DENTON INDEPENDENT SCHOOL DISTRICT

2025-2026

PUBLIC HEARING ON BUDGET AND TAX RATE

AUGUST 12, 2025

TEXAS PUBLIC SCHOOL FINANCE



\$0.6169 Tax Year 2024

\$0.06 Tax Year 2024

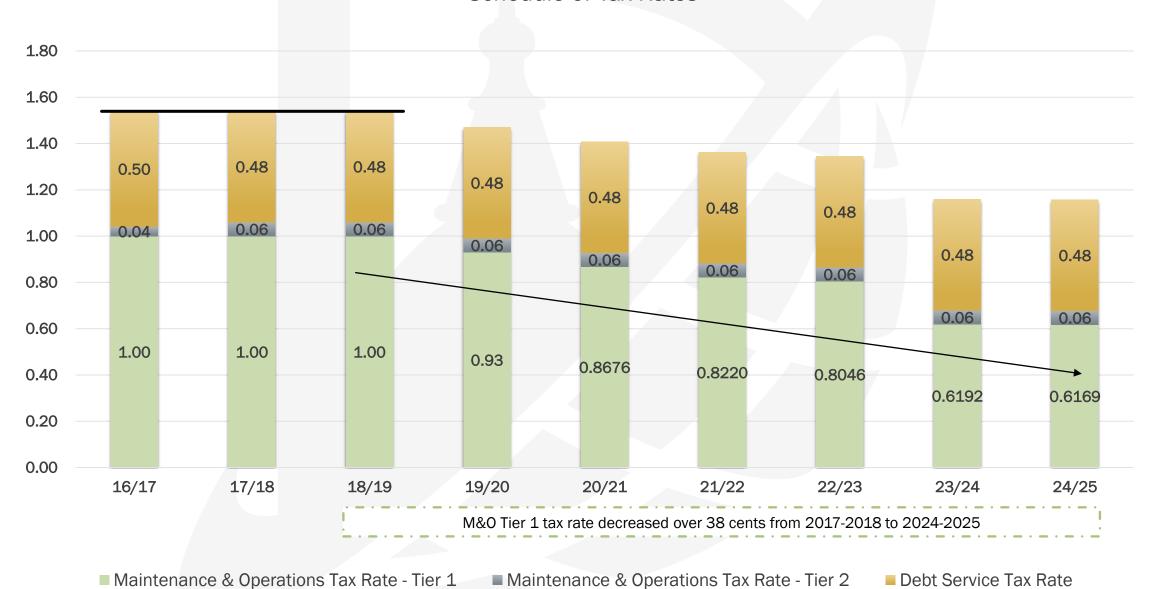
Foundation School Program (FSP) is a system of formulas that determine an individual district's total funding amount. A district is then responsible for generating a state-assigned local share through local ad valorem ("according to value") property taxes. The state makes up any difference between the district's entitlement and local property tax revenue with state aid. If a district has sufficient property wealth to generate more than its state-determined funding amount, then the district must return the excess to the state (recapture).

Tier 1 is designed to provide funding for a basic, or foundation, educational program for all students, based primarily on student counts and student attributes. Each district has a basic entitlement under Tier 1. Most of this amount is determined by applying various funding weights to student counts and multiplying that by the basic allotment of \$6,215. The weights are applied to account for differences in the cost of educating students in different educational programs or settings or with different characteristics.

Tier 2 provides funding for an enrichment program. Districts are limited to a maximum of 17 cents of tax effort in Tier 2. Because of the varying yields, the 17 cents are divided into golden pennies (8) and copper pennies (9). A district must get voter approval before it can levy more than 5 cents in Tier 2.

Recapture: If a district's property wealth is high enough to generate revenue in excess of entitlement, the district must take steps to reduce excess local revenue. This is often referred to as recapture. There is no recapture on the golden penny portion of Tier 2 or on interest and sinking (I&S) fund taxes levied to repay bonded debt. Texas Education Code Chapter 49 provides five options for a district to reduce excess revenue.

Denton Independent School District Schedule of Tax Rates



MAINTENANCE & OPERATIONS TAX RATES 2024

PEER DISTRICTS

District	Enrollment	MCR Tier 1	Tier 2	Total M&O
Birdville ISD	20,000 to 30,000	0.6169	0.1700	0.7869
Mansfield ISD	More than 30,000	0.6169	0.1700	0.7869
Plano ISD	More than 30,000	0.6351	0.1700	0.8051
Arlington ISD	More than 30,000	0.6428	0.1700	0.8128
Carrollton-Farmers Branch ISD	20,000 to 30,000	0.6169	0.1383	0.7552
Frisco ISD	More than 30,000	0.6169	0.1383	0.7552
Keller ISD	More than 30,000	0.6169	0.1383	0.7552
McKinney ISD	20,000 to 30,000	0.6169	0.1383	0.7552
Prosper ISD	20,000 to 30,000	0.6169	0.1383	0.7552
Lewisville ISD	More than 30,000	0.6169	0.1300	0.7469
Irving ISD	More than 30,000	0.6169	0.1010	0.7179
Denton ISD	More than 30,000	0.6169	0.0600	0.6769
Garland ISD	More than 30,000	0.6169	0.0500	0.6669
Northwest ISD	20,000 to 30,000	0.6169	0.0500	0.6669
Hurst-Euless-Bedford ISD	20,000 to 30,000	0.6226	0.0500	0.6726

MAINTENANCE & OPERATIONS TAX RATES 2024

DENTON COUNTY
SCHOOL
DISTRICTS

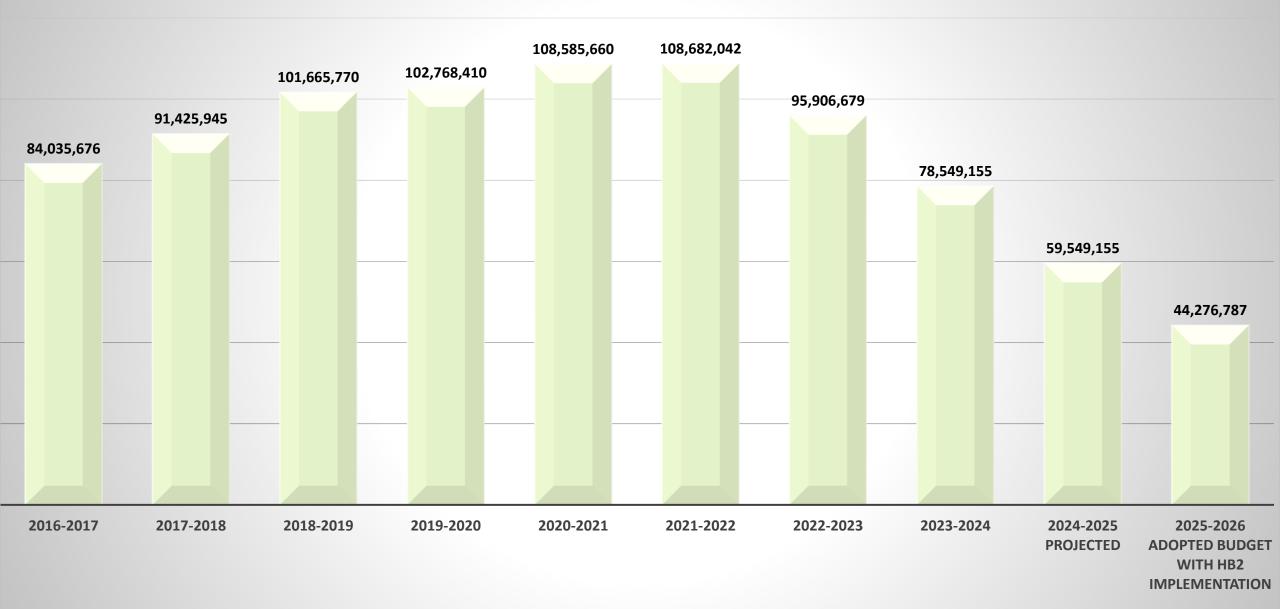
District	MCR Tier 1	Tier 2	Total M&O
Celina ISD	0.6169	0.1700	0.7869
Ponder ISD	0.6192	0.1700	0.7892
Pilot Point ISD	0.6169	0.1406	0.7575
Aubrey ISD	0.6169	0.1383	0.7552
Krum ISD	0.6169	0.1383	0.7552
Lake Dallas ISD	0.6169	0.1383	0.7552
Little Elm ISD	0.6169	0.1383	0.7552
Sanger ISD	0.6169	0.1300	0.7469
Argyle ISD	0.6169	0.0930	0.7099
Denton ISD	0.6169	0.0600	0.6769

2025-2026 UPDATED BUDGET OULOOK	Adopted Budget
Revenue	325,564,812
Expenditures	(345,129,269)
Adopted Deficit	(19,564,457)
House Bill 2 New Funding	19,273,517
Compensation Plan - Teachers	(9,458,561)
Compensation Plan - Support Staff	(1,214,159)
Payroll Costs Associated with Mandated Raises	(1,248,708)
Discretionary	7,352,089
Compensation Plan - All Others (includes payroll costs)	(3,060,000)
Discretionary	4,292,089
Updated Deficit	(15,272,368)
M&O Tier I Rate	0.61690
M&O Tier II Rate	0.06000
Debt Rate	0.48000
Total Rate	1.15690

ADDITIONAL REVENUE BASED ON NUMBER OF M&O TIER 2 PENNIES

FUNDING ANALYSIS WITH ADDITIONAL PENNIES	1 Additional Golden Penny	2 Additional Golden Pennies	2 Additional Golden Pennies 1 Additional Copper Penny	2 Additional Golden Pennies 2 Additional Copper Pennies	2 Additional Golden Pennies 3 Additional Copper Pennies
Updated Deficit (with HB2 Implementation)	(15,272,368)	(15,272,368)	(15,272,368)	(15,272,368)	(15,272,368)
Additional Revenue	5,297,953	10,617,178	16,100,104	21,521,107	26,914,422
Updated Deficit with Additional Revenue	(9,974,415)	(4,655,190)	827,736	6,248,739	11,642,054

Denton Independent School District Summary of Fund Balance



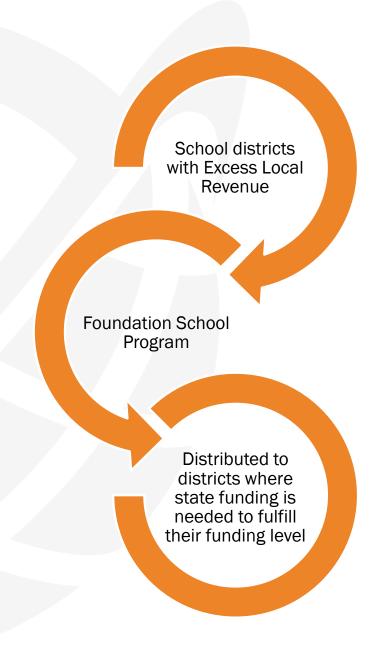
TAX COMPARISON BASED ON AVERAGE TAXABLE VALUE

	Tax Year 2024	Tax Year	+ .01	+ .02	+ .03	+ .04	+ .05
	Certified Values	2025	penny	pennies	pennies	pennies	pennies
AVERAGE TAXABLE VALUE OF HOME							
(includes Homestead Exemption)	327,494.00	297,989.00	297,989.00	297,989.00	297,989.00	297,989.00	297,989.00
TAX RATE	<u>1.1569</u>	<u>1.1569</u>	<u>1.1669</u>	<u>1.1769</u>	<u>1.1869</u>	<u>1.1969</u>	<u>1.2069</u>
TAXES DUE ON AVERAGE RESIDENCE	3,788.78	3,447.43	3,477.23	3,507.03	3,536.83	3,566.63	3,596.43
DECREASE IN TAXES, OVER 2024-2025		(341.34)	(311.54)	(281.75)	(251.95)	(222.15)	(192.35)

CHAPTER 49 (EXCESS LOCAL REVENUE OR RECAPTURE)

WHAT IS EXCESS LOCAL REVENUE?

- Districts with <u>local</u> revenue that exceed the levels in Texas Education Code Chapter 48 are subject to the provisions in Texas Education Code Chapter 49.
- Districts with excess local revenue pay funds into the Foundation School Program for distribution to other districts.
- The funds that are distributed by districts with local revenue in excess of entitlement are <u>recaptured</u> by the TEA to assist with the financing of public education for all school districts.
- Notified annually on July 15th Calculations use an estimated property value increase and an estimated tax rate



REVIEW OF POTENTIAL RECAPTURE

	Proposed M&O Tax Rate	Estimated Additional Revenue Based on Number of Pennies	Potential Recapture	Net Revenue Estimate	Estimated General Fund Budget Status
Current Tax Rate	0.6769	-	-		(15,272,368)
1 Additional Golden Penny	0.6869	5,297,953	-	5,297,953	(9,974,415)
2 Additional Golden Pennies	0.6969	10,617,178	-	10,617,178	(4,655,190)
2 Additional Golden Pennies					
1 Additional Copper Penny	0.7069	17,257,037	(1,156,933)	16,100,104	827,736
2 Additional Golden Pennies					
2 Additional Copper Pennies	0.7169	23,871,208	(2,350,101)	21,521,107	6,248,739
2 Additional Golden Pennies					
3 Additional Copper Pennies	0.7269	30,482,082	(3,567,660)	26,914,422	11,642,054

August

- Texas Education Agency Assigns M&O Tier 1 Tax Rate
- Adopt Tax Rate for 2025-2026

September

- Efficiency Audit Results
- Post Efficiency Audit on Webpage (30 days prior to election)

November

 Voter Approved Tax Ratification Election (VATRE)

QUESTIONS?