

## Plano Independent School District

Dr. Theresa Williams, Superintendent of Schools  
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**P L A N O**  
Independent School District

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April 4, 2023

Thank you for your service to our Plano ISD community and thank you for taking time to consider this message. I am writing to express Plano ISD's **strong support** for SB 2088 by Senator Brandon Creighton. We believe this bill is crucial to addressing the issue of recapture payments in our state, which has become increasingly burdensome for school districts.

In recent years, the number of districts paying recapture and the total amount paid in recapture have significantly increased. In 2019, 220 Texas districts paid a total of \$2.69 billion in recapture. This year, the state expects 241 districts to pay approximately \$4.96 billion. These recaptured districts serve approximately 26% of the state's public education students.

What is particularly concerning is that 22% of the state's economically disadvantaged students are enrolled in a recaptured district. Furthermore, 107 recapture districts serve a student population in which 50% or more are economically disadvantaged, including Houston ISD, Dallas ISD and Austin ISD. In Plano ISD, 37% of the students we serve are economically disadvantaged.

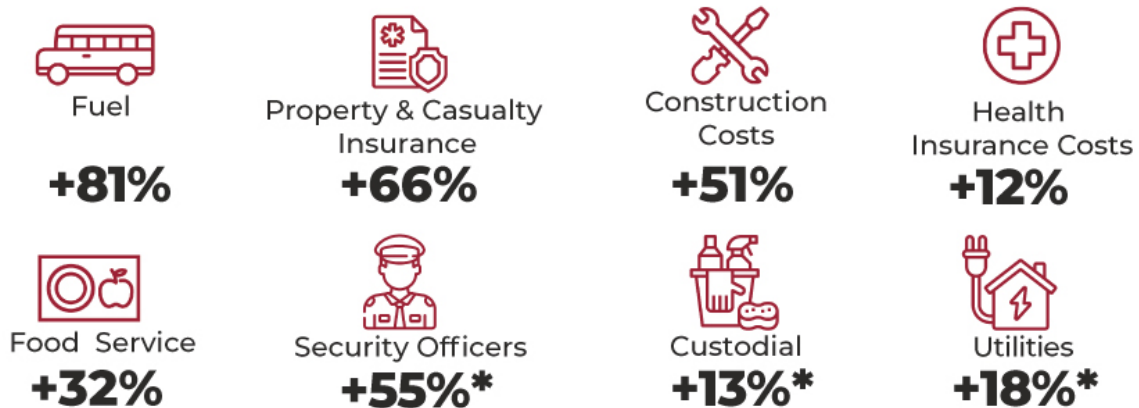
Providing an incentive for schools to pay recapture early brings more revenue into the state treasury at an earlier point in the year, so the state can benefit from the interest on those dollars and help defray the need to borrow funds in times when the state isn't flush with funds. An early payment-credit is a simple way to reduce recapture for all districts required to pay it, without a significant cost to the state. Finally, the state often affords early-payment credits to other taxpayers, such as businesses that pay the corporate franchise tax. For sales tax, which is the largest source of state tax revenue in Texas, the state offers a discount for any taxpayer filing timely reports and payments.

For Plano ISD, recapture payments have increased by 50.3% since the passage of HB 3 in 2019. The district paid approximately \$165 million in 2019 and has estimated this year's payment to be approximately \$248 million. This sharp rise in recapture payments is due to increased property values, a decrease in student enrollment and a decrease in percentage of students in daily attendance. Additionally, the district's fixed contract expenses have increased significantly

since 2019, mainly due to a spike in inflation. These increases include fuel (81%), property & casualty insurance (66%), construction costs (51%), health insurance (12%), food costs (32%), security officers (55%), custodial (13%) and utilities (18%). Finally, the district has tried to remain competitive by offering market driven wages to teachers and support staff.

### School Cost Inflation 2019 vs. 2022

Schools, just like our households and businesses, are seeing increased costs for fuel, energy, food, and supplies.



Schools no longer have the same buying power as they did in 2019 when the \$6,160 basic allotment was set. Average inflation since August 2019 has increased by 17% according to the Consumer Price Index. That means in order to have the same buying power as they did after HB 3 was passed, the basic allotment would need to be over \$7,100.

**\* School Cost Inflation numbers revised 4/6/2023.**

This past year, Plano ISD provided a 4% increase to all teachers and a 3% increase to all other staff. Unfortunately, this did not even cover half of the rate of inflation (8.3%). As a result, the district has seen its budget deficit increase from \$17.9 million in 2019 to \$23.5 million in 2023. This budget deficit would have been much worse, but the district has implemented cost saving measures such as zero-based budgeting and formula driven staffing ratios to mitigate the effects of inflation and other budgetary constraints. An example of this can be found in viewing Plano ISD's decrease in total staffing units in 2019 (7,015) to 2023 (6,358). This decrease of 657 staffing units was accomplished through attrition and is representative of a 9.4% decrease.

We have heard that districts do not need assistance due to their large fund balances or federal ESSER funding. In Plano ISD, we are projecting an ending fund balance of \$245.7 million. This is approximately 32.4% of our operating budget. Although this is slightly higher than the TEA's recommendation of 20%, Plano ISD must carry a higher fund balance in order to cash flow our operations until property taxes begin to be collected in November of each year. Over 92% of our operating budget is recognized through local property taxes. Plano ISD has received

approximately \$43 million in ESSER funding. These funds have been used to help offset the effects of learning loss, behavioral issues and student remediation. Even though these funds will be fully utilized by the end of next fiscal year, the need for these services will continue beyond this entitlement.

Clearly, recapture payments cause significant financial strain on many school districts, across the state. That is why Plano ISD trustees and district leaders support SB 2088. I also want to express my gratitude for the efforts of Senators and Representatives who have filed similar bills. SB 980 by Representative Angela Paxton, HB 2378 by Representative Mihaela Plesa, HB 2394 by Representative Ryan Guillen, HB 3028 by Representative Morgan Meyer and HB 4838 by Representative Penny Morales Shaw are all promising proposals that would provide an early-agreement credit. It is encouraging to see so much interest and discussion on this crucial issue.

I urge you to consider SB 2088 and other similar bills as a means to address the issue of recapture payments in Texas. Our school districts, particularly in light of student and budgetary needs, are long overdue for some relief from this financial burden.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Theresa Williams". The signature is written in a cursive, flowing style.

Dr. Theresa Williams  
Superintendent of Schools