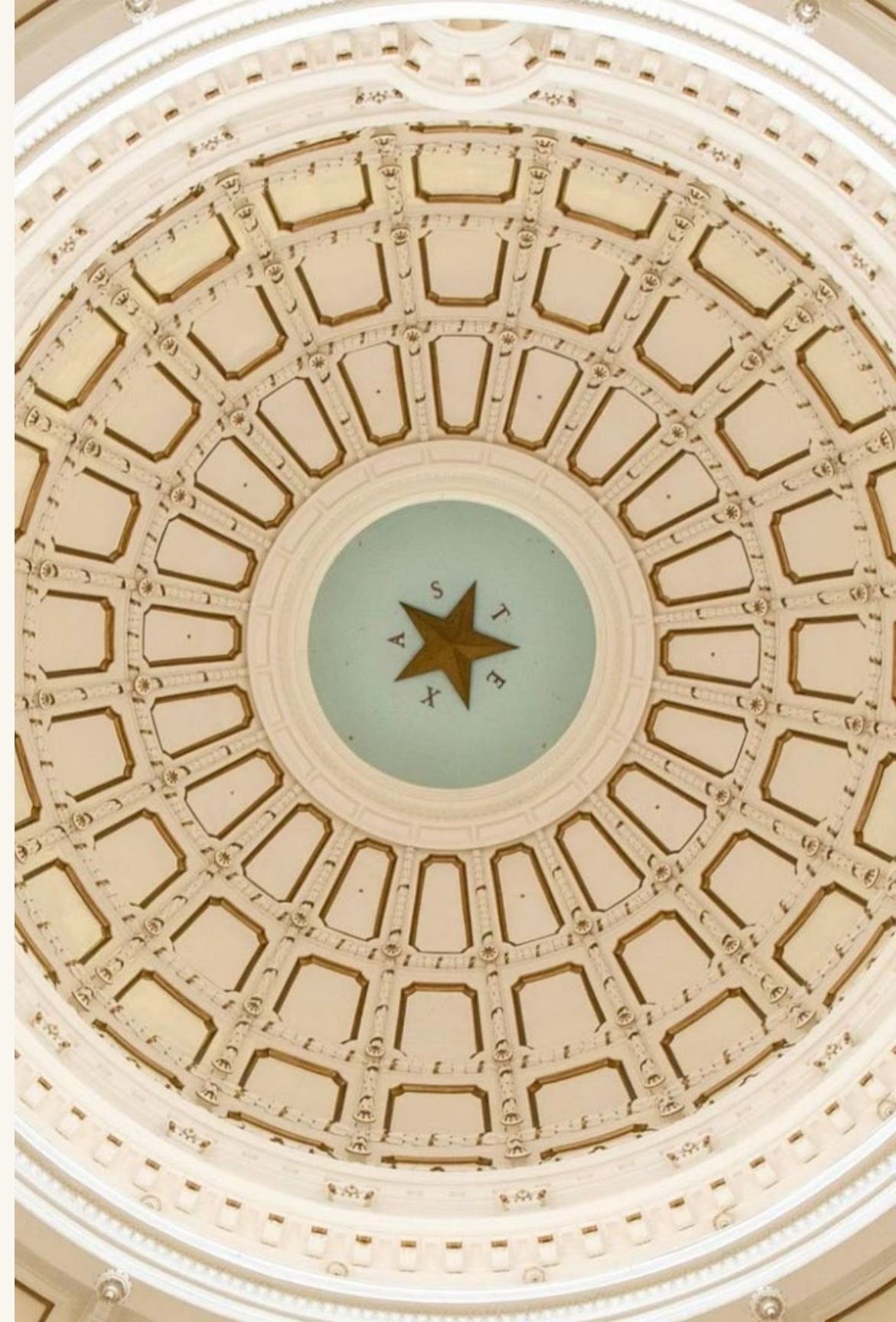


1925 Committee

1/15/2025

89th Legislative Session

Let the fun begin





Bill filing has begun

- More than **2,300 bills/joint resolutions** have been filed since bill filing began on 11/12/24.
- [MoakCasey](#) is tracking nearly **600 bills** that impact public education in some way.
- We have heard that Lege Council has 20,000 bills in the pipeline.



89th Legislature



Legislative Estimates



89th Legislature

- Lawmakers are anticipated to end the 2024-2025 biennium with a positive balance of \$23.76 billion in unspent revenue, which includes \$4.5 billion in a contingency rider for school finance and Education Savings Account legislation that never became law.
- An Economic Stabilization Fund that is expected to reach its constitutional limit by the beginning of Fiscal 2026, which means that transfers of revenue to that fund will stop unless its balance is reduced below that limit.

Heading into the 89th...



Former Speaker Dade Phelan

- Burrows, Cook are battling to be next speaker
- Committee Chair shake up
- 35 new House members
- 150 bill numbers reserved for priorities
- House Republicans have set goal of \$20 billion in property tax cuts



Governor Greg Abbott

- Will likely declare “education freedom” an emergency item
- Authority to call 30-day special sessions on topics of his choosing



Lt. Governor Dan Patrick

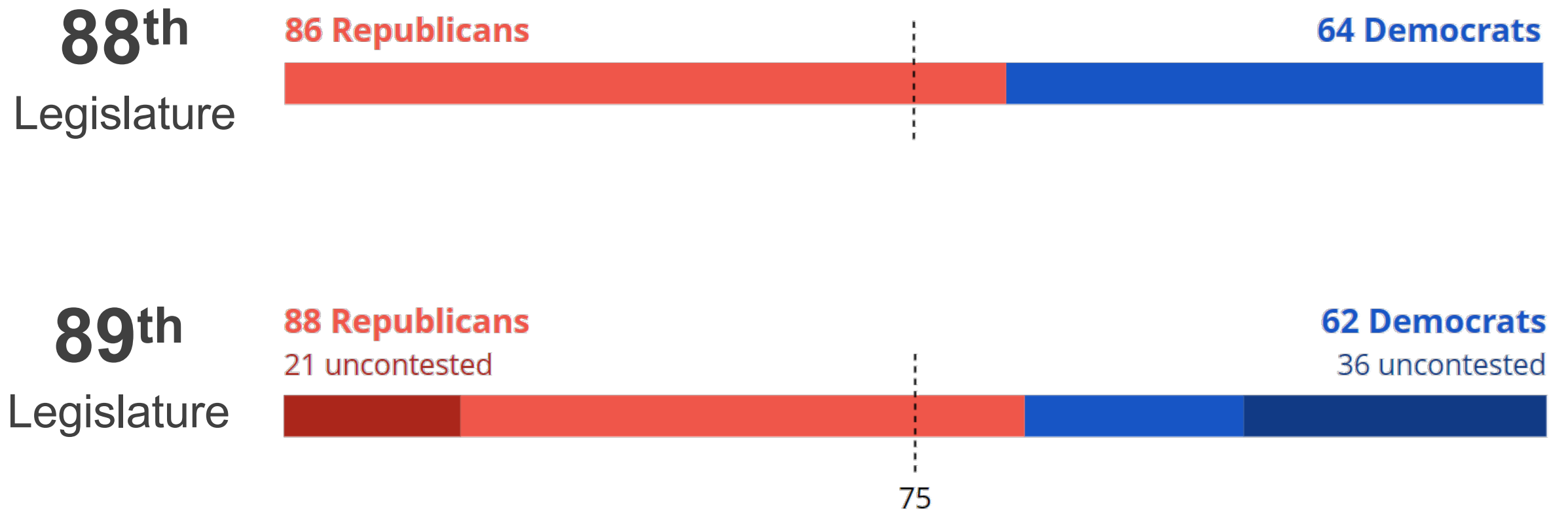
- Endorsed Rep. Cook in speaker race
- 2 new senators (Houston & RGV)
- 40 bill numbers reserved for priorities



Texas House



Election Results

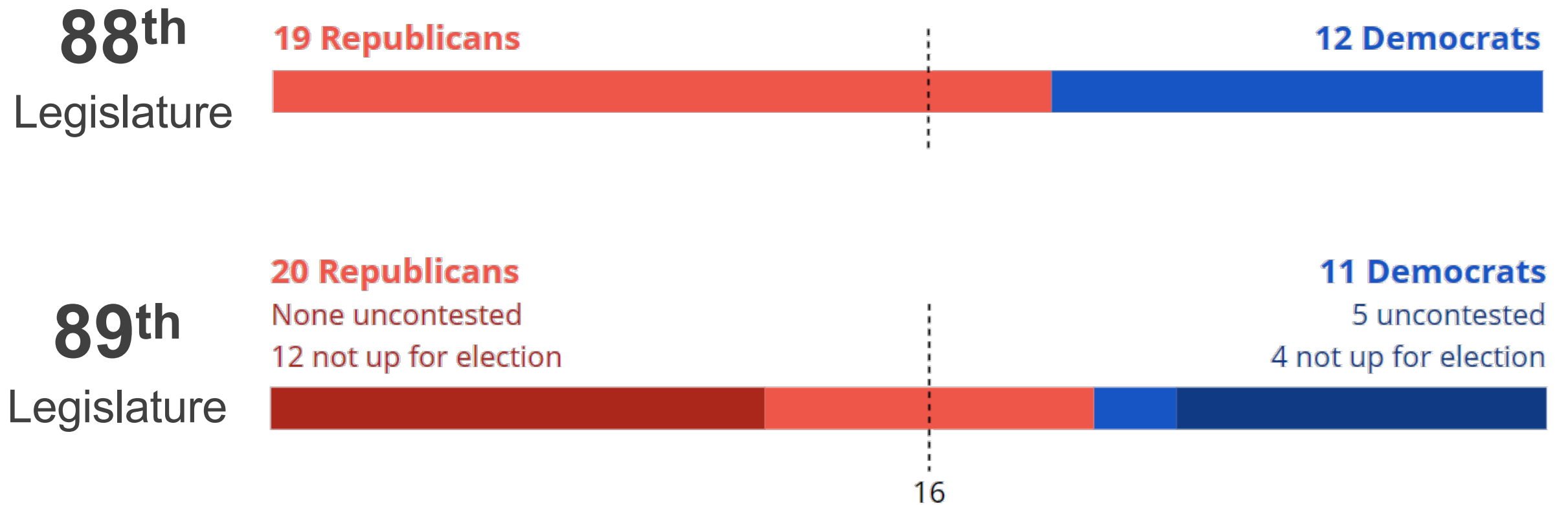




Texas Senate



Election Results





What does this mean for vouchers?

Yes

No

88th
Legislature

63

84

89th
Legislature

80-85*

65-70*



Election Results



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89th Legislature

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- Several bills would increase the basic allotment or index it to inflation.
(HB 337, HB 351, HB 595, HB 1257)
- Many bills move to enrollment-based funding.
(HB 236, HB 276, HB 683, HB 1157, HB 1257, SB 233)
- Many bills would provide full-day funding for pre-kindergarten.
(HB 190, HB 358, HB 693, HB 1048, HB 1257, SB 42, SB 163)
- Many bills increase current allotments or create new allotments.
*(HB 222, HB 248, HB 441, HB 593, HB 977, HB 1079, HB 1156, SB 237, **SB 260**, SB 557)*



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89th Legislature

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- SB 149 would move to intensity of service-based funding for Special Education, as well as moving the system to being enrollment based.
- HB 1192/SB 555 provides funding for evaluations.
- HB 1542 would increase special ed. transportation rate.
- SB 111 would put a cap on legal fees that could be spent on special education proceedings and require additional reporting.



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- Number of bills target undocumented students. HB 371 would remove certain funding for those students. Districts could not admit these students unless federal government agreed to cover costs.
- Many bills provide additional property tax relief or attempt to repeal property taxes altogether. Most tax relief proposals do not include corresponding hold harmless.
- Several bills would fully recognize a LOHE for state aid/recapture purposes. *(HB 152, HB 558, HB 1153).*



Key Upcoming Dates

- **1/14:** Session begins
- **3/14:** 60 day deadline for bill filing
- **6/2:** Sine Die

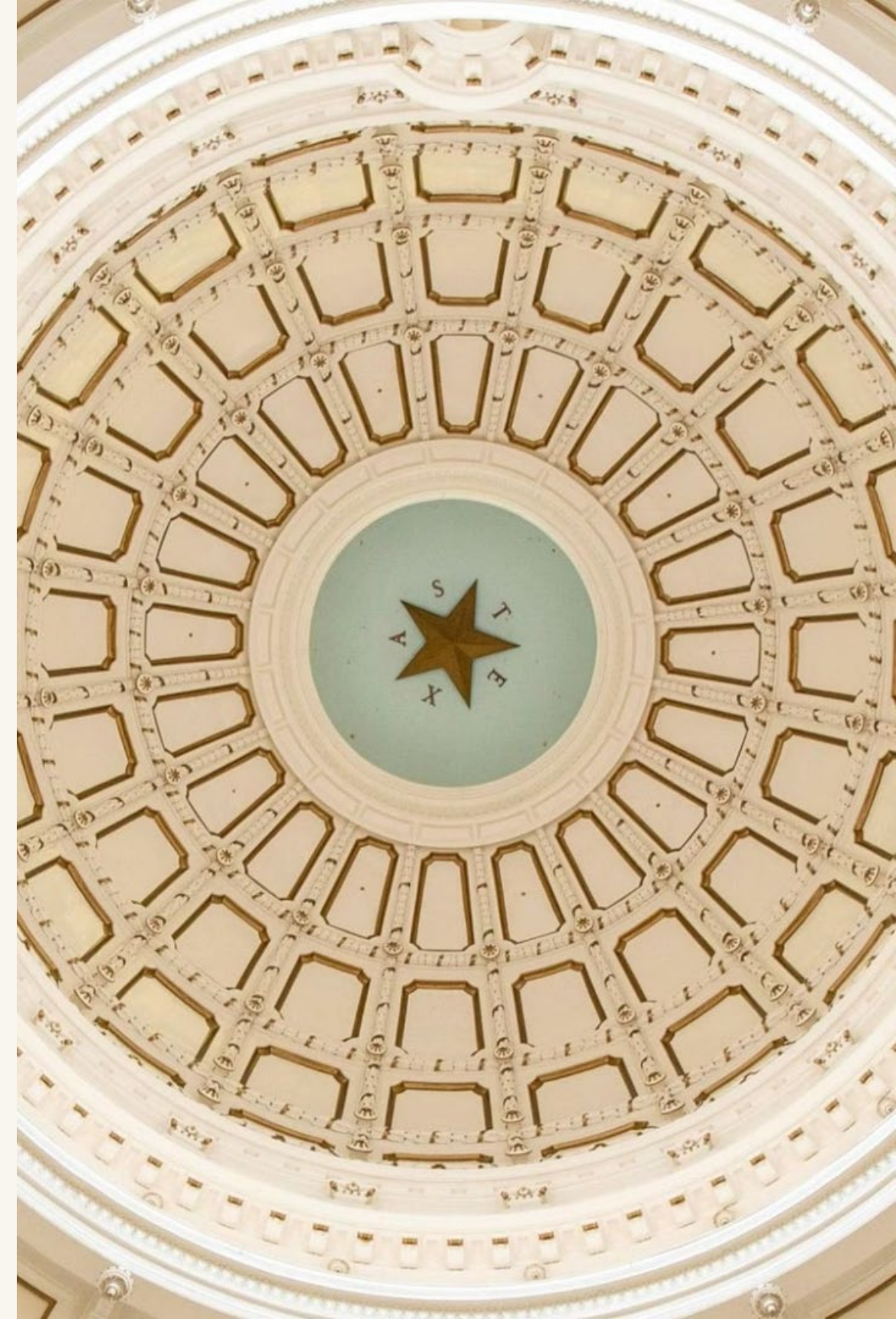


89th Legislative
Session

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. Kerrville ISD has a 2024-2025 budget deficit of \$2.9 million .



A Statewide School Funding Crunch

- **Fox 4:** Texas school districts making cuts after state fails to pass funding
- **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 Kerrville ISD Budgets



Payroll

>80% of budget



Contracted Services

9% of budget



Supplies & Materials

5% of budget



Capital Outlay

<1% of budget



Other Operations

4% of budget

Teachers to Total Staff	Kerrville ISD	Centerpoint ISD	Fredericksburg ISD	State Average
	48.2%	39.2%	47.8%	48.3%

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



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.



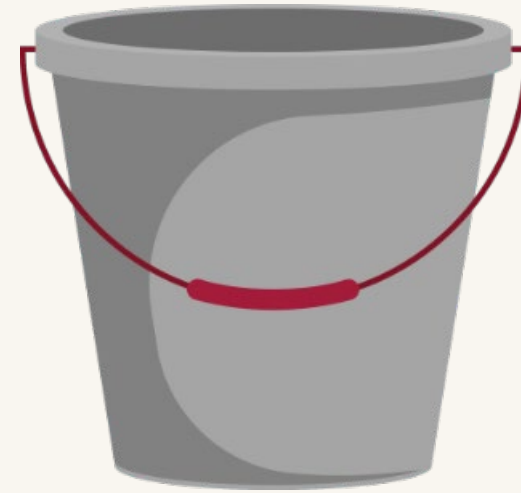
Maintenance & Operations

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: \$0.18

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.

Underfunded or Unfunded State Mandates

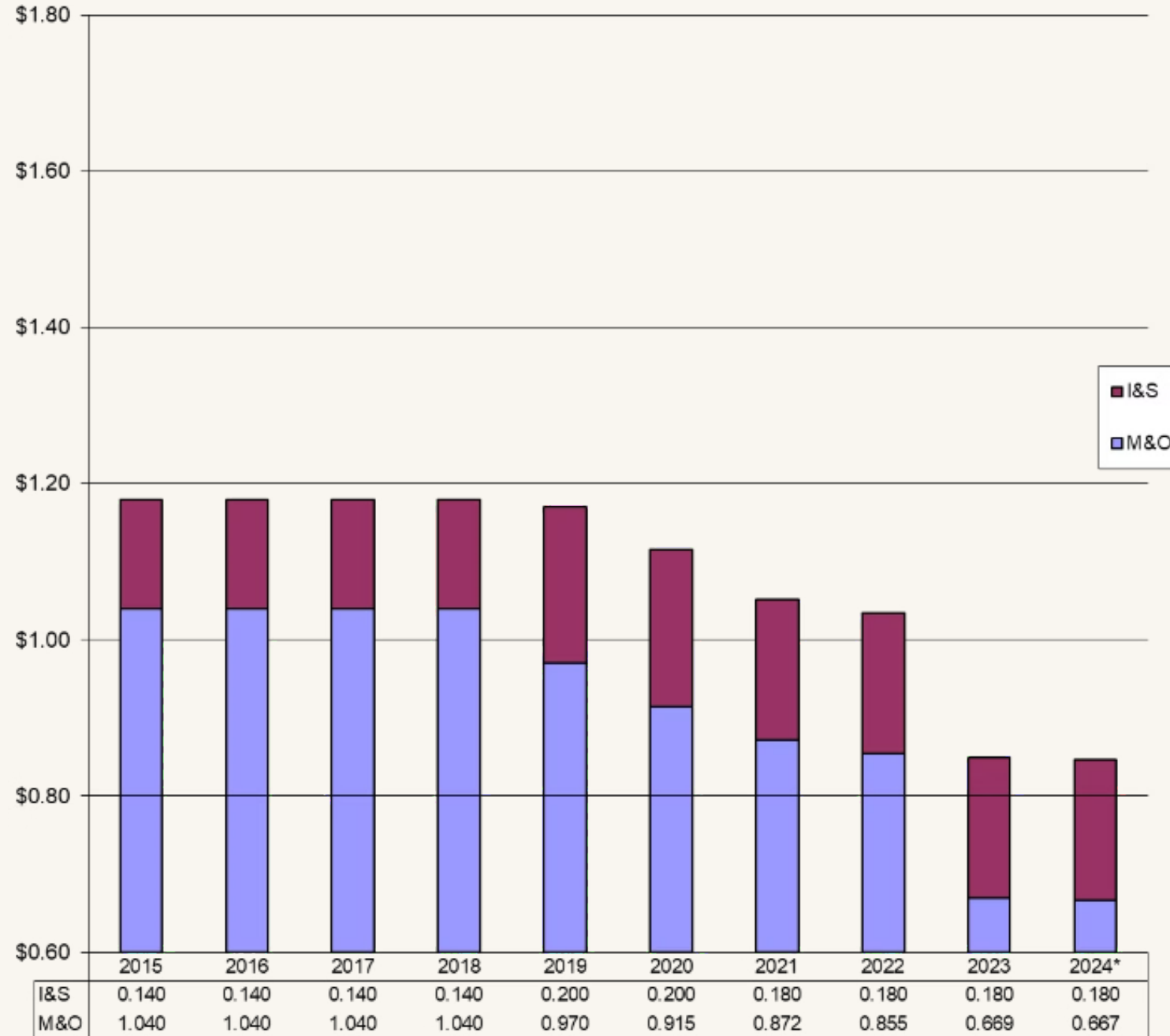
While the state has not updated funding levels since 2019, it has also required districts to pay for new programs . This decreases the funding going to teachers or the classroom.

Category
SPED Growth (no indirect cost)
Full-Day Pre-K (ratio, half day fund)
Armed Guards

KERRVILLE INDEPENDENT SCHOOL DISTRICT

Tax Rate History

TAX RATE HISTORY



FACT

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

2024-2025 Tax Rate Explanation

M&O (Maintenance & Operations) Used for Daily Operations	I&S (Interest & Sinking) Used Only for Debt	TOTAL
<u>\$0.6669</u>	<u>\$0.180</u>	<u>\$0.8469</u>
	+	=
		<i>per \$100 of property value</i>

Average Home Value:

\$400,000

Homestead Exemption:

(-\$100,000)

Taxable Value:

\$300,000

Current Tax Rate:

$((\$300,000 \times \$0.8469) \div 100) = \$2,540.70$

VATRE Rate:

$((\$300,000 \times \$0.8769) \div 100) = \$2,630.60$

Difference:

\$90 annually or \$7.5 monthly

HOW MUCH ADDITIONAL REVENUE WOULD THIS
GENERATE FOR KISD?

Approximately \$2,000,000

Questions?

<https://forms.office.com/r/dvfqjWQ27u>