EQUITY CENTER
Standing Up For Texas Children

The Justification for School Finance Litigation

August 26, 2011

Actions taken during the regular and special sessions of the 82nd Legislature put public education in an untenable financial position. And, there are clear indicators that this is not a short-term problem, necessary only to deal with a temporary budget shortfall, but what members of the leadership have termed "the new normal."

We believe these legislative actions regarding the funding of Texas public schools are just cause for those committed to an efficient and adequate funding system for children in Texas schools, fair treatment for Texas taxpayers, and a return to local control of public schools to take necessary action to stop the erosion of these principles.

You are invited to join together with other Texas public schools, business owners, parents and other taxpayers for the purpose of speaking with one voice in the litigation of public school finance matters essential to the fair treatment of Texas taxpayers and public school children.

The following are particularly concerning, and represent a call to action:

- The Legislature's failure to fund enrollment growth for the first time since at least 1949, even to the extent of opposing using *windfall* Rainy Day Funds (any money that comes in over the comptroller's revenue estimate) to at least partially fund enrollment growth;
- The Legislature's insistence on keeping the Regular Program Adjustment Factor (RPAF) in the calculation of Tier 1 Regular Program allotment, showing an intent to continue cutting every district's regular program allotment well after next biennium;
- The Legislature's attempt—which we helped block—to allow permanent reductions in public education funding in the appropriations bill through proration without the currently-required payback in the following school year;
- The Legislature's opposition to a schedule of reducing Target Revenue and using the savings to increase the Basic Allotment.

Additionally,

- The Legislature's continued refusal to address the $10 billion structural deficit that will continue to plague us each biennium.
- The Legislature's choice to avoid closing unjustified tax loopholes to fund public education when the alternative is a $5.1 billion reduction in current funding levels ($4 billion in FSP plus $1.1 billion in grants).

These are all symptomatic of an overall new problem of tremendous significance, the Legislature's change in philosophy—going from a commitment to maintaining current service levels of public education as a budget priority to using public education as a budget-balancing tool.

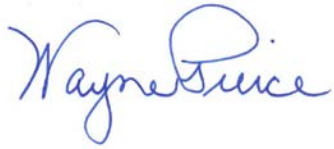
During the legislative session, these new issues overshadowed the Legislature's habitual complicity in maintaining a system that requires many districts to tax at the absolute highest levels in order to spend at levels that are below the state average. Although not discussed during the legislative sessions, the existing problems with the finance system were merely exacerbated. They include:

- The Legislature's failure to increase the Basic Allotment to a legitimate level, causing the percent of districts actually funded through the formula system to range from 0% (2007-08 and 2008-09) to less than 25% (2009-10 and 2010-11; estimated for 2011-12);
- The Legislature's continued refusal to update weights and formulas that the Legislature's own studies have determined to be seriously inadequate or based on hopelessly outdated data;
- The Legislature's failure to fund new applications for the Instructional Facilities Allotment next biennium ;
- The Legislature's failure to increase the guaranteed level for the Existing Debt Allotment for over a decade, even though building costs have more than doubled in many places;
- The Legislature's failure to eliminate the biennium lag of state equalization funding for facilities;
- The Legislature's failure to establish equalized funding above 29¢ of I&S tax rate even though the low equalization level has forced a significant number of districts above that rate;
- The Legislature's continued insistence upon maintaining arbitrary and inefficient hold-harmlesses like the Target Revenue funding system rather than raising all districts to appropriate levels of funding.

For these and other reasons, we believe litigation is the only way to ensure taxpayer equity and a quality education for Texas children. We must litigate for a school finance system that makes sense and is fair to all children, taxpayers, and districts.

Please review our entire litigation packet as your district makes its decision to get involved. We believe we have made the case for it. Please call me at 512-478-7313 if you have questions.

Thank you for all you do for Texas children and the future of our state.



Wayne Pierce, EdD
Executive Director