



**AMERICANS FOR
PROSPERITY®**

TEXAS

Senate Education Committee Interim Hearing

Testimony by AFP-Texas Director Peggy Venable

August 24, 2012

Senate Interim Charge 5: Study the performance and accountability of charter schools, best practices of high-performing charter schools, and barriers to replication. Review policies and practices for authorizing high-quality charters and closing poor-performing charters. Study the benefits of and costs related to increasing the number of charters, as well as establishing additional authorization boards to grant new charters.

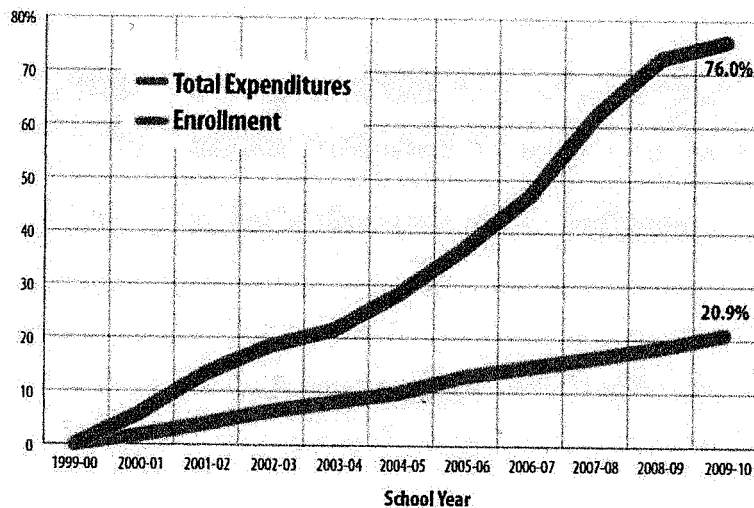
Senate Interim Charge 6: Study the impact of school choice programs in other states on students, parents, and teachers. Explore the use of education tax credits and taxpayer savings grants, and examine potential impacts on state funding.

We and the over 120,000 activists for Americans for Prosperity-Texas appreciate the interim charges and this committee for holding this hearing and studying these issues.

We have approximately 5 million children in Texas schools and in 2011 spent almost \$56 billion total funds on education and according to TEA, only less than \$ 25 billion is spent on instruction.

We have grown education spending in Texas at a rate of five times faster than student enrollment increases. Yet student performance does not appear to be improving.

Growth in Public Education Expenditures vs Enrollment, 1999-00 to 2009-10 School Years



Source: Texas Education Agency and U.S. Census Bureau.

We could talk dollars and cents but we would lose the sense of what this is all about...this is about the kids, not the education bureaucracy or the facilities.

The Texas Taxpayer Savings Grant would provide both choice and savings in our education system. Both are also sorely needed.

We are in need of dramatic education reform in Texas and across the country. Some states are ahead of us in addressing these reforms.

Just this year, Gov. Bobby Jindal signed into law one of the most sweeping school choice expansions in the nation, representing an enormous victory for low- and middle-income families from across the state.

We at AFP applauded the governor, a bipartisan coalition of state legislators, and local grassroots advocates for their support of Louisiana's House Bill 976, which made school vouchers available throughout the entire state of Louisiana. This victory expands eligibility for the highly-successful New Orleans voucher program to as many as 380,000 Louisiana children statewide. Highlights of the Louisiana reforms are attached.

We have two broad policy objectives.

First, parents need to have the same rights to determine their children's schools as they have to determine where they live and where they shop. Even when citizens use public dollars to purchase housing or food, they are not told where to spend those dollars. Education is a monopoly and should not be.

Education reform is about more than choice – it is also about modernizing the education delivery system and should include various options.

I have seen parents distraught that their children are in schools where the students are struggling. I speak to parents who are in school districts rated unsatisfactory but have no options. I spoke to grandparents in Trinity, Texas, whose son died and they were raising his daughter. They made the heartbreaking decision to send her to live with their other son because they refused to send their granddaughter to a failing school. Parents in Trinity, TX, are without options.

And providing options to parents could ease crowding and eliminate the need for new facilities.

ISD debt

Texas taxpayers are \$322 billion in debt, second only to California. The largest portion of that are the education interest and sinking (I&S) funds. ISD's across the state have put taxpayers over \$108 billion in debt. While most of this is taxpayer-approved, few taxpayers know how much debt their own ISD is carrying. Many school board members also don't know. I asked one in Round Rock recently and she admitted that she didn't know how much debt her own ISD is carrying. (It is over \$1.1 billion – principal plus interest.) This debt has grown dramatically. Principal alone, Texas school districts are a total of \$63.6 billion in debt and that is up from \$38 Billion in 2005. With interest puts taxpayers' burden at over \$108 billion.

Public school districts accounted for 54.4 percent (\$63.63 billion) of the total tax-supported local debt outstanding.

Debt service has doubled in less than a decade, from \$600 per pupil in 2002 to \$1,100 per student in part due to state incentives for school debt growth.

While educators and school board members advocating the debt will claim that the increase in student enrollment is driving the debt, we at Americans for Prosperity have found that ISD's have not been prudent in issuing debt or in how that money is spent.

In Leander ISD, two schools – a middle school and an elementary school – sit empty because the school district could not afford to staff the school. ⁱ Actually, Leander ISD owes more in interest than in principal. The Texas Bond Review Board reports that Leander owes almost \$2.8 million. Of that, \$1.8 million is interest and \$953,391,700 is principalⁱⁱⁱ.

For instance, one AFP Watchdog mentioned above -- Jason Moore from Odessa -- owns a masonry business -- testified several years ago before the state legislature that he has recommend cost-savings to the Ector County ISD facilities coordinator only to hear "we got the funding approved from the taxpayers -- we are going to build the school according to how it has been designed." Students do not learn any better in schools with carved archway taj-mahal facilities.

While the ISD bond initiatives are often "sold" to the public as being "for the children", we contend that the debt represents today's leaders placing a large financial burden on tomorrow's taxpayers. And the trend is to continue to issue debt, making it more challenging for tomorrow's taxpayers to have the opportunity to enjoy the American dream.

Based on ADA, as of August 31, 2011, those public school districts with voter-approved debt outstanding had a debt of \$14,409 per student, an increase of 3.8 percent (\$526) from 2010. Since fiscal year 2007, the state's debt per student has increased 22.9 percent (\$2,687) from \$11,722 to \$14,409 per student.

Unfortunately, some proponents of schools will go to any lengths to get a bond initiative approved.

So while some education spending advocates are calling to break the rules to get bond initiatives passed, many have lost perspective on the facts. Buildings don't teach students. Teachers do.

In Allen ISD, the board is planning to spend \$37 million for a "bus barn" to house and to wash their school buses which are now kept in three separate facilities. Some taxpayers in that district are challenging the action and consider that wasteful spending.

And while the focus may be on facilities, the benefits and cost need to be weighed.

In short, we are leaving our children a legacy of debt, not the legacy most of us want to leave.

Fund balances

We currently fund school districts regardless of the size of their fund balance. In 19__, the fund balance average for ISD's in the Lone Star State was 14%. Two years ago, it was 20%. The fund balance represents "money in the bank" of off-budget, surplus funds. ISD administrators have represented a need for a fund balance to cover costs the first of the school year before funding from the state arrives, but since the state currently covers only about half the ISD M&O costs, that does not make sense. While many in the education community pushed the legislators to empty the state "rainy day" budget stabilization fund for education, it is ironic that ISD's generally have a much greater percentage of their annual budget in a reserve fund.

We could list reason after reason for providing options to parents. But the bottom line is this: parents deserve options.

And any ISD personnel who are fighting providing parents with options and fear students leaving their ISD must have little confidence in the product they are delivering.

What should reform look like?

We are looking at a broad array of reforms in Texas to include:

Here are the elements ~~which I have mentioned:~~

- Modify TX parent trigger
- Online learning
- Merit pay for teachers
- Lift the charter cap/stronger mechanism for shutting down bad charter schools
- Voucher plan which empowers parents to choose their children's schools

We at Americans for Prosperity look forward to working with you on education reform packages and appreciate your tackling this important issue.

My background

I am Texas director of Americans for Prosperity, an organization of over two million citizen activists across the country with over 111,000 citizen activists in Texas. We focus on engaging citizens public policy issues. I have been in public policy and a taxpayer advocate in Texas for almost 20 years. Before that, I worked on policy at the federal level in Washington, D.C.

I have been involved in education public policy for over 35 years. In 1981, I was named the first White House Liaison for the US Department of Education under President Ronald Reagan. It was when the groundbreaking study "A Nation at Risk" was conceived. The study provided the first wake-up call that the US education system was not producing the results Americans had expected and that we had fallen behind other industrialized countries in student performance.

That study found that dollars do not equate to improved student outcomes and launched a national dialogue, which continues today. .

Since then, I have followed education policy and funding. I am on the Board of the Texas Center for Education Research and AFP started the Red Apple Project last year to provide more transparency to Texas parents and taxpayers. I travel the state and talk with thousands of Texas voters and taxpayers every year. I hear first-hand how grassroots Texans feel about the inefficiency of our education system and I understand their desire for positive change and improvement.

AFP profiled the Louisiana reforms here:

<http://americansforprosperity.org/louisiana/newsroom/041012-lawmakers-pass-two-bills-improving-education-louisiana-schoolchildren/>

Indiana passed a large school choice initiative in 2011: <http://www.edchoice.org/School-Choice/Legislative-Update/February-2011-Legislative-Roundup.aspx>

The Friedman Foundation is great resources on school choice by state:

<http://www.edchoice.org/School-Choice/School-Choice-in-Your-State.aspx>

The Louisiana Model

Louisiana has four private school choice programs (vouchers, special-needs vouchers, individual tax deductions, tax-credit scholarships). The state also has a charter school law. Louisiana enables public virtual schooling. Limited open enrollment exists, both for intradistrict and interdistrict public school choice.

The Louisiana Constitution now contains parallel language to the federal Constitution's religion clauses, and both tax credit and voucher programs are consistent with Louisiana's current Constitution. In *Seegers*, the Louisiana Supreme Court specifically noted: "The great similarity of the establishment clause of our Constitution and that of the United States Constitution allows us to use the United States Supreme Court interpretations of the federal clause as an aid for interpreting our own." Given that the U.S. Supreme Court's ruling in *Zelman* upheld school vouchers under the federal Establishment Clause, it is likely that Louisiana's Supreme Court would follow that decision.

Tax Credit for Donations to School Tuition Organizations

Enacted 2012 • Launches 2012-13

Taxpayers in Louisiana will be given a tax rebate for donations they make to school tuition organizations, which in turn provide private school scholarships to students whose parents' income is less than 250 percent of the federal poverty line. [Read More](#)

School Choice Pilot Program for Certain Students with Exceptionalities

Enacted 2010 • Launched 2011-12

Allows any student in an eligible parish with exceptionalities the opportunity to attend schools of their parents' choosing that provide educational services that specifically address the student's needs. Eligible students are generally defined as... [Read More](#)

Student Scholarships for Educational Excellence Program

Enacted 2008 • Launched 2008-09

Low-income students in failing schools throughout the state (eligibility previously was limited to large, failing school districts) are eligible for vouchers to attend the public or private school of their choice. [Read More](#)

Elementary and Secondary School Tuition Deduction

Enacted 2008 • Launched 2008

Louisiana provides an individual tax deduction for educational expenses, including private school tuition and fees as well as uniforms, textbooks, curricular materials, and any school supplies required by the school. This deduction helps mitigate the... [Read More](#)

¹ <http://m.lubbockonline.com/filed-online/2011-08-20/texas-school-cuts-be-felt-ways-big-and-small-following-cuts-at-wiwo>

² http://www.brb.state.tx.us/lgs_search.aspx?action=isd, Texas Bond Review Board website

³ http://www.brb.state.tx.us/lgs_search.aspx?action=isd, Texas Bond Review Board website

