



Dear SBISD Taxpayers,

Since 2004, the state's school finance system has severely impacted Spring Branch ISD's operations. It's no coincidence that when the 88th Legislative Session convened in January 2023, SBISD identified school funding as a top priority. It's critical for every member of the Spring Branch community to understand the impact the state's funding model has on our schools. Provided here is information on the state model and SBISD budget basics. Join me in our district campaign to **#FullyFundSBISD**.

The most recent changes to the state funding model under House Bill 3 (HB3), passed in 2019, provided only short-term relief. HB3 provided no adjustments for inflation or cost of education, which is more expensive in an urban area like Houston. **Most significantly, the state now takes, or recaptures, nearly 20 percent of your local tax dollars, with additional increases expected, putting SBISD on an unsustainable financial trajectory.**

That's \$87 million this year alone that won't remain in SBISD for the benefit of our community's children.

The state will take nearly \$5 billion from 160 "recapture districts" in 2023, reducing its share of public education funding with little transparency about how those dollars are used. (There are over 1,000 Texas school districts.)

Under HB3, the state decides how much revenue per penny of tax rate we keep in SBISD for our students, effectively taking away the district's local control.

We need further reform of the state's funding formulas for public education to meet the needs of SBISD children.

You can support our campaign to #FullyFundSBISD. Advocate for the following:

Basic Allotment Increase – to provide increases in the formula for the state's primary funding mechanism for public school districts. A \$1,000/student increase saves SBISD \$41M in recapture and increases state revenues by \$4.5M.

Inflation Adjustment – to provide an automatic adjustment to account for increased cost of goods and services and payroll costs.

Cost of Education Adjustment – to account for regional differences in the cost of doing business.

Early Recapture Payment Discount – to provide the same early-payment benefit businesses have for tax collections sent to the state.

Full Credit for Local Optional Homestead Exemption – to provide full credit for reducing property taxes of our local taxpayers, reducing our recapture payment by \$5-7M.

The state is budgeted to have a \$33+ billion surplus for the upcoming biennium. **We need a substantial portion of those funds invested in public education – for Every Child. Our community's children deserve nothing less.**

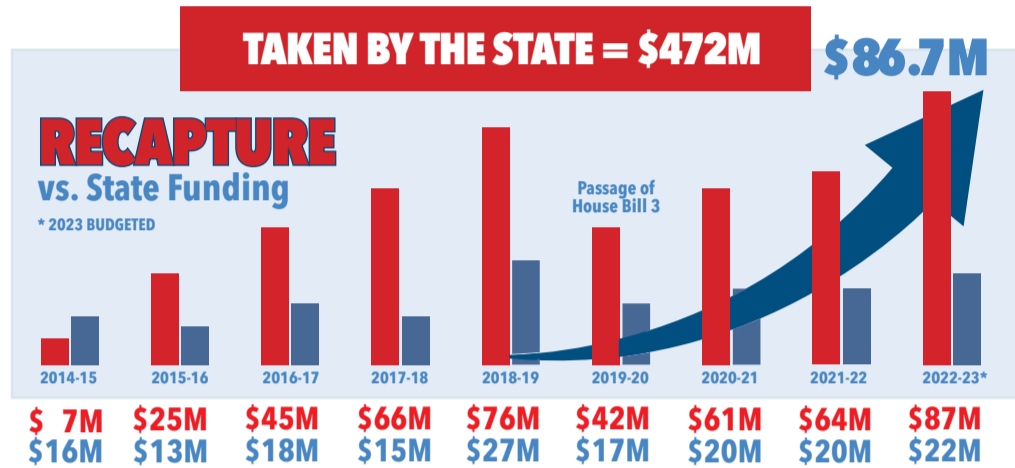
Jennifer Blaine, Ed. D., Superintendent of Schools



Help us **ADVOCATE** for change to the state funding formula for public education

This year, the state will take \$87 million of your local taxpayer funds.

Since 2014, the state has taken \$472 million from SBISD through recapture. SBISD has only received \$168 million from the state.



Our **SCHOOLS:**

HOW MUCH PER SCHOOL DOES THE STATE TAKE?

- \$1.3M** APPROX. PER ELEMENTARY
- \$2.7M** APPROX. PER MIDDLE SCHOOL
- \$5.2M** APPROX. PER HIGH SCHOOL

Our **STUDENTS:**

HOW MUCH PER STUDENT DOES THE STATE TAKE?

\$2,577

The state considers SBISD "property wealthy" even though **57% of students are economically disadvantaged.**

SBISD is the **39th largest district in Texas**; yet pays the **10th highest recapture payment.**

- ADVOCATE FOR:**
- Basic Allotment Increase
 - Automatic Inflation Adjustment
 - Cost of Education Adjustment
 - Early Recapture Payment Discount
 - Full Credit for Local Optional Homestead Exemption

We cannot have a repeat of 2011 in SBISD!
SBISD lost **\$37 million** in state funding and had to **eliminate 350 positions.**

- ### Impact of State Funding Formula
- In 2019, the 86th Texas Legislature passed House Bill 3 (HB3) to improve the school finance system, with an increase in per-student funding, reductions to recapture, property tax cuts and more.
 - While HB3 provided SBISD with temporary recapture payment reductions, the district is facing higher than ever recapture payments this year. **This is not sustainable.**
 - The state considers SBISD "property wealthy," yet 57% of SBISD students qualify for free or reduced lunch benefits.
 - SBISD is the 39th largest district in Texas, but pays the 10th highest recapture payment.
 - Since 2014, SBISD has sent \$472 million of local taxpayer funds to the state. SBISD has received only \$168 million in state funding.
 - Though SBISD's local revenue may rise due to increased property values, little of this new revenue stays in SBISD – it all goes to the state as recaptured dollars.

Questions?
partner@springbranchisd.com

Learn more at: www.springbranchisd.com/schoolfinance

What can you do to help? **ADVOCATE.**

We need further reform of the state's funding formulas for public education to meet the needs of SBISD's children. During the 88th Legislative Session, we need the voices of our community to be heard in Austin. Join us in our campaign to **#FullyFundSBISD!**



STARNews is produced by Spring Branch ISD Communications.

Our goal is to keep retired residents informed about the school district they helped build.

SBISD Budget Basics - Everything you need to know!

The General Fund & Debt Service Fund

Two components of SBISD's budget are the General Fund – the district's primary operating budget, and the Debt Service Fund – which covers costs related to payment of debt (bond) principal and interest.

2022-2023 General Fund Budget



A. Instructional and Campus Leadership	\$255,764,879	57.4%
B. Student Support & Community Services	\$ 40,230,713	9.0%
C. Central Plant Operations	\$ 47,224,082	10.6%
D. General Administration	\$ 15,563,969	3.5%
E. Recapture Payments to State	\$ 86,717,197	19.5%
Total Budget	\$445,500,840	100.0%

What are SBISD's sources of revenue?

2022-23 General Fund Revenue Sources

- Local (87%)
- State (10%)
- Federal (3%)



To balance the budget, SBISD will draw down the Fund Balance by **\$17.4 million**.

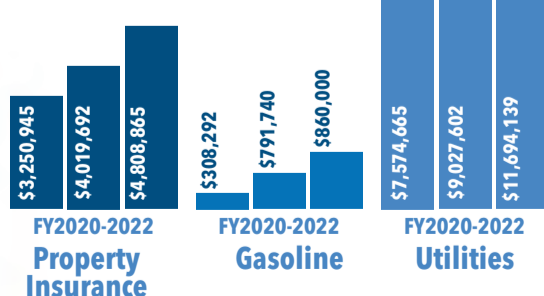
The Fund Balance

SBISD maintains a Fund Balance that works like a savings account to cover emergencies as well as expenses occurring between the end of our fiscal year (June 30) and when we begin to receive tax collections (December). **The Fund Balance also is used to balance the district's budget when expenses exceed revenues due to recapture payments.**

Wise financial decisions made by the SBISD Board of Trustees over the past several years have provided the district with a solid Fund Balance. Board policy sets a target for the Fund Balance at 19% of annual budgeted expenditures. Setting aside these funds ensures the district's financial stability.

From FY2020-FY2022 inflation has increased these expenses by 55%.

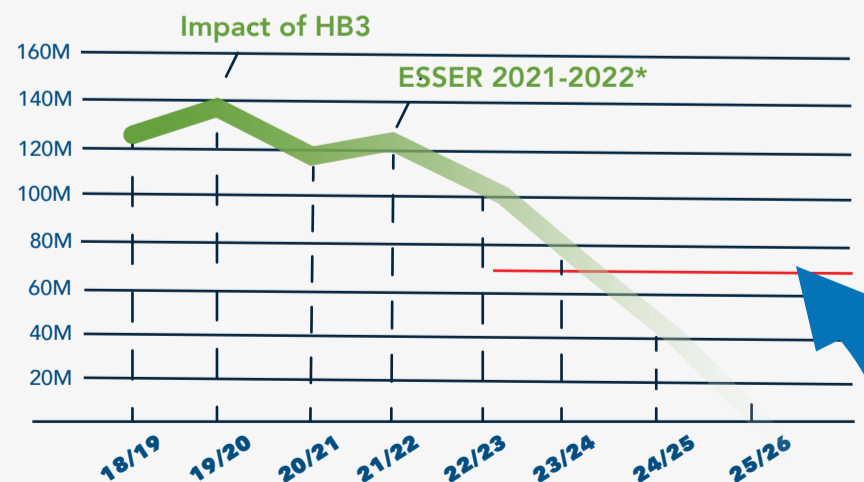
The current state funding formula **does not** account for inflation.



**Property Insurance increased by 48%.
Gasoline increased by 179%.
Utilities increased by 54%.**

= \$6.3 million

Projected Fund Balance impact if no change is made to funding formula:



*ESSER: One-time federal COVID support funds

If SBISD's Fund Balance drops below this point, the district's capacity to maintain services, financial stability and bond ratings is unsustainable.

Learn more: www.springbranchisd.com/schoolfinance