



SB 629

Testimony Before the Texas Senate Education Committee

by Shelby Sterling, Policy Analyst

Mr. Chairman and Members of the Committee:

My name is Shelby Sterling, and I am the policy analyst for the Think Local Liberty project at 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 629](#).

Thomas Jefferson once proposed that “information is the currency of democracy.” This statement rings as true today as it did then as Americans continue to place significance on the free-flowing exchange of information between themselves and the government. With all of the advances in technology, the promise of a truly open government has never been so close to grasp. Now, citizens are grasping for public finance information.

Here in Texas, the public’s desire for greater government transparency and accountability is no different. And to its credit, Texas has, at times, been a pioneer in this field, even if it is no longer a nationally recognized leader. Still, there is an opportunity today to further people’s understanding of their school districts’ finances. That’s especially important in light of Texas’ property tax problem, which is being driven by local government spending patterns.

Every taxpayer in Texas wants to know where their tax dollars are being spent. More importantly, they want to ensure that those tax dollars are also being spent efficiently. When the government spends any amount of taxpayer money, citizens are entitled to learn how and where the money was spent.

Increased government financial transparency is needed now more than ever. School district budgets continue to grow rapidly, with spending consistently outpacing population and inflation growth. Making matters worse, there has been a steady stream of high-profile news stories over the last year or so detailing egregious instances of waste, fraud, and abuse involving everything from water parks to golf courses to six-figure severance packages to palatial high school football stadiums to gargantuan digital scoreboards and more.

Some of these highly questionable expenditures came as the result of public debt—a tool that school districts have come to rely heavily upon.

In fact, school districts represent the largest local governmental entity responsible for most of Texas’ debt load.

In fiscal year 2018, local government debt totaled \$355 billion or about \$12,500 per capita. Of that total, independent school districts (ISDs) owed the largest share of any local government with debts amounting to \$133.2 billion or 38 percent of the total. If that total were divided by the number of kids enrolled in K-12 public schools, approximately \$25,000 would be owed for every child.

As a consequence of accumulating all of this public debt, school districts have had to increase property taxes substantially.

In fiscal year 2017, Texas local governments collected approximately \$60 billion in property taxes. Of that \$60 billion, school district taxes were \$32 billion of the total or 54 percent of the overall burden. Thus, the property tax levy growth is up approximately 50 percent in 10 years.

High taxes and debt are a signal that school district finances could benefit from greater scrutiny. We need more eyes on their books to help make sure that school districts are maximizing their resources and stretching every dollar. To do this, Texans need more information and better tools to hold their local officials accountable, like those offered in SB 629.

As introduced, SB 629 aims to improve transparency in the school districts ranked within the top 50 in student enrollment by requiring them to post and maintain certain school financial information at all times. By requiring school districts to disclose their financial information for all taxpayers to see, state lawmakers will create an atmosphere that invites greater government efficiency.

One idea to improve the bill is to extend these transparency requirements to all taxing units of a reasonable size. After all, a governmental entity with the power to tax has the duty to inform.

Other possible improvements to the bill that lawmakers may want to consider include:

- Add 44.102(a)(1)(E): the total number of unfilled full-time equivalent positions for the district and the length of time that each position identified has been vacant.
- Add 44.102 (a) (1) (F): the total unassigned fund balance.
- Add 44.102 (a) (5) (D): the local debt service outstanding expressed in total repayment.
- Add 44.102 (a) (8): the estimated annual impact of the school district's total property tax levy on a single average area homeowner for each of the preceding five fiscal years.

For all of these reasons, we support the passage of SB 629. Thank you for your time. I look forward to answering any questions you may have. ★

ABOUT THE AUTHOR



Shelby Sterling, J.D., is a policy analyst for the Think Local Liberty project at Texas Public Policy Foundation. She was previously an intern in the Foundation's Center for the American Future.

Sterling has a J.D. from Texas A&M University School of Law in Fort Worth. She participated in the law school's residency externship program and graduated with a concentration in public policy. Sterling received her B.A. in Letters from the University of Oklahoma, a combination study of philosophy, history, and literature on the U.S. Constitution and the Founding Fathers.

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The public is demanding a different direction for their government, and the Texas Public Policy Foundation is providing the ideas that enable policymakers to chart that new course.

