



UNITED INDEPENDENT SCHOOL DISTRICT AGENDA ACTION ITEM

TOPIC: Discussion and possible action to provide, for school year 2015-2016 and in accordance with Texas Education Code section 42.101 (a), (a-1) and (a-2) which takes effect September 1, 2015, notice to the Commissioner of Education of the United Independent School District's intent to modify the compressed tax rate for the 2015 -2016 school year where the School District's adopted maintenance and operations tax rate for the 2015-2016 will be \$1.04.

SUBMITTED BY: Laida P. Benavides **OF:** Division of Finance

APPROVED FOR TRANSMITTAL TO SCHOOL BOARD: _____

DATE ASSIGNED FOR BOARD CONSIDERATION: August 19, 2015

RECOMMENDATION:

Recommend the Board approve, for school year 2015-2016 and in accordance with Texas Education Code section 42.101 (a), (a-1) and (a-2) which takes effect September 1, 2015, the attached notice to the Commissioner of Education of the United Independent School District's intent to modify the compressed tax rate for the 2015 -2016 school year where the School District's adopted maintenance and operations tax rate for the 2015-2016 will be \$1.04.

RATIONALE:

Because districts with compressed rates of less than \$1.00 have not been receiving the full Basic Allotment, the 84th Texas Legislature amended the Foundation School Program to enable some districts (known as "fractionally funded districts") to increase their Tier 1 participation by moving the district's local tax effort that would be equalized under Tier 2 at \$31.95 per penny to the Tier 1 Basic Allotment. The compressed tax rate of a school district that adopted a 2005 M&O Tax Rate below the maximum \$1.50 tax rate for the 2005 tax year can now include the portion of a district's current M&O tax rate in excess of the first six cents above the district's compressed tax rate until the district's compressed tax rate is equal to the state maximum compressed tax rate of \$1.00, thereby eliminating the penalty against the Basic Allotment. For these districts, each one cent of M&O tax levy above the district's compressed tax rate plus six cents, will have a guaranteed yield based on Tier One funding instead of the \$31.95 Tier Two yield for the fiscal year 2015-16 and fiscal year 2016-17. These conversions are optional for each applicable district in the 2015-16 and 2016-17 fiscal years and are automatic beginning in the 2017-18 fiscal year.

Since United ISD's 2005 tax rate was at \$1.379945 (below the \$1.50), administration is recommending that the Board of Trustees approve this item to choose the option to modify our compressed tax rate for the 2015-16 fiscal year.

BUDGETARY INFORMATION: HB7 will provide approximately United ISD \$7.3 million in both 2016 and 2017.

POLICY REFERENCE & COMPLIANCE: Texas Education Code section 42.101 (a), (a-1) and (a-2)

UNITED INDEPENDENT SCHOOL DISTRICT



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Superintendent

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Laredo, Texas 78045
Phone: (956) 473-6219
Facsimile: (956) 728-8691

August 20, 2015

(Via Certified Mail Return Receipt Requested)

Ms. Amy Copeland
Texas Education Agency
Office of School Finance
1701 North Congress Avenue

SUBJECT: Notification of the United Independent School District's intent to modify the compressed tax rate for the 2015-2016 school year.

COUNTY DISTRICT NUMBER: 240-903

Dear Ms. Copeland:

The United Independent School District had a maintenance and operations (M&O) tax rate below \$1.50 in tax year 2005 (school year 2005-2006). Pursuant to House Bill 7 enacted by the 84th Texas Legislature which will become effective September 1, 2015, the United Independent School District, if notice is sent to the Commissioner of Education by September 1st, would be allowed to covert pennies equalized at the \$31.95 yield to Tier 1 pennies until a full \$1.00 Tier 1 rate is achieved, providing entitlement based on 100% of the basic allotment and a Tier 1 local share of \$1.00. The conversion of Tier 2 pennies is optional in fiscal years 2016 and 2017 and would be automatic beginning in fiscal year 2018. In order to exercise the option for the 2015-2016 year, the United Independent School District Board met and took action on August 19, 2015 to exercise such option. The United Independent School District respectfully requests that the Texas Education Agency modify our compressed tax rate for the 2015-2016 school year. Our adopted maintenance and operations tax rate for the 2015-2016 school year will be \$1.04.

Sincerely,

Roberto J. Santos
Superintendent of Schools
Date: _____

Javier Montemayor, President
United ISD Board of Trustees
Date: _____