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PROCEEDINGS

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## ADDENDUM

(SIXTY-FOURTH DAY — Friday, May 20, 2011)

The following remarks regarding Floor Amendment No. 16 to **SB 1581** were ordered reduced to writing and printed in the *Senate Journal*.

**President:** The Chair lays out Floor Amendment No. 16 by Senator Deuell. The Secretary will read the amendment.

**Secretary of the Senate:** Floor Amendment No. 16 by Deuell, amending Floor Amendment No. 13.

**President:** The Chair recognizes Senator Deuell on Floor Amendment 16.

**Senator Deuell:** Thank you Mr. President. Members, this amendment is designed to fix and get rid of target revenue, something that has created inequities within our school system. Before I explain the amendment I'd like to read from the Foundation School Program book by the Legislative Budget Board: Fiscal neutrality, commonly referred to as equity, entails a public school finance system that provides for substantially equal access to similar revenue per student at similar tax effort considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences. They go on to say: The equity of the public school finance system as measured by the analysis presented here has declined since the implementation of the related statutory provisions of the 2006 legislation. They go on to say: The effect of the base year revenue target and the hold harmless funds that flowed from it was to override the equity gained in the formula structure and lock in the inequities that existed in the system in those base years. Other inequities have a larger impact. Members, I voted as many of you did for the school refinance in 2006. We knew there were inequities, and we were supposed to fix them, but we haven't. And the budget shortfall that we've had this year has created other difficulties, but I want to explain about this amendment. This was an agreed-to amendment to the Committee Substitute Senate Bill 22. I voted against the bill coming out of Committee because of the inequities, and then offered to vote to suspend on the floor if we could work out an amendment that would set a mechanism to get rid of target revenue. Target revenue is, as you heard from previous discussions that I won't repeat, there is something in here to get rid of it, but there's no mechanism. And the general consensus, I think, probably unanimously, everybody thinks we need to get rid of target revenue. And Committee Substitute to Senate Bill 22 started that debate. I first proposed this amendment to phase out target revenue after the 2012-2013 biennium over a period of four years. Many thought that that was

too fast. Of the many, many districts in the state that benefited from this target revenue, hold harmless plan, they get used to spending the money. I served on a school board, and I understand that. But many, many more school districts affecting the majority of children in Texas are underfunded. They're not getting the inequities, and I'm going to read inequities from each Senate District in a minute. So, but, in respect to the Members who have districts that were overfunded, I'll use that term, we needed a longer phase out of six years. But we wanted to bring the lower funded districts up in a shorter amount of time. So what we did with this amendment was, we added money to the 2.4 billion: 1.6 billion, 800 million in the next biennium, and 800 million in the biennium after that to speed up the process. We accelerated the basic allotment. Members, the amendment before you accomplishes the following: It reduces hold harmless by one-sixth in each year, Fiscal Year '14 through Fiscal Year '19. Savings achieved by reducing the hold harmless are funneled into the basic allotment. It directs new money into the system. A total of 1.6 billion, as I said, above the amount returned to the system by Committee Substitute 22 in Fiscal Years '14 and '17. This act will bring us to current law spending in Fiscal Year '17. I want to take the time to read to you inequities within our system and the various school districts. Senate District 1, Senator Eltife, your lowest district is \$3,926, your highest district is \$6,981. In my district, Senate District 2, the lowest school district is funded at \$4,576, the highest district at \$6,261. Senator Nichols, Senate District 3, the lowest district is \$4,407, the highest district is \$7,367. Senator Williams, Senate District 4, the lowest district is \$4,615, the highest district is \$7,064. Senator Ogden, the lowest district, Senate District 5, your lowest school district is \$4,694, and the highest is \$8,646. Senator Gallegos, Senate District 2, the lowest district is \$4,890, the highest district is \$5,668. Senate District 7, Senator Patrick, the lowest district is \$4,772, the highest district is \$6,024. Senator Shapiro, Senate District 8, the lowest district is \$5,194, the highest is \$7,418. Senator Harris, Senate District 9, the lowest district is \$4,836, the highest district is \$5,706. Senator Davis, Senate District 10, the lowest district is \$4,797, the highest district is \$6,880. Senator Jackson, Senate District 11, the lowest district is \$4,863, the highest district is \$5,984. Senator Nelson, Senate District 12, the lowest district is \$4,770, the highest district is \$7,050. Senator Ellis, Senate District 13, the lowest district is \$4,890, the highest district is \$5,292. Senator Watson, Senate District 14, the lowest district is \$5,102, the highest is \$6,282. Senator Whitmire, Senate District 15, the lowest district is \$4,887, the highest is \$6,459. Senator Carona, Senate District 16, the lowest district is \$4,780, the highest is \$5,856. Senator Huffman, Senate District 17, the lowest district is \$4,804, the highest district is \$6,876. Senator Hegar, Senate District 18, the lowest district is \$4,710, the highest district is \$7,935. Senate District 19, Senator Uresti, the lowest district is \$3,831, the highest district, Members, is \$12,400. There's a \$9,000 difference in those two school districts. Senator Hinojosa, Senate District 20, the low district is \$4,678, the high district is \$9,548. Senator Zaffirini, Senate District 21, your lowest district is \$3,732, your highest district is \$10,908, nearly a \$7,000 difference. Senator Birdwell, Senate District 22, the lowest district is \$4,118, the highest district is \$7,750. Senator West, Senate District 23, the lowest district is \$4,884, the highest district is \$5,430. Senator Fraser, Senate District 24, the lowest district is \$3,896, the highest district is \$6,864. Senator Wentworth, Senate District 25, the lowest district is \$4,426, the highest

district is \$6,109. Senator Van de Putte, Senate District 26, the lowest is \$3,759, the highest is \$5,573. Senator Lucio, Senate District 27, \$4,304 for your lowest district, \$7,321 for your highest. Senator Duncan, Senate District 28, your lowest is \$4,390, your highest is \$12,979. Senator Rodriguez, District 29, your lowest district is \$4,614, your high is \$5,083. Senator Estes, your low district is \$4,425, and your high is \$7,488. Senator Seliger, your low district is \$4,432, your highest is \$12,387. Members, that's why we need to get rid of target revenue. Now, I understand money has been short, and this easy solution would have been to raise up the target, the low target revenue schools and then ease the others down with money which we didn't have. However, we do have the Rainy Day Fund. For the life of me, I cannot understand why we would not use that to help equalize this system. There are vast disparities in district funding as you just heard. We implemented this as a temporary finance method. It froze old inequities in place, making them perpetual, and they got worse. It created new inequities. For example, that a district's property value go up more than another district's. The system before target revenue was based on prior year value, so districts benefited from increased property values for one year, but then that benefit was taken away the following year. Target revenue blocked, locked in situations like this. Districts are not funded based on cost, and, in turn, state and local taxpayer dollars are not being utilized efficiently. Members, I could go on, and I won't in the interest of time. But I do want to read a letter that Senator Shapiro received from my superintendent in Greenville. And I won't read the whole letter, but he says: Now when I hear that your support for 5 percent across the board cut in school funding I'm greatly discouraged. I have attached a chart that compares Greenville ISD, 4,800 students, and one of my neighboring school districts, Lovejoy ISD, 3,500 school districts, which I believe is in Senator Shapiro's district, in regards to state funding. The chart clearly shows that Lovejoy received over \$2,400 more per student than Greenville. With that type of funding they enjoy additional staff and programs that we cannot even dream about. For example, they have six curriculum specialists and we have none. I do have two curriculum directors, however their curriculum department is almost as large as my administrative staff. So when we cut 5 percent, that would directly impact students and teachers. When districts like Lovejoy cut 5 percent, it will have less direct impact on their students and teachers. I do not blame Lovejoy. I blame the system that tells our parents that their children are worth over \$2,400 less than the children in Lovejoy. You have it in your power to lead and make changes in this inequitable system. On behalf of underfunded and disadvantaged students across the state, please exercise this leadership. Members, I'm going to pull this amendment. I'm not sure if I have the votes or not. I would hope that I would. But I'm going to pull it because I promised Senator Ogden that I would. But I'm deeply disappointed that I've worked to an agreed-to amendment. I am disappointed that I had the votes to bring up Committee Substitute 22, and it didn't come up, and it's placed on this. Thank you for your time.

**President:** Thank you Senator. Senator Davis, for what purpose do you rise?

**Senator Davis:** Well, Mr. President, it may not be pertinent for me now to ask a question that Senator Deuell has pulled his amendment. But I do want to comment, Senator Deuell. I agree with you, and I know a number of Members on this floor agree with you that that is a direction that we need to take. And if truly it's the case

that we intend to fulfill our commitment to ending target revenue, rather than saying we're going to deal in a small way with that right now, and then in 2017 we promise we'll take care of it, I think your proposal was a very good one, one that truly did try to help us get back to an equitable system. One question that I had, you read all those numbers for each of our districts, and they were vastly different. But between the very lowest district in Texas, the lowest WADA in Texas and the highest, what's the lowest and what's the highest?

**Senator Deuell:** I don't remember off the top of my head, but it was, I think, 3,800 was the lowest and 12,000, almost 13,000. And I might add, Senator Davis, that if you look at tax effort with these schools, that the schools getting the lowest funding on target revenue seem to be the ones that are taxing up at \$1.17, and the districts that are funded higher under this are the ones that are funding, if you look at the top 100, they're taxing at \$1.00 on average. If you look at the lower 100, they're taxing at \$1.16, another inequity to this system.

**Senator Davis:** And an excellent point, Senator Deuell. What we're looking at is an almost eight to nine thousand dollar difference between some of our lowest funded school districts and our highest. And for those lowest funded, as you point out, their tax rate is even greater because they're doing everything they can to try to make up the difference between what they aren't receiving from the state and what they can't collect because their property valuations are lower in their communities. I think you've done a beautiful job of pointing out what's broken about school funding in the State of Texas and why it so desperately needs to be fixed. And I applaud you for all the work that you did.

**Senator Deuell:** Well, thank you.

**Senator Davis:** Thank you.

**Senator Deuell:** I want to point one more, in my district the lowest district is 4,500 and the highest is 6,000. And I received an E-mail from the superintendent of the highest-funded school district, who knew I was proposing to do this. And what he said was, this is going to hurt our district, but what you're doing is fair and it represents the great majority of the districts in your district, and I appreciate that. So here was a superintendent who would take a cut, but he realizes this system is unfair. And I certainly hope that if I'm lucky enough to be back here in two years, that we can fix this and get rid of it. Thank you Mr. President.

**President:** Senator Nichols, for what purpose do you rise?

**Senator Nichols:** I was going to ask Senator Deuell a question.

**President:** Will Senator Deuell yield?

**Senator Deuell:** I guess I need to ask you to put my amendment back up, even though we're not going to vote on it.

**Senator Nichols:** First of all, I didn't realize it was officially pulled down yet. I thought you were still discussing it. I, let me just say this, I know that our districts are somewhat similar, they're very close. Many of the schools that are on the short end of the stick are in my district as well as yours. And it's something, it is extremely difficult for me to explain why some get a lot more and some don't. It is unfair. My

predecessor had struggled with this issue before me. He referred to it as, a child should not get differences in education by their ZIP Code. But that is how we have chosen to do it in Texas. I've strongly objected to it. I do agree with your amendment and your attempts to try to fix it. And, certainly, will be voting with you if you wanted me to. But I think you said, as you said, there isn't the votes to get it done. And I think the direction we're going is the best that we're going to be able to get this session. So I want to thank you very much for the work you've done.

**Senator Deuell:** Thank you, thank you, Senator Nichols. And I might add, Senator Duncan and Senator Seliger, I mean there're many Senators in this room, I think you can see from what I read out, that have these inequities. And, Members, I'm going to pull it down out of respect to the Chairman. But we really can fix this and set in a mechanism. And Senator Duncan's going to introduce an amendment that I was asked to do in place of this, but all it says is that we're going to consider it. We've been considering in '07 and '09, and we've considered now, and the Committee Substitute to Senate Bill 22 does go somewhat toward that direction. But we could do it a lot better. And I think the schoolchildren of Texas deserve better, and I think our teachers and superintendents deserve better. But unless there's other questions, I'll pull it down.

