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On to the 83rd: A First Look

The budget-cutting 82nd legislative session has come to a close, but not without leaving a significant legacy for the 83rd session in 2013. The next year will see renewed attention to public education finance through state studies, implementation activities, and the development of increased education standards. Accountability, efficiency, productivity, the structural deficit, compensation patterns and pension reform all will be the subject of increased state scrutiny. In addition, multiple lawsuits challenging the adequacy, equity, efficiency, and tax structure of the system are currently being developed. These efforts could well result in a district court level finding on the constitutionality of the current school finance system prior to the coming session.

Although the 82nd Legislature did create a balanced budget that included over \$5 billion in public education cuts, it failed to provide a firm foundation for either state finance or public school finance. The Legislature left a considerable agenda of activities for the 2011 school year in preparation for the 2013 legislative session. Any projection of future financing must take into account that we are in an era of rising standards and ever higher competition for both funding and public support. The yet to be developed revised accountability and assessment systems will be based on the goal of college readiness for all students. The financing system for achieving this goal is in severe need of a major overhaul. The concerns – separate but unequal funding systems, outdated cost adjustment factors, lack of perceived meaningful discretion, and failure to address spending pressures are well known. The solutions, however, are not so clear. The interim will feature numerous legislative, judicial, and education group efforts to test new concepts and new ideas in the pursuit of adequate funding for all Texas schools.

In looking forward, the challenges for the 2013 legislative session and beyond are substantial. The state budget for the coming biennium was balanced through the use of the proverbial bailing wire and chewing gum. Almost \$5 billion was “saved” by ignoring Medicaid requirements and postponing them until next session. Another \$3 billion in “savings” resulted from one-time postponements of expenditures or revenues. “Conservative” spending estimates, which are likely to be exceeded by reality, accounted for at least another billion in public education alone. The use of the Rainy Day fund to cover \$3 billion in prior biennium shortfalls also is likely to be repeated. With continuing enrollment and population growth, rising standards for health care and economic recovery problems, the session is likely to face problems equal to the 2011 session.

The parameters of the studies and other efforts to be undertaken over the next eighteen months are far from clear. The Speaker and the Lieutenant Governor are to create a new public school finance study committee which is scheduled to exist during the interim and through the 2013 legislative session. The LBB is directed to complete a comprehensive review of public pensions systems, including the TRS prior to the next legislative session. The Commissioner is directed to develop a proposed minimum salary schedule for presentation to the 2013 session as well. The accountability and assessment systems of the TEA will be modified during both the coming school year and the next. The TEA and all of its programs including the new IMA will be subject to review by the Texas Sunset commission which often examines issues at both the state and local level. The leftover agendas from the 82nd Legislature will also provide a basis for continuing legislative effort. These efforts will include such items as virtual schools, middle school reform, teacher appraisal, vouchers, charter school support and class size directives.

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