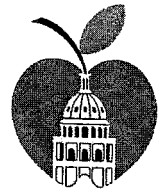


Austin Independent School District

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Superintendent



Testimony on Senate Bill 2392

Relating to public school finance.

Before the Senate Committee on Education

April 21, 2009

Good morning, Madam Chair and Members of the Committee. My name is Pat Forgione and I am Superintendent of the Austin Independent School District Board of Trustees. I appreciate having this opportunity to testify on Senate Bill 2392.

School finance is not an easy or simple topic. I commend you for taking it on and trying to find solutions for all of us. What I would like to do today is share three main points that center on the Austin ISD experience. As you know, all school districts now live in the world of target revenue for the first \$1.00 of tax effort. Austin ISD is the largest district in the State to receive approval from our taxpayers to levy a tax rate that exceeds \$1.04. This was not an easy decision, back in November 2008, for our taxpayers, but they ultimately decided that the additional funding was necessary to provide the best possible education for students in Austin.

Social Security

One of the reasons a tax rate election was necessary is that Austin ISD is also the largest district in the State required to pay into the Social Security System. Along with 47 other districts in Texas, we've been trapped since federal law was changed in 1983, preventing us from exiting the system.

As you have heard before, we face the uncontrollable cost of a district contribution of 6.2% of payroll expenses and a matching 6.2% by the employee, which is deducted from their pay. This places our district and the other participating districts at a severe financial disadvantage, as well as at a significant competitive disadvantage when competing for talent against our surrounding school districts.

Paying the employers' share of Social Security consumes \$37 million, or about 5.3%, of our district's annual operating budget. This leaves us significantly fewer funds to compete for teaching talent, and our employees have a corresponding \$37 million loss in their take home pay.

I respectfully ask that this uncontrollable cost be taken into consideration as you contemplate issues of school finance.

Golden Pennies

Social Security requirements, along with the high cost of living in Austin, were the largest contributing factors that led to the decision by the Board of Trustees to pursue voter approval on 3.9 cents above the tax rate of the previously adopted \$1.04. Two of those additional pennies were golden, but the other 1.9 cents are subject to recapture, or what some refer to as "copper pennies."

As you can imagine, recapture is not a popular subject with our voters. Austin ISD has paid \$1.1 billion in recapture over the last decade, including the \$167 million that was recaptured during this current school year. Of the \$10.9 million generated by the 1.9 cents of tax effort approved by voters, \$4.4 million (40%) of that was recaptured.

While the District understands and supports the need for equity across the state, if the full amount of the proposed increase had been subject to recapture, it might not have received approval from the majority of Austin voters. Further, I am not optimistic that our voters will be receptive to future ratification elections if 40 cents of every dollar raised must be sent to the State as additional recapture.

I would imagine that the prospect of additional golden pennies is equally important to voters in districts that are not subject to recapture because it maximizes the impact of the investment local taxpayers make in their districts, without causing districts to raise tax rates.

Voter approval of tax rates

I understand that state funding is tight, and that there are limited additional dollars available from the State. Therefore, local school boards need capacity in the system to meet the needs of students in their district. I understand that the committee substitute for SB 2392 provides that discretion for school boards to access pennies 5 and 6 without an election, but I would ask you to consider allowing that local board access to two cents above their tax rate for the 2008-2009 school year.

In Austin, we've tried to be very conservative with tax rate increases. We have the second-lowest overall tax rate in Central Texas. While some districts have sought approval for the maximum amount allowed by law, in Austin, we sought approval on the amount we needed at that time in order to try to remain competitive in the salary and benefits—just enough to keep our heads above water.

Providing access to two additional cents of tax effort, regardless of the amount a district's current tax rate would provide necessary capacity to those districts that have already had to seek approval from their voters for a higher rate, and therefore Boards of Trustees would be able access the funding necessary to properly govern their districts.

Thank you for giving me the opportunity to come share this information with you today.