

## **Peggy M. Venable Testimony**

### **Texas Public Education Efficiency**

I am pleased to participate in this important lawsuit. In the 2005 school funding lawsuits, we at Americans for Prosperity filed an amicus brief asking that the court consider not only how much money is in the system and if it is adequate, or how equitably it is distributed, but also to include in the deliberations how inefficiently the dollars are spent.

Education is big business in Texas. The Lone Star State has just under 5 million students in 1,029 public schools districts which spend approximately \$54 billion. Are those dollars being spent efficiently and are kids getting our billions worth? We believe we don't necessarily need more dollars for education, but more education for our dollars.

Being able to address that issue now is exciting. Texans want and expect a quality education for our state's children. But education spending has grown exponentially and I will outline how those dollars are not being directed to the classroom and are often diverted to wasteful spending projects and to unnecessary overhead in addition to specific cases of fraud.

Some of the ways ISD's use education dollars inefficiently include:

- Spending relative to student population
- Individual ISD Funding and Per Pupil spending
- Examples of inefficiencies and wasteful spending
- ISD Lawsuits
- Remediation
- ISD Debt
- ISD Fund Balances
- Superintendent Salaries
- Using Public Education/Tax Dollars to Lobby
- Using Education Dollars for PR

#### **My background**

I am Texas director of Americans for Prosperity, an organization of over two million citizen activists across the country with over 111,000 citizen activists in Texas. We focus on engaging citizens public policy issues. I have been in public policy and a taxpayer advocate in Texas for almost 20 years. Before that, I worked on policy at the federal level in Washington, D.C.

I have been involved in education public policy for over 35 years. In 1981, I was named the first White House Liaison for the US Department of Education under President Ronald Reagan. It was when the groundbreaking study "A Nation at Risk" was conceived. The study provided the first wake-up call that the US education system was not producing the results Americans had expected and that we had fallen behind other industrialized countries in student performance.

That study found that dollars do not equate to improved student outcomes and launched a national dialogue, which continues today.

Since then, I have followed education policy and funding. I am on the Board of the Texas Center for Education Research and AFP started the Red Apple Project last year to provide more transparency to Texas parents and taxpayers. I travel the state and talk with thousands of Texas voters and taxpayers every year. I hear first-hand how grassroots Texans feel about the inefficiency of our education system and I understand their desire for positive change and improvement.

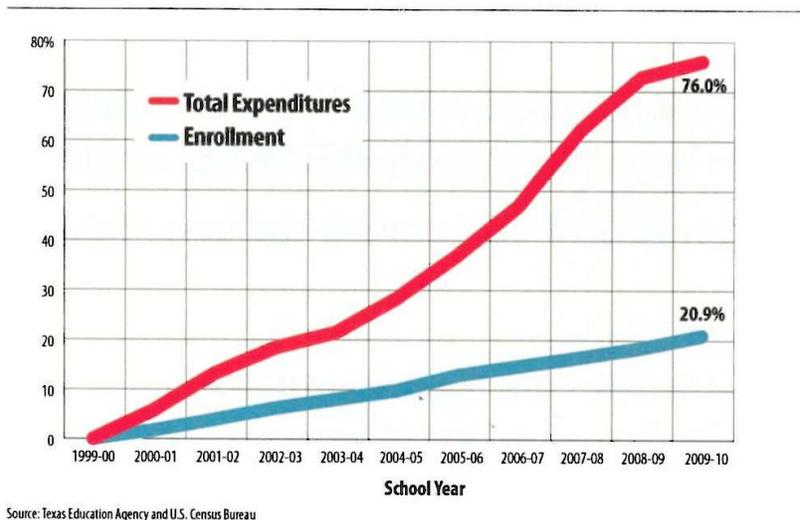
According to the Texas Education Agency's *2011 Snapshot*, here are the highlights on how Texas public schools are doing.<sup>i</sup>

- **15.7%** Dropout Rate
- Out of the **62.6%** of students that took the ACT/SAT, only **26.9%** met criterion<sup>ii</sup>
- **1 to 1** teacher to non-teacher staffing ratio
- Teachers make an average of **\$8,407 less than even** support staff (that does not include administrators)
- Only **49.7%** of the revenue is spent on instruction

### Spending growth relative to student population increase

According to the Chairman of House Public Education Rob Eissler, over the past 13 years, Texas school funding has increased \$61 billion above inflation and enrollment growth. Texas Comptroller Susan Combs has a chart on the official Comptroller's website showing that in 10 years, education spending has grown at a rate of five times the growth in student enrollment.

### **Growth in Public Education Expenditures vs Enrollment, 1999-00 to 2009-10 School Years**



## **Individual ISD funding/spending**

How much does it cost to educate a student? When then-Public Education Chairman Kent Grusendorf asked that question of an education lobbyist, he was told “There will never be enough money.” That was a disturbing statement to taxpayers across the state.

Legislators are told session after session “if we just had more money, we could do a better job educating kids.” So as we see from the graph above this section, legislators have continued to focus more funding on education, at the detriment of other state funding areas. Education has consistently been a state funding priority. Yet assessing how ISD’s vary in how they not only spend their dollars but on student outcomes is important to this debate.

We at Americans for Prosperity and specifically at the Red Apple Project have studied ISD spending and see no relation between spending and performance, but some schools definitely are more efficient in spending and also have high student performance.

According to ERG Analytics, some ISD’s have both good financial performance and student performance. They rate Hurst Eules-Bedford ISD with 21,000 students as a high performing school, both in financial and student performance. This ISD is rated by the state as “Exemplary”, the top academic rating, and HEBISD spends \$9,802 per pupil (total revenue) and spends \$4,964 per pupil on instruction.

Another ISD rated in the top 10 by ERG is Angleton ISD with 6,399 students. They spend \$10,367 per pupil (all funds) and \$4,801 per student on instruction, according to their PIEMS reports.

While El Paso ISD is listed as “Recognized” by TEA standards and with 64,000 students, spending is listed as \$10,143 per pupil, spending \$5,475 is spent on instruction per pupil.

Waco ISD is considered one of the lower-performing ISD’s in the state and with just over 15,000 students, this district spend \$11,005 per pupil total funds, and of that \$5,028 is spent on instruction.

Meanwhile, with just under 4,000 students, Kingsville is rated **academically unacceptable** and they spend \$10,684 per pupil and only \$4,943 of that is spent on instruction.

School district funding varies dramatically between districts. While the state average in 2011 was \$10,328 per pupil (and \$5,142 on instruction), some ISD’s report to spend more (over \$12,600 per pupil in Abernathy ISD, which directs 5,748 of that to instruction) while others like Wylie ISD in Taylor County spend as little as \$7,532 per student and \$3,592 on instruction...with no discernible difference between the student outcomes. (These are 2011 numbers from the TEA Snapshots).

And while property taxes comprise around half of the school district funding in Texas, those taxes are not equitably distributed across the state. Property tax inequities exist, and the property

tax as a funding mechanism has been a source of recent school finance lawsuits. Its inability to create sustainable school funding is inefficient.

### **Examples of inefficiencies**

In February of 2012, Dallas Independent School District spent \$57,000 to see a movie Red Tails. There was a public outcry, not only because of the cost of the movie, but also because the field trip included only fifth grade boys and the girls stayed at the school and watched another movie. Gender bias issues aside, it is inappropriate and an inefficient use of education dollars for a school to spend that money – enough to fund a teachers’ salary for a year – to send students to a movie. Clearly this is not an efficient allocation of scarce educational resources.

- Several years ago, Dallas ISD was spending thousands of dollars a month on storage to store computers purchased by the District with bond money and though the computers were outdated, they could not get rid of them because they had not finished paying for them. The issuing of long-term bonds to pay for computers with a short-term life is clearly not efficient.
- In 2005, DISD was frozen out of the funding program after Ruben Bohuchot, then technology chief, was exposed in a money-laundering scheme that dealt with computer contracts paid for by the E-Rate program.<sup>iii</sup>
- El Paso ISD has been plagued with inefficiencies through the years and once again the FBI is investigating the district according to an El Paso Times [story](#). Allegations are that EPISD is cheating taxpayers out of education dollars by falsifying attendance records, grades, and course credit for students—student data that Texas and the federal government use to determine education funding.<sup>iv</sup>
- MySanAntonio.com recently reported that San Antonio ISD announced was hiring a firm to locate a new superintendent at a cost of \$22,000 plus expenses, plus, plus, plus. This ongoing practice is just another way to spread the wealth among the good-ol-boys.<sup>v</sup>
- Round Rock ISD recently voted to use the \$36.5 million “leftover” bond money for projects other than those taxpayers approved the bond money for. And many ISD’s use bond money for projects which should be funded out of maintenance and operation funds.
- The Texas Watchdog recently reported that the Houston ISD had about \$2.6 million worth of extra food in Houston public schools’ inventory, and the Houston Independent School District refuses to explain why<sup>vi</sup>:

It was reported by [www.TexasWatchdog.com](http://www.TexasWatchdog.com) that administrators for the [Houston Independent School District](#) recently informed the [school board](#) about the surplus — which is enough to pay the annual salaries of 58 teachers on the lowest rung of HISD’s pay scale. But HISD officials did not explain how it happened, whether the food is perishable or what will be done with it. “We bought something that didn’t go into the books,” [board President Mike Lunceford](#) was reported to have said in a phone interview Tuesday. “Where is our inventory listed? There’s

nothing in the (2012-13 recommended district budget). The income statement is the only thing (HISD administrators) supply.”

Lunceford asked HISD staff members several times who paid for that \$2.6 million worth of food and how those food items are being accounted for. “My question wasn’t answered,” said Lunceford, who added that he still intended to find out.

Lunceford said he would like district officials to explain the \$2.6 million: “Are we serving more food? Better food? What are we carrying over (into next school year) in our inventory?”

Brian Giles, the district’s senior administrator of food services, referred [Texas Watchdog](#)’s questions to HISD’s media relations department. Asked to explain the surplus, HISD spokesman Jason Spencer declined. “Rather than have our staff rehash the meeting again, perhaps you should contact board services (staff) to schedule a time to come listen to the audio recording to determine whether you might have missed something,” Spencer said in an [e-mail](#).

Frankly, a response like that simply points out that education dollars are being inefficiently spent on media relations staff.

HISD contracts with the Philadelphia-based company [Aramark](#) to manage its food service operations.

Because of the way HISD administrators structure the food service fund, it functions like “a stand-alone business,” Lunceford said. That being the case, a balance sheet with assets — inventory, for example — and liabilities should be available, he said.

The district’s food services budget will hit [almost \\$113 million](#) next year, according to the recommended 2012-13 budget. Federal taxpayers will foot the lion’s share of the bill, \$102.6 million. The district expects to bring in \$9.6 million from food sales. HISD has a \$1.524 billion operating budget for 2012-13. That is a large ISD and some there may consider \$2.6 million chump change. Taxpayers don’t.

But outrageous spending is not limited to large districts.

One school district issued \$1.05 million in debt to build homes in hopes of attracting students and more state funding. Voters of Texoma ISD approved the bond initiative to build 6 homes to attract school-age kids to their district. With those additional ADA’s come additional state dollars. This gaming the system by Texoma may be okay to local taxpayers, but not to most taxpayers across the state who would agree this is insanity.

School districts spend between 6-8% of a new buildings’ costs on architectural firms. One would think that if we were interested in cost efficiency, we would develop some basic plans for elementary, middle and high schools. These plans could be modified based on size of the student

body to be served and local building materials available. That could save \$6 million on on a \$100 million high school. Those savings could add up. It seems inefficient to hire architects to design a building, which has been built thousands of times. In Texas, we have 8,526 schools.

The following report is from a citizen watchdog, Jason Moore, regarding wasteful spending in school facilities<sup>vii</sup>:

*“While researching school facilities in Texas I came across numerous architectural firms that proudly showcased how they were wasting taxpayer’s money.*

*“As a builder I have built many new schools and additions; my 24 years of experience led me to dig deeply into ISD’s building plans. On a project with an open request for proposal, I was compelled to present a fair, cost-saving proposal for my school district Ector County ISD. It was important to our company that our bid help the board see that it is possible for a plan to wisely use TAXPAYER’S dollars on a reasonable classroom expansion.*

*“The architect rendering had an enormous, elaborate entryway and hallway as part of the base bid. The district had several building ideas as alternatives they wanted priced as well. Some of the options added money some saved money.*

*“The ISD ignored the cost savings scale down of the grand entryway and hallway and instead opted to lop off four classrooms to make way for the grand entry and hallway.*

*“Today the ISD is clamoring for “classroom space,” but what a beautiful entry way!”*

*“Data is hard for the average taxpayer to find as to what real dollar amount is spent each year by Texas taxpayers on school construction. After looking through numerous state and federal agency websites I found that about \$1.5 BILLION is spent each year on new construction and remodels in Texas school districts.*

*“I’ve testified in front of committees in the Texas Legislature that easily 15-20% of that money is wasted in over-design and over engineering —purely gaudy extravagances.*

*“It is the now chic for schools to build “Performing Art Centers”, Olympic swimming pools and grand entries. School boards are stricken with Bronze Plaque Syndrome: the insatiable desire to have their name forever ensconced on a state of the art facility.*

*“Builders are paid based on a percentage of what the job costs. Why bid a \$1 million building when you can build \$100 million facility?”*

*“Taxpayers meanwhile keep falling for the lie that if they will commit to sacrificing every last dime in the name of our children we shall forever have halls filled with little Mensa members. The luxurious metal, steel, glass & brick we snuggle around their little bodies will add to their academic success. Yet reason and history tell us greatest minds in history had no such luxuries.”*

*“Want to judge your neighbors commitment to education during tough economic times? Suggest that we get rid of {gasp} FOOTBALL, tennis, swimming, underwater basket weaving, and such and focus on academics.”*

*“Dare to suggest that during tough economic times digital smart boards in each classroom aren’t necessary and that kindergartners don’t need Kindles or iPods to be successful.”*

*“Like so much of society today who value style over substance, school boards and administrators know how to keep a beehive of building activity going to distract you from the fact that only 50 cents of every education dollar make it to the classroom. As a builder I know intimately that bricks don’t teach kids to read, teachers do. - Jason Moore, business owner, taxpayer advocate and father of 5 who go to public schools*

### **School finance lawsuits**

It seems that at the mention of school district lawsuits, some district officials are eager to file suits, while others are reluctant. But even those officials in relatively conservative areas of the state – like Midland ISD and Ector County ISD – didn’t plan to enter the lawsuits. News stories reported that each of those districts first said they would not enter into the lawsuits, but after the school board met with attorneys who flew into town to encourage their participation, they joined the lawsuit. The school districts are assured that the funds they pay to enter the lawsuit will be reimbursed to them by the state. These are taxpayer dollars being wasted and represent a tremendous inefficiency in education spending. What should be going into the classroom is going into trial lawyer pockets.

The last lawsuit cost taxpayers millions of dollars<sup>viii</sup>. That represents a tremendous waste of education dollars, which could be spent in the classroom, but instead ended up paying lawyers for suing taxpayers for more taxpayer dollars. Is there any better definition of inefficiency?

## **Remediation**

If the money spent on K-12 education produces students ready for college-level work that would be one thing. In 2006, the Texas Public Policy Foundation produced a paper, which pointed out that 38% of the students graduating from high school needed remedial education for college. In 2006-07, that cost for remediation was over \$200 million not including the economic costs to the state of an underprepared workforce. Figures we have from the Texas Higher Education Coordinating Board show a biennial cost of \$ 162,193,942 to the state alone (this does not include other sources of revenue for this activity including grants, tuition, federal funding, etc.)

Taxpayers consider this paying twice for the same thing and tremendously inefficient.

## **ISD debt**

Texas taxpayers are \$322 billion in debt, second only to California. The largest portion of that are the education interest and sinking (I&S) funds. ISD's across the state have put taxpayers over \$108 billion in debt. While most of this is taxpayer-approved, few taxpayers know how much debt their own ISD is carrying. Many school board members also don't know. I asked one in Round Rock recently and she admitted that she didn't know how much debt her own ISD is carrying. (It is over \$1.1 billion – principal plus interest.) This debt has grown dramatically. Principal alone, Texas school districts are a total of \$63.6 billion in debt and that is up from \$38 Billion in 2005. The ISD debt – principal and interest-- puts taxpayers' burden at over \$108 billion.

Public school districts accounted for 54.4 percent (\$63.63 billion) of the total \$322 billion tax-supported local debt outstanding.

Debt service has doubled in less than a decade, from \$600 per pupil in 2002 to \$1,100 per student in part due to state incentives for school debt growth.

While educators and school board members advocating the debt will claim that the increase in student enrollment is driving the debt, we at Americans for Prosperity have found that ISD's have not been prudent in issuing debt or in how that money is spent.

In Leander ISD, two new schools – a middle school and an elementary school – sit empty because the school district could not afford to staff the school. <sup>ix</sup> Actually, Leander ISD owes more in interest than in principal. The Texas Bond Review Board reports that Leander owes almost \$2.8 million. Of that, \$1.8 million is interest and \$953,391,700 is principal<sup>x</sup>.

For instance, one AFP Watchdog mentioned above -- Jason Moore from Odessa – owns a masonry business -- testified several years ago before the state legislature that he has recommend cost-savings to the Ector County ISD facilities coordinator only to hear “we got the funding approved from the taxpayers – we are going to build the school according to how it has been designed.” Students do not learn any better in schools with carved archway taj-mahal facilities.

While the ISD bond initiatives are often “sold” to the public as being “for the children”, we contend that the debt represents today’s leaders placing a large financial burden on tomorrow’s taxpayers. And the trend is to continue to issue debt, making it more challenging for tomorrow’s taxpayers to have the opportunity to enjoy the American dream.

Based on ADA, as of August 31, 2011, those public school districts with voter-approved debt outstanding had a debt of \$14,409 per student, an increase of 3.8 percent (\$526) from 2010. Since fiscal year 2007, the state’s debt per student has increased 22.9 percent (\$2,687) from \$11,722 to \$14,409 per student.

Unfortunately, some proponents of schools will go to any lengths to get a bond initiative approved.

Do the ends justify the means? They do if you are Pastor Patrick Payton of Midland’s Stonegate Fellowship, the largest church in the area, with about 5,000 members. He is a highly vocal school bond proponent. His tactics have drawn fire...as they should.

Pastor Peyton was on CBS 7 News in Midland speaking at a school board meeting. He proposed what he called a “controlled rebellion” and said “if it means breaking rules and getting in trouble, let’s break rules and get in trouble” to pass the bond initiative<sup>xi</sup>.

A \$158 bond initiative would more than double the \$108 million current bond indebtedness in the District. With interest, the bond initiative under consideration would likely triple the debt.

Peyton was quoted in the Midland Reporter-Telegram admonishing taxpayers for not approving more school district debt: “Midlanders should be ashamed that a city that is home to some of the brightest engineers, geologists and Science, Technology, Engineering and Mathematics (STEM) field professionals does not have a better education system, Payton said during a luncheon with about 50 business and community leaders Tuesday at Midland College.”<sup>xii</sup>

In Allen ISD, the board is planning to spend \$37 million for a “bus barn” to house and to wash their school buses which are now kept in three separate facilities. Some taxpayers in that district are challenging the action and consider that wasteful spending.

And while the focus may be on facilities, the benefits and cost need to be weighed. Buildings don’t teach students. Teachers do.

In short, we are leaving our children a legacy of debt, not the legacy most of us want to leave.

### **Fund balances**

We currently fund school districts regardless of the size of their fund balance. In 2001, the fund balance average for ISD’s in the Lone Star State was 14%. Two years ago, it was 20%. The fund balance represents “money in the bank” or off-budget, surplus funds. ISD administrators have represented a need for a fund balance to cover costs the first of the school year before

funding from the state arrives, but since the state currently covers only about half the ISD M&O costs that does not make sense. While many in the education community pushed the legislators to empty the state “rainy day” budget stabilization fund for education, it is ironic that ISD’s generally have a much greater percentage of their annual budget in a reserve fund than does the state – or most taxpayers.

### **Superintendent Salaries**

It is important to note that over 200 ISD Superintendents earn as much as the Governor of the Lone Star State and their salary is only a fraction of what they cost Texas taxpayers. Many have automobiles, home offices, electronics, life insurance, enormous bonuses and certainly life-long pensions in those contracts. The contracts are often driven by the Texas Association of School Boards or the Texas Association of School Administrators as the contracts are often relatively standard in their extravagance. Many school board members believe they need to offer amenities, which have included country club and community association memberships to attract “the best talent.” Frankly, the superintendents have become a “good old boy” club (with a few women allowed into the ranks) and superintendents can leave one school district in shambles and move on to another ISD. Others get a pink slip along with a fat check just for “going away.”

Some superintendent contracts make for interesting reading – if you do so with your calculator. The Lewisville ISD superintendent contract is not unique. It provides for the superintendent to draw a salary while engaged in consulting services. The Lewisville’s superintendent contract makes clear the superintendent has plenty of time for consulting and “double dipping” as the Super receives 10 vacation days in addition to the number of personal and local leave days per year as are afforded to other professional employees of the district.

The Texas Education Agency lists the superintendent salaries for the state on their website, but the Texas Tribune has done an excellent job providing some perspective for taxpayers. This is from their website:

*“During the 2011 legislative session, amid a heated conversation among state lawmakers about whether Texas public schools spent too much on administration, The Texas Tribune published a salary database of the state’s highest-paid school administrators: superintendents.*

*After a year and a \$5.4 billion reduction in state funding for public education, schools are under scrutiny for how they have — or haven’t — trimmed their budgets to absorb the cuts. So we’ve added an interactive with the 2012 figures released by the Texas Education Agency in March. (Compare with the 2011 database [here](#).)*

*Here’s a rundown of some highlights:*

*The average salary for the 10 highest-paid school chiefs is down from \$312,993 to \$297,039 — just over \$15,000 from last year. There has been some movement in the 10*

*highest-paid superintendents since then, too. Beaumont ISD's Carrol Thomas still tops the list at a base salary of \$347,834. Katy ISD, Garland ISD and Coppell ISD have pushed the Fort Worth, Northside and Alief districts off the list. (If you break the list down by per-student pay, Jeffrey Turner of Coppell ISD makes the most per student in that category at \$27.60 to Thomas' \$17.49.)*

*With a new person in the top post at Alief, that district, whose superintendent used to be the second highest paid in the state, has dropped to 22nd on the list.*

*The former third and fourth top-paying districts, Dallas and Fort Worth, have both installed new chiefs at lower salaries than their predecessors, leaving Spring Branch's Duncan Klussmann in the second spot at \$309,400". -*

<http://www.texastribune.org/library/data/texas-superintendent-salaries-2011/>

But Dallas ISD got more attention in June 2012 with news of the salaries for staff surrounding the Superintendent. This came from the Dallas Morning-News:

“...the district disclosed salaries for Mike Miles' incoming “cabinet” staff that set new records for top administrative posts. Those four top-level positions will earn salaries ranging from \$182,000, for a newly created “chief of talent and innovation,” to \$225,000 for Alan King, the DISD chief financial officer who is being promoted to chief of staff for the new regime.

“A lot of the holy-moly astonishment went to the \$185,000 per annum earmarked for the new Chief of Communications, a 31-year-old who earned less than half that amount working for Miles in a similar post in Colorado.

“She'll make more than the chief media honchos for the city of Dallas and the Fort Worth ISD, and the chief spokesman for the White House. She'll also make more than the ordinarily taciturn Police Chief Brown, which may account for his frank surprise...”<sup>xiii</sup>

Many in the public expressed outrage at the salaries<sup>xiv</sup>, which minus support staff, totaled over \$850,000. Public trust in the public schools erodes when salaries which exceed the White House press secretary and exceed the local police chief are given to staffers who don't appear to be at that salary level and are doing jobs which are less demanding and substantive.

### **Could consolidation of administration result in savings?**

Texas has over 1,000 school districts and particularly in urban areas, one could ask why so many independent school districts? - <http://wgisprd.tea.state.tx.us/sdl/MapMode.aspx>

- In McLennan Co, there are 18 ISD's and portions of two others - <http://wgisprd.tea.state.tx.us/sdl/MapMode.aspx>
- In Travis Co, there are 7 and portions of 8 ISD's

- El Paso Co has 9 ISD's
- There are 19 ISD's in Harris County
- Tarrant County has 16 ISD's and portions of 2 others
- Bexar County has 16 ISD's and portions of 3 others
- Dallas County has 15 ISD's and portions of 2 others

Some consolidation has taken place.

*Since FY2006, Megargel ISD consolidated with Olney ISD; Wilmer-Hutchins ISD consolidated with Dallas ISD; Spade ISD consolidated with Olton ISD, and Marietta ISD consolidated with Pewitt CISD; Kendleton consolidated with Lamar CSD.*

Consolidation could limit the number of high-salaried administrators and allow the cream of the crop to perform the administrative oversight for more schools providing opportunity for more education dollars to be directed to the classrooms.

### **Wasteful spending (including fraud)**

Some former superintendents have ended up in prison for committing fraud. While it is impossible to quantify the precise amount of education dollars wasted by fraud, it is clear that with billions spent on education and relatively little transparency and oversight, fraud exists and may be rampant.

One example of that is the former Superintendent of the Dallas Independent School District who used ISD funds to furnish her home. She spent some time behind bars for that.

More recently, Americans for Prosperity's Rotten Apple Award Recipient for February 2012 went to Brownsville ISD, which has been charged with "systemic corruption at practically every level."

It appears not only were taxpayers abused, but kids in that district were cheated. The District is rated "Recognized"...but if auditors found corruption, can we trust that the rating was earned legitimately?

It seems the audit firm shared the report with the District Attorney and others, so while we don't have all the information on the details, we can anticipate this won't be the last we hear of it.

Brownsville ISD has around 49,000 students and expenditures of around \$593 million. Their ISD debt is \$326 million. The audit covered three school years. It blew me away.

And that is saying a lot. For the past three years, AFP-Texas has had The Red Apple Project ([www.RedAppleProject.com](http://www.RedAppleProject.com)) and we have worked to educate the public on how our education dollars are spent, or misspent as the case may be.

Our goal was to encourage efficiency in education spending. After all, our state constitution calls for an efficient system of free public schools. We know they aren't free, so the taxpayers deserve for those dollars to be spent efficiently.

We have held the Rotten Apple Award and highlighted the most egregious education spending. Our intent has been to ultimately encourage more of our education dollars to be spent in the classroom and on good teachers.

It is clear that education dollars are not spent efficiently, but to learn of an audit report which alleges widespread corruption in a public school system is shocking.

I was on a McAllen radio station recently discussing this audit report. One of the school board members had been on the show before me and I heard him say the superintendent is fully responsible. (The superintendent who served during the audit period is no longer there, having left recently to go to tiny Bartlett ISD, moving from an ISD with almost 50,000 students and expenditures of over a half billion dollars to one with under 400 students and spending just under \$4 million. As stated earlier, Texas has just under 5 million students in public schools and ISD's spend \$54 billion. Are those dollars being spent efficiently and are kids getting our billions worth? It appears that is has not been the case and this example from Brownsville ISD highlights the need to be more efficient.

Here is the Brownsville Herald article on the audit report.

<http://www.brownsvilleherald.com/articles/corruption-137197-operations-district.html>

### **Using public education/tax dollars to lobby**

When Thomas Jefferson wrote: "To compel a man to furnish funds for the propagation of ideas he disbelieves and abhors is sinful and tyrannical," he likely had no idea that the practice would become commonplace in capitols across the country.

One of the most egregious uses of tax dollars intended for education is to lobby – usually for more tax dollars. Several years ago, Americans for Prosperity did a review of all taxpayer-funded lobbying and found that well over \$50 million was spent on lobbying by Texas taxing entities. While the state has a prohibition against lobbying the state with public money, the practice continues.

While some ISD's have hired registered lobbyists, almost all ISD's join associations that lobby.

The Texas School Alliance has registered lobbyists, using the services of [Moak, Casey, and Associates](#) and [Hillco Partners](#). Local governments like the [Dallas Independent School District](#) pay membership dues to belong to the association.<sup>xv</sup>

Many ISD's – like Northside ISD in San Antonio – put their legislative priorities online. Those priorities have nothing to do with educating children, but everything to do with maintaining the

status quo system and increasing funding for their ISD.<sup>xvi</sup> Their legislative agenda includes opposing funding going to charter school facilities and to school vouchers, both of which provide education to children.

It is important to point out that citizens should not be paying for advocacy or lobbying. Often those lobbyists represent organizations which receive tax dollars. Here is an example of the Texas Association of School Boards' most recent information available online:

Fiscal Year Starting: Sep 01, 2009 to Fiscal Year Ending: Aug 31, 2010, the Texas Association of School Boards had total revenue of \$47,621,633 and expenses were \$46,553,070

**From a 990,[year] this information was revealed about the Texas Association of School Boards:**

Texas Association of School Boards - 2006:

Program service revenues including government fees and contracts - \$30.3 million

Membership dues and assessments - \$5.5 million

Net assets or fund balance at the end of 2006 - \$27 million

Salaries and wages - \$22.3 million

Travel - \$1.5 million

Assets - \$51.2 million

**\$402,348 spent lobbying**

\$137 million – gross receipts

\$152 million – public support

\$2.8 million – First Public LLC, (\$2.78 million Lone Star Investment Fund Administrative fees)

184 employees make over \$50,000

(One of 4 associate exec directors makes over \$255,000 which includes a \$10,000 in employee benefits and deferred compensation of over \$38,000)

The executive director makes \$260,000; plus \$50,000 in deferred compensation and over \$18,000 expense account

*(Above information from TASB 990, 2006:*

*<http://www.guidestar.org/FinDocuments/2006/742/275/2006-742275519-0346615e-9.pdf>)*

\$2,769,998.47 – paid by all taxpayer-funded educational organizations in TX for lobbyists to oppose taxpayer protections in 2005 (since then, this number has grown considerably!)

This is a well-funded organization which lobbies and reports spending almost a half million dollars doing it. This organization, funded with a combination of tax dollars and by contractors and businesses which make more money the more dollars are spent on education.

Many of the lobby activities are focused on increasing funding and opposing taxpayer choices and taxpayer approval of tax increases.

## **TASB 2010-12 Advocacy Agenda Priorities**

*As Amended October 1, 2011*

*TASB believes Texas public schools do more than educate students for tomorrow's workforce; the role of Texas school districts is to prepare all students for success in life. TASB believes school districts most effectively and efficiently serve students when school boards have local control over resources to address student, staff and community needs.*

*TASB supports a simpler, sustainable school finance system that:*

- *provides districts with adequate amounts of state and local funds to
  - *prepare students to achieve rigorous academic goals,*
  - *cover annual enrollment growth and rising operating costs, and*
  - *fund state and federal mandates;**
- *gives school boards access to more golden pennies and additional taxing authority without voter approval;*
- *provides formula-funding that closes the equity gap among districts as soon as possible; and*
- *attributes statewide property value growth back to the school finance system.*

*TASB supports state funding that includes, but is not limited to:*

- *career and technology (CTE) courses, beginning in middle school, that allow students to meet the state's graduation requirements;*
- *free prekindergarten programs for either a full-day or for more student groups, at local district option;*
- *curricular interventions and programs to help at-risk students; and*
- *construction and renovation of public school district facilities to meet the state's growing student population.*

*TASB opposes the diversion of taxpayer dollars to private schools, including vouchers, tuition tax credits, and other such programs funded with public tax dollars.*

*TASB opposes the use of the Permanent School Fund for open enrollment charter school facilities.*

*TASB supports the creation of a measure to credit districts with student growth in the accountability ratings.*

*TASB supports legislation to correct the state's structural deficit, which perpetuates the underfunding of public education.*

This is only one example of around 30 organizations which take dues directly from school districts (public dollars) and use those funds to lobby, often for more money and fewer opportunities for parents and citizens.

The TASB was quoted this past session as saying that budget cuts would require school districts to cut as many as 100,000 jobs. Not only was the organization actively opposing any budget cuts, but they grossly overestimated the impact cuts could have on schools. With one non-teacher for each teacher, any pro-education association should propose preserving instructional activities and cutting out-of-classroom costs.

School districts such as Richardson ISD provide their "Legislative Priorities" online. Those priorities include "supporting legislation that" provides more money to the district and state in their legislative priorities, on their official RISD website: "We oppose legislation that takes public tax dollars from public schools."<sup>xvii</sup> They are expressly advocating for defeat of any legislation which provides parents with options such as school choice. In my expert opinion, I would question why any ISD believes they have the right to take public dollars and deny parents the opportunity to select the school which they believe would provide the greatest opportunity for their child to succeed. If ISD's are so proud of the product they are providing, why should they fear a mass exodus of students were parents given the option to take their tax dollars elsewhere? It shows a tremendous lack of confidence in the product the public schools are delivering.

### **Using education dollars for PR**

Some ISD's have used tax dollars to hire public relations firms.<sup>xviii</sup> Texas school districts may be [laying off teachers](#) and [screaming at the state](#) for cutting their cash, but at least one district has no problem [coughing up \\$100,000](#) for some professional public relations work.

According to the Fort Worth Star-Telegram, in May of 2012, the Arlington ISD school board approved a contract for up to \$100,000 with BrandEra, a Fort Worth marketing firm operated by two Arlington natives, to collaborate with administrators and come up with a theme and supporting materials to tout the district's offerings and achievements. (The pay at Arlington for a starting teacher fresh out of school is [\\$45,876](#).)<sup>xix</sup>

This was done as citizens expressed concern that this was an inappropriate use of education dollars, particularly when the District claimed to be short on funds.

The Fort Worth Star-Telegram wrote:

*Perhaps the biggest hurdle for the new branding campaign is convincing a skeptical public -- which has heard the complaints about deep cuts in educational funding -- that now is the time for spending money on a public relations contract. "I have great reservations," said Richard Weber, who has served on numerous school district committees. "I do not believe it is money well spent."*<sup>100x</sup>

No wonder the public is skeptical and cynical about how ISD's spend education dollars. I believe the school districts should not be spending funds on public relations.

### **The bottom line**

The bottom line is this: even discounting the waste, fraud and abuse of tax dollars, when only half of the education dollars are spent on instruction, it is difficult to make the case that education funds are spent efficiently.

In my experience, education is focused more on the education bureaucrats than on the kids. With a bureaucracy of almost 650,000 in Texas ISD's, along with their numerous associations focused on protecting those jobs and increasing their salaries, who is representing the kids?

I know of legislators being bullied by superintendents and education associations. With their considerable voting strength, they make clear that they will work to defeat legislators who don't vote with them. They have organizations like the parent PAC which does not represent parents, but more-education-spending interests, and spend tens of thousands of dollars to fund candidates friendly to their positions. They oppose parental choice in education.

Lost in the debate are the kids.

I have seen parents distraught that their children are in schools where the students are struggling. I speak to parents who are in school districts rated unsatisfactory but have no options. I recently met with grandparents in Trinity, Texas, whose son died and they were raising his daughter. They made the heartbreaking decision to send her to live with their other son because they refused to send their granddaughter to a failing school. Parents in Trinity, TX, are without options.

I have sat in legislative hearings where the sole focus is the education bureaucracy, and students were not even mentioned. Education should focus on the kids and while we recognize that good teachers in the classroom make a difference, education has not improved as we pour more money into the system. I believe that is in part because of the inefficiencies in how those education dollars are spent. We should be getting more education for our dollars, not simply throwing more dollars at education.

When I was at the US Department of Education, the stunning report A NATION AT RISK was conceived and being written. We were focused on finding schools in poor areas where students were succeeding, and we did. But those were rare.

The shocking aspect of that report was that the US was not the education leader most Americans thought we were. While we spend more on education than almost any other industrialized country<sup>xxi</sup>, our students are not performing to compete.

The Broad Foundation reported the following:<sup>xxii</sup>

- U.S. ranks 21st in high school graduation rate compared to other industrialized nations.
- U.S. students rank 25th in math compared to other industrialized nations.
- U.S. students rank 21st in science compared to other industrialized nations.

US students are falling even further behind other developed countries and ill prepared to compete in a global marketplace.

According to the Texas Coordinating Board for Higher Education, we are spending millions of dollars a year on remedial education – teaching students in college what they should have learned before getting out of high school. Almost 42 percent of students entering community colleges in Fall 2006 were underprepared in mathematics, and only 27 percent of those met Texas Success Initiatives within two years (by Summer 2008).<sup>xxiii</sup>

I have been involved in education policy for over 30 years and as we continue to discuss reform, it is always in the context of rearranging the chairs on the Titanic and expecting the ship to stay afloat.

Our system is top-heavy. I have spoken to teacher after teacher who has said they are frustrated that they aren't allowed to teach. The paperwork and the administrative oversight limits their ability to bring creativity and innovation into their classrooms.

Texas ISD's had places they could make cuts without impacting the classroom. After all, Texas ISD's had one non-teacher for every teacher on staff and spent only half of the education dollars on instruction. While administrators made an average of \$41,000 more than teachers, employees in the "other professional staff" an average of almost \$9,000 more than teachers make. It is clear school districts in Texas should reassess their priorities and put more of the education dollars into the classroom.<sup>xxiv</sup>

I hear administrators blaming parents for kids not coming to school ready to learn. But in the final analysis, education happens in a classroom between a teacher and a student.

Schools today are attempting to be all things to the kids – we pick them up in the morning, start the day feeding them breakfast, we provide lunch, we often offer after-school care, and have

nurses on staff during the day. We appear to be a comprehensive one-stop service provider, doing nothing very well.

We provide services far beyond the constitutional intent of a basic education. And in doing so, it is my opinion that we don't do anything very well. A recent report titled KIDS COUNT<sup>xxv</sup> cites Texas as having a 25% dropout rate, but pushes for still more money even as the additional funding appears to have little to no impact on the problems they articulate.

In my years of experience – at the U.S. Department of Education – as well as working policy in Texas, I am amazed that teacher organizations do not appear to represent teachers. That may be because most of the organizations with the “teacher” label also representing various employees including janitors and bus drivers.

Teachers are poorly represented and are reticent to speak out for fear of retaliation from administrators.

While the education lobby pushes for the State to empty its rainy day fund (the Budget Stabilization Fund), independent school districts across the state have 19% -- \$7,355,367,290 in 2011 -- in fund balances.<sup>xxvi</sup> Over \$7 billion in the bank and they lament that students are suffering under so-called budget cuts. Even while the legislature cuts other programs to provide still more funding for education, the education lobby claims the legislature hasn't funded student growth. But funding over the past 10 years grew at a rate of five times faster than student enrollment.

It is clear indeed that there will never be enough money for the education lobby.

It is my experience that we do not need to put more money in the education system, but we need to be getting more education for our money. The system is woefully inefficient in delivering education and in serving Texas kids and taxpayers.

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<sup>i</sup> <http://ritter.tea.state.tx.us/perfreport/snapshot/2010/itemdef.html>

<sup>ii</sup> **College Admissions % At/Above Criterion(Class of 2009):** The number of examinees in the Class of 2009 who, on their most recent test, scored at or above the criterion score (1110 on the SAT or 24 on the ACT) expressed as a percent of all examinees. (Source: SAT/ACT File)

<sup>iii</sup> <http://educationblog.dallasnews.com/2012/01/technology-funds-still-out-of.html/>

<sup>iv</sup> [http://www.elpasotimes.com/news/ci\\_21130113/episd-cheating-audit-includes-more-schools-chapin-el?nstrack=sid:1144336|met:300|cat:0|order:1](http://www.elpasotimes.com/news/ci_21130113/episd-cheating-audit-includes-more-schools-chapin-el?nstrack=sid:1144336|met:300|cat:0|order:1)

<sup>v</sup> <http://www.mysanantonio.com/news/education/article/SAISD-hires-superintendent-search-firm-3608925.php>

<sup>vi</sup> <http://www.texaswatchdog.org/2012/06/houston-isd-has-26-million-in-surplus-food-schools-cafeteria/1340133825.column>

<sup>vii</sup> <http://redappleprojectsite.com/2012/06/isds-gone-wild-with-building-projects/>

<sup>viii</sup> (Note: We have a PIR pending to come up with the specific amount. )

<sup>ix</sup> <http://m.lubbockonline.com/filed-online/2011-08-20/texas-school-cuts-be-felt-ways-big-and-small-following-cuts-4-billion>

<sup>x</sup> [http://www.brb.state.tx.us/lgs\\_search.aspx?action=isd](http://www.brb.state.tx.us/lgs_search.aspx?action=isd), Texas Bond Review Board website

<sup>xi</sup> <http://www.cbs7.com/video/index.asp?vid=14703>

<sup>xii</sup> <http://americansforprosperity.org/texas/legislativealerts/pastor-blames-state-of-misd-on-voters-rejecting-past-bonds/>

<sup>xiii</sup> <http://www.dallasnews.com/news/columnists/jacquielynn-floyd/20120607-well-paid-disd-administrators-better-be-top-performers.ece>

<sup>xiv</sup> <http://letterstotheeditorblog.dallasnews.com/archives/dallas-isd/>

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- <sup>xv</sup> [http://sunshinereview.org/index.php/Texas\\_School\\_Alliance](http://sunshinereview.org/index.php/Texas_School_Alliance)
- <sup>xvi</sup> <http://www.nisd.net/board/docs/2011-legislative-priorities.pdf>
- <sup>xvii</sup> [http://www.risd.org/group/aboutrisd/AboutRISD\\_Docs/Legislative%20Priorities%2011-1-10.pdf](http://www.risd.org/group/aboutrisd/AboutRISD_Docs/Legislative%20Priorities%2011-1-10.pdf)
- <sup>xviii</sup> <http://redappleprojectsite.com/2012/05/arlinton-isd-hires-pr-firm/>
- <sup>xix</sup> <http://www.star-telegram.com/2012/05/12/v-print/3956047/dfw-school-districts-hiring-firms.html>
- <sup>xx</sup> <http://www.star-telegram.com/2012/05/12/v-print/3956047/dfw-school-districts-hiring-firms.html>
- <sup>xxi</sup> <http://www.truthfulpolitics.com/http://truthfulpolitics.com/comments/u-s-education-spending-literacy-test-scores-vs-other-countries/>
- <sup>xxii</sup> <http://www.truthfulpolitics.com/http://truthfulpolitics.com/comments/u-s-education-spending-literacy-test-scores-vs-other-countries/>
- <sup>xxiii</sup> <http://education-gogetit.com/files/dmfile/Rider50and59ReportFINAL.pdf>
- <sup>xxiv</sup> <http://ritter.tea.state.tx.us/perfreport/snapshot/2011/state.html>
- <sup>xxv</sup> <http://datacenter.kidscount.org/DataBook/2012/OnlineBooks/KIDSCOUNT2012DataBookFullReport.pdf>
- <sup>xxvi</sup> <http://ritter.tea.state.tx.us/perfreport/snapshot/2011/state.html>