

January 24, 2002

Testimony for the Joint Select Committee on Public School Finance

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Austin, Texas

I am Pat Forgione, Superintendent of the Austin Independent School District, and I want to thank the committee members for the opportunity to speak to you and for all the many hours of hard work and the many miles traveled across our big state to seek input on the thorny issue of how to fund Texas' public schools.

Attached to the copy of my testimony is some of the relevant information on Austin ISD addressing areas like our student demographics, budget, tax rates, Chapter 41 payments, Social Security issues, accountability ratings, etc.

As I have monitored the work of the committee I have been struck by the overall consistent message presented to you. You have heard that most Texas school districts are facing a similar set of challenges in their efforts to provide all students with a quality education, including:

- Preparing students and teachers to meet rising academic standards,
- Recruiting and retaining qualified personnel,
- Serving the needs of a growing population of students with special needs,
- Building and maintaining adequate facilities, and
- Funding growing costs for utilities, fuel, insurance, and supplies.

You have heard about the problems of districts that have hit the \$1.50 M&O cap and the challenges facing Chapter 41 districts. As a Chapter 41 district we do get more funding per penny than the Chapter 42 and "gap" districts. Even with this advantage, my district is faced with all the funding challenges mentioned earlier.

Austin ISD has long supported the need to provide for an equitable school finance system - and continues to do so -- even as a Chapter 41 district. By the same token, as our recapture payments go from \$34 million to \$150 million in three years - our taxpayers begin to question the soundness of this policy. We are not alone; more and more communities across the state are questioning this policy too. Our 2001-02 payments of \$ 93 million represent approximately 25 cents out of our \$1.45 M&O tax rate.

This panel has been asked to focus on the challenges facing the larger, more urban districts. To be sure, doing school business in Dallas, Houston, or Austin is very different than in Dripping Springs, or Hondo, or Alpine. But we all share a desire to have the necessary funds and flexibility to meet the state standards in a way that works for our local communities and, above all, our students.

Over the last two sessions, the major focus of the Legislature has been teacher salaries and employee health insurance. The Legislature is to be thanked for their efforts to improve the overall compensation for school employees.

Now, given the rising standards and implementation of the recommended high school program, it is time to focus on the needs of the student in the classroom.

In my 2 ½ years in Austin I have gotten a good understanding of what this great community values and expects in their school system. Nothing is easy in Austin and everyone wants to help me run the district. And I appreciate all the help.

When I first came to Austin we had many hills to climb. My Board of Trustees has made the hard calls to help turn this District around. We have a lot left to do, but our teamwork and focus has paid off in bringing stability and progress to AISD.

Specifically, over these 2 ½ years AISD has:

- More than doubled the number of exemplary and recognized campus (from 16 to 38)
- Reduced the number of low-performing campuses (from 14 to 5)
- Decreased the drop out rate by 35%

- Produced 151 National Merit Scholars in 2001
- Received 10 of Texas' 19 teachers recognized by the National Board for Teacher Certification
- Kept the overall tax rate flat at the rate of \$1.54 (M&O and I&S), and
- Awarded a "AA" Bond rating from Standard and Poors and Moody's Investor Services - getting us off the "negative watch" list.

Austin's most pressing challenges include the following:

- Maintaining and finding high quality campus leadership - this year I appointed 33 new principals. We have set up a school Leadership Academy in collaboration with the University of Texas at Austin and President Larry Faulkner to grow this needed talent,
- Improving our campus ratings - especially focusing on our current low-performing campuses and moving the other campuses to the highest level, and
- Continuing to reduce our dropout rates by not losing students in the first place and making school a place recovered students want to be.

I wish I could offer new information or say something so compelling that this committee would unanimously recommend a new system for public school finance that meets or exceeds the current levels of equity - while providing flexible funds sufficient to cover all the anticipated costs for the foreseeable future and a recommend a new, balanced, robust and fair revenue stream that fits the bill.

What I can do is acknowledge that public education in Texas is at a critical crossroads. Under the current system, most of the funding "capacity" has been used up and there do not appear to be many, if any, costs that are decreasing. The economy is slowing down and flat or falling property values do not help the situation.

Given all the other increasing demands and draws on the state budget, what is a reasonable way out of the pending crisis in school finance - on the revenue side and on the distribution side?

Closing the gaps in the state sales tax and franchise tax is a good next step - while guarding against regressivity. I believe the public will continue to show broad-based support for public education in Texas in accepting a restructuring of the state's taxes.

I would also suggest that adoption of an updated Cost of Education Index that takes into account, among other factors, a district's uncontrollable costs associated with Social Security payments. An index that also recognizes the compounded effects facing urban districts' challenges of educating students with economic and language needs is, in my opinion, good public policy.

I would close by saying that I have been speaking today as the Superintendent of the Austin Independent School District. I hope I have made a case for the needs of large districts in Texas.

At your next meeting in February I understand that you are taking testimony from organizations on "specific concerns and proposed solutions to the current school finance system." As the current president of the Texas School Alliance - I hope to be able to return and offer our most considered recommendations.

Pascal D. Forgione, Superintendent
 Austin Independent School District
 1111 West 6th Street
 Austin, Texas 78703-5300
 Office: 512-414-2482
 Fax: 512-414-1486
superintendent@austin.isd.tenet.edu