

## State of Texas Finances 2011 – 2013

- Projected shortfall
- Conservative estimate 11 Billion
- 15 Billion or More!

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## Texas Budget Shortfall Reasons

- Economy
- Tax Swap in '06

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## Tax Swap or Tax Swamp?

- 7.1 Billion Property Tax Relief
  - Reduced Property Tax Rates by One-Third over a two year period
- Only 36 % Recovered with other Sources
  - State had projected at least 60% would be recovered

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## TX Legislature's Priority...

- 2010 Census =
- Redistricting

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## State of Texas and Public School Financing

- Legislation has established Target Revenue system of funding districts
- Based on Tax Rate in 2005 – 06 School Year

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## General Fund Changes

- Because HB 1 was a Hold Harmless system, at a district's compressed rate, the following no longer mattered:
  - The Basic Allotment
  - The Tier II Level 1 Guaranteed Yield
  - The Chapter 41 Equalized Wealth Level
  - Whether you are Chapter 42 or 41
  - Property values
  - Percentage of collections

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## General Fund Changes

- How significant was HB 1's target revenue?
- Only 4 other sources of General Fund revenue outside Target Revenue
  - The "golden" pennies
  - The "silver" pennies
  - Staff allotment
  - Rider 86 Allotment (\$23.63 per WADA)

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## Target Revenue Range 2008 – 09 School Year

- 1. Westbrook ISD \$12,725
- 1025. Star ISD \$ 3,613
- 966. Brackett ISD \$ 4,437

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## Target Revenue Range 2009 – 10 School Year

- 1. Westbrook ISD \$13,086
- 1029. Red Lick ISD \$ 3,897
- 996. Brackett ISD \$ 4,762

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## Target Revenue and the Financial Impact on Districts

- 50% of districts built a deficit budget for the 2009 -2010 School Year
- The list of districts declaring financial exigency growing

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## Financial Exigency

- \*"Financial exigency" shall mean any event or occurrence that creates a need for the District to reduce financial expenditures for personnel including, but not limited to, a decline in the District's financial resources, a decline in enrollment, a cut in funding, a decline in tax revenues, or an unanticipated expense or capital need.

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## School Finance and the 2011 Legislative Session

- Special committee holding meetings
- Florence Shapiro, Co-Chair says
  - "Lawmakers are working with an antiquated system for financing education"
  - "Funding System is in trouble and needs change"
  - "The truth of the matter is there is no money"
  - Need proposals for an entirely new system of funding schools

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## Brackett ISD's Finances TEA Payment Schedule

Month	% of Annual	% Remaining
Sept	22	100
Oct	18	78
Nov	9.5	60
Dec	-	50.5
Jan	-	50.5
Feb	-	50.5
Mar	-	50.5
Apr	7.5	50.5
May	5	43
Jun	10	38
Jul	13	28
Aug	15	15

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## Brackett ISD's Finances

- 7 Million Operating Budget (General Operating Fund)
- 5 Million Fund Balance at end of 2008 – 09 School Year

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## Fund Balance Information

- State Recommendation
  - Maintain fund balance equal to 3 - 6 month worth of operating expenses
  - BISD Fund Balance (08 – 09) is about 10 months worth of operating expenses
  - Current Investments approximately \$4.5 million
  - Still scheduled to receive over 50% of our State Aid from the State for the 2009 10 yr

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## Brackett ISD's Financial Future

- Monitor enrollment and attendance
- Work with Legislators/Organizations to Reform Public School Finance to ensure Equity and Adequacy
- Project future enrollment
  - Caution
    - Grades 9 – 12 = 178 Students
    - Grades K – 03 = 163 Students

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