Board Meeting Agenda
Lake Travis Independent School District Board of Trustees

A meeting of the Board of Trustees of Lake Travis Independent School District will be held October 7, 2026, beginning at 5:00 PM in the Educational Development Center, Live Oak Room, 607 RR 620 North, Austin, TX 78734.

The subjects to be discussed or considered, or upon which any formal action may be taken are listed below. Items do not have to be taken in the order shown on this agenda.

Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

If, during the course of the meeting covered by this agenda, the Board should determine that a closed session of the Board should be held or is required in relation to any item included on this agenda, then such closed session as authorized by Section 551.001 et seq of the Texas Government Code (the Open Meetings Act) will be held by the Board at that date, hour and place given in this agenda or as soon after the commencement of the meeting covered by this agenda as the Board may conveniently meet in such closed session concerning any and all subjects and for any and all purposes permitted by Sections 551.071 – 551.092, inclusive, of the Open Meetings Act.

Notice regarding Public Comments/Citizen Participation: Participants must register to speak by either: (1) Completing and submitting the Public Participation form, available online, by 3:00 p.m. on the day of the meeting; or (2) Completing and submitting the Public Participation form in person at the designated meeting location on the scheduled meeting date, prior to the meeting's start time.

1. **Call to Order and Quorum Determination**
2. **Pledge of Allegiance and Moment of Silence**
3. Public Comments/Citizen Participation
4. **Presentation/Discussion Items**
   A. **Team of Eight Training**
      1. School Finance 2
      2. Governance
5. **Closed Session in accordance with Texas Government Code 551.001 et seq. Section 551.071** - For the purpose of a private consultation with the Board's attorney on any or all subjects or matters authorized by law.
   Section 551.074 - For the purpose of discussing the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, or to hear complaints or charges against a public officer or employee, including to deliberate the evaluation, goals, and duties of the superintendent.
6. **Consideration Items Arising from Closed Session**
7. **Adjournment**



SCHOOL FINANCE 101

Understanding How Your School District is Funded

Lake Travis ISD

Equity Center

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Who We Are

Since 1982, we've been your key source for accurate public school finance information.

- Our primary purpose as a non-profit is to provide our member school districts and elected officials with accurate, reliable information about the Texas public education school finance system.
- We advocate for adequate (enough) and equitable (fair distribution) of public funding for the students across the state.
- We provide important information on how key legislative changes impact local school districts, their overall funding, and the students they serve.



The Foundation School Program

Maintenance & Operation (M&O)

Generally, the costs of running the school district

Tier 1 Entitlement

Regular Program Allotment

Special Purpose Allotments

- Special Education
- Compensatory Education
- Bilingual Education
- Career & Technology Education
- Transportation
- New Instructional Facility (NIFA)
- Public Education Grant
- Dyslexia
- Early Education
- Fast Growth
- Other*

*CCMR Outcomes, School Safety, College Prep assessment & Certification reimbursements, Teacher incentive, Mentor program, Dropout recovery, Tuition allotment for those not of

Tier 2 Enrichment— Up to 17 Pennies

Tier 2, Level 1 Golden Pennies

First 8 pennies of adopted M&O tax rate above the compressed tax rate; called "golden" because funding level set $129.52; no "excess to entitlement" on these 8 pennies

Tier 2, Level 2 Copper Pennies

All pennies of M&O tax rate above the golden pennies (at least 9); called "copper" because funding level only 80% of Basic Allotment; "excess to entitlement" on these pennies

Interest & Sinking (I&S)

Generally, to make bond payments

State Funding

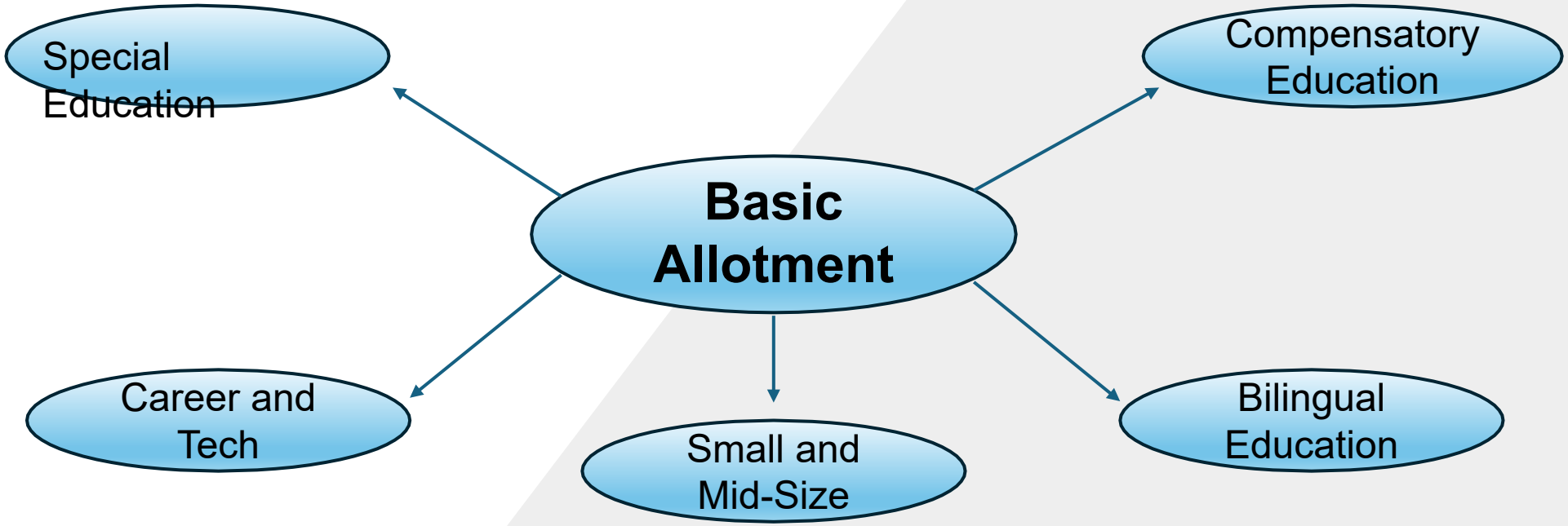
Instructional Facilities Allotment (IFA) & Existing Debt Allotment (EDA)

Local Fundin g

Ad valorem or Property tax collections generated by a locally-adopted I&S tax rate

BASIC ALLOTMENT

Over one-third of all school district funding comes from the Basic Allotment.



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Determining ISD Entitlement Funding

- Tier 1 District Funding Amount

Basic Allotment

District Characteristics

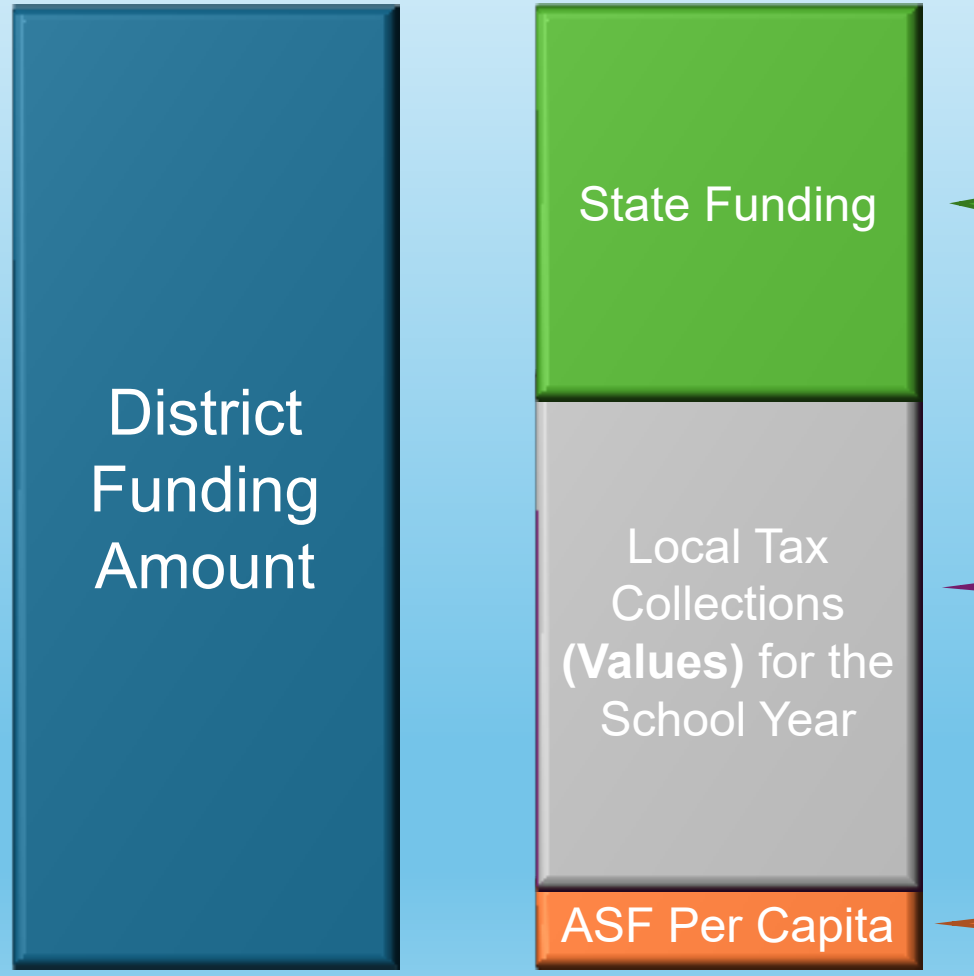
- Sparsity Adjustment
- Small or Midsize Allotment
- Fast Growth Allotment
- School Safety Allotment
- Teacher Incentive Allotment
- ***Teacher Retention Allotment***
- ***Support Staff Allotment***
- ***Allotment for Basic Costs***

Make-up of student population

- Economically Disadvantaged
- Bilingual
- Special Education
- Career and Technology
- Gifted and Talented
- CCMR

*Average Daily Attendance (number of students)

Determining State/Local Funding for M&O
Funding Based on Students—Not District Property Wealth

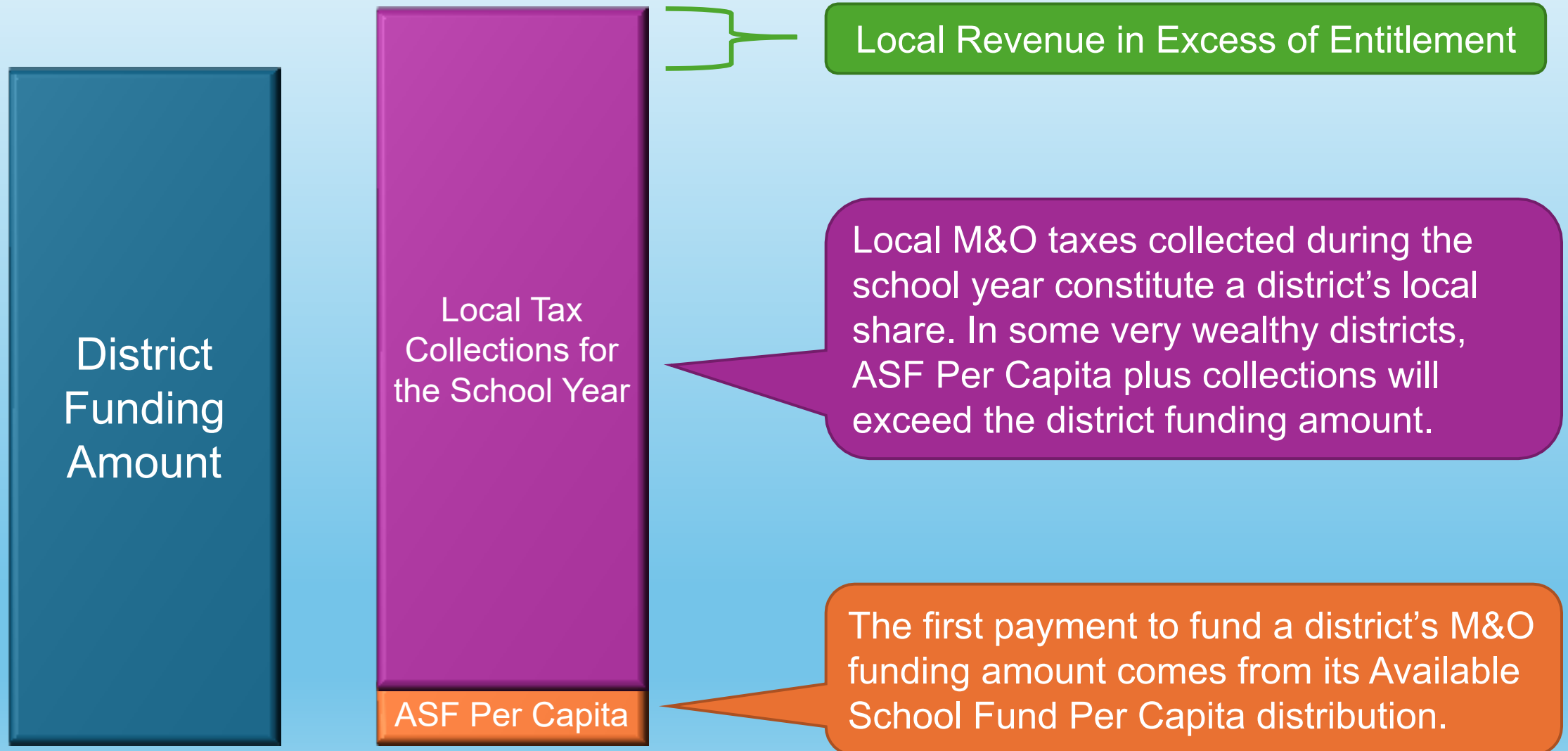


The State provides whatever is lacking after applying the Available School Fund Per Capita payment and the M&O tax collections (both current and delinquent) for the school year.

Local M&O taxes collected during the school year constitute a district's local share.

The first payment to fund a district's M&O funding amount comes from its Available School Fund Per Capita distribution.

Determining M&O "Excess" for Property Wealthy Districts
Funding Based on Students—Not District Property Wealth



List of Allotments and Funding Sources 2025-26

BASIC ALLOTMENT: Regular Program Allotment $26.7 Billion

Compensatory Education Allotment	$5 Billion
Special Education Allotment	$6.7 Billion
Career and Technology Allotment	$3.7 Billion
Small and Mid-Size Allotment	$1.4 Billion
Early Education Allotment	$770 Million
Bilingual Allotment	$703 Million
Transportation Allotment	$409 Million
Fast Growth Allotment	$320 Million
Teacher Incentive Allotment	$968 Million
Dyslexia Allotment	$215 Million
CCMR	$212 Million
School Safety Allotment	$404 Million
Gifted and Talented Allotment	$99 Million

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New Allotments – House Bill 2

Teacher Retention Allotment	**$3.7 Billion**
Support Staff Retention Allotment	**$500 Million**
Allotment for Basic Costs	**$1.3 Billion**

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Teacher Retention Allotment

5,000 or Fewer Students Enrolled

3-4 Years of Experience	**$4,000**
Five or More Years of Experience	**$8,000**

More Than 5,000 Students Enrolled

3-4 Years of Experience	**$2,500**
Five or More Years of Experience	**$5,000**

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Teacher Retention Allotment: $3.7 Billion (biennial)

-Funding based on prior year estimates (Fall PEIMS data) until the March PEIMS update

-**Classroom teacher is defined** as: A person employed by a school system who, not less than an average of four hours each day, teaches in an academic instructional setting or career and technology instructional setting and who are employed in a role that would typically require possession of an SBEC teaching certification or otherwise performs duties that could require an SBEC certification. Not limited to the teacher of record. Excludes teacher's aides and full-time administrators. PEIMS code 087 will be used by TEA to calculate the number of classroom teachers.

-Local salary schedules will have to be adjusted

-The Teacher Retention Allotment must be paid as part of a teacher's regular salary

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Support Staff Retention Allotment: $500 Million (biennial)

-Full or part-time employee not eligible for the Teacher Retention Allotment.
-A teacher with less than 3 years of experience
-Counselor, librarian, nurse, teacher's assistant, custodial staff, food service staff, bus driver, administrative assistant, other support staff.

-Superintendent, other administrative staff serving as an educational leader, and chief executive officer are excluded.

-Approximate raise of 2 percent if applied across the board

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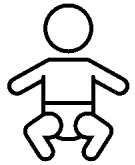
Allotment for Basic Costs: $1.3 Billion (biennial)

- **$106 per student <u>enrolled</u>**
- Funding from this allotment may be used for costs associated with:
  - Transportation
  - Hiring retired teachers
  - Providing health insurance and employee benefits and paying for payroll taxes
  - Certain TRS contributions
  - Utilities
  - Property and casualty insurance

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School Safety Allotment

Old Law:

- $15,000 per campus 
- $10 per ADA 

$183 Million per year

HB2 New Law:

- $33,540 per campus 
- $20 per ADA 

$400 Million per year

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Teacher Incentive Allotment*

TIA Plans must be developed and adopted by local ISDs.
TEA must approve TIA plans.
Districts may develop plans for certain educators, or all educators.
Raises must be solely based on merit.

Teacher Designations:

Acknowledged	$3,000 - $9,000
Recognized	$5,000 - $15,000
Exemplary	$9,000 - $25,000
Master	$12,000 - $36,000

Lake Travis ISD: $51,179

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Recapture: Local Revenue in Excess of Entitlement

TEC Sec. 49.154(b): Receipts shall be deposited in the state treasury and may only be used for foundation school program purposes.

Other Funds		
Property Tax Relief Fund, estimated	$ 11,919,041,000	$ 12,217,321,000
Tax Reduction and Excellence in Education Fund, estimated	2,190,727,000	2,358,502,000
Interagency Contracts	189,122	189,122
License Plate Trust Fund Account No. 0802, estimated	179,042	179,042
Recapture Payments - Attendance Credits, estimated	3,106,234,695	3,425,401,408

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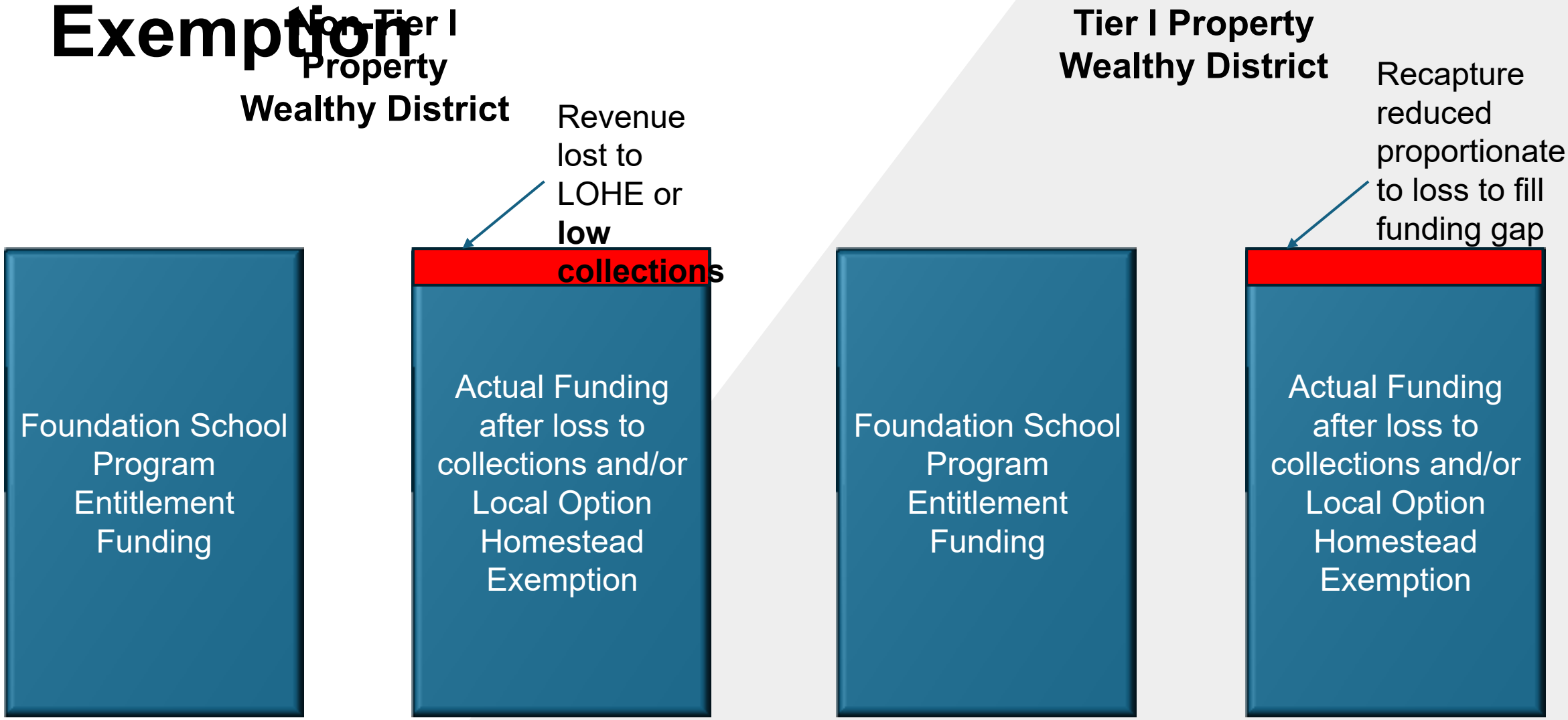
Recapture: Local Revenue in Excess of Entitlement

TEC Sec. 48.257(b): LOCAL REVENUE IN EXCESS OF ENTITLEMENT

This subsection applies only to a school district to which Subsection (a) applies. If a district's maintenance and operations tax collections from the tax rate described by Section 45.0032(a) for the current tax year minus the required reduction in a district's tier one revenue level under Subsection (a) results in an amount that is less than the amount of the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund, the agency shall adjust the amount of the reduction required in the district's tier one revenue level under Subsection (a) up to the amount of local funds necessary for the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund.

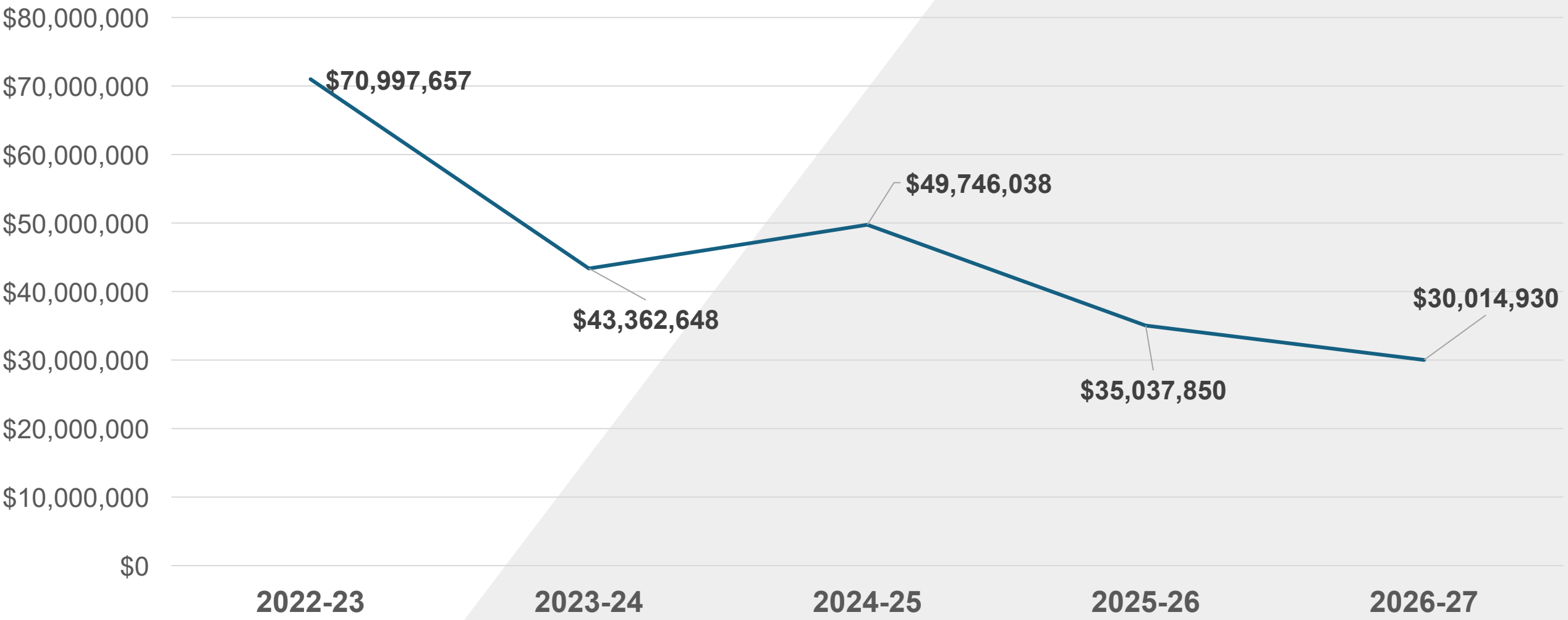
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Recapture: Local Option Homestead Exemption



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Lake Travis ISD: Recapture Trend



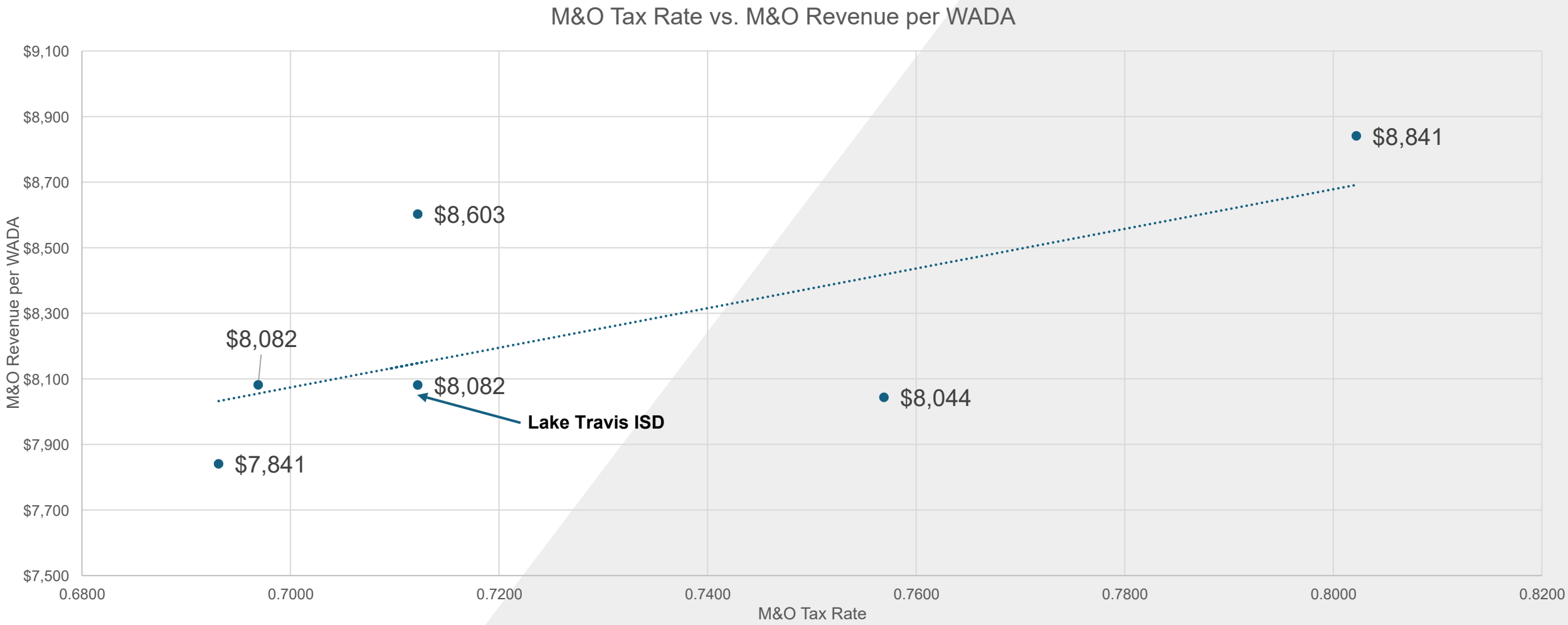
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Lake Travis ISD

	M&O Tier I Rate	M&O Tax Rate Total	M&O Revenue per WADA
Lake Travis ISD	$0.63	$0.71	$8,081
Eanes ISD	$0.63	$0.71	$8,602
Lago Vista ISD	$0.62	$0.70	$8,081
Austin ISD	$0.63	$0.80	$8,841
Leander ISD	$0.62	$0.76	$8,043
Georgetown ISD	$0.61	$0.69	$7,841
State Average:	$0.61	$0.715	$8,154

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Lake Travis ISD



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Lake Travis ISD

	Wealth per WADA	Revenue per WADA
Lake Travis ISD	$1,661,827	$8,081
Eanes ISD	$2,425,176	$8,602
Lago Vista ISD	$1,475,868	$8,081
Austin ISD	$2,017,573	$8,841
Leander ISD	$872,149	$8,043
Georgetown ISD	$1,148,468	$7,841

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Lake Travis ISD Tax Capacity

LISD Tax Tier II Tax Rate: $0.08
(All 8 Golden Pennies: First 5 through board vote, last 3 through VATRE)

FY26
Revenue per penny of Tier II Level II Copper Pennies: $536,575

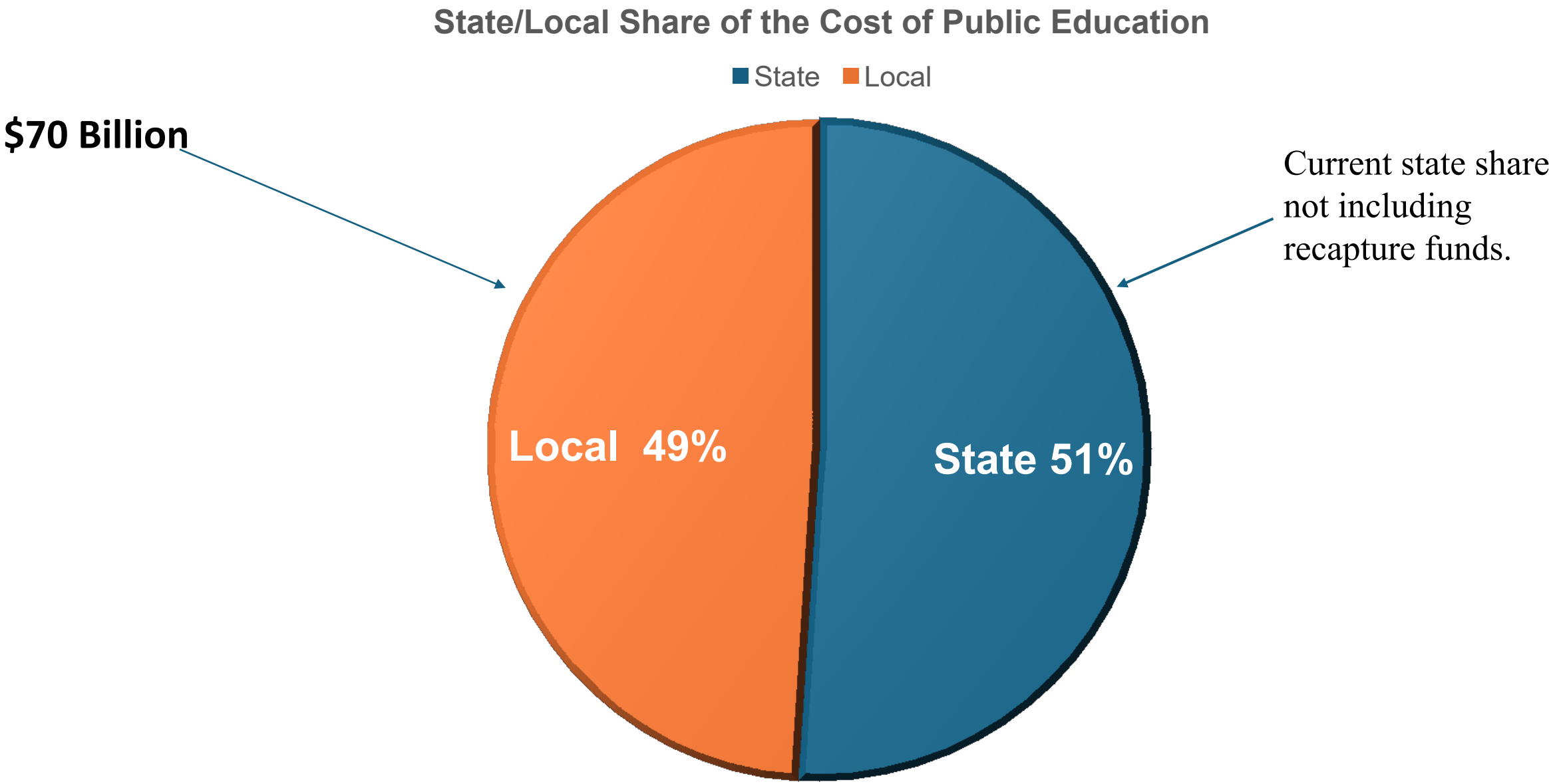
Total Revenue for all 9 Copper Pennies: $4,829,176

FY27
Revenue per penny of Tier II Level II Copper Pennies: $565,335

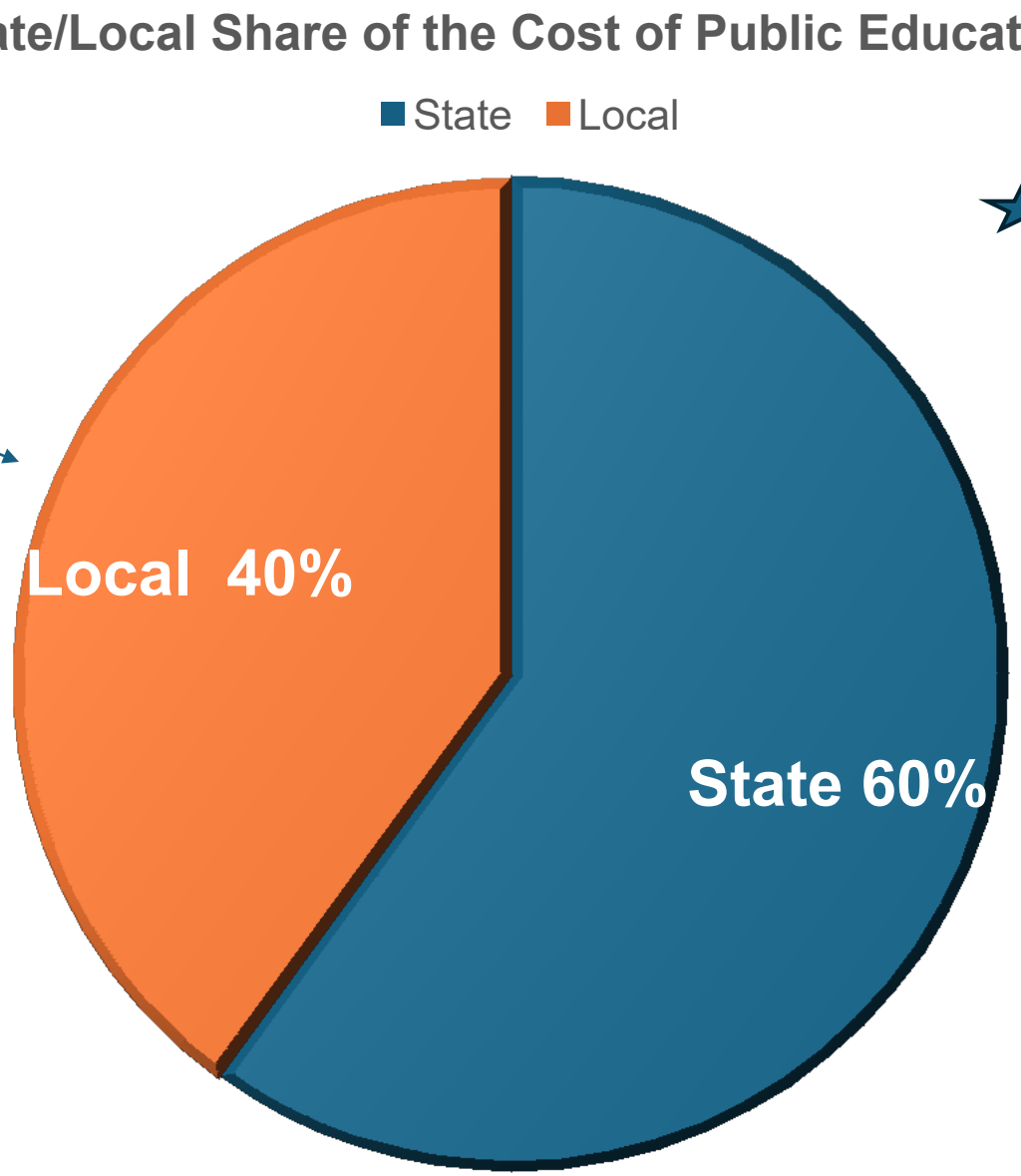
Total Revenue for all 9 Copper Pennies: $5,099,011

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State/Local Share



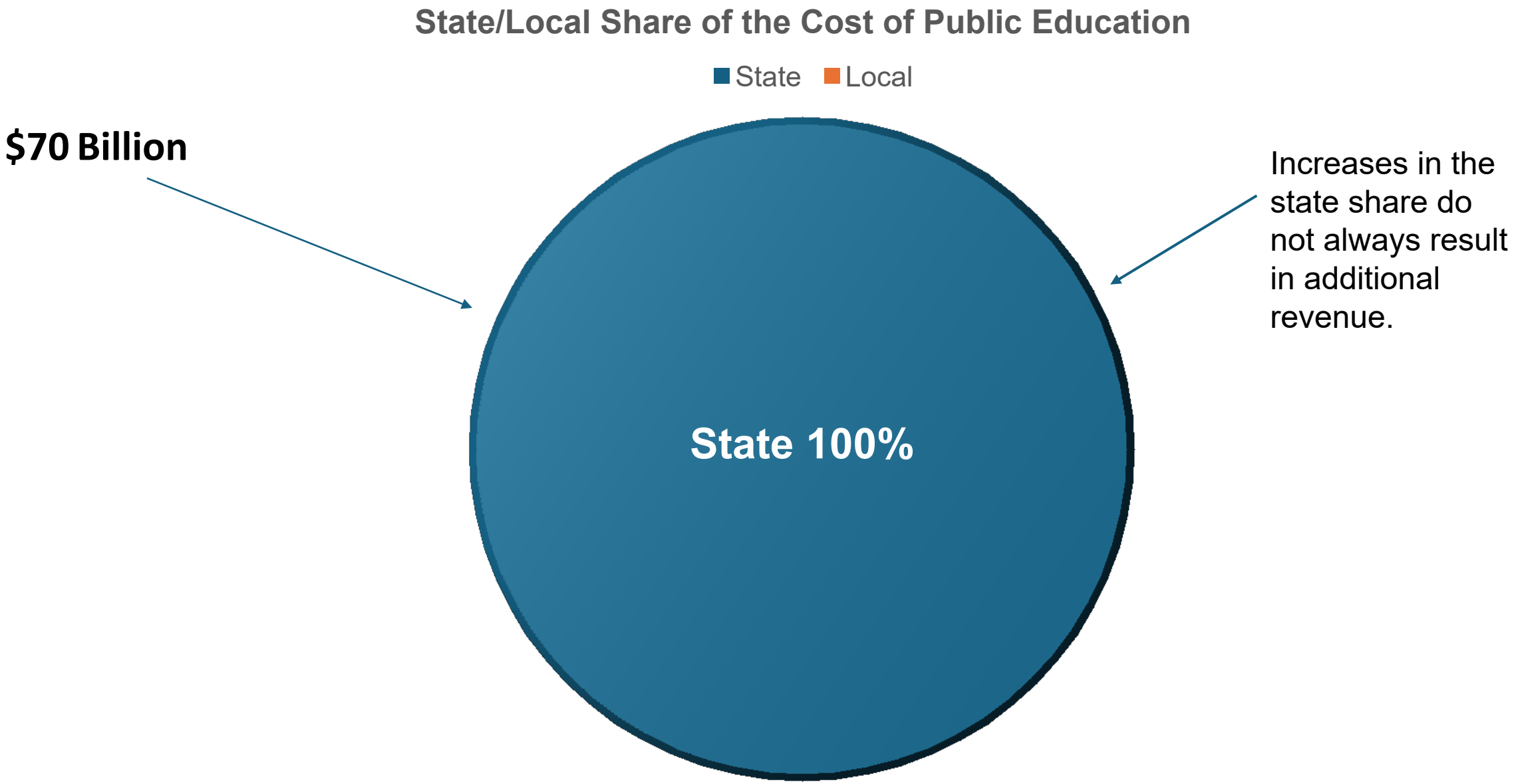
State/Local Share



$70 Billion

★ Tier I Tax Rate Compression automatically drives up the state share without driving additional revenue to school districts.

State/Local Share



Property Taxes

TIER I:
Maximum Compressed Rate (MCR) set by TEA every year. Notifications to districts in August.
10 percent “equity band” means that no Tier I rate can be more than 10 percent greater than the lowest rate.

TIER II:
17 cent cap above Tier I rate. 8 golden and 9 copper pennies

I&S:
Set by ISD at the rate necessary to pay principal and interest for the year.*

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Tax Rates: TIER I

School District Tier I M&O Maximum Compressed Tax Rates (MCR) are set by the Texas Education Agency every year. Districts are notified of their MCR in August.

Tax rates are compressed based on the greater of statewide property value growth above 2.5%, or individual school district property value growth.

Tax rate compression is limited such that no rate is less than 10 percent less than the highest rate. This is referred to as the Equity Band.

School districts are allowed to adopt a rate lower than their MCR; however, the district will lose revenue if they do so.

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Tax Rates: TIER II

Golden Pennies:

- First 8 cents above a district's Tier I Maximum Compressed Rate
- First 5 cents can be accessed through school board approval.
- Accessing pennies above the first 5 cents must be subject to voter approval (VATRE).
- Golden pennies are not subject to recapture. Meaning whatever a district generates per penny of tax effort stays in the district.
- Golden Pennies are equalized (guaranteed yield) by the state at **$129.52** per penny of tax effort per student in Weighted Average Daily Attendance (WADA).

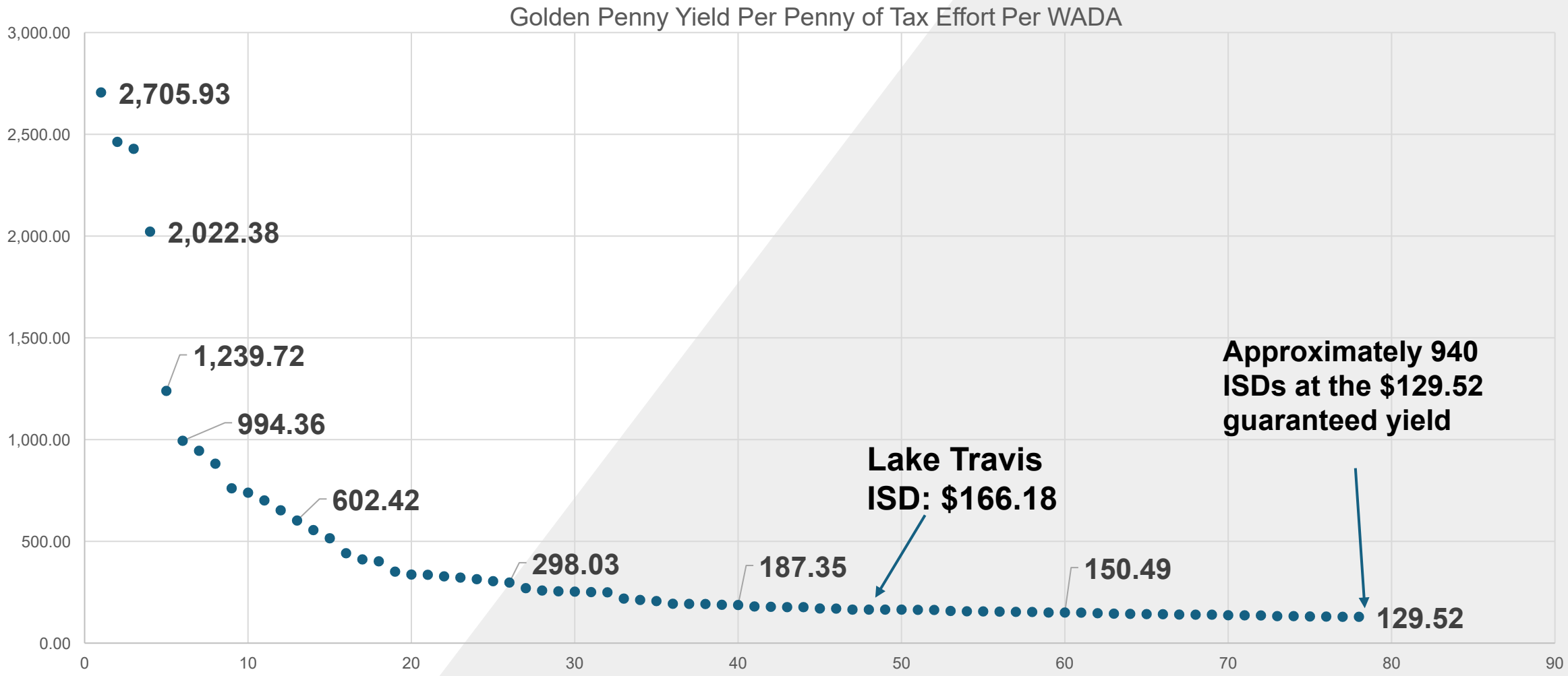
★ **Lake Travis ISD = $166.18 per penny per weighted student**

Copper Pennies:

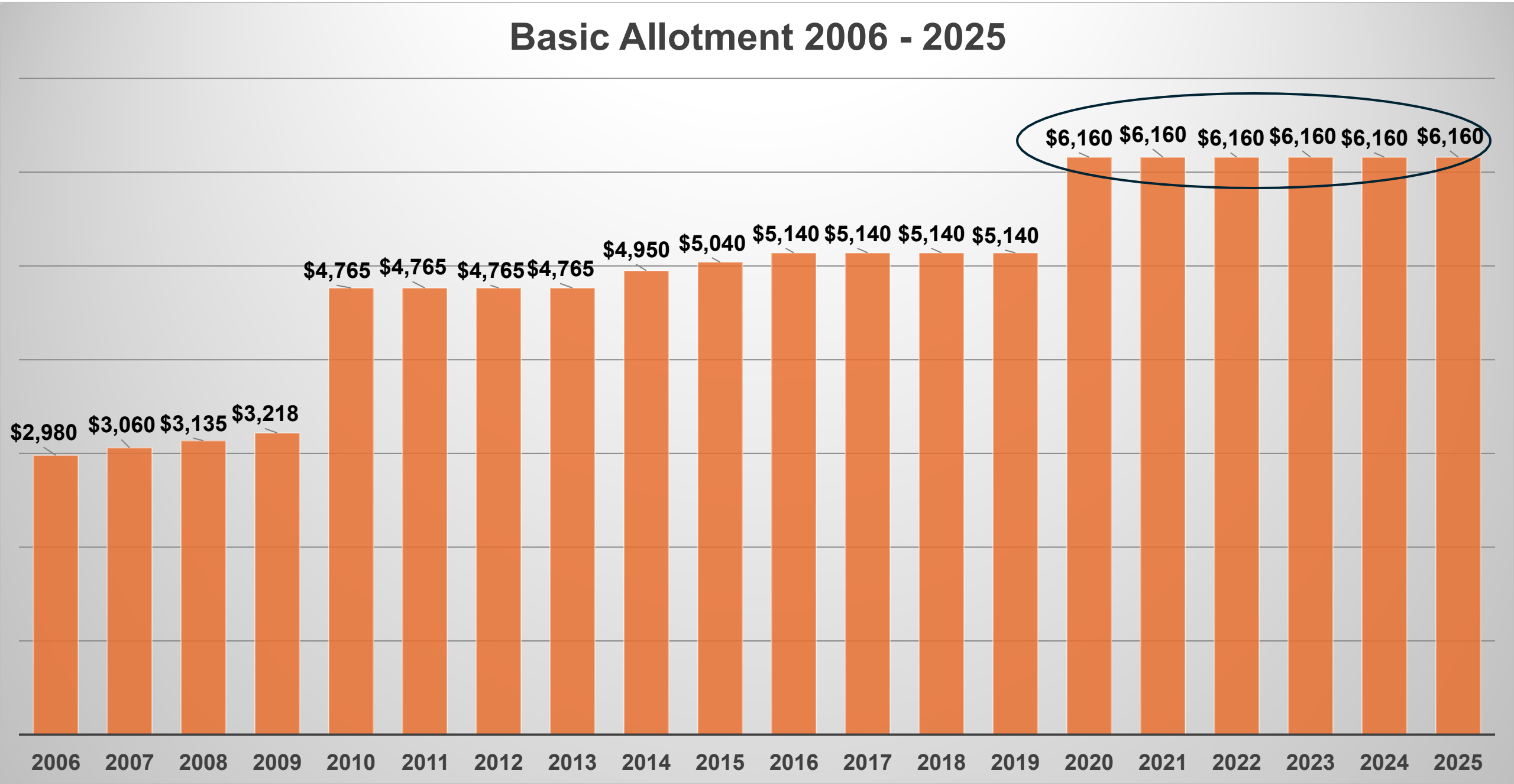
- Final 9 pennies of Tier II
- Guaranteed Yield of $49.28 per penny of tax effort per WADA

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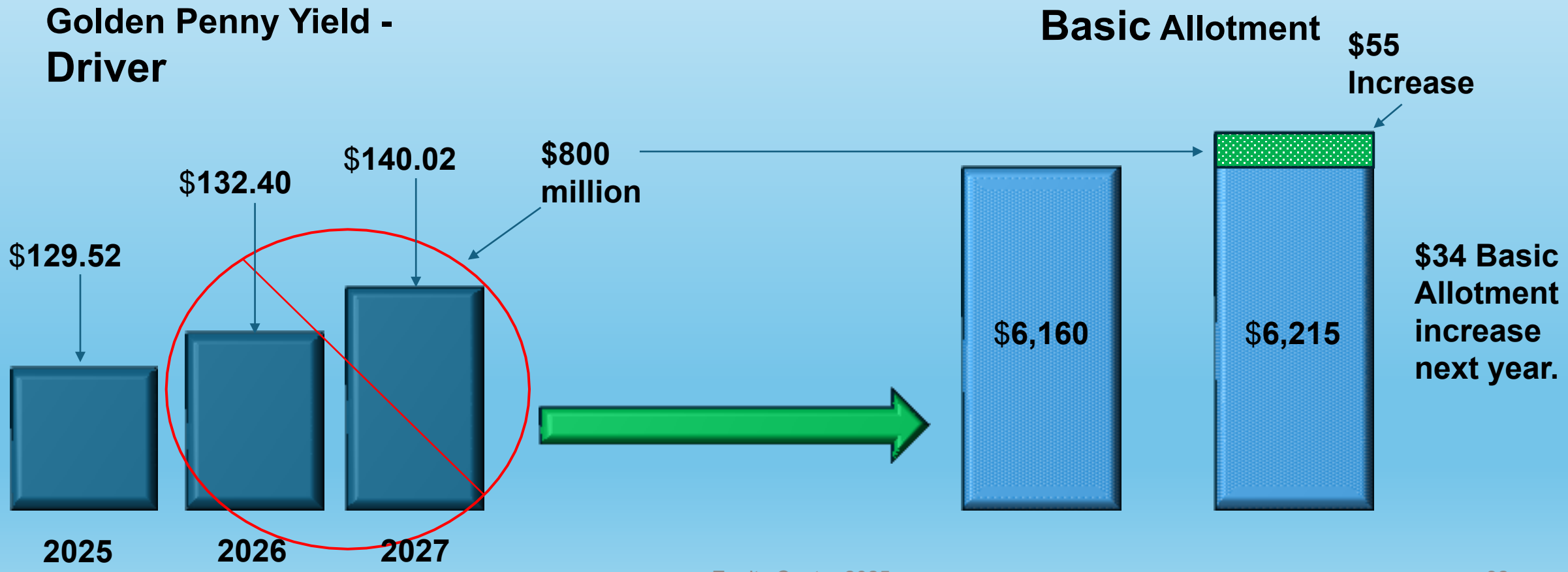
The Golden Penny Problem: Similar Revenue for Similar Tax Effort



Where do we stand?



Basic Allotment Driver Transfer



Basic Allotment Scheduled Increases

2028:

Increase from current $6,215 → **$6,255**

2029:

Increase from $6,255 → **$6,289**

(Tier II guaranteed yields increase from $129.52 to $130.35/$131.06 for Golden Pennies and $49.72 to $50.04/$50.31 for Copper Pennies.)

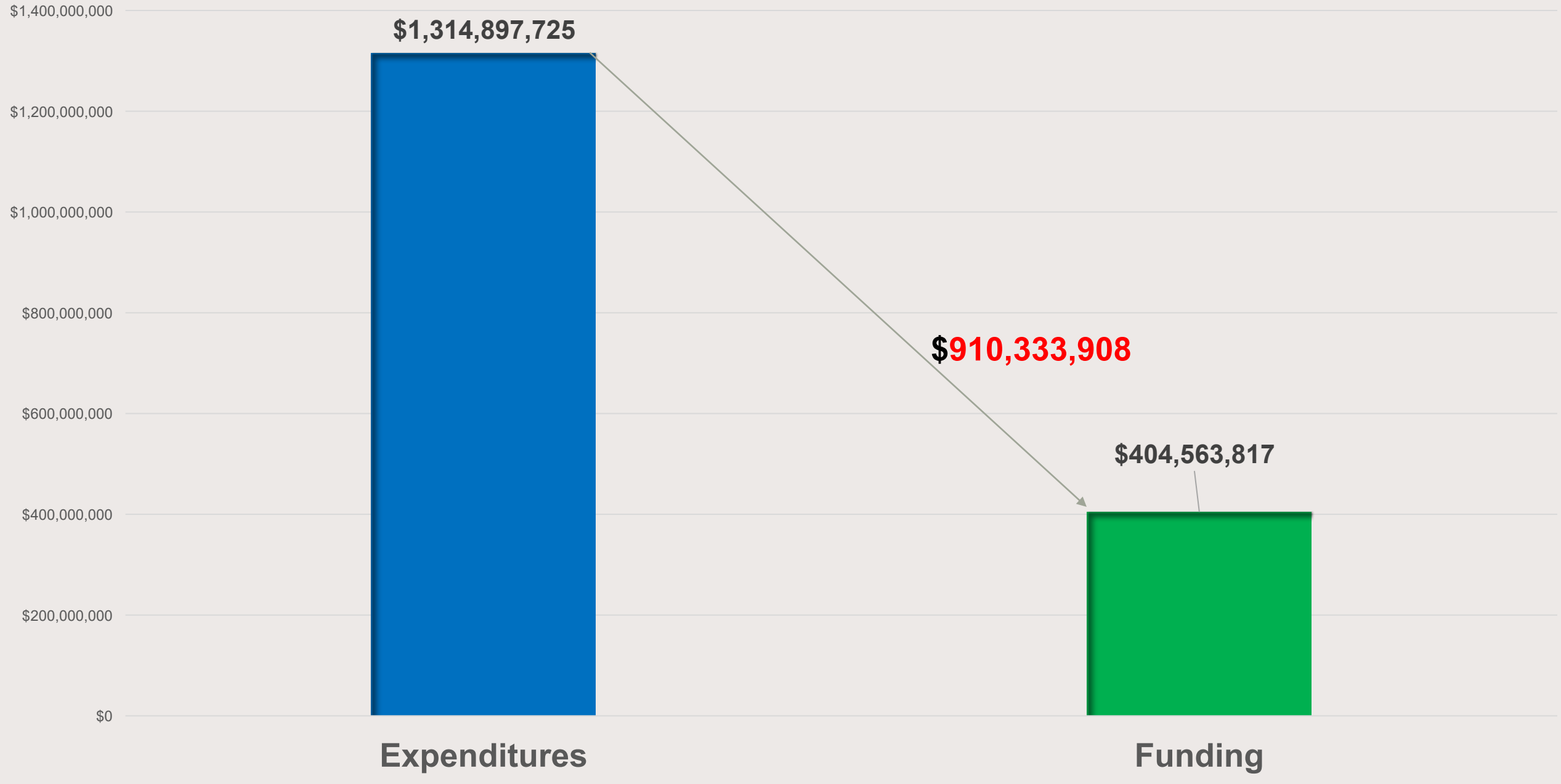
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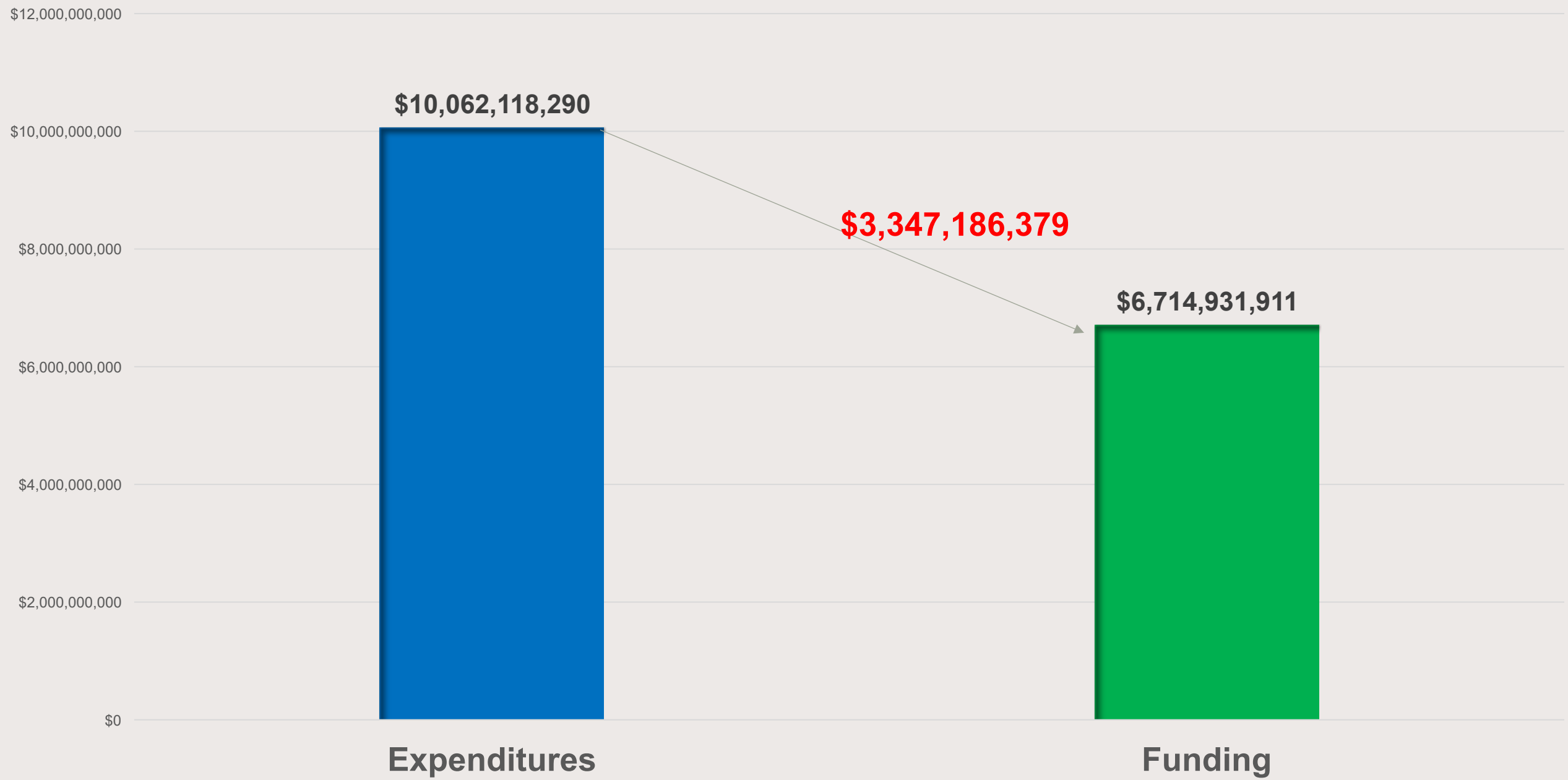
EXPENDITURES VS FUNDING

2024-25 PEIMS Expenditures Compared to 2025-26 TEA Summary of Finance Funding

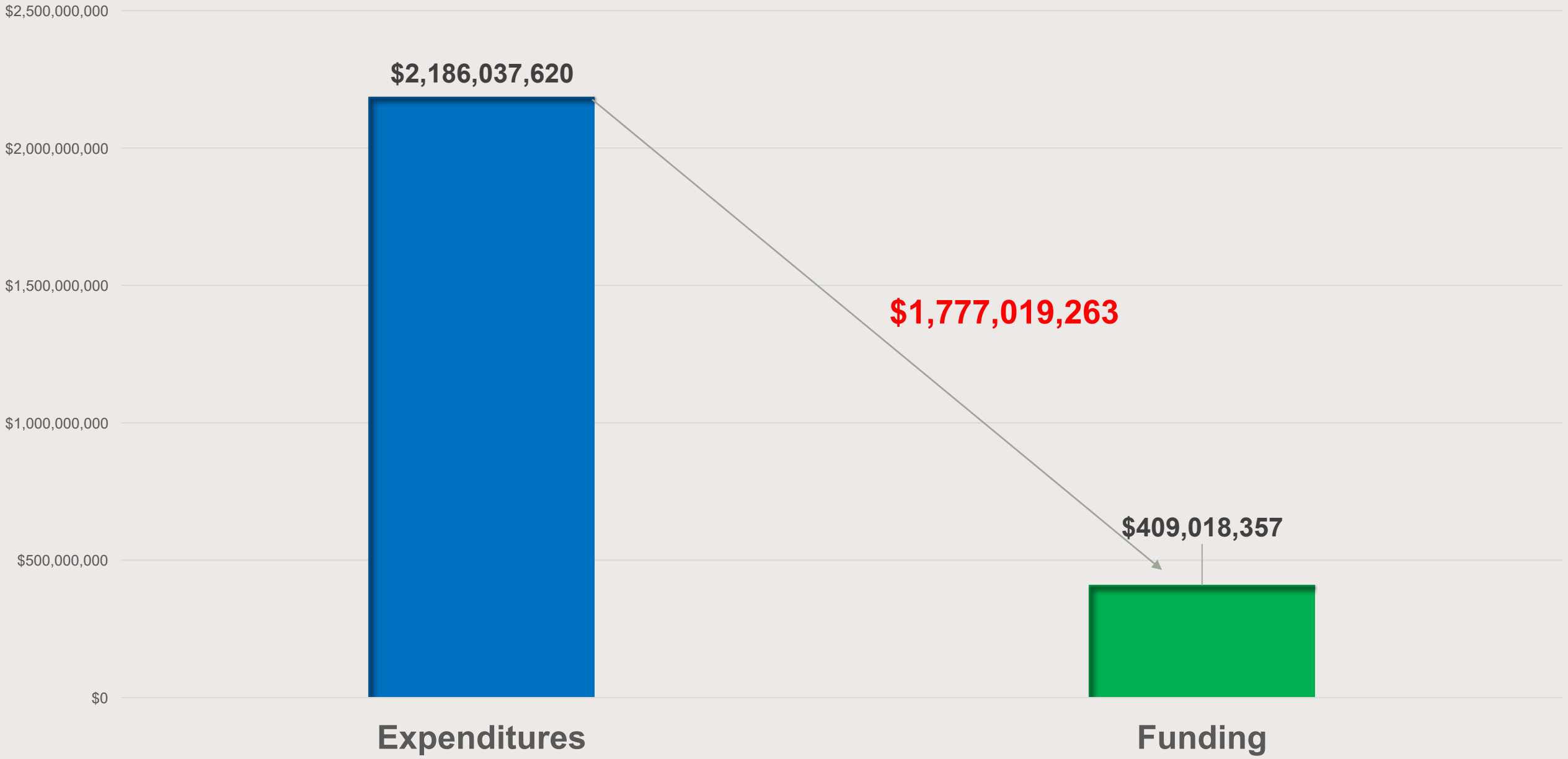
SCHOOL SAFETY



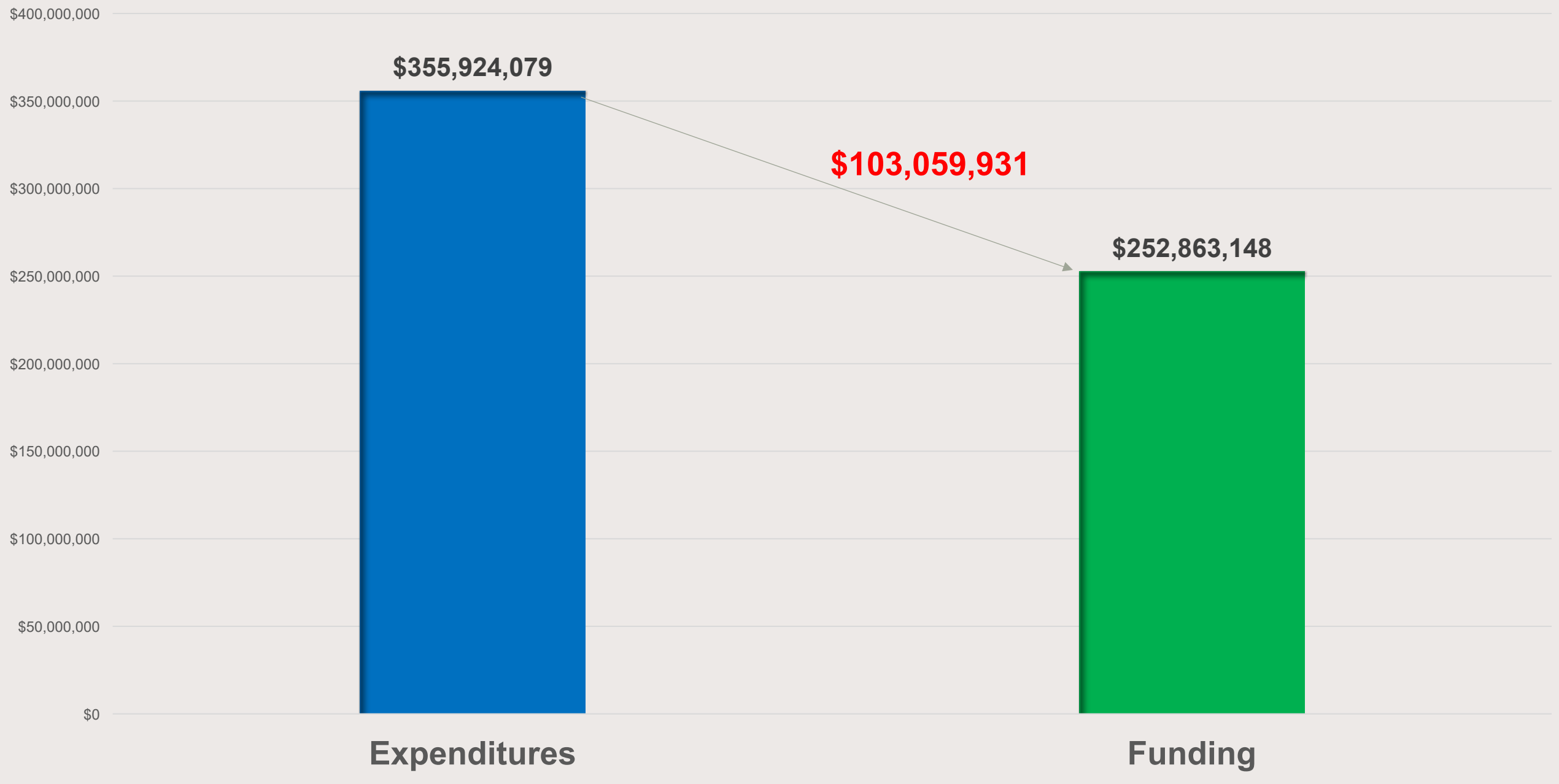
SPECIAL EDUCATION



TRANSPORTATION



DYSLEXIA SERVICES



TOTAL CATEGORICAL FUNDING DEFICIENCIES

Between $5.2 and $6.1 Billion

EXPENDITURE CATEGORIES WITH NO DIRECT FUNDING COMPONENT

Guidance Counseling (3.69%)

Social Work Services (0.23%)

Health Services (1.08%)

Food Services (5.77%)

Extracurricular Services (2.77%)

School Leadership (5.95%)

General Administration (3.54%)

Data Processing (2.04%)

Facilities Maintenance and Operations (10.73%)

35.8%

Instruction (54.87%)

Instruction and Media Services (0.88%)

Fixed Costs:

Insurance

Utilities

ALLOTMENT FOR BASIC COSTS

$106 Per Enrolled Student

- Transportation
- Hiring retired teachers
- Health insurance, payroll taxes, employee benefits
- Utilities
- Property and casualty insurance
- TRS contributions*

- **Median Enrollment: 881 students x $106 = $93,386**
- **Average Enrollment: 4,600 students x $106 = $487,600**

Aledo ISD

ABC = $869,200
Insurance cost: $1.3 million

Pharr-San Juan-Alamo ISD

ABC = $2.862 million
Insurance cost: $6.1 million

Eanes ISD

ABC = $795,000
Utilities cost: $1.4 million

School district deficit budgets

2023-24 School Year: Approximately **40 Percent of ISDs**

2024-25 School Year: Approximately **70 Percent of ISDs**

2025-26 School Year: **32 Percent**

2026-27 School Year: **53 Percent anticipate adopting a deficit**

Did House Bill 2 provide revenue in the right places to address school district deficit budget?

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Factors Causing Pressure

Inflation:

Compensation:

Enrollment Decline:

Fixed Cost Increases:

Lack of Increased Discretionary Funding:

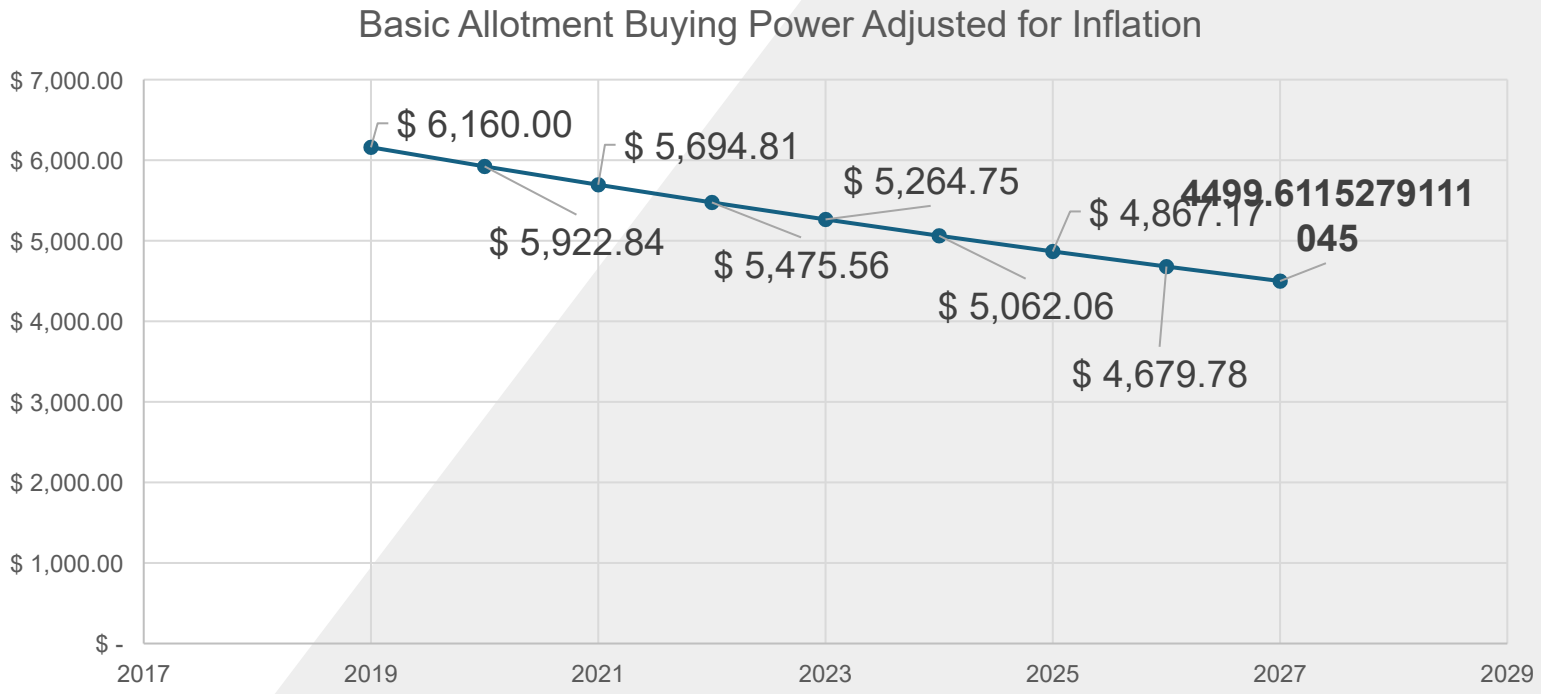
Inflation

Between 2019 to 2026, compound inflation increased by 30.26 percent, 3.85% per year.

To account for inflation between 2019 and the 2025-26 school year, the Basic Allotment would need to be increased from the current $6,160 to $8,024. By 2027 the amount is estimated to be over $8,300.

Because of increased inflation, the $6,160 Basic Allotment effectively has the buying power of $4,679 for 2026.

From 2020 to 2025-26, the Basic Allotment has remained stagnant.



Enrollment

- Between the 2014-15 and 2024-25 school years, enrollment increased by over 312,000 students, or 6 percent

- In the 2024-25 school year, enrollment increased 0.2 percent, which is the smallest increase since TEA began collecting enrollment data.

- By the 2025-26 school year, enrollment declined statewide by over 76,000 students.

- Of the 20 Education Service Centers, only 8 have experienced enrollment growth between 2023-24 and 2024-25.

- Charter school enrollment growth increased by 3.1 percent in the 2024-25 school year outpacing traditional public school growth.

  The 3.1 percent charter school enrollment growth in 24-25 coupled with the overall enrollment growth of 0.2 percent indicates that enrollment in traditional public schools declined. As charter school enrollment continues to expand, since there is no state/local property tax funding component to charter schools, there is a greater reliance on state dollars, further reducing state discretionary General Revenue that otherwise could be used to fund traditional public schools.

Enrollment

- Texas has no central registry for homeschool students. It is estimated that from 2019 to 2023, homeschool attendance has doubled.
- From 2007 to 2019, birth rates in Texas dropped 21 percent, which is a faster decline than the national average.
- In the year 2000, there were 2.5 average births per family. In 2022 that number dropped to 1.84 per family.
- The fertility age in Texas previously peaked between 20 and 29 years of age. It has now shifted to 30-34 years of age.
- Domestic immigration from other states is down 70 percent from the 2022 high water mark.

Lack of Increases in Discretionary Funding

While House Bill 2 in the 2025 legislative session did deliver $8.5 billion in new revenue for schools, the way in which much of this revenue was delivered limited discretionary revenue.

Approximately 52 percent of the $8.5 billion was directed at compensation. Of that 52 percent, school districts have no discretion over how the $3.7 billion Teacher Retention Allotment funds flow. There is some discretion over how the $500 million ($45 per ADA) Support Staff Retention Allotment funds are utilized; however, this funding may only be used to increase compensation for non-administrative staff not eligible for the Teacher Retention Allotment.

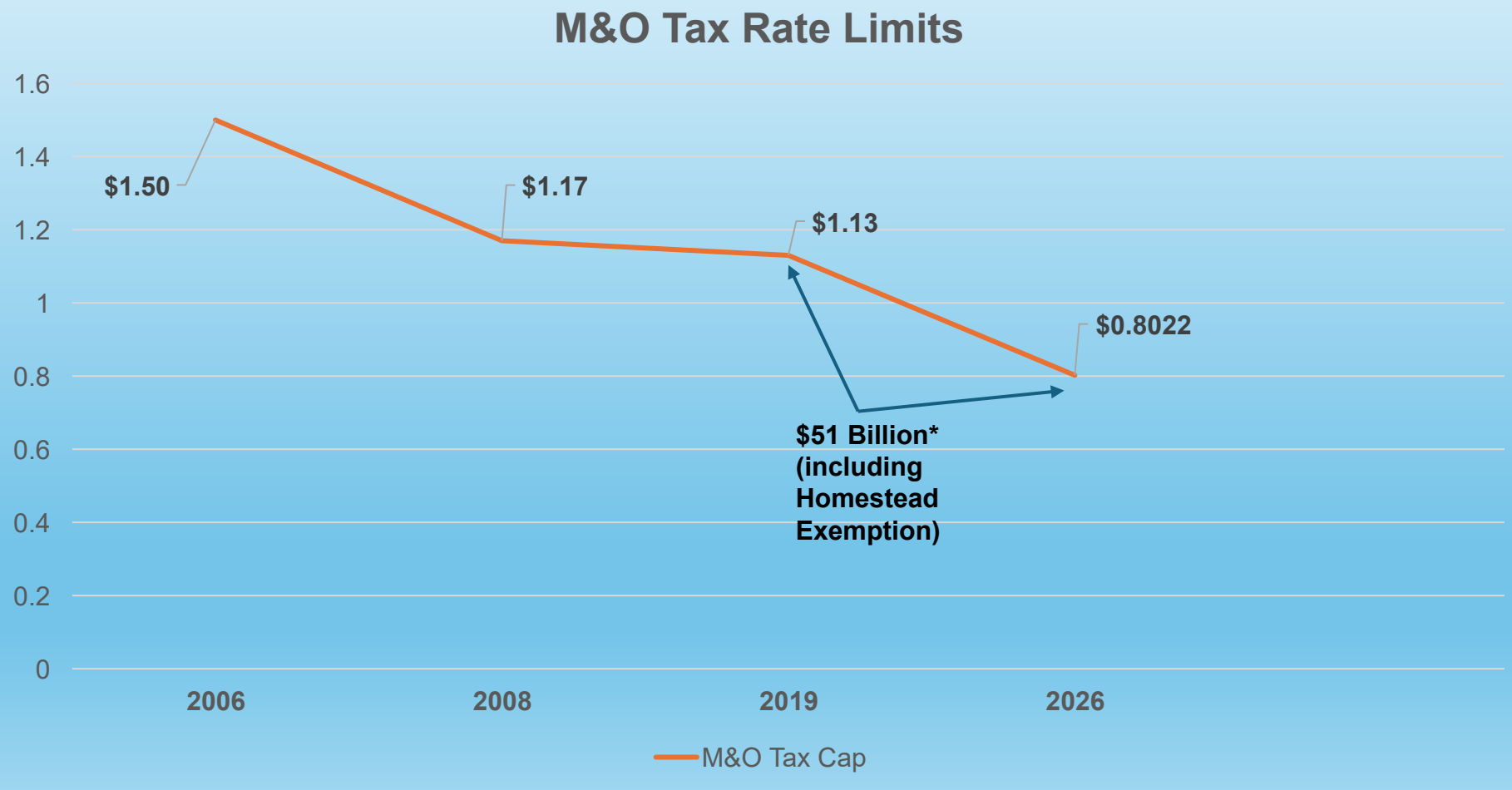
The Allotment for Basic Costs is funded at $650 million per year ($106 per student enrolled), and is restricted for uses only on: utilities, transportation, hiring retired teachers, TRS contributions, and property and casualty insurance.

The $55 increase to the Basic Allotment does not occur until the 2026-27 school year.

The Equity Center estimates that approximately 30 percent ($2.6 billion) of new revenues to be considered discretionary funds.

M&O Property Tax Elimination

- **Legislative Goal: Elimination of M&O Tier I Property Taxes**
- Cost: $51+ Billion Per Biennium*



Governor Abbott property tax proposal

1. Limit local government spending growth to the lesser of 3.5% or population plus inflation
2. Require two-thirds voter approval on all local property tax increases
3. Rollback elections would be triggered with a petition of 15% of registered voters
4. Change property appraisals from at least once every three years to only once every five years
5. Reduce the current 10% appraisal cap to 3%
6. Eliminate school district property taxes for all homestead properties

    - **Cost estimates between $9 to $12 billion per year**

LT. GOVERNOR PATRICK **DOUBLE NICKLE PLAN**

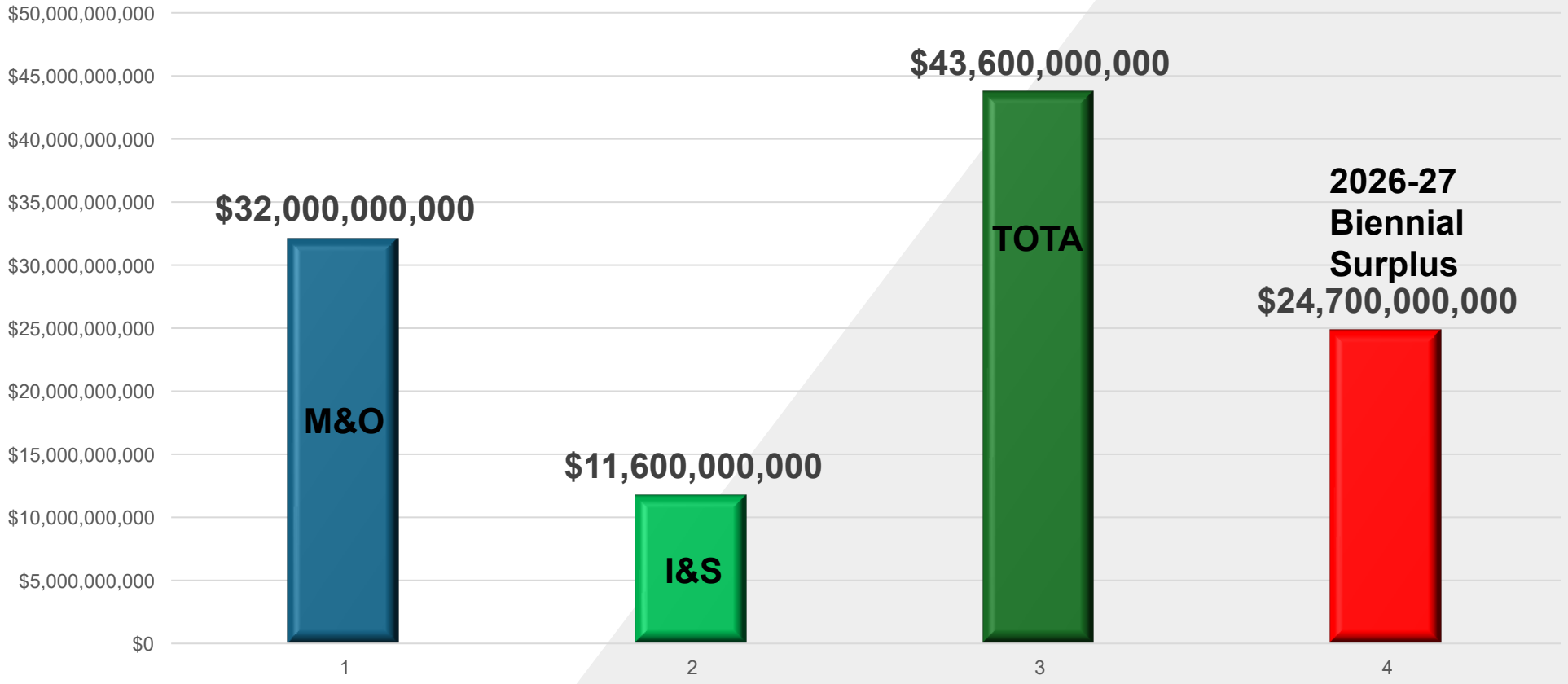


- Reduce the age 65 school district property tax freeze to age 55
  - Undetermined cost
  - 3 million additional households

- Increase the state homestead exemption to $180,000
  - Approximate cost of $2.7 billion biennially

ISD property tax collections 2024-25 School Year

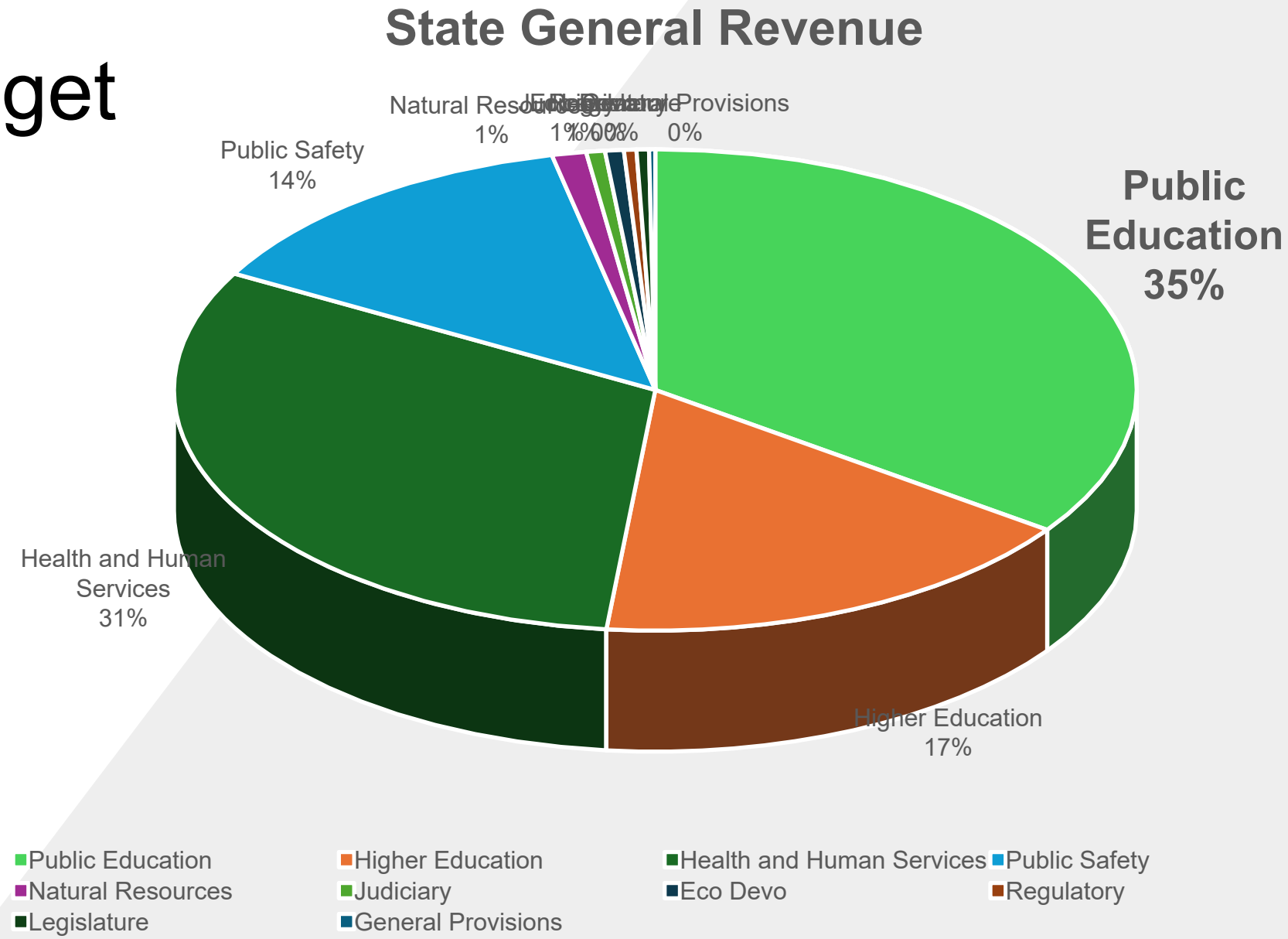
$32 Billion in M&O Collections
$11.6 in I&S Collections



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2026-27 Budget

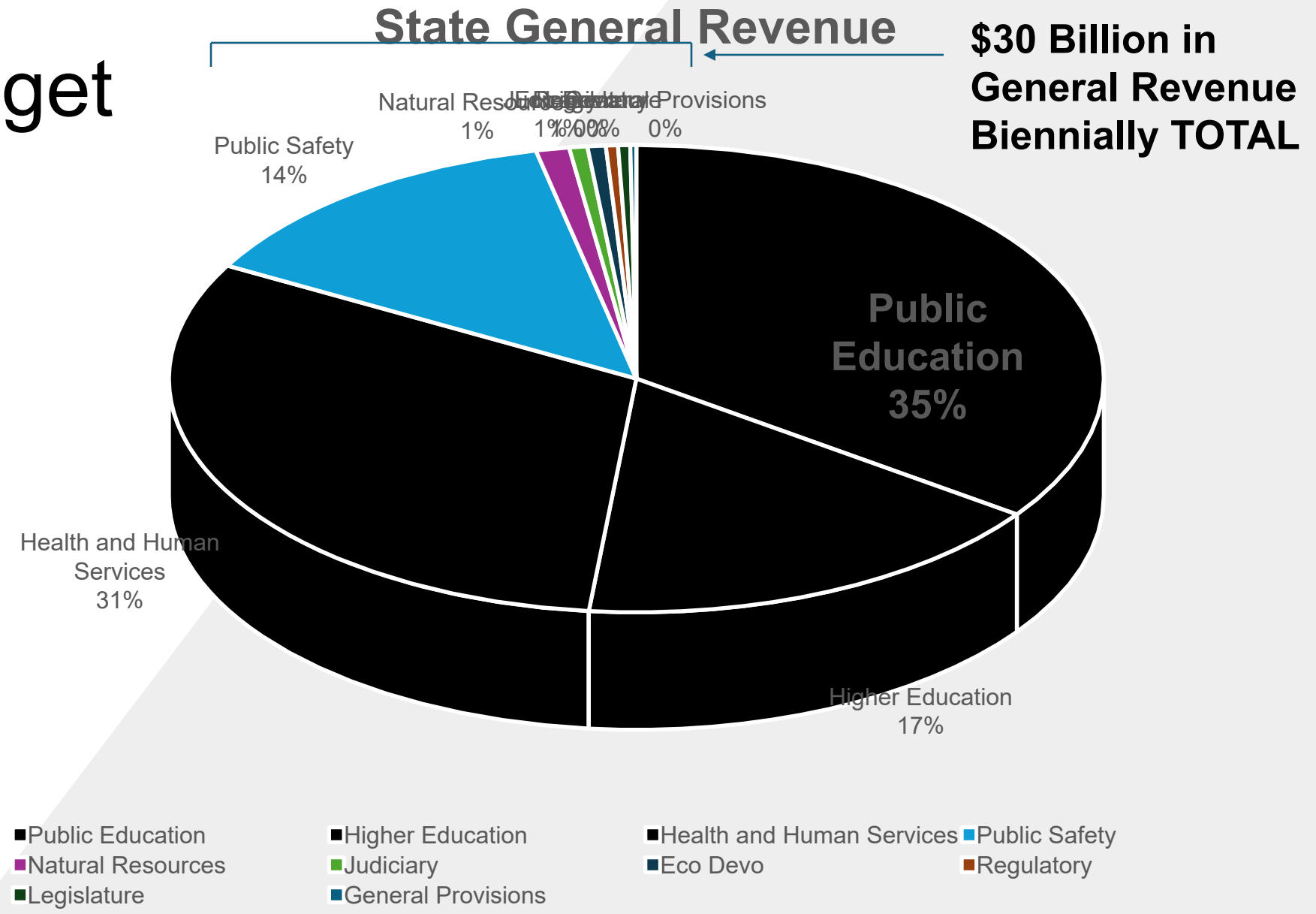
General Revenue appropriations for public education can increase without education funding increasing.



2026-27 Budget

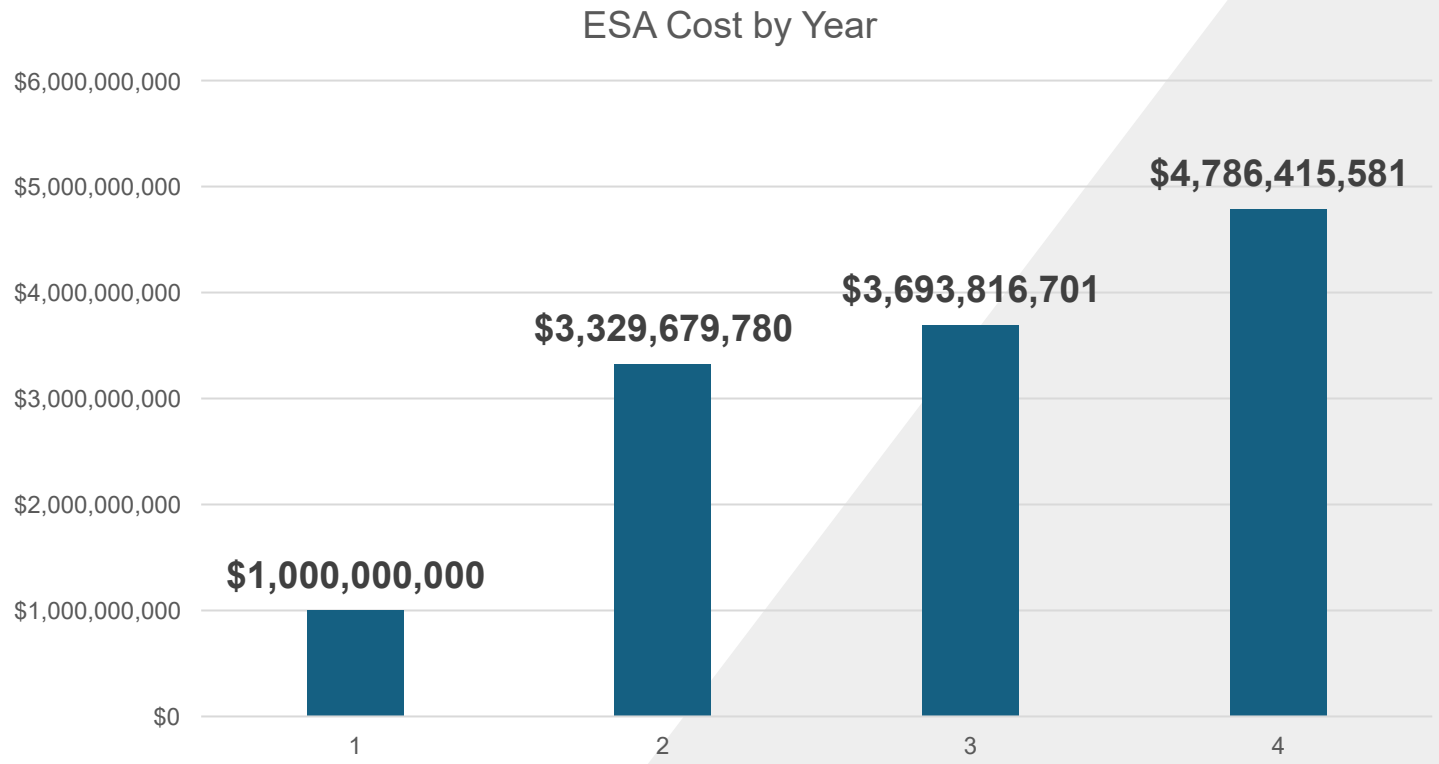
$149 Billion Biennially
$74.5 Billion Yearly

General Revenue appropriations for public education can increase without education funding increasing.



Texas Freedom Accounts- Vouchers

$1billion cost for the biennium
$8 billion estimated cost by 2030-31



Foundation School Program Savings

2028	**$257 million**
2029	**$522 million**
2030	**$805 million**

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Texas Education Freedom accounts - Vouchers

- **Amount:** $10,474 → $30,000 for approved private schools*
  - *The award amount for students with a disability is based on funding the student's local ISD would receive to provide services under the student's IEP.*
  - Homeschool: $2,000

Student Applicant Statistics:

- 274,000 applications submitted
- 95,935 applications awarded
- 70 percent will attend private school, 30 percent homeschool
- **57 percent came from private or homeschool**
- **43 percent came from public school**

Pre-K Population: Largest TEFA group

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