



SPRING BRANCH
INDEPENDENT SCHOOL DISTRICT

BUDGET ADVISORY COMMITTEE



AGENDA

September 16, 2026

- **Welcome & Introductions**

Courtney Anderson, President, SBISD Board of Trustees

- **Thank You**

Dr. Jennifer Blaine, Superintendent of Schools

- **Financial Overview**

David Bender, Associate Superintendent for Finance

- **Discussion**

- **Exit Ticket**



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Introductions



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Board of Trustees Budget Advisory Committee **Purpose & Scope**



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Committee Purpose & Scope

The SBISD Board of Trustees Budget Advisory Committee (TBAC) is an *ad hoc* advisory group established by the Board of Trustees to provide strategic thought partnership, objective guidance and informed suggestions as the district navigates ongoing financial challenges resulting from continued state underfunding of public education, increased competition, changing enrollment patterns, ongoing inflationary pressures and the desire of the SBISD Board of Trustees and district administration to operate as effectively, efficiently and strategically as possible now and for the future.

Committee Purpose & Scope

The TBAC members will work collaboratively and cooperatively with the Superintendent and members of the SBISD Board of Trustees, with support from the district's administrative designees and resource personnel, for the purposes outlined below:

- **Develop understanding** of the district financial realities, priorities and constraints.
- **Explore and recommend strategies to increase operational efficiencies and sustainable practices for long-term fiscal health** while aiming to **preserve the quality of the student experience** and the district's ability to attract and retain **outstanding staff and educators**.
- **Provide guidance for local revenue generation** including, but not necessarily limited to, **maximizing value or earning potential of district real estate and properties** and/or available **property tax mechanisms**.
- **Explore demographic trends and projections** and other pertinent information to provide input to the Board of Trustees and Superintendent regarding facility utilization and operational planning.
- **Serve as key communicators** between the Board of Trustees and the community to increase community awareness of matters pertaining to the district's budget and operational challenges and opportunities, and to bring to the Board community input related to such matters.

Committee Purpose & Scope

Limitations:

- The TBAC will not make decisions or set policy and will serve in an advisory capacity only.
- Areas of focus from which the TBAC should refrain include recommendations regarding curriculum, instructional program models, personnel decisions, policies and procedures, boundaries of district facilities, and/or educational pedagogy decided upon and/or subject to District, State and Federal laws.

Texas School Finance OVERVIEW



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Texas School Finance

Serving 5.5 million students

1200+ school districts and charter schools

\$55.7 billion annual cost for maintenance and operations

\$12.6 billion annual cost for debt support

Costs are shared between the state and school districts

State finances three education systems:

- Public schools 87%
- Charters 8%
- Private education and alternative learning environments 5% (vouchers)

School districts also receive federal funds that supplement state and local funds

Texas School Finance

The Texas Constitution mandates support and maintenance of a free public school system:

A general diffusion of knowledge being essential to the preservation of the liberties and rights of the people, it shall be the duty of the Legislature of the State to establish and make suitable provision for the support and maintenance of an efficient system of public free schools.

Texas School Finance

Over the decades, policymakers have developed three key principles, rooted in this constitutional requirement, that guide the evolution of the state's funding formulas:

- **Adequacy** is the principle of enough resources to provide for students' educational needs.
- **Equity** is the principle of ensuring similar access to resources at similar levels of tax effort given similar costs, regardless of districts' relative levels of property wealth per student.
- **Efficiency** is the principle that seeks to ensure that resources are productive of educational outcomes, with little waste.

Texas School Finance

The Texas Education Code expands and codifies these principles:

- It is the policy of this state that the provision of public education is **a state responsibility** and that a thorough and efficient system be provided and **substantially financed through state revenue sources** so that each student enrolled in the public school system shall have access to programs and services that are appropriate to the student's educational needs and that are **substantially equal** to those available to any similar student
- The public school finance system of this state shall adhere to a standard of neutrality that provides for **substantially equal access to similar revenue per student at similar tax effort...**

Litigation

2016 & 2026

2016 Litigation supported by the majority of Texas school districts

- *“Our Byzantine school funding system is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements,” Justice Don Willett wrote in the court’s 100-page opinion.*
- *The Texas Supreme Court upheld the state’s public school funding system as constitutional, while also urging state lawmakers to implement “transformational, top-to-bottom reforms that amount to more than Band-Aid on top of Band-Aid.”*

2026 Litigation brought by Midland ISD.

- *Arguing unconstitutional state tax, unreasonably high recapture burden, and despite high property wealth over half of the district’s students qualify for free and reduced lunch*

Questions?



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Foundation School Plan (FSP)



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Foundation School Plan (FSP)

The FSP is a system of formulas that determine an individual district's total funding amount. A district is responsible for generating a state-assigned local share through local ad valorem 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).

FSP Structure



Tier 1: **Basic Entitlement**

All districts participate
Formula-Based Allotments



Tier 2: **Enrichment**

Most districts participate
Guaranteed Yield per Penny of
M&O Tax Effort per Weighted Student



Facilities Funding

Some districts participate
Guaranteed Yield per Penny of
I&S Tax Effort per Student

Tier 1: Basic Entitlement



Tier 1 Basic Entitlement



Who Participates?

All districts participate.



How It Works

Formula-Based Allotments.



Purpose

Provides the basic level of funding for all students, regardless of district size or wealth.

F S P S T R U C T U R E

Tier 1: Basic Entitlement



Tier 1 Basic Entitlement



Educational Programs

- Special education and dyslexia
- Compensatory education
- Bilingual education
- Career and Technology Allotment
- Early education allotment
- Gifted and talented education



Other Targeted Funding

Tier 1: Basic Entitlement

- The district must generate its *local share* by levying its *maximum compressed tax rate (MCR)* (also known as the Tier 1 tax rate).
- The MCR is part of the district's maintenance and operations (M&O) tax rate.



Fill to here
with local
revenue

Tier 2

- A district can generate additional state funding for enrichment programs by imposing taxes in Tier 2.
- Tier 2 is a *guaranteed yield* program: the state guarantees that each penny of tax effort will yield a certain dollar amount per weighted student.
- The maximum Tier 2 tax rate is \$0.17, which is divided into golden and copper pennies.
- The first \$0.05 do not require voter approval; the remaining \$0.12 do.
- This rate is also part of the M&O tax rate.



Golden pennies

- First 8 cents of tax effort after MCR
- \$129.52/penny/weighted student
- Not subject to recapture



Copper pennies

- Next 9 cents of tax effort
- \$49.72/penny/weighted student
- Subject to recapture

FSP STRUCTURE

Excess Local Revenue - Recapture

- If a district has sufficient property wealth to generate more than its entitlement, the district has excess local revenue that it must reduce (recapture).
- To ensure equity, a district must reduce excess revenue generated in Tier 1 and by copper pennies in Tier 2.
- Golden pennies and facilities funding are not subject to recapture.



Questions?



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Property Taxes



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Property Taxes

Each school district generates its local share through property taxes. School boards are authorized to levy taxes by the Texas Constitution and the Texas Education Code. In most districts, school boards adopt two tax rates, expressed as a dollar amount per \$100 of assessed property value, each year.

The **maintenance and operations (M&O) tax rate** is used to support district operations, such as compensation, supplies, and materials. A district may not adopt a rate above its Tier 1 tax rate plus \$0.17 in Tier 2.

The **interest and sinking fund (I&S) tax rate** generates funds to service voter-approved bonded debt.

Property Taxes

Tier 1 & Tier 2

Tier 1 Tax Rate

A district's Tier 1 tax rate is the number of cents levied by the district for M&O that does not exceed the district's maximum compressed tax rate (MCR). A district's MCR is the tax rate at which the district must levy an M&O tax to receive the full amount of Tier 1 allotment. TEA calculates each district's MCR

Tier 2 Tax Rate

A district's Tier 2 tax rate consists of up to eight golden pennies and nine copper pennies for a total of \$0.17. A district can levy up to \$0.05 without voter approval, but voter approval is required for a district to levy the remaining \$0.12.

ONE RATE:

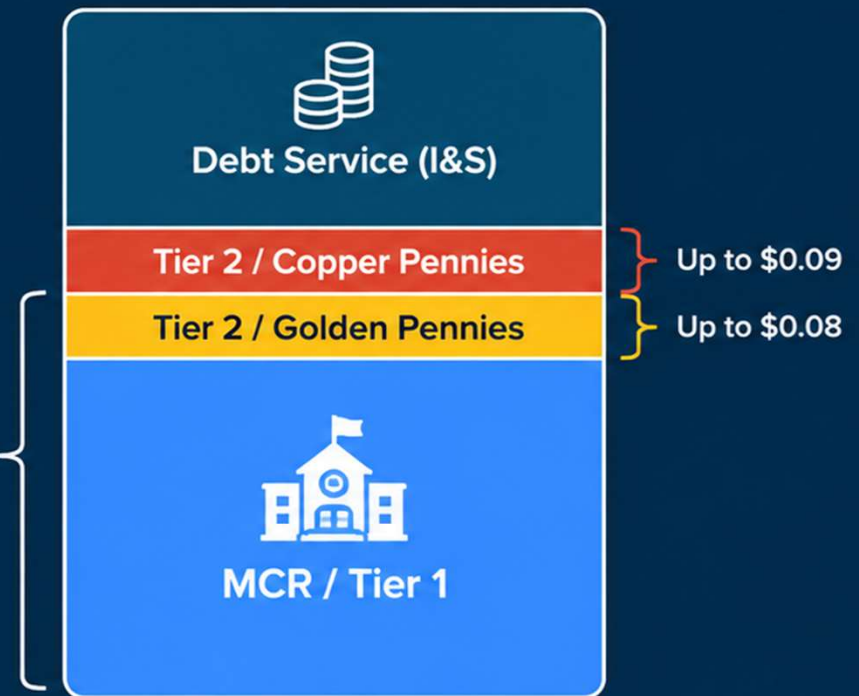
Several Parts



The tax rate consists of **two components**:

- Maintenance & Operations (M&O) rate
 - Maximum Compressed Rate (MCR) (Tier 1 Rate)
 - Tier 2 (Enrichment) Rate
- Interest & Sinking (I&S) Rate (Debt Service Rate)

M&O



SBISD

M&O Property Tax Rate FY 2027*



SBISD M&O
Property Tax Rate
FY 2027
\$0.7118



Tier 1

\$0.6254



Tier 2

\$0.0864



Total

\$0.7118

*Preliminary

SBISD

SBISD Tax Rate History



SBISD Tax Rate History

* Preliminary

Fiscal Year	Maintenance and Operations	Interest and Sinking	Total
2027 *	0.71180	0.34450	1.05630
2026	0.71860	0.30450	1.02310
2025	0.77190	0.30450	1.07640
2024	0.77440	0.30450	1.07890
2023	0.96430	0.30450	1.26880
2018 - 2010	1.09000	0.30450	1.39450

Litigation

2016 Ruling

“Our Byzantine school funding system is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements.”

The Texas Supreme Court upheld the state’s public school funding system as constitutional, while also urging state lawmakers to implement “transformational, top-to-bottom reforms that amount to more than Band-Aid on top of Band-Aid.”

Conclusion

Texas school finance is complex by design,
but its purpose is clear.



ADEQUACY

Provide the resources
needed to educate
every student.



EQUITY

Account for differences
in students, communities
and local capacity.



EFFICIENCY

Use public resources
responsibly and
effectively.

2027 Legislative Session



State Budget

- \$4.7 billion surplus to open session
- \$28.5 billion in the Rainy Day Fund

Discussion



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EXIT **TICKET**

What additional questions
do you have?

What additional information
would be helpful?



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