

Most taxpayers wrongly assume local taxes and the State's contribution to a district's funding are equal. They aren't.

School Finance

FAST FACTS



States that spend more per student than Texas

States that spend less

New York
Connecticut
New Jersey
Vermont
Alaska
Massachusetts
Rhode Island
Pennsylvania
New Hampshire
Delaware
Maryland
Illinois
Hawaii
North Dakota
Maine
Minnesota
Nebraska
Ohio
Michigan
Washington
California
Wisconsin
Virginia
Montana
West Virginia
Iowa
Louisiana
Oregon
Missouri
South Carolina
Kansas
Kentucky
Indiana
Arkansas
Georgia
New Mexico
Colorado
Alabama
South Dakota
Texas
Nevada
Florida
Tennessee
North Carolina
Mississippi
Oklahoma
Arizona
Idaho
Utah

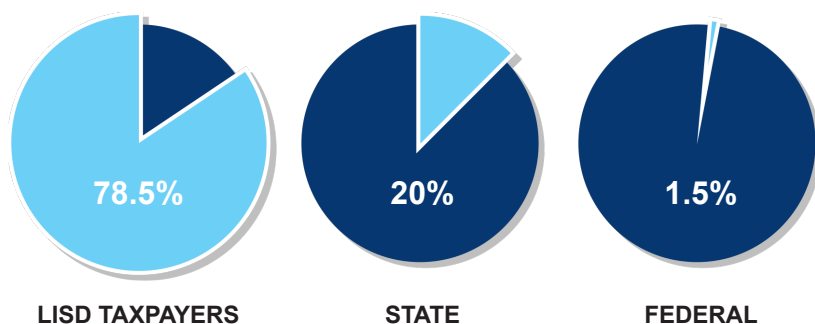
The number of students in Texas public schools continues to grow, as do the needs of those students.

The State of Texas ranks near the bottom in the country for per-student spending. Texas students and communities deserve better.

Most taxpayers wrongly assume local taxes and the State's contribution to a district's funding are equal – 50-50.

The fact is, local taxpayers in Lewisville ISD are contributing 78.5% of the total costs of education, the State of Texas is providing 20.0%, and Federal revenues amount to 1.5%.

WHO PAYS FOR PUBLIC SCHOOLS



The Texas public school finance system is broken. Significant changes must be made to ensure the State of Texas adequately funds public education.

SOURCE: LISD Comprehensive Annual Financial Report 2016-17, page 22, <https://www.lisd.net/domain/7044>

LEWISVILLE INDEPENDENT SCHOOL DISTRICT





The Robin Hood Myth

You may have heard of “Robin Hood” or “Recapture” during conversations about school finance. Recapture refers to payments to the State of Texas General Revenue Fund of taxes collected from local citizens levied for the purpose of supporting local school districts.

Recapture payments from LISD and other Recapture Districts do not go directly to property poor school districts, as most people believe. They instead go into the State’s General Revenue Fund and are used to offset the state cost of the school finance system. (1)

Over 200 school districts in Texas are now required to send local taxpayer money back to the State of Texas in the form of recapture. (2)

The State now collects close to \$4.6 billion in recapture each biennium and state officials project that amount to increase by \$2.3 billion in the next two years to a total of \$6.9 billion. (3)

LISD will this school year send nearly \$35 million back to the state, or about 9 percent of its budget. Next year that number is expected to almost double.

As a result, the district must grapple with reducing expenditures and searching for ways to increase revenue to make up for the money taken by the state, while still maintaining the world-class school district expected by the communities LISD serves.

On average throughout Texas, local taxpayers cover 55.5%, the State covers 35%, and Federal revenues cover 9.5%. When federal revenues are excluded, the split is 61.3% local, 38.7% state. (1)

When local taxpayers pay higher taxes to LISD due to rising property values, which are based on the county’s central appraisal district’s assessment of your property and the school district does NOT control, most taxpayers believe that additional money goes directly to the school district. That is incorrect.

In fact, the State lowers its contribution to the district as property values rise and more taxes are collected. So the State benefits from rising property values, not LISD. (1)

LISD has actually lowered the tax rate 6.25 cents the last four years.

In addition to its own internal planning, the district formed a community committee comprised of finance and business experts to examine LISD’s budget and bring a fresh perspective.

Although LISD is widely recognized as a fiscally conservative district that does more with less, the reality is things like class size and district programs will be impacted as necessary adjustments are made to both expenditures and revenues.

**LISD WILL
CONTINUE TO
ADVOCATE FOR
CHANGES TO THE
SCHOOL FINANCE
SYSTEM FOR THE
BENEFIT OF ALL
TEXAS PUBLIC
SCHOOL CHILDREN.**

BONDS DON’T PAY TEACHERS OR SAVE PROGRAMS.

Some make the mistaken connection between voter-approved bonds and spending on teacher pay raises or on programs.

Voter-approved bonds fund capital improvement projects like renovations to existing facilities, the building of new facilities, upgrades to safety and security and technology infrastructure. That money cannot be used for the day-to-day operations, like funding programs or the salaries of staff members.

School districts operate out of two funding sources, or two “buckets of money” as some people say. The General Fund (M&O), which is for day-to-day expenses such as salaries, utility costs, transportation costs, etc. and Debt Service (I&S), which pays for the voter-approved bonds used for capital improvement projects. These separate funds cannot be mixed.

It is necessary to use voter-approved bonds for capital improvements. Many school districts finance those bonds over 30 years, and sometimes more.

LISD only issues bonds with a 20-year repayment period. This allows the district to repay its bonds much faster than most districts and save millions in interest costs for local taxpayers.

SOURCES

(1) Legislative Budget Board Fiscal Size-Up 2018-19 Biennium, pp. 205, 206, 207, http://www.lbb.state.tx.us/Documents/Publications/Fiscal_SizeUp/Fiscal_SizeUp.pdf

(2) 1994-2019 Chapter 41 Recapture Paid by District, https://tea.texas.gov/Finance_and_Grants/State_Funding/Chapter_41_Wealth_Equalization/Chapter_41_Wealth_Equalization

(3) Legislative Budget Board Fiscal Size-Up 2018-19 Biennium, p. 207, http://www.lbb.state.tx.us/Documents/Publications/Fiscal_SizeUp/Fiscal_SizeUp.pdf and TEA Legislative Appropriations Request, 2020-2012, page 24, https://tea.texas.gov/About_TEA/Agency_Finances/Legislative_Appropriations_Request

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

