

VATRE²⁰ 24

VOTER-APPROVAL

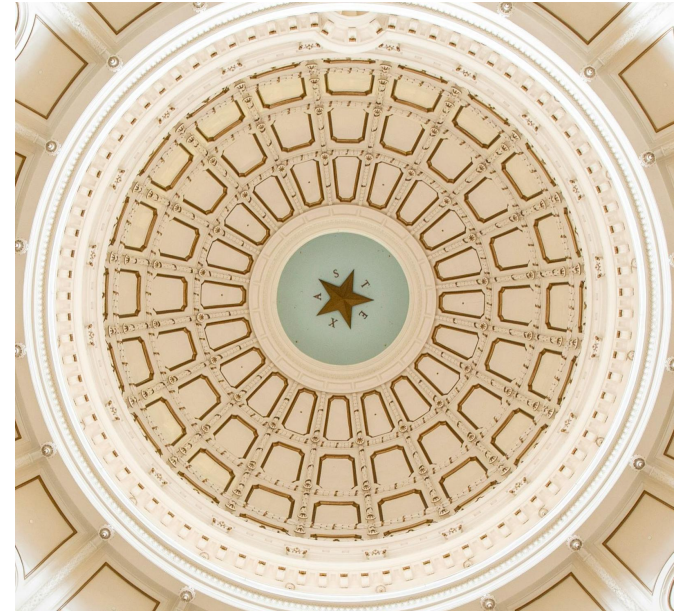


TAX RATE ELECTION

What is the Status of School Funding in Texas?

School districts **across Texas have adopted deficit budgets** because of lack of action at the state level to update outdated funding formulas. Some districts have **cut student programs and educational staff** to reduce costs.

Some districts have adopted deficit budgets exceeding \$100 million. Northwest ISD has a **2024-2025 budget deficit of \$15.8 million.**



A Statewide School Funding Crunch

- **Fox 4:** Texas school districts making cuts after state fails to pass funding increase
- **Houston Public Media:** Amid a lack of state funding, challenges lie ahead for Houston-area school districts in multi-million dollar budget deficits
- **KERA:** North Texas school districts face millions in budget cuts, closures & layoffs to fend off deficits
- **KXAN:** 'At what cost?': Many Central Texas districts make cuts as they face million-dollar deficits
- **WFAA:** North Texas school districts are stretching financially for the 2024-25 school year

OUR PRIORITIES

Maintain Student Programs, High-Quality Staff



Continue to offer award-winning education and extracurricular programs while maintaining student opportunities and class-size ratios.



Focus on increasing teacher and staff salaries to remain competitive for retaining and recruiting high-quality educators and support.

OUR PRIORITIES

How Northwest ISD Budgets



Payroll

>80% of budget



Contracted Services

11% of budget



Supplies & Materials

5% of budget



Capital Outlay

<1% of budget



Other Operations

4% of budget

Teachers to Total Staff

Northwest ISD
59.6%

Keller ISD
56.9%

Eagle Mountain-Saginaw ISD
53.4%

State Average
48.7%

Source: Texas Academic Performance Reports

Strategies to Balance Budget

- Freeze **all administration hiring**, then **all other hiring**
- Pause teacher and support staff **raises**
- Increase **class-size ratios** across all levels and **caseloads** for support staff
- Reevaluate, modify or eliminate ratios for **enrollment-based staffing matrix**
- Analyze, eliminate **low-enrollment programs, classes**
- Implement fees in **non-core programs and activities**
- Modify **busing qualification** criteria
- Reduce **athletics and fine arts** opportunities and events



A photograph of a crowd of graduates in caps and gowns, overlaid with a red tint. The graduates are seen from behind, with their caps and gowns visible. The text "What is a VATRE?" is overlaid on the image in white, bold, sans-serif font.

What is a VATRE?

What is a VATRE?

State law requires a school district to pass a **Voter-Approval Tax Rate Election** to increase the maintenance and operations tax rate above a prescribed amount set by the state. It is the **only local option to increase M&O tax revenue**.

This funding is used for **daily operations**, such as **student programs and staff salaries**. Conversely, a bond election is used for capital projects such as school buildings.



Proposal & Tax Rate Information

If approved by voters, the M&O tax rate would increase by **3 cents** – the equivalent of **\$120 annually on a \$500,000 home** with homestead exemption. The I&S rate would remain unchanged.

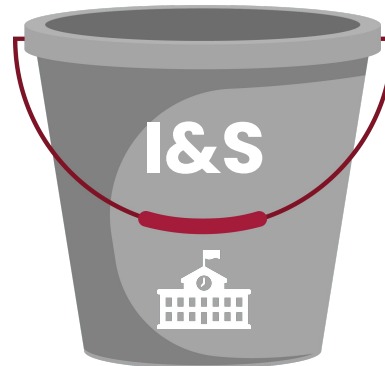


Maintenance & Operations

Salaries, Utilities, Supplies, etc.

Similar to: Groceries, utilities, services, etc.

Current Rate: \$0.6669
Proposed Rate: \$0.6969



Interest & Sinking

Buildings, Renovations, Land, etc.

Similar to: Mortgage, car payments, etc.

Current Rate: \$0.421
Proposed Rate: Unchanged

What is Recapture?


Public school finances are a balancing act. As **local revenue increases, the state decreases the funding it provides to the school district.** When the state determines there is more local revenue than needed, it will ask the district to pay “recapture,” sometimes referred to as “Robin Hood.”



Golden Pennies & Why They Matter

The 2024 VATRE proposes an **increase of 3 cents on the M&O tax rate**. All three cents in the proposal would be classified as “golden pennies.”

Golden pennies mean **all funding remains within the district** and is not subject to recapture payments sent back to the state budget.



Recapture annually takes billions of local tax dollars and redistributes them.

Golden pennies are exempt from recapture – funds they generate stay local.

What is Northwest ISD Funding with its Deficit?

The majority of Northwest ISD's \$15.8 million deficit comes from school costs, including new teachers, staff raises and new SPED employees.

Category	Cost	Balance
Growth Revenue	-	\$10 million
23-24 Deficit Carryover	\$2.9 million	\$7.1 million
Growth Positions	\$8.1 million	-\$1 million
2% Midpoint Raise	\$5.8 million	-\$6.8 million
State Safety Mandate	\$1.6 million	-\$8.4 million
Pre-K Mandate	\$1.2 million	-\$9.6 million
Operations Cost Inflation	\$1.6 million	-\$11.2 million
Utilities/Software/Supplies/Fuel	\$2.1 million	-\$13.3 million
Second Staffing (SPED)	\$2.5 million	-\$15.8 million
Total:		-\$15.8 million

Underfunded or Unfunded State Mandates

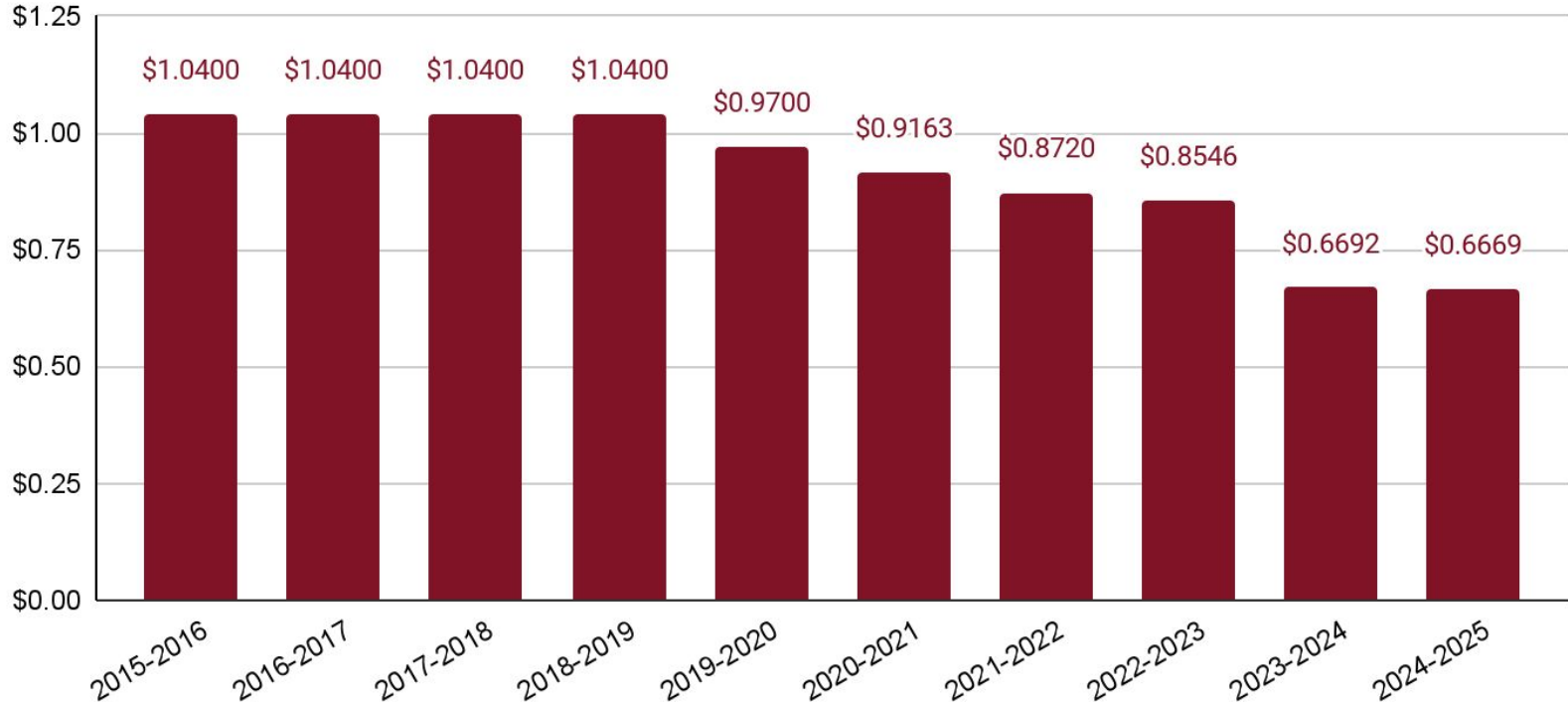
While the state has not updated funding levels since 2019, it has also **required districts to pay for new programs**. This decreases the funding going to teachers or the classroom.

Category	District Cost
SPED Growth (no indirect cost)	\$2.5 million
Full-Day Pre-K (ratio, half day fund)	\$1.2 million
Armed Guards	\$1.6 million
Recapture Payment (last 4 years)	\$52.8 million

A photograph of a large group of graduates in caps and gowns, overlaid with a semi-transparent red filter. The graduates are seen from behind, with their caps and gowns visible. The text "How does NISD compare?" is centered over the image in a white, bold, sans-serif font.

How does NISD compare?

Tax Rates History



Area M&O Tax Rates

If approved by voters, Northwest ISD's new M&O tax rate would be \$0.6969 per \$100 of taxable property, which would still rank near the lowest in the area.

Ranking with additional 3 cents from VATRE passage 

Fort Worth ISD	\$0.7904
Birdville ISD	\$0.7892
Ponder ISD	\$0.7892
Keller ISD	\$0.7575
Azle ISD	\$0.751
Eagle Mountain-Saginaw ISD	\$0.7492
Lewisville ISD	\$0.7492
Grapevine-Colleyville ISD	\$0.7290
Argyle ISD	\$0.7122
Denton ISD	\$0.6792
Carroll ISD	\$0.6725
Boyd ISD	\$0.6692
Decatur ISD	\$0.6692
Northwest ISD	\$0.6692

Tax rates from 2023-2024 are listed in the table because of varying timelines to ratify tax rates.

FACT

Northwest ISD currently operates at the lowest legally allowable M&O tax rate for a K-12 school district in Texas.

Efficiency Audit: Per Student Funding

	Northwest ISD		Peer Districts Average		State Average	
	Revenue Per Student	% total	Revenue Per Student	% total	Revenue Per Student	% total
Local M&O Tax	\$8,074	76.85%	\$6,625	60.52%	\$5,214	40.66%
State	\$750	7.14%	\$2,254	20.59%	\$4,310	33.61%
Federal	\$887	8.44%	\$1,128	10.31%	\$2,568	20.03%
Other Local and Intermediate	\$796	7.57%	\$939	8.58%	\$731	5.70%
Total Revenue	\$ 10,507	100.00%	\$10,946	100.00%	\$12,822	100.00%

Source: TEA Actual Financial Data (22-23)

Efficiency Audit: District Staffing

Staff Ratio Comparison	Northwest ISD	Peer District Average	State Average
Teaching staff (% of total staff)	59.60%	54.53%	48.70%
Support staff (% of total staff)	11.40%	11.45%	10.90%
Admin Staff (% of total staff)	4.50%	4.07%	4.50%
Para Staff (% of total staff)	9.00%	8.00%	11.30%
Auxiliary Staff (% of total staff)	15.50%	20.66%	24.60%
Students per total staff	9.34		
Students per teaching staff	15.67	14.96	14.8

Source: Texas Academic Performance Reports (22-23)

Result of Efficiency Audit: “The District is maximizing efficient use of staffing resources to serve students while achieving high accountability ratings comparable to its peer districts.”

2024-2025 Tax Rate Explanation

M&O (Maintenance & Operations) Used for Daily Operations	I&S (Interest & Sinking) Used Only for Debt	TOTAL
\$0.6969	\$0.4210	\$1.1179
		<i>per \$100 of property value</i>

Average Home Value:

\$500,000

Homestead Exemption:

(-\$100,000)

Taxable Value:

\$400,000

Current Tax Rate:

$((\$400,000 \times \$1.0879) \div 100) = \$4,351.60$

VATRE Rate:

$((\$400,000 \times \$1.1179) \div 100) = \$4,471.60$

Difference:

\$120 annually

How Will This Affect Me?

Calculate how a successful VATRE would affect your annual property tax payment at www.nisdtx.org/vatre. Most homeowners in Northwest ISD will see an increase of around \$120 for the year, or \$10 per month.

Your Home's Taxable Value*



* This calculator operates on the assumption that a homestead exemption has been filed, resulting in your home's valuation decreasing by \$100,000. If you do not have a homestead exemption on file, add \$100,000 to the amount you are inputting.

Annual Increase ⓘ

\$ 120.06

Ballot Language: Proposition A

FOR	_____
AGAINST	_____

Ratifying the ad valorem tax rate of \$1.1179 per \$100 valuation in Northwest Independent School District for the current year, a rate that will result in an increase of 4.29 percent in maintenance and operations tax revenue for the district for the current year as compared to the preceding year, which is an additional \$13,849,486.

Voting Dates

Early Voting: October 21 – November 1

Election Day: Tuesday, November 5

	Denton County	Tarrant County	Wise County
Early Voting	Any Early Voting Location in Denton Co.	Any County Vote Center	Any Early Voting Location in Wise Co.
Election Day	Precinct Location Only	Any County Vote Center	Precinct Location Only



Questions?

www.nisdtx.org/vatre

VATRE 20
24

VOTER-APPROVAL  TAX RATE ELECTION