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REPORT

OF THE

LEGISLATIVE COMMISSION ON PUBLIC SCHOOL FINANCE

Austin, Texas

December, 1978

LEGISLATIVE COMMISSION ON PUBLIC SCHOOL FINANCE

P. O. BOX 2910 AUSTIN, TEXAS 78769
512/475-1547

Rep. Tom C. Massey,
Chairman
P. O. Box 2910
Austin, Texas 78769
512/475-6229

Rep. Hamp Atkinson
924 North Robison Road
Texarkana, Texas 75501
214/838-8545

Mr. Carrol Chaloupka
President,
Texas Farm Bureau
Route 1, Box 137
Dalhart, Texas 79022
817/772-3030

Rep. Wilhelmina Delco
P. O. Box 2910
Austin, Texas 78769
512/475-5973

Mrs. Carolyn Harrell
President,
Texas State Teachers Assn.
316 West 12th
Austin, Texas 78701
512/476-5355

Sen. Grant Jones
P. O. Box 1320
Abilene, Texas 79604
915/673-6426

Sen. Oscar Mauzy
P. O. Box 12068
Austin, Texas 78711
512/475-2528

Mr. Billy Reagan
Superintendent,
Houston I.S.D.
3830 Richmond
Houston, Texas 77027
713/623-5011

Sen. W.E. "Pete" Snelson
319 N. Colorado Street
Midland, Texas 79701
915/683-5464

Staff

Raymon Bynum,
Executive Director

L. T. Cave,
Administrative Director

December 27, 1978

The Honorable Dolph Briscoe
Governor of the State of Texas
Honorable Members of the 65th Legislature
Austin, Texas

Dear Governor Briscoe and Members of the Legislature:

We, the Legislative Commission on Public School Finance, do herewith respectfully submit our report pursuant to the provisions of Section 32, Senate Bill 1, Acts of the 65th Legislature, First Called Session.

The approval of the Constitutional Amendment, H.J.R. 1, by the voters of the State of Texas on November 7, 1978, and the many possible combinations of enabling legislation which may be adopted by the 66th Legislature had a significant effect on the recommendations of the Commission. The Commission therefore presents four separate alternatives for consideration. They represent different methods of determining the ability of local school districts to support public education.

It is anticipated that additional studies and information compiled by the Commission will be utilized as resource material for further consideration of education policy issues in the State.

Respectfully submitted,

Tom C. Massey
Chairman

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Preface

The Legislative Commission on Public School Finance held its final meeting in Austin, Texas, on December 27, 1978, for the purpose of reviewing and approving the final draft of this report.

The signatures of the Commission members which follow are intended to show their general approval of this report. However, each individual member, by affixing his or her name to this report, does so with the understanding that he or she may disagree with any specific conclusion contained herein.

A section of the Appendix of this report is set aside to include the comments, observations, dissents, and recommendations of individual members of the Commission.

Members of the
Legislative Commission on Public School Finance

Tom C. Massey
Tom C. Massey, Chairman

Grant Jones
Grant Jones

Hamp Atkinson
Hamp Atkinson

Oscar H Mauzy
Oscar Mauzy

Carroll H. Chaloupka
Carrol Chaloupka

Billy R. Reagan
Billy Reagan

Wilhelmina Delco
Wilhelmina Delco

W. E. Snelson
W. E. Snelson

Carolyn Harrell
Carolyn Harrell

Introduction

The Legislative Commission on Public School Finance was established pursuant to Section 32 of Senate Bill 1, passed during the First Called Session of the 65th Legislature. The legislature charged the Commission to:

> "Explore and develop a revised method for financing state programs of public school education. Consideration shall be given to varying factors of wealth, inclusive of a taxpayer's 'ability to pay,' and the pronounced diversity of monetary holdings and investments that exist throughout the state."

The Commission is composed of three citizen members appointed by the Governor, three members of the Senate appointed by the Lieutenant Governor, and three members of the House of Representatives appointed by the Speaker. Appointments to the Commission were made during the months of August and September, 1977. On September 21, 1977, Governor Dolph Briscoe appointed Representative Tom C. Massey to the chairmanship of the Commission. Other members appointed to the Commission were:

Representative Hamp Atkinson of New Boston;

Mr. Carrol Chaloupka, President, Texas Farm Bureau, of Dalhart;

Representative Wilhelmina Delco of Austin;

Mrs. Carolyn Harrell, Immediate Past President, Texas State Teachers Association, of Gonzales;

Senator Grant Jones of Abilene;

Senator Oscar Mauzy of Dallas;

Mr. Billy Reagan, General Superintendent, Houston Independent School District;

Senator W. E. "Pete" Snelson of Midland.

Proceedings

The Commission held its first meeting on October 28, 1977, to discuss organizational matters, the scope of the Commission's work, and future activities. After this initial meeting, the Commission conducted nine meetings. In these meetings, Commission members were presented information by staff members and heard testimony on public school finance issues from expert witnesses, professional associations, and the general public. Among the topics considered by the Commission in these meetings were:

(1) funding of the Foundation School Program;

(2) recent court cases affecting school finance reform; and

(3) federal funding.

Testimony

Testimony on basic issues in school finance was presented by several nationally recognized experts. These included:

Dr. Betsy Levin, Professor of Law, Duke University: "What the Courts Are Telling Legislatures About 'Basic Education'";

Dr. Michael Kirst, Associate Professor of Education and Business Administration, Stanford University, and Chairman of the California State Board of Education: "Serrano and Assembly Bill 65";

The Honorable Jim Mc Dermott, Chairman, Senate Education Committee, Washington State: "What the _Seattle_ Case Told Us About 'Basic Education' and How We've Been Dealing With It";

The Honorable Albert Burstein, Majority Leader, New Jersey General Assembly: "New Jersey's Continuing Battles to Translate the _Robinson_ Decision Into Better Education";

Dr. Allan Odden, Director, Education Finance Center, Education Commission of the States: "Funding of the Foundation School Program"; and

Dr. William H. Wilken, Director, Legislators' Education Action Project, National Conference of State Legislatures: "Funding of the Foundation School Program."

Testimony from professional education associations addressed (1) the method of financing public education; (2) "Basic Education"; and (3) the relationship of state and federal funds. Associations presenting testimony included:

Texas Council of Urban School Districts;

Texas Association of School Administrators;

Texas State Teachers Association;

Texas Association of Community Schools;

Texas Association of School Boards;

Association of Texas Educators;

Texas Association of Secondary School Principals;

Texas Association of Elementary School Principals;

Texas Classroom Teachers Association.

In addition to testimony and information presented by the above groups and individuals, the Commission staff and the Texas Education Agency provided data and information support for Commission activities. Information regarding pupils, personnel, and finances of Texas school districts were provided to the Commission throughout its deliberations.

On October 16, 1978, the School Tax Assessment Practices Board (STAPB) presented its preliminary findings regarding 1977 property values of Texas school districts. The impact of STAPB preliminary findings on public school finance occupied the major attention of the Commission in preparing its report and recommendations. Staff analyses were conducted using STAPB values to determine the impact on Foundation School Program (FSP) funding formulas of the various combinations of exemptions possible under H.J.R. 1 and the use of county income data.

Special Studies Authorized by the Commission

Three major studies were authorized by the Commission to assist in carrying out its legislative charge and to supply further information relative to public education issues.

National Conference of State Legislatures

A contract was let to the Legislators' Education Action Project of the National Conference of State Legislatures (NCSL) to prepare a comprehensive report on the effect that the massive amount of foundation aid dollars placed in the Foundation School Program since the early 1970's has had on the operation of Texas school districts.

Major findings of the study are:

1. Increased state aid was used to purchase additional personnel, library services, and instructional materials.
2. Increased state and federal categorical aid in the areas of special education and compensatory education

has substantially increased services to these student populations.

3. More effective ways must be found to solve the problems of the large cities and rural areas.

4. Fiscal flexibility is more important to achieve high quality services than the sheer amount of funding available.

5. School district wealth is no guarantee of educational excellence, but it is a good insurance policy against mediocrity.

6. The main determinant of changes in educational services resides in the area of educational leadership.

Education Commission of the States

A second contract was let to the Education Finance Center of the Education Commission of the States (ECS) to analyze the effect on service levels and funding equity of the Texas school finance system for the 1974-75, 1976-77, and 1977-78 school years. They also developed cost of education indices for all Texas school districts.

Major findings of the study in comparing changes over the four-year period are:

1. State aid increased by 72% while local revenues increased by 36%. Statewide pupil enrollment increased only 2%.

2. Per pupil expenditures for operating costs increased from $932 in 1974-75 to $1,376 in 1977-78.

3. Studies of equity among school districts showed the same pattern of results as those described below under the analysis of tests of equity conducted by the Texas Education Agency.

4. The cost of education indices developed under this study show that for delivery of the same educational services, costs per pupil vary as much as 50%.

Texas Education Agency

A grant was also obtained from the NCSL to allow the Texas Education Agency to study the relationship between state and federal funding of public school education and coordination of state/local school finance programs with federal school finance programs. An analysis of tests of equity under Impact Aid (P.L. 81-874) was also conducted.

Categorical Programs: The comparative study of federal and state categorical programs identified as the major problem the paperwork and administrative overburden involved in proving that funds are expended within their categorical restraints. Some possible changes to resolve these problems are:

1. consolidation of separate programs into a single program with broad enough coverage to serve all disadvantaged populations presently served by different programs;

2. requirement that all federal education grants flow through and be administered by state education agencies;
3. consolidation at the state education agency level of administration arrangements for similar programs;
4. clarification of the supplemental nature and requirements of federal categorical funds;
5. streamlining of application procedures; and
6. reduction of duplicative or unnecessary reporting and data collection.

Tests of Equity: School districts which are the locale of federal installations receive federal Impact Aid funds in lieu of local taxation which would otherwise be derived from those properties. Within prescribed guidelines these funds can be considered part of local wealth for distribution of state school funds. To determine whether they can be so considered in Texas, tests of funding equity, as set forth in paragraph 115-64 of the Federal Regulations under P.L. 81-874, were used to determine percents of expenditure and revenue disparity in the Texas state school finance program. Disparity percentages were calculated for Texas for both the Federal Range Ratio test and the Wealth Neutrality test described in the Federal Regulations.

The Federal Range Ratio test is designed to show the percentage of disparity of wealth per pupil between the district at the 5th percentile of pupil enrollment and the district at the 95th percentile of pupil enrollment. The Wealth Neutrality test stipulates that a disparity of no more than 15% (of total state and local funds) may exist between these districts if P.L. 874 funds are to be counted in determination of state aid.

Under the Federal Range Ratio test, Texas would not be permitted to count Impact Aid (874) funds in the determination of state aid under the Foundation School Program. (It should be noted, however, that excessive disparities are attributable not to the Foundation School Program, but to local enrichment funds over and above the Foundation School Program.) Under the Wealth Neutrality test, it would appear that Texas comes very near to meeting the standards to consider 874 funds in distribution of state aid under the Foundation School Program. Further checks by federal officials will be necessary before a final determination is made.

Full results of these studies are included in the appendices to this report. The Commission feels they will be valuable resource material for continuing consideration of various education issues in the state.

Major Elements in Consideration of Funding Methods

In an effort to arrive at appropriate school funding methods for the State of Texas, the Commission's deliberations centered around five major elements.

Impact of Federal Legislation and Funding

The Commission examined the relationship between the state's basic school finance program and federal programs in the areas of special education, vocational education, compensatory education, and bilingual education. Four issues receiving particular attention were:

1. similarity and diversity of objectives
2. level of funding
3. methods of program administration
4. financial requirements pertaining to supplanting, maintenance of effort, and comparability.

Complete findings are contained in the report appended hereto. For purposes of specific funding recommendations, however, the Commission found that the impact of federal funding in Texas is great, particularly in certain districts. As stated earlier in this report, determinations are still being made as to whether federal impact aid funds can be considered part of local district wealth.

Determination of State and Local Share

Under present public school finance formulas, the state pays approximately 86% of Foundation School Program costs and local school districts fund 14%. These shares vary from district to district depending on local wealth. The state share in an individual district increases as district property values decrease, with local wealth determined under current law by a two-tiered formula based on the district's full market value (at a rate of 18¢ per $100) or its index value (at a rate of 20.5¢ per $100). Index value represents the productivity value of open-space land (all land generally available for agricultural use), as determined by the STAPB, and the market value of all other classes of property.

It should be pointed out that present law requires that intangible property, as valued by the STAPB, be included in determinations of local district wealth for the coming biennium. This, along with the dramatic increases in property values across the state, will have considerable impact on school districts, particularly the urban districts and their suburbs. If no changes are made in current law, the local school districts' share of the foundation school program would increase 59% statewide by the 1980-81 school year.

Determination of Local Ability

Under the provisions of Senate Bill 1, enacted by the 65th Legislature, the STAPB determines the total market value and index value of all property, both real and personal, and both tangible and intangible, in each school district. The STAPB was directed by the Legislature to determine the market value of all property and of each class of property within each district and the productivity value of all open-space land within each district generally available for the production of farm crops or forest products and for the raising of livestock. The STAPB was also instructed to estimate the productivity value of open-space land exclusively devoted to or developed for agricultural purposes, as defined by the Board. The values determined by the STAPB are used to measure local district ability to pay, for purposes of distribution of state aid under the current Foundation School Program.

The passage of H.J.R. 1 by the Legislature in August of 1978 and subsequent approval by the voters in November resulted in consideration by the Commission of the various exemptions which are either mandated or permitted by this constitutional amendment. District-by-district impact models of different local share indices were used by the Commission to consider the effect of:

1. inclusion or exclusion of intangible wealth;
2. inclusion of homestead, elderly, and other exemptions;
3. inclusion or exclusion of agricultural land values based on market value and/or productivity value;
4. inclusion or exclusion of county income values.

Different measures of local wealth were impacted in terms of effect upon both local fund assignment and state equalization aid distribution.

State Equalization Aid

Under current law, state equalization aid funds are distributed on an average of full market value and index values for districts eligible to receive such funds. Only districts whose average property wealth per pupil is below 110% of the statewide average property wealth per pupil are eligible to receive equalization aid. Alternative measures of district wealth considered by the Commission were examined in terms of impact on the relative distribution or redistribution of aid to different types of school districts based on district size and district wealth.

Impact of Formula Changes on Minimum Aid and Hold-Harmless Provisions

In addition to considering effects of different local share indices on district local fund assignments and state equalization aid, the Commission studied the effects of formula changes in the FSP on districts currently receiving additional aid because of Minimum Aid or LFA hold-harmless provisions.

Minimum Aid provisions under current law affect a limited number of school districts in the state; current cost is less than $3 million per year. These provisions expire August 31, 1979, and continuation of Minimum Aid was not included in impact model print-outs accompanying this report.

Under the hold-harmless provisions in current law, a district's local fund assignment cannot be increased more than 25% per year. Present statutes do not provide an expiration date for these hold-harmless provisions, and they are, therefore, included in the impact model print-outs accompanying recommended alternatives contained in this report.

Recommendations

The Commission authorized studies and received testimony on a wide range of topics relating to public education in Texas. Comprehensive information is included in this report on judicial mandates, federal funding, cost of education in different types of school districts, the experiences and approaches of other states, and how Texas schools have used the additional monies allocated to them over the past four years.

The Commission viewed its primary mandate as determining what measures of wealth can be used in Texas to reflect the fiscal ability of local districts to support the cost of public education, and its specific recommendations are limited to that purpose. It is hoped, however, that the wealth of information accumulated and presented herein will provide resource material to be used in further consideration of various issues relating to public education in the state.

Recommendations of this Commission address the calculation of local fund assignments and equalization aid based upon varying methods of determining local district wealth. The constitutional amendment passed on November 7, 1978, mandated some property tax exemptions and permitted the Legislature to authorize others. For purposes of determining the impact on local districts of varying methods of funding, the Commission assumed full enactment of the permissive homestead, elderly and personal property exemptions as follows:

1. $5,000 market value homestead exemption;

2. $10,000 additional elderly homestead exemption;

3. Exemption of household goods and other tangible personal property.

(The permissive exemption for family automobiles was not included for purposes of impact model print-outs, as figures indicating the value of family-owned automobiles were not available.)

All values used in impact model print-outs are STAPB values except where estimates were made for H.J.R. 1 exemptions and personal income. Rates used in the various alternatives are based on the current statewide local fund assignment amount of approximately $357 million per year, the figure used by the Legislative Budget Board in its budget recommendations.

Four alternative recommendations are presented as follows, and an impact model print-out for each is attached. In addition, an impact model print-out based on current law (including intangibles) is included.

Alternative A

This method assumes exclusion of all intangible property not now commonly taxed. It assumes a meaningful production taxing procedure based on lands actually devoted to agricultural production and market value for all other categories. Rate would be 15¢ per $100 of value. Equalization aid would be based on the value per pupil used for determining the local fund assignment.

Alternative B

This method would include intangible property in determining district wealth, with other property at full market value -- no productivity values. Rate would be 8.5¢ per $100 on full market value. Equalization aid would be based on the value per pupil used for determining local fund assignment.

Alternative C

This method also would include intangible property, with other property on a dual factor index: choice between full market value or "index" value (productivity value of all lands available for agricultural production, as in current law). Rate would be 9¢ per $100 on full market value or 10.25¢ per $100 on "index" value. Equalization aid would be computed on the average of full market value and "index" value per pupil as in present law.

Alternative D

This alternative is the same as Alternative A plus a 20% weight for county personal income. Each county's "wealth" is figured as its productivity values times 80% plus county personal income times 20%, and is then expressed as a percentage of the total state wealth. This percentage is multiplied against a set statewide gross local fund assignment amount. District local fund assignments within counties are based on each district's percentage of the property values in the county.

Equalization aid would be computed as in Alternative A.

RECOMMENDED ALTERNATIVES

ALT.	LOCAL FUND ASSIGNMENT			DEFINITION OF VALUE					EQUALIZATION AID
	Single Factor	Dual Factor	Rate	Intangibles Included	Productivity Value	Index Value	HJR 1 Exemptions*	Income	
"A"	yes		15¢ per $100 productivity value	no	yes		yes	no	LFA value per pupil
"B"	yes		8.5¢ per $100 full market value	yes	no	no	yes	no	LFA value per pupil
"C"		yes	9¢ per $100 full market value or 10.25¢ per $100 index value	yes		yes	yes	no	Average of full market and productivity value per pupil
"D"	Statewide LFA distributed to counties and within counties on basis of % of total property value plus county personal income factor.			no	yes		yes	yes--20% weight for county personal income	Same as "A"

*HJR 1 permitted exemptions:
- -$5,000 homestead market value exemption
- -$10,000 additional elderly exemption
- -Exemption for household & personal goods

Productivity Value: reflects the estimate of land actually devoted to agricultural production plus market value for other STAPB categories.
Index Value: includes all land available for agricultural production plus market value for other STAPB categories.

Individual Member Comments

ADDENDUM to the REPORT

of the

LEGISLATIVE COMMISSION on PUBLIC SCHOOL FINANCE

by

Carrol Chaloupka, Commission Member

I must dissent from this report to the extent that it includes an alternative plan for public school finance entitled "Alternative B." The people of Texas have spoken strongly in favor of the tax relief measures in HJR 1, 2d Called Session, 65th Legislature, by passing the Tax Relief Amendment with an overwhelmingly favorable vote. Preserving agricultural land by limiting property tax valuation is called for in the Tax Relief Amendment. Alternative B ignores agricultural productivity valuation of farm and ranch land in direct opposition to the mandate of the people.

Alternative B shows the effect of a school finance formula which does not exclude intangible personal property and which does not use agricultural productivity values. If this alternative is included at all, it should be noted for information purposes and not as a "recommendation." I believe this was the intent of the Commission.

ADDENDUM to the REPORT

of the

LEGISLATIVE COMMISSION on PUBLIC SCHOOL FINANCE

by

Carolyn Harrell, Commission Member

The charge of the Commission has been fulfilled to a limited degree, and I am generally satisfied with the Commission's work in determining measures of wealth that can be used in Texas to reflect the fiscal ability of local school districts to support the cost of public education.

Two other concerns I would like the Commission to address are:

1. Providing more permanence to the method of financing the state's share of public education, and
2. Determining a delivery system to assure equitable distribution of funds for the education of children in accordance with their individual needs.

Comments by Senator Oscar H. Mauzy

A state public school finance program is both a system of spending and of taxing, for the purpose of providing an equal educational opportunity for each student in the state. To my mind, such a system that does not treat fairly and equitably both the school children upon whom the money is spent and the taxpayers from whom it is obtained is unconscionable. During the course of our deliberations, we of the Legislative Commission on Public School Finance have received substantial testimony as to what educational experts and the courts have considered as standards of this equity. We commissioned several major studies of how well the Texas public education system measures up against these standards. Unfortunately, the conclusion is that in many respects, we do not measure up well at all.

The question of what constitutes equity is an extremely complex one. The testimony we received indicated that in various decisions the courts have identified the major parameters to be: equality of revenue-raising capability for equivalent tax effort (Serrano v. Priest, 487 P2d 1241 (1971) and San Antonio ISD v. Rodriguez, 411 U.S. 1, 93 S. Ct.); equity of the tax assessment system with respect to taxpayer equity (Wayne Peveto v. Bob Bullock, Cause #273146 (250th District Court, Travis Co.), Wilson v. Brockette, Bennett v. Brockette, Citizens for Fair Taxes v. Brockette, A-76-CA- 223 (Consolidated cases) U.S.D.C. W.D. Austin Division, McCrocklin v. Lucio, Cause #11440 (22nd District Court Hays Co.); equality of expenditures (adjusted for varying educational cost factors) (Horton v. Meskill, 172 Conn. 615, 376 A2d 359 (Conn. 1977), Robinson v. Cahill, 62 N.J. 473, 303 A2d 273 (1973) (referred to hereafter as Robinson); and equality of educational output (Robinson and Seattle School District No. 1 of King County, Washington v. State of Washington, No. 53950 (Thurston County Superior Court)) with respect to equality of educational opportunity. Additionally, the actions of various other states and the case of Board of Education, Levittown v. Nyquist, Index No. 8208/74 (Nassau County Supreme Court) have added the level of tax burden as a function of ability to pay (income factors and municipal overburden) as another standard of taxpayer equity. While the various cases cited are not necessarily binding in Texas, each makes a point we would do well to consider.

Study after study and court case after court case report that we do not even come close with respect to taxpayer equity. This is a result of the large amount of unequalized local enrichment raised by school districts and the haphazard and non-uniform manner in which local property taxes are assessed and collected. With respect to equity for the school children, both the Education Commission of the States and Texas Education Agency studies provide ample proof of the degree of expenditure disparity, and the National Conference of State Legislature study and the report on the Texas Assessment Project indicate that, particularly in the major urban and small rural districts, the disparities carry over into output. Yet, within the context of the Commission's report, these findings have been substantially understated. The E.C.S. study reported that a "moderate level" of expenditure inequality has existed without improvement, and that "strong variations existed among districts in the ability to generate revenues and fiscal neutrality was not being achieved." According to the TEA study, we failed all tests of expenditure and failed all but the least indicative by substantial margins, yet these two studies are summarized in the report by stating that while we are not meeting federal standards, under one test, "Texas comes very near to meeting the standards."

Although we as a commission requested this vast array of information over a broad range of problems, the alternative recommendations expressed in this report cover one narrow aspect of the school finance system: the amount of charge-back to the individual school districts as their local "share" of the Foundation School Program.

We do not make recommendations with respect to the adequacy of the Foundation School Program itself, although studies indicate that it currently covers only a portion of what educators feel is necessary to provide a decent education. There is no mention of adequate availability to all districts of "flexible" funds--local enrichment and equalization aid--although the NCSL study indicated that the lack of availability of such funds is a prime limiting factor in perception of educational quality. There is no mention of assistance for school plant construction and other capital costs, although the NCSL study cited this as one of the prime areas of unmet needs indicated by school professionals. And, there is no mention of how the tax burden relates to the individual taxpayer's "ability to pay", although this was equally a part of the charge to the Commission. While I am troubled by these omissions, I am equally troubled by the propriety of the proposed recommendations themselves.

These recommendations began as requests by Commission members for examination of the potential effects of some of the possible actions of the 66th Session in enacting the recently passed so-called "Tax Relief Amendment." The inquiries have been transmuted into recommendations with little intervening process of analysis.

There are three basic facets of all four recommendations, with "D" continuing an additional factor. All four recommendations set the level of the Local Fund Assignment at $357 million for purposes of analysis. This level is the amount of the current net LFA and is contained in the Legislative Budget Board report. My fear is that by presenting these recommendations as stated, it will be misconstrued to mean that the Commission recommends that level.

The $357 million level of the LFA results from a substantial expenditure in S.B. 1, 65th Legislature 1977, for reduction from the previous level of close to $500 million. A study done by the Senate Education Committee staff shows that the effect of this reduction was to substantially offset the trend towards expenditure equalization begun by H.B. 1126, 64th Legislature 1975, and this finding was echoed in the Education Commission of the States report in their conclusion that no significant improvement in equity exists now compared to prior to the enactment of H.B. 1126--the initial improvement was cancelled. It is my personal belief that we should recommend a return towards equity by recommending a return to the "80/20 state/local" formula coupled with an increase in the FSP to reflect the actual cost of education.

My second concern involves the treatment of the homestead, elderly and personal property exemptions in the impact models of the recommendations. Besides assuming that the elderly exemption will be set at the $10,000 maximum, the models then take a method developed to determine statewide costs of these exemptions and use this method to estimate district by district results. This method was not designed for this purpose, and may unintentionally mislead people as to the local impact of these provisions.

The recommendations vary in their treatment of the potential exemptions regarding agricultural productivity and intangibles. While it is stated in the report that these are only a few of the many possible variations, the listing of only these four might imply that we favor only these approaches, when the stated goal is to reflect the results of the assumed upcoming legislative acts. It is my feeling that the appropriate way to achieve this goal, which is consistent with the principle of taxpayer equity, is to simply recommend that the wealth measure reflect whatever is enacted.

The income factor included in "D" is the one attempt to include "ability to pay". The appropriate use of such a factor is as a modifier of the measure of residential property wealth only. Unfortunately, the district-wide approach used here also judges the taxing capacities of oil wells and major industrial and cmmercial facilities by the income of the people who live nearby.

Both the National Conference of State Legislatures study and the Texas Assessment Project report indicated that the major problems of inadequate educational product, for whatever reason, are in our large urban areas and in the small rural districts. In spite of these findings, the major urban districts lose money under all four of these recommendations, and the rural category districts lose under two of the four according to the impact models presented. It is my belief that we could do a better job of incorporating the information made available to us to address the state's needs and to provide a more equitable system of school finance.

Additional Comments

by Tom C. Massey

This Commission was authorized by the 65th Legislature during the First Called Session in July of 1977, and directed to submit a report by January 1, 1979. Its work was well under way when the Second Called Session, in July and August of 1978, proposed to the voters of Texas constitutional amendments that would dramatically affect the property tax base upon which public school financing depends. The Commission felt that its recommendations should take into account possible actions of the 66th Legislature within the parameters of constitutional changes approved by the voters on November 7, 1978. This resulted in a very brief period of time within which to finalize school finance recommendations and to analyze the probable results of alternative approaches.

While individual members favor one approach over another, the Commission as a whole decided to present its findings at this time in terms of four possible alternatives and the fiscal ramifications of each. Given the disparity of viewpoints represented in the Commission and the Legislature, it was felt that the presentation of alternatives and accompanying data would be the best means of providing information that would be useful in school funding decisions to be made by the Governor and the Legislature.

For years I have witnessed and taken part in the questions and exercises brought on by the disparity of resources among school districts, and the resulting questions regarding "equity." My personal conviction is that the education of our children should be recognized and accepted as a state obligation and, accordingly, the foundation school program should be supported 100% by the state from a broad-based source such as the limited sales tax. The foundation school program should be increased to the extent necessary to insure all public school children in Texas an adequate education. Once this is accomplished little worry should be wasted on how much a district adds to its program, the only reasonable limitation I see being one to prohibit excessive tax levies to finance the program.