School Officials Told Budget Cuts Possible

12-3-86

By JAMES RICKETTS
Avalanche-Journal Staff

PUBLIC education was "relatively unscathed" by the legislature's special session budget cuts, but the New Year may diminish the amount of money doled out to school districts, a Texas Education Agency official said Tuesday.

Thomas E. Anderson, deputy commissioner for finance and compliance, urged school administrators at a conference in Lubbock not to base their state funding expectations on the actions of lawmakers who in August and September developed a package of budget cuts and tax increases designed to help offset a projected budget deficit.

"I hope we don't feel too complacent because we didn't get cuts in the special session," Anderson told about 200 people attending the seventh annual Conference for Administrators of Community Schools at Texas Tech University.

"I think we need to be aware as the legislature convenes in January that nothing (in the state budget) is sacred," he added, noting that state highway funding was delayed by lawmakers despite a public conception that the highway fund was an unlikely trim target.

Anderson addressed the conference in the absence of State Education Commissioner William N. Kirby, who was prevented from attending the Lubbock session by an emergency meeting of the House Education Committee.

Joe Hairston, a partner in Hairston and Walsh, P.C., specializing in school law, opened the two-day conference Tuesday morning by saying that the weakest legal link in Texas' new statewide teacher appraisal system is the school district that fails to follow its own evaluation rules or state law.

The conference, coordinated by Texas Tech education professor Weldon Beckner, will end today with an address from State Rep. Jim Rudd, chairman of the House Appropriations Committee.

Anderson said Tuesday that public education had escaped the special session's budget cuts because education reform legislation of 1984 was

See SCHOOL OFFICIALS Page 8

Mom Without Money Sees Hard Christmas

"IT WON'T BE a good Christmas for us. It's very hard without money. We do not have any at all."

The letter to Chief Goodfellow was from a mother. Her husband has been out of work for months. There is no hope of getting toys for the children's Christmas.

Like many families caught in an economic crunch, this one worries about Christmas and looks to the Goodfellows for help.

The letter goes on to say that the twin boys want Pound Puppies and the girl wants a big doll.

Chief Goodfellow sighed and shook his head when he came to this part.

For 52 years, he and his anonymous band have been bringing Christmas to Lubbock children when families were having financial problems. Each year, the sack is the same – a small toy, an apple, an orange and some candy – just enough to be proof of Christmas for a child.

He made a note to remind his helpers to pass the word that Chief Goodfellow can't fill individual requests; the funds Lubbock folk donate

See GOODFELLOWS Page 8

School Officials Get Warning On Budgetary Complacency

(Continued From Page One)
still being implemented and because the special session overran the deadline for school districts to develop their 1986-87 budget.

Lauro F. Cavazos, TTU president, expressed confidence that the state would preserve education funding despite a projected biennium budget shortfall of up to $4.4 billion.

"I don't believe for a minute that Texas is stepping away – or will step away – from quality education," Cavazos said, although he urged the administrators to take steps aimed at stemming the tide of high school dropouts.

"The human potential that is lost (due to dropouts) is incredible," he said, noting that 45 percent of all Hispanic students drop out of school.

"I daresay that unless we address that group ... we will never have the kind of government we want for our country and state," he added.

Anderson, who acknowledged that the statewide teacher appraisal system needs to be refined, praised the system as a means of improving the state's quality of education.

"The appraisal process is one of the best things we've done to improve the quality of teaching in Texas in a long, long time," he said.

However, the year-old appraisal system may need to be amended to exempt teachers who have reached a certain level of evaluation.

"We've got a lot of teachers who don't need it (to be appraised annually)," he said, noting that some evaluations may be wasting the time of both appraisers and teachers.

Hairston, in outlining proposed procedural changes in the appraisal system, said that legal boundaries surrounding the system remain uncertain.

"Talking about the law concerning appraisals is something like the law on weapons in outer space," he said. "There is no law on weapons in outer space."

The new proposal would encourage school districts to modify grievance procedures so that school boards play a less significant role in the process, he said, adding that the groups usually are not qualified to assess an appraisal, he said.

Hairston said the new guidelines would recommend that the grievance procedure offer four levels of teacher appeals – the appraiser, the superintendent, an open forum and the state commissioner of education.

The first two levels and the fourth level are the same as previously recommended, but the third appeal stage would require a teacher to state his grievance in an open forum, such as a school board meeting, he said.

Relative to the appraisal process itself, said Hairston, a recent attorney general's opinion indicates that notes taken by an appraiser for use in preparing the actual appraisal document are considered open records in most cases.

The exceptions would include expressions of the appraiser's opinion or other subjective matter, he said.

Meese Defends Delay In Counsel Decision

WASHINGTON (AP) – Contending there was "no hint" of criminality at the beginning, Attorney General Edwin Meese on Tuesday defended his delayed decision to seek an independent counsel to investigate arms sales to Iran and transfer of the profits to the Nicaraguan rebels.

"All of my participation was entirely proper," Meese told reporters, saying his early role was fact-finding for President Reagan "in the role of a legal adviser to the government."

Meese spoke at a news conference, during which he expanded on Reagan's announcement moments earlier that the administration would ask a three-judge court to appoint the nation's seventh independent counsel.

But Meese spent much of the time defending himself for not immediately calling in the FBI and the Justice Department's criminal division, and delaying the decision to seek the counsel for a week after learning of possible criminality.

On Nov. 25, Meese disclosed that up to $30 million in profits from the administration's secret arms sales program was diverted to the Nicaraguan rebels through Swiss bank accounts.

Meese said he informed Reagan only hours before the announcement of his decision to seek the counsel, after deciding there was a "statutory basis" to do so. But he added he also determined it was important "to avoid even any implication of a conflict of interest."

The attorney general said he did not know whether fired National Security Council aide Oliver North, whom he has said diverted the arms sale profits to the Contras, shredded any documents.

Meese, a former top White House aide, denied that the revelations on arms shipments damaged Reagan's credibility, because the chief executive quickly promised to determine the facts and make them public.

"The president was the one who wanted to get the facts out," Meese said. "The president was the one who wanted to launch an investigation."

Polls indicating a drop in Reagan's popularity have been caused by "a great deal of confusion," he suggested, and when all the facts come out, the president's "credibility will return to where it was, and be enhanced."

Meanwhile, two House Judiciary subcommittee chairmen, Reps. Don Edwards, D-Calif., and John Conyers, D-Mich., said the most important issue now "is the scope of the independent counsel's investigation."

"Any attempt to confine the scope ... just to those who set up the Swiss bank accounts, who were involved in the arms transfers, and who knew of the operations, would be inadequate and unacceptable," they said.

GM's Stock

(Continued From Page One)
lion paid to Perot, GM agreed to pay $50 million to buy back the Class E stock of three top EDS executives Morton H. Meyerson, J. Thomas Walter and William K. Gayden, leaving them free to join him.

The Class E stock owned by Perot and the three EDS executives was purchased by GM for about $60 a share, including contingencies.

GM has said the $60 a share was promised when EDS was purchased, but analysts said the promise was merely a guarantee that Perot would be paid the difference if EDS stock didn't reach that value four years from now. They said GM had expected that the stock would reach that value, preventing the automaker from having to complete the EDS purchase in cash.

There also was speculation that investors would feel that EDS without Perot and the three others would not be same company and would not have the same value as the EDS they invested in with purchase of GM Class E stock.

Goodfellows

(Continued From Page One)
don't cover "big dolls" or the latest toys touted on the tube.

With volunteers that buy at dealer markets, Chief Goodfellow figures he can keep the cost within the $3 range this year. With an estimated 10,000 children out there waiting for a Goodfellow Christmas, he has to ask Lubbock Santas for $30,000 just for a simple sack of goodies.

To find all the children needing Goodfellow help, he inserted a coupon on Page 6, Sec. B, of today's paper so anyone knowing of such a child can fill it out and mail it to Chief Goodfellow, P.O. Box 491, Lubbock 79408.

All those Santas wishing to help him fill all those sacks may send their contributions to the same address.

AAUW initiated and/or supported provisions which make it possible for many financially-needy students who attend college part time due to family and work responsibilities, to be eligible for federal assistance programs. These programs directly benefit women who have been excluded by previous qualifying requirements. AAUW has played a major role for the past 2 years to ensure that the new higher education bill reflects the changing needs of today's students, many of whom are women returning to school.

The President is expected to sign the bill with appropriations decided next spring. We can all celebrate this public policy victory with AAUW members across the nation. 11-10

REFLECTIONS ON THE EDUCATIONAL PANEL MEETING LAST MONTH

by Carol Willson

(Ed. Note: Following last month's educational panel meeting, Carol was asked to record her impressions for your AAUW Newsletter)

As a former teacher, I, for one, would be pretty upset with House Bill 72 and the TEACAT staring me in the face. If I loved teaching children and felt I was competent, loving and sincere...having someone require observations, more strict time slots for subjects, and a skills test to ensure certification, I would definitely be down on my career...Prior to last month's meeting, I had not heard very many positive things about the past year's reforms in the public schools due to House Bill 72. It seems there were so many changes being implemented in such a short time, teachers were confused and concerned not knowing what the changes meant for them. I was pleasantly surprised to learn from our three speakers that teacher morale is up, and most teachers give positive support to the education reforms.

There were unhappy feelings about teacher testing, changes in the career ladder and changes in teacher evaluation. Over time, these feelings will improve. In the meantime, most teachers have settled into the busier school day hours.

The consensus of the panel included optimism in what the reforms will accomplish in the classroom. With more teacher evaluations, the quality of our teachers will certainly improve, after overcoming frustration...teachers are encouraged and thinking positively that it will take time, but the changes will improve the quality of education for our children. I am much relieved and encouraged to know that the learning experiences of our children are in the capable hands of our excellent and conscientious local teachers.

SHORT TAKES A free teleconference on the new tax laws will be presented at KAMU-TV November 5. It is co-sponsored by the station and the B/CS Chamber of Commerce. Call KAMU for information and registration. Presenting information on this subject has been a topic of discussion in our recently-formed Networking Group.

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Leonore Russell reports that the annual Friends of the Library book sale last month at Manor East Mall netted $6,500, part of which will be used to provide furnishings for the new College Station Branch Library.

Anna Lou Jessup is arranging for the next meeting of the newly-formed **AAUW Networking Group.** It is tentatlively scheduled for Wednesday, December 10, at Julie's Place. More information in the December Newsletter.

* * * * * * *

NEXT BOARD MEETING-Monday, November 24, 7:30 p.m., home of Diane Conway, 1909 Bee Creek, College Station. All welcome!

Paid Advertisement

NOT ENOUGH TIME: THE SOLUTION
(The Attitudes and Skills Women Need for Successful Time Management)

Elaine Gibson has written a self-help time management course for women. The workbook, the result of four years of time management workshops across the state with women in all walks of life, comes with a guarantee. If, after completing the exercises in the workbook, you do not have more time, more control, and more satisfaction with your life and less stress, less chaos, and less guilt, you can return the workbook for a full refund.

Not Enough Time: The Solution is available at Southwest Printing Company (Sulphur Springs and Texas Ave.) for $16.50 plus tax. Also available by mail for $16.50 plus $3.50 tax, postage and handling ($20.00) from: Elaine Gibson, [redacted]

AAUW Newsletter
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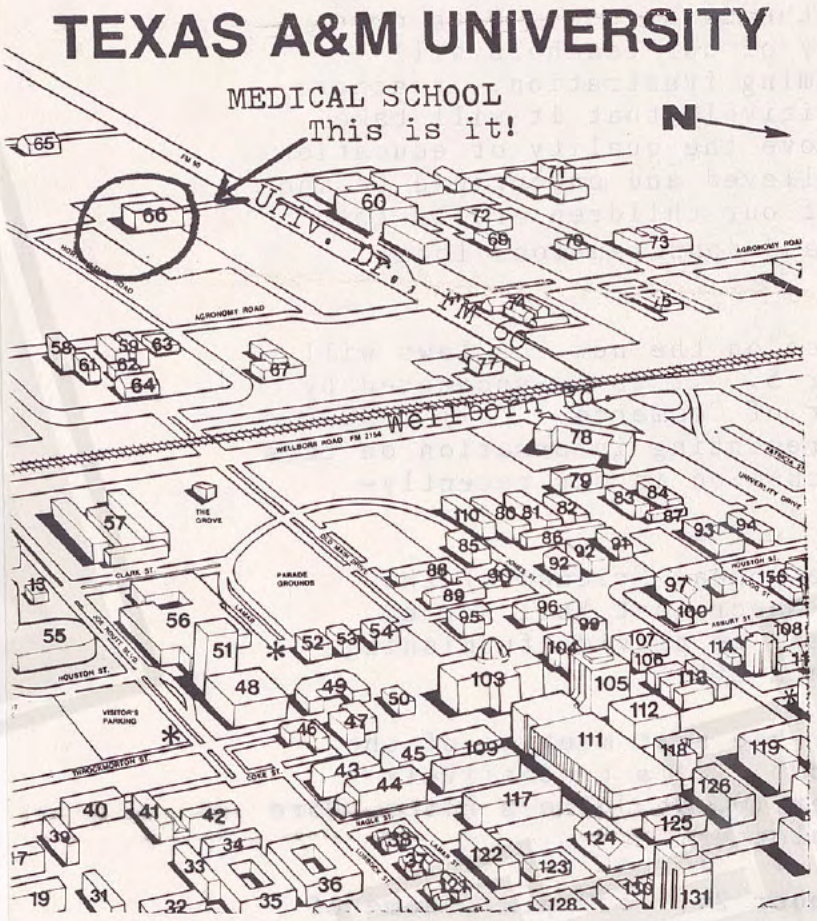
FIRST CLASS MAIL

MAP TO

TEXAS A&M UNIVERSITY

MEDICAL SCHOOL
This is it!



BETTY ANDERSON
[redacted]

cp

gave their local schools higher ratings than Americans do overall--15% of the Texans gave their schools an "A" compared to 10% nationwide; 36% of the Texans gave their schools a "B" compared to 32% nationwide.

HB 72, the Education Reform Bill of 1984, has been acclaimed as one ofthe best school reform programs in the nation, yet the approval rate is far from unanimous.

Issues before the 69th Legislature include class size, full day kindergartens, teachers salaries and benefits, the career ladder, compensation for tutorials, teachers working conditions (paperwork reduction, duty-free lunch period for teachers), competency testing, discipline management, no-pass no-play, and consolidation of schools.

Groups who lobby for educational issues in Texas follow:
1) Teacher Organizations--TSTA, TCTA, ATPE, TFT

2) Administrator/Boards--Tx. Assn. Sch. Adm., Tx. Assn. Sch. Bd., Tx. Sch. PR Assn., Tx. Assn. Sec. Sch. Principals, Tx. Elem. Prin. and Superv. Assn.
Texas Council of Urban Schools Districts (Big 8, organized in the early '70s. Dallas, Houston, Fort Worth, Corpus Christi, Austin, San Antonio, El Paso ISD, Ysleta, ISD)
Texans for Local Control of Public Education, a new group of smaller districts that have banded together. Lubbock ISD is a member of this group. Their agenda for the 69th Session is:
. Discipline/management legislation
. Flexibility with the 22 class size
. Consolidation
. Elimination of provisions that restrict districts' ability to raise revenue.

3) Special Teacher Groups--Tx. Ind. Voc. Assn., Tx. Vocational Consortium, Voc. Ag. Teachers Anns/Tx., Tx. Library Assn., Tx. Personnel/Guidance Assn.

4) Parent And Public Interest Groups--Tx. PTA, IDRA, League of Women Voters, Am. Assn. of University Women

Recorder: Betty Anderson

[redacted]

1987 Candidate Questions

Judges

DA

Legislators

1. The ~~equitibility~~ equalization of public school financing will probably be a key question again next session. Do you propose changing the price differential index, or do you have other proposals?

2. With Texas leading the nation in the number of births to girls age 14 and younger, what do you propose to address ~~this problem~~ the teenage pg prob?

3. Do you have suggestions for restructuring Texas' financial system?

4. Do you support merit selection of judges?

5. What additional cuts in the state budget would you have like to seen have during the special session which concluded in September?

6. Do you support adopting amendments to the Constitution which would foreclose future revenue options, such as prohibiting state income taxes?

7. It has been estimated that approximately 40% 30% more dollars will be needed to cost out future impacts on reform legislation for public education? Where do you suggest this money come from?

8. It has been estimated that the state will be faced with an increasing deficit in the next biennium:
. for a no growth budget, the state will need $1.5 billion
. for automatic mandated programs, such as education, $2.5 b.
. for extra funds to impact inflation and population, $5 b.
. for average moderate growth of 15-16%, which is the recent historical trend--$6 billion additional dollars will be needed.

39 B x 15.5% 6 B.

9. What is the appropriate role of state government in providing for people with increasingly urgent needs--the poor, the mentally ill, the mentally retarded?

10. Which avenue to solving the insurance dilemma would you recommend? Tort reform which would limit punitive damages, put a cap on pain and suffering, limit contingency fees, and abolish joint and several liability--or Stronger insurance regulations which would make the industry more competitive and open and review rates for reasonableness.

11. What suggestions do you have for solving the Tx. Department of Corrections problems of overcrowding and understaffing?

DA

1. What areas of concern would you emphasize in the responsibilities of the Office of District Atty?

2. What role, if any, does the DA have in reducing the crime rate?

3. How could the DA's office help to accelerate criminal justice procedures to bring cases to trial more quickly?

4. When is plea barganing appropriate?

5. What is your policy on bail bonds?

6. How can the DA's office extend cooperation and coordination among law enforcement agencies?

7. What do you see as the major area of emphasis for improvement of the office of DA? How wil you implement it?

8. The office of DA is largely one of administration. How do you propose to obtain and keep top quality attorneys and staff?

9. Will you recommend a minimal kind of punishment on any particular office and if so what?

10. How would you conduct the office differently from the way it is being run now?

11. If you had a 25% increase in budget, how would you allocat eh extra monies. Conversely, if you had a 25% cut, where you make adjustments?

12. How do you view alternative sentencing?

13. How do you think you differ most significantly from your opponent?

Dist

Judges

1. What structural or administrative changes, if any, do you recommend for the judicial system?

2. A major concern in the justice system is delay? How would you expedite cases coming before the court?

3. How could the judicial process become more accessible to all citizens? Would you favor the establishment of neighborhood justice centers?

4. What kind of cases would you be handling?

5. What experience, including tril experience, have you had in criminal and civil cases pertinent to the position of judge?

6. How would you proposes to deal with the backlog of cases facing the courts?

7. How would you equalize case loads among the courts?

What is
pre-trial diversion
TV in courtroom
Probation - proper use of
How - Monitor person on probation
Std of detainer - FR, bail bond
Deten and - bail
Mediators - Conciliators - pre
filing fee - Judicial activity

TO: Pub. School Finance Chairs/LL Pres.;
State Unit Chairs: DPM

FROM: Karen Miller, PSF Assoc. Director, LWV-T
3215 Exposition Blvd., Austin, TX 78703
(512) 452-4411

LWV-Texas
December 1985
LL Pres. Mailing; DPM
II. C. 2. b.
Public School Finance

MISSION, GOALS AND OBJECTIVES FOR PUBLIC ED OUTLINED

The subject of public school finance has been addressed at several meetings and in several publications this fall. At its November meeting the State Board of Education (SBOE) released a draft of the mission, goals and objectives that outline the Board's expectations for public education in the areas of: student performance, curriculum, teachers and teaching, organization and management, finance, parent and community involvement, innovation, and communications. The SBOE describes the statement as the first and pivotal step in the preparation of the master plan for public education envisioned by HB 72. The finance goal is: "The financing of public education will be equitable to all students in the state." One of the eight objectives is to monitor equalization and equity in the distribution of funds and relate program effectiveness and student progress to costs. The SBOE is disseminating the draft to school districts, and the Texas Education Agency is developing implementation schedules and action plans.

HB 72 CRITIQUE

Texans for Quality Education, a non-profit educational corporation whose purpose is to focus attention on long-term goals for education, recently released a report examining the initial effects of education reforms in Texas. The analysis, The Initial Effects of HB 72: The Challenges of Equity and Effectiveness, was carried out at UT's LBJ School of Public Affairs and directed by Prof. W. Norton Grubb. The report examines changes in funding and new state requirements legislated by HB 72. It was based on interviews with superintendents, principals, and teachers in districts throughout the state and draws on data from TEA, Texas Association of School Boards, and Texas Association of School Administrators. The authors of the report found overwhelming support among educators for HB 72 and recommend further monitoring to continue the process of improving public education in Texas. Potential trouble spots include the continued disparity between rich and poor districts, lack of state aid for capital outlays (both are League concerns), and HB 72 requirements such as 22:1 enrollment caps and the tutorial program. The report is available from the Publications Office, LBJ School of Public Affairs, UT-Austin, Austin, TX 78713 at a cost of $9.46 plus $1.50 for postage and handling. An excerpt of the report was published this summer in the LBJ School publication Public Affairs Comment and is titled "The Effects of HB 72 on School Expenditures in Texas." Single copies are free upon request from the above address.

QUALITY EDUCATION COSTS ANALYZED

The SBOE recently appointed an Accountable Cost Advisory Committee to assist it in determining the annual average accountable costs to school districts in providing quality education programs, personnel and facilities that meet accreditation standards prescribed by law and rule. The comprehensive, fully documented and continually

- more -

updated determination of the cost of providing a quality education is essential to the attainment and maintenance of adequate and equitable funding levels. I will continue to monitor this committee, as well as the Finance Committee of the SBOE.

PUBLIC SCHOOL FINANCE SYMPOSIUM

I attended a two-day school finance symposium in Austin last month with nearly 150 representatives from more than 40 education associations, state government (TEA, Legislative Budget Board, Lt. Governor, Speaker, Comptroller, and legislative representatives), and activist organizations (MALDEF). Teachers, administrators, parents, community leaders, school trustees, professors, state house and state agency staff explored the future of public school finance in Texas. Topics included explanation of finance structures, adequacy and equity issues, property tax issues, funding needs, and revenue implications. A videotape will soon be available. Contact me if you are interested. A follow-up conference will be held in January.

ACADEMIC/FISCAL PERFORMANCE REPORT

Each school district adopted an annual performance report at its regularly scheduled November board meeting. This document, mandated by HB 72, is a comprehensive assessment of the activities and achievements of the school district. The narrative evaluates the school year in terms of student performance, program offerings, staff quality, facility adequacy, financial condition, impact of 1984 education reform legislation, impact of new curriculum requirements, and impact of other significant changes. Also, data are provided by campus including test scores, pupil/teacher ratios by program, expenditures for instruction and administration. A copy of the report is available to the public at the local school district's administration office. The material may be helpful for local League education studies.

SUMMARY OF HB 72 COMING

In the next mailing from the state office, local League presidents will receive a copy of Legislative Report: Summary of House Bill 72, published by the Texas Association of School Boards. If your League needs a copy of this four-page summary earlier than the January 31, 1986 mailing, please notify the state office.

TEA HOTLINE

I am sorry to report that TEA's hotline was disconnected in the process of their move to new headquarters at 1701 N. Congress Ave., Austin, TX 78701. TEA has not yet decided when or if they will re-connect. Anyone interested in SBOE and TEA news can contact TEA's Publication Information Division for the free monthly Board Report.

# # # #

TASB

SPECIAL ISSUE

LEGISLATIVE REPORT

Summary of House Bill 72

After an intense and political special session, Texas education has undergone some extensive reforms. House Bill 72, passed by the Texas Legislature in the last week of the session, is now on the desks and in the minds of school board members and school administrators across the state.

The following is a summary of the 226-page bill:

Administration and Oversight

Legislative Education Board. The Legislative Education Board (LEB) is established, composed of 10 members of the Legislature. The board is responsible for overseeing and reviewing the implementation of legislative education policy, including fiscal policy, and curriculum rules.

State Board of Education. A new State Board of Education (SBOE) composed of 15 members is created and the current board is abolished. Initially, the Governor will appoint a transition board from nominations submitted by the LEB. The transition board will serve from the time of preclearance of the election change by the U.S. Department of Justice or January 1, 1985, (whichever is earlier) until January 1, 1989.

Elections will be held for each position on the board at the primary and general elections of 1988. A candidate must be a resident of the district he would represent for at least one year. Members will serve staggered four-year terms. The Governor appoints the chairman for a two-year term.

The Texas Education Code is amended to reflect that the SBOE, not the commissioner of education, makes policy and rules.

Appeals. Appeals from disputes with local school districts are taken to the commissioner of education and then to a district court in Travis County. Appeals by or on behalf of students will be reviewed using the substantial evidence standard.

Textbooks. Textbooks shall be adopted by the SBOE from the list recommended by the state textbook committee and on a cycle no longer than six years.

School law bulletin. A manual of laws affecting school districts shall be published at least once every two years.

✓School Finance

ADA. Average daily attendance is determined by the best four weeks of eight weeks of attendance.

In-service. Of the teacher preparation days provided for in law, two days must immediately precede the opening of schools and one must follow the end of each semester. Teachers may not be required to participate in training or other activities outside the classroom on these days.

Salary schedule. Qualified school district personnel (*old* pay grades 7-18) shall be paid not less than the monthly base salary according to designated steps, that is, step zero, $1,520; step one, $1,634; step two, $1,748; step three, $1,862; step four, $1,976; step five, $2,090; step six, $2,204; step seven, $2,318; step eight, $2,432; step nine, $2,546; step ten, $2,660.

Career ladder supplements. Career ladder supplements are $2,000 for level two, $4,000 for level three, and $6,000 for level four. Even if a district pays more than state minimum salary, the teacher is entitled to the entire supplement. If state funding is insufficient, the district may reduce the supplements to no less than $1,500, $3,000, and $4,500, respectively, or provide for stricter performance criteria, or both.

1984-85 salary transition. For the 1984-85 school year, each qualified individual (in old pay grades 7-18) shall be assigned to the salary schedule at the step at least $170 more a month than his 1983-84 state minimum salary. If no step gives the individual that salary increase, he shall be assigned to step 10. Individuals on two-year steps in 1983-84 shall be presumed to be on the next higher full step for placement on the new schedule.

Basic allotment. For each student in average daily attendance, the district is entitled to a basic allotment of $1,290 in 1984-85 and $1,350 in 1985-86.

Price differential index. The basic allotment is adjusted by a price differential index that reflects the geographic variation in resource costs due to factors

beyond the control of the districts. Not later than 30 days before each regular legislative session, the SBOE shall adopt a price differential index.

The basic allotment shall be adjusted for certain small and sparse districts.

Special allotments. For each full-time equivalent student in ADA in a special education program, a district is entitled to the basic allotment multiplied by specified weights for particular kinds of *special education* students. (For the 1984-85 school year, the 1983-84 funding mechanism will apply.)

For each student who is *educationally disadvantaged* (compensatory education), a district is entitled to the basic allotment multiplied by 0.2.

For each student in ADA in *bilingual education* or special language program, a district is entitled to the basic allotment multiplied by 0.1.

To assist a district in employing and retaining experienced teachers, a district is entitled to an *experienced teacher* allotment.

For each full-time equivalent student in ADA in a *vocational education* program, a district is entitled to the basic allotment multiplied by 1.45.

Each district is entitled to an allotment for education improvement and support of the career ladder equal to ADA multiplied by $100 for 1984-85 ($30 for career ladder), $120 for 1985-86 ($40 for career ladder), and $140 for 1986-87 ($50 for career ladder). Money received from this allotment may not be used to supplement the salary of an employee for directing cocurricular or extracurricular activities.

Accountable costs. As part of the biennial report to the Legislature, the SBOE shall report the annual average accountable costs to districts to meet accreditation standards.

Enrichment equalization aid. A district meeting wealth and tax effort criteria is entitled to the enrichment equalization allotment.

Local share. The local fund assignment for each district is determined by multiplying the ratio of the district's wealth to the average statewide wealth by 30 percent of the district's Foundation School Program. The percentage will become 33.3 percent in 1985-86.

Rollback relief. The commissioner shall certify the amount of reduction in state aid per ADA for a district. The percentage tax rate increase that allows voters to limit school taxes is increased to allow raising local monies to replace lost state aid or to allow a district to qualify for equalization. This provision expires January 1, 1987.

Ratio studies. The State Property Tax Board shall conduct annual ratio studies. The ratio studies must use actual values for property frozen by the over-65 homestead provision and by tax increment financing.

TRS contribution. School districts shall pay the state's contribution to the Teacher Retirement System for that amount of salary that exceeds the state minimum. The state minimum includes career ladder supplements and the price differential index. If a district's maintenance and operations tax rate is 125 percent of state average, this section does not apply. The section goes into effect in the 1985-86 school year.

Equalization Transition Fund. A school district that receives less state aid than in the previous year and that raises taxes to offset that loss is eligible for state matching funds.

Available School Fund transfer. Statutorily dedicated funds previously allocated to the Available School Fund are reallocated to the Foundation School Fund.

TRS benefit increases. Members of the Teacher Retirement System who retired before August 31, 1982, will receive an increase in benefits of between 3 percent and 9.5 percent, provided the average compensation factor of the person does not exceed $25,000.

Career Ladder

Criteria. Each teacher shall be assigned to a career ladder level based on performance, experience, job-related education, advanced academic training, and job assignments.

Appraisal process. The SBOE shall adopt an appraisal process and criteria on which to appraise the performance of teachers. The criteria must be based on observable, job-related behavior, including teachers' implementation of discipline management procedures. No fewer than two appraisers shall be used; one must be the teacher's supervisor. A classroom teacher may not appraise the performance of a teacher who teaches at the same school campus as the appraiser unless it is impractical because of the number of campuses.

The SBOE shall develop an assessment instrument that may be administered to personnel for purposes of evaluating performance.

Performance shall be evaluated as unsatisfactory, below expectations, satisfactory, exceeding expectations, or clearly outstanding.

Before a teacher can move into a career ladder level, he must possess a certificate for that level and meet other requirements for entry. (See tables 1 and 2 for career ladder certification and entry requirements.)

Additional requirements must be met by a teacher to maintain his career ladder level.

Satisfactory or better performance is required for a teacher to maintain a particular level assignment. More stringent maintenance standards are imposed at the master teacher level.

If a district reassigns a teacher to another grade level or subject over the objections of the teacher, the teacher may not be reassigned to a lower level on the basis of performance appraisals during the first three years.

A teacher who holds a teaching certificate from another state may enter the career ladder program at the level assigned by the district if, at the end of the first year, the teacher meets requirements for that level.

Higher education course work and advanced academic training must relate to the general subject area taught, must be accredited, and must include classroom

TABLE 1
CAREER LADDER ENTRY REQUIREMENTS

Level	What certificate is needed?	What performance level is necessary?*	What experience is necessary?	What college work/ training is needed?†
Probationary	None	None	None	Satisfactory scores on comprehensive exam; successful completion of bachelor's degree and an approved teacher education program (or admission into alternative certification program); recommendation of higher education institution
One	Level one certificate	"Satisfactory" performance in every appraisal category	See certification requirements	No additional requirements
Two	Level two certificate	"Exceeding expectations" during preceding year and "satisfactory" other years	Option A: Three years teaching experience Option B: Two years teaching experience	Option A: Bachelor's degree; nine hours of college work *or* 135 hours of training, *or* combination Option B: Master's degree in subject taught
Three	Level three certificate	Option A: "Exceeding expectations" during three of preceding four years and "satisfactory" the other year Option B: "Clearly outstanding" performance during two of preceding three years and "satisfactory" during other year	Option A: Five years teaching at level two Option B: Three years teaching at level two	Option A: Six hours of college work *or* 90 hours of training, *or* combination Option B: Three hours of college work *or* 45 hours of training, *or* combination
Four (Master teacher)	Level four (master teacher) certificate	Option A: "Clearly outstanding" performance during two of the preceding three years and "satisfactory" during the year Option B: "Clearly outstanding" performance for three consecutive years	Option A: Three years teaching at level three Option B: Two years teaching at level three	Option A: Satisfactory performance on master teacher exam; six hours of college work *or* 90 hours of training, *or* combination Option B: Satisfactory performance on master teacher exam; three hours of college work *or* 45 hours of training, *or* combination

*Performance levels listed are minimum requirements.

†Training refers to advanced academic training. Higher education course work and advanced academic training must relate to the general subject area taught.

TABLE 2
CAREER LADDER REQUIREMENTS FOR CERTIFICATION*

Level	What certificate is needed?	What experience is needed?
Probationary	See entry requirements	See entry requirements
One	None	Successful completion of probationary year(s)
Two	Valid level one certificate	Three years teaching experience with bachelor's degree, two years with master's, or one year with doctorate
Three	Valid level two certificate	Eight years teaching experience with bachelor's degree, five years with master's, three years with doctorate
Four (Master teacher)	Valid level three certificate	11 years teaching experience with bachelor's degree, eight years with master's, five years with doctorate

*These requirements are for career ladder certification only. Requirements for subject area certification still apply.

†A district is required to recommend a teacher provided he meets the requirements list and his performance is evaluated as at least "satisfactory."

**Training refers to advanced academic training. Higher education course work and advanced academic training must relate to the general subject area taught.

Is a recommendation needed?†	How long is a certificate valid?	Is certificate renewable?**
See entry requirements	See entry requirements	See entry requirements
Yes, from current or last employing school district	Three years from date of recommendation by a school district	Yes, upon recommendation of district with completion of additional six hours college work in area of assignment or certification, *or* 90 hours of training, *or* combination
Yes, from current or last employing school district	Five years	Yes, with possession of level two certificate; completion of six college hours beyond bachelor's degree in area of assignment or certification, *or* 90 hours of training, *or* combination; recommendation of current or last employing district
Yes, from current or last employing school district	Five years	Yes, with possession of level three certificate; completion of six hours beyond current requirements in area of assignment or certification, *or* 90 hours of training, *or* combination; recommendation of current or last employing district
Yes, from current or last employing school district	Life	

management.

A comprehensive master teacher examination, including oral and written tests and other assessment instruments, shall be developed.

The State Board shall define master teacher duties, such as supervising student teachers and acting as team leader, mentor, or department chairman. The master teacher shall be, insofar as practicable, maintained in the classroom and shall not be assigned duties of an administrator.

A teacher who directs extracurricular activities in addition to performing classroom teaching duties shall be appraised only on the basis of classroom teaching performance.

A decision of the district is final and subject to appeal only if the decision of the district was arbitrary and capricious or made in bad faith.

A teacher has the right to retain a certificate until it has expired or been duly suspended or revoked. Assignment to a level is neither a property right nor the equivalent of tenure.

A teacher is entitled to transfer a level assignment and a district may recognize the assignment. A teacher may waive entitlement to an assignment.

A teacher is entitled to retain credit given before the effective date of the career ladder provisions for higher education course work or advanced academic training.

Transition. For the 1984-85 school year, each teacher shall be assigned to level one or two. A teacher may be assigned to level two if the teacher has the years of experience and education required to enter level two. Eligibility shall be determined by a five-member committee or committees appointed by the school district.

Personnel

Competency exams. Upon graduation from a teacher education program, teachers entering the profession must pass a comprehensive examination prepared by the SBOE. Additionally, administrators seeking certification are required to pass examinations testing administrative skills and knowledge in subject areas. These exams will be administered beginning not later than the 1985-86 school year.

To retain certification, all current teachers and administrators must take and pass a competency exam on or before June 30, 1986. These exams are the only examinations allowed to be used for the purpose of testing teacher and administrator competency. Failure to pass the exam is grounds for discharge at the end of the year under the continuing contract law and for nonrenewal under the Term Contract Nonrenewal Act.

Minimum teaching duties. All teachers, including those who direct extracurricular activities, must teach in the classroom at least four hours each day.

Supervisor training and certification. The SBOE shall provide training for individuals who supervise teachers as well as a process for certifying these individuals.

Administrator duties and training. The duties and qualifications of superintendents and principals are outlined. Each district is required to offer in-service training in management skills for its administrators. The SBOE, in consultation with the business department of a Texas university or college, will develop a pilot program to provide a training course for superintendents and principals in management techniques.

Alternative certification. The SBOE will develop rules for certifying persons who are not graduates of teacher education programs. Requirements for this certification must include completion of any examinations required generally for certification, a one-year internship, and training in classroom management.

Technology education programs. Districts are authorized to hire qualified but noncertified persons to teach math, science, computer science, and related technological subjects when certified teachers are unavailable. The noncertified instructors must have a bachelor's degree with a concentration in the subject to be taught and may not teach more than three classes per day. A noncertified instructor may not be employed beyond the end of a semester when a qualified, certified teacher becomes available.

Planning and preparation time. Conducting parent-teacher conferences and reviewing students' homework are added to activities a teacher may do during the 45-minute planning period. A teacher may not be required to participate in any other activity during this time.

Teacher education programs. Accreditation sanctions for teacher education programs are established. Each teacher education program must submit an annual performance report to the SBOE. An institution offering a teacher education program may contract with a district to operate a school, with the school remaining under the governance of the school board.

A private donor research fund is created to support research and development in teacher education and teaching.

Teacher loan program. Loan programs are established for students working toward certification in a critical shortage subject area and for students who graduated in the top 15 percent of their high school class and have a 3.0 grade point average in a program leading toward certification. Provisions are made for forgiveness of loans if recipients teach in Texas public schools for specified periods of time.

Students

Student promotion. A district may not grant social promotions. Students may be promoted only based on academic achievement. A student who does not maintain a grade average of at least 70 for a school year may not be advanced from one grade level to the next or be given credit for a course. The SBOE will adopt rules setting forth alternatives to social promotion for those students who are unable to pass.

Grade notices. At least once every six weeks, a district must give written notice to parents of students' grades. The notice must be signed by the parent and returned. If the student receives a grade less than 70, a conference with a parent must be requested.

Finals exemption. A student cannot be exempted from taking a final exam in any class in which other students are required to take a final exam.

Advanced placement examinations. Districts will develop advanced placement examinations for each primary school grade level and for secondary school aca-

demic subjects. Exams must be approved by the SBOE.

Tutorial services. Students whose grades are below 70 may be required to attend tutorials at least twice per week during the reporting period following the grade below 70. Each district is required to provide tutorial services, although transportation need not be provided to students attending.

Prekindergarten and summer programs. Beginning in 1985-86, districts are required to offer prekindergarten classes if 15 eligible children are identified. To be eligible, a student must be at least four years old and unable to speak and comprehend English or from a family whose income is below subsistence level. The classes must be operated on a half-day basis. The commissioner of education may exempt a district from this requirement if the district would be required to construct classrooms in order to comply.

Districts that are required to offer bilingual or special language programs must offer a summer program for limited English proficient students who are eligible for admission to kindergarten or first grade. The program must be offered for one-half day for the eight weeks preceding the opening of school and enrollment in the program is optional with the parent. The student-teacher ratio may not exceed 18 to 1.

Student-teacher ratio and class size. The required student-teacher ratio is reduced from 25 students in ADA per teacher to 20 to 1.

Beginning in 1985-86, class sizes are limited to 22 students in kindergarten, first and second grade. This 22-student cap extends to third- and fourth-grade classes in 1988-89. The commissioner of education may excuse a district from these class size limits on a semester-by-semester basis if it is found to work an undue hardship on a district. The commissioner is required to report to the Legislature each biennium on the number of schools granted an exception and on the estimated total cost of reducing class size.

Absences. A student may not be given credit for a class if the student has more than five days of unexcused absences during a semester. *Unexcused absence* means an absence not excused under Section 21.035 of the Texas Education Code.

Extracurricular activities. Participation in or practice for extracurricular activities during the school day and school week shall be limited according to SBOE rules. Beginning with the 1985 spring semester, a student receiving a failing grade in any academic class must be suspended from participation in any extracurricular activity. This rule does not apply to mentally retarded students. The principal may remove the suspension from a student whose failing grade is in an honors or advanced class.

Interscholastic leagues. Rules of any organization conducting interscholastic competition must be consistent with SBOE rules. The University Interscholastic League must submit its rules to the SBOE, which may approve, disapprove, or modify any of the rules.

Interruptions. Each school district shall adopt and enforce a policy limiting interruptions of classes, including announcements.

School Districts

Accreditation. Each school district must be accredited by the Texas Education Agency. Masters may be appointed by the commissioner of education to oversee those districts for which the SBOE has revoked accreditation or for those districts threatened with loss of accreditation. Masters may approve or disapprove any action of the board or superintendent.

Accreditation investigations shall be made not less than once every three years, or more frequently as investigators are alerted to a district's fundamental deficiencies, failure to satisfy curriculum requirements, and failure to report deficiencies to TEA staff. Investigators must give written notice to the superintendent and the board of any impending investigation of the district's accreditation. Investigators are required to obtain information from campus administrators, teachers, and parents.

A district failing to satisfy accreditation standards may have a range of sanctions applied, including revocation of accreditation and the withholding of state funds. Preliminary sanctions include confidential notification to the board of deficiencies, public notification to the board, appointment of a monitor to participate in and report on the activities of the board, and finally, appointment of a master to oversee the operation of the district.

School calendar. A district may not begin instruction of students before September 1. This provision is effective beginning with the 1985-86 school year.

Annual report. Each district is required to publish an annual performance report describing the district's educational performance and giving financial information. The reports must be made public and filed with the SBOE. The content of the report will be determined by the SBOE and must include information such as test scores, cost for instruction and administration, attendance and dropout data, discipline information, and other items.

Board member training. Local school board members shall participate in training activities consistent with standards established by the SBOE. The SBOE standards will be developed by an advisory committee that will include local board members. Regional education service centers and private organizations may provide training courses. Each person successfully completing a course must receive a certificate of completion.

Frivolous lawsuits. Districts are entitled to ask a court to award costs and reasonable attorney fees in lawsuits against a school district or its employees or officers. Costs and fees will be awarded only if the court finds that the suit is frivolous, unreasonable, and without foundation, and the school district wins. Fees cannot be granted in lawsuits involving workers' compensation, civil rights violations, personal injury or death actions, or suits challenging the validity of district policies.

Competency tests. Minimum basic skills competency tests in reading, writing, and math will be given at the first-, third-, fifth-, seventh-, and ninth-grade levels and in math and English at the twelfth-grade level. The secondary exit level test must be administered to all pupils at the eleventh-grade level. Multiple opportunities must be given to students to pass the

exit test, including once during the final month of the student's twelfth-grade year. A student will not receive a high school diploma until he has passed the exit test.

Districts shall provide remedial instruction to students who did not perform satisfactorily on each section of the exit level test and to every student whose achievement test score is below a standard established by the SBOE.

School-community guidance centers. Any district may establish a school-community guidance center. Other provisions regarding the centers are generally unchanged, except that center personnel will be required to have training in accordance with SBOE rules. The school district, the student, and his parents are required to develop an agreement that specifies the responsibilities of the parent and student.

Discipline management programs. By September 1, 1986, districts must adopt and implement a discipline management program, which must be approved by TEA. The program must require the development of a student code of conduct clearly describing the district's expectations and specifying the consequences for violating the provisions of the code. The Attorney General's Proposed Voluntary Student Code of Conduct of 1980 is suggested as a model.

Additional requirements include at least two parent-teacher conferences a year, parent training workshops, and consent by parents that they understand their responsibilities under the program. Each teacher must complete training in the discipline management program.

Student suspension/expulsion and alternative education programs. Incorrigible students may be removed to an alternative education program, but may not be suspended or expelled except under certain circumstances. An incorrigible student is one found to be a clear and present danger in the classroom *or* one that has engaged in serious misbehavior, broken a specific rule, and on whom a variety of discipline management techniques have been tried.

Districts are required to develop alternative education programs for keeping incorrigible students in an educational environment. Districts may expel a student without placement in an alternative education program if the student has assaulted an individual on school property and his continued presence creates a clear and present danger.

Vocational education. The SBOE shall adopt rules on vocational education and must approve each vocational program. Vocational programs will be reviewed once every five years. Districts are allowed to employ vocational teachers on 10-, 11-, or 12-month contracts and may assign them to teach other subject areas in which they are certified. The SBOE is required to develop a master plan for vocational education.

Dropout reduction program. TEA is authorized to develop a program to reduce the dropout rate.

Telecommunications study. The Legislative Education Board is required to conduct a study of telecommunications used in and by the public schools. The study will review the facilities and technologies used or proposed to be used by districts including cable, microwave, and satellite systems as they are incorporated into telephone, television, and computer systems.

SEP 3 1980

League of Women Voters of Texas Education Fund
Facts & Issues

Financing Public Schools

Quality education is a concern of people on local, state and national levels. Recent events — in particular, court challenges, declining enrollments, the call for public accountability, and a tight economy — have made school finance a major educational issue. Each year billions of dollars are spent by state and local governments across the country on education. Yet the decisions concerning the raising of revenues and the distribution of tax dollars for education have been restricted to those few individuals who were familiar with the jargon and the complex formulas generally employed in school finance discussions. It is essential that the public become aware of the choices to be made and that are being made in designing state school finance systems to provide children with an equal opportunity for a quality education.

With our highly mobile society, education practices all over the country have impact on local school districts, as families move from city to city and state to state. According to U.S. census figures, 51% of the population growth in Texas for the years 1973-76 was a result of people moving from out of state into Texas. Though education is a national concern, the governance of education has traditionally been assumed by state and local entities.

This responsibility is not a small one. In 1978-79, approximately 30% of the state's budget was spent on public elementary and secondary education. For the school year 1978-79, approximately $5 billion from federal, state and local sources was spent to educate 3 million enrolled students. According to Texas Education Agency (TEA) estimates, this results in an approximate current operating expenditure per pupil in average daily attendance (ADA) of $1,486 (excluding money spent on facilities).

Basic Issues and Approaches

According to the State Board of Education, its underlying philosophy is "to develop and educate each student according to his or her potential . . . ." How is that philosophy and the mandate given in the Texas Constitution implemented and translated into a statewide system of school finance? What types of student needs will be identified and served? What services will be provided? Who will pay the bill and how will the cost be distributed? These questions indicate the magnitude of the public policy issues that must be addressed in developing a public school finance system.

Discussion regarding those issues can be grouped broadly under two headings: student equity and taxpayer equity. Student equity and taxpayer equity are different concerns and on many occasions have been addressed independently. That is, a school finance system could move in the direction of student equity without necessarily addressing the question of taxpayer equity, though that is not usually the case. School finance reformers are likely to be more concerned about student equity, whereas taxpayer groups tend to focus on taxpayer equity.

Student Equity

Student equity relates to the distribution side of the school finance system. It describes how fairly, from the standpoint of meeting students' educational needs, available financial resources are spread across the school districts. One definition of student equity assumes that all students have similar needs when translated into dollars and that therefore resources should be allocated equally to all students. Another states that different students have different educational needs, and that to achieve student equity, financial resources must be allocated on the basis of the different costs of meeting those needs.

Regardless of which definition is used, it is necessary to determine how many students must be served in each district. Counting the number of students for purposes of allocation of funds can be done by averaging attendance figures over the year to get the number of students in *average daily attendance* (ADA) or by averaging the number of students enrolled in the district over the year, the *average daily membership* (ADM). Measuring by ADA assumes that districts with higher levels of attendance should be rewarded and those with lower levels should be punished. The ADM measure assumes that whether or not the student is in attendance on any given day, the costs of district operation — professional salaries, custodial service, utilities, etc. — remain the same and the allocation of resources should recognize that. School districts plan and budget for peak enrollment, the argument goes, and state funding should flow on that basis.

In some districts, particularly the larger ones, the difference in state monies received can be quite significant depending on whether ADA or ADM is used as the measure of the number of students. For example, Houston ISD estimates that if ADM had been used instead of ADA for the 1979-80 school year, it would have received an additional $10 million, provided that the formulas and dollar amounts in the school finance bill remained the same. If dollar amounts were adjusted to keep the state's total expenditure on public schools from increasing, HISD estimates it would still have gained almost $2 million, because its percentage of statewide ADM is greater than its percentage of statewide ADA.

The simplest approach to student equity is the **flat grant** approach. Under this type of system, the state allocates money to school districts in direct proportion to the number of students in the district, measured either by ADA or ADM. The flat grant approach is easily understood by legislators and citizens alike. It is simply administered, does not require extensive and costly testing and placement of students, and leaves development of local educational programs firmly in the hands of the local administration. This approach does not recognize or accept that if

equality of education is to be achieved, the varying needs of children must be taken into consideration in allocation of state funds. No state now uses the flat grant approach exclusively, although it was the norm before states began adopting foundation school programs. In many states, including Texas, the foundation program was added to the flat grant allocation rather than replacing it.

A plan designed to distribute different amounts of money to meet different educational needs must make clear which needs are to be taken into account. Some educators argue, for example, that family poverty is a factor which requires compensatory action. If differing amounts are to be allocated for poverty and nonpoverty students, a measure of what constitutes poverty must be determined — e.g., family income or per capita resources. The more differences in educational need that are identified and translated into cost and used to determine allocations, the more sensitive the measure of need is said to be. The more sensitive the measure of need, the more equitable the system, according to this definition of student equity. A balance must be struck between the sensitivity of the measure of need and the costs of testing and classifying according to needs, determining the cost differentials, and administering such a system. Once needs have been identified, they must be translated systematically and uniformly into estimates of the financial resources necessary to meet them.

One method of allocating state funds on the basis of educational need of certain students is **flat grants for special programs,** sometimes termed *categorical aid.* The state funds special programs through a flat grant of a specified number of dollars per pupil in the program. The grant is usually restricted to use in the special program designed to serve that category of students. Texas' funding of bilingual education is an example of such an approach. Funding of compensatory education in Texas, although termed categorical aid, does not fit the same pattern: the allocation to a district is based on the number of children in the free and reduced-price lunch program in the 1978-79 school year, not the number of students in need of compensatory education services. The number of dollars allocated per pupil usually bears little relationship to the cost of providing such a special program, although it is safe to say that the amount is generally inadequate.

Another allocation model, the **excess cost** approach, provides grants to districts to cover the additional cost of educating special students. Because districts are reimbursed only for the actual extra cost of the programs provided, a major advantage of this approach is that there is no disbursement to a district if no program is provided. Another advantage is that variances in the cost of providing the same program in different districts are automatically compensated for, since the amount granted is tailored to each district's expenditure pattern. A disadvantage is that the reimbursement comes after the costs have been incurred; consequently poor districts may be put in a financial bind. Approximately 24 states have excess cost grants for instructional programs.

In theory, the excess cost approach would reimburse districts for all the costs of the special program over and above the costs of the regular program — in whatever manner that is defined. In practice, legislators would, no doubt, be reluctant to appropriate open-ended amounts for reimbursement. Most would put a cap or limit on the state monies that could be spent in any year to reimburse local districts for excess cost. Thus the districts generally would recover only part of their extra expenditure on special programs. Federal funding for special education (PL 94-142) is an example of a modified excess cost approach at the federal level.

Weighted approaches to student equity facilitate establishment of more sensitive measures of need and allocation of financial resources to meet the different costs of satisfying those educational needs. Weighted approaches differ primarily in which variable — pupils, programs, or personnel — is assigned weights.

The **weighted-pupil** approach groups students by educational characteristics (i.e., need) and assigns weights to students on the basis of the relationship between the cost of the programs they need and the cost of regular education, indexed at 1.00. For example, if it is determined that the cost of educating student A is twice as great as educating a student in the regular program, student A would receive a weight of 2.00. This approach requires diagnosis of identifiable educational needs and determination of the costs of meeting those needs.

Supporters of this approach say that it places the emphasis where it should be — on the individual student. Those who oppose the weighted-pupil approach argue that it results in the labeling of pupils and in their being classified into rigid and artificial categories.

The **weighted-program** approach focuses on the program costs. Weights are assigned to different educational programs based on the cost to provide them.

The Governor's Office of Educational Research and Planning recommended a weighted-program approach to the legislature in 1975, though it was referred to as a weighted-pupil approach. The table accompanying this recommendation listed five different weights for regular education programs, ranging from 1.00 for students in grades 4-6 to 1.20 for kindergarten programs. On the basis of these weights, for every $100 allocated per student in grade 4, $120 would be allocated for each student in kindergarten, for example. Weights assigned to vocational education programs ranged from a low of 1.50 for health education to a high of 2.63 for agriculture. In special education, weights ranged from 2.20 for the educable mentally retarded to 4.86 for the orthopedically handicapped.

Although this approach was not adopted, the legislature did adopt a modified **weighted-personnel** approach for children in regular education. (See Table 1.) A weighted-personnel approach, after grouping pupils in a district by program, converts the number of pupils in each program through a formula into personnel units allocated to the district. In 1977, the legislature adopted a special education personnel unit system consistent with the regular program — weighted-personnel system adopted in 1975.

According to Raymon Bynum, deputy commissioner of TEA, the weighted-personnel approach was more compatible with the old teacher salary schedule (since changed to a salary index) that Texas had than a weighted-pupil approach would have been. Other experts say that the weighted-pupil or weighted-program approach could easily be tied to the salary index. The legislature would merely be required to establish a ratio between a weight of 1.00 in the weighted pupil or program table and the index value of 1.00 in the salary index.

Taxpayer Equity

Taxpayer equity hinges on the equitable distribution of the tax burden among the taxpayers and on an equal opportunity for taxpayers in different districts to raise and spend an equal amount per pupil for an equal unit of tax effort.

Court decisions in *Serrano v. Priest* in California and in the *Rodriguez* case in Texas at the district court level (overturned by the U.S. Supreme Court) have said that school finance systems must attain "fiscal neutrality." That is, the amount of money spent per pupil in a given school district must be dependent upon the wealth of the state as a whole rather than on the wealth of that individual district.

Texas addressed this issue by including "equalization aid" in the school finance plan adopted by the 64th Legislature in 1975.

five best six-week periods of the school year is the basis for calculating the PU entitlement. The total allocation is determined as shown in Table 1.

After the district's total number of FSP personnel units has been computed, the special education and vocational units, which have been allocated on the basis of other formulas, are multiplied by .25 and .50 respectively, and the results are subtracted from the PU total. The remainder is the district's PU allotment for regular program personnel. A school district may use its personnel units for any combination of personnel (teachers, administrators, aides, clerical workers, librarians, nurses, counselors, etc.) that the district feels will best meet the needs of its students. Lowering the number of pupils per PU would allow districts to reduce their pupil-teacher ratio if they chose to use the increased state funding for that purpose.

Separate special education weighted-personnel formulas provide a maximum FSP entitlement based on 30 personnel units for the first 3,000 ADA, 1 personnel unit for each additional 100 ADA up to 6,000 students, and .85 PUs for each additional 100 ADA thereafter. In order to qualify for a 100% entitlement of special education personnel, a district must identify and serve 12% of its total ADA as special education students. For example, a district with 6,000 students in ADA would be entitled to 60 special education personnel units if it identified and served 720 students (12%) as handicapped students. If fewer than 720 students were qualified and served in the special education program, the number of special education personnel units would be reduced accordingly. Actual allocations to districts are limited, however, by a specific appropriations maximum placed on special education.

Since vocational PUs are charged against the district's PU allocation at a rate of .50 and special education PUs at .25, the more FSP special education and vocational education personnel that the district seeks and employs, the fewer personnel units that are available for use in employing personnel for the regular program. Regular-program educators have voiced concern over this fact; however, viewed positively, this feature makes special and vocational education PUs a "best buy" in that one personnel unit in the regular program provides the opportunity to employ one teacher, whereas in special education it provides four and in vocational education, two.

In 1978-79, the TEA estimated the total cost of the salary component of the foundation school program for 160,015 full-time-personnel at an average salary of $12,035 to be $1.9 billion. Most local districts felt it necessary to supplement either the FSP salary level or the number of personnel provided by the FSP, or both. As a result, 222,013 full-time-equivalent personnel were employed for a grand total of $2.7 billion. In other words, local school districts spent $800 million above the level of the FSP either to pay higher salaries or to employ more professional or paraprofessional personnel or both.

In the context of the current FSP personnel and salary system, preliminary estimates of the TEA indicate that a 5% raise in 1981-82 and another 5% raise in 1982-83 would cost $357 million over the biennium and that two raises of 7% each would cost $504 million.

Operations funding is general aid that is available for expenses such as utilities, custodial work, maintenance, and instructional supplies. For 1979-80, each district is allotted $122 per student in ADA, and in 1980-81, $139. In addition, there is a vocational education operations allotment of $400 per vocational education personnel unit for instructional materials, and a special education operations allotment of $400 per special education personnel unit ($500 if it is a new unit).

Transportation funding under the foundation school program was considerably altered by the passage of the 1979 school finance bill (SB 350). A new linear density calculation was added, and the rate of reimbursement a district receives for the operation of approved bus routes was made dependent on their linear density. Linear density is the number of eligible students per mile of an approved bus route. Eligible students are those who live two or more miles from the school to which they are assigned.

Depending on the eligible-passenger-density measure, the FSP allotment ranges from 44¢ to 94¢ per mile of operation following an approved route — the greater the density, the higher the rate. The mileage rate is for all expenses authorized by law, including driver salaries and bus replacement costs. However, the average district spends substantially more than the FSP mileage rate just for operations, without addressing the capital outlay problem created by the need for additional new buses or replacement buses.

Special education transportation funding for handicapped students who cannot ride on regular buses is allocated on the basis of the previous year's cost per mile. For 1979-80 and 1980-81, the maximum entitlement is 80¢ per mile per vehicle operated by the district. In addition, reimbursement for private transportation of handicapped students, not to exceed 18¢ per mile, may be granted by the Commissioner of Education up to a maximum of $600 per student per year.

Transportation costs for vocational education are reimbursed on the basis of the actual number of miles traveled times the district's official extracurricular travel per mile rate as set by its local board of trustees and approved by the TEA.

In addition to the new density formulas, the 66th Legislature added a hazardous-conditions provision. Local school boards may designate certain conditions, such as areas without sidewalks and major highways without elevated crosswalks, as hazards, thereby making children who must pass through those areas eligible for state-subsidized transportation. The TEA has established 10% of the district's regular transportation allotment as the limit which a district can receive under the hazardous-conditions clause.

Categorical aid is of two types: compensatory and driver's education. Compensatory educational aid for 1979-80 has been fixed at $44 times the number of qualifying students. This number is the average of the best six months' participation of educationally disadvantaged students in free and reduced-price lunch programs under the National School Lunch Program for 1978-79. For driver's education, the categorical aid is $25 per enrolled pupil. Funds are provided for up to 20% of a school's student population in grades 10-12.

Funding for bilingual, and gifted and talented students is not defined as categorical aid in the FSP, but nevertheless is similar in concept. Bilingual education funding comes from the foundation school fund. It is provided in districts in which there is an enrollment of 20 or more students of limited English-speaking ability in any one language classification in the same grade level. TEA determines the size of the allotment, which covers the cost of pupil evaluation, books, instructional media, and other supplies required for quality instruction. For the 1979-80 and 1980-81 school years, TEA has set the allotment at $25 per program participant. Bilingual education must be provided where needed (defined as above) in grades kindergarten through third and may be provided in grades four and five. Any bilingual program beyond the fifth grade is at the expense of the local school district.

In 1979 the legislature provided for the establishment of demonstration programs for gifted and talented students in various regions of the state, allocating up to $2 million for the 1979-80 school year and up to $3 million for the 1980-81 school year. The TEA is required to establish these programs, which are to reflect different approaches and alternatives and are to be representative of different types of districts in various parts of the

state in terms of size, composition, and geographical influence. A school district or combination of districts may apply to offer the program; the TEA will decide where the programs are to be established. A district or combination of districts must identify at least 20 gifted and talented students to be served for a full school; the maximum allotment of $150 per pupil will be made if the TEA approves the plans submitted. Further restrictions are that no district may qualify more than 5% of its ADA and no district shall receive more than $100,000 annually.

Special education and vocational education, although obviously categorical in nature, are not defined as such in the foundation school program.

The total FSP cost for 1979-80 has been estimated by TEA at $2,651,000,000. This may be broken down as follows:

Regular program	$2,093,700,000
Vocational education	155,800,000
Special education	286,600,000
Compensatory education	42,900,000
Driver's education	3,100,000
Miscellaneous	68,900,000
	$2,651,000,000

Miscellaneous expenditures include costs for educational service centers, regional media centers, computer services, sick leave, and agency administration. Of the total FSP cost, the state's share is $2,292,400,000, and the local share is $358,600,000.

Once the total foundation school program cost is determined for a given school district, the available school fund flat grant and the local fund assignment (LFA) are subtracted to determine the amount of money to be paid to the district from state foundation school funds. If the local fund assignment plus the available school fund grant equals or exceeds the FSP cost — a condition known as "budget balance" — the district is not eligible for further state aid. The district would, however, still receive the full amount of the available school fund flat grant.

For example, let us suppose that two hypothetical districts, A and B, each have 1,000 students in ADA and a foundation school program cost determined to be $1,300,000, and are entitled to the same available school fund flat grant of $300 per ADA, but that District A has a taxable wealth of $90,000 per ADA, whereas that of District B is $900,000 per ADA. District A would receive $865,000 from foundation school funds ($1,300,000 – $300,000 [ASF] – $135,000 [LFA]. District B would receive no foundation school funds, because its LFA ($1,350,000), plus its ASF ($300,000), exceeds the cost of the foundation school program in the district; it is a budget-balance district.

A district need not actually raise its LFA as a condition for receiving foundation school aid.

Equalization aid. The third and final type of state funding, equalization aid, was established in 1975 for the purpose of offsetting, at least in part, differences in local ability to provide enrichment. These differences are a result of unequal distribution of taxable property wealth among school districts (see Table 2). The average taxable wealth of school districts in Texas for 1978-79 was approximately $91,000 per ADA. However, the taxable wealth in individual districts ranged from a high of $19,219,000 per ADA to a low of $12,419 per ADA. Of the 1,078 districts in the state, 364 did not have a tax base equal to the state average.

The results of this unequal distribution of taxable wealth can be seen in figures for current operations expenditures in 1978-79. TEA reported that the expenditures of the district spending the most were eight times greater than those of the district spending the least — $6,600 versus $817 per ADA. Most districts spent between $1,000 and $3,000 per ADA in 1978-79, the statewide average being $1,486. Houston ISD and Dallas ISD, the state's two largest districts, budgeted $1,573 and $1,808 per ADA respectively.

Table 2
DISTRIBUTION OF SCHOOL DISTRICTS BY TAXABLE WEALTH

No. of Districts	Taxable Wealth (GOER Market Value/ADA)
77	Under $50,000
209	$ 50,000 - $ 79,999
207	$ 80,000 - $109,999
131	$110,000 - $139,999
95	$140,000 - $169,999
53	$170,000 - $199,999
50	$200,000 - $229,999
44	$230,000 - $259,999
33	$260,000 - $289,999
179	$290,000 and over

Source: TEA, based on the market values estimated by the Governor's Office of Education Resources (GOER) for computing districts' local fund assignment in 1978-79.

The equalization aid section of the 1975 school finance bill set $70 per pupil per year in the school years 1975-76 and 1976-77 as an equalization target over and above the FSP level. A specific appropriations limit placed in this section of the bill, however, resulted in $56 per pupil actually being the maximum. In 1977-78, the maximum equalization aid per pupil figure was $210. By 1979-80, the maximum had been increased to $275, and in 1980-81, it will be $290.

In order to qualify for equalization aid, a district must (1) have taxable wealth equal to 110% of the state average or less and (2) raise the full amount of its local fund assignment. No district actually receives the maximum equalization allotment; to do so, its percentage of the state average wealth would have to be zero (that is, it would have zero wealth). For example, if 110% of the state average were $100,000 per ADA and the maximum equalization allotment were $200 per pupil, a district with a property wealth of $50,000 per ADA would receive $100 per ADA; a district with a property wealth of $25,000 per pupil would receive $150; and one with a property wealth of $75,000 per ADA would receive $50 per ADA equalization aid.

Equalization aid is limited to $202 million in 1979-80 and $215 million in 1980-81. If the amount required by the formula exceeds this limit, aid to the local districts will be reduced proportionately until the total amount equals the specified limit.

Local Funding

In 1978-79, local school districts raised $2 billion for public elementary and secondary educaton. Local districts have statutory authority to levy a maintenance tax for current operations to a limit of $1.50 per $100 of assessed value of property or $1.40 per $100 of market value as estimated for local fund assignment calculations, whichever is less. (The "whichever is less" condition resulted from Governor Briscoe's attempt in 1977 to limit local discretion over ad valorem tax levels by reducing the maximum that could be raised.) In addition, the local school district may levy a debt service tax to retire outstanding indebtedness incurred in providing school facilities. Finally, a relatively insignificant amount of revenue (in 1978-79 it was less than 1% of the total money raised) comes from sources such as fees to students, and rental of equipment and facilities.

Equalization aid is state money directed to the poorer school districts in inverse relationship to their local wealth, in an attempt to reduce spending disparities among districts. However, a look at existing disparities in per pupil spending reveals little progress in reducing these disparities. For the 1978-79 school year, TEA reported that the district with the highest expenditure spent $6,600 per pupil in ADA, whereas the district with the lowest expenditure managed only $817 per pupil in ADA.

Since school districts depend almost entirely upon the property tax for local revenue, the equitableness with which property taxes are collected from one district to the next and among classes of taxpayers within a given district is inextricably tied to taxpayer equity. Since 1975, several changes have been made in Texas toward reforming the property tax system to make it more equitable. Rather than examine that aspect of taxpayer equity or broaden the scope of this article to include which kind of tax would provide more equity, the discussion that follows will focus on the ways state money can be funneled to enable school districts with low property wealth to provide educational opportunities for their students comparable to those that wealthy districts can provide.

A sure way of meeting the "fiscal neutrality" test is **full state funding** of the public schools. In a system of full state funding, the state establishes a statewide expenditure level either per pupil (or weighted pupil) or for the basic education guaranteed by a foundation program. All expenditures for public schools are financed by statewide taxes (which can include property taxes). No local enrichment is allowed.

Full state funding guarantees equal expenditures across the state for pupils with similar identified educational needs. It is the most effective approach in eliminating gross expenditure differences among school districts. It also allows the state to shift the tax burden to a broader-based or more progressive tax.

Arguments against full state funding are that it eliminates local choice in determining educational expenditures, and it could result in higher taxes for the taxpayers in some school districts. Because local enrichment is prohibited, it could require some school districts to lower their expenditures.

Four states come close to having full state funding. Hawaii has only one school district, and all schools are operated by the state. New Mexico, Florida, and Minnesota have foundation-type plans with the property tax rate set by the state. In New Mexico one wealthy district elects to stay out of the foundation program. By doing so, the district forfeits only the state aid it would not have received anyway. Florida requires a minimum tax effort and then allows districts to enrich by approximately 25%. Most districts do enrich. In Minnesota, voters in a local district may choose to tax themselves at a higher level in order to enrich — few districts have chosen to do so.

Another approach to taxpayer equity is one in which the state and the local school district share the cost of public education. Under the **foundation school program** approach, the state establishes a minimum expenditure level (the foundation level) in every school district. The expenditure level can be defined in terms of per pupil expenditure, per weighted-pupil expenditure, or a combination of factors, such as Texas' foundation school program. The state usually establishes a minimum school tax rate that each school district must levy to participate in the foundation school program (Texas departs from the norm in this regard). If, at that minimum tax rate, the school district does not raise enough revenue to meet the foundation level of expenditure, the state makes up the difference. School districts are generally allowed to levy a tax rate above that required for the local foundation effort and to spend above the foundation level (local enrichment).

Among arguments in favor of the foundation school program approach is that it guarantees a minimum level of expenditure in every school district in the state. A foundation program with a high foundation level can be effective in closing the gap between high- and low-expenditure school districts.

Opposing arguments are that a foundation program reduces local choice in determining educational expenditures and school tax rates. It may require some local districts to raise their school tax rates in order to participate in the program. If the program is designed so that school districts are not required to raise their share to participate, the equalizing effect may be diminished. In most foundation school approaches, local enrichment is not limited; in a state where wealth disparities are very great and no limit is set on local enrichment, this approach may do little to reduce disparities in per pupil expenditure among school districts.

A third approach is the **guaranteed tax base yield** approach, sometimes referred to as *power equalizing* or *percentage equalizing*. Under this approach, the state guarantees a certain level of expenditure for each unit of local tax effort exerted, regardless of the wealth of the school district. Local districts are allowed to choose their school tax rate, which, in turn, determines the expenditure per pupil guaranteed that district. If the district, by applying the chosen tax rate, is unable to raise enough revenue to provide the guaranteed expenditure, the state makes up the difference.

For example, if the school districts were guaranteed a $30 increase in per pupil expenditure for every 1¢ increase in the tax rate, and if a certain poor district could raise only $17 per pupil by imposing a 1¢ increase, the state would make up the $13 difference, so that the district could spend $30 more per pupil.

A guaranteed tax base yield approach focuses on the ability of a district to support its educational program; its emphasis is somewhat more on taxpayer equity than on student equity. For property-poor school districts, this approach ensures equal expenditures for a given tax rate. It maximizes local choice in determining expenditure and tax rates.

The disadvantages are that this method is less effective than either full state funding or a foundation program in closing the gap between high- and low-expenditure districts, and it does not require a minimum financial commitment to education from every school district.

Another approach to taxpayer equity that has been proposed is that of **educational vouchers.** Under such a system, parents would be given a voucher that they could present to any accredited (public or private) school in which they wished to enroll their child. The school would return the voucher to the state and receive a certain amount of cash based on some predetermined formula.

The reaction of most public educators to the voucher system has been negative. They foresee adverse effects on staffing, budgeting, and long-range planning for education under this sytem. Other concerns have been raised regarding the separation of church and state, the promotion of white flight, and the effect on equal educational opportunity (particularly if parents are allowed to supplement the amount of the voucher).

Taxpayer equity may require *cost equalization,* that is, that the state provide funds to balance differences among school districts in the cost of providing educational services of similar quality. These cost differences can be divided into two categories: (1) differences in the amount and cost per unit of supplies and services that must be purchased by the school district, and (2) differences in the amount the district must pay to attract and retain employees of comparable quality.

Factors causing differences in the costs of supplies and services include: pupil transportation needs in sparsely settled areas or for desegregation; vandalism in inner city or ghetto schools; variation in heating and cooling needs and costs; and the small number of students in sparsely settled rural districts, which inflates the cost of providing comparable education. In

general, costs of supplies and services tend to be higher in rural and highly urbanized districts, and lower in suburban areas.

Salaries constitute from 70% to 80% of the average school district's budget. Therefore, differences in the cost of hiring and retaining employees of equivalent quality are even more significant than differences in the cost of supplies. Cost-of-living differences may affect the cost of hiring and retaining comparable personnel, but an even more important consideration is probably the attractiveness of a school or a school district as a place to teach and of a community as a place to live. Salaries may need to be higher to get teachers of comparable quality for a ghetto school and in districts with ghetto schools than in an upper-middle-class suburban district where there is no risk of being assigned to a ghetto school. Higher salaries might also be required in some rural areas to attract comparable teachers. These conditions give rise to the concept of "combat pay" for ghetto teachers and "isolation pay" for rural teachers.

It is easier to recognize the existence of cost differences than it is to measure and then to compensate districts for them. All states compensate districts, at least partially, for the costs of pupil transportation. In New York, state reimbursement is 90% of the costs; in Oregon it is 50%. Texas compensates at a fixed rate per vehicle mile traveled, the rate being determined by a linear density formula — the greater the density of pupils, the higher the rate.

States also subsidize cost differences in necessary small schools, such as schools in sparsely settled rural districts where transportation distances to larger schools in a larger district would be too great.

As of 1976, the only state that had made an attempt to compensate for the differences in salaries necessary to attract and retain teachers and other education personnel was Florida. Each of that state's 67 school districts is assigned a cost-of-living index, and its foundation aid level is adjusted by this index. Districts with lower costs of living have lower foundation levels.

Critics say that a cost-of-living index is a poor indicator of the actual cost differences in hiring employees of comparable quality. In addition, they argue, it is expensive to conduct a cost-of-living analysis for each district, and the result is probably quite inaccurate.

Financing of Texas Schools

A $5 billion expenditure for the 1978-79 school year to educate Texas' 3 million students makes school finance big business in the state. According to TEA estimates, approximately 50% of this $5 billion was provided by the state, 40% by the local school districts, and 10% by the federal government.

State Funding

The state provided approximately $2.5 billion in 1978-79 for public elementary and secondary education.

Most state funding is in the form of general aid, which allows local school districts considerable flexibility in using the state revenue. This money comes to local districts through three different types of state funding: flat grants from the Available School Fund, the foundation school program, and equalization aid.

Available School Fund. The earliest form of state funding has its basis in Article VII, Section 2, of the Texas Constitution with the establishment of the Permanent School Fund. In 1839, the Congress of the Republic of Texas dedicated four million acres of land, including mineral rights, for the purpose of creating an endowment to provide for the current revenue needs of public schools through the years without causing substantial demands on current tax revenues. The fund is permanent in that the principal may never be expended for current operations; only the income (interest, etc.) may be used. The income from this Permanent School Fund plus one-fourth of all motor fuel taxes and one-fourth of all occupation taxes (both constitutionally dedicated) make up what is called the Available School Fund (ASF). Monies from the ASF are allocated to the districts on the basis of the prior year's average daily attendance (ADA). This funding is a flat grant per pupil in ADA; the wealth of the local district plays no part in determining the size of the grant.

Flat-grant funding through the ASF has grown from $119 per ADA in 1970-71 to $284 per ADA in 1978-79. Nevertheless, it provides less than one-fifth of the estimated per pupil expenditure required for current operations.

Foundation school program. The Texas foundation school program (FSP) originated in 1949 with the passage of the Gilmer-Aikin laws. At that time Texas became a model of school finance reform primarily for two reasons. First, Texas was attempting for the first time to make available to the students of all school districts a minimum educational program spelled out in terms of minimum levels for teachers' salaries, teacher-pupil ratios, and so forth. Second, Texas was attempting to measure the local district's wealth (by means of an economic index) and to distribute state aid in inverse proportion to that wealth, with proportionately more state aid flowing to poorer districts.

The foundation program is based on a state/local sharing concept in which the local district is assigned a part of the total FSP cost on the basis of its ability to pay. The FSP is administered by the Texas Education Agency, and since its inception has been significantly restructured only once — in 1975 by HB 1126. Changes made in 1977 and 1979 were essentially refinements of the system — adding more money for equalization aid, creating the School Tax Assessment Practices Board, and others.

The foundation school program flows money to school districts for personnel costs, current operations (maintenance and operations), transportation, and categorical aid programs to serve special populations. FSP funds are not available for teacher in-service training and locally initiated research and evaluation of programs; or for servicing debt, building new classrooms, and other capital improvements.

Personnel costs are calculated by determining the district's personnel unit entitlement and then allocating money on the basis of an index in which different pay grade levels and steps are indexed to the beginning teacher's salary, as set by the legislature for that school year. In order to determine a local school district's personnel unit (PU) allocation, a weighted-personnel system is used. The district's estimated ADA for the

Table 1
PERSONNEL UNIT (PU)
ALLOCATION SCHEDULE

Grade-Level Category	PU/No. of Pupils (ADA)
Grades K-3	1 PU per 18.5 ADA
Grades 4-6	1 PU per 21 ADA
Grades 7-9	1 PU per 20 ADA
Grades 10-12	1 PU per 18 ADA

Note: State-level funding of kindergarten is for half-day for the full year or full-day for half the year. That is, in calculating personnel unit allocations, each kindergarten student counts as one-half of a student in ADA. The local district may offer full-day kindergarten throughout the school year, but the balance of funding must come from local sources (local enrichment).

Of the $1.6 billion raised by local districts through the maintenance tax in 1978-79, approximately 22% ($357 million) went to meeting their local fund assignment; roughly 78% ($1.2 billion) was used to provide program enrichment over and above the FSP level. The amount raised by the debt service tax in 1978-79 was $362 million.

Local fund assignment. The local fund assignment (LFA) is the local district's share of the foundation school program. The state assigns each local district a share of the FSP cost based on a state estimate of the district's tax base. The rationale behind the sharing concept is that districts with high property values are better able to finance local schools and, therefore, should pay a greater percentage of the total cost of the FSP than relatively poor districts. The TEA estimates the state-local FSP sharing ratio for the 1979-80 school year to be approximately 89% state to 11% local.

The legislature in 1979 set a district's 1979-80 LFA at either a 15¢ per $100 rate applied to the estimated full market value of property in the district, or a 17.5¢ per $100 rate applied to the index value of property in the district, whichever would cause the LFA to be less. "Market value" for LFA purposes is defined as: the 1979 School Tax Assessment Practices Board's market value estimate minus the value of property exempted from taxation as a result of Texas voter approval of the Tax Relief Amendment in 1978 (intangible personal property, personal property, motor vehicles, homestead).

Rural interests won legislative approval of an index value that could be used for the LFA calculation in place of the market value defined above. The index value of the property in a district is calculated by substituting the productivity value of "open space land used for agriculture" for the market value of such property, thereby reducing the property wealth value of the district.

For the school year 1980-81, the LFA will be determined by multiplying the index value of the property in a district by a 16¢ per $100 rate. This is tantamount to a 1¢ increase in the tax rate for urban districts with little open space land and a 1.5¢ decrease in the rate for districts with substantial amounts of open space land.

Local enrichment. Any money that a district is able to raise above its local fund assignment may be used to enrich or supplement the educational program. Most commonly, local enrichment is used to lower the pupil/teacher ratio by employing additional personnel, to pay higher salaries, and to purchase supplemental materials and equipment to aid classroom instruction.

The following example illustrates enrichment. Two hypothetical districts, A and B, have 1,000 ADA and equal FSP levels. District A has a taxable wealth of $50 million, and District B has a taxable wealth of $400 million. If both districts have a tax rate of $1.00 per $100 valuation, District A would raise $500,000, while District B would raise $4,000,000. With the same tax effort, District A has raised only $500 per ADA, but District B has raised $4,000 per ADA. Obviously District B would have more money available for enrichment above the FSP level, even though its LFA would be greater.

Not every district with a high-wealth property tax base uses it to provide substantial enrichment. However, as Table 3 indicates, even aveage-wealth districts find it necessary to spend more than the FSP provides, and high-wealth districts are able to and generally do spend considerably more.

Equalization aid was established for the purpose of partially offsetting the disparities in enrichment ability, but it cannot significantly close the gap even at the 1980-81 level of $290 per ADA. All but the poorest districts are able to enrich at substantially higher levels.

Table 3
LOCAL ENRICHMENT IN RELATION TO TAX BASE, 1978-79

Market Value per ADA	Enrichment per ADA
Under $70,000	$ 215
$ 70,000 - $114,999	416
$115,000 - $149,999	639
$150,000 - $199,999	602
$200,000 - $299,999	789
$300,000 - $499,999	1,069
Over $500,000	1,601

Source: *Bench Marks for 1979-80 School District Budgets in Texas* (Texas Research League, 1979), p. 10.

Facilities funding. Although approximately 40 states have acted to assist in financing local school facilities, Texas has not done so. The funding of school construction in Texas is entirely the responsibility of the local school districts, which have been authorized to levy a debt service tax for the purpose of retiring indebtedness incurred, with voter approval, in providing school facilities. In the year 1978-79, 17% of the revenue raised by local districts, or approximately $362 million, came from the debt service tax. There is no limit on the debt service tax rate unless it is self-imposed by the local district; however, the state has declared that a district's total debt cannot exceed 10% of the assessed value of the district's taxable property.

The inequalities discussed earlier concerning local enrichment also apply to the financing of facilities. Districts with high property wealth per pupil can levy a lower debt service tax than districts with low property wealth per pupil and have comparable, if not better, facilities. Suburban school districts experiencing rapid growth are especially affected by the burden of financing facilities and, typically, they are not blessed with heavy industry or rich mineral deposits to tax.

State participation in the funding of facilities varies from full state funding in Florida and Maryland to a percentage equalizing system in New York and Illinois in which a district decides what it wants to build and how much it wants to spend, and the state shares in the cost, proportionately more state funds going to poorer districts. Some states provide a flat grant per student whether it is needed that year or not, districts banking the money until they do need it. Other states simply provide loans from a state fund based on proven need. Because construction costs account for a smaller portion of the school budget than operating costs, there have been fewer attempts to equalize the financing of facilities, and so it is a fertile field for reform.

Federal Funding

The primary intent of Congress with regard to federal aid for public education has been to provide supplemental support to state and local programs for students who are poor, educationally disadvantaged, bilingual, or handicapped — to meet those educational needs which states have been unable or unwilling to do.

Most federal aid to public education is targeted to meet the needs of a specified pupil population and comes through the state to the local district in the form of categorical aid. Very few funds go directly to the local district. In Texas most federal money is channeled through the TEA, which administers the programs in compliance with federal guidelines. For 1978-79, according to TEA estimates, the total amount of federal funding was $533 million, and for 1979-80, $583 million. Federal funding in 1978-79 included programs for the educationally disadvan-

taged ($174 million); migrants ($54 million); the handicapped ($56 million); and the poor (free and reduced-price lunch, breakfast, milk — $200 million).

One type of federal aid that is not a form of categorical aid is impact aid — money given by the U.S. government to local school districts in lieu of the property taxes the districts cannot collect because of the tax-exempt status of federal property. Major military bases and federal housing developments in a school district have a great impact on the district's pupil population but cannot be taxed to finance the schools required. In 1979-80, $32 million in impact aid will go directly to the local school districts in Texas (not through the TEA) in the form of general grants that can be used for any legal purpose.

In allocating funds, the federal government does not consider the wealth of the local district; a district's ability to produce local ad valorem tax revenue is not a determinant in its receiving federal funds. As a result, wealthy districts that could easily afford to provide programs from local revenues for the educationally disadvantaged or other categories of students with special needs often receive federal funds, a situation that further compounds equalization problems.

Summary of Recent School Finance Legislation

The decade of the 70s was a period of intense legislative activity for school finance reform in Texas. This concluding section examines some of the changes that have taken place in the school finance system and some of the political forces at work during this period.

The 1973 legislative session accomplished little in school finance reform as it awaited the U.S. Supreme Court decision on the appeal of the Rodriguez decision. However, the stage was set for future change: study committees were named by the legislature, Governor Briscoe established the Governor's Office of Educational Research and Planning, and groups such as the Texas Advisory Committee on Intergovernmental Relations and the U.S. Commission on Civil Rights, as well as professional educator groups and citizen groups, dusted off or updated studies and recommendations. When the Supreme Court overturned the Rodriguez decision by a 5-4 vote in March 1973, some feared it would halt or at least slow movement toward school finance reform. That proved not to be the case, however; the momentum gained during the 1973 legislative session continued into the 1975 session.

The school finance bill (HB 1126) passed during that 1975 session significantly altered the school finance system. It (1) dropped the old economic index as the measure of the wealth of a district and made the market values of property in each district as estimated by Management Services Associates the basis for calculating each district's LFA; (2) set the LFA at a value obtained by multiplying each district's estimated property wealth by a tax rate of 30¢ per $100 for 1975-76 and 35¢ for each year thereafter — significantly raising the local fund assignment and thus decreasing the amount of local enrichment a district could provide without a tax increase; (3) provided for equalization aid up to $70 per pupil in school districts with a local property wealth per pupil less than 125% of the statewide average (the practical effect, in terms of dollars received, was not great because of a $50 million cap put on equalization aid, but the concept was established); and (4) adopted a weighted-personnel system in place of the classroom teacher unit (CTU) formulas used to that time.

In 1977, a billion-dollar increase in school funding over the biennium was committed by the 65th Legislature. Legislation enacted (1) cut the local district's share of the FSP cost almost in half; (2) specified that the newly created Governor's Office of Education Resources' estimates of local district market values or agricultural values, whichever produced the lower local district share, were to be used in figuring each district's LFA in the biennium; (3) created the School Tax Assessment Practices Board to, among other things, produce the property value estimates needed for determining the local fund assignment in future years; (4) adopted a salary index matrix approach in place of the old dollars per month salary schedule; (5) adopted a special education personnel unit system consistent with the regular program-weighted-personnel system of HB 1126 (1975); and (6) increased equalization aid to $210 per ADA in school districts with a local property wealth per pupil less than 110% of the statewide average.

Approximately a third of the billion-dollar increase was used to raise teacher salaries, one third went toward adjustments for inflation in the other components of the foundation school program, and the remaining third was used to reduce the local district's share of the FSP cost (to allow local districts to grant tax relief, though few chose to do so). The total result addressed adequacy of funding, but did little or nothing about improving equity of distribution. Whether a school district was high tax effort or low tax effort, rich or poor, all but a few received approximately the same increase in state aid per ADA.

In 1979, the 66th Legislature in SB 350 (1) increased equalization aid from a maximum of $210 per ADA to $290 per ADA in 1980-81, (2) increased state compensatory education funding from $25 per student eligible for ESEA Title I aid to $44 per free-lunch-program participant, (3) adopted a new density-based transportation formula, (4) prevented the local district's share of the FSP cost from increasing as a result of property appreciation, and (5) used the School Tax Assessment Practices Board's estimates of property value to establish the local district's share of the FSP cost, and (6) added support for fast-growing school districts.

The 66th Legislature probably had a greater long-range impact on public school financing by enacting HB 1060 and SB 621, which respectively redefined the ad valorem tax base and recodified and substantially changed property tax law, than it did by enacting SB 350. The $1.146 billion increase in biennial spending authorized by the legislature in the area of public school finance failed to offset the tax relief granted in HB 1060 and the erosion of purchasing power resulting from inflation.

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Class Size Concerns Aired By Teachers

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By JAMES RICKETTS
Avalanche-Journal Staff

A STATE teachers union official said class size limitations may fall victim to budget woes in January, but a local union official claims the limitations are already being sidestepped in the Lubbock public schools.

However, the Lubbock Independent School District superintendent disputed the charge, saying that fewer classrooms fail to meet the 22-student limit this year than in 1985-86.

John Cole, Texas Federation o Teachers president, said at a Thurs day afternoon press conference tha although the legislature left mos public education funding intact whe wrestling with a budget shortfall, th lawmakers' regular session ma bring cuts.

"In January, I suspect the bi battles will range around the cla size – there will be a definite mov to weaken the class size law – (an implementation of the career ladd at levels three and four," he said.

Anita Phillips, president of t Lubbock Federation of Teache said LISD is meeting class size lim by rotating teachers among high-e rollment classes to pull the avera class size down to the mandated student level.

"What we're seeing is that district is hiring helping teache but the helping teacher walks i that primary classroom where th are 30 students, is there for 45 n utes and meets the letter of the l and moves to another classroom 30 children in it," she said.

"That may meet the letter of law, but it does not meet the spir the law," she said.

Dr. E.C. Leslie, LISD superin dent, disputed the local union l er's claim, noting that the law quires that each classroom on

See TEACHERS Page 10

Teachers Air Concerns About Future Funding

(Continued From Page One)

kindergarten through fourth-grade level have no more than 22 students unless a waiver is granted. Ten waivers were granted last year, he said, but fewer are expected this year.

"They (the union) really didn't do their homework on this one," he said, adding that the average teacher-to-student ratio is not applicable when determining compliance with the class size limitations.

The helping teachers to which Mrs. Phillips referred, he said, are actually reading specialists hired with Chapter 1 funds. The specialists do move from class to class, he said, but their presence does not help the district meet the class size requirements.

In regard to the legislature's actions in dealing with a projected $2.8 billion revenue shortfall, Cole said educators were concerned that public education funding – which takes up more than 50 percent of the state budget – would be cut considerably.

The legislature last week approved $582 million in spending cuts and an $869.2 million temporary tax hike during their second special session of the year.

Public education lost only $5 million of about $9 billion in funding to the spending cuts, although payments to the teachers retirement fund are to be postponed to provide cash flow for the state, said Cole.

The $5 million cut eliminates funding to help local school districts pay substitute teachers when filling in for teachers taking their five days of mandated sick leave, he said.

Although the funding was cut, the mandated sick leave was left intact and left the substitutes' pay up to the local school districts.

Cole said that some educators also are concerned that the teachers retirement fund may not be reimbursed in January, as the legislature promised.

"When January rolls around, if the state's budget crunch is still there, there's a fear on some of our parts that there will be a temptation not to put that money back in, and just keep postponing it," he said, noting that this is the third time a legislature has dipped into the fund to offset revenue shortfalls.

Cole said he expects the legislature in January to again be forced to decide between spending cuts and tax hikes.

"I expect we are going to see the legislature again faced with a dilemma to either cut programs or raise taxes," he said.

Lawmakers must consider whether quality education is worth paying for before they make a decision to cut programs or funding, he said.

"Our (the TFT) view is that we (the state) have taken a tremendous loss in revenue due to the decline in oil prices and we must make that revenue up because we can't retreat on the education reforms that were put in place," he said. "We just made a start in trying to make our schools the kinds of places statewide that we would want them to be."

Economic recovery is contingent on the legislature's willingness to make education a high priority, said Cole.

"In order to expand our economic base, we're going to have to educate our children to deal with the high technology that is coming down," he said.

"We can't afford to back off from these reforms and say we're going to cut programs and weather this out," he said. "That would be simply dooming ourselves to economic disaster."

On other topics, Cole called the new statewide teacher appraisal system a "noble attempt" that, "if it is done, if it is done well and it does work, it will be a great thing and a great reform."

Mrs. Phillips also listed a number of local concerns, including a proposal to test students for drugs and a proposed wellness program designed to counsel troubled LISD employees.

Reagan S Problems

(Continued From Page One)

the White House spokesman, was asked about Kalb's resignation.

"I don't want to say anything about that," Speakes said. Asked if he thought Kalb's timing was poor, the White House spokesman said: "He made his decision. He selected the time and that was his decision to make."

Speakes said Kalb did not resign because of a disinformation campaign but "reports of disinformation."

"My question is did Bernie seek to find out what the facts were as I did?" Speakes said.

As Reagan arrived here with key administration officials, including Secretary of State George P. Shultz, U.S. aides stressed that a mood of uncertainty, even drama, lingers over the Icelandic meeting.

Reagan, who has faced criticism by conservatives for his eagerness to hold a summit in the United States, will seek to raise human rights issues and keep arms control negotiations on track during his meetings, U.S. officials said. Reagan does not plan to introduce new arms control proposals during his meetings with the Soviet leaders, the officials said.

On the other hand, officials said Gorbachev wants assurances that a weeklong summit meeting in the United States will produce specific arms control agreements so that he does not return to the Soviet Union empty-handed.

Reflecting the uncertainty that marks the meeting, Reagan told cabinet officials and White House aides Thursday morning, shortly before his departure:

"I have long believed that if we are to be successful in pursuing peace, we must face the tough issues directly and honestly and with hope."

"We cannot pretend that differences aren't there, seek to dash off a

1975

DRAFT

TENTATIVE RECOMMENDATIONS

TO

GOVERNOR DOLPH BRISCOE

Regarding

THE RESTRUCTURING OF PUBLIC ELEMENTARY AND SECONDARY SCHOOL FINANCE

By

THE GOVERNOR'S OFFICE OF EDUCATIONAL
RESEARCH AND PLANNING

November 1974

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FOREWORD

Moral, ethical, and legal considerations make it mandatory that Texas equalize access to quality educational opportunities for all public school students and ensure equity for the taxpayer within the state system of public education. Beginning the implementation of a program to achieve such goals can no longer be delayed.

Governor Briscoe has committed himself to the establishment of a comprehensive foundation school program which does not need to be "enriched" through additional local tax effort in order to provide quality education. He has also committed himself to oppose any effort to delay the beginning of the implementation of that program.

In the spirit of these commitments, the Governor established an Office of Educational Research and Planning to assist him in developing proposals for the achievement of equity goals in public education. Working with many organizations and individuals in new research and development activities and building on prior research, the Governor's staff began an effort in July 1973 to address 20 areas of inquiry. In spite of the best efforts of all concerned, a few of the projects remain in progress; notable among these are the development of (1) district-by-district estimates of 1974 taxable values which should be available by February 15, (2) proposals for assisting school districts with facilities financing which should be available by December 20, (3) minimum salary standards which should be available by December 20, and (4) plans for assisting school districts with 1976-77 start-up costs in vocational programs which should be available by January 1. These inquiries have resulted or will result in the provision of the research and development necessary to planning for the comprehensive restructuring of the state system of school finance.

The selected tentative proposals presented on the following pages evolved from such inquiries. In addition to daily communications, the Governor's staff will conduct, prior to the convening of the Sixty-fourth Legislature, 60 discussion sessions (three in each education service center region) with interested citizens, educators, and legislators. Feedback regarding these tentative proposals will be utilized to finalize staff recommendations, and inputs received during these discussion sessions will be carefully considered by the Governor as he prepares his proposals to the Sixty-fourth Legislature.

In other words, this document does not reflect a finalized position by either the staff that developed it or the Governor. It should be viewed as an instrument with which to stimulate productive exchanges between the Governor's Office of Educational Research and Planning and fellow Texans committed to quality educational opportunities for all public school students and to fundamental fairness for the taxpayer. As a result of these exchanges, the Governor will have a better basis for designing his plan for the restructuring of the state system of public school finance.

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INTRODUCTION

The Governor of Texas has been designated as the State's chief planning officer, chief budget officer, and chief executive. When Governor Briscoe assumed these roles in January 1973, he found that: (1) the state spent approximately half its revenues on some form of public education (27 percent on elementary and secondary), (2) the legislature considered more bills pertaining to public education than any other responsibility of state government, and (3) the restructuring of the inequitable state system of school finance was the most important issue before the legislature. Under such circumstances, Governor Briscoe concluded that it was impossible for him to fulfill his constitutionally established roles without assuming a position of leadership in the effort to (1) equalize access to quality educational opportunities for all public school students and (2) achieve taxpayer equity within the state system of school finance.

As a freshman legislator in 1949, Dolph Briscoe felt strongly that a majority of Texas citizens wanted a system of public education in which quality educational opportunities were available to all children and state funds were equitably distributed in relationship to the district's ability to raise local revenue. As a result, he cosponsored the 1949 legislation that became known as the Minimum Foundation Program (MFP). At that time the MFP was a giant step toward achieving equity for the student and the taxpayer.

By 1956, however, researchers had presented conclusive evidence that the MFP was beginning to fall short of achieving the purposes for which it was enacted. Since that time, leaders in public education have been aware of the inequities in the present system of school finance. Through the years, study after study documented these inequities; and on December 23, 1971, the public

was made generally aware of these problems through the Rodriguez decision of the San Antonio Federal District Court.

The court found, as researchers had earlier, that the Texas system of school finance is a "tax high, spend low" system for school districts poor in property values and a "tax low, spend high" system for districts rich in property values. The "floor" level of financial support guaranteed by the state through the MFP does not provide any semblance of the level of financial support necessary to ensure the opportunity to develop quality programs. To have an adequate educational program, a local district must "enrich" the MFP by adding local tax dollars; in fact, local school districts have added in the past several years an amount approximately equal to the total cost of the MFP.

In addition to inequities resulting from the low level of expenditures within the framework of the MFP, the Economic Index formula by which the state determines a local district's share of the cost within the MFP is at best a poor, indirect attempt to measure the ability of a school district to produce ad valorem tax revenues. The failure of the MFP to provide for the equitable distribution of state funds to local school districts has been documented so frequently that the allegation has been thoroughly established as an undeniable fact.

The U.S. Supreme Court, in a 5-4 decision on Rodriguez, stated that the inequities alleged by the plaintiffs exist but that the development of solutions is a task for state legislatures and the constituencies which they represent--not the federal court system. Many opponents of school finance reform concluded erroneously that the Texas system had been vindicated. If one initially misunderstood the message of the Supreme Court, it should have become clear when the High Court refused to hear and thereby permitted to stand a New Jersey State

Supreme Court decision finding the state system of school finance unconstitutional (the Texas system is very similar to that of New Jersey).

In addition to New Jersey, state courts in Arizona, California, and Michigan have ruled that, in relationship to their respective state constitutions, their respective systems of school finance were unconstitutional; and decisions are pending in Idaho and Pennsylvania. In many states suits were filed in 1971 and 1972, but they were dropped because of affirmative action by legislatures. Arizona, California, Colorado, Florida, Illinois, Kansas, Maine, Michigan, Minnesota, Montana, New Mexico, North Dakota, Utah, Washington, and Wisconsin have responded to the equity challenge by enacting significant school finance reform measures.

In responding to the first Serrano decision, California has offered an expensive example of what not to do. After the 1971 Serrano decision by the California Supreme Court and prior to the 1974 Superior Court's affirmative decision based on the facts presented, the legislature increased state spending by approximately $500 million in a manner that did not seriously address equalization issues. As a result, California now has a mandate to narrow spending differences among school districts to within approximately $100 per pupil which, if the state wishes to avoid reducing the level of spending in many districts, will be vastly more expensive now than it would have been prior to the "reform" legislation.

If the worthiness of equity for the student and taxpayer is not enough to prompt the comprehensive restructuring of the Texas system of school finance, reluctant citizens and legislators should be aware that one of Texas' leading school district attorneys is preparing to attack the constitutionality of the present Texas system of school finance. Legal, moral, and ethical considerations make it paramount that Texas accept the challenge of achieving equity for both the student and the taxpayer within the state system of school finance.

EQUITY FOR STUDENTS: PROGRAM ELEMENTS

With the preceding thoughtfully considered and within the context of perceived political feasibility and financial possibility, the following items are presented as a brief summary of selected recommendations of the Governor's Office of Educational Research and Planning.

A. Weighted Pupil Entitlements

It is a well-known fact that students are different, their learning rates and styles are different, their occupational goals are different, and their educational needs are different. It is also equally well-known that there are widely varying costs associated with meeting the needs of students. For example, it is necessary to invest approximately twice as much--in some instances, more--to provide vocational education as it is to provide traditional academic education.

As individual students vary in their need for high cost programs, districts vary widely in the percentage of their student bodies which need high cost programs. In some districts, college-bound students needing relatively inexpensive traditional academic education comprise almost the total student body. Other districts, however, have a high dropout rate and a high percentage of students who need relatively expensive forms of vocational-technical education leading to the development of a salable skill upon graduation. To determine the foundation school program dollar entitlements of a district without consideration for the cost of meeting the educational needs of its student body could hardly be equated with equity for the student.

In order to determine more precisely the dollars needed to meet the individual needs of students within a school district, it is necessary to consider the amount of time each student spends in the various programs offered by the school.

An individual student might be in a vocational course for three hours a day at one cost level, two hours a day in regular history and math courses at another cost level, and one hour per day in an intensive individualized remedial reading program at still another cost level. To flow funds to a school district assuming that the student spends all day in programs that cost the same amount per hour of instruction would be to base the funding system on an erroneous assumption.

Under the present system of school finance, a student who spends three hours a day in a vocational pre-employment laboratory is counted for a "bonus" vocational teacher unit and is also counted for the full day in determining regular classroom teacher units. This practice is known as "double counting" since the three hours used in determining vocational teacher allotments are not deducted from the attendance factor used to determine "regular" teacher allotments. Double counting is an imprecise attempt at weighting which has raised the ire of several legislators. As a result, a more precise method of prorating student time among programs of varying costs should be a component of any new system adopted.

A type of school finance system which responds to the challenges contained in the preceding paragraphs has been adopted in Florida, Kentucky, Oregon, New Mexico, and Utah and is under consideration in several other states. It is commonly identified as the "weighted pupil approach." In it the costs of the various programs are indexed with 1.00 being the least expensive program; index factors then range upward to reflect the cost relationships among programs, e.g., it may cost twice as much to provide a quality educational program for the educable mentally retarded student as it does for the regular student, thus the program would be weighted at 2.00.

When the weighted pupil approach is combined with a "full-time equivalent" pupil (FTE) allocation system for funds distribution, all of the concerns set forth in the preceding paragraphs will have been addressed. The FTE allocation system prorates a student's time among the programs in which he participates. During the 30-hour instructional week, a student may spend 15 hours in a vocational program which equals .5 FTE that is then multiplied by that program's index factor. The same student may also spend 15 hours a week in regular academic classes which equals .5 FTE that is then multiplied by the regular program high school weight. By prorating the student's time among programs, the assumption that he is in vocational education all day at a very high cost or that he is in traditional academic courses all day at a much lower cost has been avoided. One of the previously presented assumptions would mean flowing too much money to the district while the other would result in inadequate funding.

With an FTE allocation system such assumptions are unnecessary since within the regular instructional week the student's time is actually prorated among programs and the appropriate cost index factor is applied to that percentage of time spent in each program. The result is a funds-flow system that focuses upon the individual student and the costs associated with meeting that student's needs for educational programming at various cost levels.

Therefore, in order that the public school system in Texas may

1. make students and their respective needs the center of the funding system,
2. have a funding system that recognizes in a precise manner the cost differentials associated with meeting the varying needs of students,
3. respond to the lack of homogeneity in the district-to-district incidence of students needing high cost programs,
4. have a funding system that is more relevant and understandable thereby permitting easier intervention by policymakers to accomplish desired results,

5. provide the flexibility to develop programming that meets locally determined needs,

6. eliminate the necessity for "double counting" as it exists in our present system, and

7. enhance decision making by local citizens and the boards that represent them,

it is recommended that a quality comprehensive foundation program, utilizing a weighted pupil approach, be established with entitlements being determined on an FTE basis. The recommended weights for the next biennium are presented on the following page. In future bienniums, it is recommended that the State Board of Education be responsible for the generation of weights to be presented to the legislature for its consideration.

To secure the data necessary for the development of a Texas weighted pupil finance system, 42 school districts, seven in each of six size categories, were identified within their size categories as being exemplary in their delivery of services to students. Fifteen hundred educational leaders were asked to nominate two school districts which they felt to be worthy of imitation in each of the six size categories ranging from center city to sparse. Based on the nominations and the second-round ranking of nominations, a sample of schools with reputations for exceptional programming was selected.

Audit data on the expenditure of all state and local funds for 1972-73 current operations in the sample districts were then used to perform program-by-program cost analyses. The next step was computing a per FTE cost associated with each type of program. These analyses were then indexed, and the average practice of these districts was utilized as the foundation for the development of the weights presented herein.

Since the cost analyses included all salaries and maintenance and operation expenditures paid from state and local funds, the weights include provisions

FTE WEIGHTS

The recommended weights for the next biennium are presented below. In future bienniums, it is recommended that the State Board of Education be responsible for the generation of weights to be presented to the legislature for its consideration.

PROGRAMS	WEIGHT/FTE[1] (DOLLARS) 1975-76	1976-77
Regular Programs		
Kindergarten	1.20 ($ 780)	1.20 ($ 840)
1-3	1.00[2] ($ 650)	1.20 ($ 840)
4-6	1.00 ($ 650)[3]	1.00 ($ 700)
7-8	1.05 ($ 683)	1.05 ($ 735)
9-12	1.15 ($ 748)	1.15 ($ 805)
Vocational-Technical Programs		
Agriculture	2.63 ($1,710)	2.63 ($1,841)
Distributive Education	1.25 ($ 813)	1.25 ($ 875)
Health Education	1.50 ($ 975)	1.50 ($1,050)
Home Economics	2.00 ($1,300)	2.00 ($1,400)
Office	2.00 ($1,300)	2.00 ($1,400)
Industrial	2.50 ($1,625)	2.50 ($1,750)
Industrial Arts	2.25 ($1,463)	2.25 ($1,575)
Special Education[4]		
Visually Handicapped	4.45 ($2,893)	4.45 ($3,185)
Orthopedically Handicapped	4.86 ($3,159)	4.86 ($3,402)
Minimally Brain Injured	3.33 ($2,165)	3.33 ($2,331)
Auditorially Handicapped	3.57 ($2,321)	3.57 ($2,499)
Educable Mentally Retarded	2.20 ($1,430)	2.20 ($1,540)
Trainable Mentally Retarded	2.64 ($1,716)	2.64 ($1,848)
Speech Handicapped	4.57 ($2,971)	4.57 ($3,200)
Emotionally Disturbed	3.77 ($2,451)	3.77 ($2,639)
Language/Learning Disability	3.33 ($2,165)	3.33 ($2,331)
Parity Programs[5]		
K-12	a .15 weight is recommended for 1975-76 and a .40 weight is recommended for 1976-77. These weights represent an add-on per identified pupil, not FTE.	

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1. This is not a weight per participating pupil, but a weight prorated over time actually spent in the program. One FTE equals 30 hours per week for one pupil.

2. A weight of 1.00 is assigned to grades 1 through 3 for 1975-76 only.

3. For the school year 1975-76, the value of 1.00 is recommended as $650. For 1976-77 it is recommended that an upward adjustment to $700 be made.

4. The instructional strategies of Plan A are not altered by this funding system.

5. Parity programs include compensatory, bilingual, migrant, and other programs designed to aid students in taking full advantage of the opportunities available in the public schools. The term "compensatory" has been inappropriately applied to many programs for the culturally and/or linguistically different student when in fact there is no deficiency or "handicap" for which the child must compensate. The need is for temporary assistance in developing the skills necessary to have full access to and benefit from the program of regular instruction. Eligibility for the compensatory component will be determined by application of the Title I formula for 1975-76; for all subsequent years, educational criteria will be developed to determine district entitlements. These funds are in addition to federal funds.

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for central office staff, secretaries, custodians, etc., as well as all non-salary current operations costs. The weights and resulting dollar values, therefore, are intended to provide for all state foundation school program current operations costs. Neither expenditures from federal funds sources nor debt service expenditures were included in the cost analyses and are external to the weights for the 1975-76 and 1976-77 school years.

In an effort to ensure that existing practice--even present best practice--is not perpetuated without thoughtful consideration, the Texas Association for Supervision and Curriculum Development was asked to develop a statement of "what ought to be" in public school programming for the 1980's. Many of the state's most prestigious instructional leaders participated in the development of A School Curriculum Design for the 1980's, a volume describing quality education in terms of curriculum and instructional strategies. The major thrusts of

the document were utilized to modify the weights established through cost analyses of existing programs. The recommended weights, therefore, were based on exemplary district practice with modifications that would begin the implementation of the program needed to serve Texas students in the 1980's.

In addition to the weights previously presented on page 8, research indicates that the following multipliers should be utilized to adjust the program entitlements generated by a simple application of the weights in sparse K-12 districts which have less than 1,600 FTE and which are countywide or exceed 300 square miles in district area:

Fewer than 500 FTE	1.50
501-825 FTE	1.35
826-975 FTE	1.25
976-1,600 FTE	1.15

B. Renewal

Renewal is a process of orderly change. In education, historically, there have been no orderly change process, no investment in renewal of any magnitude, no coordination of the isolated research and development, and no systematic method for looking at the needs and accomplishments of schools. In addition, it should be recognized that arrangements have never been available in a systematic fashion for (1) the development of alternative instructional and organizational strategies, (2) the training of school personnel for these strategies, (3) a process for evaluation of programs and personnel, or (4) a managerial process that results in the cost-effective achievement of goals. In other words, Texas has institutionalized the status quo in public education by failing to invest wisely in a system that encourages orderly changes in response to the changing needs of the students and the economy.

A similar situation in business or industry would be disastrous for most companies. In the business world, the improvement of established products and

the development of new products are recognized as critical if the organization is to remain viable. It is generally recognized that the more any company emphasizes renewal kinds of activities, the more likely it is to show an uptrend in earnings. (From the literature the general rule in technologically oriented businesses is to devote 10 percent of the operating budget to research and development.

While a renewal system is desirable in any state plan of public education, such a system must accompany the weighted pupil approach. A funding system based on weights derived from a cost-analysis of programs designed to meet the needs of children must be paralleled by a monitoring system that ensures the expenditure of funds in the programs that generate the funds. The renewal system should also provide the framework in which the cost effectiveness of alternative programs and strategies can be compared and in which the training of personnel can be accomplished in a manner that should enable districts to utilize the funds available in an optimal fashion.

It must be remembered that providing funds in a fashion so that differences between children can be addressed is meeting only half of the state's responsibilities to achieve equity for the student. The other half of these responsibilities is to ensure that the funds are spent in a cost-effective manner to provide for programs which meet quality standards. After (1) adopting "core" goals and objectives and minimum standards and (2) requiring the utilization of good management practices, however, the State Board of Education should provide extensive flexibility for local decision making within the established parameters. This suggested mode of operation would prevent abuses which might otherwise occur.

In order to initiate a wise investment of renewal in education, it is recommended that the components of renewal outlined herein be funded by appropriating

0.5 percent of 1975-76 projected costs of current operations in the foundation school program. The appropriation for 1976-77 should be two percent, and it should increase by one percent each year thereafter until a level of at least five percent is invested annually.

The provision of such fundings for renewal should be accompanied statutorially by a statement of broad goals and objectives that expresses the general intent of the legislature to the State Board of Education. The State Board should then be expected to adopt policies, guidelines, and regulations that will achieve the legislature's goals in establishing the renewal system. In turn, the Commissioner of Education should develop administrative strategies involving the Texas Education Agency staff, colleges and universities, regional education service centers, and local school districts.

The following components are recommended as being essential to the effective operation of a foundation school program renewal system:

1. An accountability system. 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.

2. A management information system. This system should include the implementation of the program budgeting extension of TEA's Bulletin 679 in order that the expenditure of funds can be programmatically traced. The development of a computerized data base should be accomplished to facilitate the planning, managing, and reporting of information.

3. A system of research and development. A statewide design for research and development activities should be established by the State Board of Education and the Commissioner to address local, regional, and state needs in prioritized areas that have become evident through the process of needs assessment. The areas of program selection and implementation strategies, program and personnel evaluation, and program and staff development are presently apparent as needs.

4. The accreditation process. The responsibility for accreditation should continue to reside with the Texas Education Agency. In this regard, Principles and Standards for Accreditation should be revised and/or modified to reflect state goals. Operational definitions of the principles and standards should also be developed, and visits to all school districts should be accomplished at least once every five years. All districts should be accredited or have on file with the Texas Education Agency an acceptable plan for achieving accreditation standards. Those districts either refusing to become accredited or unable to achieve accreditation after a reasonable period for improvement should have sanctions placed on them. Two possible sanctions are (1) withholding of foundation program funds and (2) educational receivership. Each of these is considered to be a viable alternative.

C. Transportation

The transporting of students to schools is an accepted part of the public education system. For a number of years, costs for carrying out this function have been shared by the state. However, in the past few years it has become increasingly evident that not only are the MFP allocations inadequate for the task but that the method for determining and delivering these funds is outdated. It has become apparent that a delivery model is needed which 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 the differing costs among the school districts, and (5) provide the framework for continual updating of the model.

Cost analyses of 335 schools were utilized to generate the following recommendations regarding the funding of transportation:

1. State-local sharing. All transportation allotments should be made through the foundation school program.

2. Eligibility. The eligibility limit for regular transportation should continue to be two miles.

3. Maintenance and operation costs for regular transportation. State funding for maintenance and operation costs of regular school transportation should be provided through the utilization of the following formula:

$$C/P = a \cdot LD^X$$

where C/P = allocation to the district per transported pupil
a = derived constant which is a function of the areal density index
LD = linear density which is the number of eligible pupils transported per daily route mile
x = derived exponent which is a function of the areal density index.

Furthermore, school districts in the state should be divided into relevant groups based upon pupil areal density, defined as FTE per square mile. The coefficient a and the exponent x should be derived independently for each pupil areal density group.

4. Bus replacement and special education transportation. Bus replacement and special education transportation should be addressed through similar equations that have been developed.

5. Contracted transportation. The local school district should be free to contract transportation services from a public carrier, but the state's share should be determined on the same basis as if the local school district were operating its own system.

6. Other transportation. Other transportation, e.g., vocational, bilingual, and private, should be funded on a cost-per-pupil miles traveled basis.

7. Agency responsibility. The Texas Education Agency should be made responsible for updating allocation schedules and ensuring efficiency of operation.

D. Facilities

Presently, local districts bear the burden of providing facilities without any state assistance. In 1974-75 school districts will secure approximately $243 million from local ad valorem taxes to service bonded indebtedness totally outside any equalization framework.

As a result, taxpayers in a district on one side of Harris County must make 16 times the taxpayer effort that taxpayers in a district on the other side of that county must make in order to provide an equipped building of similar size and quality. Can this circumstance be considered taxpayer equity within the state system of public education?

In addition, few persons would deny that facilities and equipment constitute components of a quality educational opportunity. Without adequate and comfortable work stations, laboratories, shops, etc., quality education by minimal standards is not available to the student.

It is, therefore, recommended that facilities become an integral part of a comprehensive foundation school program by 1980-81. This should be achieved by beginning in the 1977-78 school year with financial assistance to school districts in the bottom quartile of taxable wealth per pupil. By 1979-80, the percentage equalization of debt service taxes should be implemented for all districts which have less than average taxable wealth per pupil; through this program the state should guarantee a tax yield for a given level of effort that is equal to the yield of an average wealth per pupil district.

EQUITY FOR TAXPAYERS: FINANCE ELEMENTS

To achieve the average program expenditure level of the exemplary school district sample (which is reflected in the preceding program elements), the total foundation school program cost in 1975-76 must be $2.4 billion and in 1976-77, $2.7 billion. Since the state's share of the MFP is approximately $1.3 billion (including the proposed $80 million emergency aid for 1974-75), it is obvious that, if the goal of $2.4 billion is to be reached, much of the $1.2 billion (debt service included) being raised presently at the local level must be included in the local share of the foundation program.

Under the present MFP the local share is approximately $300 million which leaves approximately $700 million available for what is usually termed "enrichment": expenditures above the foundation program. Since enrichment is outside the equalization framework of the MFP, school districts with high local taxable wealth per pupil spend significantly above the MFP while poor school districts struggle at relatively high effective tax rates to produce a few additional dollars per pupil. To equalize taxpayer effort most of the present levels of enrichment must become a part of the local share of the foundation program. If this does not occur, the level of spending guaranteed by the foundation program must be set at a considerably lower level than is recommended herein and school districts with adequate taxable wealth per pupil will continue high levels of enrichment--thereby continuing the present inequitable system.

A net local share of approximately $810 million for each year of the biennium will result in a state share of approximately $1.6 billion in 1975-76 and $1.9 billion in 1976-77 in order to finance the foundation program at recommended levels. If one assumes the maintenance of a state share that would result from emergency appropriations of $80 million in 1974-75 and includes the previously

legislated increases in the MFP for 1975-76 and 1976-77, the proposals contained herein would result in additional state-share increases that would average $200 million per year for each year of the biennium. If no laws are changed, the cost of the MFP in the 1976-77 biennium will increase by $330 million; and, if the Governor's recommended emergency increase for 1974-75 is enacted, it would cost approximately $160 million to maintain that increase over the next biennium. These two estimates with the additional increases embodied in the preceding recommendations would require a biennial (not annual) increase in state spending of approximately $1 billion.

Such increases in foundation school program costs seem large. Yet, when one considers that such provisions would only lift the poorer school districts to the average expenditure levels within the exemplary school district sample (which was found not to be greatly different from the state average), this level of effort appears to be a minimum response to the challenge of providing equity for both students and taxpayers.

A. State Share

In beginning implementation of a new finance system, the state's share of the total state-local cost of current operations should not differ significantly from its present level of 60 percent. This is not a recommendation that the state share be set at precisely 60 percent and the collective local share be set at precisely 40 percent, but it is a recommendation that the emphasis in the financing program should be on lifting the "floor" of the program rather than on shifting the tax burden from local districts to the state.

Over the next several years, however, the cost of improving the program and of coping with inflation should be assumed by the state. If one assumes an annual inflation rate of seven percent over the next five years, it will be

necessary to increase the dollar value associated with the base weight of 1.00 to an amount that would add approximately $130 million annually to the state's share of financing the cost of the foundation school program.

In addition to inflation, program improvements must be implemented. Presently, only approximately 20 percent of high school students (only six percent in one large city school district) are participating in vocational-technical programs that lead to the development of salable skills upon graduation. Instruction based on a teacher lecturing to 35 students and utilizing only state-adopted textbooks is, from a shortsighted point of view, the least expensive form of education; from a long-term point of view, however, it should be recognized as a primary cause of both the state's high dropout rate and the high incidence of functional illiteracy among graduates. One must ask the question: What is the ultimate cost to the welfare and economy of Texas if it fails to tailor educational programs to the needs and abilities of the individual student and if it fails to provide approximately 80 percent of the student population a chance to develop salable skills by graduation or a self-determined exit point? Addressing these needs will require a minimum increase of $200 million annually.

B. Local Share

The legislature should utilize the best available estimates of property values in each of the 1,100+ school districts (more than simple self-reports) as an index for the distribution of state funds to local districts in 1975-76 and 1976-77 while a monitoring agency develops and implements procedures for securing quality estimates on an annual basis. The designated monitoring agency must develop guidelines for the appraisal of property within a policy framework established by the legislature; the agency must then conduct sales-ratio studies, appraisal audits, and sample appraisals to ensure that the guidelines are being

followed. (It should be noted that appraisal--not assessment--was the focus of the previous sentence; state control of assessment practices by local school districts is neither expressed nor implied in this recommendation.) Estimates secured by the agency should be utilized for the 1977-78 school year, and thereafter appraisal monitoring should be continuous.

An index rate equal to the state's average effective tax rate for current operations at the time of implementation should be applied to the estimated value of taxable property within a district to determine the local share of its current operations costs within the foundation program. Then the index rate should be permanently frozen at that level. Utilizing this approach, the state will cause the effective ad valorem taxpayer effort for current operations to be stabilized within the state system of public education.

School districts which have been favored by the present inequitable system should be granted a five-year phase-in period in which to increase their local efforts to the level required for the local fund assignment. Such school districts should be protected from a loss of state funds greater than the amount of the required increase in the local fund assignment.

C. Local Leeway

Enrichment through local option ad valorem taxation should continue to be permitted. The state, however, 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.

D. Automatic Financing

The MFP is automatically financed and any future foundation program must maintain this feature. (Automatic financing guarantees that the state's share of the cost of the foundation school program is deducted from projected revenues before the Comptroller certifies the amount available for appropriation by the legislature; no specific appropriation of the state's share is necessary--it is automatically financed as it is defined by law.)

TO: Public School Finance Chair/LL Pres;
S.U. Chairs; DPM

FROM: Karen Miller, LWV-Texas PSF Assoc. Dir. [redacted]

LWV-Texas
December 1986
LLP Mailing; DPM
II. C. 2. b.
Public School Finance

SPECIAL SESSION PUBLIC EDUCATION ISSUES

After more than 50 days in special session, state legislators made minor cuts in the Texas Education Agency budget and passed several public education bills. Budget cuts include $5.2 million to school districts, which eliminates all state funding for employee sick leave. The legislature "fine-tuned" the HB 72 discipline section to make it easier to expel problem students where assault, drugs, weapons, or alcoholic beverages are involved. A paperwork reduction bill passed which directs the State Board of Education to review report requirements for school districts and limits the kinds of reports that can be required of teachers. The presidential primary bill passed, which changes the time of most school trustee elections in 1988. (See Rowena Rodger's memo in this mailing.)

SCHOOL FINANCE LAWSUIT FILED

A suit filed in State District Court by property-poor school districts claims the state's method of financing public schools is not equitable despite the legislature's revamp in 1984. The property-poor school districts cite the vast disparity that exists between taxable property values, as well as HB 72 requirements such as 22:1 class size caps. Texas Research League figures show the poorest districts now spend an average of $2890 educating each child while the wealthiest spend an average of $5020. Tax rates illustrate that some districts place far heavier burdens on their local citizens. For example, Edcouch-Elsa ISD in the Valley had $22,700 in taxable property per student while oil-rich Santa Gertrudis ISD, located in the King Ranch, had $13.3 million per student in taxable property. The Santa Gertrudis tax rate of 8 cents/$100 of valuation compares with tax rates as high as $1.50/$100 in some property-poor school districts.

The trial was expected to begin December 1 but was rescheduled for January 20 in order to allow additional school districts to intervene. Dallas-Ft. Worth area school districts recently joined the suit on the side of the state and the Texas Education Agency. They claim the current system is fair and any change in the method of school finance could have an adverse impact on their districts. The state will seek to have the case dismissed on the grounds that, in 1972 the U.S. Supreme Court found the Texas system for financing public schools to be constitutional. The current suit charges that Texas is violating its own legal requirement that an efficient system of free schools be provided.

HB 72: TWO YEARS LATER

This new publication (copy enclosed for local League presidents only) from Speaker Lewis' office focuses on student assessment, teacher compensation, and state aid to school districts since the passage of HB 72 (the comprehensive education reform bill) in 1984. LWV-Texas positions adopted in 1972 and 1981 supported an equitable school finance system and specifically supported an increase in teachers' salaries. The publication cites Texas as ranking 21st in average teacher salaries among the 50 states and D.C., and shows the progress the state has made since 1972 in reaching the U.S. average teacher salary.

-over-

Recent comparisons of teacher salaries with workers of comparable education show that when computed on a daily rate, teachers earn a higher rate than full-time, year-round workers. HB 72 significantly increased state aid to public schools and has had a major impact on redistributing state funds among the school districts relative to their local wealth. Texas Research League's Bench Marks notes that over the past two years an added $1 billion in state aid was matched by a $1 billion increase in local school property taxes. These higher local tax levies have reduced, therefore, the equalization improvement that HB 72 framers sought to achieve. Though the League does not have positions on all the issues addressed in HB 72, we thought you would find this assessment informative.

SCHOOL FINANCE SYMPOSIUM

I represented the LWV-Texas at an October meeting of the School Finance Symposium, a coalition of about 30 education organizations. Though not a member of the coalition, LWV-Texas participates in its meetings. The Symposium has been working together for about a year to develop a set of school finance positions acceptable to all organizations, and reached consensus on two major recommendations which the League supports:

Basic Allotment - The basic allotment should be set at an amount which, when adjusted for cost differences, is sufficient to provide a quality accredited education program for each student in each district.

Special Programs - The formulas for Special, Vocational, Compensatory, Bilingual, and Gifted and Talented education should reflect the true cost differentials associated with the varying "best practice" instructional arrangements in which students are commonly served.

Consensus was reached after review of the Accountable Costs Study, an HB 72-mandated study of the financial status of education, which was conducted by an advisory committee to the State Board of Education (SBOE). A position statement was sent to the SBOE for consideration during its budget deliberations. During the special session, the Symposium adopted several positions on taxation which the League could not support.

STATE PROPERTY TAX BOARD STUDY

Between 1984 and 1985, two-thirds of the state's school districts experienced a loss in tax base according to the State Property Tax Board's (SPTB) 1985 Property Value Study. The study indicates county appraisal districts are getting closer to market value in their tax appraisals. SPTB estimates that the average tax appraisal in 1985 represented 89% of market value compared to 84% in 1983 and 65% in 1981. Its findings are based on a sample of 17,000 properties across the state, the largest sample ever collected for a SPTB study. The study developed a taxable value estimate for each of the state's 1063 school districts. SPTB mailed each school district and appraisal district their final study results. The study findings are also available in a booklet entitled Report of the Findings of the 1985 Property Value Study of School and Appraisal Districts, which can be obtained by contacting SPTB's Publications Section.

# # # # #

OCT 6 1978

League of Women Voters Education Fund •1730 M Street, N.W., Washington, D. C. 20036 Tel. (202) 659-2685

memorandum

September 28, 1978

This is going on DPM

TO: Local League Presidents

FROM: Dot Ridings, Human Resources Coordinator

RE: A New Publication: Campaigning for Fair School Finance: Techniques That Work

Enclosed is a copy of Campaigning for Fair School Finance: Techniques That Work, a handbook about the Education Finance Reform Project conducted by the Human Resources Department with Ford Foundation funding from 1973-78.

The handbook provides background on school finance issues and gives tips on how to conduct a fair school finance campaign, along with key resource materials. You will find the discussion of citizen education techniques useful for working on other issues as well.

A longer version of the handbook, Campaigning for Fair School Finance: Cases in Point (Pub. No. 353, $3.00), includes case studies of projects carried out by state Leagues in South Carolina, New Jersey and Idaho, and summaries of the other state projects in California, Missouri, Maine and Vermont.

If you're interested in ordering the longer version or additional copies of Techniques That Work (Pub. No. 354, $1.00), please use the attached order form.

Please share this publication with your Human Resources, Education and Urban Crisis committees.

Enclosures

Contributions to the Fund are deductible for income tax purposes

TO: LL Presidents, please forward 2nd copy to appropriate person; DPM

FROM: Jan Wilbur, PSF Associate Director [redacted]

LWV-Texas Education Fund
November, 1980
LL Pres. Mailing (2); DPM
II. C. 2. b.
Public School Finance

WHAT: Public School Finance Conference

WHERE: Villa Capri Motel, [redacted]

WHEN: January 22-23, 1981 1:00 P.M. - 12 Noon

The League of Women Voters of Texas Education Fund is pleased to announce a conference for educating citizens about the public school finance system in Texas.

Invited participants will be: two League members plus one school board member, one school administrator, and one other citizen-group representative (e.g. PTA) from each local League area - five participants per local League.

The registration fee of $15.00 (which includes cost of packet and Thursday evening dinner) and lodging at double-occupancy rate will be paid by the LWV-Texas Education Fund for the two League members from each local League.

Invited non-League participants must pay the $15 registration fee, as well as be responsible for their motel reservations and expenses.

Please return the enclosed motel reservation card to the Villa Capri by December 15, return the tear-off below to the state office by December 15, and encourage your invitees to return their cards prior to January 1. More specific program information will follow.

The conference features two general meetings and small-group sessions with trained discussion leaders to think seriously and concretely about problems in school finance and alternatives for change in Texas' system. Each group will develop school finance models and examine the effects on various diverse school districts in Texas -- who loses and who gains under each alternative. Thursday evening there will be a dinner featuring a soon-to-be-announced guest speaker.

- - - - - - - - - *tear off* - - - - - - - - - -

PLEASE RETURN TO: League of Women Voters of Texas
1212 Guadalupe, #109
Austin, TX 78701 BY DECEMBER 15, 1980

LODGING AND REGISTRATION FEE (INCLUDING DINNER) TO BE PAID FOR THE FOLLOWING TWO LEAGUE ATTENDEES BY THE LEAGUE OF WOMEN VOTERS OF TEXAS EDUCATION FUND:

1. NAME _____ PHONE ( ) _____

ADDRESS _____ Zip: _____

* * * * * * * * * * *

2. NAME _____ PHONE ( ) _____

ADDRESS _____ Zip _____

- more -

3. SCHOOL BOARD MEMBER: Trustee of _____ I.S.D.

NAME _____ PHONE ( ) _____
A/C

ADDRESS _____

4. SCHOOL ADMINISTRATOR:

TITLE: _____ _____ I.S.D.

NAME _____ PHONE ( ) _____
A/C

ADDRESS _____

5. OTHER CITIZEN-GROUP REPRESENTATIVE:

ORGANIZATION NAME _____

NAME _____ PHONE ( ) _____
A/C

ADDRESS _____

SUBMITTED BY: Title: _____

NAME: _____ PHONE ( ) _____
A/C

PLEASE RETURN TO ADDRESS ABOVE BY DECEMBER 15, 1980

PUBLIC SCHOOL FINANCE IN THE '80s
Problems and Alternatives

DEC 22 1980

a conference sponsored by

League of Women Voters of Texas Education Fund

1212 guadalupe, #109 austin, texas 78701

As we enter the '80s the climate surrounding school finance appears to be one in which the storm is over; the severe problems outlined by the Rodriguez decision have been overcome; now we can move on to other pressing issues.

For the first time since 1969, elected state leaders and major education lobby groups have negotiated and agreed upon a school finance package before the start of the legislative session. The results appear in the proposed budget submitted by the Legislative Budget Board. There are two reasons for this:

1. To allocate funds for school finance up front, at the start of the session, rather than leaving that issue to the tail end of the session and to funds available at that time;
2. To leave more time to deal with the very important task of redistricting.

?? --- Where does this leave school districts that were not involved in the deliberations last July?

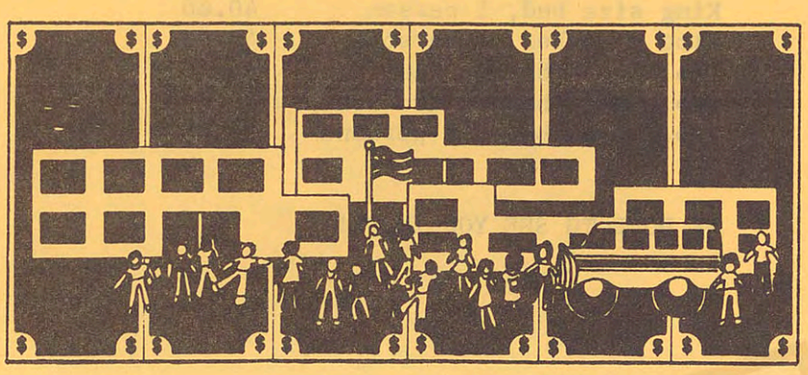
?? --- What does it mean for those citizen groups and special needs not represented?

?? --- What does it mean for those who geared up for the legislature to deal with their problems and to consider their concerns in a school finance bill as it has in the past?

At the very least, it means the rules of the game -- the pressure points and the timing -- are different. For example, only the House Appropriations Committee and the Senate Finance Committee will hear any further deliberations regarding school finance during this session.

The League of Women Voters of Texas Education Fund is sponsoring this conference for citizens, educators, and decision makers to explore, to listen, to discuss substantive school finance issues; to seek alternatives both within and outside the present system -- to see who wins or loses under various alternatives. It is a time to focus on some of the major problems which must be faced if the progress already made over the last decade is to continue.

- more -



Some questions which must be addressed:

-- How can an equitable balance be struck between providing free education for children of illegal aliens/undocumented persons and coping with the severe strain (doubling, quadrupling enrollment) placed upon affected school districts?

-- What happens when the anticipated taxpayer revolt threatens the local tax base needed for additional personnel in order to lower pupil/teacher ratios?

Texas will continue to face these and other serious problems that challenge the quality of elementary and secondary education in the state during the 1980s. It will require the best efforts of informed and active citizens, parents, decision makers, and educators working together to meet the challenges. The League of Women Voters offers this conference as a start toward solving the problems.

RESERVATION REMINDERS:

School District Personnel & Citizen Group Invitees: Your names have been sent to the LWV-Texas state office by your local League chapter. December 15 was the stated deadline, but you can still make a reservation by contacting your local League today.

Your room reservation card (white) must be received by the Villa Capri Motel by January 1, 1981 or you will not receive the reduced conference room rate nor will room availability be guaranteed. The reserved block of rooms will be released on that date and space will be on an "as available" basis. See room rates below.

Local Leagues: Let the state office know today if there will be participants from your area whose names have not yet been submitted.

League members must also send in the motel room reservation card in order to be guaranteed lodging (see above reasons).

Please see that each of your invitees receives a copy of this.

ROOM RATES:

Double bed, 1 person	$36.38
Double bed, 2 persons	41.73
King size bed, 1 person	40.66
King size bed, 2 persons	46.01
Two double beds, 2 persons	44.94
Two double beds, 3 persons	50.29
Two double beds, 4 persons	55.64

WE HOPE TO SEE YOU THERE!!

TO: LL Presidents, please forward 2nd copy to appropriate person; DPM

FROM: Jan Wilbur, PSF Associate Director [redacted]

LWV-Texas Education Fund
November, 1980
LL Pres. Mailing (2); DPM
II. C. 2. b.
Public School Finance

WHAT: Public School Finance Conference

WHERE: Villa Capri Motel, 2300 N. IH35, Austin, 78705 (512) 476-5460

WHEN: January 22-23, 1981 1:00 P.M. - 12 Noon

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- - - - - - - - - *tear off* - - - - - - - - - -

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ADDRESS _____ Zip: _____

* * * * * * * * * *

2. NAME _____ PHONE ( ) _____

ADDRESS _____ Zip _____

- more -

League of Women Voters of Texas • League of Women Voters of Texas Education Fund
1212 Guadalupe Suite 109 • Austin, Texas 78701 • Tel. 512/472-1100

PRESS RELEASE

FOR IMMEDIATE RELEASE JANUARY 19, 1981

Lieutenant Governor William P. Hobby, Jr. is the guest speaker Thursday at a Public School Finance Conference sponsored by the League of Women Voters of Texas. The Conference will be held in Austin.

Scheduled at the Villa Capri Motel Thursday and Friday (January 22-23), the Conference is an outgrowth of a year-long study of Texas school finance by the League. It will focus on current problems and possible alternatives.

School board members, administrators, citizen-group representatives, and League members from all parts of the state will participate in workshops and discussions dealing with current problems in the area of school finance.

Jan Wilbur of Houston, Conference Coordinator and LWV-Texas Associate Director, said the Lieutenant Governor will address delegates to the Conference at a dinner Thursday evening at the Villa Capri. His topic is "An Overview of Pressures on School Finance in the '80s."

Other speakers representing various viewpoints, such as those of teachers, administrators, taxpayers, and reform groups, will address present practices

- more -

and possible changes, implications for educating illegal aliens, taxpayer concerns, student equity, and the merits of differing systems of legislative methods for determining appropriations.

Wilbur said the League hopes the Conference will educate various groups regarding the problems and concerns that exist in education today, and will result in recommendations for reform.

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AGENDA
PUBLIC SCHOOL FINANCE CONFERENCE
at
Villa Capri Motel
Austin, Texas
January 22-23, 1981

1:00 - 2:30 P.M.	OPENING SESSION	
	Welcome	Diana Clark, President League of Women Voters of Texas
	Some Perspectives on School Finance in the '80s;	
	1. Legislator	Rep. Paul Colbert (D), Houston
	2. Teacher	Rae Juan Markunas, President, Texas Classroom Teachers Assn.
	3. Taxpayer Group	Superintendent Bill Baker, ~~Past~~ President, Texas for Equitable Taxation Knox City
	4. Building Level Principal	Mr. Brad Duggan, Executive Dir., Texas Elementary Principals and Supervisors Assn.
	5. Superintendent	~~Dr.~~ Robbie Collins, Assistant Superintendent-Management, Dallas ISD
3:00 - 4:30 P.M.	WORKSHOPS: Each group will have data sheets available and will develop a school finance bill as if it were a committee of a legislative body.	

RESOURCE PERSONS:
Cis Meyers, Texas Education Agency
David ~~Thompson~~, ~~Tex. Assn.~~ of School Boards
Johnny Veselka, Tex. Assn. of School Administrators
Karol Phelan, Political Consultant
Lynn Moak, Lt. Governor's Office

GROUP LEADERS:
Laura Keever, Houston Eliz Neyloon.
Jody Westbrook, Richardson
Jan Albers, Austin
Pat Oakes, Austin
Carolyn Potter, Austin

4:30 - 5:30 P.M.	CONCEPTUAL ALTERNATIVES FOR SCHOOL FINANCE	Dr. Richard Hooker, University of Houston
6:00 - 7:00 P.M.	CASH BAR	
7:30 P.M.	DINNER	

Speaker: Lieutenant Governor William P. Hobby, Jr.

Topic: "An Overview of Pressures on School Finance in the '80s"

FRIDAY MORNING, JANUARY 23, 1981

9:00 - 10:00 A.M.	REPORTS FROM SMALL GROUPS	
10:00 - 12:00 Noon	SOME SPECIFIC PRESSURES ON SCHOOL FINANCE	
	I. Illegal aliens - who pays for educating the children?	Dr. Raul Besteiro, Superintendent, Brownsville ISD
	Local Enrollment	
	II. Personnel costs: Where does the tax load fall?	Dr. Homer Scace, Senior Research Analyst, Legislative Budget Board
		Dr. Johnny Clark, Superintendent, Goose Creek ISD
12:00 Noon	ADJOURN	

INTERCULTURAL DEVELOPMENT RESEARCH ASSOCIATION
IDRA
newsletter
June 1976

38 districts recompute MSA values; may be entitled to possible $662,000

Thirty-eight Texas school districts who have recomputed their MSA values with the assistance of IDRA's Property Tax Project (PTP) may be entitled to additional state aid during the current biennium amounting to at least $662,000 and possibly as much as $1.8 million.

These 38 districts are among the 50 who requested assistance in the application of PTP's guidelines for recomputing MSA values. The remaining 12 districts who requested assistance do not appear to qualify for additional state aid under the guidelines procedures.

The MSA values in question are those developed by Management Service Associates (MSA), a private Austin consulting firm, under contract with Governor Briscoe. Their values were later incorporated in House Bill 1126 as the State's "Official Compilation" and are now being used by the Texas Education Agency as the primary factor in determining state aid allocations to school districts.

Nearly 150 school districts officially, and hundreds of districts unofficially, have complained about errors and inequities in their MSA values. Past issues of IDRA's Newsletter have dealt extensively with the host of discrepancies in MSA's values uncovered by PTP research. Yet only a handful of the values have been modified by Education Commissioner Marlin Brockette under special provisions of House Bill 1126 which authorize him to correct apparent discrepancies with the assistance of a review panel.

The Market Value Review Panel is mandated by House Bill 1126 to review **all** questions relating to the official compilation of market values. When the panel met in 1975, Commissioner Brockette's instructions were to exclude from consideration questions of inter-district

Continued p. 3

Vietnamese student handbook prepared to help teachers

A **Handbook for Teachers of Vietnamese Students** has been prepared by IDRA as one approach in an effort to develop school districts' capability to respond to the needs of Vietnamese children of limited English-speaking ability. It was compiled by Dr. Kathryn Jagoda Caragonne, component manager; and assembled by Josephina Franco and Stephen Maldonado, educational specialists with the Center for the Management of Innovation in Multicultural Education (MIME).

The information presented in the handbook was freely adapted from "Background Notes: South Vietnam" published by the U.S. Department of State, and **A Handbook for Teachers of Vietnamese Students: Hints for Dealing with Cultural Differences in Schools** by Duong Thanh Binh, published by the Center for Applied Linquistics, and "Common Vocabulary Words and Phrases" from Ted Griffin, St. Landry Parish, Louisiana.

Many of the Vietnamese children who are now a part of the educational process bring with them unpleasant wartime memories. They have been violently uprooted from their homes, and their way of life, and are now forced to cope with a new language and culture in a foreign land. Because of these considerations, teachers of Vietnamese students will have a special charge of providing a receptive, understanding environment.

The **Handbook for Teachers of Vietnamese Students** contains information on the geography, history, culture, language and educational system of Vietnam. Special consideration is given to such areas of cultural difference as forms of address, shyness and modesty and the often misinterpreted and enigmatic Vietnamese smile. By learning about their background, their way of life and expectations, teachers will be able to help more easily the Vietnamese child adjust to differences they will find here and to become full participants in the life of their new country.

IN THIS ISSUE

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TET responding to rising property taxes	p. 7
Rep. Jones labels property study "sham"	p. 8

NEA supports bilingual education

The National Education Association (NEA) is committed to equality of education opportunity including a bilingual/multicultural education. The April issue of the NEA Reporter featured an article entitled "America's Other Children, Bilingual/Multicultural Education: Hope for the Culturally Alienated" which explores the melting pot myth and advocates the need for more bilingual/multicultural programs in our schools.

The article explains how the public school, along with most institutions in American society, demand of the student a denial of his or her heritage. NEA believes this practice is un-American and a travesty of social justice.

According to NEA study, there are over nine million school-age children throughout the United States who are non-Anglo and consequently differ from the culturally dominant population. Five million of these children speak a language other than English. Historically these children have been considered "marginal" children—barely worth educating. Minority children have been subjected to alienation, exclusion, poor grades and high drop out rates.

NEA is out to dispute the myth that education transforms people from diverse ethnic backgrounds into homogenous citizenry. The U.S. have always been a land of ethnic diversity, but our nation's institutions have perpetuated a white Anglo Saxon, Protestant monocultural standard.

NEA first brought these concerns to national attention in 1966, when at a national conference, teachers urged a commitment to building "bridges of understanding" so that all Americans could learn to value our variety as a nation and at the same time provide educational opportunity for these "other" children.

Since then NEA has supported the Supreme Court case **Lau** v **Nichols** which established more firmly a student's right to an appropriate educational program when his or her primary language is not English. NEA has co-sponsored with the Arizona Education Association a bilingual survey which served as a basis of support for subsequent NEA involvement in bilingual education.

The NEA Task Force established the following definition for bilingual/multicultural education:

> Bilingual education is a process which uses a pupil's primary language as the principal medium of instruction while teaching the language of the predominant culture in a well-organized program, encompassing a multicultural curriculum.

According to the NEA Task Force 1975 report: "There has been progress . . . There is still much to be done. All too frequently, enough thought is not given to what is needed to make an educational program work, and all to frequently staff and resources necessary to do the job are not provided."

"Bilingual/multicultural education may be just a momentary vision or it may be a full cast production scheduled for an indefinite run. It all depends on how much teachers and governments are willing and able to see through to fruition an idea whose time has come," the article concluded.

Carrollton Farmers Branch ISD sues Gov. Briscoe

The Carrollton Farmers Branch Independent School District, in Dallas and Denton counties, has filed suit against Governor Briscoe and the commissioner of education in an attempt to force state-wide equalization of market value of property taxed by schools.

The Carrollton Farmers Branch ISD asserts in its petition that its property has been assigned values too high and this results in less state aid to the district.

The district asks District Judge Charles Mathews to declare the Texas Education Code, which requires Education Commissioner Marlin Brockette to make adjustments to the official compilation, to equalize the actual market value of the district's property with the actual market values of other school districts in Texas.

Mathews also was asked to block Brockette's determination of state aid for school districts until the equalization has been completed.

Letters from Readers

Dear Jose:

I just received your April newsletter. As always, it is excellent. However, there are a few developments in the **Robinson** case which you should be aware of.

On January 30, 1976 the New Jersey Supreme Court held that the Public School Education Act of 1975 was constitutional on its face assuming that the Legislature fully funds the statute. This decision was by a fractured court with four separate opinions being written. Meanwhile, the State Assembly has passed a funding package, which includes an income tax bill as well as a minimum statewide pupil performance standards bill. As usual, though, things are bogged down in the State Senate. The chances that something will pass before the new school years begins on July 1 are uncertain at best.

In March, the thirty-five attorneys involved in the **Robinson** case had another go-round before the Supreme Court. The primary issue being addressed was what the Court should do if the Legislature failed to fully fund the statute. A variety of alternatives was considered including an injunction against any funding of public education, a de facto state property tax ordered by the Court, a lien on the state treasury. Thus far, the Court has not announced its decision. It may have to do so fairly soon if the State Senate continues its historic pattern of inaction.

I hope this up-date of the status of the **Robinson** case is useful to you. Best regards and I hope to see you soon.

Sincerely,
Paul L. Tractenberg
Director
Education Law Center, Inc.

Note: The New Jersey Supreme Court recently ruled that there be **no further funding of public education** after this month and until a new legislative program is enacted.

Summer bilingual education institute set for June 17-18

The Summer Bilingual Education institute, co-sponsored by East Texas State University and the National Education Task Force de la Raza (NETF), is scheduled for Thursday and Friday, June 17-18.

Thursday's activities will be held in the Social Science Building, University Auditorium and Rooms 210 and 211 of East Texas State University, Commerce, Texas. Friday's events will be held in the Texas Ballroom and the Sam Rayburn Memorial Student Center.

Some of the topic presentations include: "Counseling and Bilingual Education," "The Evaluation of Principals—A New Methodology with Community Participation," "The Bilingual Job Market," "Contrastive Features of Spanish and English," and the "Role of Spanish Foreign Language Instruction in Bilingual Education."

Guest Speaker for the conference will be Dr. Arnulfo Balboa, Guidance Consultant, Texas Education Agency.

Districts recompute market values

Continued from p. 1

equity, an apparent contradiction of the language of House Bill 1126.

Whether the 38 districts actually realize any additional state aid depends on whether Commissioner Brockette revises his instructions to the Panel. He may agree to do so at the request of school districts or be forced to do so by the courts or the State Board of Education.

Commissioner Brockette will reconvene the Panel this year, probably late in June, but the decision as to whether to hear questions of interdistrict equity is still pending, according to Raymon Bynum, chairman of the Panel in 1975 and now TEA's associate commissioner for financial allocations.

Bynum also cautions that as a practical matter school districts should not anticipate any additional state aid for school year 1975-76 even if they successfully appeal their values this year. Final adjustments in school district allocations are normally made in June, and the final warrants will be issued in July or August. Thus, if the Panel does not begin its 1976 hearings until late in June, the chances of applying any corrections to the 1975-76 school year are not good, according to Bynum.

The potential state aid for the 38 districts decreases to a range of $450,000 to $1.1 million if their corrected values are applicable only to the 1976-77 school year. And of course there is no guarantee that all of the 38 districts will be able to provide sufficient evidence to obtain the value reductions indicated by the PTP guidelines, even if Commissioner Brockette instructs his panel to consider questions of interdistrict equity.

In terms of maximum potential benefits for 1976-77, one of the 38 districts could receive as much as $240 in additional state aid per student. The median for all 38 districts is approximately $26 per student. Seventeen of the 38 could receive additional aid equal to more than 10% of their local maintenance revenue. For one district the additional aid could equal nearly 50% of local maintenance revenue. The median is 9%.

IDRA-PTP research data indicate that approximately 300 of the State's 1100 school districts would qualify for additional aid under PTP's guidelines. The fact that only 38 of those districts have sought PTP assistance tends to confirm other indications, apparent in conversations with various school officials, that many of the State's districts are concerned that attempts to challenge the State's official compilation might ultimately do them more harm than good in terms of their relations with the State, particularly the Texas Education Agency.

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Texas children living in poverty

Sixty per cent of Texas' young children lived in poverty or borderline poverty at the time of a 1973 survey and indications are the situation has not improved.

Research released by the Texas Department of Community Affairs reveals that many children are spending their most formative years in families of low income and limited education.

According to the 1973 survey, the annual income that year for Texas families with children under six was under $6,500. Fifty-four per cent of Texas families with 60 per cent of the children lived in conditions of poverty or near-poverty.

The report states that generally, the larger the family, the higher the incidence of poverty. Among families with six or more children, only two of 100 were not living in poverty or borderline poverty conditions.

"Borderline poverty," as defined in the report, indicates the family economic status is less than 100 per cent above poverty level.

The federal government's "poverty" threshold was $6,200 annual income, but rose to $6,700 on April 1.

Aimed at gathering information to identify the needs of young children (under age 6) and adjust state policy to meet these needs, the survey was made among 1,000 families with children under six selected to be representative of the state as a whole.

The parents of the children, according to the report, were "hard-working." Ninety-seven per cent of the fathers worked and 41 per cent did so more than 40 hours a week. Forty per cent of the mothers were employed outside their homes.

Education attained in many of the families was low: 41 per cent of the mothers and 35 per cent of the fathers had not completed high school.

About one-third, or 412,500 of the state's children under six in 1973 were in some kind of child care arrangement.

Recognizing Black English

By Sam Lester

The phrase "two plus dos equals foe" was said by a Black student showing off his knowledge of the Spanish word for two, to one of his classmates. His classmate then countered with the statement, "Yeah, and three plus three equals six."

The Black student had communicated his thoughts to his classmate and was understood. If a Black student says "foe" instead of "four" he is not wrong, but is speaking Black English which has different rules from standard English.

Dictionaries, spelling books and grammatical authorities dictate the proper way to express ourselves, although it may not be the precise way we as individuals speak. This "doctrine of correctness" has been widely accepted and recognized. Most dialects, especially middle class, deviate only slightly from these samples and thus the speakers suffer little stigmatization or learning difficulties. Black English speakers are not so fortunate.

A child's linguistic competence influences his comprehension and performance of school tasks. If the child's competence and that of the teacher are dialectically similar, communication problems between the two are generally minimal. However, differing dialects can cause serious communication problems and thus can interfere with learning. Performance and task can be misunderstood and the child's potential may be incorrectly evaluated. This often happens when a standard-speaking teacher confronts a student who speaks Black English. An understanding of Black English is the first step in understanding the student who speaks Black English and helping him achieve his basic goals.

According to Bronzo, Congeni and Kaunelis in **An Introduction to Black Non-Standard English for Teachers,** there are three kinds of pronunciation differences involved in comparing Black English and standard English. The first of these is **word variability,** which is the most basic kind of pronunciation variability since it is simply the use of alternative pronunciations for individual words. This alternation varies from speaker to speaker and may occur within the same region or family. No generalization about the speaker's dialect can be drawn from such variability. Examples of word variability would include:

ADULT pronounced á-dult OR a-dúlt

ECONOMIC pronounced e-co-nóm-ic OR ē-co-nom-ic

Because word variability is universal, random and unsystematic, it is less stigmatized than other pronunciation differences and causes fewer learning difficulties. We simply learn to associate our pronunciation with the conventional spelling.

A second and more complicated type of variability is **sound variability.** It can be defined as a variance of a particular sound in predictable situations. Hence, every word that contains that particular sound differs in pronunciation from the same words in another dialect. It is a consistent and predictable variance. Therefore, many words may be involved in a single variance of pronunciation.

Usually associated with Brooklyn is the pronunciation of such words as **girl, world** and **first** with the same vowel sounds as words like **toy** or **boy.** Unlike word variability, predictability is evident in these types of pronunciation differences, if a persons says **girl** as **goil,** chances are good that he will also say **woild** and **foist.** Sound variability is usually observed in a person's pronunciation of vowels, since consonant pronunciation in English is fairly stable. People unconsciously use their knowledge of other dialect's sound variability, when telling a story in dialect. Unlike word variability, sound variability is clearly noticed in another's dialect.

Many vowel sounds in Black English are pronounced with a Southern drawl. One such incident of this would be the sound variability shown in the group of words using the long "i" such as in **time, my** and **find.** Speakers of Black English have a tendency to open the mouth wider on the pronunciation of the vowels in these words and to lengthen the sound. In words such as **head, led** and **met,** the vowel sound is made to sound like two vowels in addition to being lengthened.

The third type of pronunciation variability, and the most complicated, is **contrast variability**. Consider the word "contrast" in its usual meaning. Generally, if two items, words or sounds contrast, they are different. So it seems clear to English speakers that the words **write** and **wrote** contrast, and **right** and **write** do not. Many standard English speakers make contrast in their language that other standard English speakers do not have. Consider the following pairs of words:
witch/which wear/were marry/merry fairy/ferry poor/pour

Many speakers hear and say these pairs as homophones with identical pronunciation, while some distinguish their sounds. The "wh" in **where** and **which** is pronounced with a puff of air and the "w" of **witch** and **wear** are pronounced with none for the latter groups of people. The last three pairs of words show contrast (or lack of contrast) between vowels.

Do you have contrast between the words of each pair? Whether you contrast the words or not, you can easily find others nearby who would disagree with you on the pronunciation of one or more of the pairs. It is important to point out that all people call some words homophones that others contrast. Like sound variability, contrast variability shows a systematic relationship and more than one word is involved but unlike sound variability, there is little predictability from one dialect to the next. Understandably when dialects differ in which contrast they make, spelling of the specific words will be approached differently. For example, if a child makes a contrast between "w" and "wh", his reasons for spelling the words in such a manner will be different from one who does not because the child who lacks the contrast will have to memorize the correct spelling. We all have homophones (words that sound the same) but some people have more than others

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Resolving human relations problems

By Dr. Hugo Rodriguez

Some of the most critical problems in the administration of Bilingual Education programs occur in the area of human relations. Human relations problems can result in 1) excessive pressure, conflict and frustration in the work situation; 2) aggression and hostility towards children and co-workers; 3) subversion of the program and its goals; 4) employee dissatisfaction, absenteeism, poor health and high turnover and 5) other bureau-pathological behavior. In short, relationship problems can destroy an otherwise successful Bilingual Education program.

Administrative problems of this type are difficult to identify and to work with, however, it is important that they be squarely confronted and effectively dealt with. Otherwise Bilingual Education programs will be no more helpful to language minority children than traditional education programs have been in the past.

An initial step in dealing with these administrative problems is to identify their source. It is not possible to deal with or solve unidentified or unrecognized problems. Once a problem is identified it may then be prevented, eliminated or remediated.

This paper presents a list of administrative problem-sources that may cause human relation difficulties in Bilingual Education programs. The list was developed from informal observations of several existing programs. The list may be used by administrators as an inventory in their program's process evaluation, or as a checklist to identify possible problem areas for further attention.

The list has been successfully used by Intercultural Development Research Association (IDRA) and the Center for the Management of Innovation in Multicultural Education (MIME) as a problem-solving activity in workshops with principals and other administrators. Small groups were first asked to decide whether they perceived each of the items on the list as a problem-source in their district. They next identified the three problem-sources which they considered the most critical. The small groups then discussed ways of preventing or remediating the problem areas identified. Finally, the groups shared their problem-solving strategies and their discussions. School districts may use the list in similar ways as a initial step in dealing with human relations problems.

Human Relations Problem-Source List

1) Bilingual Education is an innovation that requires organizational change and growth. Bilingual Education programs disrupt the status quo and change the existing patterns of activity and communication in a school district.

2) Innovations such as Bilingual Education are untested on a large scale. There is a lack of consensus on basic curriculum and instructional issues. There is also a lack of definite guidelines or consistent solutions to some problems encountered by teachers and supervisors.

3) Bilingual Education programs may lack community support, supporting board policy or strong administrative sanction. As a result, the program may be given low priority and minimum local commitment and support.

4) Bilingual Education program administrators may lack clear responsibilities, functions and roles, and receive inadequate administrative support.

5) Bilingual Education program administration may have limited access to the authority and reward structure of a school district.

6) Instructional line personnel such as principals and curriculum supervisors are not given responsibility or incentives for the success of the program.

7) Administrative and instructional staffs are not evaluated in terms of performance criteria related to the program.

8) Bilingual/Bicultural programs are partially the products of social and political change; as a result, they are subject to political controversy, criticism and opposition from within the district and the community.

9) Bilingual programs are funded by a combination of federal, state and local programs. This may cause a number of problems:

a) Different funding sources may require different types of bilingual programs within one district,

b) Federal and state funding is uncertain. This makes planning, coordination and hiring efforts difficult,

c) Government agencies are not consistent in the application of criteria for approving proposals. As a result program planning is based on what is fundable not on the needs or characteristics of the district.

d) Differences in funding sources result in differences in materials and resources available to the instructional staff.

10) Nonparticipating staff may feel threatened by Bilingual Education because they do not understand the program or because they think that they may lose their jobs.

11) Bilingual Education programs complicate the difficult job of a principal. Special programs tend to disrupt the normal schedules and activities of a school. As a result principals may be unsupportive and uncooperative.

Conclusion

Solutions to problems in human relations are never simple. It is difficult to deal with feelings and emotions, and to heal perceived personal injury. However, if Bilingual Education programs are to succeed, healthy human relationship must be nourished and existing problems must be dealt with. Administrators may find the problem-source list presented here useful in the initial problem-identification step required in dealing with the critical human relations problem area.

8% increase for cost of college tuition

An eight percent increase for the cost of a college education, at both public and private institutions, is expected according to a survey of more than 2,500 colleges, universities and proprietary schools.

Average college costs for 1976-77 academic year will range from $4,568 for a resident student attending a private four-year institution to $2,223 for a communter at a public two-year college, the survey found.

Voluntary support of the country's colleges and universities fell by about $80 million last year, according to the Council of Financial Aid to Education.

A conference entitled "Bilingualism: Pathway to the Third Century" was held Saturday, May 15 at Florida International University (FIU). Sponsored by Liberacion Learning Center, Bilingual Center of Florida and FIU, the conference was funded by National Education Task Force de la Raza (NETF). Pictured above (l-r) are: Luis Vasquez, director ESAA Bilingual Program, Dade County Public Schools; Dr. Gloria Zamora, associate professor of education, University of Texas at San Antonio and an IDRA Board member; Dr. Maria Cristina Herrera, associate professor of sociology at Miami Dade Community College; Magaly Rodriguez O'Hearn, co-founder of Liberacion Learning Center in Florida and Eloise Fells, Race Relations Facilitator, Cultural and Human Interaction Center, FIU.

Photo by Jerry Eisner

Recognizing Black English

Continued from p. 4

and in some ways, the more homophones one has the more spelling difficulties one will encounter.

Black English speakers usually have more homophones than standard English speakers. Black English speakers may lose contrasts that standard English speakers, as a whole, maintain. One common occasion is the loss of vowel contrasts before a nasal consonant "n" or "m". In such as case the following words would be homophones in Black English:
pin/pen bin/Ben Jim/gem think/thank tin/ten

Final consonants are the most often affected when loss of contrast occurs in Black English. The consonant most often "lost" or altered are R, L, T and D. T and D are like R and L in that they are most often lost when followed by a consonant and also primarily in final consonant blends. The word "last" would be simplified to "lass" for example.

From a linguistic point of view one dialect is as good as another, and both Black English and standard English are seen as logical linguistic systems, with slightly divergent grammar and pronunciation rules. However, Black English dialects which contain grammatical deviations from standard English are highly stigmatized. Attitude of dialect correctness are formed at an early age and they are supported by strong emotional commitments to family and peers. Considering human nature, these feelings are understandable, but they are, in part, responsible for many prejudiced attitudes toward both dialects.

Problems arise when teachers decide that they can not cope with Black English and that the dialect is wrong.

According to Dr. Susan Houston, a specialist in socio-psycholinguistics at the University of Texas Speech and Hearing Institute, "there is no reason language is going to hamper a child in school except when a teacher feels there is something wrong with the language. No child is going to do well when a teacher thinks he is fundamentally retarded or something wrong because of his language." Dr. Houston also stated that most Black children have what she calls two "registers" of language, one for school and one out of school.

"In any situation which is constraining, the language they use is not a true example of what they can do. They are uncomfortable, uneasy because they know people are watching. The child will use short sentences when he can get away with it and won't talk much when called up. He won't express himself much because he feels he'll be censured if he does," said Dr. Houston.

She further stated that an unenlightened teacher can make a child clam up. The teacher may believe the child is slow, dull or mentally deprived, but the child is just reacting in a self-protecting way to his environment.

Dr. William Labov, a noted linguist, has pointed out that very little sociolinguistic research has been done in the school setting. He is particularly concerned with the possibility that research of this nature will become a regular part of procedure in many schools, since the most efficient use of teaching materials will always presuppose the teacher's knowledge of the language of students in the class. Research in the school can reasonably hope for useful information in three main areas:

(1) What is the set of contrasting vowels and consonants used by children to distinguish different words, in perception and production?

(2) What nonstandard rules of grammar are used by children in this school, and how firmly are these rules established?

(3) What are the main differences between the speech used outside of school among peers and that used in the classroom?

However, any such research must depend upon a good description of the language of children in that particular school, just as the proper use of standard texts and teaching methods depend on such knowledge.

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TET responds to HB 1126

Texans for Equitable Taxation (TET), a non-profit corporation organized in October, 1975, was formed in response to rising taxes on real property and in response to House Bill 1126 (the 1975 Texas public school finance law), explains Michael Moeller, TET executive director.

HB 1126 increased the total cost of Texas' Foundation School Program by about a billion dollars. The bill mandates that some $300 million to $400 million of this added cost be raised through local school property taxes. According to projections based on Southern Regional Education Board statistics, average per capita property taxes in Texas have been pushed up to almost $200 a year—this is more than **double** total per capita figures for any other state in this region.

"TET's long-term objective is to effect a reduction of this inequitable burden on real property," Moeller says. "In line with this, TET's immediate goal is the full assumption of the cost of the Foundation School Program by the State."

According to Moeller, this is essential for a number of reasons. First, full State funding of the Foundation Program is probably the only practical way to base public education on "the wealth of the State as a whole," explains Moeller.

"Second, the subsequent reduction of local tax burdens would not only have obvious benefits to property taxpayers but would enhance bond issue passage for overdue plant improvements," he added.

Third and most important, the school children of Texas stand to gain the most from guaranteed funding and better facilities.

This goal will not be easily achieved, according to Moeller. To accomplish it without new State taxes, the 1977 Legislature will have to establish public education as the top priority item and dedicate the bulk of the anticipated revenue surplus to this end. Additionally, the Legislature will have to give serious consideration to whatever recommendations the Hobby/Clayton Commission makes for budget reductions in lower priority spending areas.

To reach its long-term objective and to reach this immediate goal, TET is forging a coalition of property taxpayers and governmental entities that rely on property taxes for their financial support.

"Some 50 school districts have already signed on as charter members and a concerted statewide membership drive is getting under way," Moeller says.

TET annual dues are $10 for individuals and $200 for institutional membership, in order to include "grassroots" property owners: homeowners and landowners in both rural and urban areas.

Mrs. Stevi Chapman, former Texas Legislative Property Tax Committee office manager, serves in the same capacity for TET. Information and membership inquiries regarding TET should be forwarded to:

TET State Headquarters
1011 Congress Ave. Suite 513
Austin, Tx. 78701
(512) 477-6152

Education problems

Eight Shreveport, Louisiana principals claim that court ordered racial balance among teachers is destroying the city's public school system. Principals angrily labeled as incompetent most of the Black teachers hired since the federal court ruled that schools must have a 50-50 balance of Whites and Blacks.

They extended their criticism to Grambling and Southern Universities "for turning out sorry teachers."

* * * *

How would the vitality of a **residential neighborhood be affected by the closing of a school?** And what other uses could be made of the school buildings? The city of Seattle, the school district and a citizens' group—the Joint Advisory Commission on Education—have undertaken a one-year study to answer these questions.

A grant of $143,000 from the National Institute of Education will support the study. The city and the school district will work together, studying 10 Seattle neighborhoods, five that have already closed schools and five other that reflect the same socio-economic characteristics.

Recognizing Black English

Continued from p. 6

This is not to say that the dialects of children in every school are so different that special teaching methods are needed—but rather that one must know that nonstandard dialects are used in a particular area, and how strongly they are entrenched. In some communities, nonstandard dialects are used by only a small minority of speakers, and the rest follow patterns much closer to the standard. In other communities, the nonstandard dialects represent the basic vernacular of over half the students and strongly influence the rest. Such information must be the fundamental input to any sound program for teaching, reading, writing and speaking of standard English.

The preceding examples of Black English are not used exclusively among Blacks nor is this to say that all Blacks necessarily use these forms. And the use of any one of these characteristic linguistic features does not indicate use of any of the others.

Alicia Salinas, educational specialist with the Center for the Management of Innovation in Multicultural Education (MIME) discusses "Staff Development . . . In Search of Relevant Personalized Learning for Teachers" with participants at the preconference workshops at the Fifth Annual International Bilingual/Bicultural Education Conference, May 2-5 in San Antonio.

Unreliable market value in use

Representative Luther Jones of El Paso released a staff report which alleges that the study of taxable value being conducted by the Governor's Office of Education Resources is essentially a sham.

According to Jones, elected state representatives and senators will meet in January 1977 without accurate and reliable market value data on Texas school districts, despite a 1975 $5 million commitment to arrive at a defensible market value data for all the districts.

John Poerner, study director of the Governor's Office of Education Resources, is allowing voluntary information on commercial and industrial property, but requiring appraisers to check farmland. Some officials are concerned that farmers and homeowners may be required to pay more than their "fair share" of school costs under the proposal.

The Governor's Office of Education Resources has promised to establish appeals procedures. Yet, to be meaningful, such procedures cannot be set up after the fact. School districts, proposes Jones, will have to conduct their own assessment ratio studies to be in position to evaluate and/or appeal the market values assigned to their districts.

"The Governor's Office has failed to utilize relevant prior work efforts and has as a result groped for a research design plan for five month and, in effect, wasted the $5 million Market Value Pilot Project conducted in 1973," said Jones.

A heavy reliance has been placed on work of contract consultants, many of whom are assessor-collectors, who will be reviewing their own valuations and those of friends and neighboring assessors.

There is no comprehensive design plan to guide the Market Value Project, Jones claims. The Market Value Project does not call for any extensive use of field appraisals, in fact, it appears that industrial, oil and gas, and utilities properties will not receive sample appraisals.

"In effect, this project has exempted major business, mineral, utility and industrial properties from bona fide market valuation procedures," Jones said.

"The project clearly fails to insure that comparable methodology will be used in estimating values of various classes of property. Poerner's statement that the various classes of property will be valued with a uniform degree of accuracy or reliability is unsupported . . .," Jones said.

Jones recommends the following:

- state elected officials should insist that the methodology used in this study is simply not acceptable in the future,
- state elected officials should, with the time remaining, insist that bona fide sample appraisals be conducted on the major value properties to promote some degree of equity in the study,
- state elected officials should insist on receiving thorough documentation of all phases of the study's operation. Specifically, a detailed explanation of variations in procedures used in different districts and a comprehensive statistical analysis of error levels of value estimation for each district,
- state elected officials should insist on the creation of a meaningful structure to allow districts' appeal of values assigned. In part, complete access to the Study's documentation is essential if a district is to be given an opportunity to evaluate the work of those who estimated the district's value.

Copies of Rep. Jones' report may be obtained by writing his Austin office [redacted]

Correction

The article in the May issue of the IDRA newsletter concerning the Fifth Annual International Bilingual/Bicultural Education Conference failed to indicate that the National Education Task Force de la Raza (NETF) was one of the co-sponsors of the convention. Our apologies to the NETF and specifically to Executive Director Tomas Villarreal who worked so hard toward the success of this conference.

Clayton proposal

House Speaker Bill Clayton estimates his proposal to abolish a year of the 12-grade Texas school system and keep kindergarten on a half-day basis would save an estimated $100 million a year.

Researched by Clayton's staff, all suggestions, if favorable, will be turned over to a legislative subcommittee for extensive hearings.

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TRL Analyzes — DEVELOPMENTS IN TEXAS STATE AND LOCAL GOVERNMENT

TEXAS RESEARCH LEAGUE / [redacted]

November 1972

This Texas Research League ANALYZES bulletin summarizes the high points of a second interim report from the League's School Finance Study. The report evaluates the operation of the present complex school finance system and its impact on districts of various types. The report is technical in nature and includes data on each of 1,149 local school districts supported by local taxes. Copies of the full report are available to League members on request.

TEXAS PUBLIC SCHOOL FINANCE; A MAJORITY OF EXCEPTIONS

The U.S. Supreme Court on October 12, 1972, heard oral arguments on the State's appeal from the decision of the Federal District Court in the case of Rodriguez vs. San Antonio, et al. The outcome of that appeal is very much in doubt, but a number of education groups are preparing proposals aimed at solving what the Legislature in 1969 described as the "serious problem which exists in the financing of the Minimum Foundation Program and . . . /the/ apparent inequities in the allocation of funds to be provided by local districts. . . ." These proposals will be urged for legislative action in 1973, regardless of the outcome in the Rodriguez case.

The court suit in Rodriguez attacks the product of the total school finance system in Texas (excluding Federal aid), measured in terms of fiscal resources per student among the districts. Plaintiffs concede that State aid to local districts has a "mildly equalizing effect," but they contend that wide variations in local property taxpaying capacity produce unreasonable disparities in combined State-local funds among districts.

REVIVING A 1957 LEAGUE PROPOSAL

Among the prospective solutions to the resource equalization problem, a proposal advanced by the Texas Research League in 1957 has drawn considerable attention by the various study groups. The League, reporting on a study requested by the State Board of Education in 1953, noted that ". . . many school districts are spending local tax money outside the minimum program for services and supplies which are, in reality, part of their basic minimum needs." To remedy that situation, the League report suggested that ". . . *parallel upward adjustments in both the minimum program and in local required tax shares toward that program may be desirable so as to strengthen the educational program in poorer school districts of the State.*" By expanding the program coverage to include most local "enrichment" expenditures, while at the same time requiring the more affluent districts to pay a larger share of the cost of their own programs, this approach would substantially narrow the resource gap between rich and poor systems.

FOUNDATION PROGRAM VARIATIONS

Unfortunately, tinkering with the Foundation Program over the years has so eroded the basic formulas devised by the Gilmer-Aikin Committee in 1948 that the State school aid system no longer functions effectively as a rational plan for guaranteeing equal minimum educational opportunities among the districts. If the Foundation Program has a "mildly equalizing effect," it also produces some peculiar variations in fiscal resources for which there are no simple explanations.

In 1970-71, the Foundation Program cost per student averaged $427, but it exceeded $1,500 in one district with 38 pupils at one extreme, and dropped below $300 in another district with 51 pupils. Although 84 percent of the districts containing 99 percent of the students fell within a $300-$600 per pupil cost range, that still left a 100 percent gap from top to bottom.

Part of the variation in Foundation Program cost per pupil among districts may be explained by the formula favoritism built into the program for small districts, particularly for transportation and vocational education:

1. FOUNDATION PROGRAM COSTS PER STUDENT, 1970-71

No. Dists.	District Size in ADA	Regular Program Sal. & Op.	Regular Program Transportation	Vocational Ed.	Special Ed.	Total
5	Over 50,000	$368	$ 1	$ 12	$ 22	$ 403
41	10,000 - 49,999	358	3	16	31	408
36	5,000 - 9,999	366	8	22	29	425
189	1,500 - 4,999	369	13	29	28	439
93	1,000 - 1,499	376	21	35	20	452
213	500 - 999	388	28	38	17	470
432	100 - 499	422	41	54	12	530
140	Under 100	581	69	25	2	676
State Averages		$370	$ 9	$ 22	$ 26	$ 427

As the table shows, higher costs for salary and operations, transportation and vocational education all contribute to the directly higher proportional costs per student of the Foundation Program in smaller districts. Special education costs do not correlate with district size. Some discrimination by district size might be permitted under a court-ordered resource equalization plan, but there are substantial differences in Foundation Program cost among districts of roughly comparable size.

2. FOUNDATION PROGRAM COST PER STUDENT IN SELECTED DISTRICTS PAIRED BY SIZE GROUP, 1970-71

Size in ADA	District	FP Cost Per Student	Diff.	Total Difference
203,246	Houston	$ 409	$ 24	$ + 4,878,000
145,980	Dallas	385		- 3,504,000
49,169	Austin	427	21	+ 1,033,000
42,751	Corpus Christi	406		- 898,000
17,198	Waco	443	76	+ 1,307,000
17,743	Laredo	367		- 1,348,000
4,766	Alamo Heights	492	102	+ 486,000
4,522	Mission	390		- 461,000
	STATE AVERAGE	$ 426		

As the table above indicates, Houston's Foundation Program cost per student was $24 higher than Dallas' cost. That $24 multiplied by more than 200,000 students was worth nearly $4.9 million to Houston. Conversely, Dallas lost about $3.5 million compared to the funds it would have received at the Houston level. Austin, Waco and Alamo Heights enjoyed comparable advantages over Corpus Christi, Laredo and Mission, respectively. Most of the difference may be attributed to five factors:

(1) Houston, Waco and Alamo Heights all enjoyed advantages of $3-$6 per student in Vocational Program aid. Corpus Christi received $5 per pupil more than Austin.

(2) Houston, Austin, Waco and Alamo Heights all enjoyed advantages in Special Education aid ranging from $7 per student in Houston to $61 per student in Alamo Heights.

(3) Houston and Waco both declined in attendance in 1970-71, and exercised a statutory option to base their Foundation Programs on the prior year's attendance. The option was worth $8 per pupil in Houston and $5 per pupil in Waco. None of the other districts declined.

(4) None of the eight districts was able to keep its quota of Foundation Program professional positions fully filled throughout the year, and all lost funds as a result. However, the losses were minor ($1-$3 per student) in all but Laredo and Mission, where the vacant units cost the districts $16 and $10 per pupil, respectively.

(5) Salary and Operation cost allowances were higher in each of the districts with higher total Foundation Program costs. In Houston and Austin, the S & O advantage was $11 and $12 per student, but in Waco and Alamo Heights the advantage was $33 and $38, respectively. In part, the S & O differential reflects the benefit of the prior year's option, and the loss from vacant units. It also reflects greater experience and higher degrees in districts able to supplement the minimum salary schedule and attract better qualified personnel.

A MAJORITY OF EXCEPTIONS

Because Foundation Program costs are calculated separately from local contributions to the Program, increases in costs are reflected in higher State aid. Districts also may increase their State aid entitlement by taking advantage of various statutory "credits" designed to reduce the local share of the program responsibility in favored classes of districts. After examining the background and application of these "credit" provisions in some detail, the League's second report concludes that they have no demonstrable relationship to educational need or tax-paying ability.

When all of the special benefits, exceptions and adjustments are taken into account, the State-supported school finance system in Texas almost produces individually prescribed allocation formulas for the 1,149 tax-paying districts. In 1970-71:

- 433 districts were allotted 1,161 extra teachers, plus other personnel and operating funds worth $7.7 million beyond their current Foundation Program computed needs because these districts declined in attendance from 1969-70.

- 520 districts received $65 million for Special Education programs approved by the Texas Education Agency.

- 933 districts were given $54.5 million for Vocational programs, mostly on the basis of administrative formulas established by the Texas Education Agency.

- 94 districts had adjustments approved by the Texas Education Agency totalling $1.3 million in additional State aid because they were too small to operate with a regular formula allotment.

- 776 districts received about $4.6 million in supplemental State aid for variable salary plans above the minimum schedule.

- 85 districts received $1.9 million in State aid bonuses because some other district or districts had consolidated with them.

- 270 districts (with some overlap) received $5.9 million more in State aid because they received "credits" for government land (of certain special classes) in their district.

- 177 districts qualified for $15 million more in State aid because their calculated "legal" tax rates multiplied times county-assessed property values would not produce their assigned local shares of the Foundation Program cost. One hundred sixty-four of these were independent districts with their own tax rolls, and the "maximum tax rate credit" was only a legal fiction which has not been tested in the courts or ruled upon by the Attorney General.

There were at least seven other kinds of special program allotments or adjustments worth about $10 million to selected recipient districts.

THE *RODRIGUEZ* TARGET: LOCAL TAX VARIATIONS

Despite the many fiscal idiosyncrasies of the Texas Foundation School Program, its unequal impact was not the target of the Rodriguez case. The suit was aimed at eliminating the broad disparities in local property tax resources which combine with the Foundation Program to produce a total system characterized by substantially unequal funds available to local districts of similar size.

Plaintiffs in the Rodriguez suit did not ask, and the District Court order does not require, equality of treatment for taxpayers among local districts. However, taxpayer equity clearly is implied in the mandate that educational opportunity shall not be a function of wealth other than the wealth of the State as a whole. Under the Texas Constitution, all tangible and intangible property is taxable at its actual market value, but no school district tax assessor follows that standard. Treatment of tangible personal property such as automobiles, household furniture, farm machinery, boats and an endless variety of other items is very irregular. Intangible property such as stocks, bonds and bank deposits is almost never taxed, although some estimates suggest that such intangibles constitute more than half of the actual property wealth. Under such conditions, the property tax has become virtually a local option tax under which school district officials are free to decide what shall be included on the tax roll and at what percentage of true value.

If the Supreme Court upholds the Rodriguez decision, it seems unlikely that any new plan would be approved under which local taxpaying capacity was subject to manipulation at local option. Not only would the State be required to measure the local tax base actually in use, but it might also be necessary to insure that all school districts use a uniform tax base.

Data on the actual taxpaying ability of the school districts in Texas is limited and its validity is subject to question. The substitute measures of economic activity used in the present system to measure taxpaying capacity have no demonstrated relation to the actual property tax base on which districts must rely for local funds.

Despite the limitations in State information on local ability and effort (which the League pointed out in its 1957 report), the Federal District Court decision relied on estimates of the market value of taxes per student in the districts involved in the case. Those estimates (made originally in 1968 for the Governor's Committee on Public School Education) were updated for study purposes through the joint efforts of the various groups studying educational finance reform. Analyses in the League's second interim report are based on these revised estimates.

Table 3 on the next page measures the relative taxpaying ability and effort of the four pairs of matched districts analyzed in Table 2, and shows the income per student from local, State and Federal sources available to those districts in 1970-71.

3. INDEX OF RELATIVE LOCAL TAXPAYING ABILITY AND EFFORT, AND REVENUE PER STUDENT BY SOURCE IN SELECTED DISTRICTS PAIRED BY SIZE GROUP, 1970-71

District	Index of Local Taxing Ability*	Index of Local Taxing Effort**	Revenue Per Student Local	State	Federal	Total
Houston	108	107	$ 407	$ 315	$ 50	$ 772
Dallas	107	136	522	270	38	829
Austin	70	159	412	373	34	819
Corpus Christi	49	158	270	353	66	690
Waco	63	153	328	378	45	751
Laredo	21	137	103	344	204	651
Alamo Heights	107	132	520	393	65	978
Mission	16	187	109	377	152	639
STATE AVERAGE	100	100	349	355	63	767

*Based on estimated $52,600 in Market Value of Property per student, statewide. State average equals 100.

**Based on "effective" tax rate of 63.1 cents per $100 of estimated Market Value, statewide. State average equals 100.

For the eight paired districts, Table 3 shows:

(1) Despite almost identical local taxpaying ability, Dallas received $45 per student less in State funds than Houston, but Dallas more than made up the difference by exerting a substantially greater local tax effort.

(2) Austin and Corpus Christi made almost identical local tax efforts to support their schools, but Austin derived $142 per student more in local funds because its tax base was considerably greater. Even so, Corpus Christi received $20 per student less in State aid than Austin was given. Federal funds closed the gap slightly, but Austin still had $129 per student more revenue.

(3) Waco, with three times the local ability and somewhat higher effort, realized more than three times as much local revenue as Laredo. Yet Laredo still received $34 less per student in State aid. A substantial infusion of Federal funds reduced the gap, but Waco still had $100 per student more in revenue than Laredo.

(4) Alamo Heights had more than six times the local tax base per student available to Mission, and despite Mission's more than 50 percent greater effort, Alamo Heights had almost five times more revenue from local taxes, yet it received $16 per student more in State aid. Mission's large infusion of Federal funds failed to close the gap, and Alamo Heights had $339 per student more in total revenue - or better than a 53 percent advantage over Mission.

Thus, in three of the four pairs of districts, more State aid per student went to the district with the greater local ability and resources. The school finance problem is particularly difficult under the present system for very poor districts like Mission.

With a local tax base equal to 16 percent of the State average, Mission made a local tax effort which was 87 percent above the State average but could produce less than one third of the average local tax revenue. State aid for Mission was only about six percent above the State average. Even with $152 per student in Federal aid, Mission's total revenue per student fell $128 per student (20 percent) below the State average.

The League's second interim report concludes:

> Under the present system it would be virtually impossible for Mission to lift its program to the State average income and expenditure level, much less match the level of the more than 700 districts with greater than average market value of property per student. . . .
>
> In any reform movement aimed at equalizing resources among districts and improving equity among taxpayers, the existing loopholes, special subsidies and differential benefits should be eliminated unless it can be proved that they have some rational relationship either to educational need or to actual taxpaying ability.

The next report in the League's School Finance Study will examine the projected cost of the current educational programs through the end of this decade, and explore the alternatives for meeting problems posed by rising costs and prospective reforms.

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Progressive Fed State Local

above the approximately $1 billion it is estimated will be raised and spent by local school districts in 1974 - needed to equalize revenues at different levels for the local school districts of the state. Equalization at the present state average of $704 per pupil would not cost any additional funds, provided $131.5 million was transferred from the 622 above average districts to the 427 below-average districts. If equalization were set at $804, the net additional cost would be $248 million. Resources would then be equalized for 86% of Texas school children. To equalize sources for 90% of the children in the state would cost $388 million; in this case 324 districts would still lose revenue.

The following fundamental guidelines were developed by the National Educational Finance Project (NEFP) and outline basic principles for establishing educational equality among school districts:

1. State funds -- distributed by any model examined - provide for some financial equalization, but some finance models provide more equalization than others.

2. The flat grant model provides the least financial equalization for a given amount of state aid of any of the state-local models because it does not take into account the variations in wealth of the district.

3. A flat grant model which takes into account some of the cost variations per pupil (i. e. weighting pupils, even though it ignores variations in wealty) provides more equalization than the flat grant model which fails to provide for any cost differentials and variations in wealth.

4. The equalization models which take into account cost differential of various programs and variations in school district wealth are the most efficient methods for equalizing financial resources in states using state-local revenue allocations.

5. In equalization models, the greater the local tax leeway the less the equalization.

6. Complete equalization is attained only under a plan of full state funding or an equalization plan which includes all local school tax in the required local effort for the state foundation program.

7. The higher the percentage of school revenue provided by the state, the greater the equalization of financial resources among districts.

8. The higher the percentage of school revenue provided from local revenue, the greater the possibility for unequal financial resources and unequal opportunity in the state. A complete local support model provides no equalization among districts whatsoever.

9. The higher the percent of state funds provided, in relation to local revenue, the greater the progessivity of the tax structure for school support. State tax sources are generally more progressive than local tax sources.

10. The higher the percent of federal funds provided in relation to state and local revenues, the greater the progressivity of the school tax structure because federal taxes are generally more progressive than state and local taxes.

These principles will become necessary tools for any committee developing a state finance model that comply with the equalization requirement of the courts.

A simple look at Hawaiian schools:
8,000 classrooms 9,000 teachers 182,000 students from presch to grade 12
*(Texas enrollment in 1970-71 2,757,160)

Hawaii is characterized by a tri-partite responsibility sharing for public education. The BOARD OF EDUCATION has significant legal responsibility; the GOVERNOR views the program; and the LEGISLATURE finances the program of the school system directly, oversees and develops legislation enabling progress.

Hawaii is unique in that it is the only state in the nation with a unified statewide school system. It was in 1840 that Hawaii enacted laws for the establishment of a statewide public education system. So Hawaii's present public school system has one of the longest histories under the American flag.

Funds for Hawaii's 215 schools*(Texas has 5,240 campuses, 71-72) are received directly from the State Legislature in two separate appropriations - one for the operations of the schools and the other for capital improvements.

The operating budget for fiscal 1970-71 total 154.2 million:*(Texas 1971-72 2.3 billion)
$129.9 million (84.3%) from state general fund
$ 15.9 million (10.3%) from federal funds
$ 8.4 million (5.4%) from special funds

(1) The largest source of financing (the state general fund) includes revenues from various state-levied taxes such as gross income tax, personal income tax, and corporate income tax. Unlike most school systems on the continental U. S. property tax is not used to finance the public schools. Property tax is the primary means of financing the county governments which have no financial responsibilities for the operations of the public schools.

XXXX Pattern of financing public school operations
In a typical school system in the U. S. the pattern of financing school operations is primary reliance on local property tax, augmented by state assistance through flat grants, equalization formulas, earmarked funds and a small amount from federal grants. There are several reasons why local property taxes may not be the best basis to finance a public school system. First, too many exemptions and unequal valuations. In Hawaii's case, since a large portion of the population does not own land, the burden for financing the entire school system would be placed on those who do. Second, the property tax base may not be capable of effectively absorbing the rapidly rising cost of education. Third, local property tax as a major source of public financing will result in many inequities since communities differ markedly in their assessment practices and taxable capacity. The poorer school districts inevitably will be hard pressed to provide adequate support for their schools.

In contrast to the continental U. S. counterparts, Hawaii's method of financing public schools appears to be more desirable and advantageous. The cost of Hawaii's schools is more equitably distributed over various forms of taxable capacities at the state level, rather than leaning heavily on local property taxes. Thus, the financial solvency crisis caused by educational costs rising faster than revenue-raising capacity -- a crisis that is threatening to bankrupt and terminate many school systems -- is not at this time a major problem in Hawaii. Furthermore, under Hawaii's system of centralized administration and financing, rural areas in the state that normally would not have economic resources to support an adequate educational program are assured of reasonably equitable treatment in the allocation of resources. The more affluent urban and surban areas are not unduly favored as a result of their having a stronger economic base. This system of financing reflects the value placed on education and the strong conviction of Hawaii's public and its leaders that education opportunities should be equally available to all of its people.

(Compiled from "State Support and Operation of Public Schools in Hawaii" Report of a Study Sponsored by the State of Hawaii Department of Education and the Project)

*Estimates and Projections for Texas Public Schools, TEA, April 8, 1972

Betty Sw. 15th
5017

Here is the material on the 2nd mtg - and also the rest of the parts for the 1st program.

Betty

Second Meeting

L.M.

I. INTRODUCTION

As we continue the study on school finance we should again look to the reasons the study came about. It was set in motion by the Demetrio Rodriguez, et. al. vs. San Antionio Independent School District, et. al. decision that was handed down on December 23, 1971, by the U. S. District Court in San Antonio, stating:

> ....The current system of financing public education in Texas discriminates on the basis of wealth by permitting citizens of affluent districts, to provide a higher quality education for their children, while paying lower taxes.....
>
> Now it is incumbent unpon the defendants (State Commissioner and Board of Education, State Attorney General, San Antonio School District) and the Texas Legislature to determine what new form of financing should be utilized to support public education. The selection may be made from a wide variety of financing plans so long as theprogram adopted does not make the quality of public education a function of wealth other than the wealth of the state as a whole.

The import of the decision was that the resources available for educating each child must be equal. The court did not say that spending on each child must be equal, nor did it declare the property tax to be unconstitutional. The Legislature was given until the 1973 session to come up with a new plan for financing public education.

L.M.C.

In our first meeting on "Financing Public Schools in Texas" we discussed the Rodriguez case, we looked at school financing, how costs keep rising each year, how the costs are divided between federal, state and local districts, what percentage of locally raised funds goes to the State Foundation School Program, and what is spent entirely locally. We looked at the Permanent School Fund and the Available School Fund and its source of finance. We looked at the economic index with the various credits and how the property tax is administered, and we discussed the pros and cons of various types of taxes.

In that program we tried to make a study of the system of financing public education in Texas. It is our desire to educate ourselves on the methods of state finance and to be able, as citizens, to make intelligent choices in regard to the many public decisions that lie ahead.

Betty

BA

Second Meeting

Part II. How are funds apportioned in the Foundation School Program?

The Available School Fund (ASF)
Merely a Dedicated Tax Fund, Functionally

Looks like a flat grant

One Aspect of the State program that causes confusion is the Available School Fund or ASF. ASF appears to be an equal per pupil flat grant which comes to the districts in addition to their State aid from Minimum Foundation Program (MFP); but appearances are deceiving. Actually, when the entire system is understood, ASF turns out to be not a flat grant but merely a dedicated tax fund. Here is why.

ADA

Revenues from certain State sources are dedicated to the Available School Fund. After a small subtraction from the Fund for textbooks, the pot is divided among the number of scholastics in the State, yielding a quotient that is an equal grant per scholastic. Each school district apparently receives State aid from the Fund according to its numbers of pupils, an equal amount per pupil no matter how rich or poor the district. Clearly, this has the look of a flat grant. However, the trick is that under the MFP's formula the ASF allocation to the district is subtracted back out (along with the Local Fund Assignment) in determining how much actual State aid the district is to receive from the State.

To illustrate, suppose the MFP budget averages $400. per pupil; suppose its Local Fund Assignment works out to be $50. per pupil; and suppose the ASF quotient is $100. per pupil. Then the districts' state aid is not $500. nor is it $450. It is $350. computed thus

$400 or $450
400
500
-150
$350

MFP 400
ASF

(show poster - DISTRICTS' STATE AID)

In computing the State aid for the district, both the available School Fund and the Local Fund Assignment (LFA) are subtracted from the ~~MFK~~ MFP budget guarantee and it is not an incremental flat grant. There is confusion on this point among the uninitiated, but it is not in contention among the informed.

We conclude that it is merely the MFP that is functionally significant in determining which districts receive what aid; the ASF is merely a dedicated fund, implying that certain taxes and revenues are directed toward education xxxx rather than toward some other public service.

The Minimum Foundation Program has three major division - Personnel, Maintenance and Operation, and Transportation. Transportation constitutes only about 2% of MFP costs. Maintenance and Operation around 8% and Personnell approximately 90%, with the instructional salary schedules approaching 80%. The MFP excludes many services. Most notable is its exclusion of expenditures for buildings, land and Major equipment.

Simple examples of How a Texas-type System might work:

Charts showing four school districts and the consequences.

Constitutional fund financed by earnings of Perm. Sch. Fund + Various dedicated taxes
Various dedicated State - state prop tax, store + exemption license fees + Hgh Motor Fuel tax
portion of Omnibus Tax Fund

Betty Second Meeting

III. What are some models for financing public schools?

There are many state school finance models available, but only a few will stand the Federal and State Constitutional test to assure every child of Texas equal protection and equal educational opportunity.

For a state finance model to pass the test of the Courts and the Constitution, it must be predicated upon the fact that: "Public education should not be a function of the wealth of a school district but upon the wealth of the state as a whole." The Courts have said that the state has a wide variety of financing plans that can be used so long as the program adopted does not make the quality of public education a function of wealth other than the state as a whole.

Basically, state school finance models have two dimensions -- (1) raising of revenue, and (2) allocation of funds. The revenue dimension includes three types of models: (1) complete state support, (2) joint state-local support, and (3) complete local support. The allocation dimension includes only two basic types: (1) flat-grant models, and (2) equalization models which would allocate greater funds to districts of less wealth.

The following finance models are presented for consideration, only in order to reflect the many different approaches that are possible AND NOT AS A RECOMMENDATION. Only a few models that will possibly comply with the constitutional requirement of equalization of educational opportunity are presented. (Prototypes)

Present Charts 1 thru 7

We have looked at these charts of prototype school models, and we can now quickly review some prior attempts to equalize the Texas system:

(1) The Governor's Committee on Public School Education, after a 3 year study and a research expenditure of $1 million, made its recommendations to the 1969 session of the Texas Legislature. It addressed itself to all phases of education, not merely the financing. With regard to the financing, the committee recommended:

(1) that the true market value of taxable property within each district be the basis for computing the local district's share of State Local Fund Assignment;
(2) that each district be required to make a reasonable minimum local tax effort, starting at a rate of 20¢ per $100 of true market value (the state would need to enact a documentary stamp tax to provide assessment-sales ratio information, and would need to exercise supervision of the valuation practices of local assessors) and increasing to 30¢ over a 10 year period;
(3) that the maximum tax rate credit be eliminated;
(4) that the per pupil payment to the local school districts from the Available School Fund be ended by placing the revenue in the Foundation Program Fund.

This package never reached the floor or either house during the 1969 session. It remains conjecture whether these recommendations, plus others of the Committee to expand the Foundation School Program to include a larger share of the enrichment expenditure of the local school districts, would have avoided the present court decision.

(2) The 1969 legislature did create an interim committee, the COMMITTEE OF EIGHTEEN to study school finance problems which subsequently introduced a bill to change the economic index and one that proposed a property transaction recording measure. Neither bill passed. They would not have initiated any major changes in reducing the disparities of wealth among the local districts.

THE CONNALLY BILL called for the state to assume the entire cost of the Foundation School Program. This would have given benefits to the large metropolitan districts and shifted the school tax bite on urban taxpayers from local property taxes to broad-based state taxes. Even if the state did assume the entire cost of the Foundation School Program at its present level, it would be underwriting only 59% of the entire cost of public school education. Local enrichment funds would cause wealth disparities to remain. Hawaii

Other suggestions for equalizing systems of Joint State-Local financing brought in two more suggestions. One was --

a Creation of New District boundaries. Drawing new lines could potentially divide the taxable resources more evenly among the districts and thus equalize the tax funds available to be spent on schools. Advocates of this method of equalization would also incorporate personal income criteria along with the property valuations, to further equalize resources. Critics of this method say that to accomplish the redrawing of more equalized boundary lines would entail much gerrymandering, and the districts would become impossible to administer. Also it would require periodic redistricting because of income change.

b The second was--
The objective of "power equalizing" is to guarantee to every school district a given yield for any tax rate that a district chooses to impose on itself. If two districts whatever their relative wealth and tax base, levied school property taxes at the same rate, the state would guarantee -- through payments -- that per-pupil revenue for each district would be equal.

Present chart on power equalizing

Advocates of this method point to the fact that it does equalize yield of tax revenues, even though the local districts have differing amounts of property valuations. This method also takes into account the effort of the local district, and allows for local enrichment.

Critics say that power equalizing relies heavily on the inefficient and regressive local property taxation system. Without some upper limit on local enrichment, great disparities in revenue would continue to exist among districts. It would be difficult policitically to get the rich districts to agree to pay their surpluses into the state program.

Another method suggested was for the state to assume the entire cost of school financing This is called FULL STATE FUNDING.
Advocates for full state funding feel that this method would ease the pressure on the property tax. It would help school districts in major cities, where tax payers are burdened by the cost of financing other municipal services. This would be a more progressive tax, and leave the local property tax purely for municipal services. Local control over educational policy matters would be retained. It would most assuredly reduce the wide variations in financial resources among districts across a state.

Those opposed to full state funding point to the tremendous additional cost it would add to already overburdened state budgets. Citizen interest and local participation would decrease if most of the key decisions were made at the state level. There is a danger that educational quality would deteriorate. School districts communication with the public would disappear.

The Texas Research League estimated the amount of additional state funds over and

OCT 25 1972

October, 1972

To: Local League School Financing Chairmen
From: Genie Fritz, State Chairman
Re: Models Prepared by Senate Committee to Study Public School Finance (Mauzy Committee)

The staff of the Mauzy Committee has prepared several alternative models for financing public schools. They are being sent to you so that your League may have an idea of the models from which legislative proposals may be drawn. These are for your information only, but they may be helpful in suggesting the characteristics your League might include in the type of plan your League prefers.

The table below is an attempt to show you how the suggested revenue plan would work.

Dist.	No. of Pupils	Total valuation, district property	Total support entitlement	Statewide maximum tax rate	Local tax revenues
A	1,000	$ .5 billion	$800,000	40¢	$200,000
B	1,000	1.0 billion	$800,000	40¢	400,000
C	1,000	2.0 billion	800,000	40¢	800,000
D	1,000	3.0 billion	800,000	40¢	1,200,000
E	1,000	.5 billion	800,000	30¢	150,000
F	1,000	1.0 billion	800,000	30¢	300,000

Dist.	Total State Contribution	From Available School Fund	From Foundation Funds	Total Revenues for Local Dist. to Spend
A	$600,000	$109,000	$491,000	$800,000
B	400,000	109,000	291,000	800,000
C	---	109,000	---	909,000
D	---	109,000	---	1,309,000
E	600,000	109,000	491,000	750,000
F	400,000	109,000	291,000	700,000

In this model for the suggested revenue plan, it is assumed each district has 1,000 pupils and is entitled to $800 per pupil, or a total of $800,000. The statewide maximum tax rate is set at 40¢, which is multiplied times the total property valuation in the district to arrive at the local district's share of the entitlement. The state pays the balance of the funds necessary to make up the difference between the local tax revenues and the total entitlement of the district. If a district, like District D, is able to raise more than the total entitlement, it does not receive money from the State (except for a payment from the Available School Fund). It does not have to pay the excess into a state equalization fund, but has greater resources at its disposal to spend. Under this plan, each district receives money from the Available School Fund on a per pupil basis, regardless of how much revenue it is able to raise.

As long as a district is levying the maximum tax rate, the state will make up the difference to reach the total entitlement. However, if a district, like District E or F, levies less than the statewide maximum tax rate, the state will pay only the amount it would have paid had the district applied the statewide maximum tax rate to the total property valuation in its district.

Under this plan the total revenues each district would have available for spending vary considerably. Some experts say this factor will keep such a plan from meeting court requirements. The committee staff feels that the court might let the plan stand after answering the questions (1) How many districts would be affected unequally? (2) How many pupils would be affected?

A political question to be answered by any plan adopted would be: How much money will it cost the state to support it? The costs of alternative plans are now being computed.

Item #1

SENATE COMMITTEE TO STUDY PUBLIC SCHOOL FINANCE

DISCLAIMER

The alternative revenue and distribution plans are for study purposes only. They are alternatives for consideration, and as such, are individually subject to review and modification.

The Committee has neither voted on nor adopted a position on these plans and does not recommend them in total or in part. It is felt that these alternatives embody characteristics of revenue generating and fund distribution plans that merit further examination.

The Committee expresses no opinion, collectively or individually, regarding a preference to any of these plans' components or the plans themselves. Until further study, analysis and revision has occurred these plans remain tentative and should be considered for "study" purposes only.

SUGGESTED REVENUE PLAN

CHARACTERISTICS:

- State and local sharing in a theoretical 60/40 ratio
- Current state funding provisions and sources to be continued
- Property tax to be continued for provision of local share
- Statewide maximum property tax rate to be established as follows

$$\frac{\text{Total statewide local funding}}{\text{Market value of all taxable Texas property}} = \text{Statewide maximum tax rate}$$

- State funds to be distributed to individual districts under the following formula

Total support entitlement
-Computed tax revenues (property market value x statewide maximum tax rate)
-Available School Fund per capita distribution
=Foundation School Fund contribution

- Local leeway (maximum of 10% of support entitlement) to be allowable as follows

  -Funding provided from optional local tax

  -State contributions will be used to supplement optional local tax for districts with "per pupil property market value" below the statewide average

  -No additional local leeway is to be allowed for districts generating more tax revenue than their total support entitlement plus 10% of that amount

- Property taxes to be assessed and collected locally or under some alternative approach determined by the Legislature

- Individual school districts may levy an actual tax rate which is less than the statewide maximum tax rate if they wish to spend less than their support entitlement; however, they may not levy an actual tax rate which is more than 25% below the statewide maximum tax rate

- Distributions from the Available School Fund will be considered as part of the State's contribution to local districts; however, the per capita distribution from this fund will be made as provided by the Texas Constitution even though local tax revenues of an individual district may exceed its total support entitlement plus the allowable leeway

- No provision is to be made for contributions to a State Equalization Fund by districts which generate total tax revenues in excess of their total support entitlement plus allowable leeway; instead such districts will be required over a phase-in period to:

ALTERNATIVE REVENUE PLAN #1

CHARACTERISTICS:

- Same as Suggested Revenue Plan Characteristics except that
  - -The per capita distribution from the Available School Fund will not be made in those districts where the local tax revenues exceed the district's total support entitlement plus allowable leeway
  - -Provisions will be made for contributions to a State Equalization Fund by districts which generate total tax revenues in excess of their total support entitlement plus allowable leeway

ADVANTAGES (COMPARED TO SUGGESTED REVENUE PLAN):

- Eliminates inequities in revenues made available to districts because of the requirements to make distributions from the Available School Fund on a per capita basis
- Eliminates potential problem caused by districts which generate total tax revenues in excess of their total support entitlement plus allowable leeway (unequal "revenues per pupil")

DISADVANTAGES (COMPARED TO SUGGESTED REVENUE PLAN):

- May require constitutional revision to make distributions from Available School Fund on other than a per capita basis
- Appears to be unacceptable to a limited number of people based upon questionnaire results and position statements of study groups

ALTERNATIVE REVENUE PLAN #2

CHARACTERISTICS:

- All public school financing to be provided by the State
- Current State funding provisions and sources to be continued
- Statewide property tax to be used as a substitute for revenues previously generated by local property taxes
- Statewide property tax rate to be established as follows

$$\frac{\text{Revenues previously generated by local property taxes}}{\text{Market value of all taxable Texas property}} = \text{Statewide property tax rate}$$

- Property taxes to be assessed and collected by a State agency
- No local leeway

ADVANTAGES (COMPARED TO SUGGESTED REVENUE PLAN):

- Provides greatest opportunity for equalization of tax burden and spending

DISADVANTAGES (COMPARED TO SUGGESTED REVENUE PLAN):

- Offers no local leeway
- Appears to be unacceptable to a large number of people based upon questionnaire results and policy statements of study groups
- Will require substantial effort in Statewide administration of property taxation

ALTERNATIVE DISTRIBUTION PLAN #1
IMPROVED FOUNDATION SCHOOL PROGRAM--
STRUCTURED PERSONNEL COMPONENT

CHARACTERISTICS:

- Personnel Component

-Classroom teachers	1 per 25 ADM
-Kindergarten teachers	1 per 20 ADM
-Vocational teachers	1 per 14 ADM
-Exceptional children teachers	1 per 11 ADM
-Special service units -Supervisors -Counselors -Part time principals -Assistant principals -Principals -Superintendents -Administrative personnel	1 per 100 ADM
-Teacher aides	1 per 200 ADM

- Transportation Component

Regular Education	A per pupil allowance based on the district's density factor (see table below). Transportation to be furnished for pupils living 2 or more miles from school.
Special education	$150 per pupil receiving transportation

Suggested Transportation Allowances
Density Method

Density Factor	Annual Allowance Per Pupil
.200 and below	$105.00
.201 to .239	95.00
.240 to .399	90.00
.400 to .599	70.00
.600 to .799	57.50
.800 to .999	48.00
1.000 to 1.199	42.00
1.200 to 1.399	37.50
1.400 to 1.599	33.00
1.600 to 1.799	30.00
1.800 to 1.999	29.00
2.000 to 2.499	27.00
2.500 to 2.999	24.00
3.000 to 3.999	20.00
4.000 to 4.999	15.00
5.000 to 5.999	10.00
6.000 and above	7.50

Density factor = Total pupils transported (daily) divided by Mileage traveled (daily)

ALTERNATIVE DISTRIBUTION PLAN #1 (cont'd)

- Operations and Maintenance Component

-Regular education	$ 70 per ADM
-Vocational education	$126 per ADM
-Special education	$168 per ADM

- Other Support

-Pre-school age deaf	No change from current plan
-County-wide day school for deaf	No change from current plan
-Educational television	No change from current plan
-Regional computer services and media centers	No change from current plan
-Teacher sick leave	$25 per day
-Student teaching	No change from current plan
-Supplemental salary aid	No change from current plan
-Pre-school non-English speaking	No change from current plan

- Program Emphasis Component

  -An unrestricted grant of $100 per ADM

  -To be used at the discretion of local districts to meet special program needs not otherwise provided such as

    (1) Security needs of urban districts

    (2) Special compensation needs of rural districts

    (3) Adult education needs

    (4) Summer school remedial programs

ADVANTAGES:

- Retains concepts similar to those included in the current school finance plan
- Tends to improve equalization of resources available on a "per pupil" basis
- Provides for equalizing at higher expenditure levels generally
- Recognizes different resource requirements for different programs

ALTERNATIVE DISTRIBUTION PLAN #1 (cont'd)

- Provides funding for certain administrative positions not previously provided
- Relates funding to a basis (ADM) more nearly related to staffing and facility requirements than the current basis (ADA)
- Appears to be the type of plan acceptable to the largest number of people based upon questionnaire results and position statements of study groups

DISADVANTAGES:

- Limits the extent of local control which may be exercised in determining staffing ratios
- Requires additional State revenues because of increased support levels
- Presents possible problem in court rejection because
  - -Plan includes a Statewide minimum salary schedule based on degrees earned and years of experience which will contribute to funding inequities between districts
  - -Local leeway provision of 10% will multiply inequities created by use of the minimum salary schedule
- Will require reasonably detailed audits of various program enrollments
- Likely to become a complex alternative
- Requires districts to maintain substantial supporting personnel records

ALTERNATIVE DISTRIBUTION PLAN #2
IMPROVED FOUNDATION SCHOOL PROGRAM -
VARIABLE PERSONNEL COMPONENT

CHARACTERISTICS:

°Personnel Component

-Classroom teachers
Kindergarten teachers
Vocational teachers
Exceptional children teachers
Special service units
Counselors — .0525 personnel units allowed for each ADM
Part time principals
Assistant principals
Principals
Superintendents
Administrative personnel
Teacher aides

-ADM to be computed based on the following weights

Regular education 1-6	1.00
Regular education 7-9	1.20
Regular education 10-12	1.40
Kindergarten	1.30
Special education	2.50
Vocational education	1.80

-Individual districts determine their desired mix of personnel up to their full entitlement of units

-Different levels of teachers, administrators, and employees are assigned personnel unit weights related to the Texas State Public Education Compensation Plan as follows:

Teacher - Bachelors degree, certified	1.00
Teacher - Masters degree, certified	1.05
Special service unit (Nurse, Librarian) - Bachelors degree	1.00
Special service unit (Nurse, Librarian) - Masters degree	1.05
Teacher - No degree, certified	1.00
Special service unit - No degree	.95
Counselor	1.20
Supervisor	1.20
Principal	1.30-1.50
Part-time principal	.20- .25
Administrative	1.20-2.00
Superintendent	1.50-2.50
Assistant principals	1.20-1.40
Aides	.50- .75
Clerical personnel	.50- .75

ALTERNATIVE DISTRIBUTION PLAN #2 (CONT'D)

- Transportation Component
  - -Same as Alternative Distribution Plan #1
- Operations and Maintenance Component
  - -$70 per ADM
  - -ADM to be computed based on the same weights used for the personnel component
- Other Support
  - -Same as Alternative Distribution Plan #1
- Program Emphasis Component
  - -Same as Alternative Distribution Plan #1

ADVANTAGES:

- Provides local administrators with significant opportunity to select from widely varying categories to meet local staffing needs
- Allows districts the opportunity to utilize their full personnel component entitlement
- Provides funding for certain administrative positions not previously provided
- Retains concepts somewhat similar to those included in the current school finance plan
- Tends to improve equalization of resources available on a "per pupil" basis
- Provides for equalizing at higher expenditure levels generally
- Recognizes different resource requirements for different programs
- Relates funding to a basis (ADM) more nearly related to staffing and facility requirements than the current basis (ADA)

DISADVANTAGES:

- Requires additional State revenue because of increased support levels
- Presents possible problem in court rejection because
  - -Plan includes a Statewide minimum salary schedule based on years of experience which will contribute to funding inequities between districts
  - -Local leeway provision of 10% will multiply inequities created by use of the minimum salary schedule
- Will require reasonably detailed audits of various program enrollments

ALTERNATIVE DISTRIBUTION PLAN #3
EQUALIZED EXPENDITURES - WEIGHTED VALUES

CHARACTERISTICS:

- Unrestricted financial support entitlement is computed for each district
- Financial support does not relate to program elements in any manner
- Financial support entitlement to be provided initially at the following levels

-Regular education 1-6	$ 625.00 per ADM
-Regular education 7-9	$ 750.00 per ADM
-Regular education 10-12	$ 875.00 per ADM
-Kindergarten	$ 812.50 per ADM
-Special education	$1562.50 per ADM
-Vocational education	$1125.00 per ADM

ADVANTAGES:

- Provides maximum "local control" in the determination of program emphasis
- Recognizes different resource requirements for different programs
- Facilitates understanding of the school finance plan because of its simplicity
- Improves substantially the equalization of resources available on a "per pupil" basis between districts
- Provides for equalizing at higher expenditure levels generally
- Relates funding to a basis (ADM) more nearly related to staffing and facility requirements than the current basis (ADA)
- Encourages districts to emphasize student retention in high school

DISADVANTAGES:

- Allows too much local control in determining program emphasis according to some authorities
- Requires additional State revenues because of increased support levels
- Will require reasonably detailed enrollment audits of various program enrollments
- Does not consider the added transporation or other extraordinary costs of sparsely inhabited districts

ALTERNATIVE DISTRIBUTION PLAN #4
EQUALIZED EXPENDITURES--BY DISTRICT SIZE

CHARACTERISTICS:

- Unrestricted financial support is computed for each district
- Financial support does not relate to program elements in any manner
- Financial support entitlement to be provided initially at the following levels:

-Districts with 10,000 and over ADM	$670 per ADM
-Districts with 2,500 to 9,999 ADM	$720 per ADM
-Districts with 1 to 2,499 ADM	$770 per ADM

ADVANTAGES:

- Provides maximum "local control" in the determination of program emphasis
- Facilitates understanding of the school finance plan because of its simplicity
- Tends to improve the equalization of resources available on a "per pupil" basis between equal-size districts
- Provides for equalizing at higher expenditure levels generally
- Relates funding to a basis (ADM) more nearly related to staffing and facility requirements than the current basis (ADA)
- Recognizes the higher "per unit" costs incurred by smaller districts as a result of
  - -Higher transportation costs resulting from sparse settlement
  - -Higher "per unit" costs as a result of having fewer units to absorb certain fixed costs

DISADVANTAGES:

- Allows too much local control in determining program emphasis according to some authorities
- Requires additional State revenues because of increased support levels
- Presents a possible problem in court rejection because of the inequality of revenues available on a "per pupil" basis

LWV of Texas
July 1972
(2 copies direct
to president)

To: Local League Presidents & Human Resources Chairmen
From: Mrs. Edward C. Fritz, State Human Resources Chairman

Re: Study of Alternate Methods of Public School Financing

Bibliography

Enclosed with this letter is a bibliography, which if used extensively, should give you a fairly good start toward understanding the issues involved in our study. This is a complicated study, so don't get discouraged if it doesn't seem clear to you at first. I have been told that most of the educators really don't understand the issues involved either.

It would be well to write immediately for the national pamphlets because it may take from four to six weeks to receive your copies.

Please refer to the April State Board Report for other books and articles of relevance. However, the bibliography enclosed is probably somewhat more valuable.

Under separate cover you will be receiving several reports, but these are not sufficient in themselves for a broad general understanding. You should attempt to secure the starred bibliography items, also. In the packet which you will receive are included: (1) a report of the Governor's Committee on Public School Education, 1968; (2) A Primer on Texas School Finance by the National Urban Coalition; (3) The Texas System of Education Finance and How Its Wealth Discriminates by Daniel C. Morgan, Jr., Associate Professor of Economics, The University of Texas at Austin; (4) National Developments in Educational Finance by Dr. Will D. Davis, Chairman, Texas Council of Major School Districts.

Later in the summer your League will receive a report prepared by the U.S. Commission on Civil Rights which will report on how Chicano pupils fare under the present system.

All these papers speak to making the present system of financing public schools more equitable. They analyze the effects of some past and proposed attempts at equalizing school finances as to various sizes and types of school districts.

One important aspect of the study is a need for each resource chairman to be familiar with how the present Minimum Foundation Program works. The Texas Education Agency has a good simplified explanation. You may write for this. In the letter that you write TEA you can ask for both "Estimates & Projections" plus the simplified explanation of the Minimum Foundation Program.

Committee Planning

It looks as if the Leader's Guide will be reaching you around the end of August. I do hope that in your calendar planning you will schedule at least two unit meetings, or if that is impossible, one general meeting and one unit meeting. Also, the later in the Fall you can schedule your meetings the more your League will benefit from the results of ongoing studies by official groups addressing themselves to the problem of public school financing.

If you are scheduling a general meeting, following are suggestions for speakers. It is not known which of these men is available or whether they charge an

honorarium. You will need to ask. Most probably they would want their expenses paid. You will want to secure a speaker who can explain how the present system works, to serve as a background for discussion at your units. It would also be good if he or she were aware of current developments and proposed solutions. Select a local school administrator with care, so as to avoid a dull presentation.

Mr. Terrell Blodgett, Peat, Marwick & Mitchell, Austin National Bank Bldg.

Dr. Jose Cardenas, Supt., Edgewood School District, 5358 West Commerce Street, San Antonio, Texas 78237

Dr. Will Davis, Texas Council of Major School Districts, 507 West Avenue, Austin, Texas 78701.

Mr. Richard Hooker, Texas Association of School Boards, 507 West Avenue Austin, Texas 78701 Tel. (512) 476-9116.

Dr. Daniel C. Morgan, Jr., Assoc. Professor of Economics, University of Texas at Austin, Room 718 Business Education Building, Austin, Texas 78712.

Dr. Glenn Ivy, Texas Research League, P.O. Box 12456, Austin, Texas, 78711 Tel. (512) 472-3127.

Dr. Earl Lewis, Director, Urban Studies Program, Trinity University, 715 Stadium Drive, San Antonio, Texas 78284.

State Senator Oscar Mauzy, National Banker's Life Building, Dallas, Texas 75201 Tel. (214) 741-4656.

Mr. Lynn Moak, Texas Education Agency, Room 506 International Life Building, Austin, Texas 78701 Tel. (512) 475-6234.

Mr. James Ray, Texas Advisory Committee on Intergovernmental Relations, 55 North Interregional, Austin, Texas 78702 Tel. (512) 476-4391.

Mr. Linus Wright, Business Manager, Houston Independent School District, 3800 Richmond, Houston, Texas 77027 Tel. (713) 422-2016.

Mr. Mark Yudof, University of Texas Law School, 2500 Red River, Austin, Texas 78705 Tel. (512) 471-5151.

Statewide Resource Committee

For your information, the following persons have met twice to plan for the materials, discussion questions, directions to resource chairmen, etc. Unfortunately, the work is still not completed. However, if you have any questions, they are willing to try to help you, as is your state chairman.

Mrs. Richard E. Coggeshall (Jan), #10 Dansby Drive, Galveston, Texas 77550 Tel. (713) 744-5918 (Galveston League)

Mrs. R. O. Wilbur (Jan), 10130 Whiteside, Houston, Texas 77043 Tel.(713) 465-7289 (Houston League)

Mrs. David Johnston (Wissie), 68 Gunston Court, Conroe, Texas 77301 Tel. (713) 273-2868 (Montgomery County League)

Mrs. Wiley J. Peebles (Sandra), 206 North Hill, Spring, Texas 77373
Tel (713) 353-5670 (Montgomery County League)

Mrs. Russell Schweickart (Claire), 18522 Barbuda, Houston, Texas 77058
Tel. (713) 333-2439 (Bay Area League)

Mrs. J. H. Goldstein (Gloria), 1903 Huntress Lane, Houston, Texas 77058
Tel. (713) 488-0603 (Bay Area League)

Mrs. Calvin Dudley (Beverly), 302 Paul Street, San Antonio, Texas 78203
Tel. (512) 533-1568 (San Antonio League)

JAN. 13
JAN. 20th

Discussed

LWV of Texas
January 1972

To: State Board
From: Mrs. Edward C. Fritz
Re: Pre-Board Report: Human Resources

There is a whole lot going on in the Human Resources field at the moment, necessitating some careful decisions at the January State Board meeting. The following are the questions involved. Brief explanations or further comments will follow the listing.

1. The state League may be asked to file an amicus curiae brief in the case of Rodriguez vs. J.W. Edgar and the State Board of Education when it goes to the U.S. Supreme Court. This is the case recently publicized in the media where the U. S. Court of Civil Appeals ruled that the property tax is unconstitutional as a means of financing public school education because it results in inequality of education. The court held that equal education is a constitutional right under the equal protection clause of the 14th Amendment of the U.S. Constitution. Should the LWV of Texas file such a brief if asked?

2. The court order in the Rodriguez case directing the state to come up with an alternative and equitable method of financing public school education finds the Texas League in the position of not having a consensus on the most equitable means of financing public school education. Should the state League embark on such a study and consensus in order to have some input into the final decisions that are made by the legislature? If so, what is the proper procedure we should follow in order to accomplish this?

3. The Texas United Community Services will be holding its annual convention in Dallas, March 13-16, 1972. The state League has been asked to prepare an exhibit. Should we prepare such an exhibit? How much money could we spend on such an exhibit?

4. Texas Citizens for Welfare Reform is reactivating in order to be ready for the special session of the legislature, and for the next regular session in 1973. The LWVUS publication The Welfare Mess was praised, and it was decided that a similar brochure using Texas figures in the answers should be printed, but each participating organization in TCWR should print the brochure under its own name. Should the Texas League join in printing the brochure? How many should be printed if we do? How should it be financed?

5. Deferred until the January Board meeting was a decision on whether the Texas League should support the so-called "equal rights amendment" under the HR position, when it is voted on in November, 1972. Should the League support or take no position on this amendment?

Explanation re: filing amicus curiae brief.

Prof. Mark Yudof, of the University of Texas Law School at Austin, contacted the League in mid-November, asking if we would be interested in filing an amicus curiae brief in a case brought by some Mexican-American children in San Antonio against the state, claiming that the property tax as a basis for financing public school education results in inequality of education because poor school districts, no matter how heavily they tax themselves, can never have the resources that rich districts have available to them. Therefore, the property tax as a basis for financing public school education should be declared unconstitutional. He wanted the League to say that the present system results in

inequality of education and that since the League believes in equality of education we would like to see the court direct the state to finance its schools by a more equitable system. The League would not say what would be a more equitable system, although several alternatives would be listed in the brief.

For your further information, here are a few more facts. (1) The brief would be written primarily by Mr. Yudof, although filed under another lawyer's name because of procedural court requirements. There would be no cost to the League for either attorney's fees or court cost. (2) When you file an amicus curiae brief you are supporting only what is said in your brief. (3) The League would have the opportunity to read the brief before it is filed, to be sure nothing is said that we couldn't support. (4) The national Board was contacted concerning whether it would be possible to file such a brief, under the equality of opportunity for education position of the Human Resources item, even though we lack a specific consensus on equitable methods of financing public school education. The national Board discussed this at their December Board meeting and answered, "Yes." Furthermore, if the Texas League decides to file a brief, the national League would like to be asked to join in it with us. (5) The San Antonio League was contacted. The president is confident that the San Antonio League would support such an action by the state Board, and would like to be included by name in the brief, along with the state and national Boards. (6) The Harvard Center for Law and Education would also join us in the brief.

It is not yet certain that the League will be asked to file the brief. It all depends on a lot of legal maneuvering. Unfortunately, the legal situation has been complicated by the filing of two almost identical cases, with some ill-feeling between the two sets of attorneys handling the cases. A private attorney, Arthur Gotchmann, of San Antonio, handled the Rodriguez case in which the decision was just handed down. The Mexican-American Legal Defense Fund is handling the Guerra case, which was scheduled for hearing in January, but which Prof. Yudof hopes will now be dropped. Prof. Yudof is working with both sets of attorneys and will work out with them the proper legal strategy as to which case should be used to appeal to the Supreme Court. In all probability, the state of Texas will appeal the Rodriguez case. This is the one in which there is already a court opinion. The League would be asked to come in on whichever case is the one that goes up on appeal.

In any event, if the League is asked to file a brief, Prof. Yudof will come to the Board meeting in order to give Board members a chance to ask questions concerning the legal aspects of the brief.

The only question that has been raised so far as to whether or not the state League should file a brief is the question of whether the action could be taken under the national consensus position. The national Board has answered in its opinion, "Yes." I concur in this opinion, since what the League would be saying is that we consider that the property tax method of financing public school education results in inequality of education and that we would like to see a more equitable method of financing. The state Board would need to decide whether it also thinks that national consensus position covers the action of filing a brief, and whether our state membership would be in agreement with the action.

<u>Further Remarks as to Possible Study of Alternative Methods of Financing Public School Education.</u>

While I believe that we could file an amicus brief under the present consensus on equality of education, I believe that we will need further consensus if we wish to have any input into the legislative action on the method ultimately selected.

There will be many committees studying this subject and making recommendations, but the legislature will have the final say. Undoubtedly, the League will be asked for its opinion. Do we want to be ready when that happens? Or do we wish to say that we can't have an opinion on everything? If we wish to be able to answer, how can we accomplish this?

It seems to me that there are two possible courses of action, and which one we choose depends upon how much time we have. One course of action would be to adopt an emergency item at President's Council, embodying essentially the San Marcos proposed tax study, much of the work already having been done, I understand. Under this plan, Leagues probably could not start studying until the Fall of 1972. This course of action could be adopted only if legislative action is delayed until the regular session of the legislature in 1973.

A second course of action would be for the state Board to authorize a study of methods to finance public school education in order to equalize educational opportunity. This would be done under the Human Resources item just as the study of Human Relations Commissions was done. Under this plan, Leagues would be asked to schedule unit meeting time in the Spring, hopefully, in order to beat a special session of the legislature, if it looks like the subject will come up at the special session. Admittedly, the second course would not be as thorough or as leisurely a study, but we would have a chance for input. Take your choice. Hopefully, by Board meeting time we will be able to asses better how much time we will have.

Spring not possible

Further Remarks Concerning League Exhibit.

Texas United Community Services is a social service oriented organization, therefore the exhibit would normally fall under Human Resources. However, it might be possible to combine HR and Constitutional Revision in the exhibit. If any of you have any specific ideas as to theme and content, please let me know. Mrs. Ken Norvell, of the Dallas League, who is artistically talented has agreed to put the exhibit together, if it is decided to go ahead with it.

The final two questions on the listing need not be amplified here. I will have prices and suggested answers for the Board meeting. However, all ideas are welcome. Please let me know or let a HR committee member know, in order that we may discuss all the ideas at our committee meeting.

* * * * * *

VOTER

Leabo needs your ideas for April VOTER articles.

Act. HNO EMERGENCY VOTE
Astudy of ALTERNATE Methods
of FINANCING EMERGENCY ITEM
1/R.

LWV of Texas
July 1972

Bibliography

Alternate Methods of Financing Public Schools

Books

Anderson, Texas Politics, An Introduction, 1971, Harper, Row

Benton, Texas, It's Government and Politics, 1966, Prentice Hall

McCleskey, The Government & Politics of Texas, 3rd ed., 1963, Little, Brown & Co.

Each of these books has a good chapter on how education in Texas is presently structured and financed.

Reports and Pamphlets

Alternative Programs for Financing Education, Vol. 5, 1971, 363 pp., National Educational Finance Project, 1212 Southwest Fifth Avenue, Gainesville, Florida, 32601.

For those committee persons who have the time and dedication to delve deeper. Very complete. The National Educational Finance Project work is quoted in many other studies. Single copies are free.

*Estimates & Projections for Texas Public Schools, April, 1972, 22 pp. Texas Education Agency, 201 E. 11th Street, Austin, Texas 78701.

Tables of projected needs of Texas Public Schools, which the TEA offers to concerned citizens. Not certain to be available, but you can ask for it.

*Future Directions for School Financing, 1971, 61 pp., National Educational Finance Project, 1212 Southwest Fifth Avenue, Gainesville, Florida, 32601.

A summary of a portion of the detailed research work completed by NEFP. Excellent introduction to problems of school finance and educational equality.

*Issues in School Finance, A Texas Primer, by Richard Hooker, 1972, 52 pp., Texas Association of School Boards, 507 West Avenue, Austin, Texas 78701.

Good presentation of background information concerning the court decision, minimum foundation program, groups studying school finance. There are no more copies available from the Association. A copy was sent to every candidate for the state legislature. Try to secure a copy from a candidate. A school board member is another possibility.

Paying for Better Public Schools: A Statement on National Policy, 90 pp., Committee for Economic Development, 1000 Connecticut Avenue, N.W., Washington, D.C.

This booklet should be valuable to see a national business viewpoint.

*Public School Finance Problems In Texas, an Interim Report, June, 1972, 70 pp., $3.00, Texas Research League, P.O. Box 12456, Austin, Texas, 78711.

Valuable report that contains figures concerning project cost to each school district of equalized per pupil revenue at various levels.

Rankings of the States, 1972, 78 pp., National Education Association, Research Division, 1201 Sixteenth Street, N.W., Washington, D. C. 20036.

For those committees interested in how Texas compares to other states.

Schools, People & Money, Final Report, March, 1972, 147 pp., The President's Commission on School Finance. Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Price $1.00 Stock No. 1780-0965.

A general report on the state of education, containing several chapters on school financing.

*What Everyone Should Know About Financing Our Schools, 1968, 63 pp. National Education Association, Committee on Educational Finance, 1201 Sixteenth Street, N.W. Washington, D.C. 20036

Very good introduction to school financing in general. Should be valuable for the complete neophyte.

*Who Should Pay For Public Schools, 44 pp., Advisory Commission on Intergovernmental Relations, Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. Price 35¢.

Good report of a conference on alternate methods of financing public schools, some of which are already in force in Canada and other states.

*The starred items should be secured, if possible, before the non-starred items.

Articels

"The Current Crisis in School Finance: Inadequacy and Inequity", by Joel S. Berke, Phi Delta Kappan 53:2-7, September, 1971.

"Family Choice In Education: A Model State System for Vouchers", John E. Coons & Stephen D. Sugarman, California Law Review 59:321-348, March, 1971.

"Full State Funding of Education", by J. Alan Thomas, Administrator's Notebook 18:1-10, May, 1970.

"Revolution in School Financing", Texas Observer, March 31, 1972.

* * * *

OCT. 7 1985 BAndrews

PUBLIC AFFAIRS
Comment

VOL. XXXI, NO. 4 LYNDON B. JOHNSON SCHOOL OF PUBLIC AFFAIRS, THE UNIVERSITY OF TEXAS AT AUSTIN SUMMER 1985

Moving Toward Equity: The Effects of House Bill 72 on School Expenditures in Texas*

Cathy Stahl, Barbara Steakley,
John Zapata and W. Norton Grubb*

House Bill 72, a comprehensive reform of Texas education, made substantial changes in state aid to districts. The amount of aid increased about 26 percent, from about $3.6 billion in 1983-84 to $4.5 billion in 1984-85.[1] The formulas by which state revenue is distributed were also revised in order to direct more resources to districts with low property values. House Bill 72 also provided revenues for reforms like the career ladder, and for new programs like prekindergarten. The funding of specific programs—including compensatory education, bilingual education, special education for handicapped children, and vocational education—was substantially revised.

For teachers, the most important effect of H.B.72 was to increase state aid, providing districts the revenue to increase teacher salaries. For many other observers, the most crucial of the finance revisions was the effort to equalize resources between rich and poor districts. The equalization issue has been around a long time, and it has been resistant to reform. Many of the states that changed their aid programs during the 1970s, in response to *Serrano v. Priest* and other lawsuits, did not produce dramatic improvements in equalization.[2] In Texas, the case of *Rodriguez v. San Antonio*, filed in 1971, challenged the constitutionality of the state's financing system; although the U.S. Supreme Court ruled in favor of the state in 1973, legislative pressure resulting from the lawsuit led to a series of bills—House Bill 1126 in 1975, Senate Bill 1 in 1977, and Senate Bill 350 in 1979—designed to equalize funding. The *Rodriguez* case was reborn in *Edgewood v. Bynum*, filed by the Mexican American Legal Defense and Educational Fund (MALDEF) in state district court on May 24, 1984, and the equalization in House Bill 72 is the latest response in this series of challenges and reforms.

Of course, the complete effects of House Bill 72 will not be known for several years, as different changes in the legislation begin to take effect and as districts continue to adjust to the new financing mechanisms. Nonetheless, it is valuable to examine the initial effects of House Bill 72 on expenditures in 1984-85 to see if these effects are consistent with the intent of the legislation.

In this report we first outline the changes in financing enacted in House Bill 72 and then examine their effects on teacher salaries and district expenditures in 1984-85.

PATTERNS OF WEALTH AND THEIR CONSEQUENCES

Most of the formulas in House Bill 72 include district property value in determining the state aid a district receives, in order to direct more aid to poor districts than to wealthy districts. Table 1 describes the magnitude of wealth differences across Texas. (The data used are described in the Appendix.) The 5 percent of pupils in the poorest districts have a property base of less than $57,800 per pupil, only 25 percent of the state average; the 5 percent in the wealthiest districts have a base of more than $407,800 per pupil. (One reason for these differences is that, unlike most states, Texas allows local jurisdictions to tax oil and gas resources.) Because of these wealth differences, wealthy districts were able to raise substantially more revenue: total expenditures per pupil in 1983-84, prior to House Bill 72, were over twice as high in the wealthiest districts as they were in the poorest districts. The differences between districts that are only moderately wealthy and those that are moderately poor were also substantial: moderately poor districts had an average expenditure of about $2,600 per pupil, while moderately wealthy

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Table 1
Expenditures and Tax Rates by Wealth, 1983-84

1983 Wealth Per Pupil			Proportion of State Average Daily Attendance	Total Expenditures Per Pupil	Operating Expenditures Per Pupil	Maintenance and Operation Tax Rate
$ 0	-	$ 57,800	5.3%	$2,530	$2,201	.337
57,800	-	111,400	14.3	2,638	2,638	.445
111,400	-	155,500	15.7	2,529	2,417	.504
155,500	-	191,271	14.6	3,008	2,533	.520
191,271	-	245,000	15.0	3,341	2,703	.522
245,000	-	342,500	14.8	3,756	3,011	.523
342,500	-	407,800	14.9	3,740*	3,049**	.449
Over		407,800	5.3	5,123	3,906	.440
Statewide average				3,299	2,704	.482

*Without Houston, $4,116
**Without Houston, $3,200

districts spent about $3,750, or nearly 50 percent more.

Wealth also varies somewhat across different regions of the state (see Table 2). Districts in the Panhandle are the wealthiest because of the presence of oil-rich districts, with an average of $306,568 per student. East Texas districts follow closely, with an average of $276,938 per pupil. North Central and West Texas districts are close to the state average of $233,984 per student. Central and South Texas, on the other hand, are relatively less wealthy, and South Texas districts, with the average property per student of $148,293, are about half as wealthy as districts in the Panhandle.

The distribution of minority groups across the state has several fiscal implications for these students. Hispanics are most heavily concentrated in South and West Texas, and they therefore tend to be concentrated in low-wealth districts with low expenditure levels. Blacks tend to live in urban areas, which are somewhat wealthier than average because of the presence of commercial and industrial property. As a result, the average Hispanic child lives in a district where expenditures per pupil were $3,071 in 1983-84, somewhat lower than the average of $3,409 for Anglos and $3,316 for black students.

THE STRUCTURE OF FINANCING UNDER HOUSE BILL 72

Prior to H.B. 72, state aid was granted to districts on the basis of the number of personnel employed. Under the new legislation, state aid is based on the number of students in average daily attendance (ADA). The basic allotment for each district is $1,290 per student for 1984-85 and $1,350 per student each year thereafter. This is simply a starting point, however, because so many adjustments are made to the basic allotment in determining a district's aid.

One initial adjustment to the basic allotment is a provision that provides additional aid to small and sparse districts, including all those with an ADA of less than 1,600. (The 787 small districts that qualify included only 15 percent of statewide ADA.) A second set of adjustments to the basic allotment allows differences in costs from special programs. Each student in compensatory education receives an extra 20 percent of the adjusted basic allotment; each student in a bilingual program receives an extra 10 percent; each vocational student receives an additional 45 percent; and weights for special education students vary with instructional arrangements. In the first year of House Bill 72, compensatory education costs were strongly correlated with the proportion of Hispanic children in school districts, and only moderately correlated with the proportion of black children; bilingual funds were correlated with the presence of Hispanic children, as expected, while funds for vocational education and special education were not highly correlated with any particular group. Compensatory and bilingual funds were more concentrated in South Texas because of the presence of Hispanic children in these areas. It appears, then, that these funds are being distributed appropriately among districts.

Price Differential Index

A more complex adjustment to the basic allotment involves the Price Differential Index (PDI). The PDI is a price index intended to reflect the variation among districts in costs of providing education, since in a state as large as Texas the purchasing power of a dollar of state aid is not the same in all districts. For 1984-85, a temporary PDI was devised. For most districts this index included the ratio of the total teacher salaries paid in the previous year in other districts in the same county to the total

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Table 2
District Characteristics by Region, 1983-84

	Wealth Per Pupil	Total Expenditures Per Pupil	Percentage Black	Percentage Hispanic
Panhandle	$ 306,568	$ 3,492	7.1	29.2
North Central Texas	245,462	3,227	20.9	12.0
West Texas	245,162	3,109	3.7	62.9
South Texas	148,293	2,938	3.0	60.9
Central Texas	198,851	3,246	12.8	22.8
East Texas	276,938	3,590	22.6	15.2
State average	233,984	3,229	15.8	26.5

minimum salary level of the same districts. (This portion of the index is based on the salaries of neighboring districts in order to keep the PDI from acting as an incentive for districts to increase their own salaries.) The salary ratio is then added to .10 times the proportion of a district's students who are "educationally disadvantaged" (i.e., low-income students), to reflect the higher costs of educating these students. The sum is then subject to a maximum and a minimum for the highest and lowest 5 percent of districts and then adjusted so that the lowest PDI equals one. A district's basic allotment is increased by 75 percent of the amount by which its PDI exceeds one; for example, a district with a PDI of 1.10 would receive a 7.5 percent increase in its basic allotment.

In 1984-85 the PDI ranged from 1.00 to 1.289, so that it generated an increase of up to 21.7 percent for districts with the highest costs. The average PDI was 1.192, so that the average adjusted basic allotment (without considering adjustments for small districts) was $1,476, higher than $1,290. The PDI turns out to be moderately positively correlated with wealth and with size.[3] These patterns seem appropriate since urban districts have higher costs of living and wealthy districts are likely to have higher land and housing costs. However, here are some curiosities in the index: South Texas, the poorest region, had the highest average PDI (1.218) because of the high proportion of low-income students, although it is generally considered a low-cost region. Central Texas had a low average PDI (1.067), while the other regions are near the state average.

Unavoidably, the initial index adopted by House Bill 72 has suffered a great deal of controversy. Many districts protested the use of teacher salaries as a proxy for costs, and budget directors complained that other variables should be taken into account. For 1985-86, a revised PDI will be used, based on variation in ADA, the proportion of low-income students, the county average wage of individuals in private firms and noneducational public agencies, and density (students per square mile).[4] Still further revisions to the PDI are being proposed,[5] and it is likely that this part of House Bill 72 will remain a controversial element.

Equalizing Mechanism of House Bill 72

House Bill 72 operates by calculating a basic allotment for each district, including adjustments for special programs, small districts, and the PDI. In general, this amount should not have an equalizing effect; as Table 3 indicates, the total foundation school cost does not vary much by wealth. The equalizing power of House Bill 72 comes from the calculation of the "local share," calculated so that the state funds 70 percent of the adjusted basic allotment plus transportation aid, falling to 67.7 percent in 1985-86 and thereafter. The local share, which depends on the ratio of district property value per pupil to statewide property value per pupil, is much higher for wealthy

Table 3
Equalizing Mechanism of House Bill 72

Wealth Per Pupil			Total Foundation School Program Cost	Local Share Per Pupil	State Cost Per Pupil
$ 0	-	57,800	$ 1,911	$ 129	$ 1,862
57,800	-	111,400	1,933	231	1,703
111,400	-	155,500	1,896	341	1,555
155,500	-	191,271	1,853	448	1,405
191,271	-	245,000	1,896	565	1,331
245,000	-	342,500	1,928	742	1,186
342,500	-	407,800	1,980	969	1,011
Over		407,800	2,048	1,456	592
Statewide	average		1,925	578	1,350

districts. Therefore, state aid—the adjusted basic allotment minus the local share—is substantially higher for poor districts.

Enrichment Equalization Allotment

Yet another mechanism of equalization in House Bill 72 is Enrichment Equalization Allotment (EEA). Only districts with wealth per student less than 110 percent of the statewide average receive EEA. The maximum aid per student is 35 percent of the district's other foundation school allocation in 1984-85, but this maximum aid is adjusted according to property value per pupil so that low-wealth districts receive more than high-wealth districts. Aid increases as a district's tax rate increases (subject to a maximum), providing an incentive for districts of moderate and low wealth to increase their tax rates and thus their expenditures.[6]

Of the 1,068 school districts in Texas, 720 received equalization aid in 1984-85. As Table 4 indicates, the amount of equalization enrichment aid is strongly related to wealth. Therefore, this form of aid does have an equalizing effect as intended, though the amounts of aid are much smaller than aid from the state's share of the foundation school programs.

The Enrichment Equalization Allotment formula stipulates that the maximum entitlement will be reduced from 35 percent to 30 percent beginning with the 1985-86 school year and continuing thereafter. This change will lower the amounts of EEA and reduce the incentive for moderate- and low-wealth districts to increase their tax rates, diluting the effects of the Equalization Enrichment Allotment.

Experienced Teacher Allotment

House Bill 72 provided an Experienced Teacher Allotment (ETA), intended to compensate partially districts with many experienced teachers for their higher salary costs. One component of the ETA is based on the district's property value, so that poor districts receive more ETA. Another component of the ETA formula is based on the ratio of the district's average minimum teacher salary to that of the state as a whole, so that districts who have more experienced teachers than average receive more ETA. This provision creates an incentive to hire more experienced teachers, an incentive which is greater for poor districts.

The components of the ETA formula are potentially contradictory. The equalizing component implies that poor districts should get more ETA; but, as wealthier districts can more readily afford to hire experienced teachers, the second component could lead to poor districts receiving relatively less ETA. In fact, the two effects almost cancel each other out. Table 4 clarifies that, while the poorest districts do tend to receive slightly more ETA, the differences by wealth are erratic and not especially large.

However, other patterns for ETA emerged from the data. One is that districts with high proportions of Hispanic pupils receive more ETA. ETA is also positively correlated with the proportion of blacks and with district size, though more moderately.[7] Evidently, these districts tend to have more experienced teachers and thus qualify for more ETA.

The average ETA in the state was only $43 per pupil, a rather modest sum compared to other provisions of House Bill 72. Perhaps because of the small amount of aid, many districts reported that this provision would not affect hiring practices at all. Most personnel officers contend that they hire the best people they can, regardless of the aid. Many showed a desire to promote teachers from within a district, rather than trying to hire experienced teachers from outside the district. It seems likely that this provision of House Bill 72 will be relatively ineffective as an incentive to hire more experienced teachers.

Equalization Transition Entitlement

The Equalization Transition Entitlement (ETE) was designed to moderate the effects of House Bill 72 for those very wealthy districts whose state aid was reduced for years 1984-85 through 1986-87. ETE replaces part of the loss in state aid per pupil over the previous year—60 percent of the loss in 1984-85, 40 percent in 1985-86, and 20 percent in 1986-87. A higher tax rate generates more ETE, providing an incentive to keep tax rates up.

Twenty-five percent of all districts (272 districts) received transition aid in 1984-85. As Table 4 clarifies, all ETE goes to districts above the median wealth level, and about half goes to the wealthiest 5 percent of districts. Since the purpose of transition aid is to soften the blow of reductions in foundation state aid, this pattern is not surprising. (However, ETE does undermine the equalizing intent of the rest of House Bill 72.) No other strong patterns of ETE emerge.

Other Provisions of House Bill 72 with Fiscal Implications

There are numerous other measures in House Bill 72 that affect the financing of

Table 4
Other Components of State Aid by District Wealth

Wealth Per Pupil	Enrichment Equalization Allotment	Experienced Teacher Allotment	Equalization Transition Entitlement
$ 0 - 57,800	$ 440	$ 104	$ 0
57,800 - 111,400	368	65	0
111,400 - 155,500	290	39	0
155,500 - 191,271	195	30	0
191,271 - 245,000	87	26	10
245,000 - 342,500	2	27	36
342,500 - 407,800	0	54	37
Over 407,800	0	30	224
Statewide average	164	43	24

Table 5
Salaries and Expenditures in Texas School Districts

	Weighted		Unweighted	
	1983-84	1984-85	1983-84	1984-84
Teachers	$ 20,426	$ 22,455	$ 18,190	$ 20,957
Administrators	32,156	35,329	23,228	35,253
Other Professionals	23,818	25,372	19,860	22,509
Paraprofessionals/ clericals	10,486	11,176	9,507	10,413
Auxiliary	9,251	10,049	7,539	8,214
Low teacher salary	14,198	17,341	12,920	16,613
Average teacher salary	20,335	22,800	18,228	21,040
High teacher salary	28,331	30,742	24,575	27,601
Operating expenditure per student	2,581	2,827	2,800	3,274

public education. Some are accompanied by state revenues, but some are requirements that districts must fund from local revenues.

House Bill 72 requires that districts establish a career ladder for teachers and administrators. The career ladder is funded by a grant of $100 per pupil, $30 of which had to be used in 1984-85 for salary supplements required under the career ladder.

Another requirement is that districts with at least fifteen eligible children must offer a prekindergarten program for low-income or limited English Proficiency children, beginning in 1985-86. This program is partly funded by the state, with a $45 million appropriation for 1985-86. The state's share is higher for poor districts than for wealthy districts, so that some equalization will affect this funding. Districts with bilingual education will be required to offer a summer bilingual preschool program beginning in the summer of 1985, with a separate state appropriation of $5.7 million.

House Bill 72 prescribes a maximum class size of twenty-two for kindergarten, first, and second grades beginning in 1985-86; this ratio will apply to third and fourth grades beginning in 1988-89. These provisions will require many districts to hire new teachers and build new classrooms, though these additional costs will not be supported by the state. The consequences for districts, and the potential hardships for poor districts, are analyzed below.

INITIAL EFFECTS OF HOUSE BILL 72 ON SALARIES AND EXPENDITURES

The results in this section describe the expenditure decisions of districts in the fall of 1984, based on a survey administered by the Texas Association of School Boards (TASB) and the Texas Association of School Administrators (TASA), as well as on data available from the Texas Education Agency (TEA). Therefore, the findings in this section represent the reported plans of school districts for expenditures in 1984-85, rather than actual expenditures. The Appendix describes these data more fully.

Effects on Salaries

One fundamental purpose of increased state aid was to increase the salaries of public school employees, especially teachers. As summarized in Table 5, districts reported that teacher salaries averaged $20,426 in 1983-84 and $22,455 in 1984-85, an increase of $2,029 or nearly 10 percent.[8] This increase was somewhat higher than the growth rate of salaries in private employment, estimated to be about 6.6 percent for 1984.[9] Since inflation has been about 3.5 percent over the past year, the increase in real or inflation-adjusted teacher salaries was about 6.4 percent. Surprisingly, this was not necessarily greater than increases that have occurred in the past. In 1982-83, teacher salaries increased 11.5 percent over the previous year, a real increase of 7.2 percent; the increase in 1981-82 was 11.8 percent (a real 5.6 percent), and in 1980-81 was 11.3 percent (a real 2.6 percent).

However, salary increases were not evenly spread among teachers. The TASB/TASA survey asked districts to report their lowest, average, and highest teacher salaries to give some idea of the range of salaries being paid within districts. In 1983-84, the average low salary was $14,198, and this increased 22 percent to $17,341 in 1984-85. However, the reported *average* salary increased by only 12 percent, from $20,335 to $22,800;[11] and the reported *highest* teacher salary increased by 8.5 percent, from $28,331 to $30,742. This indicates that salaries of beginning teachers and those with little experience have increased much more than moderate and high salaries, tending to compress salary differentials within districts. These results corroborate some findings obtained from interviews in a sample of districts: teachers and administrators have indicated that House Bill 72 provided a considerable boost to starting teacher salaries, but did less to increase salaries for more experienced teachers.

One provision of House Bill 72 designed to increase salaries is the minimum salary of $15,200, a 37 percent increase over the previous minimum of $11,100. Of the 667 districts who provided information on their lowest salaries, 137 (or about 20 percent) reported paying starting teachers exactly $15,200. Those at the minimum are generally small districts;

only 9 of these districts have enrollments over 3,000. Although the direct influence of the minimum salary is limited to only one-fifth of the districts, its indirect influence is much greater because many districts try to keep their salaries well above the minimum as a way of attracting more teachers.

Other district personnel also received substantial salary increases in 1984-85. Statewide salaries for administrators increased from an average of $32,156 in 1983-84 to $35,329 in 1984-85, a 10 percent increase comparable to the increase that teachers received. Other personnel received somewhat lower increases. Paraprofessional and clerical salaries rose from $10,486 to $11,176, an increase of 6.6 percent; average salaries for auxiliary employees (like janitors and food service workers) increased 8.6 percent, from $9,251 to $10,049; and salaries of other professional personnel (like counselors and librarians) increased 6.5 percent, from $23,818 to $25,732. Therefore, teachers and administrators received the highest proportional salary increases, while paraprofessional, clerical, and auxiliary employees received lower relative increases. Salary growth outpaced the 3.5 percent inflation rate for all groups, and was generally greater than the salary increase of 6.6 percent projected for the private sector.

Career Ladder

An important change in House Bill 72 was the establishment of a career ladder for teachers, providing a supplement of up to $2,000 for some teachers selected on the basis of merit. As the career ladder continues to be one of the most controversial aspects of House Bill 72, information about its operation is of special interest.

Of the 679 districts responding to the TASB/TASA questionnaire, only one-third (or less) responded to questions about the career ladder. The others reported that they had not yet made any decisions about the career ladder, and many reported that they were waiting for guidelines from the State Board of Education. The finding that the majority of districts had not made any decisions about the career ladder by fall 1984 corroborates our evidence from interviewing in districts, where we discovered a great deal of uncertainty and confusion about the career ladder. However, since we had a low response rate to questions about the career ladder, our results should be interpreted only as suggestive.

House Bill 72 provides procedures for determining how many teachers are eligible for Level II of the career ladder, and then allows districts to promote all or only some of those eligible. Those districts who responded to these questions reported that 56 percent of their teachers would be eligible for the career ladder in 1984-85. Of those eligible, districts planned to promote 71 percent to Level II. Overall, almost 34 percent of all teachers would be promoted to Level II during this school year. However, these averages may be misleading because of a large variation among districts. For example, 13 percent of districts reported that they would promote one-third or less of eligible teachers to Level II, while 29 percent reported they would promote all eligible teachers. This variation appears to reflect the exercise of considerable discretion among districts. While larger districts report that they will promote a slightly lower proportion of eligible teachers, there is no tendency for wealthy districts to promote more.

House Bill 72 presumes that districts will provide a salary supplement of $2,000 to every teacher promoted on the career ladder, unless the state allotments to fund the career ladder are insufficient; the supplements can then be reduced to $1,500. Of the districts that responded, 169 (or 59 percent) planned to provide a supplement of $1,500, while only 81 (28 percent) planned to offer the full $2,000; the remaining districts planned to give a supplement between $1,500 and $2,000. The amount of the supplement is not related to wealth; if anything, there is a slight tendency for wealth to be negatively correlated with the supplement. Large districts tend to have lower supplements, possibly because they have higher salaries to begin with.

Based on this information, it appears that the state aid for the career ladder is insufficient in most districts to fund the career ladder fully, since most districts are providing less than the full $2,000 supplement. However, the adequacy of funding for the career ladder is a tricky issue. House Bill 72 provided $100 per pupil for an Educational Improvement and Career Ladder Allotment, but required that only $30 per pupil of that amount be spent on the career ladder itself in 1984-85; districts could spend an additional $35 on the career ladder, and local revenues could also be used. From interviews with school district administrators it appeared that most districts were using just $30 per pupil to fund the career ladder, with the remaining $70 per pupil going to other purposes allowed by House Bill 72. Apparently, then, $30 per pupil is insufficient to fund the career ladder fully, while $100 per pupil might be sufficient (at least in the first years of House Bill 72, when only Level II is relevant).

The TASB/TASA survey also asked districts whether they have any other incentive pay plan. Of the 615 districts who responded to this question, 99 (or 16 percent) reported that they had some other incentive plan. These districts tend to be substantially larger than districts without their own plan. They report that they plan to promote 74 percent of eligible teachers to Level II, while those without their own plans will promote 64 percent, suggesting that districts with their own incentive plans are more willing to use the career ladder as well. There seem to be no other marked differences between these two groups of districts, though there is a small correlation between wealth and the existence of an incentive pay plan.[12]

Because our results about career ladder plans are based on so few responses, they may not be conclusive. However, they do suggest that it would be valuable to monitor district plans for the career ladder as these plans become more firmly established.

Operating Expenditures

The districts responding to the TASB/TASA questionnaire reported that operating expenditures per pupil averaged $2,827 in 1984-85, compared to a 1983-84 figure of $2,581.[13] Therefore, state average expenditures per pupil have increased about 9.5 percent.

Of total expenditures in 1984-85, teacher salaries represent 49 percent. Paraprofessional and clerical salaries represent 7 percent; administrators and auxiliary personnel salaries each account for another 8 percent, and other professional personnel salaries account for 4 percent. Collectively these five categories of personnel costs account for almost 77 percent of total operating budgets. Teacher salaries in 1984-85 are a somewhat higher fraction than they were the previous year, when they constituted 46.5 percent of current operating expenditures. Thus the major effect of House Bill 72 has been to increase expenditures generally, with spending on teachers receiving a small extra increase.

Table 6
Changes in Teacher Salaries and Expenditures by Wealth

Wealth Per Pupil	Low Teacher Salary 1983-84	Low Teacher Salary 1984-85	Average Teacher Salary 1983-84	Average Teacher Salary 1984-85
$ 0 - 57,800	$ 12,113	$ 17,023	$ 17,195	$ 21,378
57,800 - 111,400	12,241	16,189	17,246	20,336
111,400 - 155,500	12,335	16,559	18,336	21,295
155,500 - 191,271	13,774	17,361	20,215	23,053
191,271 - 245,000	14,283	17,379	20,624	23,104
245,000 - 342,500	15,158	17,929	21,613	23,850
342,500 - 407,800	16,145	18,271	22,186	23,898
Over 407,800	15,568	18,262	21,849	24,296
Statewide average	14,165	17,391	20,278	22,768

Wealth Per Pupil	Operating Expenditures Per Pupil 1983-84	Operating Expenditures Per Pupil 1984-85
$ 0 - 57,800	$ 2,062	$ 2,674
57,800 - 111,400	2,126	2,440
111,400 - 155,500	2,276	2,451
155,500 - 191,271	2,389	2,776
191,271 - 245,000	2,525	2,786
245,000 - 342,500	2,831	3,142
342,500 - 407,800	2,841*	3,056**
Over 407,800	3,667	3,847
Statewide average	2,537	

*Without Houston, $2,975
**Without Houston, $3,228

Additional Costs: The Effects of Maximum Class Size

House Bill 72 requires districts to meet a maximum class size requirement of twenty-two pupils for kindergarten through second grade, beginning in the 1985-86 school year. This will require some districts to hire new teachers and to provide more classrooms for these smaller classes. Of the 623 districts that reported how many additional teachers they would need, 19 percent reported that they would need none; another 57 percent indicated a need for 1 to 5 teachers, and 24 percent responded that they would need more than 5 teachers. A few large districts account for nearly one-third of the 3,872 total extra teachers that districts said they would need: Houston reported that it would need 557; Fort Worth, 175; Corpus Christi, 137; El Paso, 155; and Austin, 104.

Overall, the number of additional teachers necessary amounts to an average increase of 3.3 percent in total teachers (for all grade levels) in the reporting districts. However, the need for teachers will fall more heavily on low-spending districts. Those spending less than the median expenditure per pupil reported that they would require an average of 3.6 percent more teachers, while high-spending districts will require an average of 2.7 percent more. The reason is simply that high-spending districts usually have lower pupil-teacher ratios already, and thus more of them are already under the maximum class size or are relatively close to it.

The requirement of smaller classes will also cause many districts to build new classrooms. Almost 40 percent of districts indicated that they had unused classrooms available to absorb all or part of the additional classes required; 31 percent responded that they had sufficient unused classrooms so that they would not need to build any additional classrooms. The other 69 percent of districts reported that they would have to add another 3,388 classrooms. (Not surprisingly, the number of additional classrooms necessary is only slightly less than the number of additional teachers that will be necessary, and the number of additional classrooms a district needs is highly correlated with the number of additional teachers necessary.) The six largest districts account for about one-third of these. The burden of building new classrooms again seems to fall more heavily on low-spending districts: the ratio of new classrooms per existing teacher—a crude measure of the relative increase in classrooms—was 3 percent for low-spending districts but 2.5 percent for high-spending districts. Evidently, high-spending districts tend to have smaller classes already and will be less likely to need to build new classrooms.

Under House Bill 72, the cost of decreasing the class size to twenty-two must come entirely from local revenues, because state aid increases only as average daily attendance increases but not when ADA is fixed and the number of teachers increases. Similarly, all capital

costs are paid wholly by local funds since Texas has no state aid for capital outlays. Thus the costs of meeting the maximum class size requirement will come wholly from local revenues and will fall somewhat more heavily on low-spending, low-wealth districts who are least able to raise local revenue.

Equalization

A major purpose of House Bill 72 was to equalize district expenditures within the state of Texas—that is, to narrow the gap between the expenditures of wealthy, high-spending districts and low-wealth, low-spending districts. The current operating expenditures reported to TASB/TASA indicate that inequalities in spending have been reduced, but only moderately. As Table 6 indicates, spending in the wealthiest districts averaged $3,667 in 1983-84. This was $1,605 per pupil (or 78 percent) more than the average of $2,062 spent in the poorest districts. In 1984-85, the spending advantage of the wealthiest districts fell to 44 percent, or $1,173 per pupil. Similarly, the advantage of the near-wealthiest districts fell from $715 per pupil or 34 percent in 1983-84 to $616 or 25 percent in 1984-85.

Similarly, the gap between teacher salaries in rich and poor districts fell somewhat in 1984-85. The difference between the wealthiest and the poorest districts in average teacher salaries was $4,654 in 1983-84 and fell to $2,918 in 1984-85. The gap in beginning teacher salaries fell from $3,455 to $1,235, a larger reduction in both absolute and relative terms. Thus House Bill 72 has done more to equalize starting teacher salaries than to equalize either average teacher salaries or overall expenditures per pupil.

These conclusions are similar to results using TEA data, presented in Table 7.[14] The TEA figures indicate that the gap in operating expenditures between the richest and poorest districts (defined differently than in Table 6) fell from $2,214 to $2,073 after House Bill 72, while the gap between the near-wealthiest and near-poorest districts fell from $701 to $498; comparable TASB/TASA data show the gap between the richest and poorest districts falling from $1,748 to $1,529, and between the near-richest and near-poorest districts from $757 to $733. (The TEA data generally show greater variation in expenditures because they include more of the small, oil-rich districts.) Similarly, the TEA figures indicate that the gap in average teacher salaries between the wealthiest and poorest districts fell from $4,606 to $3,887; between the near-wealthiest and near-poorest districts, the gap fell from $3,348 to $2,448.

There are other, more complex ways to show the relationships among wealth, expenditures per pupil, and teacher salaries, but they all generate the same conclusion. In the first year after House Bill 72, both expenditure differences and differences in teacher salaries between rich and poor districts have narrowed, but only moderately. No matter how the data are analyzed, substantial differences remain among rich and poor districts.[15]

Of course, it may be that districts have not fully adjusted their expenditures to the new state aid patterns of House Bill 72. If wealthy districts have adjusted their expenditures while poor districts have not, this would tend to dampen the equalizing effects of House Bill 72, which gives much more aid to low-wealth districts than was previously the case. Unless this effect is powerful, however, it appears that House Bill 72 has been only moderately successful in equalizing expenditures and teacher salaries.

CONCLUSIONS: THE CONTINUING PROBLEMS OF FINANCING SCHOOLS IN TEXAS

In many ways, the financing changes introduced by House Bill 72 have been successful, even in the first year. Teacher salaries increased substantially, especially for beginning teachers. The increase in aid has shifted the funding of schools away from the local property tax—the most disliked of all major taxes—toward state taxes. In a state where equalization has been a constant source of concern over the past decade, House Bill 72 reduced somewhat the disparities in expenditures and teacher salaries between the poor and wealthy districts.

Table 7
A Comparison of TASA/TASB and TEA Data

Wealth Per Pupil	Expenditures Per Student 1983-84	Expenditures Per Student 1984-85	Average Teacher Salary 1983-84	Average Teacher Salary 1984-85
TASA/TASB Data				
$ 0 - 96,586	$ 2,045	$ 2,457	$ 17,301	$ 20,436
96,587 - 124,774	2,165	2,413	17,877	20,952
124,775 - 155,063	2,244	2,409	18,094	21,202
155,064 - 200,121	2,396	2,648	19,866	22,756
200,122 - 278,973	2,546	2,783	20,672	23,106
278,974 - 469,267	2,922	3,146	22,006	23,872
Over 469,267	3,793	3,986	22,025	24,623
TEA Data				
$ 0 - 96,586	$ 1,908	$ 2,478	$ 17,595	$ 20,856
96,587 - 124,774	2,128	2,603	18,827	21,563
124,775 - 155,063	2,175	2,554	18,728	21,200
155,064 - 200,121	2,361	2,673	20,057	22,392
200,122 - 278,973	2,551	2,849	20,977	23,328
278,974 - 469,267	2,829	3,101	22,175	24,011
Over 469,267	4,122	4,551	22,201	24,743

Despite increases in state revenues under House Bill 72, many educators feel that several provisions of the legislation are still inadequately funded. For example, teacher salaries increased because of House Bill 72, but experienced teachers generally complain that their increases have been too small. Educators have welcomed the increased funding for bilingual education, compensatory education, and special education, but the demands on these funds are increasing—especially with declines in federal revenues—and so many educators feel that these programs are still underfunded. The revenues designated to the career ladder seem inadequate to fund it at the level the legislature deemed appropriate.

In general, many educators think that the "basic allotment," which averaged $1,919 per pupil in 1984-85 after adjustments, was too low in a state where the average expenditure per pupil is about $2,800. However, it has become clear that the schools of Texas can anticipate no new funding in the near future. Both the 1983 and the 1985 legislative sessions had to wrestle with revenue shortages, and these are unlikely to disappear. The long-term prospects for oil and gas severance taxes, which in the past have provided about one-quarter of state revenues, are dismal, and Texas has a tax structure which is relatively unresponsive to economic growth.[16] It is likely that new funds will be available for schools only if new taxes or tax increases are enacted. Despite this fact, it is worth outlining several problems that House Bill 72 has helped create, and that will continue to trouble school financing in Texas until new state revenues materialize.

State Funding and State Requirements

House Bill 72 contains both increases in state revenues and new requirements for local school districts, but the two mechanisms are not always coordinated. In several cases, new requirements are imposed but no new funding is provided. The maximum class size of twenty-two in kindergarten through grade two is one example; such a requirement forces some districts to come up with local revenues to pay for more teachers and more classrooms, generally placing a heavier burden on poor districts than on wealthy districts. The interaction of House Bill 246 and House Bill 72 provides another example: House Bill 246, passed in 1981, required changes in curriculum without providing additional funding, and administrators admit that they were forced to use revenues from House Bill 72 to finance the curriculum changes of House Bill 246. The tutorials required by House Bill 72 provide a third example: since the tutorials are not specifically funded, many districts are using state compensatory education funds to support tutorials, though these funds are not necessarily adequate to cover the costs of tutorials and other forms of remediation.

In subsequent years, districts will face additional requirements from House Bill 72, yet state funding will not increase as it did in 1984-85. On the contrary, for many districts state funds will decrease, just as new requirements come into place. The costs of the student and teacher competency testing, the extension of the maximum class size to grades three and four beinning in 1986, and the extension of the career ladder to Levels III and IV in subsequent years are all examples of requirements that will begin to affect districts while state funding remains level (or even declines) for most districts.

The practice of requiring districts to provide services without specifically providing funding is common, but it leads to several problems. One of them is local resistance to state mandates. Another is a pattern of inequality, since wealthy districts can fund additional requirements without any trouble while poor districts must struggle to increase funds, sometimes paying for new requirements from funds that would otherwise go for the normal costs of instruction. In general, then, the practice in House Bill 72 of imposing requirements on districts without providing funding may generate problems for school districts over the next several years.

Funding for Capital Expenditures

The requirement of a maximum class size in House Bill 72 illustrates another continuing problem of school finance in Texas: the funding of capital expenditures. Because of high growth rates, school debt in Texas is very high. According to the Texas Comptroller of Public Accounts, Texas public school systems in 1981-82 reported the highest amount of total debt outstanding among all states, just under $4.7 billion.[17] This represented 13 percent of total debt of all public school systems in the United States; by comparison, Texas has 7.6 percent of total enrollment. Outstanding debt per capita was $318.72 in Texas, ranking third behind Alaska and Wyoming.

Currently, there are no provisions for state aid to cover capital costs.* The result is another form of the equalization problem. As Table 8 illustrates, wealthy districts had much higher capital expenditures than poor districts in 1983-84, even though their tax rates for debt service were much lower. Both the maximum class requirement and the prekindergarten requirement in House Bill 72 will affect poor districts more than wealthy districts by requiring them to build additional classrooms and thus compounding the inequities that now exist.

The only real solution to this problem is to provide state revenues specifically for construction. Thirty-one states provide some form of state aid for construction: three assume all costs; eight assume some fraction of costs; twenty provide grants for capital outlays; and eight states make loans to districts or subsidize interest costs. Only fifteen states (including Texas) provide no aid for capital costs.[18] Given the requirements of House Bill 72 that affect construction and the wealth-based inequalities in capital outlays, the idea of state aid for construction merits more attention in the future.

Changes in House Bill 72 and the Continuing Problem of Equalization

Although House Bill 72 reduced the differences between rich and poor districts, large disparities remain. As Table 6 illustrates, the differences in the operating expenditures per pupil and teacher salaries between the richest and poorest districts are still substantial. The disparities between even moderately wealthy and moderately poor districts are also serious.

The equalizing mechanisms of House Bill 72 will probably grow slightly stronger in 1985-86. The basic allotment increases in 1985-86 from $1,290 to $1,350, a change that will add a roughly equal amount of state aid per pupil in rich and poor districts alike. The mechanism that gives House Bill 72 its equalizing power—the calculation of a "local share" of foundation school program costs that is larger for wealthier districts—will become more equalizing as the local share increases from 30 percent of total costs in 1984-85 to 33.3 percent in 1985-86 and thereafter. (This same mechanism also

* There is a minor subsidy for interest costs: the permanent School Fund guarantees all school debt, giving school districts higher bond ratings and thus slightly lower interest rates.

Table 8
Debt Service and Capital Outlays by Wealth, 1983-84

Wealth Per Pupil	Debt Service Expenditures Per Pupil	Capital Outlay Expenditures Per Pupil	Debt Service Tax Rate
$ 0 - 57,800	$ 104	$ 214	.200
57,800 - 111,400	147	230	.160
111,400 - 155,500	192	314	.140
155,500 - 191,271	218	254	.118
191,271 - 245,000	295	340	.126
245,000 - 342,500	292	444	.095
342,500 - 407,800	275*	406**	.066***
Over 407,800	389	811	.060
Statewide average	238	350	.119

*Without Houston, $341
**Without Houston, $569
***Without Houston, .085

affects the calculation of the Experienced Teacher Allotment.)

However, there are minimal provisions for state aid under House Bill 72 to increase after 1985-86 (except as attendance grows). With continued inflation, districts will increasingly be forced to raise local revenues to cover the costs of schooling, and these local revenues will inevitably be larger in wealthier districts. On the whole, then, the equalizing effects of House Bill 72 will begin to grow weaker after 1985-86. At the same time, new requirements in House Bill 72 will continue to pose new burdens on districts that will fall more heavily on poor districts than on wealthy ones.

Finally, the method of funding special programs may introduce inequities between rich and poor districts. Because the method of funding special programs is independent of the provisions for equalizing among rich and poor districts, all districts receive the same additional state aid per student in special programs. For example, in 1984-85 every district received a minimum of $258 for every low-income child for compensatory education (20 percent of $1,290). But if compensatory programs cost more than this amount, the difference must come from local funds, and wealthy districts can more easily raise these revenues. The alternative would be to provide funding for special programs which varies by wealth.

We conclude, therefore, that the issue of equalization will remain a persistent problem in Texas. Expenditure differences have not been eliminated, and they may start to grow wider as the equalizing power of House Bill 72 is diluted. The only real solutions will be increases in state aid and revisions in the patterns of aid among districts. Until such reforms are possible, it is crucial to continue monitoring the patterns of spending within Texas.

APPENDIX
A Description of Data Sources

The TASB/TASA data used in this chapter were collected by a survey mailed to all districts in the fall of 1984. Usable responses were provided by 679 of the 1,068 districts in the state. While this sample is not complete, it appears to be biased only in underrepresenting small, wealthy districts. For the districts responding to the survey, 1983-84 ADA was 3,063, compared to 2,557 for all districts; property value per pupil was $344,829, compared to a statewide average of $394,707; and operating expenditures per pupil were $2,873, very close to the average of $2,923 for all districts. Because of the underrepresentation of wealthy districts in the TASB/TASA data, results based on these figures do not show as much variation as TEA data do. However, the patterns revealed by the two sources of data are identical, as Table 7 indicates.

The TEA data used were complete for all 1,068 districts. The 1983-84 data from TEA included total revenue figures from various sources, federal revenue by purpose, expenditure figures by various purposes, personnel by category (e.g., support/administration, teachers, aides, and total personnel), total minimum and actual salary figures, enrollment figures by ethnic group, attendance, membership, and property value. For 1984-85, TEA provided us with the data used in the fall of 1984 for the preliminary calculation of state aid, in order to analyze the amounts of projected aid that districts had to rely on when planning their 1984-85 expenditures. These figures included information on the components of state aid, including the costs of special programs, calculation of foundation school programs costs, Experienced Teacher Allotments, equalization enrichment, and equalization transition, and the price differential equalization index. While these are preliminary rather than final calculations of state aid, the differences between preliminary and final calculations depend in most cases on changes in ADA, and therefore the per pupil figures reported in this chapter should not be substantially affected.

We also attempted to obtain data from TEA from their fall 1984 survey (the data underlying Table 7) in order to corroborate the validity of the TASB/TASA data. However, difficulties in transferring data between TEA and the LBJ School precluded our carrying out this step.

Most results in this paper are district figures weighted by average ADA to

reflect statewide averages; Table 5 gives both weighted and unweighted figures. Several tables present data with and without Houston. The reason is that Houston is so large—with over 6 percent of all pupils in the state—and has much lower expenditures per pupil and teacher salaries than would be expected based on its wealth. Patterns of expenditures by wealth are invariably distorted by the inclusion of Houston.

Table 2 presents data by regions. These are aggregations of TEA's twenty Education Service Center regions, as follows:

Panhandle: regions 16 and 17
North Central Texas: regions 9, 10, and 11
West Texas: regions 18 and 19
South Texas: regions 1,2,3, and 20
Central Texas: regions 12, 13, 14, and 15
East Texas: regions 4, 5, 6, 7, and 8

NOTES

1. Based on Texas Education Agency (TEA) computer runs, Austin, March 28, 1985.

2. Stephen Carrole, *The Search for Equity in School Finance: Summary and Conclusions*, Report R-2420-NIE (Santa Monica: Rand, March 1979).

3. The correlation with wealth is .204 and with size is .403. However, these relationships are not strictly linear, since the wealthiest and poorest districts have moderate values for the PDI. The component of the PDI based on the low-income students moderates the tendency for the PDI to be even more correlated with wealth.

4. Texas Education Agency, "Report of the Price Differential Index Advisory Committee to the Texas State Board of Education," (Austin, November 10, 1984).

5. The calculation of the PDI is based on a three-step regression procedure with the log of teacher salary as the dependent variable. The three-step procedure itself biases the coefficients used in calculating the index. In addition, an endogenous variation (the district tax rate) is inappropriately included, and many variables are arbitrarily excluded. The method of calculation ensures that differences among districts will be as small as possible, so the revised index probably undercorrects for price differences. W. Norton Grubb, the director of the Policy Research Project on which this paper is based, is currently working with Representative Paul Colbert to devise a price index that is theoretically and empirically more sound.

6. That is, EEA is a matching grant, where the rate of matching is inversely related to property value per pupil, as in a district power-equalizing or percentage-equalizing formula. However, because the tax rate that is matched is subject to a maximum, the EEA formula becomes a nonmatching grant for districts whose tax rates are over a maximum.

7. The weighted correlations between ETA and the proportion Hispanic, the proportion black, and ADA are .801, .238, and .322.

8. These figures are statewide averages, or district averages weighted by the number of teachers. Both weighted and unweighted figures are given in table 5.

9. American Compensation Association, *1983-84 Salary Budget Survey*, Scottsdale, Ariz., October 1983.

10. Data on teacher salaries in earlier years comes from the Texas Research League, *Analysis* (Austin, March 1984), table 5.

11. The TASB/TASA survey asked districts to report their total teacher payroll, numbers of teachers, and average teacher salary; thus there are two ways of calculating average teacher salary, giving slightly different results—$22,455 and $22,800 in 1984-85. TEA's estimate of average teacher salary for the state in 1984-85 is $22,648, right between these two estimates.

12. The correlation is .131.

13. The figures may not be perfectly comparable. The TASB/TASA survey asked for the 1984-85 operating budget and fall enrollment, and the 1984-85 operating expenditure per pupil is the ratio of these two. The comparable 1983-84 figure based on TEA data is the operating expenditure divided by the average daily membership. TEA's figure for operating expenditure per pupil in 1984-85 is $2,810, very close to the TASB/TASA figure of $2,827.

14. These results are based on a survey of all districts conducted in fall 1984 by the Texas Education Agency; the data were analyzed by Lynn Moak, head of Moak Consulting Services, Austin.

15. These results are similar to findings in the San Antonio area, in Nicholas DeLuca, "An Investigation of the Initial Impact of House Bill 72 on the School Districts of Bexar County," Education Council of the Greater San Antonio Chamber of Commerce, February 1985.

16. Joint Select Committee on Fiscal Policy, Texas Legislature, *Funding Texas State Government: An Analysis of Taxes and Selected Non-Tax Revenue* (Austin, January 1985), chap. 1.

17. Comptroller of Public Accounts, *Fiscal Issues*, Comptroller's Education Workpapers, vol. 4 (Austin, 1984).

18. John Augenblick, *Systems of State Support for School District Capital Expenditures*, Report No. F-76-8 (Denver: Education Commission of the States, May 1977).

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Runaways in Texas: A Statistical Estimate, 1985, by Lodis Rhodes. Special Project Report, 1985. 37 pp. ISBN: 0-[redacted] Summarizes the results of a household survey conducted in Texas to determine the number of children who run away from home each year and the extent to which families of these children use public support services.

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