



AN EARLY COLLEGE DISTRICT

BROWNSVILLE

INDEPENDENT SCHOOL DISTRICT



BUDGET COMMITTEE MEETING

August 7, 2023

5:30 PM

BISD Boardroom

1900 E Price Road

Brownsville, TX 78521

Dr. Rene Gutiérrez, Superintendent of Schools

Dr. Nellie Cantu, Deputy Superintendent

Mr. Alex Cespedes, Chief Financial Officer



AN EARLY COLLEGE DISTRICT

BROWNSVILLE

INDEPENDENT SCHOOL DISTRICT

AGENDA

A. Discussion of Options With Respect to 2023-2024 Tax Rates

- I. Tax Rate Components
- II. Voter Approval Tax Rate Election (VATRE)
- III. Purpose of VATRE
- IV. Amortization and Use of Bonded Debt
- V. Defeasance Obligations
- VI. Tax Rate History
- VII. Summary
- VIII. Timeline



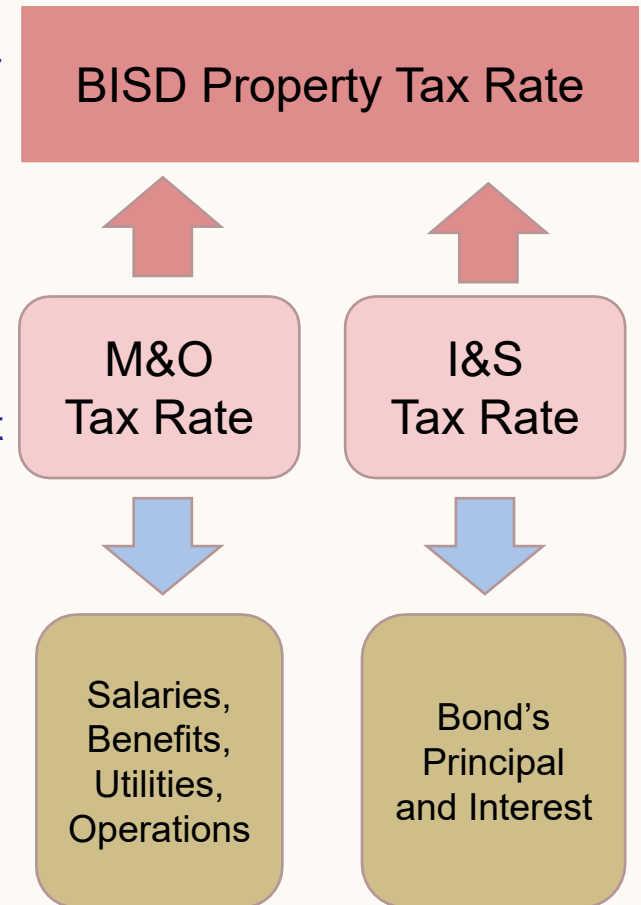
AN EARLY COLLEGE DISTRICT

BROWNSVILLE

INDEPENDENT SCHOOL DISTRICT

TAX RATE COMPONENTS

- I. A district's property tax rate consists of a Maintenance and Operations (M&O) tax rate and, if applicable, an Interest and Sinking (I&S) tax rate.
- II. The M&O tax rate is composed of two formulas:
 - I. Tier One – Also known as the Maximum Compressed Rate (MCR)
 - II. Tier Two – Also known as the enrichment pennies (Golden and Copper)
- III. The I&S tax rate provides funds for payments on the debt that finances a district's facilities.
- IV. The calculation of state funding for school districts is tied to tax effort; thus, tax rates provide an essential component in the state's school finance formulas.





AN EARLY COLLEGE DISTRICT

BROWNSVILLE

INDEPENDENT SCHOOL DISTRICT

VOTER APPROVAL TAX RATE ELECTION

Pursuant to Texas Tax Code, Chapter 26, §26.08(n), the maximum rate districts can adopt without going to the voters for a Voter Approval Tax Rate Election is the **SUM** of the following:

- I. The district's Tier One maximum compressed rate (MCR);
plus
- II. The greater of:
 - i. Five golden pennies; or
 - ii. The district's Tier Two voter-authorized enrichment pennies set in the prior year, less any pennies adopted under disaster provisions (Texas Tax Code § 26.042(e), (f) and (g)).
- III. The district's current I&S Tax Rate



AN EARLY COLLEGE DISTRICT

BROWNSVILLE

INDEPENDENT SCHOOL DISTRICT

VOTER APPROVAL TAX RATE ELECTION

2022-2023	
MCR (Tier One): \$	0.8941
Enrichment Pennies (Tier Two): \$	0.1197
Disaster Pennies: \$	0.0430
Total M&O Tax Rate: \$	1.0568
I&S Tax Rate: \$	0.1519
2022-2023 Adopted M&O Tax Rate \$	1.2087

2023-2024	
MCR (Tier One): \$	0.6192
Enrichment Pennies (Tier Two): \$	0.1270
Total M&O Tax Rate: \$	0.7462
Projected I&S Tax Rate: \$	0.1443
Maximum Tax Rate WITHOUT TRE: \$	0.8905

2023-2024	
MCR (Tier One): \$	0.6192
Enrichment Pennies (Tier Two): \$	0.1270
Additional TRE Pennies \$	0.0430
Total M&O Tax Rate: \$	0.7892
Projected I&S Tax Rate: \$	0.1443
Maximum Tax Rate WITH TRE: \$	0.9335



AN EARLY COLLEGE DISTRICT

BROWNSVILLE

INDEPENDENT SCHOOL DISTRICT

PURPOSE OF VATRE

Use 100% of funding generated through the TRE for the following:

- 2.00% Increase to Teacher Salaries
- 2.00% Increase to Classified Employee Salaries
- 2.00% Increase to Administration Salaries
- Decompression (Approx. \$2.6M)

Projected Funding from M&O VATRE				
	WADA	Pennies	\$/Penny	Total
Golden	49,267	0.0000	\$ 126.21	\$ -
Copper	49,267	0.0430	\$ 49.28	\$ 10,439,874
(Less Local)		0.0430	\$ 730,000.00	\$ (3,139,000)
			State Aid	\$ 7,300,874
			Local Aid	\$ 3,139,000
			Total State & Local Aid	\$ 10,439,874



AN EARLY COLLEGE DISTRICT

BROWNSVILLE

INDEPENDENT SCHOOL DISTRICT

AMORTIZATION AND USE OF BONDED DEBT

Fiscal Year	Period Ending	1	2	3	4	5	Total Annual Debt Service
		2013B Refunding Bonds Series	2015 Refunding Bonds Series	2018 Refunding Bonds Series	2020A Refunding Bonds Series	2020B Refunding Bonds Series	
2024	6/30/2024	\$ 3,947,400	\$ 248,800	\$ 1,861,500	\$ 365,250	\$ 8,994,600	\$ 15,417,550
2025	6/30/2025		\$ 248,800		\$ 4,246,150	\$ 8,982,000	\$ 13,476,950
2026	6/30/2026		\$ 248,800		\$ 4,241,225	\$ 8,982,600	\$ 13,472,625
2027	6/30/2027		\$ 248,800		\$ 4,242,700	\$ 8,980,400	\$ 13,471,900
2028	6/30/2028		\$ 2,204,025				\$ 2,204,025
2029	6/30/2029		\$ 2,202,625				\$ 2,202,625
2030	6/30/1930		\$ 2,193,000				\$ 2,193,000
		\$ 3,947,400	\$ 7,594,850	\$ 1,861,500	\$ 13,095,325	\$ 35,939,600	\$ 62,438,675
	Use of Bond	Part of 2005 Refunding Bond Issue (1998, 1999, 2001 Bond Issues)	Part of 2005 Refunding Bond Issue (1998, 1999, 2001 Bond Issues)	Balance of 2009 Refunding Bond Issue	Part of 2013A Refunding Bond Issue	Part of 2013B Refunding Bond Issue	



AN EARLY COLLEGE DISTRICT

BROWNSVILLE

INDEPENDENT SCHOOL DISTRICT

DEFEASANCE OBLIGATIONS

- 10 additional pennies in the I&S tax rate will levy approximately \$7.3 million.

- The \$7.3 million would be used strictly to pay off (defease) debt early.

Pursuant to Education Code 45.001(a)(2), the governing board of a school district may authorize the use of District funds realized from prior or prospective interest and sinking fund tax collections for the early redemption of certain qualifying long-term debt obligations (*Defeased Obligations*).

The Board of Trustees may adopt a resolution to pay certain *Obligations*, extinguishing the District's payment obligations with respect thereto at the time of defeasance.

2023-2024	
MCR (Tier One): \$	0.6192
Enrichment Pennies (Tier Two): \$	0.1270
Additional TRE Pennies \$	0.0430
Total M&O Tax Rate: \$	0.7892
Initial I&S Tax Rate: \$	0.1443
Additional Pennies for Defeasance: \$	0.1000
Total I&S Tax Rate: \$	0.2443
Proposed Tax Rate: \$	1.0335



AN EARLY COLLEGE DISTRICT

BROWNSVILLE

INDEPENDENT SCHOOL DISTRICT

TAX RATE HISTORY

- With the VATRE and defeasance, taxpayers will still see an \$0.18 decrease in their overall tax rate.
- The last time Brownsville ISD adopted a tax rate lower than \$1.03 was in 1992 (\$0.40).

Property Tax Information Rate per \$100 Valuation

Tax Year	Fiscal Year	Maintenance & Operations	Debt Service	Total Tax Rate	Increase/ Decrease
2023	2023-2024*	\$ 0.789200	\$ 0.244340	\$ 1.033540	-\$0.18
2022	2022-2023	\$ 1.056800	\$ 0.151890	\$ 1.208690	\$0.03
2021	2021-2022	\$ 1.039300	\$ 0.135700	\$ 1.175000	\$0.00
2020	2020-2021	\$ 1.025400	\$ 0.150472	\$ 1.175872	-\$0.01
2019	2019-2020	\$ 1.057000	\$ 0.129706	\$ 1.186706	-\$0.08
2018	2018-2019	\$ 1.152500	\$ 0.112500	\$ 1.265000	\$0.00
2017	2017-2018	\$ 1.152500	\$ 0.112500	\$ 1.265000	\$0.11
2016	2016-2017	\$ 1.152500	\$ -	\$ 1.152500	\$0.00
2015	2015-2016	\$ 1.152500	\$ -	\$ 1.152500	\$0.01
2014	2014-2015	\$ 1.040000	\$ 0.102155	\$ 1.142155	

*Proposed Tax Rate



AN EARLY COLLEGE DISTRICT

BROWNSVILLE

INDEPENDENT SCHOOL DISTRICT

HOMEOWNER TAX SAVINGS EXAMPLE

	2022-2023	2023-2024
Home Market Value	\$170,000	\$170,000
Less: Homestead Exemption	(\$40,000)	(\$100,000)
Taxable Value	\$130,000	\$70,000
Brownsville ISD Tax Rate	\$1.20869	\$1.03354
Estimated Property Taxes	\$1,571	\$723

\$848 SAVINGS IN BISD PROPERTY TAXES!





AN EARLY COLLEGE DISTRICT

BROWNSVILLE

INDEPENDENT SCHOOL DISTRICT

SUMMARY

M&O Rate

- VATRE for an additional 4.3 enrichment pennies (Tier Two) in M&O tax rate can generate approximately an additional \$10.4 million
- Requires voter approval in November 7, 2023 election

I&S Rate

- Proposing a defeasance resolution to add an additional 10 pennies in the I&S tax rate can generate approximately an additional \$7.3 million to pay off (defease) debt earlier
- Does not require voter approval

Building capacity to strengthen the district's future ability to maintain facilities and operate efficiently.



AN EARLY COLLEGE DISTRICT

BROWNSVILLE

INDEPENDENT SCHOOL DISTRICT

TIMELINE

- **August 7, 2023** – Budget Committee Meeting to discuss 2023-2024 Tax Rates
- **August 11, 2023** – Publish Notice of Public Meeting to Discuss Proposed Tax Rate
- **August 21, 2023** – Defeasance Resolution, Adopt Tax Rate, and Call Election for VATRE
- **October 7, 2023** – Efficiency audit Completed
- **October 8, 2023** – Efficiency audit results posted to District website
- **TBD** – Hold open meeting to discuss efficiency audit results (before VATRE)
- **November 7, 2023** – Election Day



AN EARLY COLLEGE DISTRICT

BROWNSVILLE

INDEPENDENT SCHOOL DISTRICT

QUESTIONS?

