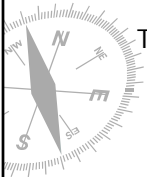


## Budget Boot Camp



Texas Association of School  
Business Officials

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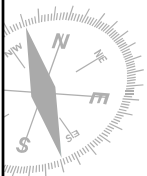
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## Thomas C. Patton



State Aid Consultant

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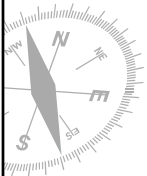
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## Texas School Finance



The Short Version

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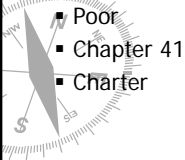
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## Total Income Goes the Same Way As Attendance

- ▶ Combined state and local
- ▶ This year's attendance determines this year's income
- ▶ This applies to all districts



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## State Aid Goes the Other Way From the Tax Base

- ▶ Higher assessed value means lower state aid.
- ▶ Higher assessed value means higher recapture payments



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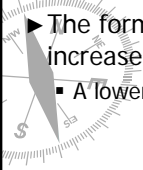
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## Needing More Money Won't Get You More Money

- ▶ Every one uses the same formula
- ▶ You get what the formula allows per student
- ▶ There isn't very much difference between districts
- ▶ The formula and the rollback tax rate limit increases in income
  - A lower tax rate will always result in less income



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## Additional Aid for Tax Reduction

- ▶ Controls most of the district's income
- ▶ Same amount per student as in
  - 2005-2006 or
  - 2006-2007
- ▶ \$.04 additional without election
  - < 3% of total income



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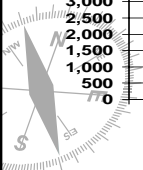
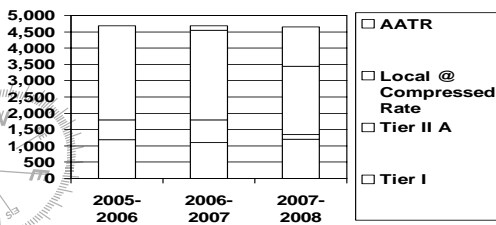
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## Income per WADA @ Compressed Tax Rate



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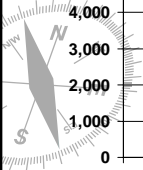
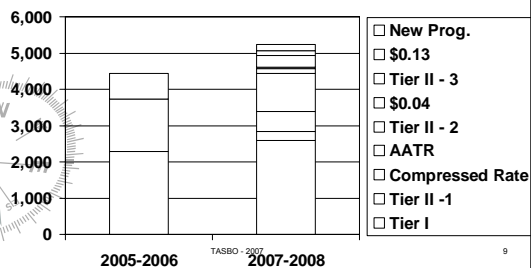
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## Income @ Maximum Rate *per* WADA



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## Income Is Fixed

- ▶ Expenses are not
  - Fuel
  - Drug testing, defibrillators, etc.
  - Improved instruction
  - Higher salaries
  - TRS expense
- ▶ 6.2% of salary above state minimum \* COEI
- ▶ 1995 minimum for administrators, other professionals

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## TEA **NEVER** Sends The Right Amount

- ▶ Payment during the year must be made on an estimate provided to the legislature before the regular session
- ▶ It **will** be corrected to the amount earned after the beginning of the next year
- ▶ Chapter 41 districts don't know what to pay

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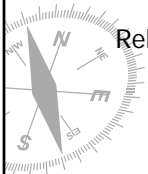
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## The Four Step Program

Related but separate school aid programs



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## Tier I

- ▶ Program cost from students and programs
- ▶ Local Share from property value
- ▶ State pays the balance



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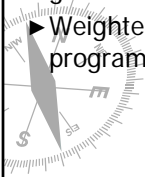
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## Tier II

- ▶ State matches local effort beyond Tier I local share
- ▶ Combined State + Local amount per WADA guaranteed
- ▶ Weighted ADA calculated from Tier I program cost



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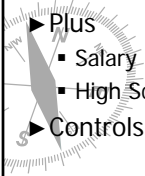
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## Additional Aid for Tax Reduction

- ▶ Guarantees same state + local income per WADA at compressed tax rate as
  - Old law in 2005-2006 or
  - Old law in 2006-2007
- ▶ Plus
  - Salary increase
  - High School allotment
- ▶ Controls Income



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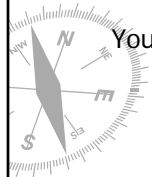
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## Definitions



You can't tell the players without a score card

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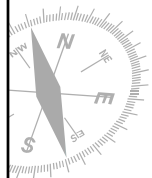
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## In School Finance

- ▶ If a term has a common meaning, that's almost certainly not what it means



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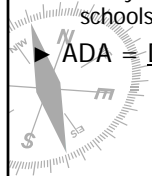
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## ADA

- ▶ Average number of students present at school
  - Only a few exceptions – not here is absent
  - Every day, all year – 4 six weeks for migrant schools



- ▶ ADA =  $\frac{\text{Days Present}}{\text{Days Taught}}$

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## FTE

- ▶ Portion of ADA in special program
- ▶ FTE =  $\frac{\text{Days Present} \times \text{Contact Hours}}{\text{Days Taught} \times 6}$
- ▶ Career Education and Special Education



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## Other Student Counts

- ▶ Head count served in Gifted and Talented
- ▶ Six month average free or reduced price lunch eligible
- ▶ High School ADA
- ▶ New Instructional Facility ADA
- ▶ Bus riders



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## WADA

- ▶ Concept:
  - Tier I cost / Basic Allotment
  - Combines
    - ▶ Cost of Education
    - ▶ Size Adjustments
    - ▶ Program Weights
- ▶ Always larger than ADA
  - State Total WADA 133% of ADA in 2005-2006



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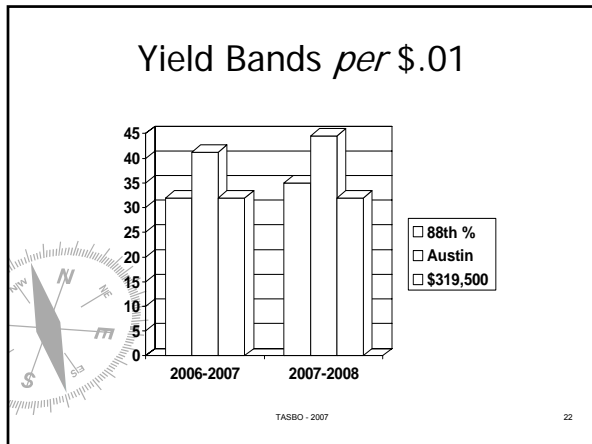
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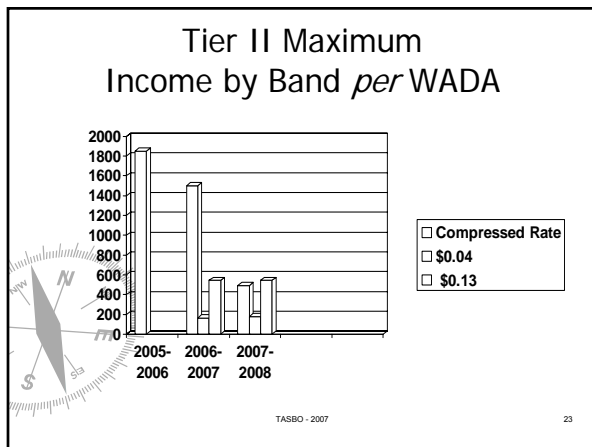
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### Band Definitions

1. 88<sup>th</sup> Percentile
  - Value / WADA this level
  - \$319,500 (2006-2007)
  - \$313,500 (2007-2008)
  - \$321,800 (2008-2009)
  - ▶ Approximately Dallas ISD
- ▶ 88% of the districts will have this value / WADA or less

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## Band Definitions

### 2. Austin ISD

- Austin ISD Value / WADA
- \$412,100 (2006-2007)
- \$469,400 (2007-2008)
- \$509,800 (2008-2009)
- 95<sup>th</sup> Percentile



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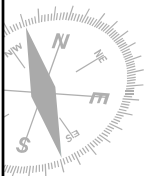
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## Band Definitions

### 3. \$319,500

- Value set in statute



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## Program Cost

Calculated from students served



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## "Instead of" Programs

- ▶ Instead of the Regular Program
- ▶ Special Education
- ▶ Career Education
  - Program weights > 1
  - Whole cost of program



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## "In Addition To" Programs

- ▶ Supplement the Regular Program
- ▶ Smaller program weights
- ▶ Supplemental cost



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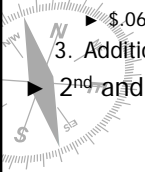
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## Tier II

- ▶ Tax effort
- ▶ Three bands
  1. Up to compressed tax rate
  2. Next \$.04
    - ▶ \$.06 beginning in 2008-2009
  3. Additional effort
- ▶ 2<sup>nd</sup> and 3<sup>rd</sup> bands influence income



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## Additional State Aid for Tax Reduction



Additional aid for all school districts  
Including Chapter 41

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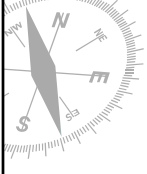
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## Additional Aid for Tax Reduction

- ▶ Beginning with the 2006-2007 school year
  - Operating Tax Rate compressed
  - Tier I, Tier II increases
- ▶ AATR replaces lost local tax revenue



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## AATR

- ▶ Guarantees same income per WADA at compressed tax rate as:
  - Old law in 2005-2006 or
  - Old law in 2006-2007
  - Use the larger rate
- ▶ Guarantee for all future years is set here
  - It's 2005-2006 or 2006-2007 for ever



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## AATR Controls Income

- ▶ Tier I + Tier II + Collection at the compressed tax rate is less than AATR guarantee
  - Most districts in 2006-2007
  - Almost all in 2007-2008
- ▶ Tier I Tier II, Recapture changes < Tax collection reduction
- ▶ Chapter 41 also
- ▶ Facility Aid is separate

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## Target Level

- ▶ At the compressed tax rate
  - (A) The combined state and local income available per WADA in 2005-2006
  - (B) Could have been earned in 2006-2007 at the 2005-2006 tax rate
  - (C) At the rollback rate
    - ▶ Almost always the same as (A)
- ▶ + \$2,500 \* Teachers, etc.
- ▶ + \$275 \* 9-12 ADA

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## High School Allotment

- ▶ High School Allotment
  - \$275 \* 9-12 ADA
  - Used for High School Improvement



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## Additional Aid Calculation

- ▶ Old Law state and local
  - + \$2,500 \* Teachers, etc.
  - + \$275 \* 9-12 ADA
- New Law
- Chapter 41 option profit
- Excess Revenue



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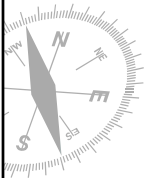
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## Charter School Funding



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## Two Methods

- ▶ State average
  - In operation on or after 9/1/01
- ▶ Resident district
  - Transition to state average
  - Requires attendance reporting by resident district



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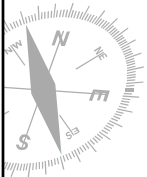
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## Attendance Reporting

- ▶ Enrollment on Template
- ▶ Actual by six weeks



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## Budgeting

- ▶ Use template to estimate initial income
- ▶ Check often during the year as actual is known

▶ **Adjust Expenditures  
Now**



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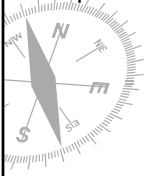
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## Preliminary Estimates

- ▶ State and district rates are ESTIMATED
  - Template
  - Summary of Finances
- ▶ Expect them to change



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## Compensatory Education

- ▶ Eligible student reporting
- ▶ Uses previous Federal fiscal year
  - 9/1/07 – 8/31/08 for 2008-2009



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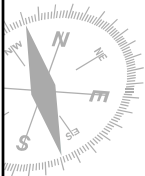
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## Payment and Settlement

- ▶ Basis of payment adjusted during the year
- ▶ Recovery / additional payment after the close of the year



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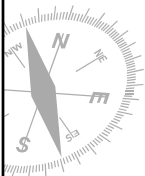
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## Required Expenditure

- ▶ 85% to 100% of actual program cost
  - Requires careful record keeping



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