

ELECTION DAY 11.3.2020
Early Voting 10.13 - 10.30

While COVID-19 affects how we operate schools right now, Eanes ISD must continue looking forward. The pandemic will someday be in our rearview mirror but, if we don't take forecasted financial shortfalls seriously today, serious budget woes will be in our windshield tomorrow.

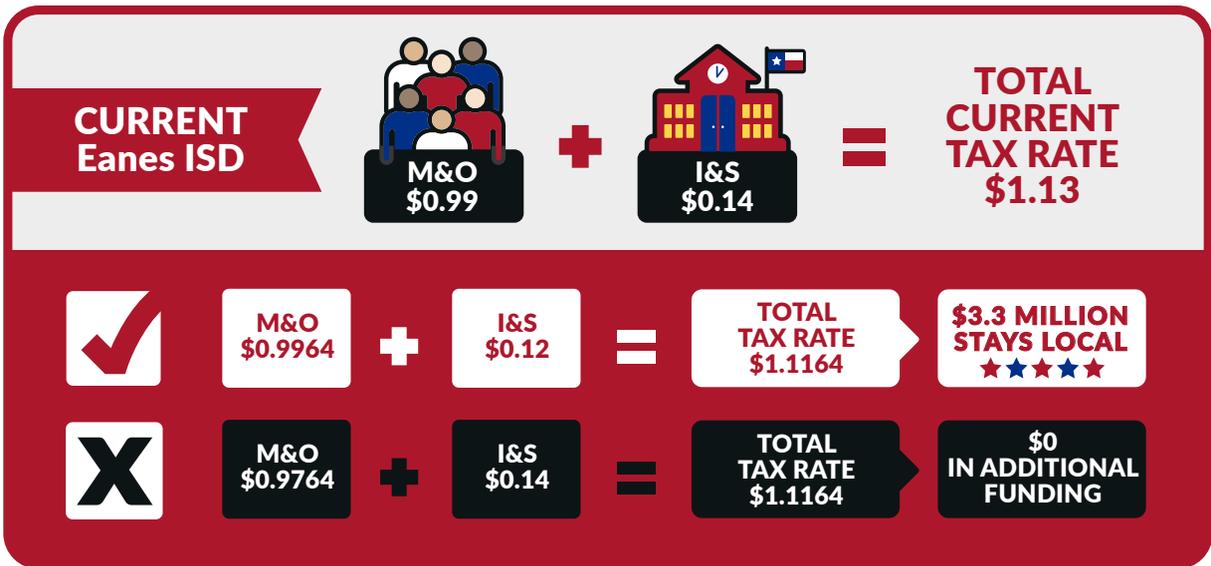
THE PENNY SWAP, also known as a Voter-Approval Tax Ratification Election (VATRE) adds more funds to the district's operating budget by swapping two cents from the district's interest and sinking (I&S) tax rate to the district's maintenance and operations (M&O) tax rate.

Under the school finance system, the Eanes ISD tax rate will be compressed from \$1.13 to \$1.1164. This election will NOT change the compressed tax rate, but it will allow the district to dedicate more of the money it collects to teachers and school operations.

Approval by voters would move two cents from the I&S tax rate to the M&O rate, resulting in a \$1.1164 overall tax rate after compression from the current rate of \$1.13. If voters do not approve the penny swap proposal, the overall tax rate will still be \$1.1164 per \$100 valuation, but approval by voters would generate an estimated additional \$3.3 million of local tax revenue that stays in the community for school operations.

WHY DID THE BOARD CALL FOR A PENNY SWAP?

Each year Eanes ISD sends more money back to the state than it keeps because of recapture. The Penny Swap increases the amount of local dollars Eanes ISD is able to keep in the district for operations. The district has sent more than \$1 billion of local tax receipts to the state through the current Texas school funding formula requiring property-wealthy districts like Eanes ISD to pay back (called recapture) any amount of property taxes collected over and above an equalized wealth level established by the legislature. In the 2019/2020 fiscal year, Eanes ISD residents paid more operations tax dollars to recapture (\$96 million) than they kept (\$63 million) to fund the district's operating budget.



WHAT IS A GOLDEN PENNY?

The state divides the M&O portion of the tax rate into two tiers. In 2020-21, the first \$0.9164 of the tax rate will be Tier I. All of the recapture paid by Eanes ISD (\$96M in 19/20 and approximately \$99M in 20/21) is from the money collected in Tier I. The first eight pennies of Tier II are known as Golden Pennies because tax receipts collected from them are not recaptured. For comparison sake, each penny in tier 1 is worth about \$570,000 after recapture is paid while a Golden Penny is worth about \$1,660,000.

Eanes ISD currently has 6 Golden Pennies. The Board of Trustees is seeking voters' consent to access the two additional golden pennies which would increase operating revenues for the district by approximately \$3.3 million in 2020-21 and more in subsequent years.

WHAT LANGUAGE WILL BE ON THE BALLOT?

The ballot language for the Penny Swap may be confusing to voters due to the technical language required by law. Please see the sample language voters will see on the ballot. The language will refer to the referendum as Prop A.

PROP A

Eanes Independent School District Election to Ratify School District Taxes Pursuant to Section 26.08 of the Property Tax Code

RATIFYING THE AD VALOREM TAX RATE OF \$0.9964 IN THE EANES INDEPENDENT SCHOOL DISTRICT FOR THE CURRENT YEAR, A RATE THAT WILL RESULT IN AN INCREASE OF 1.8 PERCENT IN MAINTENANCE AND OPERATIONS TAX REVENUE FOR THE DISTRICT FOR THE CURRENT YEAR AS COMPARED TO THE PRECEDING YEAR, WHICH IS AN ADDITIONAL \$2,942,000. VOTING "FOR" THE PENNY SWAP WILL RESULT IN A \$1.1164 TAX RATE WITH \$3.3 MILLION IN ADDITIONAL FUNDING TO SUPPORT TEACHERS.

Voting "AGAINST" the Penny Swap will result in a \$1.1164 tax rate with no additional funding FOR OUR TEACHERS.

HOW WILL THE PENNY SWAP AFFECT TAXES FOR HOMEOWNERS?

The Penny Swap adds more funds to the district's operating budget by swapping two cents from the district's I&S tax rate to the district's M&O tax rate, reducing the I&S rate from \$0.14 to \$0.12 per \$100 valuation. The district's overall current tax rate of \$1.13 would drop to \$1.1164 per \$100 valuation. If a homeowner's tax payment is frozen, they may not see a decrease - the amount of their tax payment, by State law, will stay at the frozen dollar amount unless the lower tax rate results in a lower payment.



2020 CENTRAL TEXAS ESTIMATED TAX RATES

Eanes ISD continues to hold one of the lowest total tax rates in Central Texas.

District	M&O	I&S	TOTAL
Leander ISD	\$0.9664	\$0.4675	\$1.4339
Pflugerville ISD	0.9623	0.4600	1.4223
Dripping Springs ISD	1.0684	0.3500	1.4184
Hays CISD	0.9060	0.4977	1.4037
Bastrop ISD	0.9564	0.4010	1.3574
Georgetown ISD	0.9964	0.3290	1.3254
Lake Travis ISD	0.9764	0.3475	1.3239
Round Rock ISD	0.9564	0.2648	1.2212
Eanes ISD	0.9964	0.1200	1.1164
Austin ISD	0.9897	0.1130	1.1027

Los documentos se encuentran disponible en las oficinas del Edificio Central de la Administración del Distrito Escolar de Eanes en Camp Craft Road, número 601, Austin, Texas 78746.