

Schools face financial train wreck

■ Future looks 'scary' without system reform

By H.D. CHAMBERS and LOUIS STOERNER

LIKE many other sectors of the economy, Texas public school districts are facing severe financial challenges. Many have been brought to the brink of financial insolvency; others have been forced to reduce staff and cut programs that are essential to student success.

To quote the Texas Education Agency deputy associate finance commissioner, "I see school districts suffering a lot of distress, and if you project things into the future, it looks scary." It's unfortunate that the complexity of the current school finance system makes it difficult for the general public to understand why districts are suffering financially.

One of the most misunderstood issues is that although local property tax bills continue to rise as property values increase, school districts do not realize any additional operating revenue from the larger tax bills. Under the current system, the state benefits when local property values increase. Districts either send the entire increased amount back to the state, or the additional revenue is offset by an equal reduction in operating funds received from Austin.

This system originally was intended to assure a more nearly equalized funding level from one district to another. Sadly, legislative changes over the last few years have not only reduced equity but have also altered the system to the point that it no longer meets the state's obligation of providing an adequate level of funding to meet the increasing

standards and growing needs of our students.

Current public school funding issues include:

■ Districts' operating revenues vary from \$3,000 to more than \$12,000 per student.

■ Revenues were frozen at 2005-06 levels until 2009, when the Legislature provided minimal additional funding.

■ The Legislature mandated that the majority of the additional funds be spent for salary increases for certain employees.

■ No increased funding for escalating fuel, insurance and electricity costs.

School districts and taxpayers should be especially concerned since every additional dollar received was federal stimulus funding, and it is highly unlikely that federal funds will be available to offset a forecast budget deficit of \$12 billion to \$17 billion for 2011-12 and 2012-13.

Houston-area school districts are making extremely difficult financial decisions in an effort to postpone the inevitable financial collapse of Texas' public education system. Most are making major personnel cuts and discontinuing academic programs.

Since more than 85 percent of each district's budget is dedicated to personnel, meaningful expense reductions can be achieved only by eliminating positions. Up to this point, most districts have attempted to reduce staff in areas that do not affect classroom instruction, but that has become almost impossible now.

Districts also have used their fund balances (savings accounts) to make ends meet. In some districts, fund balances have been reduced to dangerously low levels that do not meet state-

expected levels. Fast-growing districts face additional challenges since the lack of operating funds prevents them from opening new schools to address enrollment growth. Class sizes are increasing, campuses are getting more crowded, and ultimately academic effectiveness will be compromised. Our students will suffer.

With a few exceptions, districts are faced with one option — asking voters to approve a tax increase through a tax-ratification election. However, most taxpayers are struggling and cannot support an increase. (It is interesting to note that locally elected school boards are the only elected entities in Texas not allowed to set their own maintenance and operations tax rate without an election.)

School district leaders are responsible for ensuring that our children graduate prepared for college or a career, and we must be good stewards of our taxpayers' dollars. However, the state also must provide adequate funding to support continually rising state and federal standards and requirements. Removing or suspending various unfunded or underfunded mandates is not a long-term solution for the school funding crisis but could help us get through these difficult economic times. However, a long-term fix must be found since school districts throughout the state are facing financial challenges that threaten the very core of public education and, in some cases, the future viability of public schools. No one is ready for the possible train wreck that lies ahead.

Chambers is the superintendent of schools for the Stafford Municipal School District; Stoerner is superintendent of schools for the Alief Independent School District.