
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT 2015 TAX RATIFICATION ELECTION (TRE) & 2017 TAX RATE INCREASE (TRI) TIMELINES

**OCTOBER 9, 2024
BISD BOARDROOM
6:00 PM**

**DR. JESUS CHAVEZ, SUPERINTENDENT OF SCHOOLS
ALEJANDRO CESPEDES, CHIEF FINANCIAL OFFICER
MARY GARZA, DIRECTOR OF FINANCE/BUDGET/PAYROLL**

UNDERSTANDING THE TAX RATE

GENERAL OPERATING FUND

(MAINTENANCE & OPERATIONS)
Day-to-day operations & expenses



For school districts
this includes:

- staff salaries
- utilities
- supplies
- repairs
- fuel

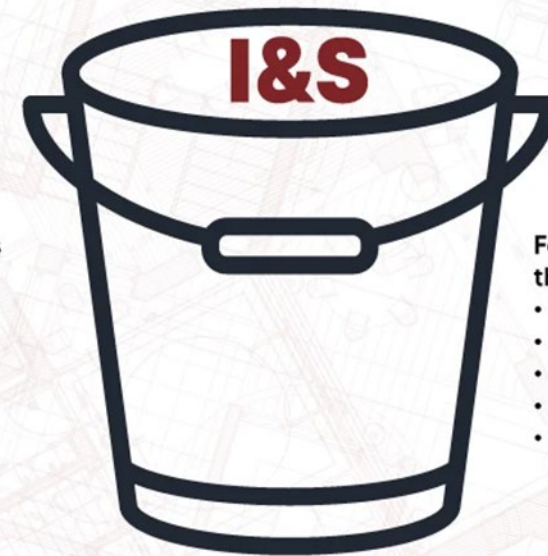
For the average citizen
this is similar to:

- groceries
- utilities
- minor home repairs
- routine services
- car fuel

**BOND FUNDS CANNOT BE USED FOR SALARIES, UTILITIES,
OR OTHER DAY-TO-DAY EXPENSES.**

DEBT SERVICES FUND

(INTEREST & SINKING)
Principal and interest payments on debt issued



For school districts
this includes:

- new construction
- Renovations
- HVAC Systems
- Roofing
- Technology

For the average citizen
this is similar to:

- Mortgage
- Home renovation
- Major Appliances
- Land
- Car

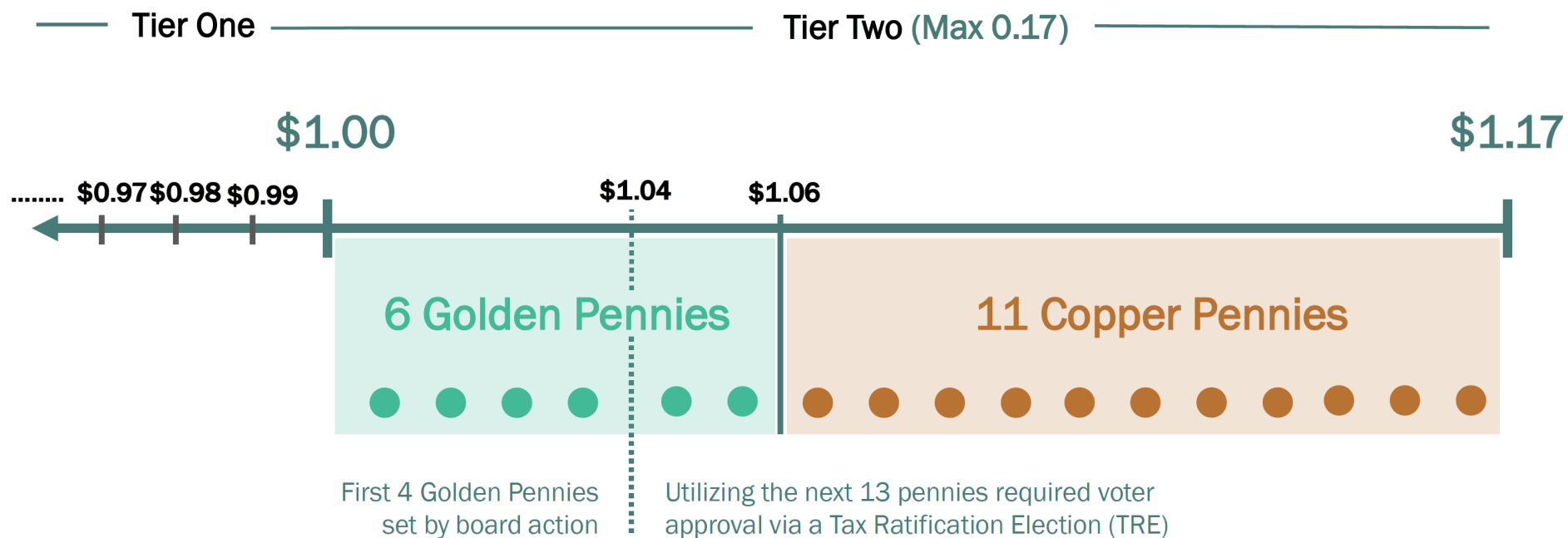
BOND ELECTIONS ONLY AFFECT THE I&S PART OF THE TAX RATE.

TAX RATE HISTORY

Brownsville ISD Property Tax Rate History Rate per \$100 Valuation					
Tax Year	Fiscal Year	Maintenance & Operations	Debt Service	Total Tax Rate	
2013	2013-2014	\$ 1.040000	\$ 0.102155	\$ 1.142155	
2014	2014-2015	\$ 1.040000	\$ 0.105666	\$ 1.145666	
2015	2015-2016	\$ 1.152500	\$ -	\$ 1.152500	
2016	2016-2017	\$ 1.152500	\$ -	\$ 1.152500	
2017	2017-2018	\$ 1.152500	\$ 0.112500	\$ 1.265000	
2018	2018-2019	\$ 1.152500	\$ 0.112500	\$ 1.265000	
2019	2019-2020	\$ 1.057000	\$ 0.129706	\$ 1.186706	
2020	2020-2021	\$ 1.025400	\$ 0.150472	\$ 1.175872	
2021	2021-2022	\$ 1.039300	\$ 0.135700	\$ 1.175000	
2022	2022-2023	\$ 1.056800	\$ 0.151890	\$ 1.208690	
2023	2023-2024	\$ 0.789200	\$ 0.241764	\$ 1.030964	
2024	2024-2025	\$ 0.786900	\$ 0.241764	\$ 1.028664	

~~TRE~~ →
~~TRI~~ →

Refresher: M&O Taxes before HB 3 under Prior Law



HOW DOES TAX RATE WORK?

2015-2016

TOTAL TAX RATE:

\$1.1525

=

M & O

\$1.0400

I & S

\$0.1125

- The total tax rate did not change = \$1.1525
- The district reduced its I&S rate to \$0.00.
- The district conducted a TRE for the same amount of I&S rate (\$0.1125)

TAX RATIFICATION ELECTION (TRE) NOTICE

- In 2015, the statutory maximum maintenance and operations (M&O) tax rate for a school district was \$1.17 per \$100 in property valuation.
- School districts are required to call a Tax Ratification Election (TRE) if they wanted to raise the M&O tax rate above \$1.04
- Why increase M&O tax rate and lower I&S tax rate if overall tax rate did not change?



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T

R

E

Tax Ratification Election



Brownsville ISD will ask voters to decide if the district can restructure the tax rate that funds our schools. The district proposes to move .11 ¼ cents from the Interest & Sinking Fund (Debt Service) to Maintenance & Operations. The total tax rate will remain the same at \$1.15 ¼ as presented and approved in the budget at the June 25, 2015 BISD Special Called Board Meeting.

	Maintenance & Operations	Interest & Sinking Fund (Debt Service)	Total Tax Rate No Increase
Pre TRE	\$1.04	\$0.11 ¼	\$1.15 ¼
Transfer	+ \$0.11 ¼ ←	→ - \$0.11 ¼	
Proposed TRE	\$1.15 ¼	\$0.00	\$1.15 ¼

No Change in Tax Rate

If the TRE is approved, it will generate between \$5 to \$6 million net per year in additional state funding to be used for one-time expenditures to improve, repair, and expand district facilities and enhance security.

TAX RATIFICATION ELECTION PRIORITY PROJECTS

Pending a successful Tax Ratification Election, BISD plans on pursuing the following district priorities:

Early College High Schools
 Pace Early College High School Band Room/New Facility/Modernization
 Porter Early College High School Band Room/New Facility/Modernization
 Lopez Early College High School Soccer Field Upgrade
 Veterans Memorial Early College High School Visitors' Bathroom Facilities-Stadium

Middle Schools
 Besteiro Middle School Middle School Track Field
 Lucio Middle School Middle School Track Field
 Vela Middle School Middle School Track Field

All Schools Safety and Security Resources, Library Resources

EARLY VOTING DATES:
 Monday, September 21–Friday, October 2

TAX RATIFICATION ELECTION (TRE) DAY:
 Tuesday, October 6



For more information, contact the BISD Public Information Office at 956.548.8000 or go to www.bisd.us.






BISD does not discriminate on the basis of race, color, national origin, sex, religion, age, disability or genetic information in employment or provision of services, programs or activities.

TIER TWO OVERVIEW

- Refers to a district's "enrichment" entitlement.
- A district's Tier II allotment provides for enrichment funding which is intended to supplement the basic funding provided by Tier I funds.
- To receive Tier I funding, school districts generally must tax at \$1.00 per each \$100 of local district property value. However, districts have local discretion to set a tax rate that is between \$1.00 and \$1.17.
- Tier II focuses on taxpayer equity by ensuring that school districts receive a guaranteed amount of funding for each penny of tax effort between \$1.00 and \$1.17 for each student in their weighted average daily attendance (WADA).
- This guaranteed amount per WADA is called the guaranteed yield.



Tier II

LEVEL 1

Golden
Pennies: Local
Discretion to
tax between
\$1.00 & \$1.06

**NO
RECAPTURE**

Voter Approval needed to tax above \$1.04

Tier II

LEVEL 2

Copper
Pennies: Local
Discretion to
tax between
\$1.06 & \$1.17

RECAPTURE

LEVEL 2

	Maintenance & Operations		Interest & Sinking
2015-2016 & 2016-2017	\$1.040 + 0.1125		\$0.1125
	\$24,000,000		
	- \$16,000,000 Bond Payment		+ \$16,000,000
	\$ 8,000,000 TRE		
			No Existing Debt Allotment or Instructional Facilities Allotment
		\$1.1525	

TAX RATIFICATION ELECTION (TRE) 1ST FACILITIES COMMITTEE MEETING

- At the October 20, 2015 Facilities Committee Meeting, it was discussed the various projects to be funded from the TRE funds generated.
- Priorities were adjusted:
 - Doing all 6 high school soccer fields
 - Canopies at Martin & Morningside ES
 - Ticket Booths at Veterans ECHS
- The estimated TRE funds generated (slide #8) are for two years (2015-2016 and 2016-2017)

Brownsville Independent School District Board Of Trustees

Facilities Committee Meeting

Tuesday, October 20, 2015

4:00 p.m.

Administration Building-Board Room

1900 E. Price Road

Brownsville, Texas 78521-2487

Members of Committee are:

Cesar Lopez, Chair
Hector Chirinos, Member
Caty Presas-Garcia, Member

Committee's Goal:

To provide and maintain adequate facilities in order to support ongoing academic progress.

Note: Only trustee appointed to committees may participate in debate or action by the committee. Trustees not on a committee may participate on the committee to the extent the public is allowed to participate.

A G E N D A

1. TRE Projects
 - Pace/Porter ECHS Band Halls
 - High School Soccer Fields
 - Middle School Track Fields
 - Elementary Priorities – Entry Canopies
 - Veterans Memorial High School Visitors Side Restroom Facility
2. Status on Current Projects
3. Presentation on High School Soccer Fields
4. Additional Parking for Sams Stadium
5. District wide HVAC Schedule
6. Public input
7. Adjournment

2016-2017 TAX RATE COMPARISON

At \$1.15, Brownsville ISD has one of the lowest tax rates of all 35 Region One school districts. In fact, the district's tax rate is the 32nd lowest rate in Region One.



TAX RATE INCREASE (TRI) NOTICE

PROPOSED PROJECTS

ASSUMPTIONS & OTHER FACTORS THAT AFFECTED TRI PROJECTS

- The M&O tax rate would remain around \$1.1525 for the next 4-5 fiscal years;
- District could not predict HB3 (2019) implications on M&O tax rate compression;
- Cost on proposed projects changed significantly after pandemic (2020); and
- Changes in proposed projects based on district priorities, administration changes, and/or school board changes.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT

Proposed Future Education, Facilities and Maintenance Projects 2017-2021 (Five-Year Period)

Additional funds raised by a tax increase of 11.25¢ over the next five fiscal years, 2017-2021, will be designated for necessary repairs, maintenance and safety upgrades at campuses and district facilities as well as new projects to support student academic and extracurricular opportunities. The proposed projects total \$100 million.

PROPOSED PROJECTS

Prekindergarten Program Expansion

Performing Arts Center (Phase I)

**Hanna Early College High School Gymnasium
(Future Athletic Facilities Projects)**

KBSD - ITV Relocation

**School Renovation Projects
(Future New Schools/Replacement of Schools)**

Sams Stadium Upgrade-Handicap Access

School Roofing/HVAC/Lighting Replacement/Upgrades

Districtwide Parking Lot Repairs and Upgrades

TAX RATE

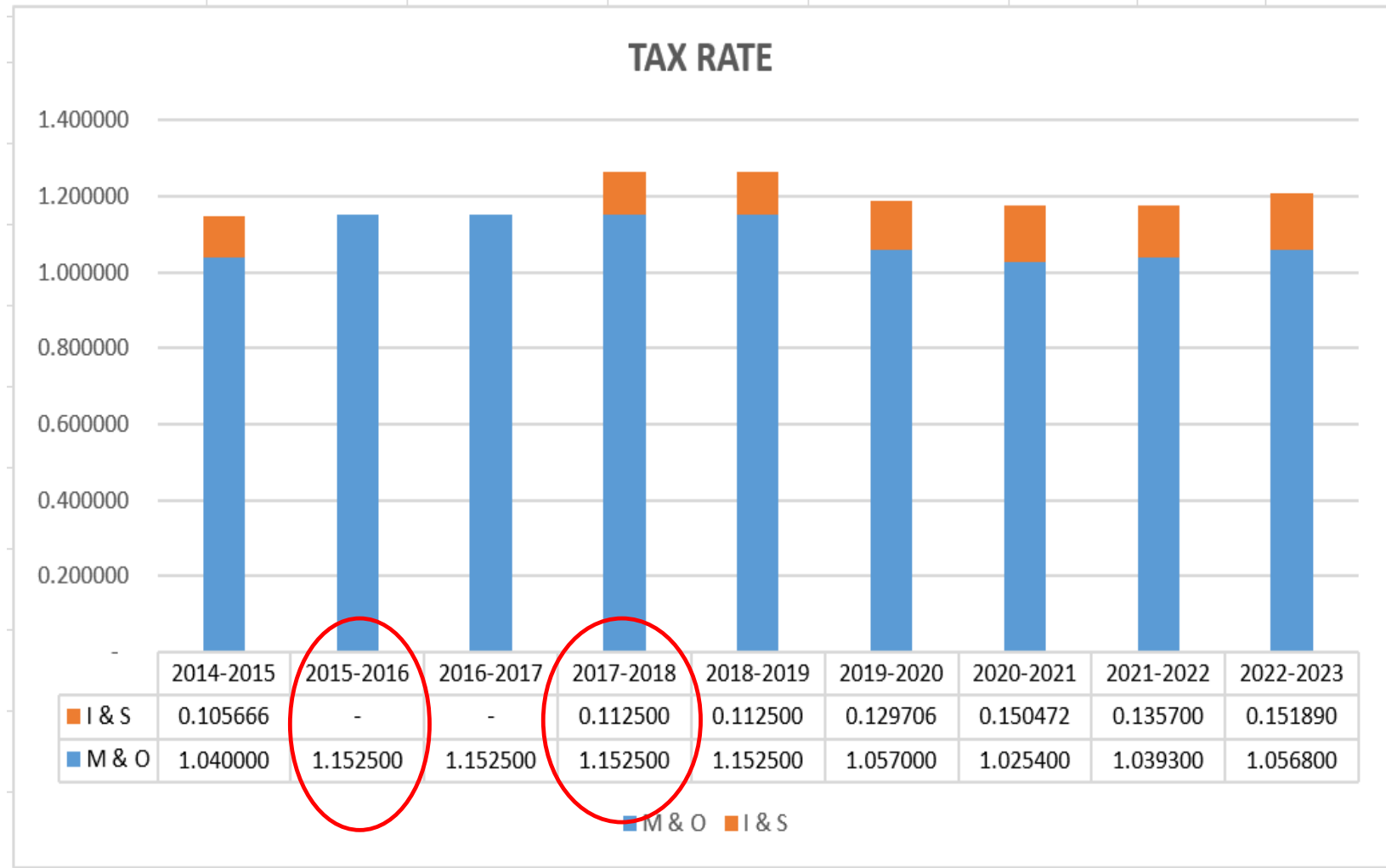
Maintenance & Operations		Interest & Sinking	
2017-2018 & 2018-2019	\$1.1525 \$23,000,000 - <u>\$23,000,000</u> TRI Restricted Renovations \$ 0	+\$0.1125	<div>65% 35%</div> <div>\$16,000,000</div>
		\$1.265	

TAX RATES

Voter Approved TRE

FY	M & O	I & S
2014-2015	1.040000	0.105666
2015-2016	1.152500	-
2016-2017	1.152500	-
2017-2018	1.152500	0.112500
2018-2019	1.152500	0.112500
2019-2020	1.057000	0.129706
2020-2021	1.025400	0.150472
2021-2022	1.039300	0.135700
2022-2023	1.056800	0.151890

Tax rate adopted increasing the I&S tax rate



 = HB3 (2019) M&O Tax Compression Starts

TAX RATIFICATION ELECTION & TAX RATE INCREASE TIMELINES

June 2015 Budget adopted with a slight increase on the I&S tax rate.

Oct. 6, 2015 Tax Ratification Election passed moving \$0.1125 from the I&S to the M&O side.

Oct. 20, 2015 First Facilities Committee Meeting to review TRE Projects

June 2017 Budget Adoption with the expectation to reinstate the I&S tax rate to receive IFA (Instructional Facilities Allotment) & EDA (Existing Debt Allotment) to pay for the voter approved bonds principal and interest. This would allow for the M&O tax rate of \$0.1125 to fund Facilities & Maintenance Projects.

Sept 2017 Tax Rate Adopted with \$0.1125 reinstated on the I&S tax rate.

Dec 2017 \$52 million Maintenance Tax Note issued to fund TRE projects.

May 2019 House Bill 3 passed changing funding formulas along with M&O tax rate compression.

Sept 2019 M&O tax rate compressed from \$1.1525 to \$1.057 for a decrease of -\$0.0955

TRE and TRI projects continue

2015

2016

2017

2018

2019

2nd year of TRE funding
TRE projects continue

2nd year of TRI funding
TRE and TRI projects continue



SUMMARY OF PROJECTS

TRE Projects (FYs 2015 - 2017)

- 2 Fine Arts Buildings
- 6 High School Turfs (Soccer Fields)
- 3 Middle School 4-Lane Tracks
- 2 Elementary Canopies
- Veteran's Visitor Restroom/Concession and Ticket Booths

TRI Projects (FYs 2017 - 2019)

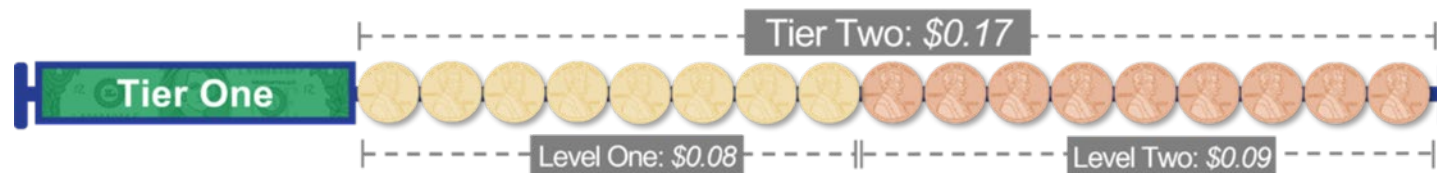
- Maintenance Tax Note Principal & Interest
- Sams Stadium Upgrades
- Hanna ECHS Gymnasium
- HS Score Boards (All 6 High Schools)
- HVAC/Chillers
- Roofing
- LED Lighting
- Parking Lots
- Canopies
- ES Mini-Gym Upgrades
- Transportation GPS/Cameras
- Campus Intercoms

PERFORMING ARTS CENTER DISCUSSIONS

- While there was discussions on the possibility of building a performing arts center, funding never materialized past discussions.
- Below is a summary of dates when a discussion on performing arts center was held:
 - May 29, 2018 – Facilities Committee Workshop – Item IV. Performing Fine Arts Center Project - Update (K. Lieck)
 - August 7, 2018 – Regular Board Meeting – Item X.A.5. Discussion, consideration and possible action to execute a Letter of Intent for the formation of a Public Private Partnership regarding the purchase, exchange, lease or value of real property for the planning of a Performing Art Center.
 - October 22, 2018 – Facilities Committee Workshop – Item X. Performing Art Center Project - P3 Timeline
 - December 5, 2018 – Facilities Committee Workshop – Item IX. Performing Arts Center Project – P3 Presentation
 - April 5, 2019 – Rescheduled Regular Board Meeting – Item X.A.3. Discussion regarding potential new facility projects: a Performing Arts Center and/or a Multi-Purpose Event Center. (Board Member Request Dr. Sylvia P. Atkinson, Board Support Dr. Prisci Roca Tipton)
 - May 1, 2019 – Facilities Committee Workshop – Item VI.A. Feasibility of doing it alone, BISD only, no other entities involved, Performing Arts Center (Request by Erasmo Castro)
 - May 1, 2019 – Facilities Committee Workshop – Item VI.B. Consideration of building a Performing Arts Center and/or a Multi- Purpose Event Center. (Board Member request Dr. Sylvia P. Atkinson)
 - March 7, 2023 – Regular Board Meeting – Item XI.A.1. Discussion and possible action for the Superintendent to provide the Board with the documentation on the status of the 25 million dollars that were approved for the development of the Performing Arts Center. (Board Member Request Carlos Elizondo, Board Support Frank Ortiz)

PROPERTY TAX RATE COMPRESSION UNDER HOUSE BILL 3 (2019 – 86TH)

- House Bill 3 (2019) created various mechanisms to compress school districts' maintenance and operations (M&O) property tax rates. The bill included different formulas for compression of both the Tier One and the Tier Two, Level Two (also referred to as copper pennies) portions of the M&O tax rate.
- The first \$1.00 of the M&O rate is defined as the Tier One portion of the tax rate. HB 3 included formulas to compress this portion of the tax rate depending on estimated statewide property value growth and local property value growth.
- School districts can choose to adopt up to 17 additional pennies on top of Tier One. This portion of the rate is referred to as Tier Two or the “enrichment” rate. HB 3 defined the first 8 pennies of Tier Two as Level One (also referred to as “golden” pennies) and the next 9 pennies as Level Two (also referred to as “copper” pennies).
- There is no compression for Tier Two, Level One. There is compression for the Tier Two, Level Two portion of the tax rate. Compression in that level is now contingent on future increases to the basic allotment.



STATE COMPRESSION PERCENTAGES

<u>School Year</u>	<u>State Compression Percentage</u>	<u>Notes</u>
2019-2020	93.00%	HB 3 uniformly set the state compression percentage at 93% in the bill's first year of implementation.
2020-2021	91.64%	Estimated growth of 4.01% resulted in a reduction of the SCP.
2021-2022	91.34%	<p>Estimated growth of 1.84% <u>did not</u> cause reduction to the SCP from the formula in state law (since it was less than 2.5%).</p> <p>However, the Legislature appropriated additional funding to pay for a reduction of 0.3 percentage points from the SCP.</p>
2022-2023	89.41%	<p>Estimated growth of 4.36% <u>will</u> result in a reduction to the SCP due to the formula in state law (since it was greater than 2.5%).</p> <p>Statutory formulas would have resulted in and SCP of 89.71%. However, the Legislature has appropriated additional funding to pay for another reduction of 0.3 percentage points from the SCP in this year as well.</p> <p>As a result, the final SCP for the 2022-23 school year is projected to be 89.41%.</p>

CHANGES IN TAX POLICY SINCE HOUSE BILL 3 (2019)

- Effective January 1, 2020, requires Efficiency Audits before a district seeks voter approval for increasing tax rates. LBB establishes guidelines. Districts must select the auditor at least four months before the scheduled tax increase election date; the audit must be completed and posted on the district's website at least 30 days before the election. (TEC §11.184)
- New statutory language clarifies that a school district may not increase the M&O tax rate in order to create a surplus for the purpose of paying the district's debt service. (i.e. No more "swap and drops" or "tax swaps") (TEC §45.0021)
- Tax Ratification Elections (TREs) must happen on uniform election days. (Texas Tax Code §26.08)
- Bond election notices must include "THIS IS A PROPERTY TAX INCREASE" language (TEC §45.003)

ANY
QUESTIONS
?