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QUINTERO: Public education debt accounts for third of all local debt

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By James Quintero

Texas Public Policy Foundation

The old saying is that everything's bigger in Texas — but that's not necessarily a good thing, especially when it comes to things like school district debt.

According to the latest figures from the Texas Comptroller's office, the Lone Star State's school districts have amassed a mountain of debt over the past decade or so, totaling more than \$63.6 billion as of August 2011. That accounts for about one-third of all local government debt in Texas, estimated at \$192.7 billion, and works out to be more than \$13,500 per student.

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Some of the worst offenders around the state include: Dallas ISD \$2.6 billion total, \$16,707 per student; Houston ISD \$2.5 billion total, \$12,046 per student; Cypress Fairbanks \$1.8 billion total, \$16,674 per student; Northside ISD\$1.8 billion total, \$18,549 per student; and Frisco ISD \$1.2 billion total, \$33,670 per student.

Some districts attempt to justify this enormous debt overhang by falling back on the argument that it's an "investment;" but there's a flaw with this argumentmuch of the money borrowed is too often ill-spent on things like immaculate sports stadiums, massive jumbotrons, or other non-essentials — things that, arguably, do not measurably enhance academic performance.

Delving a little deeper, consider the case of Allen, TX, a suburb of Dallas with just under 90,000 residents. In 2012, Allen ISD completed construction on what ESPN called "the palace of high school football," a

brand-new \$60 million facility that accommodates up to 18,000 screaming fans, features concrete seating, and boasts a 38-foot wide high definition screen. Being the very definition of excess, Allen ISD's new stadium cost almost as much to build as the school spent on instruction in 2010-11, but I dare say that all of this money spent will do little to boost student learning.









The Eanes Independent School District provides another good example of questionable public debt. In 2011, Eanes ISD won voter approval in a May election for a \$54 million bond package, of which the district spent \$15.4 million of borrowed money on technology upgrades and replacements, including \$4 million on presentation stations and \$835,000 on 1,700 iPads. Arguably, some of these items may have been needed—but is it prudent to assume long-term debt obligations for things that have a short shelf life? Why not simply purchase these items through the normal budgetary process, or save up if the annual budget doesn't allow for such a large purchase? All reasonable questions from a taxpayer perspective.

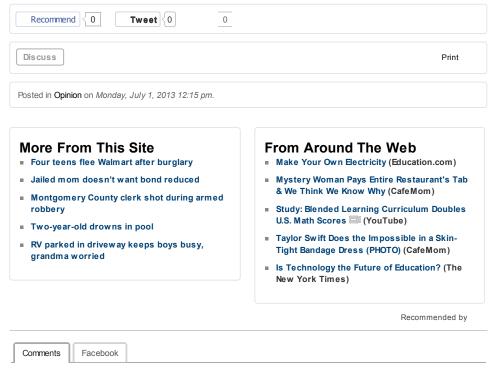
The explosive growth of public school debt is an issue that cannot be ignored much longer. Already, property taxes, the main revenue generator for schools, are the 14th highest in the nation. If school districts continue to accumulate debt at the rate they have in the past, it is a near certainty that property taxes will soar ever-higher, threatening job growth and the economy.

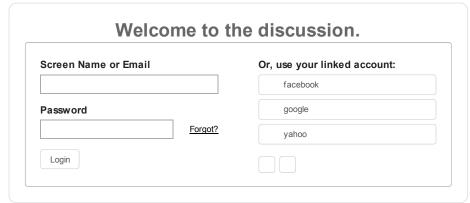
Solving, or even just slowing, Texas' school district debt problem won't be easy; but it's a challenge the Texas Public Policy Foundation is happy to take on.

Beginning July 1, the Foundation launched its Center for Local Governance, a one-of-a-kind research center committed to promoting conservative principles at the local level, including among school districts. Our resolve is to take the Texas Model of low taxes and spending and limited government to the local level where, if applied, we can impact Texas in a positive way, much like what we've seen at the state level in the last ten years.

Local government spending and debt reform are critical to Texas' continued prosperity. The status quo is quickly becoming unsustainable, as we can see at the school district level. It's time that we began taking big, bold steps in the right direction, and the new Center stands ready to do just that.

James Quintero is the Director of the Center for Local Governance at the Texas Public Policy Foundation, a non-profit, free-market research institute based in Austin. He may be reached atjquintero@texaspolicy.com.











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