



ALEDO ISD BOARD MEETING TEMPLATE

MEETING DATE: November 14, 2011

AGENDA ITEM: Consider Approval of Resolution Regarding School Finance Litigation

PRESENTER: Dan Manning

ALIGNS TO BOARD GOAL(S):

#1- Students will meet or exceed all educational performance standards

#6- Provide resources and facilities consistent with the growth of the district

Background Information:

As I shared with the board last month, litigation regarding school finance has moved forward all across the state. As of the beginning of November, nearly 400 school districts have made the decision to join a lawsuit. Why is this happening? Actions taken during the regular and special sessions of the 82nd Legislature in 2011 put public education in an untenable financial position. And, there are clear indicators that this is not a short-term problem, necessary only to deal with a temporary budget shortfall, but what members of the leadership have termed "the new normal." In brief, here are some of the issues:

- The Legislature's failure to fund enrollment growth for the first time since at least 1949, even to the extent of opposing using Rainy Day Funds (any money that comes in over the comptroller's revenue estimate) to at least partially fund enrollment growth;
- The Legislature showing an intent to continue cutting school funding well into the next biennium;
- The inequity of a finance system where one district can receive \$12,000 in state funding per student while another district in the same area receives \$4,000 per student.
- Districts no longer have "meaningful discretion" to establish tax rates that allow the money to go to their district without "recapture".
- The Legislature's attempt to allow permanent reductions in public education funding in the appropriations bill through proration without the currently-required payback in the following school year;

Administrative Considerations:

A. Reasons to join:

- This has become a battle for the future of public education and what level of financial commitment the state must have to fund public education. It has equity at its core because the current system has funding variances that make no sense and are inherently unfair.
- Without a court order, the legislature has not shown any obligation to fix this problem. Many legislative leaders, including those in our area have encouraged us to sue so they can have "political cover" to fix this broken system of school funding. If we do not join, we may appear to not support its necessity.

- Costs- Will cost us \$1 per WADA which would come from our budget for legal costs. This would not negatively affect our overall legal budget

B. Reasons not to join:

- Cost- it does cost approximately \$5,000
- The lawsuits and their eventual outcome will happen regardless of our participation.

C. Lawsuits:

- **The Equity Center**- Suit has already been filed. This coalition of districts, known as The ***Texas Taxpayer & Student Fairness Coalition***, filed suit in October in Travis County. Over 300 districts have joined this suit. Has the largest support and the broadest approach.
- **Thompson and Horton Suit**- A second lawsuit is coalescing around the legal team that has successfully sued the state in the past, Thompson and Horton, LLP. Districts in this group have tended to be chapter 41 districts focused on adequacy and efficiency issues.
- **Texas School Coalition**- Another smaller group of mainly Chapter 41 districts focused primarily on adequacy.

FISCAL NOTE: Costs- Will cost us \$1 per WADA which would come from our budget for legal costs. This would not negatively affect our overall legal budget

Administrative Recommendation: Administration recommends joining the Equity Center lawsuit (known as the ***Texas Taxpayer & Student Fairness Coalition***), and the adoption of the accompanying resolution.

The EC Xpress

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It's getting so you need a table to keep track of the various school finance litigation groups. So, that's what we've put together. The information in the table below represents what we understand as of today to be the claims each group will assert. The information may become dated at some point, so we would appreciate your assistance in keeping it timely.

Claim Asserted	Haynes & Boone Coalition	Thompson Horton Coalition	Texas Taxpayer & Student Fairness Coalition
State Property Tax	Yes	Yes	Yes
Adequacy and/or Suitability	Yes	Yes	Yes
Target Revenue is Irrational	(No)	Yes	Yes
Student Equity	(No)	(No)	Yes
Taxpayer Equity	(No)	(No)	Yes
Equal Protection	(No)	(No)	Yes

**Note: MALDEF is expected to participate, but we do not have complete information about which claims they will seek. We will update this table when appropriate.*

Before all is said and done, there may be other groups and/or individual districts that become involved. The Texas Taxpayer & Student Fairness Coalition is pursuing a comprehensive strategy, because less than that does not fairly represent the needs of all Texas children. The members of this coalition believe the current system is deficient and that ALL of the deficiencies should be exposed.

Pretending that especially grievous provisions in the current system that unfairly impact children and taxpayers in the majority of districts do not exist (or that they are not as important), sends the wrong message to Texas citizens. Let's put ALL of the problems out on the table and let the sunshine purify!



We have been asked to comment on some of the issues/arguments that have come up with respect to the litigation, and we will do that over the coming weeks. Here is the first question we were asked: *What does it mean when someone opposes equity, but says that adequacy will make the system "fairer"?*

Answer: More money in the system, if, and only if, it is distributed more so to the lower-funded districts, would make the system more equitable *compared to what it currently is*. **Keep in mind that "fairer" never means "fair."**



**RESOLUTION
OF THE
ALEDO ISD BOARD OF TRUSTEES
CONCERNING THE TEXAS SCHOOL FINANCE SYSTEM
AND
POTENTIAL LITIGATION TO PROTECT THE TAXPAYERS
AND SCHOOL CHILDREN OF TEXAS**

The Aledo ISD Board of Education authorizes a one-time only expenditure not to exceed \$1.00 per WADA to join together with other Texas public schools, taxpayers and parents for the purpose of speaking with one voice in the litigation of public school finance matters essential to the fair treatment of Texas taxpayers and public school children.

Adopted this 14th day of November, 2011, by the Aledo ISD Board of Trustees.

Joe Dearing, Jr., Board President

Attest:

Johnny Campbell, Board Secretary