets. Districts have no additional resources to pay for things like teacher salaries, increases in employee health insurance, utility costs, and library books and special programs (like art, band and athletics) that enrich student education. Therefore, many districts are being forced to make difficult decisions, like cutting staff positions and programs. In order to continue to meet student performance standards, like President Bush's No Child Left Behind Act, new sources of revenue must be found.

Q22: Our district has been experiencing steady growth in our tax base, but as our local revenue increases, our state aid decreases. Why does this happen?

A22: This is the nature of equalized funding. Using a formula in law, the state sets the overall amount of money the district will receive. The amount of state aid received depends upon property wealth relative to the state as a whole. Relatively lower wealth districts will receive more state aid, relatively higher wealth districts will receive less state aid. The idea is to eliminate the effects of local property wealth on total resources available for public education.

Q23: Our district property values have declined according to our chief appraiser. However, TEA is calculating our state aid as if we have more local value than our property roll suggests. How can that be?

A23: State aid may be calculated using the comptroller's property values for the previous year (for some districts, the state uses local property values). If the value per student was greater in the prior year, your relative wealth will be higher. There are provisions in law that allow for the use of current year values.

Q24: Our superintendent talks about the tax rate as a dollar amount. For example, our district has a total tax rate of \$1.26. What does that mean?

A24: Property tax rates are expressed in dollars and cents per hundred dollars of property value. So, for every hundred dollars of property value, \$1.26 is assessed in taxes. On a house valued at \$100,000, the school property taxes would be \$1,260. If you were accustomed to expressing tax rates in mills, \$1.26 of tax rate would be 12.6 mills.

Q25: Our superintendent told our board that the district has a total tax rate of \$1.71. How can this be when the limit on tax rates is \$1.50?

A25: State law provides for a maximum M&O tax rate of \$1.50 but allows a district to levy up to an additional \$0.50 for debt service. With an M&O tax rate of \$1.42 and an I&S rate of \$0.29, a district could have a tax rate of \$1.71. Several school districts in the Houston area are authorized to set an M&O tax rate of up to \$2.00.

Q26: Our district has an adopted tax rate of \$1.50, but TEA does not give us full Credit for it in the state funding formula. Why is this?

A26: For purposes of calculating state aid, the state determines a tax rate for each district by dividing reported tax collections by state property values. This calculated rate, known as the effective rate or funding rate is likely to differ from your local rate. If local values are lower than the state values or if collections are below 100 percent, the tax rate the state calculates may be lower than the tax rate the school district adopts.

School Finance Reform

Q27: What must a comprehensive school finance reform proposal include?

A27: First and foremost, any changes made to the current finance system must ensure equity in funding for all Texas public school students. Texas has made great strides in the last 10 years to achieve a level of equity that is envied by other states and we must not backtrack.

Secondly, the proposal must provide appropriate funding to support an adequate education for each student. Adequacy as defined in a recent study (55 percent of students passing the math and reading sections of the TAAS) is actually less

adequate than what the state currently achieves. The definition of an adequate education must take into account provisions as called out by state and federal mandates, including President Bush's No Child Left Behind legislation.

Reform proposals also should allow for future capacity within the system, meaning that funding levels will continue to grow at a rate matching the growth of the state's student population (currently about 75,000 students per year). Funding should not decrease on a per-student basis as enrollment increases, in order to maintain equity and adequacy for all students.

Finally, proposals should allow for local control of dollars while maintaining high levels of financial and student performance accountability. Local schools should be measured against student outcomes, and there must be latitude for school districts to respond to local needs in order to meet or exceed those performance standards. For example, a more rural school district may have greater transportation expenses per student than a more densely populated urban district; that district needs the flexibility to spend accordingly.

Governor Perry's Proposal: Teacher Incentives and Property Tax Reform

Q28: What role do teacher incentives play?

A28: Incentives, by definition, cannot help districts effectively budget for the coming year. And at least in the short-term, they would most likely be paid at a higher proportion to schools already achieving higher performance standards, thus further penalizing the schools that need the funding that serve a higher percentage of at risk students.

Q29: What do you think of Governor Perry's incentive plan that would provide \$500 million in money for Texas Schools?

A29: Incentives alone are not the answer. The incentive structures under consideration would flow money to the campus and would not provide the critical relief school districts need to meet increasing costs and expectations for school districts. Recognizing the hard work of schools is a good thing, but to use incentives as a method for funding public schools is unwise.