

Troup ISD

Understanding the Tax Ratification Election (TRE)

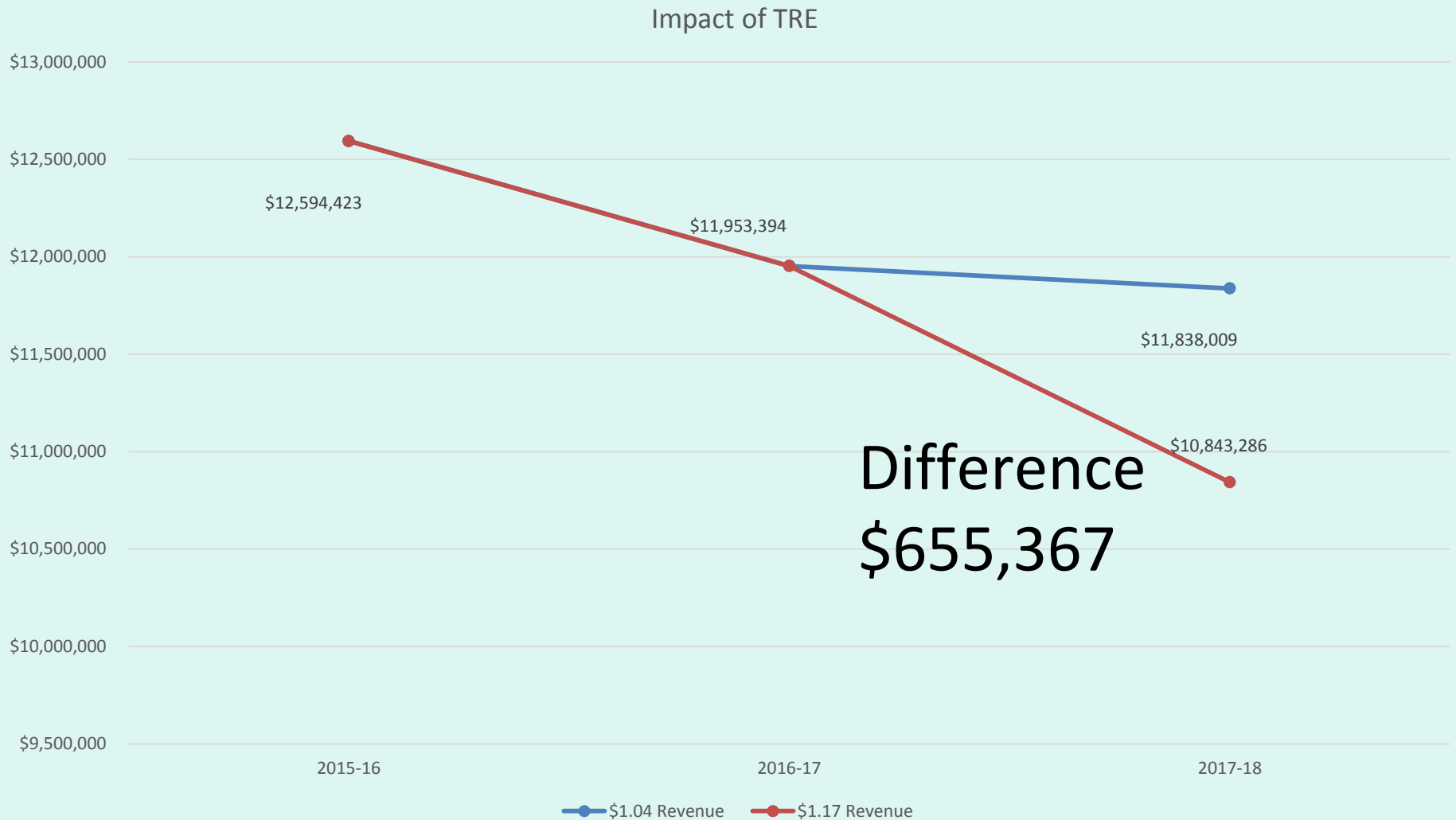
Cutting our Losses

- The state of Texas has eliminated Additional State Aide for Tax Reduction (ASATR) funding for all school districts in Texas.
- Troup ISD will lose approximately \$772,000 in funding from last year.
- The only way to replace this loss is to increase the M&O tax rate from \$1.04 to \$1.17, an increase of \$0.13.

Additional TRE Revenue

2015-2016 State Funding	\$9,390,705
2016-2017 State Funding	\$9,350,761
2017-2018 Estimated State Funding @ \$1.04 tax rate	\$8,577,834
Difference	(\$772,927)
2017-2018 Estimated State Funding @ \$1.17 tax rate	\$9,233,201
Difference	(\$117,560)
Lost Funding Replaced	\$655,367

Additional TRE Revenue



M&O Taxes

- School district tax rates in Texas have two parts, a Maintenance and Operations tax rate (M&O), and an Interest & Sinking (I&S) tax rate.
- M&O taxes pay the operating expenses of the district, such as salaries, fuel, utilities, supplies, equipment, and contracted services, among others.

I&S Taxes

- Interest and Sinking Fund (I&S) taxes, pay principal and interest on bond issues that the voters have approved to construct or improve facilities.
- Troup ISD has two outstanding bond issues that they are currently paying on.
 - A bond issue approved by the voters in 2005 for the addition of classrooms at the Elementary campus and improvements to the other campuses.
 - A bond issue approved by the voters in 1998 for the addition of the 3-5 wing of the Elementary School.

Tax Ratification Election needed to increase M&O tax rate above \$1.04

- The Troup ISD Board of Trustees adopted a \$1.17 M&O tax rate on July 10, 2017 in order to generate an additional \$655,000.
- Now the voters would need to approve the M&O rate of \$1.17 for the tax rate to take effect.

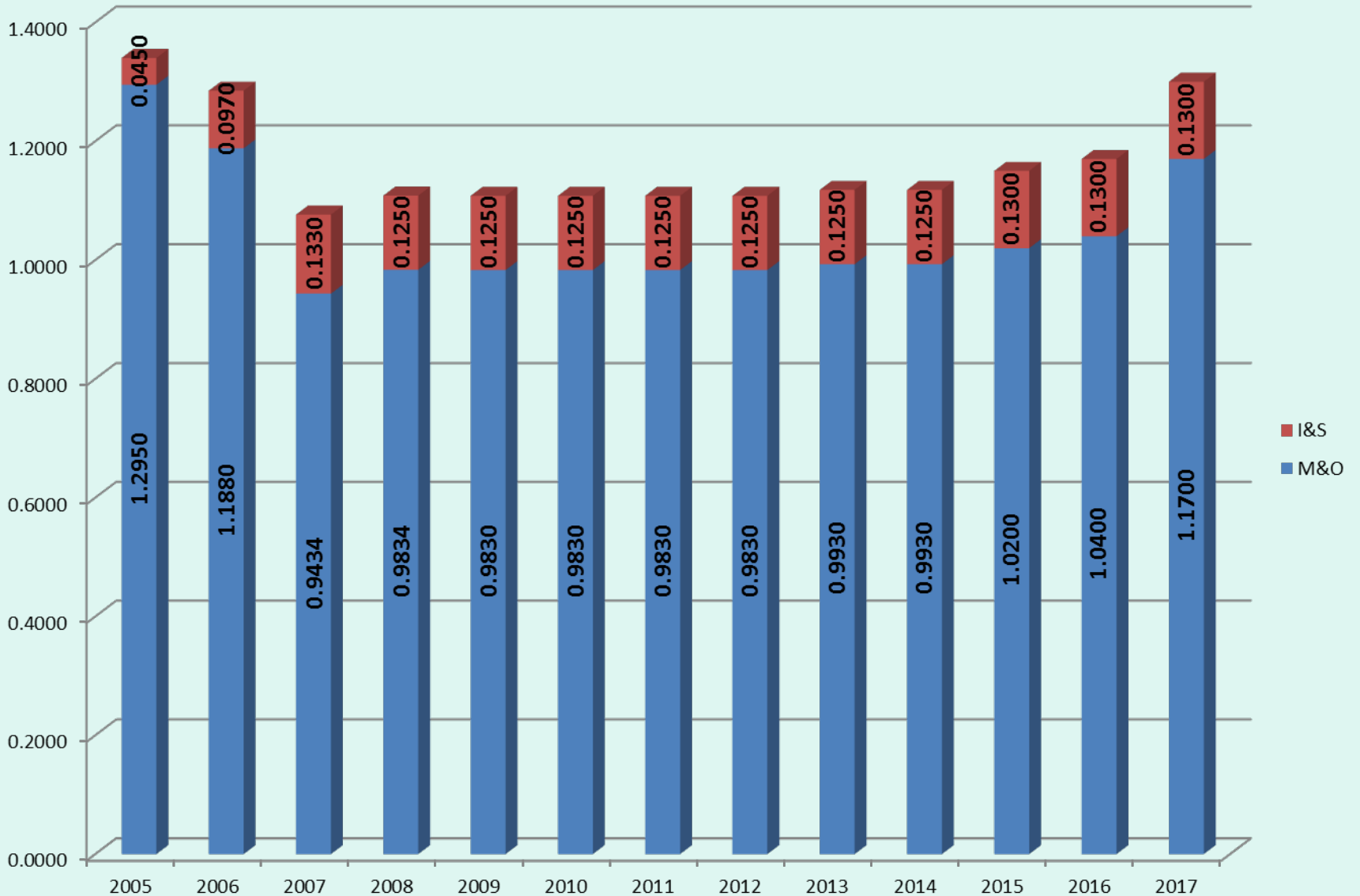
Troup ISD voters can maximize State Aid for our students

- Troup ISD voters can maximize state funding for our children by approving the rate of \$1.17 for M&O and the I&S rate, adopted by the Board of Trustees, in an election to ratify the total tax rate.

The opportunity to generate additional funds occurs now

- Troup ISD can generate an additional \$655,000 in M&O funds this year by increasing the M&O rate from \$1.04 to \$1.17, an increase of \$0.13.
- Troup ISD will still have an M&O rate that is 12.5 cents lower than its 2005 M&O rate of \$1.295.

TROUP INDEPENDENT SCHOOL DISTRICT HISTORICAL PROPERTY TAX RATE PER \$100 VALUATION



Troup ISD's TRE Possibility

TRE		w/o TRE	w TRE	Difference
Tax Rate	2016-	2017-	2017-	2017-
	2017	2018	2018	2018
M&O Rate	1.04	1.04	1.17	0.13
I&S Rate	0.13	0.13	0.13	0.00
Total Rate	1.17	1.17	1.30	0.13
Additional M&O \$		-\$772,926	-\$117,560	\$655,367

Leaving Money on the Table

- Troup ISD is asking voters to consider approving the \$1.17 M&O tax rate and the (I&S debt rate) in a TRE so that it can obtain the additional \$655,000 that the \$1.17 tax rate generates, in order to partially replace the lost state funding of \$772,000.
- The Board adopted a \$1.17 M&O rate, and now the voters will have the opportunity to replace the lost funding.
- If this does not happen, \$655,000 is left on the table at a time that it is needed.

Accessing the highest funded enrichment pennies ever provided by the state

- The Troup ISD penny earns \$32,857.
- The first 2 of the 13 pennies give Troup students access to \$76,611, the wealth of the Foundation Penny
- The next 11 of the 13 pennies give Troup students access to \$46,172, the wealth that Dallas had in 2005
- In all, these 13 pennies will provide 55 state dollars for every 100 Troup ISD dollars—for a total of \$650,000

The 6 Golden Austin Pennies

- Austin ISD's Yield per WADA
 - Troup's WADA
 - Troup's Guarantee per Penny
 - Troup's Share
 - State's Share
 - Yield on investing a penny with the state
 - Amount invested
 - Percentage yield
- \$99.41
 - 1,445
 - \$ 143,662
 - \$ 32,857
 - \$ 110,804
 - \$ 110,804
 - \$ 32,857
 - 337.23%

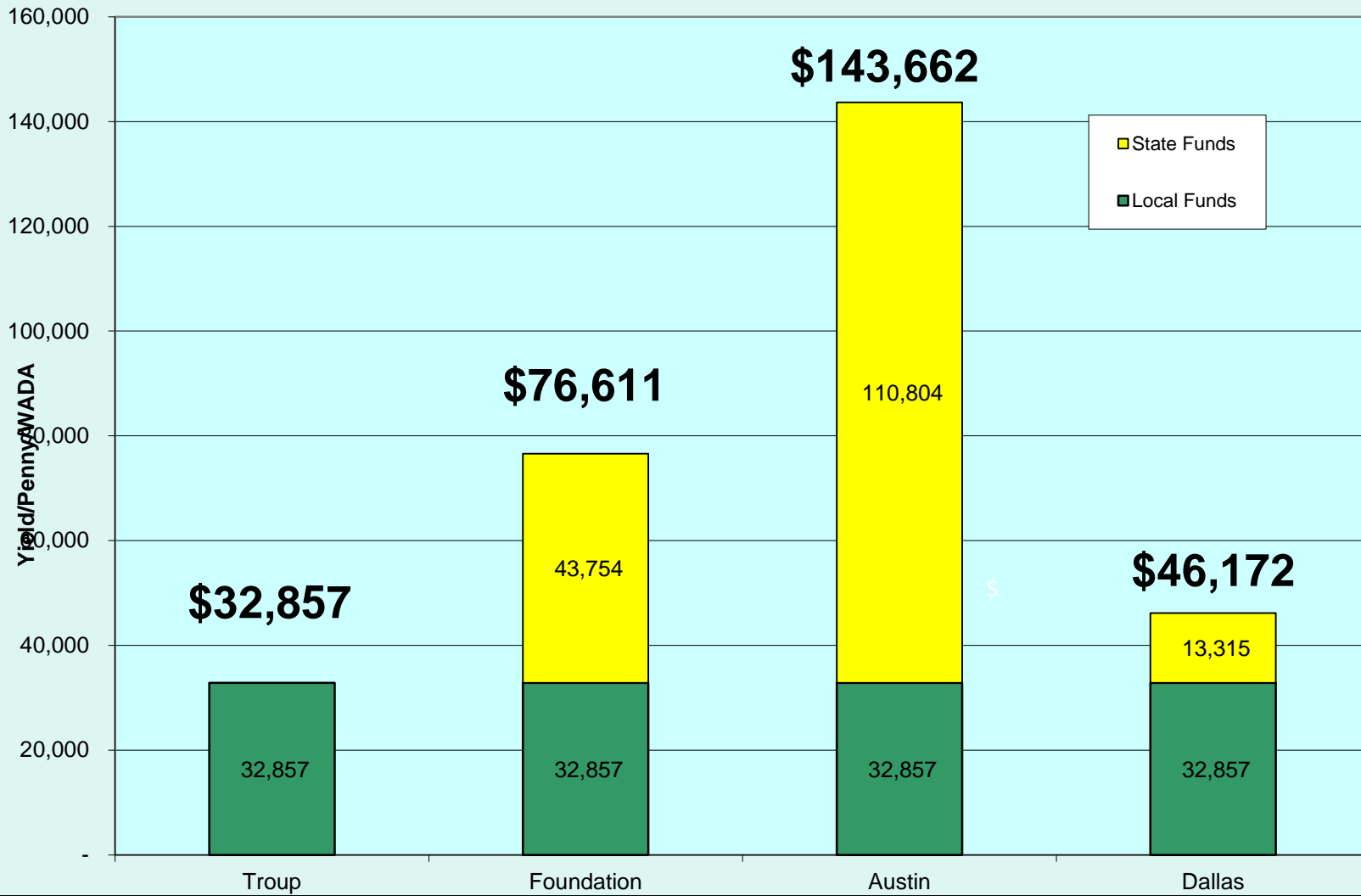
The 2 Foundation Pennies

- Foundation Program Yield / WADA • \$53.01
- Troup's WADA • 1,445
- Troup's Guarantee per Penny • \$ 76,611
- Troup's Share • \$ 32,867
- State's Share • \$ 43,754
- Yield on investing a penny with the state • \$ 43,754
- Amount invested • \$ 32,857
- Percentage yield • 113.16%

The 11 Silver Dallas Pennies

- Dallas ISD's 2005 Yield per WADA • \$31.95
- Troup's WADA • 1,445
- Troup's Guarantee per Penny • \$ 46,172
- Troup's Share • \$ 32,867
- State's Share • \$ 13,315
- Yield on investing a penny with the state • \$ 13,315
- Amount invested • \$ 32,857
- Percentage yield • 40.52%

Troup, Foundation, Austin, Dallas, Yield/Penny



A Great Investment

- **Bank investments produce about 1% return on investment (ROI).**
- **The 6 Golden Austin pennies produce a 337% ROI.**
- **The Additional Foundation penny produce a 133% ROI.**
- **The 11 Silver Dallas pennies produce a 41% ROI.**
- **There are few investments that a person can make that will produce any comparable ROI with the state providing the guarantee.**

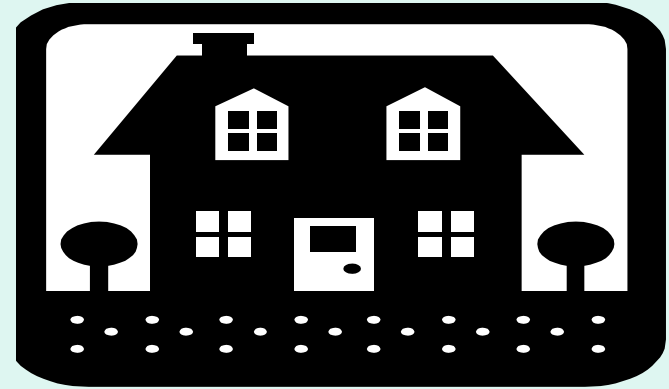
Troup ISD-as rich as the State Guarantees

- Our penny raises **\$23** per WADA.
- The guarantee for the **6 Austin** pennies is **\$99** per WADA.
- The guarantee for the **2 Foundation** pennies is **\$77** per WADA.
- The guarantee for the **11 Dallas** pennies is **\$32** per WADA.
- In all, we make **\$655,000** from the TRE.

What will a successful TRE do for Troup ISD?

- Maintain salary and benefits for all staff in order to attract and retain highly qualified staff
- Maintenance and Improvement of Facilities
- Maintain Student-Teacher Ratios
- Maintain Program Offerings

Impact of Proposed Tax Rate



	<u>2016-17</u>	<u>2017-18 Proposed Rate</u>
• Avg. Home	\$ 102,135	\$ 109,056
• Taxable	\$ 77,672	\$ 82,977
• Tax Rate	\$ <u>1.17</u>	\$ <u>1.30</u>
• Tax	\$ 908.76	\$ 1,078.70

- Tax Increases \$169.94 Per Year, \$14.16 Per Month

Taxes still Frozen on Over 65 and Disabled Homesteads

- Tax bills on Over 65 or Disabled Homesteads will not go up. They will never go up unless improvements are made to the homestead.

Economic Impact

- Economists say that a dollar bounces around in local economy about 7 times. What other activity could have the positive economic impact on our community that \$655,000 can have?

Previous HB 1 TREs

- In the 10 years of HB1, 515 ISDs have called one or more TREs. The voters in 453 of the ISDs ultimately approved the rate adopted by the board. The voters approved the tax rates in 88% of the ISDs.

TRE Ballot Language

- In the TRE, voters will vote **for** or **against** “approving the ad valorem tax rate of **\$1.30** per \$100 valuation in the Troup ISD for the current year, a rate that is \$0.13 per \$100 valuation higher than the rollback tax rate, for the purpose of replacing \$650,000 of lost ASATR funding from the state of Texas.”

Two Possible Results of the TRE

- If the majority vote **for** the **\$1.30**, the district **will be able to replace \$655,000** of the lost ASATR funding from the state of Texas.
- If a majority vote **against** the tax rate of **\$1.30** the tax rate will be **\$1.17**. The district will **have a loss of \$772,000** in ASATR funding this year.

The results of **approving the \$1.30** tax rate are:

1. A total tax rate of **\$1.30**.
2. Significant additional dollars (**over \$655,000**) which will replace state funding cuts.
3. The average residential homestead tax bill will increase \$169.94 per year (\$14.16 per month)
4. **The tax rate will increase by \$0.13.**
5. Significant economic development in the Troup Community
6. Students will benefit from the highest levels of funding ever provided by the state that guarantee Troup students the same funding as students in Austin and Dallas.

Results of not approving the \$1.30 tax rate are:

1. The tax rate will be \$1.17.
2. **The district will lose \$772,000 in state aid this year.**
3. The average residential homestead tax bill will increase **\$62.30.**
4. Students will not benefit from the highest levels of funding ever provided by the state that guarantee Troup students the same funding as students in Austin and Dallas.
5. The opportunity for significant economic development in the Troup Community will be missed.

The Ethics Commission

- ISDs may not use employee time or ISD funds to encourage voters to ratify or not ratify the TRE tax rate.
- ISDs may provide factual, unbiased information to the public about the TRE and information related to the TRE.
- Employee time and district funds may be used by the ISD to provide factual information to the public about the TRE.

In Summary...

- The state of Texas has eliminated ASATR funding for all school districts in Texas.
- Troup ISD will lose approximately \$772,000 in funding from last year.
- The only way to replace this loss is the increase the M&O tax rate from \$1.04 to \$1.17, an increase of \$0.13.
- We can reduce our loss by \$655,000 by approving the TRE

If you have any questions concerning the information presented, please contact Stuart Bird or Lisa White at (903) 842-3067.

