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Panel talks of total revision

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By **Jenny LaCoste-Caputo** - Express-News

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AUSTIN — A joint select committee on school finance met Tuesday and lawmakers, educators and business leaders agreed on one thing: The state's school funding system is complicated, convoluted and needs more than a makeover.

It needs a total rebuild.

"Here's what I think is clear," said committee member Sen. Dan Patrick, R-Houston. "We cannot continue long term to depend on property taxes to fund public education. We have to come up with a different source of money, and we have to come up with a better system for distributing that money."

The committee, made up of members appointed by House Speaker Joe Straus, R-San Antonio, and Lt. Gov. David Dewhurst, is charged with conducting a comprehensive review of funding formulas under the public school finance system and making recommendations to the Legislature on how to improve it.

After hearing a two-hour presentation to explain how the current school funding system works, Sen. Florence Shapiro, R-Plano, said it might be time to start from scratch.

"We just spent the better part of two hours trying to figure this out, and I guarantee you we have more questions now than we did when we started," said Shapiro, co-chair of the committee along with Rep. Rob Eissler, R-The Woodlands. "We've got to find a way that makes more sense so we can be more responsive to taxpayers."

The Texas school funding system, after numerous court-ordered overhauls, has evolved into complex, multitiered formulas that are difficult for even education experts to understand.

The last overhaul in 2006 was in response to a state Supreme Court order and resulted in a new business tax designed to ease property taxes, but the revenue generated fell short of expectations.

Districts across the state are dealing with budget shortfalls — San Antonio's North East Independent School District has declared financial exigency and is cutting \$63 million from its budget over the next three years — and growing resource inequity among school systems could lead to another school finance lawsuit.

Most districts — including North East and San Antonio's largest, Northside — are frozen at 2006 funding levels, which means revenue from increases in property values in the past four years went to the state, not the local school district.

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Committee member Larry Kellner, former CEO of Continental Airlines, asked: "Has there been any talk in the past to throw the whole system out and start all over?"

Shapiro asked committee members to brainstorm what a new system would look like for consideration at the next meeting.

Patrick thinks Texas has to stop relying on property taxes, a move he sees as ultimately lethal to the state's economy. He's suggesting increasing the sales tax by 2 percentage points and eliminating some sales tax exemptions while reducing property taxes by 30 percent to 40 percent.

He estimates that someone who makes \$60,000 a year would pay about \$200 more a year in sales tax under his plan.

"I have not talked to a homeowner or a business owner that would not swap \$200 a year more in sales tax for lower property tax," he said.

North East Superintendent Richard Middleton, who also sits on the committee, said Texas has to come up with a more transparent way to fund public education.

He said trying to explain to constituents why he's having to make drastic budget cuts even as their property values go up and they pay more taxes is next to impossible.

"We can't explain it," he said. "We try very hard to tell our constituents ... the way we used to generate revenue no longer exists."

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jwkeenegd is right. A makeover is still an excellent idea.

Sid 1:59 AM

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republicans talking about new sources of raising money, oh I forgot, reublicans don't raise taxes, only fees, same thing.

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