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Teamwork for Excellence



P L A N O  
Independent School District

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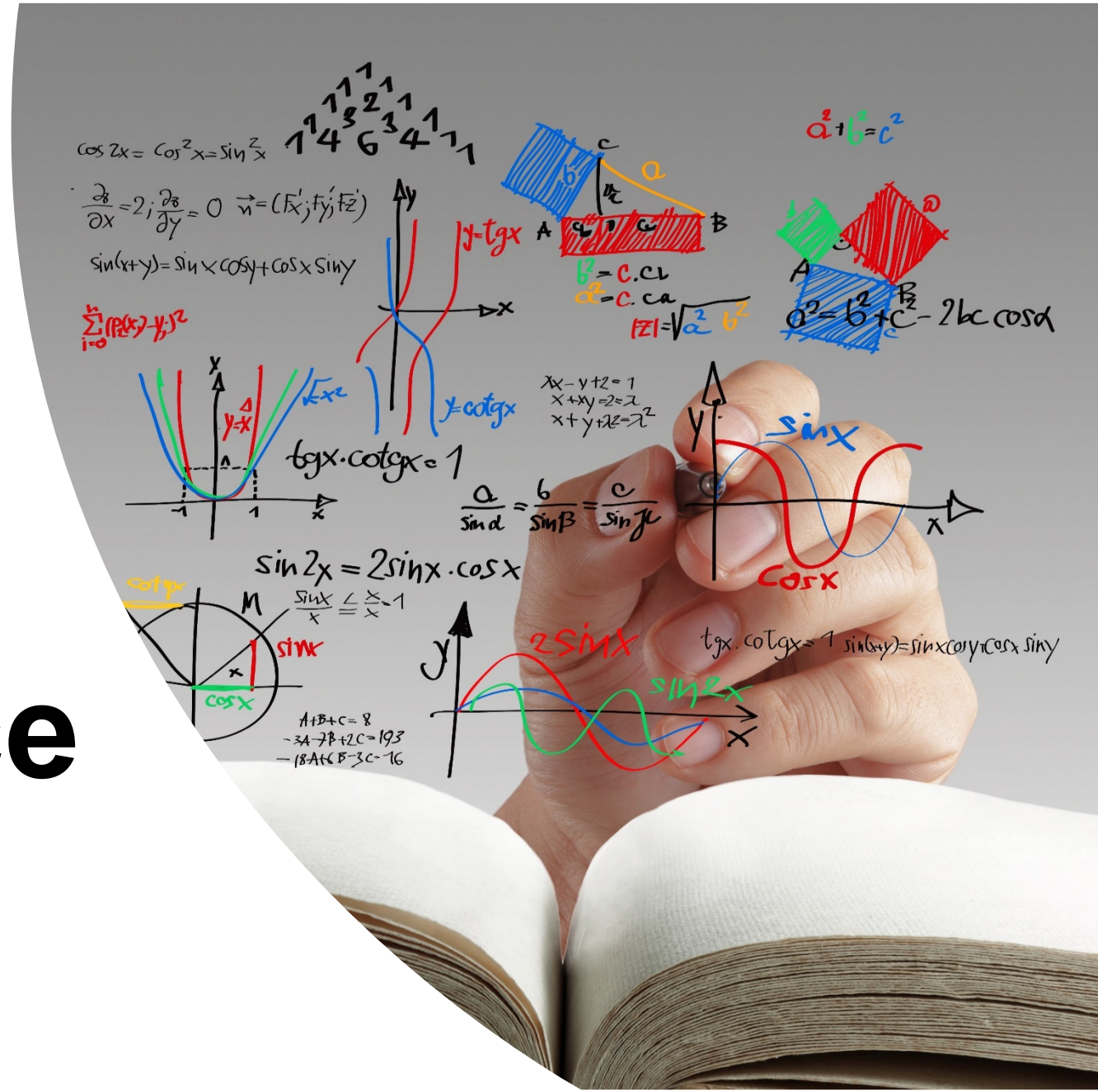
Plano Chamber of Commerce

“The Impact of School Finance in Plano’s Success”

August 30, 2018

It's complicated...

# Texas School Finance



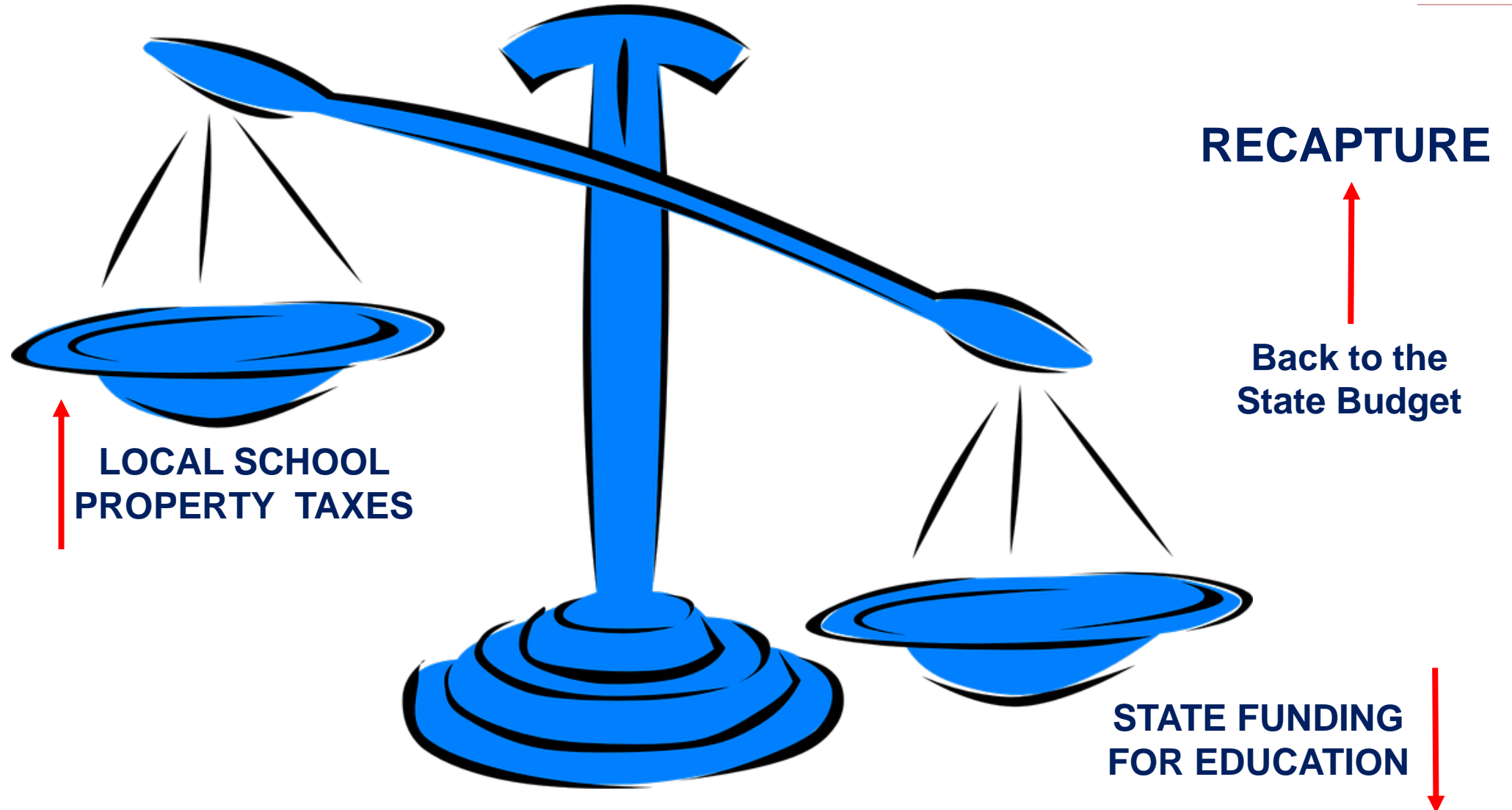


# Drivers of School Finance

- Number of students (ADA & WADA)
- Tax rate – determines value of each ADA – higher tax rate makes each student worth more money
- Property value – determines wealth per WADA (state vs local share)
  
- Other factors
  - District size – small & midsized school adjustments
  - Cost of Education Index



# Mechanics of School Finance



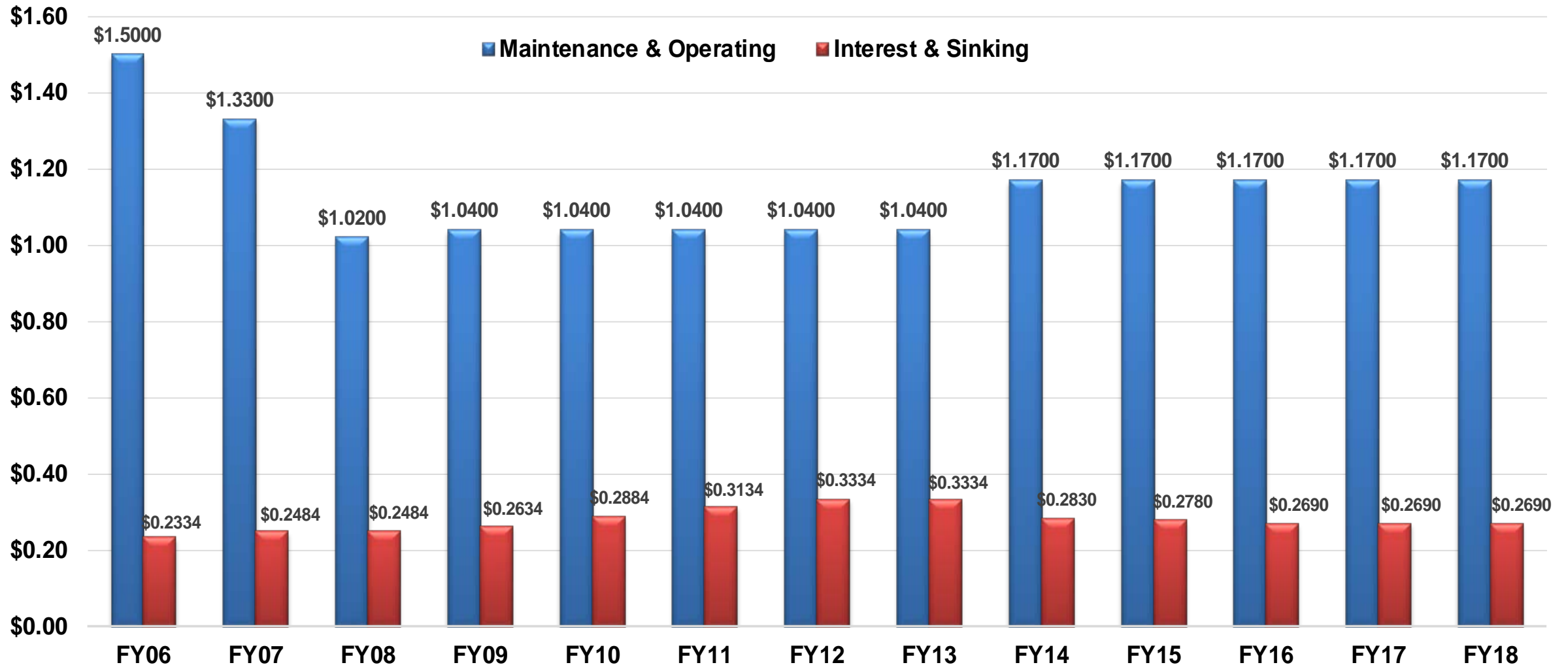


What does this mean for  
Plano ISD?



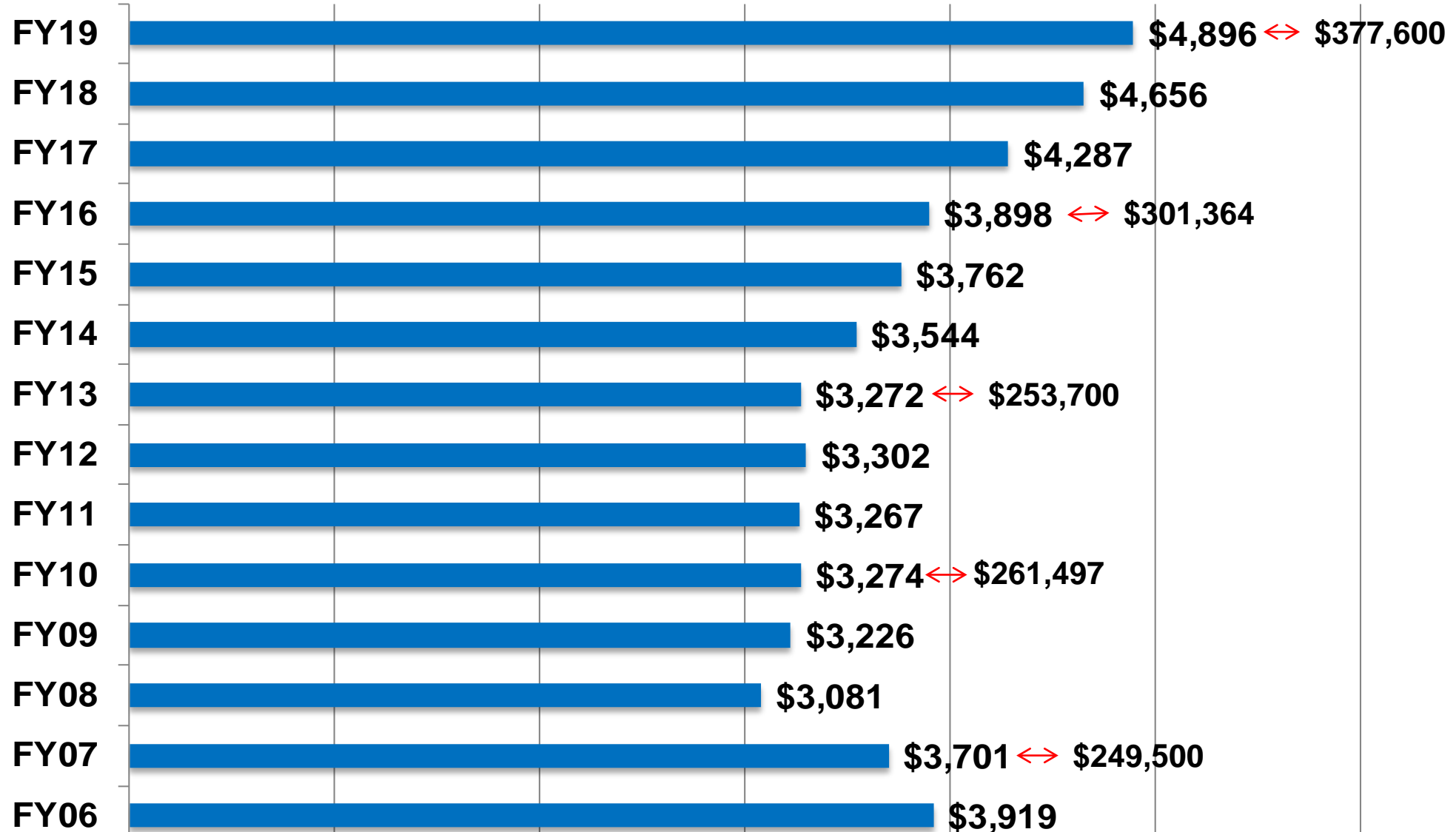
# PISD Property Tax Rate History

# 2006-2019



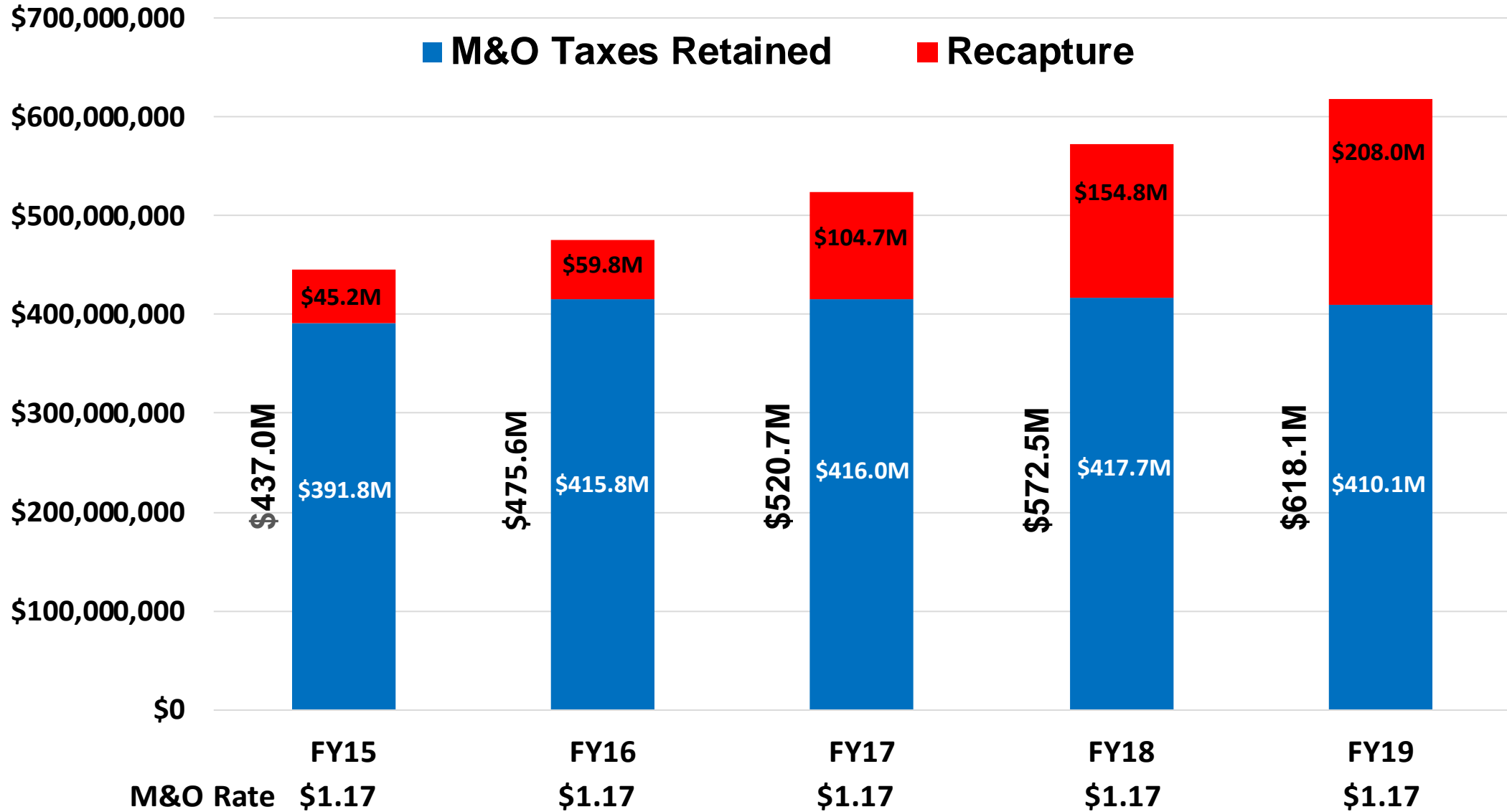


# PISD Taxes on Average Residence





# Impact on District Operating Budget







# History of Statewide Hidden School Property Tax

BILLIONS  
\$3,000

\$2,500

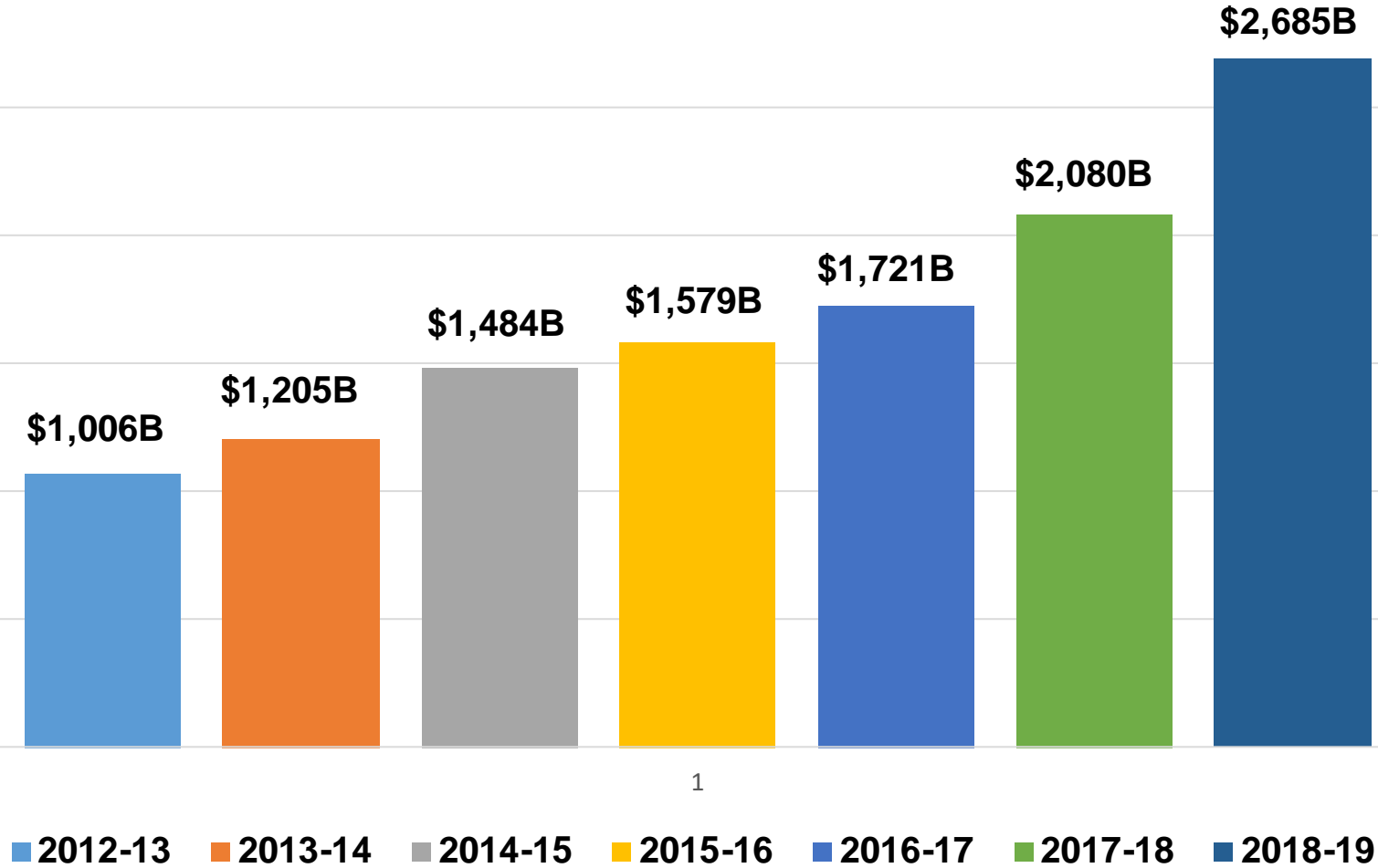
\$2,000

\$1,500

\$1,000

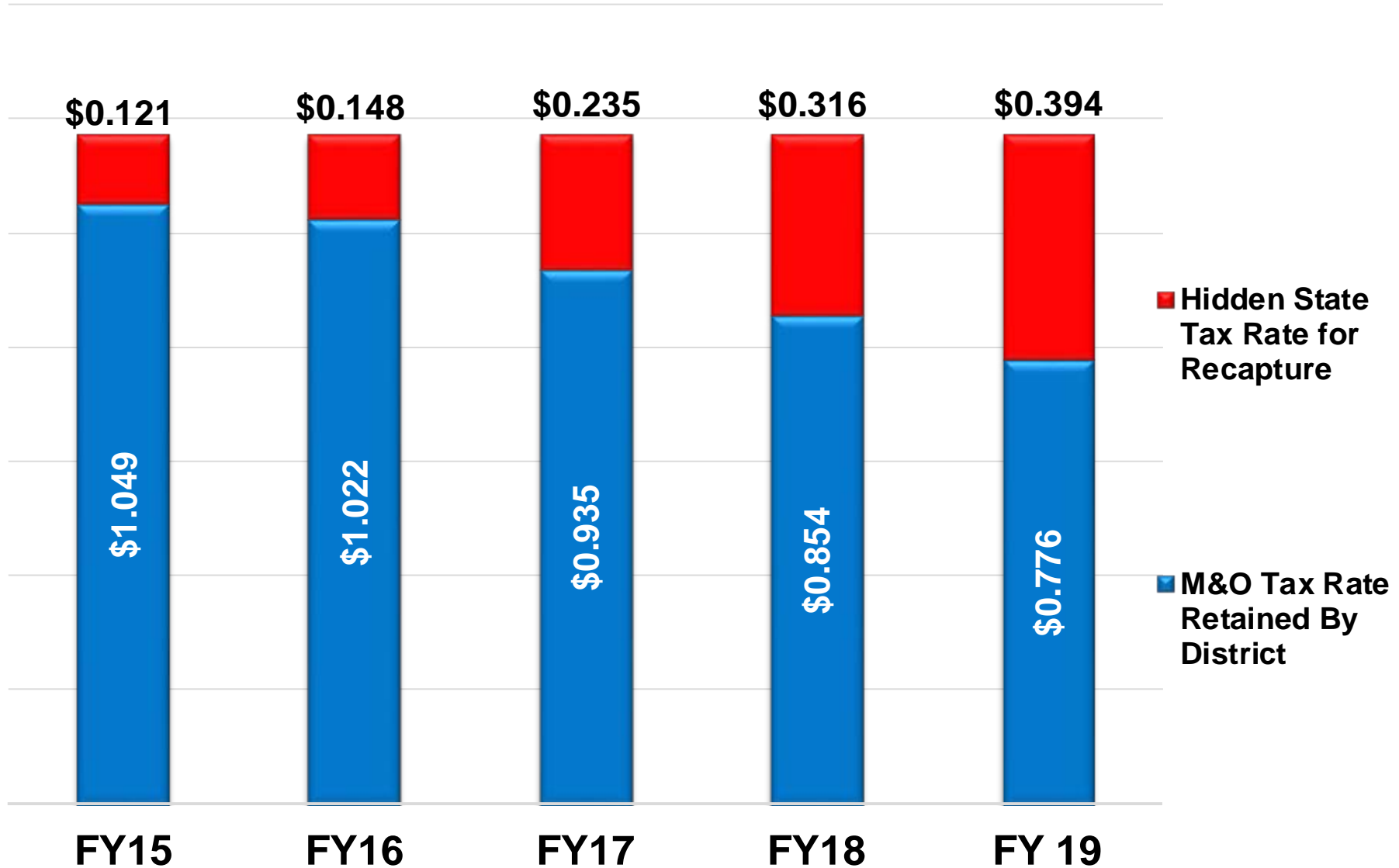
\$500

\$0



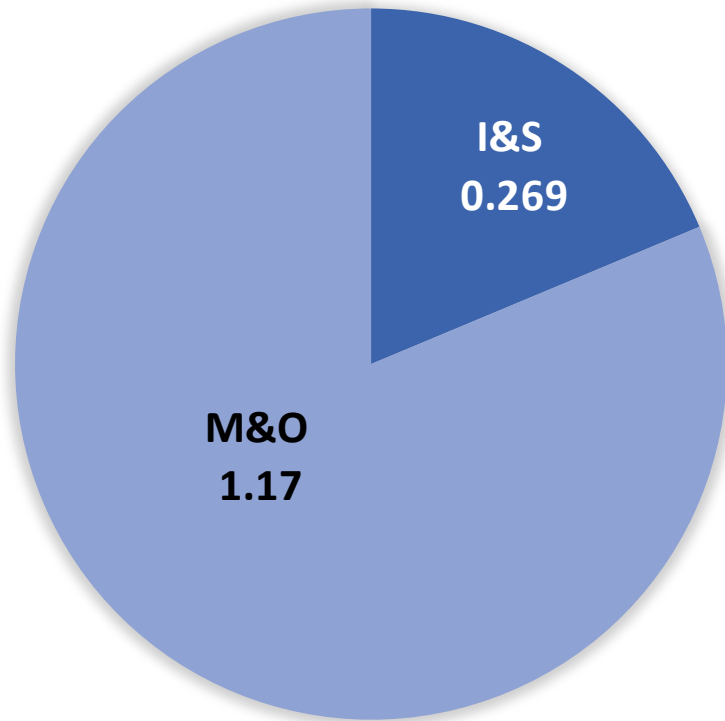


# Hidden School Property Tax Rate

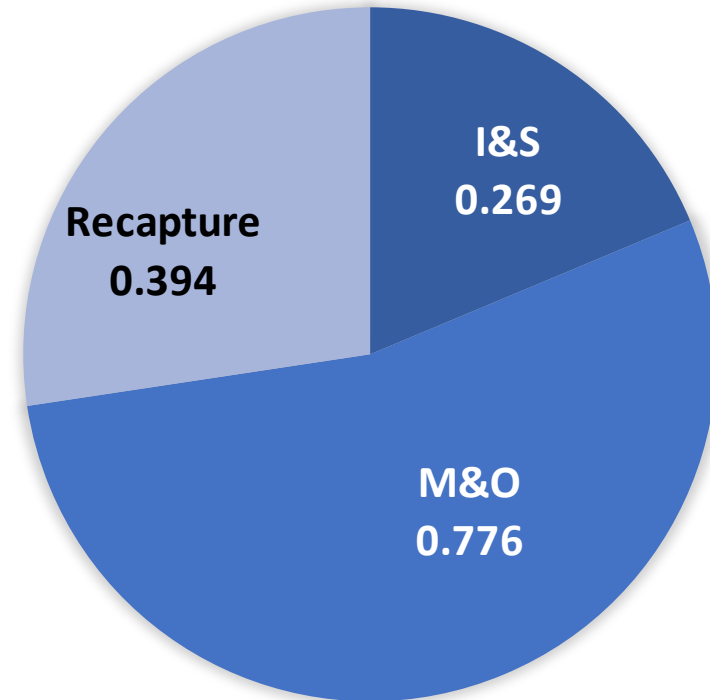




### WHAT TAXPAYERS SEE.....



### REALITY.....



**“WE NEED TAXPARENCY”**



# Future Fund Balance Impact

Revenue/Exp Changes	2018-2019	2019-2020	2020-2021	2021-2022
Revenues:				
Interest Income	\$3,500,000	\$0	\$0	\$0
ADA Loss	(\$2,010,000)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
Available School Fund	\$7,866,000	(\$7,800,000)	\$7,800,000	(\$7,800,000)
Expenditures:				
Salary Increase – 2%	(\$6,500,000)	(\$6,650,000)	(\$6,800,000)	(\$6,950,000)
Opening New Campus	<u>\$0</u>	<u>(\$800,000)</u>	<u>\$0</u>	<u>\$0</u>
Net Budget Impact	(\$2,856,000)	(\$17,250,000)	(\$1,000,000)	(\$16,750,000)
Prior Year Budgeted FB		(\$6,700,000)	(\$23,950,000)	(\$24,950,000)
Budgeted Fund Balance	(\$6,700,000)	(\$23,950,000)	(\$24,950,000)	(\$41,700,000)
Cumulative Budgeted Change in FB	(\$6,700,000)	(\$30,650,000)	(\$55,600,000)	(\$97,300,000)

Share the wealth

# Robin Hood





# How are school districts different?

- Wealth Equalization – “Robin Hood “(Recapture) – started in 1993-94
- School districts cannot increase tax rate without voter approval or exceed maximum.
  - operating tax rate - \$1.04 or up to \$1.17 with voter approval.
  - Districts that have passed a Tax Ratification Election cannot lower then raise property tax rate to previous adopted rate.
- Property value increases benefit the State budget, not the District
  - Decreased state aid or increased recapture



# How are school districts different?

- School district values are audited every other year by the State Comptroller and must be within a 5% variance of market value
- School district funding is controlled by State Funding Formulas:
  - No built-in inflationary factor for salary increases or cost of living
  - Takes Legislative action to modify the weights and allow districts more funds

# PLANO ISD'S RECAPTURE SINCE 1993-94



Plano ISD's  
total recapture  
will exceed  
\$1.9B in  
fiscal year  
2018-19

**\$1,700,000,000**



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