

Testimony before the Senate Education Committee  
In Support of Senate Bill 2392

April 21, 2009

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on behalf of the  
Fast Growth School Coalition

Madam Chair and Members of the Committee:

My name is Dan Casey and I am a Partner with Moak, Casey & Associates. I am here representing the Fast Growth School Coalition in support of Senate Bill 2392 by Senators Shapiro and Ogden. The Coalition represents the interests of 113 school districts that enroll 1.8 million of the state's 4.6 million public school students. These 113 districts grew by about 376,000 students between the 2003-04 and 2008-09 school years, averaging about a 26 percent increase per district over the five-year period. The state as a whole grew by about 383,000 students over the same five years, so nearly all of the enrollment growth in Texas is occurring in school districts represented by the Fast Growth School Coalition.

I am here to speak in support of the Committee Substitute for Senate Bill 2392 as described in the outline I received yesterday. The proposal in the outline calls for a \$4,800 basic allotment, which we estimate to be equivalent to a guarantee at the 91<sup>st</sup> percentile of state property wealth per weighted student in average daily attendance (WADA). This plan should help address the needs of the lowest target-revenue districts. The equalized wealth level used to determine recapture for Chapter 41 districts would be set at a comparable level.

In addition, all districts would see an increase estimated to be \$100 per WADA. Access to two additional "golden" pennies without an election will also be beneficial for many districts in providing the potential for accessing additional M&O revenue, as needed. As I understand it,

these two additional pennies of tax effort would also be equalized to the Austin ISD yield, which we estimate to be at the 96<sup>th</sup> percentile of state property wealth per WADA.

The call for an interim select committee to review formula weights and adjustments also makes a great deal of sense, since I have had a long-standing concern that there is not a current research base that will provide the Legislature with the data it will need to develop the underpinnings of a modern school finance system that will carry public education into the future. A number of the current weights and adjustments are two decades old and merit a thorough review.

An issue that remains important to fast-growth school districts is funding for school facilities. Unlike institutions of higher education, local school districts cannot refuse to admit students because of limited classroom space. Under the funding system we have, the state is relying heavily on the goodwill of local taxpayers in the 113 school districts where student growth is concentrated.

We appreciate the support for the Instructional Facilities Allotment (IFA) and the Existing Debt Allotment (EDA) programs, which provide direct state support to reduce local I&S tax rates for voter-approved debt. Just last week the Senate approved SB 587 as authored by Senator Shapiro, which will “roll forward” the EDA program to qualify new bonds that have been issued in the last two years. This will be important to a number of moderate wealth and property-poor school districts that are faced with the need for facilities.

At the same time, these state funds are simply not keeping pace, with the IFA and EDA programs covering about 20 percent of the debt service payments made by local school districts in the current year. This is a far cry from the 50 percent state share that has been the target for the Foundation School Program for district operations in recent years.

The yield per ADA for the EDA and IFA programs has been held at \$35 per penny of tax effort for a decade now. When the \$35 yield per ADA—equivalent to a guaranteed tax base of \$350,000 per ADA--was adopted in 1999, 90 percent of Texas public school students attended

schools in district eligible for state EDA and IFA support, roughly comparable to the guarantee that is being proposed per WADA under the Committee Substitute for Senate Bill 2392 for M&O revenue. Our current estimate is that only 57 percent of public school students will be attending school in districts eligible for state IFA and EDA support in the 2009-10 school year. I have attached a table below that summarizes the recent decline in the coverage of the percentage of students in districts that are eligible for state support for IFA and EDA funding.

I became particularly alarmed in looking at the impact on particular school districts. Cypress-Fairbanks ISD in Harris County is now the third largest school district in the state (100,685 students in 2008-09) and it grew by 25,808 students over the last five years. Northside ISD in Bexar County is now the fourth largest school district (89,000 students in 2008-09) grew by 17,202 students over the last five years.

In looking at the TEA data for EDA support for these districts, what I discovered is that Cy-Fair is expected to have debt service payments of about \$111 million next year, for which state support will probably be in the \$1 million range, or less than one percent. In looking at Northside ISD in Bexar County, what I saw was estimated debt service payments of \$104 million for next year, with no EDA or IFA support at all. Neither district is classified as a property-wealthy district subject to recapture. Their property wealth per ADA has grown to a level where it is at or above the state level of support at the \$35 yield per ADA.

What this illustrates is a growing taxpayer equity problem for fast-growing school districts, which now have an average I&S tax rate of \$0.301 per \$100 of taxable value, compared with \$0.185 for districts not classified as fast growing. The difference is \$0.116 in the M&O tax rate. The average tends to mask the fact that 31 of the 113 fast-growth districts now have I&S tax rates of \$0.40 or greater. (A table of these districts is attached for your information.)

As you move forward in studying the funding formulas and weights, we would hope you would consider making a commitment comparable to the guarantee embodied in the \$4,800 basic allotment in addressing the I&S tax rate issues faced by fast-growing school districts.

Thanks you for your consideration. The Fast Growth School Coalition stands ready to work with you on school funding and formula issues as you move forward.

Recent History of the Yield Per  
ADA Provided by the State IFA  
And EDA Facilities Programs

School Year	Yield per ADA	Percentile of State Property Wealth per ADA
2005-06	\$35.00	74.7th Percentile
	\$44.61	90th Percentile
2006-07	\$35.00	72.5th Percentile
	\$48.31	90th Percentile
2007-08	\$35.00	67.7 Percentile
	\$51.71	90th Percentile
2008-09	\$35.00	63.7 Percentile
	\$54.70	90th Percentile
2009-10	\$35.00	57th Percentile
(estimated)	\$50.00	77th Percentile
	\$63.71	90th Percentile

**Fast-Growth School Districts  
2008-09 Enrollment and Tax Rate Data**

District Number	District Name	County Name	Enroll 2003-04	Enroll 2008-09	Difference 2003-04 & 2008-09	2008-09 5 Year % Growth	2008 M&O Tax Rate	2008 I&S Tax Rate
008902	SEALY ISD	AUSTIN COUNTY	2,384	2,635	251	10.5%	\$0.980	\$0.240
011901	BASTROP ISD	BASTROP COUNTY	7,565	8,769	1,204	15.9%	\$1.040	\$0.441
011902	ELGIN ISD	BASTROP COUNTY	3,084	3,896	812	26.3%	\$1.040	\$0.440
014903	BELTON ISD	BELL COUNTY	7,114	8,539	1,425	20.0%	\$1.170	\$0.241
014906	KILLEEN ISD	BELL COUNTY	32,583	38,550	5,967	18.3%	\$1.031	\$0.110
015910	NORTH EAST ISD	BEXAR COUNTY	56,298	63,452	7,154	12.7%	\$1.040	\$0.363
015911	EAST CENTRAL ISD	BEXAR COUNTY	7,917	9,112	1,195	15.1%	\$1.040	\$0.280
015912	SOUTHWEST ISD	BEXAR COUNTY	9,684	11,393	1,709	17.6%	\$1.040	\$0.170
015915	NORTHSIDE ISD	BEXAR COUNTY	71,798	89,000	17,202	24.0%	\$1.040	\$0.263
015916	JUDSON ISD	BEXAR COUNTY	17,981	21,301	3,320	18.5%	\$1.040	\$0.425
019907	TEXARKANA ISD	BOWIE COUNTY	5,719	6,660	941	16.5%	\$1.170	\$0.169
020901	ALVIN ISD	BRAZORIA COUNTY	12,131	16,169	4,038	33.3%	\$1.040	\$0.288
020908	PEARLAND ISD	BRAZORIA COUNTY	13,096	17,640	4,544	34.7%	\$1.040	\$0.379
021901	COLLEGE STATION ISD	BRAZOS COUNTY	7,931	9,756	1,825	23.0%	\$1.000	\$0.221
027903	BURNET CONS ISD	BURNET COUNTY	3,083	3,416	333	10.8%	\$1.040	\$0.210
031905	LA FERIA ISD	CAMERON COUNTY	2,899	3,408	509	17.6%	\$1.040	\$0.300
031906	LOS FRESNOS CONS ISD	CAMERON COUNTY	7,510	9,340	1,830	24.4%	\$1.040	\$0.160
031912	SAN BENITO CONS ISD	CAMERON COUNTY	9,886	11,029	1,143	11.6%	\$1.040	\$0.265
036902	BARBERS HILL ISD	CHAMBERS COUNTY	3,020	3,903	883	29.2%	\$1.060	\$0.270
043901	ALLEN ISD	COLLIN COUNTY	13,864	17,590	3,726	26.9%	\$1.040	\$0.430
043905	FRISCO ISD	COLLIN COUNTY	13,411	30,797	17,386	129.6%	\$1.000	\$0.370
043907	MCKINNEY ISD	COLLIN COUNTY	16,663	23,401	6,738	40.4%	\$1.040	\$0.477
043911	PRINCETON ISD	COLLIN COUNTY	2,254	2,769	515	22.8%	\$1.040	\$0.450
043912	PROSPER ISD	COLLIN COUNTY	1,431	3,125	1,694	118.4%	\$1.170	\$0.500
043914	WYLIE ISD	COLLIN COUNTY	6,661	11,349	4,688	70.4%	\$1.170	\$0.340
043919	LOVEJOY ISD	COLLIN COUNTY	993	2,873	1,880	189.3%	\$1.040	\$0.475
046901	NEW BRAUNFELS ISD	COMAL COUNTY	6,360	7,512	1,152	18.1%	\$1.013	\$0.326
046902	COMAL ISD	COMAL COUNTY	11,989	16,051	4,062	33.9%	\$1.040	\$0.270
057906	DESOTO ISD	DALLAS COUNTY	7,651	8,959	1,308	17.1%	\$1.040	\$0.470
057907	DUNCANVILLE ISD	DALLAS COUNTY	11,368	12,660	1,292	11.4%	\$1.040	\$0.378
057910	GRAND PRAIRIE ISD	DALLAS COUNTY	22,132	25,996	3,864	17.5%	\$1.040	\$0.425
057913	LANCASTER ISD	DALLAS COUNTY	4,754	5,995	1,241	26.1%	\$1.035	\$0.378
061901	DENTON ISD	DENTON COUNTY	15,951	22,189	6,238	39.1%	\$1.040	\$0.450
061902	LEWISVILLE ISD	DENTON COUNTY	44,024	50,216	6,192	14.1%	\$1.040	\$0.340
061908	SANGER ISD	DENTON COUNTY	2,150	2,634	484	22.5%	\$1.040	\$0.330
061911	NORTHWEST ISD	DENTON COUNTY	6,917	13,012	6,095	88.1%	\$1.000	\$0.335
061912	LAKE DALLAS ISD	DENTON COUNTY	3,578	3,978	400	11.2%	\$1.170	\$0.480
061914	LITTLE ELM ISD	DENTON COUNTY	3,484	5,855	2,371	68.1%	\$1.040	\$0.490
070908	MIDLOTHIAN ISD	ELLIS COUNTY	5,396	7,124	1,728	32.0%	\$1.040	\$0.368

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070911	RED OAK ISD	ELLIS COUNTY	4,803	5,360	557	11.6%	\$1.170	\$0.330
070912	WAXAHACHIE ISD	ELLIS COUNTY	5,859	6,646	787	13.4%	\$1.040	\$0.320
071901	CLINT ISD	EL PASO COUNTY	8,564	10,899	2,335	27.3%	\$1.040	\$0.295
071907	CANUTILLO ISD	EL PASO COUNTY	4,830	5,745	915	18.9%	\$1.040	\$0.252
071909	SOCORRO ISD	EL PASO COUNTY	32,241	39,771	7,530	23.4%	\$0.966	\$0.223
079901	LAMAR CONSOLIDATED ISD	FORT BEND COUNTY	17,864	22,958	5,094	28.5%	\$1.020	\$0.278
079907	FORT BEND ISD	FORT BEND COUNTY	61,248	68,708	7,460	12.2%	\$1.040	\$0.230
084901	DICKINSON ISD	GALVESTON COUNTY	6,539	8,596	2,057	31.5%	\$1.040	\$0.460
084910	CLEAR CREEK ISD	GALVESTON COUNTY	32,810	37,194	4,384	13.4%	\$1.040	\$0.320
094902	SCHERTZ-CIBOLO-U CITY ISD	GUADALUPE COUNTY	7,257	11,170	3,913	53.9%	\$1.040	\$0.345
100907	LUMBERTON ISD	HARDIN COUNTY	3,466	3,879	413	11.9%	\$1.040	\$0.090
101905	CHANNELVIEW ISD	HARRIS COUNTY	7,451	8,563	1,112	14.9%	\$1.022	\$0.216
101906	CROSBY ISD	HARRIS COUNTY	4,278	4,998	720	16.8%	\$1.040	\$0.300
101907	CYPRESS-FAIRBANKS ISD	HARRIS COUNTY	74,877	100,685	25,808	34.5%	\$1.040	\$0.310
101913	HUMBLE ISD	HARRIS COUNTY	27,009	33,883	6,874	25.5%	\$1.170	\$0.350
101914	KATY ISD	HARRIS COUNTY	42,116	56,862	14,746	35.0%	\$1.127	\$0.400
101915	KLEIN ISD	HARRIS COUNTY	35,558	43,738	8,180	23.0%	\$1.040	\$0.270
101917	PASADENA ISD	HARRIS COUNTY	46,142	51,578	5,436	11.8%	\$1.070	\$0.280
101919	SPRING ISD	HARRIS COUNTY	26,768	33,980	7,212	26.9%	\$1.040	\$0.420
101921	TOMBALL ISD	HARRIS COUNTY	8,415	9,723	1,308	15.5%	\$1.010	\$0.350
101924	SHELDON ISD	HARRIS COUNTY	4,539	6,206	1,667	36.7%	\$1.040	\$0.390
102904	HALLSVILLE ISD	HARRISON COUNTY	3,732	4,169	437	11.7%	\$1.020	\$0.280
105904	DRIPPING SPRINGS ISD	HAYS COUNTY	3,280	4,141	861	26.3%	\$1.040	\$0.450
105906	HAYS CONS ISD	HAYS COUNTY	9,052	13,881	4,829	53.3%	\$1.040	\$0.421
108902	DONNA ISD	HIDALGO COUNTY	11,700	14,566	2,866	24.5%	\$1.040	\$0.160
108904	EDINBURG CISD	HIDALGO COUNTY	25,373	30,749	5,376	21.2%	\$1.040	\$0.150
108905	HIDALGO ISD	HIDALGO COUNTY	3,157	3,529	372	11.8%	\$1.040	\$0.310
108908	MISSION CONS ISD	HIDALGO COUNTY	14,094	15,517	1,423	10.1%	\$1.040	\$0.200
108909	PHARR-SAN JUAN-ALAMO ISD	HIDALGO COUNTY	26,493	30,618	4,125	15.6%	\$1.040	\$0.231
108911	SHARYLAND ISD	HIDALGO COUNTY	6,751	9,274	2,523	37.4%	\$1.040	\$0.145
108912	LA JOYA ISD	HIDALGO COUNTY	21,765	27,055	5,290	24.3%	\$1.040	\$0.282
108913	WESLACO ISD	HIDALGO COUNTY	14,977	16,611	1,634	10.9%	\$1.011	\$0.129
108916	VALLEY VIEW ISD	HIDALGO COUNTY	2,956	4,485	1,529	51.7%	\$1.040	\$0.277
126902	BURLESON ISD	JOHNSON COUNTY	7,279	9,591	2,312	31.8%	\$1.040	\$0.429
129901	CRANDALL ISD	KAUFMAN COUNTY	2,079	2,589	510	24.5%	\$1.040	\$0.439
129902	FORNEY ISD	KAUFMAN COUNTY	3,805	7,438	3,633	95.5%	\$1.040	\$0.420
130901	BOERNE ISD	KENDALL COUNTY	5,380	6,299	919	17.1%	\$1.040	\$0.290

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146901	CLEVELAND ISD	LIBERTY COUNTY	3,329	3,672	343	10.3%	\$1.040	\$0.275
152906	LUBBOCK-COOPER ISD	LUBBOCK COUNTY	2,408	3,452	1,044	43.4%	\$1.040	\$0.245
152907	FRENSHIP ISD	LUBBOCK COUNTY	5,506	7,043	1,537	27.9%	\$1.040	\$0.460
161903	MIDWAY ISD	MCLENNAN COUNTY	5,881	6,517	636	10.8%	\$1.040	\$0.280
170902	CONROE ISD	MONTGOMERY COUNTY	39,246	47,996	8,750	22.3%	\$1.040	\$0.230
170903	MONTGOMERY ISD	MONTGOMERY COUNTY	4,640	6,304	1,664	35.9%	\$1.040	\$0.310
170904	WILLIS ISD	MONTGOMERY COUNTY	4,741	6,026	1,285	27.1%	\$1.040	\$0.330
170906	MAGNOLIA ISD	MONTGOMERY COUNTY	9,135	11,315	2,180	23.9%	\$1.040	\$0.360
170908	NEW CANEY ISD	MONTGOMERY COUNTY	7,282	9,122	1,840	25.3%	\$1.040	\$0.400
178914	FLOUR BLUFF ISD	NUECES COUNTY	5,066	5,601	535	10.6%	\$1.040	\$0.030
184907	ALEDO ISD	PARKER COUNTY	3,495	4,579	1,084	31.0%	\$1.040	\$0.385
191901	CANYON ISD	RANDALL COUNTY	7,721	8,595	874	11.3%	\$1.040	\$0.250
199901	ROCKWALL ISD	ROCKWALL COUNTY	10,096	13,497	3,401	33.7%	\$1.040	\$0.430
199902	ROYSE CITY ISD	ROCKWALL COUNTY	2,694	4,323	1,629	60.5%	\$1.040	\$0.390
212903	LINDALE ISD	SMITH COUNTY	3,109	3,488	379	12.2%	\$1.060	\$0.245
212906	WHITEHOUSE ISD	SMITH COUNTY	4,096	4,506	410	10.0%	\$1.040	\$0.158
220904	EVERMAN ISD	TARRANT COUNTY	3,832	4,929	1,097	28.6%	\$1.040	\$0.320
220907	KELLER ISD	TARRANT COUNTY	21,803	30,299	8,496	39.0%	\$1.040	\$0.377
220908	MANSFIELD ISD	TARRANT COUNTY	21,060	30,759	9,699	46.1%	\$1.040	\$0.410
220910	LAKE WORTH ISD	TARRANT COUNTY	2,392	2,839	447	18.7%	\$1.170	\$0.495
220912	CROWLEY ISD	TARRANT COUNTY	11,819	15,031	3,212	27.2%	\$1.040	\$0.495
220918	EAGLE MT-SAGINAW ISD	TARRANT COUNTY	8,517	15,292	6,775	79.5%	\$0.996	\$0.470
220920	WHITE SETTLEMENT ISD	TARRANT COUNTY	4,828	5,878	1,050	21.7%	\$1.040	\$0.458
221912	WYLIE ISD	TAYLOR COUNTY	2,804	3,191	387	13.8%	\$1.040	\$0.090
227904	PFLUGERVILLE ISD	TRAVIS COUNTY	16,592	21,719	5,127	30.9%	\$1.040	\$0.420
227907	MANOR ISD	TRAVIS COUNTY	3,227	6,222	2,995	92.8%	\$1.040	\$0.495
227910	DEL VALLE ISD	TRAVIS COUNTY	7,656	9,555	1,899	24.8%	\$1.040	\$0.440
227913	LAKE TRAVIS ISD	TRAVIS COUNTY	4,818	6,145	1,327	27.5%	\$1.040	\$0.276
240903	UNITED ISD	WEBB COUNTY	32,262	40,080	7,818	24.2%	\$1.030	\$0.155
246904	GEORGETOWN ISD	WILLIAMSON COUNTY	8,662	10,226	1,564	18.1%	\$1.040	\$0.250
246906	HUTTO ISD	WILLIAMSON COUNTY	1,982	4,858	2,876	145.1%	\$1.040	\$0.395
246909	ROUND ROCK ISD	WILLIAMSON COUNTY	35,553	41,733	6,180	17.4%	\$1.017	\$0.315
246913	LEANDER ISD	WILLIAMSON COUNTY	18,201	28,507	10,306	56.6%	\$1.040	\$0.339
247903	LA VERNIA ISD	WILSON COUNTY	2,419	2,916	497	20.5%	\$1.040	\$0.339
253901	ZAPATA COUNTY ISD	ZAPATA COUNTY	3,163	3,691	528	16.7%	\$1.040	\$0.120
	<b>State (1,025)</b>		<b>4,263,680</b>	<b>4,646,668</b>	<b>382,988</b>	<b>9.0%</b>	<b>\$1.042</b>	<b>\$0.231</b>
	<b>Non Fast-Growth (912)</b>		<b>2,826,424</b>	<b>2,833,055</b>	<b>6,631</b>	<b>0.2%</b>	<b>\$1.038</b>	<b>\$0.185</b>
	<b>Fast-Growth (113)</b>		<b>1,437,256</b>	<b>1,813,613</b>	<b>376,357</b>	<b>26.2%</b>	<b>\$1.048</b>	<b>\$0.301</b>