



## State Funding Cuts Compound AISD's Budget Challenges

The highly anticipated 82<sup>nd</sup> Session of the Texas Legislature has begun, and the only bill that lawmakers are actually required to pass is the state budget. That budget will have huge implications for Austin ISD and the District's budgetary process.

Both the Texas House and Senate have filed their base budget bills, which propose a balanced budget without raising taxes or using the state's reserves in the Rainy Day Fund. This is the first step in the process, and the base budget bill is intended to do just that—establish a base within the limit required to balance state spending against the revenue estimate provided by the State Controller. The base bills reflect that the state has a serious budget problem. This problem is caused by a combination of factors, including the national recession and the disappearance of federal stimulus dollars used to balance the last state budget.

The funding for public education proposed in the House budget is \$5 billion less than the current biennium. By factoring in the projected enrollment growth of 170,000 students statewide and changes in property values, the cost to fully fund current law requirements for public education is roughly \$10 billion short. That represents a 13.7 percent reduction, combined with the reality that almost all of the special grant programs in education have been eliminated. The Senate bill proposes funding almost equally short from the current law requirements, but it does include \$400 million in grant programs to incentivize effective practices in education.

Typically, the first bill filed paints a "worst case scenario." In April, the State Controller will release a revised budget revenue estimate, which is expected to be higher than the projection she issued in January, as it is believed that sales tax revenue will continue to rise statewide. Lawmakers can also consider some creative techniques, such as the delay of some payments to the next biennium and the use of the Rainy Day Fund. Use of the Rainy Day Fund requires that two-thirds of the members of both the House and the Senate vote in favor of accessing those funds.

Both the House and the Senate must pass their version of the budget bill. Passage in the first chamber usually occurs the last week of March or first week of April, and passage in the second chamber takes place in mid-April. Following the passage of the two versions of the bill, a conference committee (comprised of five members from each chamber) is appointed to sort out the differences and produce a conference committee report that represents a compromise.

Adoption of the conference committee report represents final passage of the bill, so that it can be sent to Governor for his signature. That final passage won't take place until the final days before the close of the Legislative Session on May 30, and the deadline for the Governor to either veto or sign bills into law is June 19.

There are many steps in the process toward passage of the state budget. Unfortunately, the timing for that process occurs in conflict with the budgetary process for the District. The House and Senate will each hold numerous public hearings to receive public input into the budget they are working to develop, and each legislator will ultimately vote on passage of the bill.

The amount of the cuts school districts will face is unknown, as many factors are at play. However, even if it was known exactly how much the reduction would be, that still doesn't answer how the cuts will be applied, which is equally critical. The Legislature will have to pass a separate bill that specifies how school district entitlements will be reduced. Cuts could be proportional in each district, or property wealthy districts, like Austin, could be asked to share a greater burden. Factors such as property wealth levels, student population, and possibly even district efficiency could all be used to determine the exact amount per district.