

Katy ISD School Finance Overview

December 8, 2011

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- **Property Values**
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 - **District Operating Costs**
- **Debt Service**
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- **Awards & Recognitions**
- **Questions**

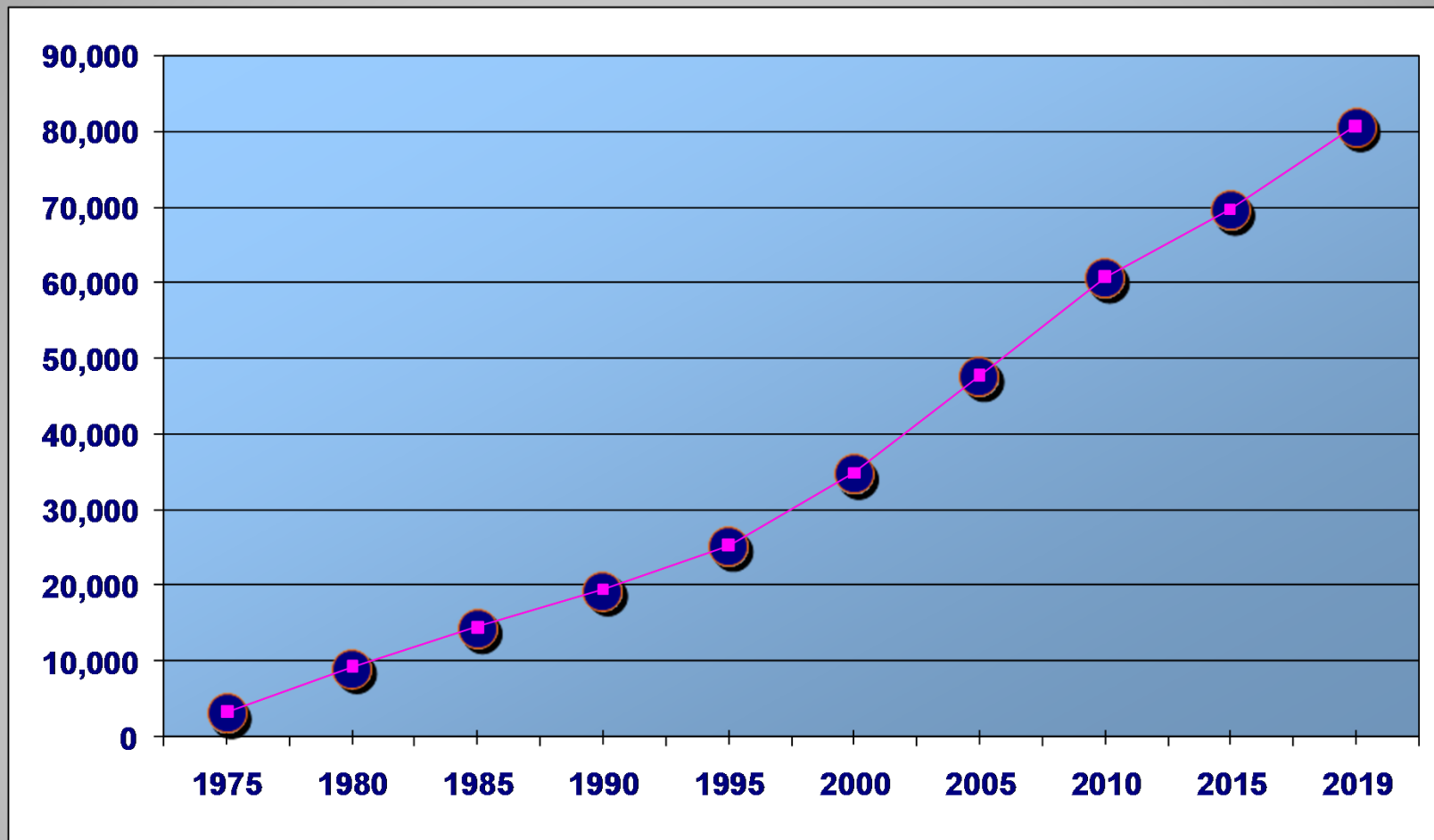
- ✓ **68th largest school district in U.S.**
- ✓ **6th in 1 yr., 2009-2010 % change**
- ✓ **3rd in 10 & 20 yr. % change
(2000-2010 & 1990-2010)**
- ✓ **8th lowest in per pupil spending of 100
largest U.S school districts**

Source American Schools & Universities September 2011

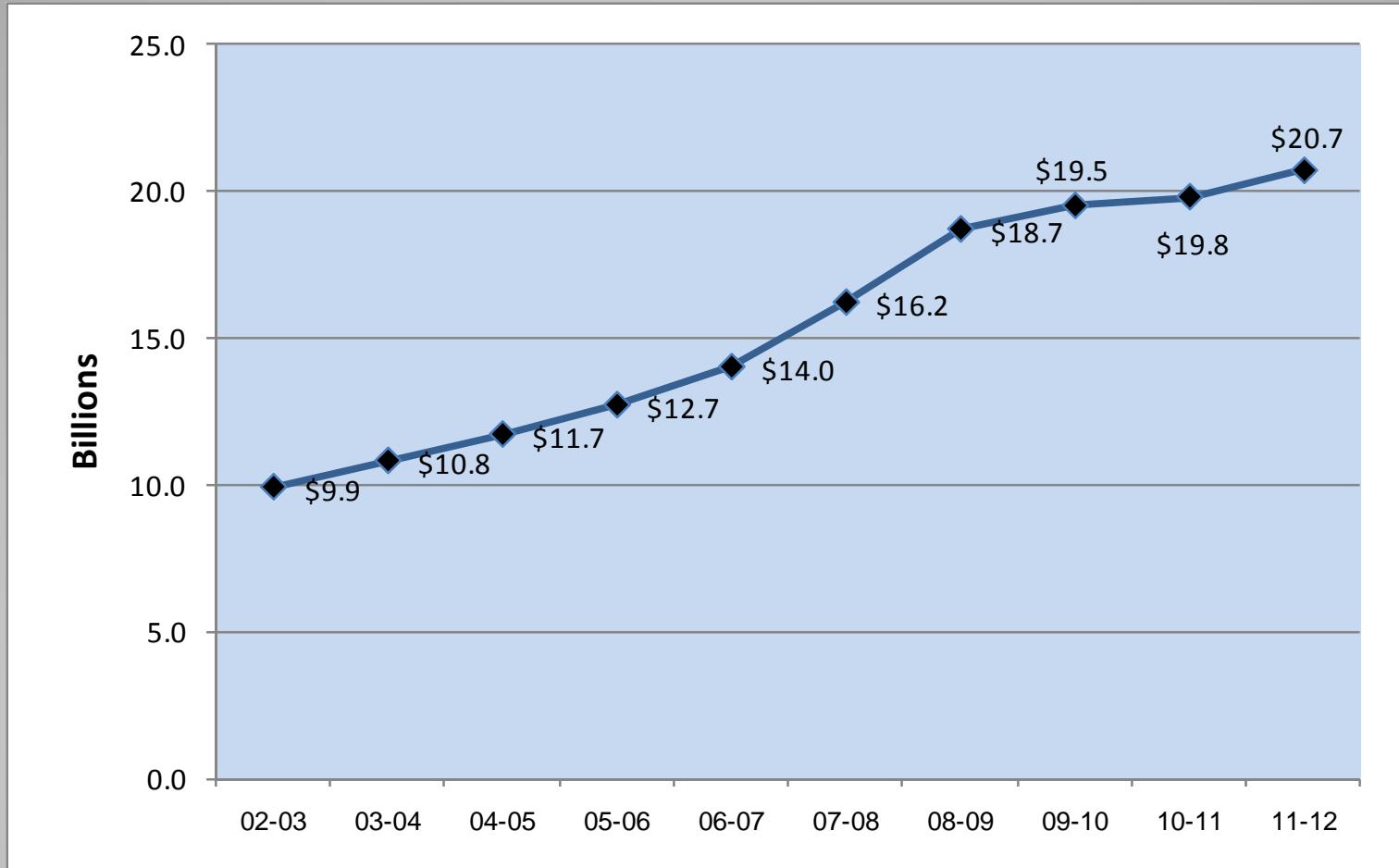
- ✓ **Katy ISD is the 12th largest district in the state (out of 1236 public & charter schools)**
- ✓ **Katy ISD is the 4th fastest growing district in Texas (2005-2006 to 2010-2011)**

**Actual # of students in past 5 years
= 12,566**

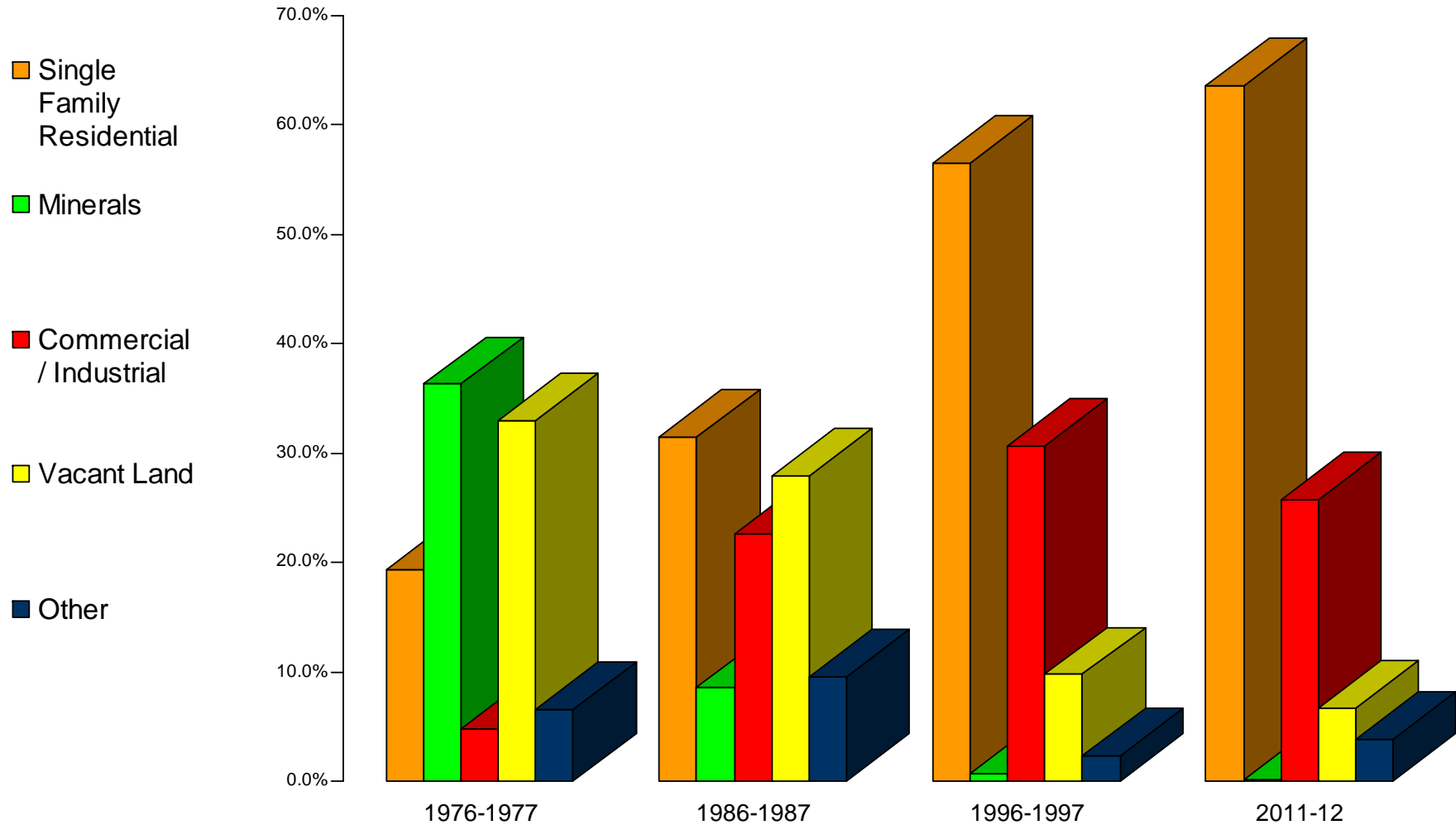
Student Enrollment



Property Values



Property Values – By Category



Legislative Overview

House Bill 1

- 79th Legislature passed as a short-term “fix” to Texas Supreme Court Decision
 - Primary focus was tax relief
 - Reduced the M&O tax rate by 11% in 2006-07 and another 22% in 2007-08
 - State funding needed to offset tax rate reductions generated by business margin, motor vehicle, and tobacco taxes
 - Commissioner determines the compression % beginning in 2008-09

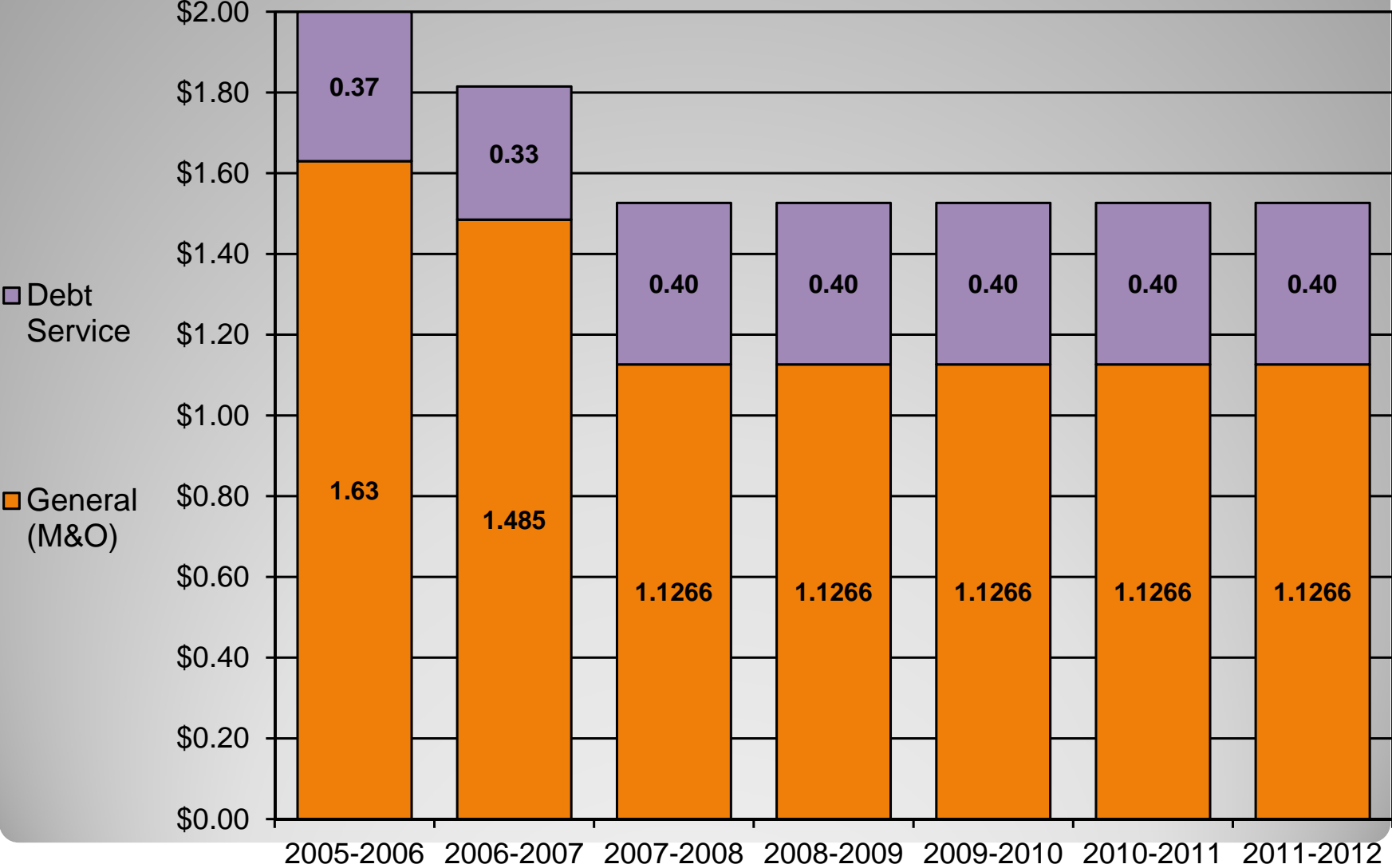
M&O Tax Rate

- **District can increase up to \$.04 and receive matching state funds without a rollback election**
- **District can increase an additional \$.02 and receive matching state funds with a rollback election**

M&O Tax Rate

- District can increase up to another \$.11 with a rollback election but receives no matching state funds
- Each \$.01 equals approximately \$2.0 million of tax revenue
- Rollback elections are *after* employees have been hired, salaries set, and budgets adopted

Tax Rates



Tax Rates

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Avg. Market Value	\$164,836	\$169,345	\$180,146	\$187,928	\$194,676	\$198,271	\$201,835
Avg. Taxable Value	\$149,836	\$154,345	\$165,146	\$172,928	\$179,676	\$183,271	\$186,835
Tax Rate	\$2.0000	\$1.8150	\$1.5266	\$1.5266	\$1.5266	\$1.5266	\$1.5266
Taxes	\$2,997	\$2,801	\$2,521	\$2,640	\$2,743	\$2,798	\$2,852
Increase (decrease) on Average Residence		(\$196)	(\$280)	\$119	\$103	\$55	\$54

Maintenance and Operations (M&O)

Maintenance and Operations

- Used to account for the daily operations of the district.
- Primary Revenue Sources
 - Property tax revenues
 - State funding
 - Federal
- Primary Costs
 - Salaries, insurance & other benefits
 - Utilities, fuel & supplies

Operating Revenues

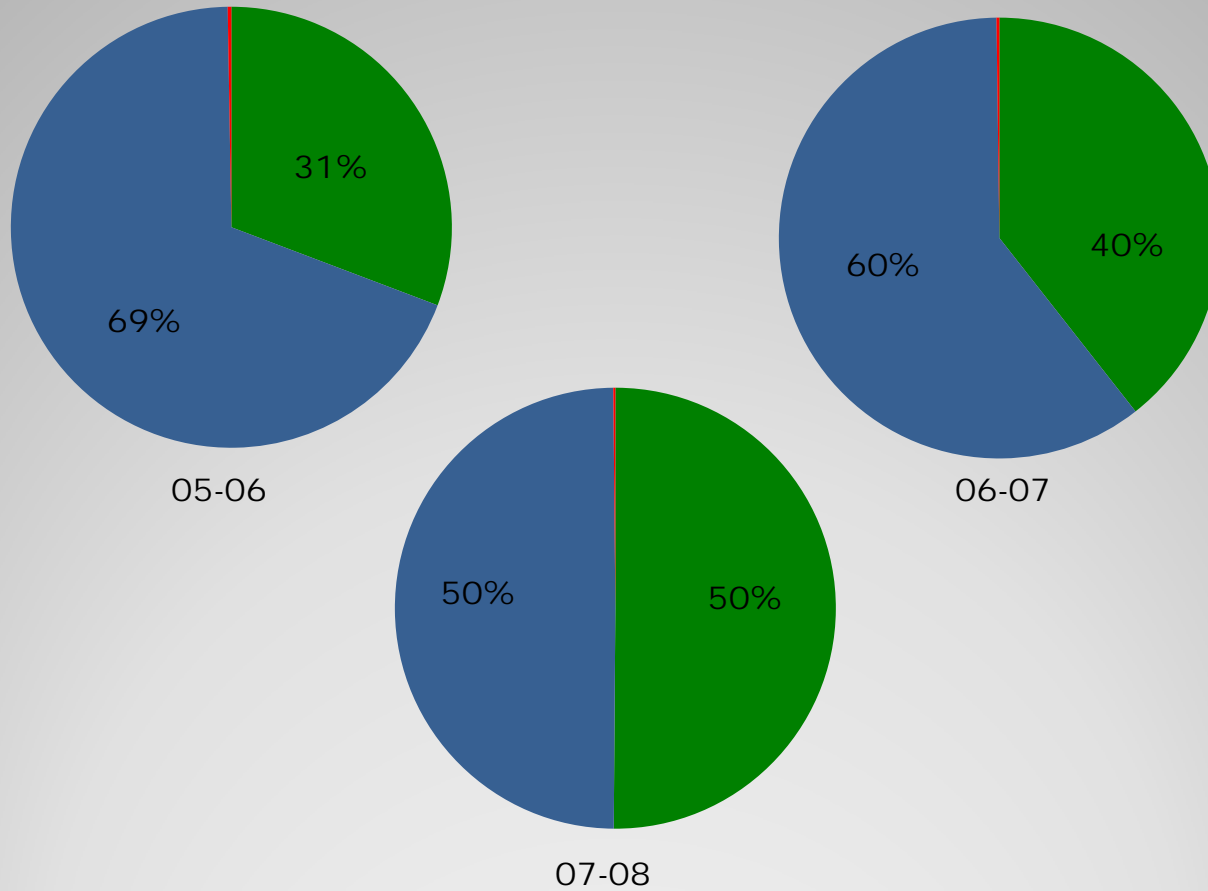
District Operating Revenues

- **Frozen at the State and Local Revenue per student at the higher of 2005-06 or 2006-07 (Target Revenue)**
- **Target Revenue remains frozen until Legislature changes it**

District Operating Revenues

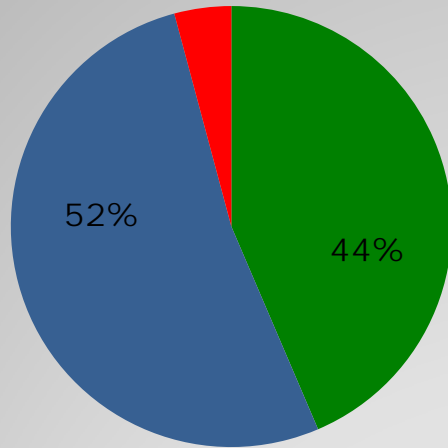
- **State and Local funding reached 50:50 in 2007-08. However, the local share is increasing as local values increase**
- **District does not retain revenue generated by property value growth - state funding is reduced as values increase**
- **State surpluses are not required to fund education - goes to the General Fund**

Federal, State & Local Revenue

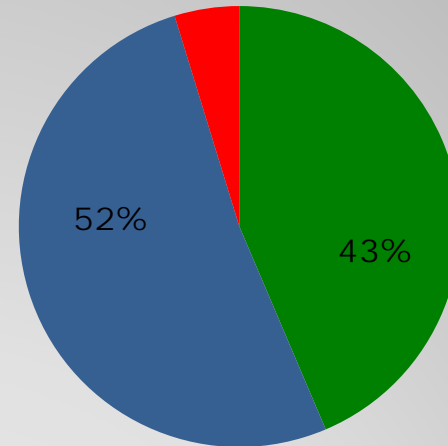


■ Federal ■ State ■ Local

Federal, State & Local Revenue



09-10



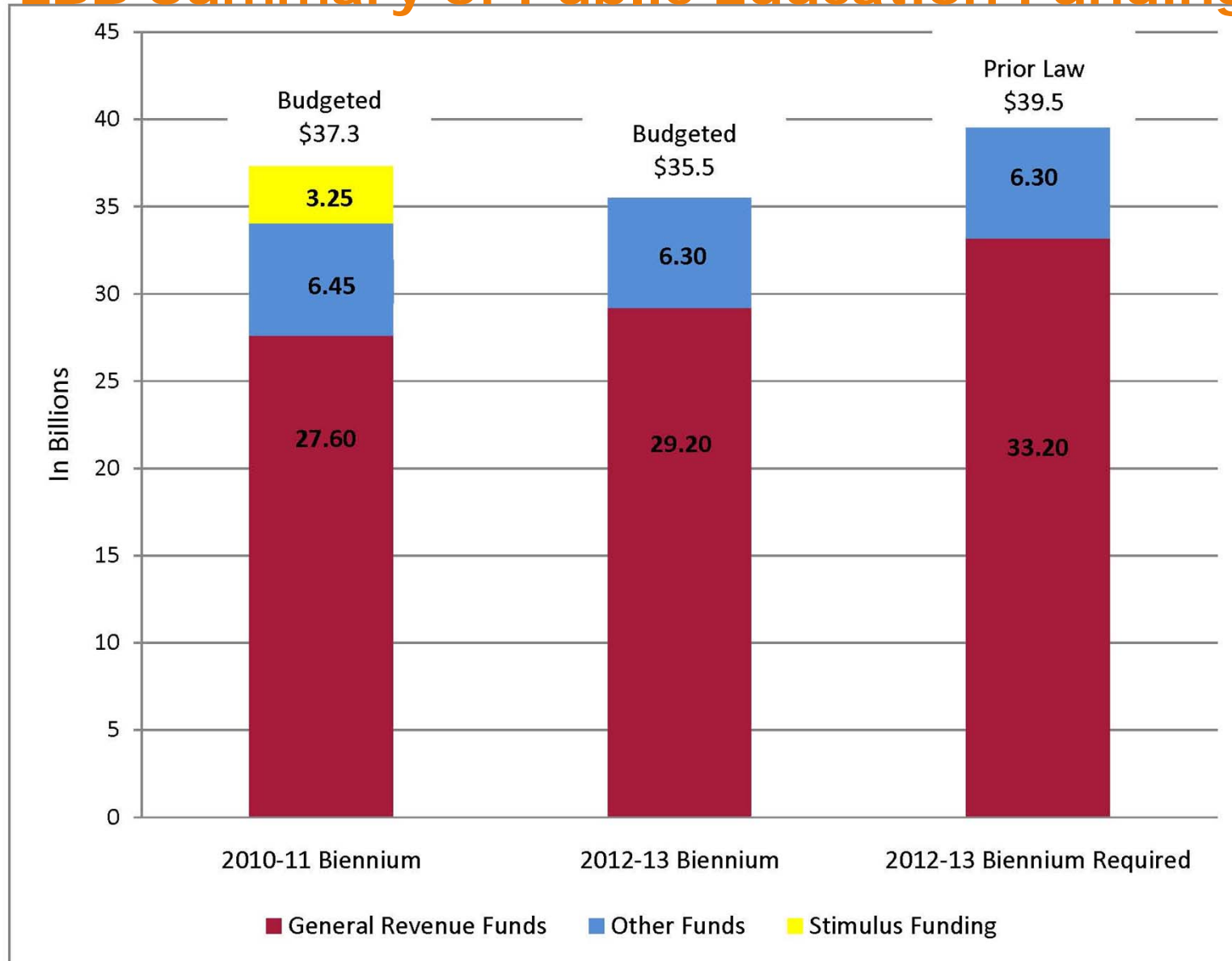
10-11

■ Federal

■ State

■ Local

LBB Summary of Public Education Funding

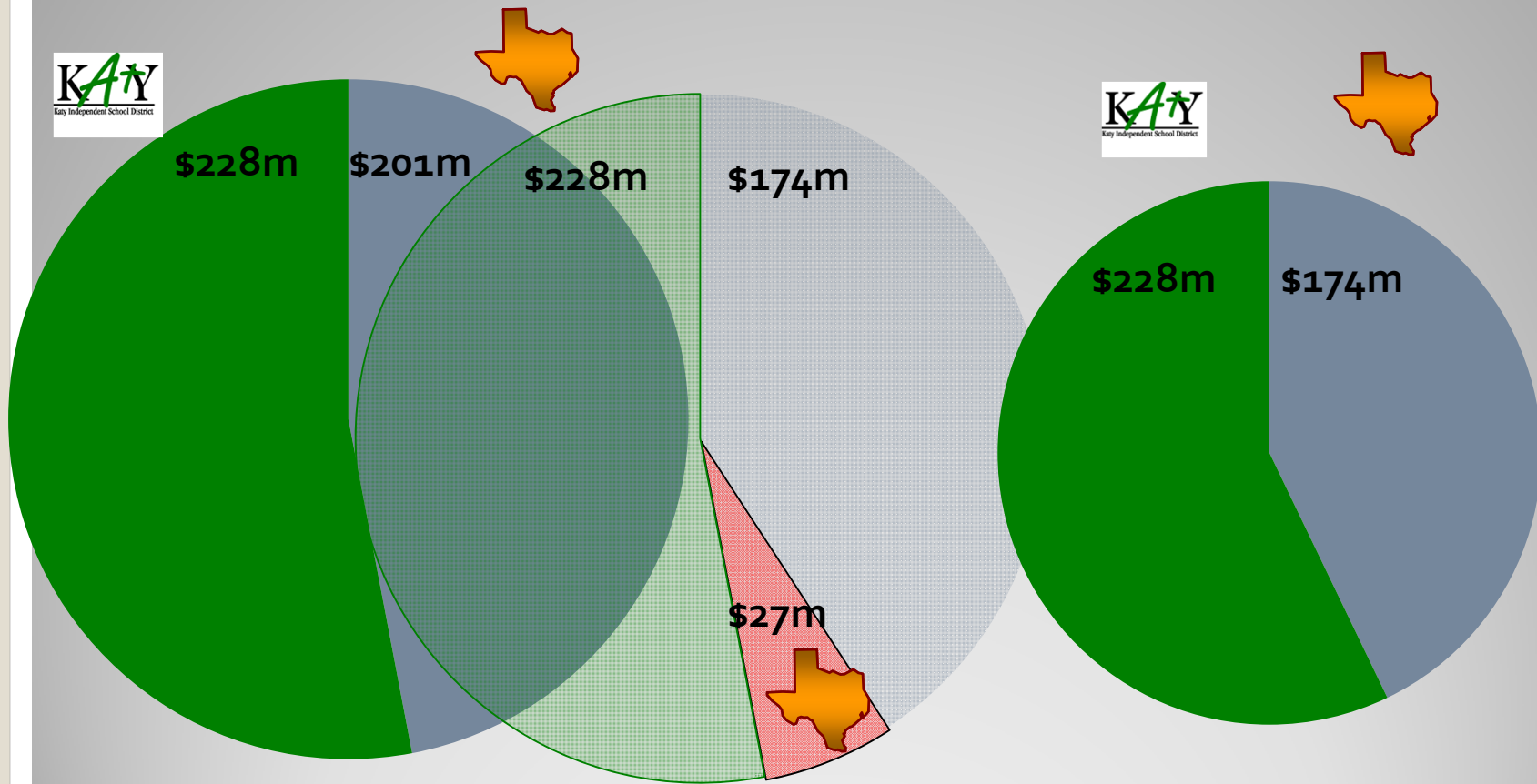


Effect To Katy ISD

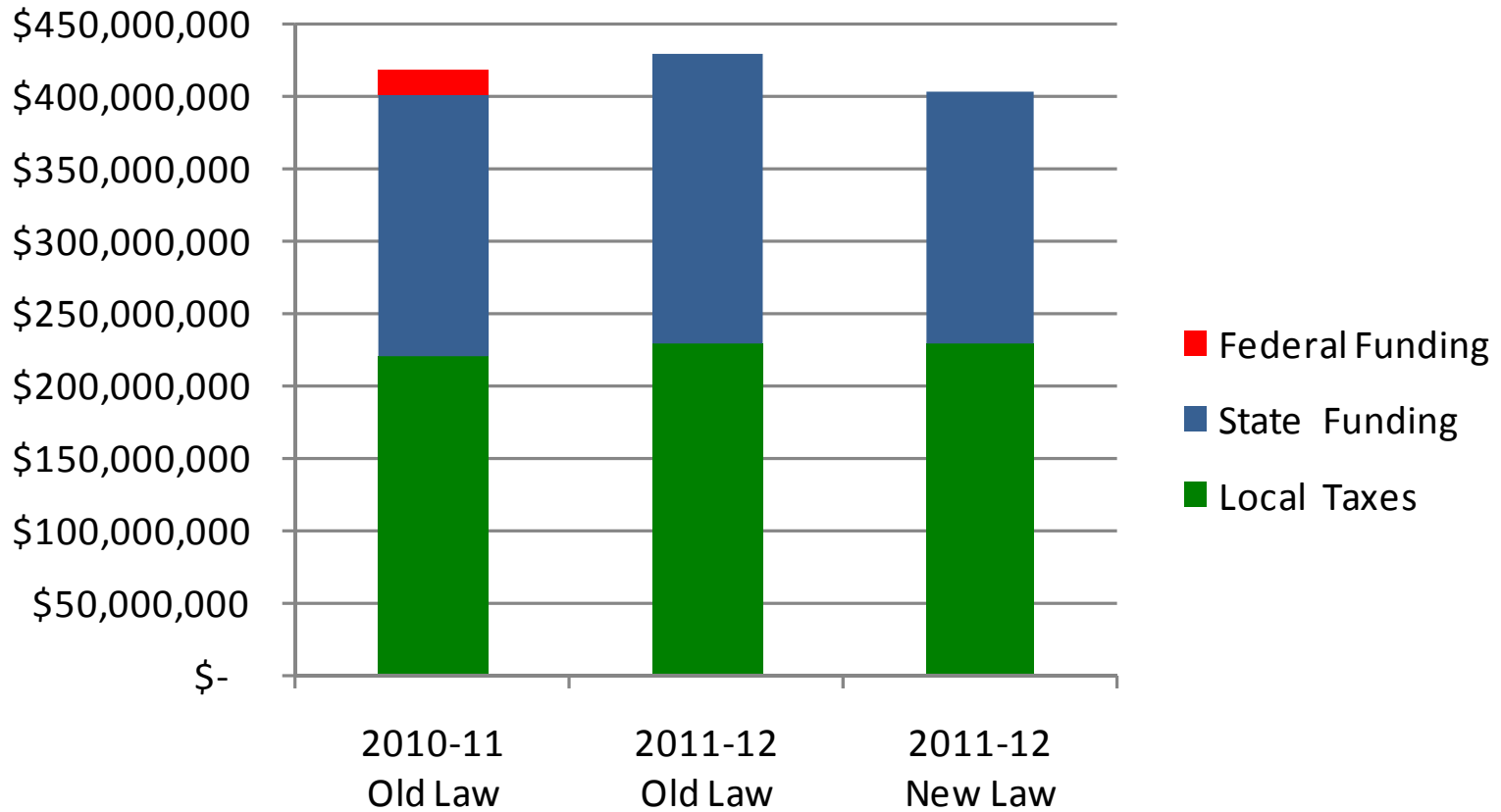
❖ State Finance / Staffing

- **-\$27 Million for 2011-2012**
- **-\$26 Million for 2012-2013**

Illustrative Purposes



Senate Bill 1

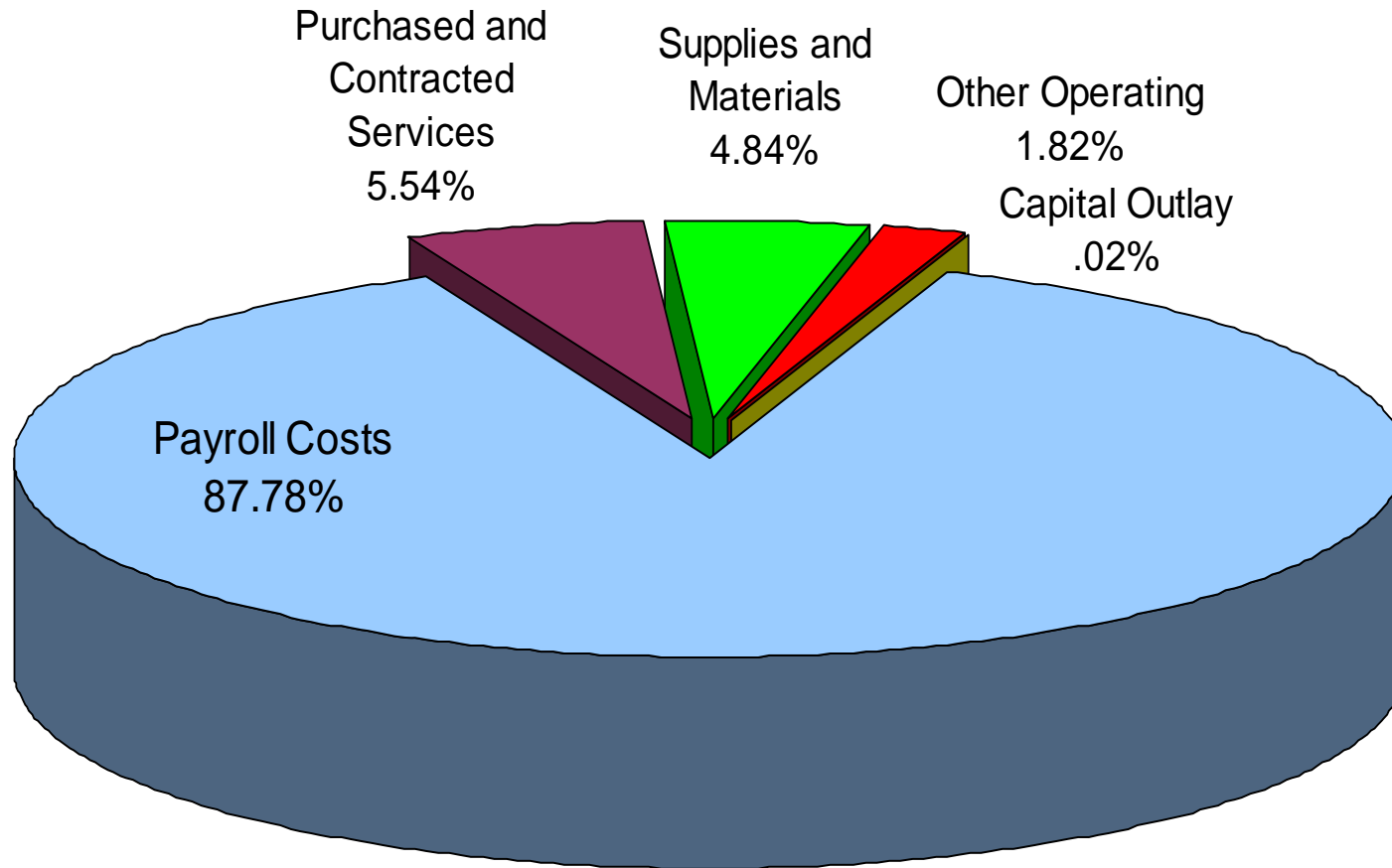


District Operating Costs

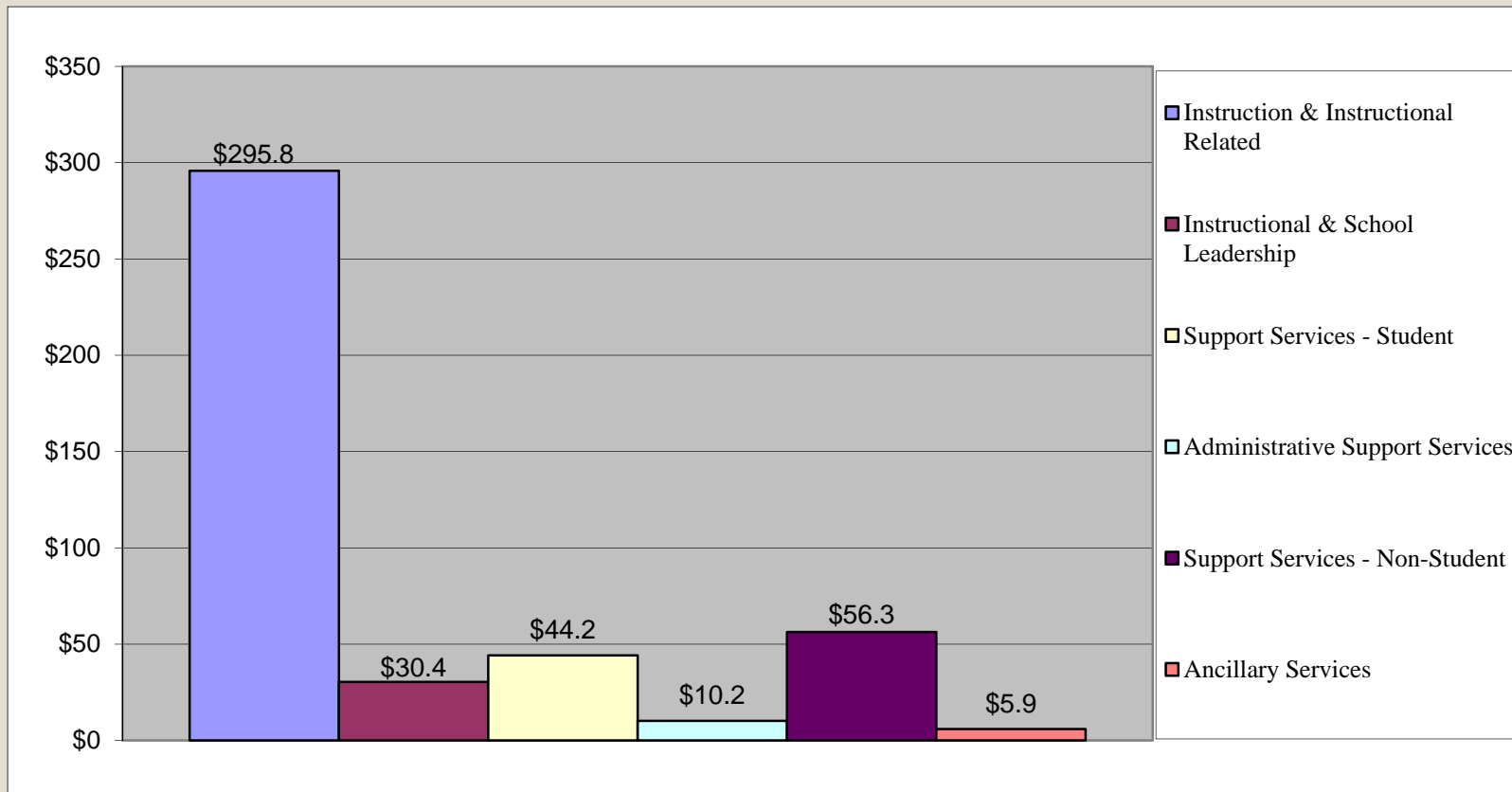
District Operating Costs

- **No inflation factors are included in the funding formulas to address increases in salaries, insurance, utilities, fuel, etc.**
- **District Operating Costs are historically below the state average per pupil cost**
- **Revenues are frozen as costs increase**

Expenditures*



*Expenditures based on 11-12 Official General Fund Budget



Instruction & Instructional Related

Teacher Salaries, Classroom Expenditures, Libraries, Curriculum, & Instructional Resources

Instructional & School Leadership

Campus Administration & Instructional Leadership

Support Services - Student

Guidance & Counseling, Health Services, Extra-Curricular Activities, Transportation

Administrative Support Services

General Administration, Tax Office, Legal Services

Support Services - Non-Student

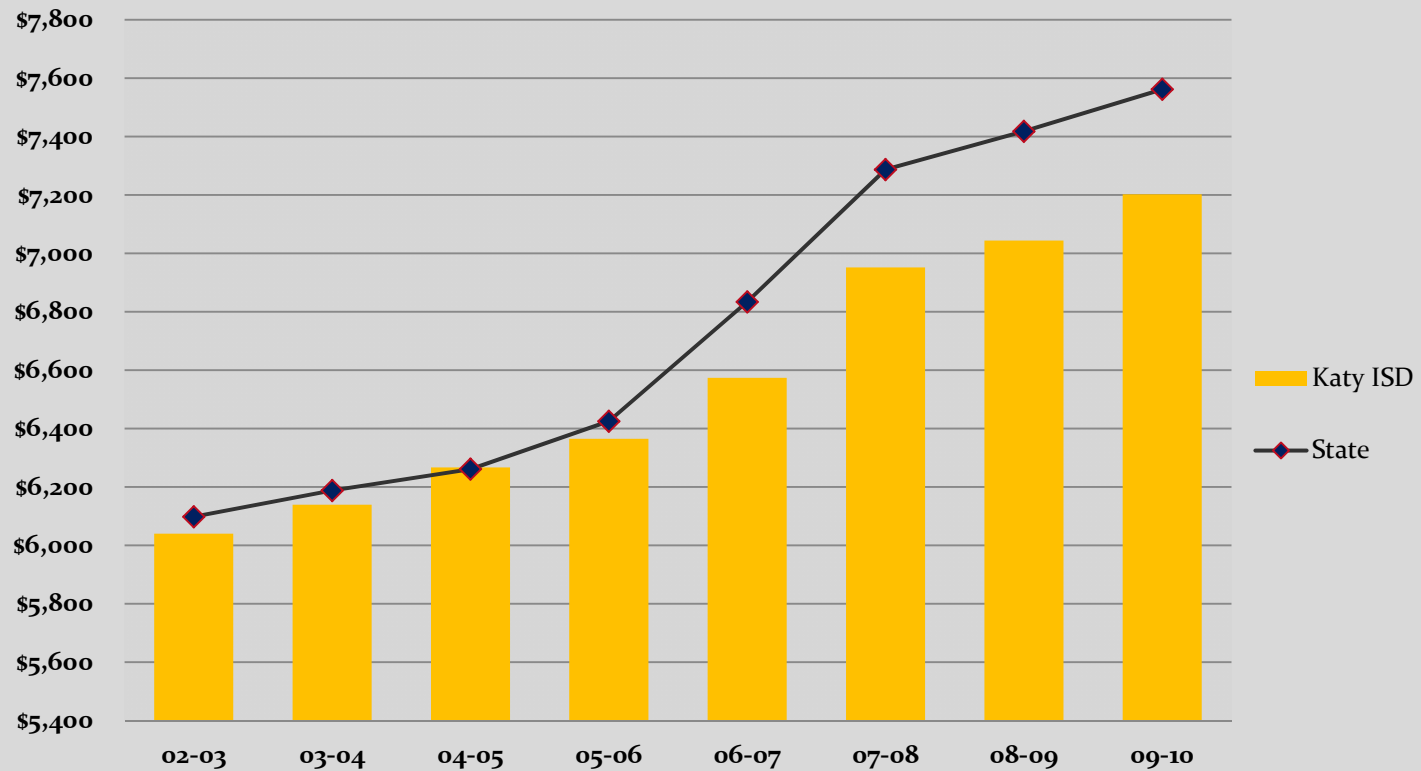
Maintenance, Custodial, Utilities, Security, Technology

Ancillary Services

Community Education, Appraisal District, JJAEP, Facilities & Construction, TIRZ

District Operating Costs

Expenditures Per Student - GOF



Debt Service

Debt Service

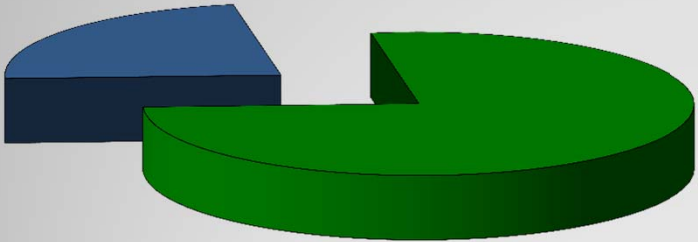
- Used to account for resources set aside to pay principal and interest on long-term debt
- Primary revenue sources
 - Tax revenues
 - Interest earnings
 - Interest earnings on bond proceeds
 - State allotments
- Primary costs
 - Debt principal
 - Interest on outstanding debt

Debt Service

- **Not affected by HB 1 or SB1**
- **Tax rate is amount required to service the annual debt payment within a \$.50 limit calculated by the Attorney General**
- **State Funding is reduced as taxable values increase**

Debt Service Fund Revenue by Source

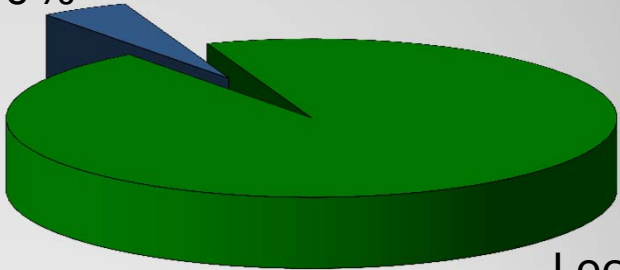
State
23%



2006-2007

Local
77%

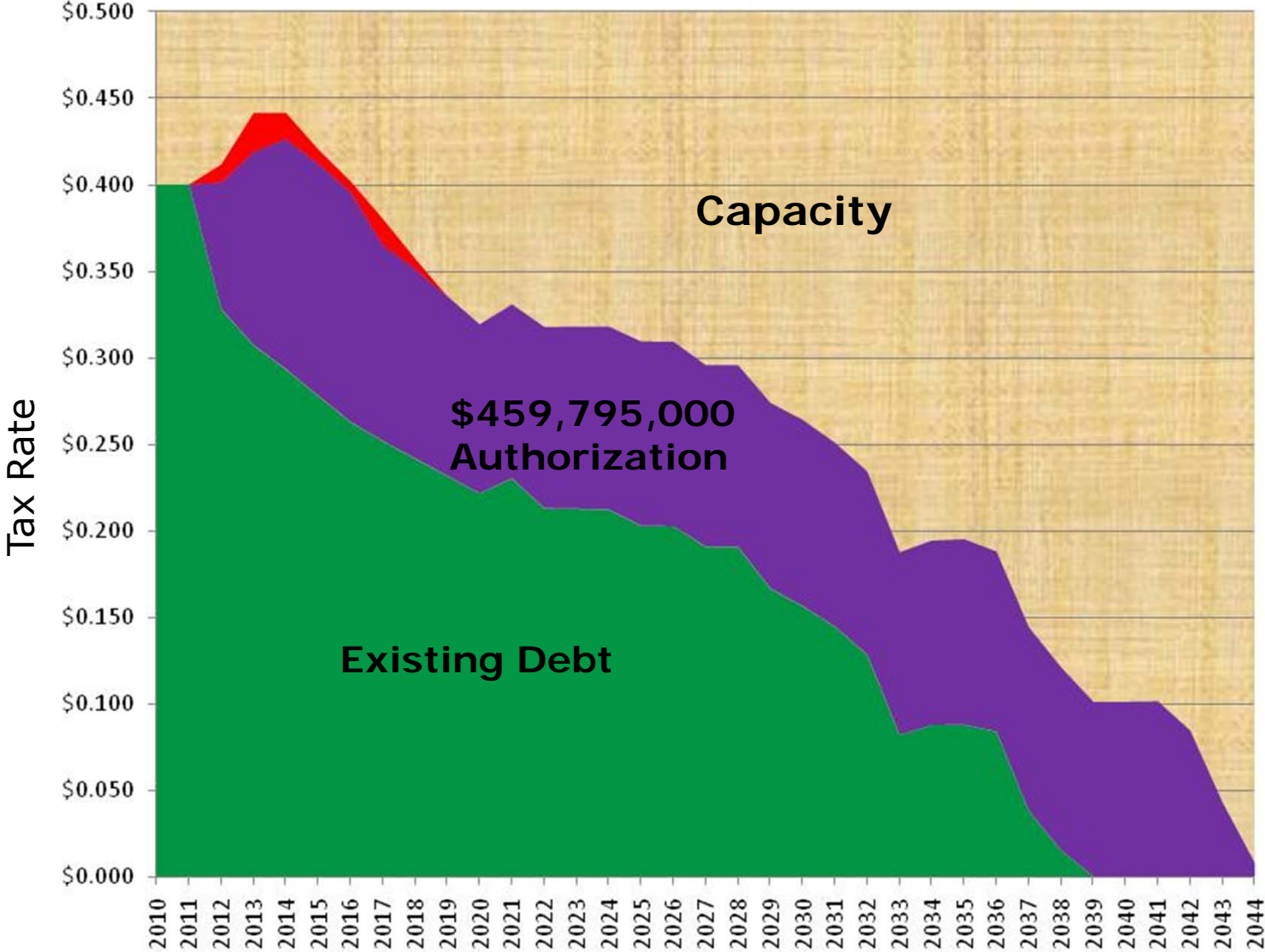
State
5.0%



2011-2012

Local
95.0%

Tax Rate Capacity



Looking Ahead and Challenges

- **School Finance Litigation**
- **2013 Legislative Session**

Awards & Recognitions

F.A.S.T.
Financial Allocation Study for Texas



Honors Circle

F.A.S.T. Financial Allocation Study for Texas

- **Mandated by 2009 Legislature**
- **An annual study that examines academic performance and financial efficiency to identify school districts that deliver high-quality education at relatively low costs**
- **Honors Circle recognizes Five Star recipients**

F.A.S.T. Financial Allocation Study for Texas

- **Rated in the top of Texas school districts for academic progress**
- **Spending among the lowest of fiscally comparable school districts**
- **46 (4%) school districts statewide earned five stars**
- **23 repeating school districts**

Comptroller's Leadership Circle

❖ **Spotlights local government transparency and recognizes districts that:**



Comptroller
Leadership
Circle Member

- ❖ **Keep their books open to the public**
- ❖ **Provide clear, consistent pictures of spending**
- ❖ **Shares information in user friendly format**

**F.I.R.S.T.
Financial Integrity Rating System of
Texas**



**Superior
Achievement!!**

F.I.R.S.T. Financial Integrity Rating System of Texas

❖ TAC, Title 19 §109.1001

- To ensure that school districts are held accountable for the quality of their financial management of their financial resources**
- To disclose the quality of local management and decision-making processes that impact allocation of financial resources**

Questions