

**Spring Branch ISD**  
**2022 School Finance Advocacy Team**  
**Purpose and Scope**  
**Fall 2022**

**Official Designation: 2022 SBISD School Finance Advocacy Team (SFAT)**

**Background Information:**

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The Texas State constitution requires, “A general diffusion of knowledge being essential to the preservation of the liberties and rights of the people, it shall be the duty of the Legislature of the State to establish and make suitable provision for the support and maintenance of an efficient system of public free schools.”

The state’s public education funding model has put pressure on the Spring Branch ISD budget for nearly the past 20 years. **Despite several lawsuits and resulting action/modifications to the funding model by the legislature over time, the impact of the state’s model is having an outsized negative impact on Spring Branch ISD, and our bottom line.**

In short, through “Recapture” or what is currently known as “Revenue in Excess of Entitlement,” the State of Texas removes local property tax dollars from public school districts deemed to have too much local tax revenue, based on the funding formulas. Legislators then use these dollars to help balance the rest of the state budget. Recapture began as a limited revenue source for education funding, but it has grown exponentially — now taking almost \$3 billion in property taxes from about 169 of the roughly 1200 Texas public school districts per year. In FY 2022 alone, SBISD paid \$68 million back to the state, vs \$19.8 million received from the state.

**Despite being the 39<sup>th</sup> largest school district in Texas, in 2021, SBISD paid the 10<sup>th</sup> largest recapture payment of local tax dollars to benefit the state’s bottom line.** The district became a Chapter 41 (now Chapter 49) district and began sending dollars back to the state in the 2003-04 school year. **Since 2014-15 alone, over \$400 million in SBISD’s local taxpayer dollars have been sent away.** Over that same time, the total funds received from the state have equaled only \$148 million.

Today, recapture is one of the state’s largest revenue sources, and the billions of dollars the state collects in recapture payments are used to balance the state budget. This means SBISD taxpayers not only are paying local school property taxes for local schools; our taxpayers also are paying that considerable tax bill to help balance the state budget and fund programs that go well beyond public education. **Without reform, this expansion of recapture is likely to continue — with significant ramifications for SBISD and our ability to sustain the outstanding educational experiences and retain the high-quality educators our community expects.**

An additional impact of the model is that the state sets a cap on how high districts, including SBISD, can set their tax rates – taking away local control over our tax rate and revenue model\*.

There was a major focus on public school finance when the 86th Texas Legislature met in 2019. Through House Bill 3, legislators made investments in public education while also providing property-tax relief. The Legislature invested \$5.1 billion over two years to compress local school property tax rates, meaning the state required school districts, including SBISD to lower their rates. By lowering local property tax rates and replacing some local property tax revenue with state dollars, this provision helped to reduce the total amount of recapture that school districts owed. Secondly, the Legislature invested \$6.4 billion in new state funding for public education. This infusion of state revenue helped to restore some of the state-local balance in Texas public education funding. While House Bill 3 was helpful in the short term, the total recapture paid statewide has continued to grow, and SBISD, like other chapter 49 districts, is right back where we started – with an anticipated \$79 million recapture payment, or roughly 18% of total revenues going to the state in FY2023, vs anticipated state revenues of \$15.9 million.

**The current model is not sustainable. SBISD’s community must understand the potential impact on our school district if the model is not addressed. SBISD’s community must also act - advocating for positive changes to the Texas public school funding model in the upcoming 88<sup>th</sup> Legislative Session to maintain SBISD as the destination of choice for families and educators.**

*\*Up to 8 cents of a district’s maintenance & operations tax rate can be free from recapture. (In addition, taxes collected from the interest & sinking tax rate, which are taxes collected following the approval from voters for the district to sell bonds, are not subject to recapture.)*

Source: Texas School Coalition

## **Overview**

The SBISD School Finance Advocacy Team (SFAT) is an *ad hoc* study group comprised of parents, students, business leaders, partners and community members from the district’s various geographic areas and business communities. As such, the committee is constituted for a defined purpose and time and holds no statutory authority.

## **Purpose and Scope**

The SFAT members will work collaboratively and cooperatively with the Superintendent and the superintendent’s administrative designees and resource personnel for the three-fold purpose, as follows:

1. Develop a cadre of parents and community members who are informed about Spring Branch ISD’s historical, current and future financial position, that may include, but not be limited to, the areas noted below:
  - SBISD financials and historical perspectives
  - The state funding model for public education, generally, and recapture, specifically
  - SBISD revenue sources, limitations and opportunities
  - Legislative impacts
  - Competitive position
2. Develop team members as key communicators to increase community awareness and understanding of SBISD’s financial picture resulting from the State funding model for public education.

3. Develop team members' capacity and willingness to serve as advocates for SBISD regarding the public-school funding model in general, and recapture (Revenue in Excess of Entitlement), specifically, during the upcoming 88<sup>th</sup> Texas Legislative Session.

The SFAT should begin its work no later than October 2022 and conclude its meetings by December 2022. Members are expected to attend school-finance-focused community meetings in early 2023 and to advocate on behalf of Spring Branch ISD in January-May 2023 before and during the 88<sup>th</sup> Legislative Session. Members also are expected to serve as key communicators to expand awareness of the implications of the State school-finance model on SBISD to increase community action on behalf of the district.

## **Limitations:**

The SFAT will focus on educating and engaging its members as described in the three-fold purpose statement above and is not charged with making specific budget recommendations. Additional areas of focus from which the SFAT should refrain include recommendations regarding boundaries of district facilities, closure of district facilities, instructional arrangements and/or educational pedagogy and district policy.

## **Advocacy Team Composition**

The SFAT will be comprised of parents, students, business leaders, partners and community members who are representative of the SBISD community and who have deep regard for Spring Branch ISD and an interest in public school finance, advocacy and/or legislative policy. Members of the SBISD Board of Trustees may each nominate a total of two (2) parents and/or community members. Additionally, campus and SBISD Council of PTAs Advocacy Chairs and/or PTA Presidents will be invited as will representatives from the district's Title I PAC.

SFAT members will not receive pay, allowances, or benefits for their service as members of the Advocacy Team. Parents, students, community, and business leaders that elect to serve will do so voluntarily.

### **District Commitments to the Advocacy Team**

In support of the Advocacy Team, SBISD commits to:

- provide all associated materials in a timely manner
- provide committee members with multiple opportunities to provide insight and feedback
- provide committee members with transparent two-way communication as questions or needs arise.

Approved by the SBISD Superintendent of Schools:



September 28, 2022

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Jennifer Blaine, Ed.D.  
Superintendent of Schools

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Date