



Agenda of Special Board Meeting

The Board of Trustees McAllen Independent School District

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|-------------------|---|
| VISION | The McAllen Independent School District is a multicultural community in which students are enthusiastically and actively engaged in the learning process. Students demonstrate academic excellence in a safe, nurturing and challenging environment enhanced by technology and the contributions of the total community. |
| MISSION | The mission of the McAllen Independent School District is to educate all students to become lifelong learners and productive citizens in a global society through a program of educational excellence utilizing technology and actively involving parents and the community. |
| GOALS | <ol style="list-style-type: none">1. Student Achievement/Student Focus2. People Development3. Facility Priorities4. Financial Priorities |
| STRATEGIES | <ol style="list-style-type: none">1. Branding2. Attract/Retain High Quality Staff3. Engaging Learning Environment4. Rigorous/World Class Standards to Customize for Every Learner5. Partnerships with Business/Civic/Education/Organizations6. Future Ready Students7. Financial Priorities |

A Special Board Meeting of the Board of Trustees of the McAllen Independent School District will be held Thursday, June 23, 2022, beginning at 5:00 PM Dr. Ricardo Chapa Board Room/Administration Building of the McAllen Independent School District, 2000 North 23rd Street, McAllen, TX 78501.

Items listed on this agenda may be taken in an order other than as shown on this agenda. Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

At this meeting there may be discussion and action by the Board on the item(s) and subject(s) listed as follows:

1. **CALL MEETING TO ORDER**
2. **PUBLIC COMMENTS**
3. **APPROVAL TO PROCEED WITH A VOTER-APPROVAL TAX RATE ELECTION (VATRE)** **3**
Item Submitted: Cynthia Medrano Richards, Assistant Superintendent
Business Operations
Presenter: Dr. J. A. Gonzalez, Superintendent
4. **ADJOURNMENT**

If, during the course of the meeting, discussion of any item on the agenda should be held in a closed meeting, the Board will conduct a closed meeting in accordance with the Texas Open Meetings Act, Government Code, Chapter 551, Subchapters D and E. Before any closed meeting is convened, the presiding officer will publicly identify the section or sections of the Act authorizing the closed meeting. All final votes, actions, or decisions will be taken in open meeting.

Pursuant to Texas Government Code 551.127, a member or employee of a governmental body is authorized to participate remotely in a meeting of the governmental body through a videoconference call, as long as a quorum of the governmental body is physically present at the location of the Board Meeting. Any video conference conducted pursuant to this section will comply with the technical requirements of this section.

Pursuant to Texas Government Code 551.129, the Board of Trustees may use a telephone conference call, video conference call, or communications over the internet to conduct a public consultation with its attorney in an open meeting of the governmental body, or, a private consultation with its attorney in closed meeting of the governmental body.

The notice for this meeting was posted in compliance with the Texas Open Meeting Act on June 20, 2022 at 4:00 P.M.

*Natalia Goza
on behalf of the Board of Trustees*

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: June 23, 2022

SUBJECT: Approval to Proceed with a Voter-Approval Tax Rate Election (VATRE)

REFERENCE: Goal 4; Strategy 7: Financial Priorities

BACKGROUND INFORMATION/REASON FOR BOARD CONSIDERATION:

State law requires that school districts seek voter approval to raise their tax rate above a prescribed amount. The election is referred to as a Voter-Approval Tax Rate Election (VATRE).

ADMINISTRATIVE CONSIDERATIONS/FACTS AND ANALYSIS:

A district's VATRE is the sum of the following: the district's MCR for the current year; the greater of the district's enrichment tax rate (tier two pennies) for the preceding year; or \$0.05; and the district's current debt rate.

LEGAL REVIEW:

None.

BUDGETARY CONSIDERATIONS:

Funds for VATRE will be available through Assigned Fund Balance.

RECOMMENDED BOARD ACTION:

That the Board of Trustees approve to Proceed with a Voter-Approval Tax Rate Election (VATRE).

SUBMITTED BY: _____

For further information contact:
Name: Cynthia Medrano-Richards, RTSBA, CPA
Office: (956) 688-5418
eMail: cindy.richards@mcallenisd.net

SUPERVISOR: Cynthia Medrano-Richards

Approved for presentation to the Board of Education:

J. Alexander

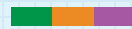
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Superintendent of Schools



MOAKCASEY
PROVEN LEADERS ADVANCING TEXAS SCHOOLS

School Finance Update



Prepared for

MC⁺ALLEN ISD

4

Budget Workshop – March 7, 2022



M&O Tax Rate | Tier Two



- Districts can levy up to **\$0.17** pennies in Tier Two. The first **\$0.08** are “golden pennies” and the next **\$0.09** are “copper pennies.”
- The first **\$0.05** golden pennies can be adopted by a simple majority of the board.



M&O Tax Rate

2021-22 SCHOOL YEAR
Tier Two



- McAllen ISD currently has adopted **\$0.1575** Tier Two pennies.
- **\$0.1286** of those pennies were permanently adopted through a Voter-Approval Tax Rate Election (VATRE).
- **\$0.0289** of those pennies were adopted in response to a declared disaster. These expire after the 2021-22 school year.

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M&O Tax Rate



- Without a TRE or usage of disaster pennies, MISD will be limited to adopting **\$0.1286** Tier Two pennies in 2022-23.
- This would likely result in a total M&O rate of **\$1.0197**.
- MISD would have remaining taxing capacity of **\$0.0414**.



MOAKCASEY

PROVEN LEADERS ADVANCING TEXAS SCHOOLS

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Terry Faucheux
John Grey
Josh Haney
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Amy Ma
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School District Voter-Approval Tax Rate Elections in 2022

Published online in [TASB School Law eSource](#)

This memo outlines the procedures a school district must follow in conducting a voter-approval tax rate election (VATRE). For more information on adopting the district's budget and tax rate, see the following TASB Legal Services resources:

- [School District Budget and Tax Rate Adoption in 2022](#)
- [Timeline for Budget/Tax Rate Adoption and Voter-Approval Tax Rate Elections](#)
- [School District Tax Rates and Website Posting Requirements](#)

State Resources: The Texas Comptroller's [Truth-in-Taxation \(TNT\) website](#) provides information about VATREs, a sample ballot, calculation worksheets, and other helpful resources.

Region 13 ESC publishes a [template to estimate state aid](#) that may assist districts in calculating their tax rates. [TASBO's Center for School Finance](#) provides resources for its members.

[HB 3 Efficiency Audit Guidelines](#) are on the [Legislative Budget Board \(LBB\) website](#).

Voter-Approval Tax Rate (VATR): A district's VATR is the sum of the following:

- the district's MCR for the current year;
- the greater of
 - the district's enrichment tax rate (tier two pennies) for the preceding year; or
 - \$0.05; and
- the district's current debt rate.

Tax Swaps Prohibited: A district may not levy its M&O taxes at a rate intended to create a surplus in M&O revenue for the purpose of paying the district's debt service. If a district violates this provision, a district taxpayer is entitled to an injunction restraining the collection of taxes by the district. In addition, TEA may investigate the district and impose consequences for a violation.¹

Voter-Approval Tax Rate Election (VATRE): If a school board adopts a tax rate that exceeds its VATR, it must hold a VATRE for the voters of the district to approve that rate.

¹ Tex. Educ. Code § 45.0021.

Exceptions: In some circumstances, a higher tax rate may be adopted without conducting a VATRE:

- **Disaster:** When increased expenditures are necessary to respond to a disaster, including a tornado, hurricane, flood, wildfire, or other calamity, but not drought, epidemic, or pandemic, that has impacted a district and the governor has requested federal disaster assistance for the area in which the district is located, a VATRE is not required to approve the tax rate adopted by the board **for the year following the year in which the disaster occurs**. A tax rate adopted under this exception applies only in the year for which it is adopted. If a district adopts a rate under this exception, the amount by which that rate exceeds the district's VATR for that tax year may not be considered when calculating the district's VATR for the next tax year.²

A district that relies on this exception must specify the disaster declaration that provides the basis for authorizing the district to adopt a tax rate that exceeds its VATR without holding a VATRE. A district that specifies a disaster declaration may not specify the same disaster in a subsequent tax year if the district specifies a different disaster in an intervening tax year.³

- **Pollution Control Equipment:** Some districts may be eligible for a higher VATR due to pollution control efforts as determined by the Texas Commission on Environmental Quality (TCEQ).⁴

Efficiency Audit: Unless the disaster exception discussed below applies, the board must conduct an efficiency audit before holding a VATRE. The LBB has established mandatory guidelines identifying the scope and areas of investigation of an efficiency audit. According to the guidelines, the purpose of the efficiency audit is to provide information to voters regarding a school district's fiscal management, efficiency, and utilization of resources before a VATRE. A district must pay the costs associated with an audit.

Disaster Exception: The board of a district located in an area declared a disaster area by the governor may hold a VATRE during the two-year period following the date of the declaration without conducting an efficiency audit. By [proclamation dated February 12, 2021](#), Governor Abbott declared a state of disaster in all Texas counties because of severe winter weather (Winter Storm Uri). Consequently, during the two-year period following this disaster declaration, all districts are not required to conduct an efficiency audit prior to conducting a VATRE. Some districts may also be subject to other disaster declarations limited to a smaller geographic area.

² Tex. Tax Code § 26.042(e)-(f).

³ Tex. Tax Code § 26.042(g).

⁴ Tex. Tax Code § 26.045.

Audit Deadlines:

- **Four months before VATRE—Select Auditor:** The board must select an auditor to conduct an efficiency audit not later than four months before the date on which the district proposes to hold a VATRE. The board may select the auditor that conducts the district’s annual audit to conduct the efficiency audit and may include the efficiency audit as part of the district’s annual audit. The auditor must follow the LBB guidelines.
- **Three months after auditor selection—Complete Audit:** An auditor must maintain independence from the district and complete the efficiency audit not later than three months after the date the auditor was selected. A district must provide all documents, records, and personnel requested by the auditor as needed to conduct the audit in an efficient manner.
- **Thirty days before VATRE—Post Results and Conduct Meeting:** Not later than 30 days before the date of the VATRE, the results of an efficiency audit must be posted on the district’s website. Before the VATRE, the board must hold an open meeting to discuss the results.

Uniform Election Date: A VATRE must be held on a uniform election date. Because of the process required to adopt a tax rate, a district will hold a VATRE on the November uniform election date.⁵ The deadline to order an election on a uniform election date is not later than the 78th day before election day.⁶ For a November election, this deadline falls in mid-August. The board must adopt the budget and tax rate before ordering a VATRE.

All other deadlines and requirements of the Texas Election Code apply to a VATRE. For each uniform election date, the Secretary of State Elections Division publishes a comprehensive Election Law Calendar with all relevant dates and requirements. Likewise, TASB Legal Services publishes a memo of the deadlines relevant to school district elections.

- **Joint Election Not Generally Required:** VATREs are not required to be held jointly with other political subdivisions unless the district holds its VATRE at the same time as its trustee election. In that case, the VATRE will be subject to the same joint election requirements as the trustee election.⁷
- **Campaign Speech Reminder:** Public funds may not be used for political advertising or electioneering to support a VATRE. School districts are permitted, however, to disseminate purely factual information about a VATRE, including specific information about the election (date, polling sites, etc.), as long as there is no advocacy in any materials. For more information, see TASB Legal Services’ [Campaign Speech During Elections](#) and the Texas Ethics Commission’s [Short Guide to the Prohibition against Using School District Resources for Political Advertising in Connection with an Election](#) (revised Oct. 13, 2017).

⁵ Tex. Tax Code § 26.08(b).

⁶ Tex. Elec. Code § 3.005(c).

⁷ Tex. Educ. Code § 11.0581.

Ballot Language: The VATRE ballot must permit voting for or against the proposition:

Ratifying the ad valorem tax rate of ____ (insert adopted tax rate) in (name of school district) for the current year, a rate that will result in an increase of _____ (insert percentage increase in maintenance and operations tax revenue under the adopted tax rate as compared to maintenance and operations tax revenue in the preceding tax year) percent in maintenance and operations tax revenue for the district for the current year as compared to the preceding year, which is an additional \$_____ (insert dollar amount of increase in maintenance and operations tax revenue under the adopted tax rate as compared to maintenance and operations tax revenue in the preceding tax year).⁸

A sample ballot can be found on the Comptroller’s TNT website in the *Elections to Approve Tax Rate* section under *School Districts*.

Election Outcome: If a majority of the votes cast in a VATRE favor the proposition to approve the rate, the tax rate for the current year is the rate adopted by the board. If the proposition is not approved, the board may not adopt a rate that exceeds the district’s VATR.⁹

For additional questions concerning VATREs, please contact TEA, the Texas Comptroller, the Secretary of State Elections Division, your district’s attorney, or TASB Legal Services at 800.580.5345.

This document is continually updated at tasb.org/services/legal-services/tasb-school-law-essource/business/documents/school-district-voter-approval-tax-rate-elections.pdf. For more information on school law topics, visit TASB School Law eSource at schoollawesource.tasb.org.

This document is provided for educational purposes and contains information to facilitate a general understanding of the law. References to judicial or other official proceedings are intended to be a fair and impartial account of public records, which may contain allegations that are not true. This publication is not an exhaustive treatment of the law, nor is it intended to substitute for the advice of an attorney. Consult your own attorney to apply these legal principles to specific fact situations.

Updated June 2022

⁸ Tex. Tax Code § 26.08(b).

⁹ Tex. Tax Code § 26.08(c)-(d).



Texas Association of School Boards

Legal Services

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Serving Texas Schools Since 1949

Timeline for Budget/Tax Rate Adoption and Voter-Approval Tax Rate Elections

Published online in [TASB School Law eSource](#)

The dates below apply to school districts adopting their budgets and tax rates and conducting voter-approval tax rate elections (VATRE) in 2022. The year is included below if the date changes each year. Bracketed dates are provided for reference because an efficiency audit is not required currently under the disaster exception of Texas Education Code section 11.184(b-1). This exception allows, but does not require, a board to hold a VATRE without conducting an efficiency audit for two years after a disaster declaration by the governor.¹

TASB Legal Services' [School District Budget and Tax Rate Adoption in 2022](#) contains detailed information about each requirement and deadline below. For more information on voter-approval tax rate elections, see TASB Legal Services' [School District Voter-Approval Tax Rate Elections in 2022](#).

- **April 30:** Deadline for chief appraiser to certify estimate of district's taxable property values²
- **June 19:** Deadline for districts with July 1 fiscal year to prepare a proposed budget³
- **June 20:** Latest date for districts with July 1 fiscal year to publish Notice of Public Meeting to Discuss Budget and Proposed Tax Rate (Texas Comptroller's Form 50-280)⁴
- **June 30:** Deadline to adopt budget for district with July 1 fiscal year⁵
- **[July 8, 2022 (no later than 4 months before Election Day):** Select auditor for efficiency audit⁶]
- **July 18–August 1:** TEA data collection from districts regarding taxable property values and local exemption amounts for the preceding and current tax years⁷
- **July 25:** Deadline for chief appraiser to provide certified appraisal roll to district's tax assessor; if the appraisal review board has not approved the appraisal records by July 20, the chief appraiser must prepare and certify an *estimate* of taxable property value by July 25⁸
- **August 1:** Deadline for tax assessor to determine district property values and submit appraisal roll to the board⁹
- **August 5:** Deadline for TEA to issue preliminary maximum compressed tax rate (MCR) for each district¹⁰
- **10 Calendar Days after TEA approves preliminary MCR:**
 - Deadline to appeal preliminary MCR¹¹
 - If not appealed, preliminary MCR becomes final¹²

- **August 12, 2022:** Latest date for districts *planning a VATRE* to publish Notice of Public Meeting to Discuss Budget and Proposed Tax Rate (Texas Comptroller’s Form 50-280)¹³
- **August 20:** Deadline for districts with September 1 fiscal year to prepare a proposed budget¹⁴
- **August 21:** Latest date for districts with September 1 fiscal year to publish Notice of Public Meeting to Discuss Budget and Proposed Tax Rate (Texas Comptroller’s Form 50-280) *if not conducting a VATRE*¹⁵
- **August 22, 2022 (78th day before Election Day):** Deadline to order an election to be held on the November uniform election date; a district must adopt its budget and tax rate *before* ordering an election¹⁶
- **August 31:**
 - Deadline to adopt budget for district with September 1 fiscal year¹⁷
 - Deadline for TEA to issue final determination of MCR appeal¹⁸
- **September 30 or 60 days after receiving certified appraisal roll (whichever is later):** Tax rate adopted *before* the later of these dates if not conducting a VATRE¹⁹
- **[October 8, 2022 (no later than three months after auditor appointment):** Efficiency audit completed²⁰
- **[October 9, 2022 (no later than thirty days before Election Day):** Efficiency audit results posted on district website; before the VATRE, the board must hold an open meeting to discuss the results²¹
- **November 8, 2022 (First Tuesday after first Monday in November):** Uniform election date for VATRE²²

This document is continually updated at tasb.org/services/legal-services/tasb-school-law-essource/business/documents/timeline-for-budget-tax-rate-adoption-and-vatre.pdf. For more information on school law topics, visit TASB School Law eSource at schoollawesource.tasb.org.

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Updated June 2022

¹ Although Texas Education Code section 11.184(b) requires a board to conduct an efficiency audit before holding a VATRE, the board of a district located in an area declared a disaster area by the governor under Texas Government Code chapter 418 may hold a VATRE during the two-year period following the date of the declaration *without* conducting an efficiency audit. Tex. Educ. Code § 11.184(b-1). By [proclamation dated](#)

[February 12, 2021](#), Governor Abbott declared a state of disaster in all Texas counties as a result of severe winter weather (Winter Storm Uri). Consequently, during the two-year period following this disaster declaration, all districts are not required to conduct an efficiency audit prior to conducting a VATRE. Some districts may also be subject to other disaster declarations limited to a smaller geographic area. When required, the efficiency audit must be conducted in accordance with [Legislative Budget Board guidelines](#).

2 Tex. Tax Code § 26.01(e).

3 Tex. Educ. Agency, [Financial Accountability System Resource Guide](#), (FASRG), *Module 1, Financial Accounting and Reporting*, section 1.1.3, p. 13, and *Module 4, Auditing*, section 4.6.4, Exhibit 1, p. 58 (2020).

4 Because a district will not have its maximum compressed tax rate (MCR) from TEA by this date, a district should use the lesser of the district's MCR for 2021 or the statewide compression rate for 2022 as its maximum tier one tax rate and add the desired number of tier two pennies for the purpose of publishing the required Notice of Public Meeting to Discuss Budget and Proposed Tax Rate. See Tex. Educ. Code § 48.2551 (a district's MCR is calculated by TEA and is the lesser of the district's prior year MCR, the state compression rate, or the rate determined by a statutory formula if the district's taxable property value for the current year exceeds the district's prior year value by at least 2.5 percent.) The state compression rate for 2022 is \$0.8941. See Tex. Educ. Agency, [To the Administrator Addressed Re: Maximum Compressed Tax Rates](#) (February 3, 2022).

5 Tex. Educ. Agency, [FASRG](#), *Module 1, Financial Accounting and Reporting*, section 1.1.3, p. 13, and *Module 4, Auditing*, section 4.6.4, Exhibit 1, p. 58 (2020).

6 Tex. Educ. Code § 11.184(d).

7 19 Tex. Admin. Code § 61.1000(c).

8 Tex. Tax Code § 26.01(a)-(a-1); see also Tex. Tax Code § 26.04(c-2) (if the assessor received a certified estimate, the taxing unit's designated officer or employee shall calculate the no-new-revenue tax rate and voter-approval tax rate using the certified estimate).

9 Tex. Tax Code § 26.04(a)-(b).

10 19 Tex. Admin. Code § 61.1000(d).

11 19 Tex. Admin. Code § 61.1000(g)(1).

12 19 Tex. Admin. Code § 61.1000(f).

13 Tex. Educ. Code § 44.004. A district with a July 1 fiscal year must, after receipt of the certified appraisal roll, publish a revised notice and hold another public meeting before the district may adopt a tax rate that exceeds the proposed rate or the district's voter-approval tax rate using the certified appraisal roll. Tex. Educ. Code § 44.004(i)(1)-(2).

14 Tex. Educ. Agency, [FASRG](#), *Module 1, Financial Accounting and Reporting*, section 1.1.3, p. 13, and *Module 4, Auditing*, section 4.6.4, Exhibit 1, p. 58 (2020).

15 Tex. Educ. Code § 44.004.

16 Tex. Elec. Code § 3.005; Tex. Tax Code § 26.08. See TASB Legal Services' eSource [Elections website](#) and the Secretary of State [Elections Division website](#) for more information regarding election procedures and deadlines.

17 Tex. Educ. Agency, [FASRG](#), *Module 1, Financial Accounting and Reporting*, section 1.1.3, p. 13, and *Module 4, Auditing*, section 4.6.4, Exhibit 1, p. 58 (2020).

18 19 Tex. Admin. Code § 61.1000(e).

19 Tex. Tax Code § 26.05(a).

20 Tex. Educ. Code § 11.184(g).

21 Tex. Educ. Code § 11.184(h).

22 Tex. Tax Code § 26.08(a); Tex. Elec. Code § 41.001.