



Texas School Coalition

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Texas School Finance System Ruled Unconstitutional

AUSTIN, Texas – State District Judge John Dietz ruled today that the Texas school finance system is unconstitutional by ruling in favor of the Calhoun County ISD plaintiffs on both of their claims. The Calhoun County ISD plaintiffs consist of a group of 89 school districts (many of them Texas School Coalition members) represented by Mark Trachtenberg and John Turner, attorneys with Haynes and Boone, LLP.

Judge Dietz held that the school finance system has evolved into an unconstitutional state property tax and that the system fails to provide the plaintiff districts access to funding sufficient to provide a constitutionally adequate education.

“Judge Dietz’s ruling is the first step in an important process. While we expect that the Texas Supreme Court will ultimately have its say, there is no reason why the Legislature has to wait on the appeals process before addressing the constitutional deficiencies in the system. Because of statutory mandates, rising academic standards and declining state funding, districts have lost meaningful discretion over their local property tax rates and have no opportunity to provide enrichment programming desired by their local communities.” said Mark Trachtenberg, Partner with Haynes and Boone.

Evidence was presented during the trial that showed nearly a quarter of all districts are taxing at the maximum \$1.17 rate. Further testimony showed that if all districts increased their tax rates to \$1.17, the amount of revenue raised would be roughly equivalent to the \$5.4 billion 2011 legislative budget cuts.

“These districts cannot access any additional revenue,” said Mark Trachtenberg. “Judge Dietz correctly found that this situation results in a de facto state property tax, which is prohibited under the Texas Constitution.”

Per student revenues for public education have declined from roughly \$7,100 in 2003-04 to \$6,293 in 2012-13, using constant 2004 dollars. This represents about a 12 percent reduction from 2004 levels – even though Texas’ student population has become even more challenging to educate and the expectations for student performance have risen.

“Judge Dietz’s ruling on adequacy confirms what school districts have known all along. State funding has dramatically declined at the same time that academic expectations have dramatically increased. The Constitution requires that districts have access to adequate resources to ensure that all of their students have a meaningful opportunity to meet state expectations and graduate college- or career-ready,” said Haynes and Boone Partner, John Turner.

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Today Texas schools must educate rising percentages of students who are economically disadvantaged and English language learners, making it more costly to provide an education.

“The Supreme Court has said before that the State must provide the resources necessary to meet its own standards. We believe that Judge Dietz correctly found, after 44 days of testimony, that the State is not providing those resources today,” said Turner.

The Texas School Coalition represents school districts that return tax dollars raised from their local homeowners and businesses to the state. Since 1993, these revenue-contributing districts have given more than \$15 billion to the statewide system and they are now contributing more than \$1 billion annually.

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