

## Major Education Issues Before the Texas Legislature in 2004



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As we begin the run up to the January 2005 Texas legislative session, a number of important education reform issues are on the table. Perhaps the greatest challenge will involve measures to increase revenues to cover state-supported functions, including of course education.



Last year, the legislature basically was deadlocked on tax reform. This led to miniscule increases in state funding for most state services as well as to the ongoing need to actually cut back services in numerous important areas, including the state's child health insurance program.

In an attempt to complete unfinished business of the 2003 regular session, interim committees were appointed to explore alternatives and share their recommendations in this year's special session focusing on the school funding system.

Throughout this period there has been a general consensus that Texas needs to raise more revenue to fund the array of services that it provides its citizens. But there is a deep division on where the money should come from.

Driven by major conflicts over the unprecedented second re-drawing of political district boundaries, bitter partisan divisions only served to widen the divide between important elements that are critical to adopting any major state tax proposal. On the positive side, policymakers have explored many possible funding sources that could facilitate some new consensus.

While education will no doubt be at the center of the battle for increased revenue, other big-ticket items, like health and human services, higher education, and the state's extensive transportation systems, will be competing for funds. Unless major tax reforms are adopted early in the upcoming session, all those dependent on state resources may once again come up short.



Some reform of the school finance system is now perceived as urgent in light of a recent state court ruling that found some aspects of the system violated the state constitution (see IDRA statement on Page 1). More specifically, if the Texas Supreme Court upholds the latest court ruling, the legislature will need to increase the overall level of state funding for public education and the percentage that the state covers of the overall cost.

The legislature may also need to modify the system to resolve the challenge to the \$1.50 tax limit for maintenance and operations expenditures, which the lower court ruled is an unconstitutional state property tax because it does not provide local districts "sufficient local discretion."

The legislature will also need to address the court's concern with the achievement gap between the state's low-income and minority students and its middle-income and White students. It will most likely increase the level of funding for special population students (compensatory education also referred to as "accelerated education," bilingual education, and

special education programs).

The legislature also will face the need for increased state support for all Texas schools. This may be dealt with by increasing the level of overall funding and/or proportion of education costs that are assumed by the state. It was noted during the West Orange Cove court challenge that the percentage that the state covers for public schooling decreased from 48 percent in 1991 to a low of 38 percent in 2003. This decrease is largely the reason that local property taxes have increased at a record pace over the last decade.

Reacting to pressure from communities, some of the state's political leaders have become advocates for a decrease in local property tax burdens that are offset by increases in state aid to local schools. While an attractive idea, school leaders validly complain that a simple replacement of state money for local property tax revenue will not provide any overall increase in the level of support.

A related point is that over-emphasis on reducing local property taxes could tie up much of any additional revenue collected from alternative sources. This would leave many schools at the currently low level of funding and create the possibility of future resistance to other tax increases that might be needed to level school funding in upcoming legislative sessions.

The legislature also will face strong pressure to restore teachers' health insurance funding, which was reduced from the prior year's biennial budget. A lull in state-mandated increases in teacher and administrator salaries over the last few years may lead to a push for increases in those areas as well.



Another major issue that cries out for state action involves addressing the new facilities funding needs in many Texas schools. A special set-aside amount of \$20 million was allocated for the current school year. But it supported only a very small percentage of schools that need help in off-setting school facilities needs. In fact, the limited funding was confined to a mere 16 public school districts, excluding more than 95 percent of all schools.

Yet Texas schools in many communities are dealing with dramatic increases in numbers of students. The need for new schools will continue to be a challenge facing state legislators.

Critics of the state's current school funding program say that the funding process does not provide a reliable source of revenue to address all districts' facilities needs. This has been validated by data showing that in just about every year since the program was created, the instructional facilities allotment appropriation has *never* had enough revenue to cover all districts that apply for and qualify for some level of support.

Until this issue is addressed, local schools may continue to suffer from overcrowded classrooms and higher local property taxes to support new school construction. Whether the legislature will have the capacity or political will needed to address this particularly challenging issue remains to be seen.



Over the last decade, funding for higher education has not kept pace with either inflation or with increases in student enrollment. Also, federal support has decreased for higher education programs, particularly federal financial aid to help families cope with rising tuition and related

expenses. These factors have combined to limit the post-secondary opportunities realistically available to Texas' high school graduates.

One important policy that has helped to diversify enrollment at Texas' two largest universities is the "Ten Percent Plan," a program created by the Texas legislature that guarantees admission to state colleges and universities for all students graduating in the top 10 percent of their high school classes. This program was promoted as an alternative to affirmative action policies.

After the adoption of the Ten Percent Plan, Texas universities witnessed an increase in the number of students applying for admission, including substantive increases in students applying from high schools that previously had very few students applying for and granted admissions to the state's two largest universities (the University of Texas at Austin and Texas A&M University in College Station). Research revealed that prior to the Ten Percent Plan, less than 50 schools accounted for more than one half of admissions. After the plan began, the entering class included a far greater diversity of feeder high schools.

As the proportion of entering freshman admitted under the Ten Percent Plan increased, both major state universities actively promoted modification of that plan in 2003.

One proposal would have capped the percentage that "top 10" students could constitute of the entering freshman class. It was defeated in the last hours of the legislative session on the basis of serious concerns expressed by African American and Hispanic legislators. Despite its 2003 rejection, these major institutions likely will continue to push for modifications of the plan in order to afford them greater "discretion" in freshman admissions decisions.

A related issue will involve a re-visiting of legislation adopted in 2003 that allowed state universities extensive discretion in setting higher tuition and fees. Observations that these increases were not matched with increases in state financial aid for students has raised concerns that some portion of the state's population is being denied affordable access to higher education in Texas.

Less than stellar increases in low-income and minority enrollment at Texas colleges and universities may have been impacted by lack of sufficient financial aid for many students. Texas leaders' complaints that many capable Texas students are opting to enroll in out-of-state institutions may in fact be attributable to the fact that other states are offering Texas students better financial aid packages.

The state also will need to address an array of issues having to do with improving student preparation for college; facilitating transitions from high school to post-secondary schools; developing more effective college-based support programs; and assessing institutional capacity to keep students enrolled until they graduate.



At one time, Texas was considered a national leader in requiring schools to report dropout rates. But starting in the early 1990s, the state created a complex procedure to allow schools to categorize students into various "leaver" categories. These provided many ways for schools to exclude large numbers of students from dropout counts and related calculations. The more onerous categories, for example, allow Texas schools to not count as dropouts who are "believed" to have transferred to another school - without requiring schools to verify their

enrollment at the new school.

IDRA released its latest attrition study last month, finding that Texas schools actually are failing to graduate two out of every five students. Concerns about low credibility of the state agency's reporting of dropout data continues to grow.

This will continue to create pressure for the legislature to change the state's dropout counting and reporting process. Some have proposed a shift to a "graduation-" or "completion-focused" accountability measure. But IDRA is concerned that this alternative can be as easily manipulated if the state continues to rely on data based on the current leaver coding process.

Others have advocated the use of student tracking systems to provide more accurate indicators of school holding power. But care will need to be exercised to ensure that if alternative tracking systems are adopted, safeguards must be created to ensure that they are not manipulated in the way that existing dropout counting process both encourages and facilitates.

As more and more studies reinforce IDRA's research showing that student dropout counts are severely under-estimated, we suggest that it may be time to recognize and support schools and programs that show evidence that they can help reduce dropout rates. IDRA's own [Coca-Cola Valued Youth Program](#) is one of a small number of programs that have a track record of helping schools effectively address the dropout issue. Schools may need either additional resources or incentives to re-allocate resources to encourage them to take bolder steps to address this long-standing critical issue.



Few would disagree with the notion that all Texas students deserve access to well-qualified, well-prepared teachers. Data compiled by the State Board of Teacher Certification however documents ongoing shortages in critical areas, including math, science, and those who work with students who do not speak English or students with special education needs.

Until new programs and incentives are created, schools will be plagued by the need to hire non-certified personnel, request emergency permits and assign teachers to work in subjects that are outside their area of expertise.

Student advocates should demand changes in Texas' student accountability provisions that require students to pass state tests for promotion or graduation. The provisions should at least consider whether such students had access to qualified teachers. In those cases where students were not provided such access, policies should direct grade placement committees and other school officials to consider this as a factor when deciding a students' academic fate.

Barring state action, legal advocates should consider a litigation-based strategy to provide relief for the thousands of students who are impacted by the state's persistent teacher shortage in certain subject and specialty areas.



Over the last few biennium Texas has been at a crossroads, grappling with an array of educational policies whose effects will be felt for generations. One set of choices, including increased state investment in our public schools, will lead to expanded opportunities for all students, promises of a well prepared workforce, and prosperity for an increasing number of Texas citizens. Other choices, including privatizing and increased standards without increased

support, will result in dysfunctional responses, limited opportunities, and an overall decline in the population's level of education.

No doubt that to do better the state of Texas will need to do more. But will state leaders take up the challenge and do what is needed? Judge Dietz asks a similar question noting: "Are we at this present day, to turn our back on 168 years of heritage of Texas public education and say we aren't prepared for the sacrifice? Are we to say that to close that gap is too hard, costs too much money, and that we simply give up? Are we prepared for a Texas that is dismally poor, needy and ignorant? I think not... Again I repeat it is the people of Texas who must set the standard, make the sacrifice, and give direction to their leaders. And the time to speak is now. These problems only get more difficult the more we wait... The lesson is this, education costs money, but ignorance costs more money... More money invested in education benefits first the children of Texas, or in other words our future. It also benefits our entire community because educated people make more money, spend more money, and pay more taxes" (2004).

IDRA will monitor these issues throughout the legislative session and, in the summer of 2005, will present to you an assessment of how well the legislature lived up to its challenge.



*West Orange Cove vs. Neeley*. State District Court Summary Decision (Austin, Texas: State District Court, September 2004).

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