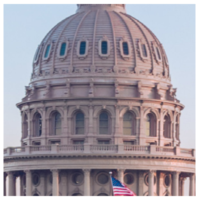


TEXAS PUBLIC POLICY FOUNDATION
Testimony

April 16, 2019
Think Local Liberty

SB 722
Testimony Before the Texas Senate Committee on Public Education

by James Quintero, Director

Mr. Chairman and Members of the Committee:

My name is James Quintero, and I represent the Texas Public Policy Foundation. Thank you for the opportunity to address the committee today. I am here to testify in support of Senate Bill 722.

As introduced, SB 722 would amend the Education Code by adding the following provision:

> *The board of trustees may not make a severance payment to a superintendent in an amount greater than one year's salary under the superintendent's terminated contract.*

This type of good government change is much needed, particularly in today's difficult school finance environment.

In the aggregate, supersized superintendent severance payments are siphoning millions of dollars away from the classroom. According to a recent report from the *Texas Monitor*, a small number of Texas school districts—numbering only around two dozen—approved $6 million in payments to their departing superintendents from January 2017 to March 2018. On a slightly longer time horizon, an August 2018 report from the Legislative Budget Board uncovered similar results, finding: "From fiscal years 2013 to 2017, school districts issued severance payments to 141 superintendents. These payments totaled approximately $18.3 million."

On an individualized basis, the excesses of the current system are even more apparent.

- **Garland ISD:** In January 2017, Garland ISD parted ways with its superintendent and provided him with an "aggregate payment amount" of $686,225.50. That amount included "the total amount of salary owed, benefits, leave and vacation time, and other perks" and was more than double his annual base salary of $282,733.
- **Johnson City ISD:** In January 2017, the Johnson City school district—a small ISD with student enrollment of less than 750 students—awarded its outgoing superintendent with a severance payment of $256,727. His base salary was $149,547—and the payout came at a time when the district was struggling with an almost $1 million deficit.
- **Spur ISD:** In February 2017, Spur ISD—a district with less than 300 students enrolled—made a $175,228 severance payment to its superintendent. Her base salary was $109,928.
- **Bloomington ISD:** In March 2017, the Bloomington ISD board awarded $291,591 to its superintendent. Her annual salary was $199,697.68.
- **Higgins ISD:** In June 2017, Higgins ISD—a district with only 122 students—paid its departing administrator $187,803. His annual salary at the time was just $97,490.
- **Katy ISD:** In May 2018, the Katy ISD school board unanimously approved a $750,000 payout to its superintendent, "equivalent to two years of his salary" according to the *Houston Chronicle*.
- **La Joya ISD:** In February 2019, La Joya ISD—renowned for being the first school district in Texas to own a water park—gave its outgoing superintendent "…$319,069.06, which compensated her for a year of lost salary; an additional payment of $148,240.05, which compensated [her] for 105 leave and vacation days at $1,411.81 apiece; and a new job: 'Transition Assistant to the Interim or Acting Superintendent,' which allows her to collect a paycheck until June 30."

continued

Other examples abound, but hopefully the point has been made: Under the current system, Texas superintendents are receiving severance payments far in excess of their annual salary and that's taking away resources from both taxpayers and the classroom.

Commonsense reforms, like SB 722, are needed to make important changes. I would urge the committee to look favorably on this particular policy effort.

Additionally, I encourage the committee to consider a few recommendations to improve the overall thrust of the bill as well.

To borrow from Illinois' newly enacted "Government Severance Payment Act," it may be fruitful for Texas lawmakers to:

1. Further limit the size of the payout to no more than 20 weeks. After all, few in the private sector receive such extended compensation and, to my knowledge, these payments have not led to any direct improvement in student achievement. It is worth noting that Florida too has a similar law that states: "A requirement that severance pay provided may not exceed an amount greater than 20 weeks of compensation;" and

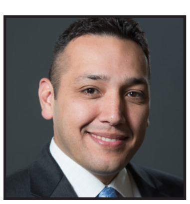
2. Prohibit any compensation when a superintendent is fired for misconduct or resigns from his or her position to avoid being fired. Again, Florida has a similar provision in effect: "A prohibition of provision of severance pay when the officer, agent, employee, or contractor has been fired for misconduct…."

> **Excerpt**: *Illinois' Government Severance Payment Act*
>
> *Section 10. Severance pay.*
>
> *(a) A unit of government that enters into a contract or employment agreement, or renewal or renegotiation of an existing contract or employment agreement, that contains a provision for severance pay with an officer, agent, employee, or contractor must include the following provisions in the contract:*
>
> *(1) a requirement that severance pay provided may not exceed an amount greater than 20 weeks of compensation; and*
>
> *(2) a prohibition of provision of severance pay when the officer, agent, employee, or contractor has been fired for misconduct by the unit of government.*
>
> *(b) Nothing in this Section creates an entitlement to severance pay in the absence of its contractual authorization or as otherwise authorized by law.*
>
> *Source*: Illinois General Assembly, Public Act 100-0895

Lastly, the committee should consider requiring any superintendent severance payment to be based on work performance and should direct school districts to set out the performance standards and evaluation process in full public view. This will help further instill transparency and accountability in the process.

The data and anecdotal evidence make clear that this is an area that could benefit from reform. With the right changes in place, the system can be restructured to still attract talented professionals while also safeguarding taxpayers and ensuring that the classroom is being prioritized.

Thank you for your time. I look forward to answering any questions that you may have.



James Quintero is the director of the Think Local Liberty project at the Texas Public Policy Foundation. He's been featured in the *New York Times*, *Forbes*, the *Huffington Post*, Fox News, and Breitbart.

Since joining the Foundation in 2008, Quintero has focused his research efforts on state and local government spending, debt, taxes, financial transparency, annexation, and pension reform. Quintero received a bachelor's degree from the University of Texas at Austin and an M.P.A. with an emphasis in public finance from Texas State University.

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