

Testimony Before the Senate Education Committee on House Bill 3646 by
Hochberg on Behalf of the Fast Growth School Coalition

May 21, 2009

Madam Chair and Members of the Committee:

My name is Dan Casey. I am a Partner in the firm of Moak, Casey & Associates. I appear before you today on behalf of the Fast Growth School Coalition, an organization that represents the interests of the approximately 100 school districts that account for nearly all of the enrollment growth in Texas public schools.

In reviewing House Bill (HB) 3646 under the primary authorship of State Representative Scott Hochberg, there are several provisions that the Fast Growth School Coalition supports. Sections 83 and 84 of the bill provide for the automatic "roll-forward" of the Existing Debt Allotment (EDA) program that assists school districts in meeting their debt service obligations. This is generally beneficial to fast-growth districts where voters have approved local bond issues in order to meet the demands of local student growth. The automatic roll-forward provision would assist districts in their financial planning for facilities needs.

One additional provision that we would also support that was included in the Committee version of HB 3646 provides an alternative to the 50-cent test for new bonds, if savings on interest costs of at least ten percent would be realized. This change would still require school board approval and local voter approval on a uniform election date, consistent with current law for school bond issues. The provision that was removed on the House floor embodied the text of House Bill 3697 by Representative Aycock, which we would commend to you as part of a comprehensive school finance reform bill.

One provision we must object to is the change to current-year property values in the calculation of state aid and recapture. While the argument is often made that the target revenue system operates with *de facto* current-year property values, this is not the case for Instructional Facilities Allotment (IFA) and EDA funding. The attached analysis (Attachment A) indicates that the movement to current-year values for the IFA and EDA programs reduces facilities funding to fast-growth districts by \$21 million in 2009-10, the majority of the \$33.7 million total state aid reduction for these programs that year. School districts like Cypress-Fairbanks ISD and Katy ISD would no longer receive funding under these programs, despite their rapid enrollment growth. On average, an I&S tax rate increase of just under one-cent would be needed among fast-growth school districts to offset this reduction in state aid.

The current-year value change makes a bad situation in terms of state facilities funding even worse. Moderate and low-wealth school districts are likely to find themselves in the position of having to raise their local I&S tax rates to offset the reduction in IFA and EDA support. While the yield of \$35 per ADA provided coverage for districts attended by 90 percent of Texas public school students a decade ago, our estimates of current-year values for 2009-10 show that only 49.4 percent of our students would be attending school in districts eligible for state support under these programs next year.

As Attachment A shows, many fast-growing school districts in the state are no longer eligible for IFA and EDA support due to their growth in property values. Our earlier analysis (Attachment B) shows fast-growth districts paying a premium I&S tax rate relative to non-fast-growing districts, with 33 fast-growth districts having I&S tax rates of 40 cents or more for the current school year. Local taxpayers in these communities are bearing an inordinate burden to accommodate enrollment growth in their communities.

If current-year values are used, districts should be guaranteed the level of state support they would have received in the absence of this change for the next two years. This type of protection is critical for fast-growth school districts.

The formula system that existed prior to the target revenue system did provide school districts with growing tax bases the potential for a boost in M&O revenue when the local tax base growth per WADA in percentage terms exceeded that for the previous school year. The benefit was short-lived—the state property values recognized the increase in the next year and either state aid was reduced or recapture increased. But that initial boost in M&O revenue was critical for fast-growth districts that are faced with staffing and equipping multiple new campuses in some cases on an annual basis. While the \$250 per ADA New Instructional Facilities Allotment is helpful, access for a year to exceptional local property value growth (constrained by the tax rollback rate calculation) was critical for fast-growing school districts. While some may argue that this adversely affects school finance equity, the use of prior-year property values has never been an issue in school finance equity litigation.

One other aspect of the use of current-year property values is that they make the financing system operate much more like a state property tax. In addition, one concern we have is that it appears that the finance system under the Hochberg bill creates a circumstance where local tax rate increases do not generate additional revenue for operations, only funds that count against a district's hold-harmless amount. This is certainly not the “meaningful discretion” intended by the Texas Supreme Court in its *West Orange-Cove* ruling. Representative Hochberg has indicated that this is not his intent, but we would encourage the Members of the Education Committee to address this issue directly as it moves forward on school finance legislation.

One additional issue is the need for some type of cost driver for the school funding system. The state has ridden the growth in local property taxes for much of the last decade. Attachment C is taken the Legislative Budget Board publication, *Fiscal Size-Up 2008-09 Biennium*. What Figure 174 shows is that between state fiscal year 2000 and 2006, state aid averaged about \$10 billion a year, while local school district taxes increased from \$11.7 billion to \$19.9 billion over the same period. The House Bill 1 target revenue system adopted in 2006 changed this dynamic, but the projections for 2009 showed a slippage in the state share beginning to emerge again.

Thank you for your consideration in this matter. We appreciate your support for fast-growing school districts and stand ready to offer any support we can as the Committee and the Senate complete their deliberations on school finance legislation.

Attachment A

2009-10 ESTIMATE OF EDA/IFA - HB 3646 AS ADOPTED 5-12-2009
Fast-Growth School Districts

2009-10 SUMMARY

District Number	County Name	District Name	Current Law IFA Bond State Aid	Current Law EDA State Aid	Proposed IFA Bond State Aid	Proposed EDA State Aid	Change in IFA Bond	Change in EDA	Total Change In State Aid IFA/EDA	Current Law IFA L/P State Aid	Proposed IFA L/P State Aid	Change in IFA L/P State Aid	IBS Tax Rate Change Needed
008902	AUSTIN COUNTY	SEALY ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
011901	BASTROP COUNTY	BASTROP ISD	\$438,323	\$1,074,887	\$370,815	\$909,339	-\$67,508	-\$165,548	-\$233,056	\$0	\$0	\$0	\$0 \$0.0089
011902	BASTROP COUNTY	ELGIN ISD	\$555,147	\$1,242,750	\$526,676	\$1,179,015	-\$28,471	-\$63,734	-\$92,205	\$0	\$0	\$0	\$0 \$0.0102
014903	BELL COUNTY	BELTON ISD	\$351,646	\$2,462,188	\$300,970	\$2,107,357	-\$50,677	-\$354,832	-\$405,508	\$0	\$0	\$0	\$0 \$0.0195
014906	BELL COUNTY	KILLEEN ISD	\$6,201,248	\$1,176,476	\$6,032,049	\$1,144,376	-\$169,199	-\$32,100	-\$201,299	\$0	\$0	\$0	\$0 \$0.0033
015911	BEXAR COUNTY	EAST CENTRAL ISD	\$2,203,614	\$0	\$2,115,887	\$0	-\$87,727	\$0	-\$87,727	\$0	\$0	\$0	\$0 \$0.0046
015916	BEXAR COUNTY	JUDSON ISD	\$1,854,370	\$3,047,067	\$1,668,353	\$2,741,407	-\$186,017	-\$305,660	-\$491,677	\$0	\$0	\$0	\$0 \$0.0081
015910	BEXAR COUNTY	NORTH EAST ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
015915	BEXAR COUNTY	NORTHIDE ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
015912	BEXAR COUNTY	SOUTHWEST ISD	\$4,919,073	\$207,202	\$4,846,172	\$205,486	-\$72,901	-\$1,715	-\$74,616	\$0	\$0	\$0	\$0 \$0.0048
019907	BOWIE COUNTY	TEXARKANA ISD	\$0	\$460,008	\$0	\$424,101	\$0	-\$35,908	-\$35,908	\$0	\$0	\$0	\$0 \$0.0019
020901	BRAZORIA COUNTY	ALVIN ISD	\$528,903	\$7,079,194	\$496,195	\$6,641,416	-\$32,707	-\$437,778	-\$470,485	\$0	\$0	\$0	\$0 \$0.0098
020908	BRAZORIA COUNTY	PEARLAND ISD	\$128,422	\$1,672,137	\$113,656	\$1,479,873	-\$14,766	-\$192,263	-\$207,029	\$0	\$0	\$0	\$0 \$0.0036
021901	BRAZOS COUNTY	COLLEGE STATION ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
027903	BURNET COUNTY	BURNET CONS ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
031905	CAMERON COUNTY	LA FERIA ISD	\$1,902,122	\$0	\$1,886,918	\$0	-\$15,204	\$0	-\$15,204	\$0	\$0	\$0	\$0 \$0.0043
031906	CAMERON COUNTY	LOS FRESNOS CONS ISD	\$2,649,187	\$864,904	\$2,618,510	\$854,888	-\$30,677	-\$10,015	-\$40,692	\$0	\$0	\$0	\$0 \$0.0034
031912	CAMERON COUNTY	SAN BENITO CONS ISD	\$6,635,153	\$0	\$6,611,862	\$0	-\$23,291	\$0	-\$23,291	\$0	\$0	\$0	\$0 \$0.0029
036902	CHAMBERS COUNTY	BARBERS HILL ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
043901	COLLIN COUNTY	ALLEN ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
043905	COLLIN COUNTY	FRISCO ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
043919	COLLIN COUNTY	LOVEJOY ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
043907	COLLIN COUNTY	MCKINNEY ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
043911	COLLIN COUNTY	PRINCETON ISD	\$703,911	\$801,218	\$690,642	\$786,114	-\$13,269	-\$15,104	-\$28,373	\$0	\$0	\$0	\$0 \$0.0054
043912	COLLIN COUNTY	PROSPER ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
043914	COLLIN COUNTY	WYLE ISD	\$485,217	\$2,897,656	\$340,554	\$2,033,745	-\$144,663	-\$863,911	-\$1,008,575	\$0	\$0	\$0	\$0 \$0.0325
046902	COMAL COUNTY	COMAL ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
046901	COMAL COUNTY	NEW BRAUNFELS ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
057906	DALLAS COUNTY	DESOTO ISD	\$410,133	\$2,019,267	\$416,883	\$2,052,498	\$6,750	\$33,231	\$39,981	\$0	\$0	\$0	\$0 \$0.0000
057907	DALLAS COUNTY	DUNCANVILLE ISD	\$0	\$2,091,679	\$0	\$2,084,288	\$0	-\$7,392	-\$7,392	\$0	\$0	\$0	\$0 \$0.0002
057910	DALLAS COUNTY	GRAND PRAIRIE ISD	\$4,585,917	\$8,505,061	\$4,504,020	\$8,353,174	-\$81,897	-\$151,886	-\$233,783	\$0	\$0	\$0	\$0 \$0.0046
057913	DALLAS COUNTY	LANCASTER ISD	\$0	\$1,551,335	\$0	\$1,510,429	\$0	-\$40,905	-\$40,905	\$0	\$0	\$0	\$0 \$0.0023
061901	DENTON COUNTY	DENTON ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
061912	DENTON COUNTY	LAKE DALLAS ISD	\$34,551	\$156,139	\$22,411	\$101,276	-\$12,140	-\$54,863	-\$67,003	\$0	\$0	\$0	\$0 \$0.0051
061902	DENTON COUNTY	LEWISVILLE ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
061914	DENTON COUNTY	LITTLE ELM ISD	\$281,410	\$1,110,663	\$242,410	\$956,738	-\$39,000	-\$153,925	-\$192,925	\$0	\$0	\$0	\$0 \$0.0114
061911	DENTON COUNTY	NORTHWEST ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0.0000
061908	DENTON COUNTY	SANGER ISD	\$279,786	\$378,038	\$275,141	\$371,761	-\$4,645	-\$6,277	-\$10,922	\$0	\$0	\$0	\$0 \$0.0016
071907	EL PASO COUNTY	CANUITILLO ISD	\$377,877	\$1,571,379	\$339,993	\$1,419,411	-\$37,884	-\$151,967	-\$189,851	\$0	\$0	\$0	\$0 \$0.0142

2009-10 ESTIMATE OF EDA/IFA - HB 3646 AS ADOPTED 5-12-2009
Fast-Growth School Districts

2009-10 SUMMARY

District Number	County Name	District Name	Current Law IFA Bond State Aid	Current Law EDA State Aid	Proposed IFA Bond State Aid	Proposed EDA State Aid	Change in IFA Bond	Change in EDA	Total Change in State Aid IFA/EDA	Current Law IFA L/P State Aid	Proposed IFA L/P State Aid	Change in IFA L/P	I&S Tax Rate Change Needed
071901	EL PASO COUNTY	CLINT ISD	\$6,330,566	\$2,179,577	\$6,272,070	\$2,202,434	-\$58,497	\$22,857	-\$35,640	\$0	\$0	\$0	\$0.0039
071909	EL PASO COUNTY	SOCORRO ISD	\$5,262,026	\$11,636,420	\$5,095,286	\$11,359,999	-\$166,740	-\$276,421	-\$443,161	\$0	\$0	\$0	\$0.0064
070908	ELLIS COUNTY	MIDLOTHIAN ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
070911	ELLIS COUNTY	RED OAK ISD	\$528,874	\$774,254	\$508,209	\$744,002	-\$20,664	-\$30,252	-\$50,917	\$0	\$0	\$0	\$0.0040
070912	ELLIS COUNTY	WAXAHACHIE ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
079907	FORT BEND COUNTY	FORT BEND ISD	\$314,448	\$1,036,323	\$0	\$0	-\$314,448	-\$1,036,323	-\$1,350,771	\$0	\$0	\$0	\$0.0055
079901	FORT BEND COUNTY	LAMAR CONSOLIDATED I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
084910	GALVESTON COUNTY	CLEAR CREEK ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
084901	GALVESTON COUNTY	DICKINSON ISD	\$0	\$1,445,506	\$0	\$1,301,674	\$0	-\$143,832	-\$143,832	\$0	\$0	\$0	\$0.0058
094902	GUADALUPE COUNTY	SCHERTZ-CIBOLO-U CITY	\$1,021,423	\$1,161,792	\$874,128	\$994,255	-\$147,295	-\$167,537	-\$314,832	\$0	\$0	\$0	\$0.0091
100907	HARDIN COUNTY	LUMBERTON ISD	\$616,395	\$16,760	\$584,312	\$15,888	-\$32,083	-\$672	-\$32,955	\$0	\$0	\$0	\$0.0039
101902	HARRIS COUNTY	ALDINE ISD	\$4,980,091	\$3,463,681	\$4,761,937	\$3,311,954	-\$218,154	-\$151,727	-\$369,881	\$573,533	\$548,409	-\$25,124	\$0.0026
101905	HARRIS COUNTY	CHANNELVIEW ISD	\$0	\$722,055	\$0	\$561,990	\$0	-\$160,066	-\$160,066	\$0	\$0	\$0	\$0.0061
101906	HARRIS COUNTY	CROSBY ISD	\$252,716	\$1,140,718	\$179,833	\$811,735	-\$72,883	-\$328,983	-\$401,866	\$0	\$0	\$0	\$0.0292
101907	HARRIS COUNTY	CYPRESS-FAIRBANKS ISD	\$0	\$711,980	\$0	\$0	\$0	-\$711,980	-\$711,980	\$0	\$0	\$0	\$0.0022
101913	HARRIS COUNTY	HUMBLE ISD	\$372,493	\$4,448,865	\$314,236	\$3,753,073	-\$58,257	-\$695,792	-\$754,049	\$0	\$0	\$0	\$0.0070
101914	HARRIS COUNTY	KATY ISD	\$753,964	\$2,832,034	\$0	\$0	-\$753,964	-\$2,832,034	-\$3,585,998	\$0	\$0	\$0	\$0.0179
101915	HARRIS COUNTY	KLEIN ISD	\$1,801,975	\$3,600,752	\$1,442,247	\$2,881,934	-\$359,728	-\$718,818	-\$1,078,546	\$0	\$0	\$0	\$0.0081
101917	HARRIS COUNTY	PASADENA ISD	\$2,896,354	\$12,458,201	\$2,783,551	\$11,972,997	-\$112,803	-\$485,204	-\$598,007	\$0	\$0	\$0	\$0.0056
101924	HARRIS COUNTY	SHELDON ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
101919	HARRIS COUNTY	SPRING ISD	\$0	\$9,128,890	\$0	\$10,034,052	\$0	\$905,161	\$905,161	\$0	\$0	\$0	\$0.0115
101921	HARRIS COUNTY	TOMBALL ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
102904	HARRISON COUNTY	HALLSVILLE ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
105904	HAYS COUNTY	DRIPPING SPRINGS ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
105906	HAYS COUNTY	HAYS CONS ISD	\$1,872,001	\$4,265,749	\$1,726,409	\$3,933,987	-\$145,592	-\$331,763	-\$477,355	\$0	\$0	\$0	\$0.0000
108902	HIDALGO COUNTY	DONNA ISD	\$5,065,923	\$39,867	\$5,006,511	\$39,399	-\$59,411	-\$468	-\$59,879	\$0	\$0	\$0	\$0.0058
108904	HIDALGO COUNTY	EDINBURG CISD	\$5,098,293	\$0	\$4,887,454	\$0	-\$210,839	-\$0	-\$210,839	\$0	\$0	\$0	\$0.0133
108905	HIDALGO COUNTY	HIDALGO ISD	\$1,923,538	\$222,199	\$1,890,879	\$218,426	-\$32,660	-\$3,773	-\$36,432	\$0	\$0	\$0	\$0.0000
108912	HIDALGO COUNTY	LA JOYA ISD	\$18,098,349	\$0	\$18,040,377	\$0	-\$57,972	\$0	-\$57,972	\$1,848,181	\$1,771,750	-\$76,431	\$0.0036
108908	HIDALGO COUNTY	MISSION CONS ISD	\$8,541,487	\$0	\$8,503,531	\$0	-\$37,956	\$0	-\$37,956	\$0	\$0	\$0	\$0.0085
108909	HIDALGO COUNTY	PHARR-SAN JUAN-ALAMO	\$13,596,718	\$3,449,735	\$13,287,688	\$3,371,328	-\$309,030	-\$78,407	-\$387,436	\$0	\$0	\$0	\$0.0029
108911	HIDALGO COUNTY	SHARYLAND ISD	\$0	\$1,414,491	\$0	\$1,508,778	\$0	\$94,287	\$94,287	\$0	\$0	\$0	\$0.0043
108916	HIDALGO COUNTY	VALLEY VIEW ISD	\$2,857,819	\$0	\$2,839,664	\$0	-\$18,155	\$0	-\$18,155	\$0	\$0	\$0	\$0.0045
108913	HIDALGO COUNTY	WESLACO ISD	\$2,966,032	\$133,542	\$2,884,292	\$129,862	-\$81,740	-\$3,680	-\$85,420	\$0	\$0	\$0	\$0.0045
126902	JOHNSON COUNTY	BURLESON ISD	\$66,024	\$195,919	\$0	\$0	-\$66,024	-\$195,919	-\$261,942	\$0	\$0	\$0	\$0.0074
129901	KAUFMAN COUNTY	CRANDALL ISD	\$608,358	\$776,462	\$589,640	\$752,572	-\$18,718	-\$23,890	-\$42,609	\$0	\$0	\$0	\$0.0080
129902	KAUFMAN COUNTY	FORNEY ISD	\$316,436	\$980,258	\$276,767	\$857,370	-\$39,670	-\$122,888	-\$162,558	\$0	\$0	\$0	\$0.0065
130901	KENDALL COUNTY	BOERNE ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
146901	LIBERTY COUNTY	CLEVELAND ISD	\$313,761	\$990,828	\$299,383	\$850,006	-\$14,378	-\$40,822	-\$55,200	\$0	\$0	\$0	\$0.0077

2009-10 ESTIMATE OF EDA/IFA - HB 3646 AS ADOPTED 5-12-2009
Fast-Growth School Districts

2009-10 SUMMARY

District Number	County Name	District Name	Current Law		Proposed IFA		Proposed EDA		Change in IFA Bond		Change in EDA		Total Change		Current Law		Proposed IFA		I&S Tax Rate Change Needed
			IFA Bond State Aid	EDA State Aid	Proposed IFA Bond State Aid	Proposed EDA State Aid	Change in IFA Bond	Change in EDA	In State Aid IFA/EDA	In State Aid IFA/EDA	IFA L/P State Aid	IFA L/P State Aid	Change in IFA L/P	Change in IFA L/P					
152907	LUBBOCK COUNTY	FRENSHIP ISD	\$258,408	\$840,297	\$199,585	\$649,016	-\$58,823	-\$191,281	-\$250,103	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0110
152906	LUBBOCK COUNTY	LUBBOCK-COOPER ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
161903	MCLENNAN COUNTY	MIDWAY ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
170902	MONTGOMERY COUNTY	CONROE ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
170906	MONTGOMERY COUNTY	MAGNOLIA ISD	\$331,902	\$1,739,122	\$261,175	\$1,368,521	-\$70,727	-\$370,601	-\$441,328	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0135
170903	MONTGOMERY COUNTY	MONTGOMERY ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
170908	MONTGOMERY COUNTY	NEW CANEY ISD	\$1,174,137	\$2,849,415	\$1,090,541	\$2,646,545	-\$83,595	-\$202,871	-\$286,466	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0144
170904	MONTGOMERY COUNTY	WILLIS ISD	\$274,254	\$452,709	\$196,488	\$324,340	-\$77,767	-\$128,369	-\$206,135	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0099
178914	NUECES COUNTY	FLOUR BLUFF ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
184907	PARKER COUNTY	ALEDO ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
191901	RANDALL COUNTY	CANYON ISD	\$0	\$404,302	\$0	\$215,498	\$0	-\$188,804	-\$188,804	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
199901	ROCKWALL COUNTY	ROCKWALL ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0064
199902	ROCKWALL COUNTY	ROYSE CITY ISD	\$407,778	\$1,630,799	\$392,587	\$1,570,045	-\$15,191	-\$60,754	-\$75,945	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0073
212903	SMITH COUNTY	LINDALE ISD	\$0	\$356,297	\$0	\$309,778	\$0	-\$46,519	-\$46,519	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0040
212906	SMITH COUNTY	WHITEHOUSE ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
220912	TARRANT COUNTY	CROWLEY ISD	\$146,742	\$338,713	\$1,823	\$4,208	-\$144,919	-\$334,505	-\$479,424	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0097
220918	TARRANT COUNTY	EAGLE MT-SAGINAW ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
220904	TARRANT COUNTY	EVERMAN ISD	\$414,678	\$467,530	\$404,306	\$455,836	-\$10,372	-\$11,694	-\$22,065	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0021
220907	TARRANT COUNTY	KELLER ISD	\$56,310	\$1,381,267	\$19,292	\$473,231	-\$37,018	-\$908,036	-\$945,054	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0086
220910	TARRANT COUNTY	LAKE WORTH ISD	\$276,127	\$587,752	\$267,453	\$569,291	-\$8,673	-\$18,462	-\$27,135	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0036
220908	TARRANT COUNTY	MANSFIELD ISD	\$2,652,338	\$5,349,444	\$2,205,206	\$4,447,633	-\$447,132	-\$901,811	-\$1,348,943	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0146
220920	TARRANT COUNTY	WHITE SETTLEMENT ISD	\$523,507	\$1,354,171	\$469,343	\$1,214,064	-\$54,164	-\$140,107	-\$194,271	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0126
221912	TAYLOR COUNTY	WYLIE ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
227901	TRAVIS COUNTY	AUSTIN ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
227910	TRAVIS COUNTY	DEL VALLE ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
227913	TRAVIS COUNTY	LAKE TRAVIS ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
227907	TRAVIS COUNTY	MANOR ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
227904	TRAVIS COUNTY	PFLUGERVILLE ISD	\$221,156	\$605,918	\$55,177	\$151,173	-\$165,979	-\$454,746	-\$620,725	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
240903	WEBB COUNTY	UNITED ISD	\$1,132,347	\$6,229,535	\$1,037,365	\$5,706,995	-\$94,982	-\$522,540	-\$617,522	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0066
246904	WILLIAMSON COUNTY	GEORGETOWN ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
246906	WILLIAMSON COUNTY	HUITO ISD	\$551,602	\$1,712,719	\$518,048	\$1,608,534	-\$33,554	-\$104,185	-\$137,739	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
246913	WILLIAMSON COUNTY	LEANDER ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0097
246909	WILLIAMSON COUNTY	ROUND ROCK ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
247903	WILSON COUNTY	LA VERNIA ISD	\$359,976	\$342,099	\$346,104	\$328,916	-\$13,872	-\$13,183	-\$27,055	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000
253901	ZAPATA COUNTY	ZAPATA COUNTY ISD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0044
STATE TOTALS			\$279,785,851	\$270,306,972	\$269,357,837	\$247,067,606	-\$10,428,013	-\$23,239,366	-\$33,667,379	\$12,686,361	\$12,327,155	-\$359,206	\$0,0019	\$2,320,159	-\$101,555	\$0,0073			
FAST-GROWTH			\$130,763,337	\$136,138,194	\$124,893,015	\$121,008,030	-\$5,830,322	-\$15,130,163	-\$20,960,485	\$2,421,713	\$2,320,159	-\$101,555	\$0,0073						

Attachment B

**Fast-Growth School Districts (113)
2003-04 through 2008-09**

District Number	District Name	County Name	Enroll		Difference 2003-04 & 2008-09	2008-09 5 Year % Growth	2008 M&O Rate	2008 I&S Rate
			2003-04	2008-09				
008902	SEALY ISD	AUSTIN COUNTY	2,384	2,635	251	10.5%	\$0.98	\$0.24
011901	BASTROP ISD	BASTROP COUNTY	7,565	8,769	1,204	15.9%	\$1.04	\$0.44
011902	ELGIN ISD	BASTROP COUNTY	3,084	3,896	812	26.3%	\$1.04	\$0.44
014903	BELTON ISD	BELL COUNTY	7,114	8,539	1,425	20.0%	\$1.17	\$0.24
014906	KILLEEN ISD	BELL COUNTY	32,583	38,550	5,967	18.3%	\$1.03	\$0.11
015910	NORTH EAST ISD	BEXAR COUNTY	56,298	63,452	7,154	12.7%	\$1.04	\$0.36
015911	EAST CENTRAL ISD	BEXAR COUNTY	7,917	9,112	1,195	15.1%	\$1.04	\$0.28
015912	SOUTHWEST ISD	BEXAR COUNTY	9,684	11,393	1,709	17.6%	\$1.04	\$0.17
015915	NORTHSIDE ISD	BEXAR COUNTY	71,798	89,000	17,202	24.0%	\$1.04	\$0.26
015916	JUDSON ISD	BEXAR COUNTY	17,981	21,301	3,320	18.5%	\$1.04	\$0.43
019907	TEXARKANA ISD	BOWIE COUNTY	5,719	6,660	941	16.5%	\$1.17	\$0.17
020901	ALVIN ISD	BRAZORIA COUNTY	12,131	16,169	4,038	33.3%	\$1.04	\$0.29
020908	PEARLAND ISD	BRAZORIA COUNTY	13,096	17,640	4,544	34.7%	\$1.04	\$0.38
021901	COLLEGE STATION ISD	BRAZOS COUNTY	7,931	9,756	1,825	23.0%	\$1.00	\$0.22
027903	BURNET CONS ISD	BURNET COUNTY	3,083	3,416	333	10.8%	\$1.04	\$0.21
031905	LA FERIA ISD	CAMERON COUNTY	2,899	3,408	509	17.6%	\$1.04	\$0.30
031906	LOS FRESNOS CONS ISD	CAMERON COUNTY	7,510	9,340	1,830	24.4%	\$1.04	\$0.16
031912	SAN BENITO CONS ISD	CAMERON COUNTY	9,886	11,029	1,143	11.6%	\$1.04	\$0.26
036902	BARBERS HILL ISD	CHAMBERS COUNTY	3,020	3,903	883	29.2%	\$1.06	\$0.27
043901	ALLEN ISD	COLLIN COUNTY	13,864	17,590	3,726	26.9%	\$1.00	\$0.43
043905	FRISCO ISD	COLLIN COUNTY	13,411	30,797	17,386	129.6%	\$1.00	\$0.37
043907	MCKINNEY ISD	COLLIN COUNTY	16,663	23,401	6,738	40.4%	\$1.04	\$0.48
043911	PRINCETON ISD	COLLIN COUNTY	2,254	2,769	515	22.8%	\$1.04	\$0.45
043912	PROSPER ISD	COLLIN COUNTY	1,431	3,125	1,694	118.4%	\$1.17	\$0.50
043914	WYLIE ISD	COLLIN COUNTY	6,661	11,349	4,688	70.4%	\$1.17	\$0.34
043919	LOVEJOY ISD	COLLIN COUNTY	993	2,873	1,880	189.3%	\$1.04	\$0.48
046901	NEW BRAUNFELS ISD	COMAL COUNTY	6,360	7,512	1,152	18.1%	\$1.01	\$0.33
046902	COMAL ISD	COMAL COUNTY	11,989	16,051	4,062	33.9%	\$1.04	\$0.27
057906	DESOTO ISD	DALLAS COUNTY	7,651	8,959	1,308	17.1%	\$1.04	\$0.47
057907	DUNCANVILLE ISD	DALLAS COUNTY	11,368	12,660	1,292	11.4%	\$1.04	\$0.38
057910	GRAND PRAIRIE ISD	DALLAS COUNTY	22,132	25,996	3,864	17.5%	\$1.04	\$0.43
057913	LANCASTER ISD	DALLAS COUNTY	4,754	5,995	1,241	26.1%	\$1.03	\$0.38
061901	DENTON ISD	DENTON COUNTY	15,951	22,189	6,238	39.1%	\$1.04	\$0.45
061902	LEWISVILLE ISD	DENTON COUNTY	44,024	50,216	6,192	14.1%	\$1.04	\$0.34
061908	SANGER ISD	DENTON COUNTY	2,150	2,634	484	22.5%	\$1.04	\$0.33
061911	NORTHWEST ISD	DENTON COUNTY	6,917	13,012	6,095	88.1%	\$1.00	\$0.34
061912	LAKE DALLAS ISD	DENTON COUNTY	3,578	3,978	400	11.2%	\$1.17	\$0.48
061914	LITTLE ELM ISD	DENTON COUNTY	3,484	5,855	2,371	68.1%	\$1.04	\$0.49
070908	MIDLOTHIAN ISD	ELLIS COUNTY	5,396	7,124	1,728	32.0%	\$1.04	\$0.37
070911	RED OAK ISD	ELLIS COUNTY	4,803	5,360	557	11.6%	\$1.17	\$0.33
070912	WAXAHACHIE ISD	ELLIS COUNTY	5,859	6,646	787	13.4%	\$1.04	\$0.32
071901	CLINT ISD	EL PASO COUNTY	8,564	10,899	2,335	27.3%	\$1.04	\$0.30

Attachment C

**LEGISLATIVE BUDGET BOARD
FISCAL SIZE-UP**

2008–09 BIENNIUM

**SUBMITTED TO THE 80TH TEXAS LEGISLATURE
MARCH 2008**

PREPARED BY LEGISLATIVE BUDGET BOARD STAFF

COVER PHOTO COURTESY OF SENATE PHOTOGRAPHY

FIGURE 174
STATE AND LOCAL REVENUE FOR TEXAS PUBLIC SCHOOLS
FISCAL YEARS 2000 TO 2009

IN MILLIONS				
FISCAL YEAR	LOCAL	STATE	TOTAL	% STATE SHARE
2000	\$11,717.4	\$10,391.4	\$22,108.8	47.0
2001	\$13,336.6	\$10,247.6	\$23,584.2	43.5
2002	\$14,430.0	\$9,720.3	\$24,150.3	40.2
2003	\$15,777.4	\$10,381.6	\$26,159.0	39.7
2004	\$16,631.4	\$9,774.0	\$26,405.4	37.0
2005	\$17,548.7	\$10,454.0	\$28,002.7	37.3
2006	\$19,912.8	\$10,147.7	\$30,060.5	33.8
2007	\$20,322.7	\$13,338.2	\$33,711.0	39.7
2008*	\$17,706.3	\$17,656.9	\$35,363.2	49.9
2009*	\$19,219.6	\$17,657.6	\$36,877.2	47.9

*Estimated.
 SOURCE: Legislative Budget Board.

down to 33.8 percent. During those years, property value growth remained fairly strong while state aid did not keep pace.

The 2006 property tax relief legislation required districts to lower their maintenance and operations tax rates by 11.3 percent in 2007 and 33.3 percent in 2008, and replaced the lost local revenue with state aid. As **Figure 174** shows, this major reform increased the state share of school finance to just below 40 percent in fiscal year 2007 and to an estimated 49.9 percent in fiscal year 2008, the highest percentage of state aid for the FSP since fiscal year 1985. However, the Comptroller of Public Accounts projects property values to continue to rise for fiscal year 2009, which will overwhelm state aid provided in the enrichment and facilities tiers, reducing the state share to an estimated 47.9 percent.

It is important to note that the calculation of state aid in **Figure 174** refers to the Foundation School Program only, and does not include appropriations of other state funds for public education, such as textbooks, the technology allotment, or instructional grant programs like the Student Success Initiative. If all appropriated state funds that flow to districts were included in the state aid calculation, the state share for fiscal years 2008 and 2009 would increase by nearly 2 percent each year. Also, the amounts in **Figure 174** do not include approximately \$1.2 billion per year in state retirement contributions for the Teacher Retirement System.

OTHER APPROPRIATIONS

In addition to the funding increase provided through the Foundation School Program and the appropriation for school district property tax relief, the Eightieth Legislature, 2007, modified appropriations to other educational and administrative functions at the agency. These are some of the major changes:

- *Educator Salary Increase.* General Revenue Fund appropriations are increased by \$280 million to allow districts to provide an educator salary increase. Each school district and charter school will receive \$23.63 per student in weighted average daily attendance in each year of the 2008–09 biennium. Districts and charters must report to TEA the manner in which they expended these funds.
- *Teacher Incentive Programs.* Funding for the two teacher incentive programs authorized by the 2006 property tax relief legislation are increased to \$342.8 million, an increase of \$242.8 million from the 2006–07 biennial level. Funding for the Awards for Student Achievement program, providing teacher incentive funds to educationally disadvantaged campuses, continues from fiscal year 2007 at \$97.5 million annually. The new Educator Excellence Awards program for approved district-level teacher incentive plans is funded in fiscal year 2009 at \$147.8 million.
- *High School Improvement and Dropout Prevention Program.* The Eightieth Legislature, 2007, maintained

FIGURE 180
TEXAS PUBLIC SCHOOL
AVERAGE DAILY ATTENDANCE (ADA)
FISCAL YEARS 2000 TO 2009

FISCAL YEAR	SCHOOL YEAR	TOTAL ADA	% CHANGE
2000	1999–2000	3,702,396	1.6
2001	2000–01	3,762,729	1.6
2002	2001–02	3,854,707	2.4
2003	2002–03	3,935,932	2.1
2004	2003–04	4,008,528	1.8
2005	2004–05	4,078,747	1.8
2006	2005–06	4,182,348	2.5
2007	2006–07	4,248,334	1.6
2008*	2007–08	4,344,003	2.3
2009*	2008–09	4,431,310	2.0

*Estimated.

Note: ADA counts include charter schools and exclude all state-administered schools except Moody.

SOURCES: Legislative Budget Board; Texas Education Agency.

For the 2008–09 biennium, TEA estimates the ADA growth rate at 2 percent annually over 2007 levels. However, the final ADA for the 2006–07 school year was lower than expected, possibly because a sizeable number of Katrina students returned to Louisiana. As a result, the projected fiscal year 2008 ADA growth rate increased to 2.3 percent.

ETHNIC COMPOSITION

The diverse ethnic composition of Texas’ school-age population is shown in **Figure 181**. By fiscal year 2007, total enrollment had grown by nearly 20 percent above the fiscal

year 1998 level. The rate of increase among minority students was more than 41 percent over the 10-year period. Anglo enrollment in the 2006–07 school year was lower in raw numbers than it was 15 years earlier (1,631,680 students in 2007 compared to 1,695,351 students in 1992). Anglo students as a percentage of all students enrolled dropped from 46 percent in 1997 to 36 percent in 2007.

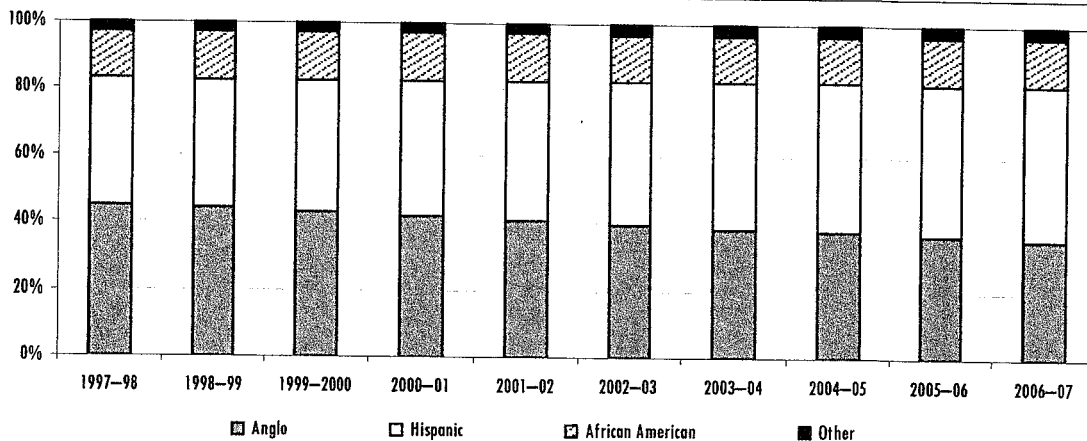
The most significant factor in the 10-year enrollment trend is the growth in the number of Hispanic students. Their number has increased by more than 47 percent over the 10-year period—to over 2.1 million students and a 46 percent share of the statewide student population in fiscal year 2007 (up from 37 percent of the total in 1997). In the 2001–02 school year, Hispanics surpassed Anglos as the largest ethnic group enrolled in Texas public schools. If current trends continue, by 2012, Hispanics will account for over half of all school enrollees.

Although African American student enrollment increased by 20 percent since fiscal year 1997, their percentage share of total students remained relatively constant over the period, at just above 14 percent. The Asian and Other category increased by 64 percent in the 10-year period, although these students currently account for just below 4 percent of total enrollment.

PUBLIC SCHOOL ACCOUNTABILITY FOR STUDENT PERFORMANCE

The Seventy-third Legislature, 1993, established a statewide accountability system for Texas public schools. TEA launched this system in the 1993–94 school year. In 1997, a separate

FIGURE 181
SCHOOL ENROLLMENT BY ETHNICITY
ACADEMIC YEARS 1998 TO 2007



SOURCE: Texas Education Agency.