Signed 6/1/87

NO. 362,516

EDGEWOOD INDEPENDENT SCHOOL DISTRICT, SOCORRO INDEPENDENT SCHOOL DISTRICT, EAGLE PASS INDEPENDENT SCHOOL DISTRICT, BROWNSVILLE INDEPENDENT SCHOOL DISTRICT, SAN ELIZARIO INDEPENDENT SCHOOL DISTRICT, SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT, LA VEGA INDEPENDENT SCHOOL DISTRICT, PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT, KENEDY INDEPENDENT SCHOOL DISTRICT, MILANO INDEPENDENT SCHOOL DISTRICT, HARLANDALE INDEPENDENT SCHOOL DISTRICT and NORTH FOREST INDEPENDENT SCHOOL DISTRICT on their own behalves, on behalf of the residents of their districts, and on behalf of other school districts and residents similarly situated; ANICETO ALONZO on his own behalf and as next friend of SANTOS ALONZO, HERMELINDA ALONZO and JESUS ALONZO; SHIRLEY ANDERSON on her own behalf and as next friend of DERRICK PRICE; JUANITA ARREDONDO on her own behalf and as next friend of AUGUSTIN ARREDONDO, JR., NORA ARREDONDO and SYLVIA ARREDONDO; MARY CANTU on her own behalf and as next friend of JOSE CANTU, JESUS CANTU and TONATIUH CANTU; JOSEFINA CASTILLO on her own behalf and as next friend of MARIA CORENO; EVA W. DELGADO on her own behalf and as next friend of OMAR DELGADO; RAMONA DIAZ on her own behalf and as next friend of MANUEL DIAZ and NORMA DIAZ; ANITA GANDARA, JOSE GANDARA, JR., on their own behalves and as next friend of LORRAINE GANDARA and JOSE GANDARA, III; NICOLAS GARCIA on his own behalf and as next friend of NICOLAS GARCIA, JR., RODOLFO GARCIA, ROLANDO GARCIA, GRACIELA GARCIA, CRISELDA GARCIA, and RIGOBERTO GARCIA; RAQUEL GARCIA, on her own behalf and as next friend of FRANK GARCIA, JR., ROBERTO GARCIA, RICARDO GARCIA, ROXANNE GARCIA and RENE GARCIA; HERMELINDA C. GONZALEZ on her own behalf and as next friend of ANGELICA MARIA GONZALEZ; RICARDO J. MOLINA on his own behalf and as next friend of JOB FERNANDO MOLINA; OPAL MAYO on her own behalf and as next friend of JOHN MAYO, SCOTT MAYO and REBECCA MAYO; HILDA S. ORTIZ on her own behalf and as next friend of JUAN GABRIEL	§	IN THE DISTRICT COURT TRAVIS COUNTY, TEXAS 250TH JUDICIAL DISTRICT

ORTIZ; RUDY C. ORTIZ on his own §
behalf and as next friend of §
MICHELLE ORTIZ, ERIC ORTIZ and §
ELIZABETH ORTIZ; ESTELA PADILLA §
and CARLOS PADILLA on their own §
behalves and as next friend of §
GABRIEL PADILLA; ADOLFO PATINO §
on his own behalf and as next §
friend of ADOLFO PATINO, JR.; §
ANTONIO Y. PINA on his own §
behalf and as next friend of §
ANTONIO PINA, JR., ALMA MIA §
PINA and ANA PINA; REYMUNDO §
PEREZ on his own behalf and as §
next friend of RUBEN PEREZ, §
REYMUNDO PEREZ, JR., MONICA §
PEREZ, RAQUEL PEREZ, ROGELIO §
PEREZ and RICARDO PEREZ; DEMETRIO §
RODRIGUEZ on his own behalf and §
as next friend of PATRICIA §
RODRIGUEZ and JAMES RODRIGUEZ; §
LORENZO G. SOLIS on his own §
behalf and as next friend of §
JAVIER SOLIS and CYNTHIA SOLIS; §
JOSE A. VILLALON on his own §
behalf and as next friend of §
RUBEN VILLALON, RENE VILLALON, §
MARIA CHRISTINA VILLALON and §
JAIME VILLALON; §
Plaintiffs; §
§
ALVARADO INDEPENDENT SCHOOL §
DISTRICT, BLANKET INDEPENDENT §
SCHOOL DISTRICT, BURLESON §
INDEPENDENT SCHOOL DISTRICT, §
CANUTILLO INDEPENDENT SCHOOL §
DISTRICT, CHILTON INDEPENDENT §
SCHOOL DISTRICT, COPPERAS COVE §
INDEPENDENT SCHOOL DISTRICT, §
COVINGTON INDEPENDENT SCHOOL §
DISTRICT, CRAWFORD INDEPENDENT §
SCHOOL DISTRICT, CRYSTAL CITY §
INDEPENDENT SCHOOL DISTRICT, §
EARLY INDEPENDENT SCHOOL §
DISTRICT, EDCOUCH-ELSA INDEPEN- §
DENT SCHOOL DISTRICT, EVANT §
INDEPENDENT SCHOOL DISTRICT, §
FABENS INDEPENDENT SCHOOL §
DISTRICT, FARWELL INDEPENDENT §
SCHOOL DISTRICT, GODLEY INDEPEN- §
DENT SCHOOL DISTRICT, GOLDTHWAITE §
INDEPENDENT SCHOOL DISTRICT, §
GRANDVIEW INDEPENDENT SCHOOL §
DISTRICT, HICO INDEPENDENT SCHOOL §
DISTRICT, JIM HOGG COUNTY INDE- §
PENDENT SCHOOL DISTRICT, HUTTO §
INDEPENDENT SCHOOL DISTRICT, §
JARRELL INDEPENDENT SCHOOL §
DISTRICT, JONESBORO INDEPENDENT §
SCHOOL DISTRICT, KARNES CITY §
INDEPENDENT SCHOOL DISTRICT, LA §
FERIA INDEPENDENT SCHOOL DISTRICT, §
LA JOYA INDEPENDENT SCHOOL §
DISTRICT, LAMPASAS INDEPENDENT §
SCHOOL DISTRICT, LASARA INDEPEN- §
DENT SCHOOL DISTRICT, LOCKHART §
INDEPENDENT SCHOOL DISTRICT, LOS §
FRESNOS CONSOLIDATED INDEPENDENT §

SCHOOL DISTRICT, LYFORD INDEPEN- §
DENT SCHOOL DISTRICT, LYTLE §
INDEPENDENT SCHOOL DISTRICT, §
MART INDEPENDENT SCHOOL DISTRICT, §
MERCEDES INDEPENDENT SCHOOL §
DISTRICT, MERIDIAN INDEPENDENT §
SCHOOL DISTRICT, MISSION INDEPEN- §
DENT SCHOOL DISTRICT, NAVASOTA §
INDEPENDENT SCHOOL DISTRICT, §
ODEM-EDROY INDEPENDENT SCHOOL §
DISTRICT, PALMER INDEPENDENT §
SCHOOL DISTRICT, PRINCETON §
INDEPENDENT SCHOOL DISTRICT, §
PROGRESSO INDEPENDENT SCHOOL §
DISTRICT, RIO GRANDE CITY §
INDEPENDENT SCHOOL DISTRICT, §
ROMA INDEPENDENT SCHOOL DISTRICT, §
ROSEBUD-LOTT INDEPENDENT SCHOOL §
DISTRICT, SAN ANTONIO INDEPEN- §
DENT SCHOOL DISTRICT, SAN SABA §
INDEPENDENT SCHOOL DISTRICT, §
SANTA MARIA INDEPENDENT SCHOOL §
DISTRICT, SANTA ROSA INDEPENDENT §
SCHOOL DISTRICT, SHALLOWATER §
INDEPENDENT SCHOOL DISTRICT, §
SOUTHSIDE INDEPENDENT SCHOOL §
DISTRICT, STAR INDEPENDENT SCHOOL §
DISTRICT, STOCKDALE INDEPENDENT §
SCHOOL DISTRICT, TRENTON INDE- §
PENDENT SCHOOL DISTRICT, VENUS §
INDEPENDENT SCHOOL DISTRICT, §
WEATHERFORD INDEPENDENT SCHOOL §
DISTRICT, YSLETA INDEPENDENT §
SCHOOL DISTRICT, CONNIE DEMARSE, §
H. B. HALBERT, LIBBY LANCASTER, §
JUDY ROBINSON, FRANCES RODRIGUEZ, §
and ALICE SALAS; §
Plaintiff-Intervenors; §
§
§
vs. §
§
§
WILLIAM N. KIRBY, INTERIM TEXAS §
COMMISSIONER OF EDUCATION; THE §
TEXAS STATE BOARD OF EDUCATION; §
MARK WHITE, GOVERNOR OF THE §
STATE OF TEXAS; ROBERT BULLOCK, §
COMPTROLLER OF THE STATE OF §
TEXAS; THE STATE OF TEXAS; and §
JIM MATTOX, ATTORNEY GENERAL OF §
THE STATE OF TEXAS; §
Defendants; §
§
ANDREWS INDEPENDENT SCHOOL §
DISTRICT, ARLINGTON INDEPENDENT §
SCHOOL DISTRICT, AUSTWELL TIVOLI §
INDEPENDENT SCHOOL DISTRICT, §
BECKVILLE INDEPENDENT SCHOOL §
DISTRICT, CARROLLTON-FARMERS §
BRANCH INDEPENDENT SCHOOL §
DISTRICT, CARTHAGE INDEPENDENT §
SCHOOL DISTRICT, CLEBURNE INDE- §
PENDENT SCHOOL DISTRICT, COPPELL §
INDEPENDENT SCHOOL DISTRICT, §
CROWLEY INDEPENDENT SCHOOL §
DISTRICT, DESOTO INDEPENDENT §
SCHOOL DISTRICT, DUNCANVILLE §
INDEPENDENT SCHOOL DISTRICT, §

EAGLE MOUNTAIN-SAGINAW INDEPEN-	§
DENT SCHOOL DISTRICT, EANES	§
INDEPENDENT SCHOOL DISTRICT,	§
EUSTACE INDEPENDENT SCHOOL	§
DISTRICT, GLASSCOCK INDEPENDENT	§
SCHOOL DISTRICT, GRADY INDEPEN-	§
DENT SCHOOL DISTRICT, GRAND	§
PRAIRIE INDEPENDENT SCHOOL	§
DISTRICT, GRAPEVINE-COLLEYVILLE	§
INDEPENDENT SCHOOL DISTRICT,	§
HARDIN JEFFERSON INDEPENDENT	§
SCHOOL DISTRICT, HAWKINS	§
INDEPENDENT SCHOOL DISTRICT,	§
HIGHLAND PARK INDEPENDENT SCHOOL	§
DISTRICT, HURST EULESS BEDFORD	§
INDEPENDENT SCHOOL DISTRICT,	§
IRAAN-SHEFFIELD INDEPENDENT	§
SCHOOL DISTRICT, IRVING INDEPEN-	§
DENT SCHOOL DISTRICT, KLONDIKE	§
INDEPENDENT SCHOOL DISTRICT,	§
LAGO VISTA INDEPENDENT SCHOOL	§
DISTRICT, LAKE TRAVIS INDEPENDENT	§
SCHOOL DISTRICT, LANCASTER	§
INDEPENDENT SCHOOL DISTRICT,	§
LONGVIEW INDEPENDENT SCHOOL	§
DISTRICT, MANSFIELD INDEPENDENT	§
SCHOOL DISTRICT, MCMULLEN INDE-	§
PENDENT SCHOOL DISTRICT, MIAMI	§
INDEPENDENT SCHOOL DISTRICT,	§
MIDWAY INDEPENDENT SCHOOL	§
DISTRICT, MIRANDO CITY INDEPEN-	§
DENT SCHOOL DISTRICT,	§
NORTHWEST INDEPENDENT	§
SCHOOL DISTRICT, PINETREE INDE-	§
PENDENT SCHOOL DISTRICT, PLANO	§
INDEPENDENT SCHOOL DISTRICT,	§
PROSPER INDEPENDENT SCHOOL	§
DISTRICT, QUITMAN INDEPENDENT	§
SCHOOL DISTRICT, RAINS INDEPEN-	§
DENT SCHOOL DISTRICT, RANKIN	§
INDEPENDENT SCHOOL DISTRICT,	§
RICHARDSON INDEPENDENT SCHOOL	§
DISTRICT, RIVIERA INDEPENDENT	§
SCHOOL DISTRICT, ROCKDALE	§
INDEPENDENT SCHOOL DISTRICT,	§
SHELDON INDEPENDENT SCHOOL	§
DISTRICT, STANTON INDEPENDENT	§
SCHOOL DISTRICT, SUNNYVALE	§
INDEPENDENT SCHOOL DISTRICT,	§
WILLIS INDEPENDENT SCHOOL	§
DISTRICT, and WINK-LOVING INDE-	§
PENDENT SCHOOL DISTRICT;	§
Defendant-Intervenors.	§

FINAL JUDGMENT

This cause came on to be tried January 20 through April 8, 1987.

After considering the evidence, argument of counsel, the papers and record herein, the Court is of the opinion, and so finds, that the Texas School Financing System (Texas Education Code §16.01, et seq., implemented in conjunction with local

school district boundaries that contain unequal taxable property wealth for the financing of public education) is impermissible, unlawful, violative of, and prohibited by the Constitution and the laws of Texas. Accordingly, Judgment is entered as set out herein.

DECLARATORY JUDGMENT

Pursuant to the Uniform Declaratory Judgment Act, Tex. Civ. Prac. & Rem. Code §37.004, the Court hereby declares and enters Judgment that the Texas School Financing System (Texas Education Code §16.01, et seq., implemented in conjunction with local school district boundaries that contain unequal taxable property wealth for the financing of public education) is UNCONSTITUTIONAL AND UNENFORCEABLE IN LAW.

The Court hereby declares and enters Judgment that the Texas School Financing System (Texas Education Code §16.01, et seq., implemented in conjunction with local school district boundaries that contain unequal taxable property wealth for the financing of public education) is UNCONSTITUTIONAL AND UNENFORCEABLE IN LAW because it fails to insure that each school district in this state has the same ability as every other district to obtain, by state legislative appropriation or by local taxation, or both, funds for educational expenditures, including facilities and equipment, such that each student, by and through his or her school district, would have the same opportunity to educational funds as every other student in the state, limited only by discretion given local districts to set local tax rates, provided this does not prohibit the State from taking into consideration the legitimate district and student needs and district and student cost differences associated with providing a public education. During the course of the trial the Court heard substantial evidence on the merits of the State's taking into consideration legitimate cost differences in its funding formula. The Court is persuaded that legitimate cost differences should be considered in any funding formula and would encourage the State to continue to do so. The failure

described above denies to Plaintiffs and Plaintiff-Intervenors, as well as to the over one million school children attending school in property-poor school districts, the equal protection of the law, equality under the law, and privileges and immunities, all guaranteed by Art. I, §§3, 3A, 19, and 29 of the Texas Constitution.

Nothing in this Judgment is intended to limit the ability of school districts to raise and spend funds for education greater than that raised or spent by some or all other school districts, so long as each district has available, either through property wealth within its boundaries or state appropriations, the same ability to raise and spend equal amounts per student after taking into consideration the legitimate cost differences in educating students.

Further, the Court hereby declares and enters Judgment that the Texas School Financing System (Texas Education Code §16.01, et seq., implemented in conjunction with local school district boundaries that contain unequal taxable property wealth for the financing of public education) is UNCONSTITUTIONAL AND UNENFORCEABLE IN LAW because it is not an "efficient system of free public schools" as required by and guaranteed by Art. VII, §1 of the Texas Constitution.

Further, the Court, by virtue of the power conferred on it by Tex. Civ. Prac. & Rem. Code §37.003, to declare rights, status and other legal relations, hereby declares and enters Judgment that the Plaintiffs and Plaintiff-Intervenors and the school children attending school in property-poor school districts are entitled to, conferred with, awarded and guaranteed the equal protection of the law, equality under the law, and the privileges and immunities which flow from Art. I, §§3, 3A, 19, and 29 as well as Art. VII, §1 of the Texas Constitution.

INJUNCTION

It is hereby ORDERED that William N. Kirby, Commissioner of Education, the Texas State Board of Education, and Robert

Bullock, Comptroller of the State of Texas and their successors, and each of them, be and are hereby enjoined from giving any force and effect to the sections of the Texas Education Code relating to the financing of education, including the Foundation School Program Act (Chapter 16 of the Texas Education Code); specifically said Defendants are hereby enjoined from distributing any money under the current Texas School Financing System (Texas Education Code §16.01, et seq., implemented in conjunction with local school district boundaries that contain unequal taxable property wealth for the financing of public education).

It is further ORDERED, that this injunction shall in no way be construed as enjoining Defendants, their agents, successors, employees, attorneys, and persons acting in concert with them or under their direction, from enforcing or otherwise implementing any other provisions of the Texas Education Code.

In order to allow Defendants to pursue their appeal, and should this decree be upheld on appeal, to allow sufficient time to enact a constitutionally sufficient plan for funding public education, this injunction is stayed until September 1, 1989. It is further ORDERED that in the event the legislature enacts a constitutionally sufficient plan by September 1, 1989, this injunction is further stayed until September 1, 1990, in recognition that any modified funding system may require a period of time for implementation. This requirement that the modified system be in place by September 1, 1990, is not intended to require that said modified system be fully implemented by September 1, 1990.

This Court hereby retains jurisdiction of this action to grant further relief whenever necessary or proper pursuant to Tex. Civ. Prac. & Rem. Code §37.011, but, as the Court understands the law, this constitutes no impediment with respect to the finality of this Judgment for the purpose of appeal, and none is intended.

MISCELLANEOUS

This Judgment shall have prospective application only and shall in no way affect (i) the validity, incontestability, obligation to pay, source of payment or enforceability of any presently outstanding bond, note or other security issued, or any contractual obligation, debt or special obligation (irrespective of its source of payment) incurred by a school district in Texas for public school purposes, nor (ii) the validity or enforceability of any tax heretofore levied, or other source of payment provided, or any covenant to levy such tax or provide for such source of payment, for any such bond, note, security, contractual obligation or debt or special obligation, nor (iii) the validity, incontestability, obligation of payment, source of payment or enforceability of any bond, note or other security (irrespective of its source of payment) to be issued and delivered, or any contractual obligation, debt or special obligation (irrespective of its source of payment) incurred by Texas school districts for authorized purposes prior to September 1, 1990, nor (iv) the validity or enforceability of any tax hereafter levied, or other source of payment provided for any such bond, note, or other security (irrespective of its source of payment) issued and delivered, or any covenant to levy such tax or provide for such source of payment, or any contractual obligation, debt or special obligation (irrespective of its source of payment) incurred prior to September 1, 1990, nor (v) the validity or enforceability of any maintenance tax heretofore levied or hereafter levied prior to September 1, 1990 (for any and all purposes other than as specified in clause (iv) above), nor (vi) any election hertofore held or to be held prior to September 1, 1990, pertaining to the election of trustees, the authorization of bonds or taxes (either for maintenance or debt purposes), nor (vii) the distribution to school districts of state and federal funds prior to September 1, 1990, in accordance with current procedures and law as may be modified by the legislature in accordance with law prior to September 1,

1990, nor (viii) the budgetary processes and related requirements of Texas school districts now authorized and required by law during the period prior to September 1, 1990, nor (ix) the assessment and collection after September 1, 1990, of any taxes or other revenues levied or imposed for or pledged to the payment of any bonds, notes or other contractual obligation, debt or special obligation issued or incurred prior to September 1, 1990, nor (x) the validity or enforceability, either before or after September 1, 1990, of any guarantee under Subchapter E, Chapter 20, Texas Education Code, of bonds of any school district that are issued and guaranteed prior to September 1, 1990, it being the intention of this Court that this Judgment should be construed and applied in such manner as will permit an orderly transition from an unconstitutional to a constitutional system of school financing without the impairing of any obligation of contract incurred prior to September 1, 1990.

The Court finds that the sum of $ 850 960.79 comprises a reasonable and necessary attorney's fee plus expenses attorney time for all legal work performed by and on behalf of Plaintiffs up to the entry of Declaratory Judgment in this case. The Court further finds that the sum of $ 25,000.00 from the entry of this Judgment through the first appeal and that $ 15,000.00 for any further appeal thereafter, constitutes reasonable and necessary Plaintiff attorney's fees for such work.

The Court finds that the sum of $ 284,244.84 comprises a reasonable and necessary attorney's fee plus expenses attorney time for all legal work performed by and on behalf of Plaintiff-Intervenors up to the entry of Declaratory Judgment in this case. The Court further finds that the sum of $ 25,000.00 from the entry of this Judgment through the first appeal and that $ 15,000.00 for any further appeal thereafter, constitutes reasonable and necessary Plaintiff-Intervenor attorney's fees for such work.

The request of Plaintiff and Plaintiff-Intervenors for attorney's fees against Defendant-Intervenors is denied. Such

an award is barred by the doctrine of sovereign immunity. Further, even if Defendant-Intervenors do not have sovereign immunity from an award of attorney's fees, the Court would not exercise its discretion to award attorney's fees against Defendant-Intervenors. Although Plaintiff and Plaintiff-Intervenors prevailed on the merits, the Court finds that an award of attorney's fees would be neither equitable nor just under the terms of Tex. Civ. Prac. & Rem. Code §37.009. The Court further finds that even if Plaintiffs had prevailed in a claim under Tex. Civ. Prac. & Rem. Code §106.001-003, that the Court would decline to exercise its discretion to award attorney's fees against Defendant-Intervenors under §106.002.

It is further ORDERED AND ADJUDGED that the Texas School Finance System does not violate Art. I, §3 or Art. I §3a by discriminating against Mexican-Americans.

It is further ORDERED and ADJUDGED that because there is not discrimination against Mexican-Americans under the school finance system, the Court will not grant attorney's fees to Plaintiffs under Tex. Civ. Prac. & Rem. Code §106.002.

The Court, although it otherwise would do so, will not enter Judgment for reasonable and necessary attorney's fees against the Defendants because the Court finds that such fees are barred by sovereign immunity.

It is further ORDERED, ADJUDGED and DECREED that all costs are taxed against Defendants.

It is further ORDERED, ADJUDGED and DECREED that all relief requested and not otherwise granted herein ~~by Defendants and Defendant-Intervenors~~ is hereby denied. Harry Clark 6-1-87

IT IS SO ORDERED, AND JUDGMENT IS HEREBY ENTERED ACCORDINGLY.