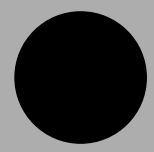
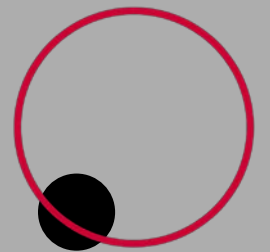
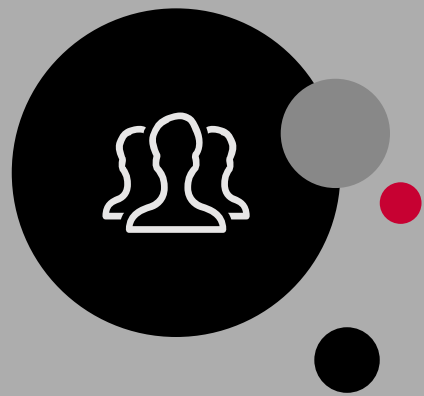


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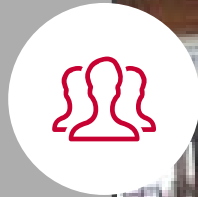
**School Finance  
Reform**



**Property Tax**



**Funding**



**Compensation &  
Other  
Requirements**



**Budget**





## House Bill 3

**\$11.6 billion invested**



\$6.4 billion into  
schools



\$5.2 billion into  
property tax relief



# House Bill 3

\*ADA is a calculation of the Average Daily Attendance of students.

## STATEWIDE IMPACT OVER THE BIENNIUM

- State's share of school finance increases to 45%.
- Maintenance & Operations tax rates are reduced.
- Recapture is reduced (47%).
- The Basic Allotment per ADA\* is increased (19.8%).



# Sample Reduction in M&O Tax Rate

<b>TAX</b>	<b>2018-2019</b>	<b>2019-2020</b>
Tier 1 Compressed M & O Rate	\$1.00	\$0.93
Golden Pennies	\$0.06	\$0.08
Copper Pennies	\$0.11	\$0.0584
<b>TOTAL M &amp; O Tax Rate</b>	<b>\$1.17</b>	<b>\$1.0684</b>



# Sample Reduction in M&O Tax Rate

- 10.16 cent reduction in tax rate.
- \$389 savings on average \$382,000 single family home. Growth in value may negate some savings.
- Tier 1 tax rates are compressed further in future years to reduce tax revenue to no more than 2.5% growth over prior year. *(Maintain equity by ensuring no district's M&O rate is compressed more than 10% lower than the highest M&O rate.)*



**Lower Tax Revenue = Fewer \$ Recaptured**

**Calculation of Recapture:**

= Amount of tax dollars collected over the district's  
Tier 1 & Tier 2 entitlements



# **TIER 1 (Basic Funding for all districts) Recapture Calculation**

**Current year Tier 1 Tax Revenue**

**- Tier 1 Entitlement (not including ASF\*)**

---

**= Local Revenue in excess of entitlement  
(Recapture)**

\* ASF = Available School Fund per capita amount





# **TIER 2 (Voter approved funding) Recapture Calculation**

Current year Tier 2 Tax Revenue

- Tier 2 Entitlement (Golden & Copper Pennies)

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= Local Revenue in excess of entitlement  
(Recapture)



# House Bill 3

\*ADA is a calculation of the Average Daily Attendance of students.

## TIER 1 ENTITLEMENT

BASIC ALLOTMENT (\$6,160) x ADA\*

+

Weighted Allotments for Special Populations

+

Other allotments not based on ADA



# TIER 1 Weighted Allotments

HB3 revises formula to support the **neediest students**, support the **teaching profession**, improve **reading outcomes**, improve **special education** and improve **college, career & military** readiness.

- Special Education
- Dyslexia
- Compensatory Education
- Bilingual/ESL
- Career & Technology
- Early Education (Pre-K)
- Fast Growth district



# TIER 1 Gifted & Talented Allotment

Note that some allotments were eliminated by HB3. Cost of Education Index, Gifted and Talented, & High School allotments eliminated. Phase out of Hold Harmless provision.

- Previous GT weighting was limited to 5% of ADA.
- CISD has typically spent more than the previous allotment on GT programs and will continue to fund GT programs.
- HB3 requires that the district adopt a policy regarding use of funds for GT programs and certify compliance to this policy.



## **TIER 1 Other Allotments**

- **Transportation Allotment (\$1.00/mile).**
- **New Instructional Facility Allotment (up to \$1,000/student for first year).**
- **Teacher Incentive Allotment for National Board Certification or local designations for high needs/rural areas.**
- **Teacher Mentorship program to fund stipends.**
- **College, Career and Military Readiness Outcomes Bonus.**



# Highlights

Full-time  
Employee  
Compensation

Fast Growth District  
designation



## House Bill 3

\*ADA is a calculation of the Average Daily Attendance of students.

### HB3 Funding to support the Teaching Profession:

In any year the Basic Allotment is increased, districts are required to allocate 30% of their year-over-year budget increase (per ADA\*) toward full time employee compensation increases.



# House Bill 3

30% of increased funding



75% must be spent on compensation increases for Teachers, Nurses, Librarians, & Counselors. Prioritize increases for Teachers with over 5 years of service.

25% must be spent on compensation increases for other full-time employees other than Administrators





# State Minimum Salary Schedule

- The State Minimum Salary Schedule has increased roughly \$3,000 per creditable year due to this requirement.
- State Schedule: Year = 0 (\$33,660) through Year = 20+ (\$54,540)
- CISD staff will propose a starting salary of **\$54,600/year** for 2019-20.



## **SB 12: TRS increases**

Phases in state, employer and employee contributions to improve the actuarial status of the TRS pension system.

- State increases contribution from 6.8% to 7.5% (2020) increasing to 8.25% (2024).
- Employer increases contribution from 1.5% to 1.6% (2021) with 1/10<sup>th</sup> % increases each year up to 2% (2025).
- Employee increases contribution from 7.7% to 8% (2022) and 8.25% in 2024.



# House Bill 3

## **CISD values all employees**

CISD staff will recommend the Board approve a compensation plan increase that far exceeds the amount (30%) required to be spent on each group under HB3.



# Fast Growth District

- Districts in the top 25% of enrollment growth.
- \$3.1 Million allotment for CISD (4.3% growth between 2017 – 2019)
- TEA has published a “preliminary” list of districts that qualify for the Fast Growth Allotment with a caveat that it is subject to change based on rule making.
- CISD growth is slowing, may not qualify in 20-21.



# **HB3 requirements to be added to 2019-20 proposed budget\*:**

**Budget  
Updates**

- Full Day Pre-K staffing, supplies, transportation.
- Fast Growth Allotment.
- New Instructional Facility Allotment.
- Prioritized compensation increases for teachers > 5 years of service.
- Health care contribution increase for all employees.
- Adjustment to state aid and recapture.

\* UPDATES NOT INCLUDED IN JUNE 10<sup>th</sup> WORKSHOP. Will be incorporated in July 15<sup>th</sup> budget workshop.

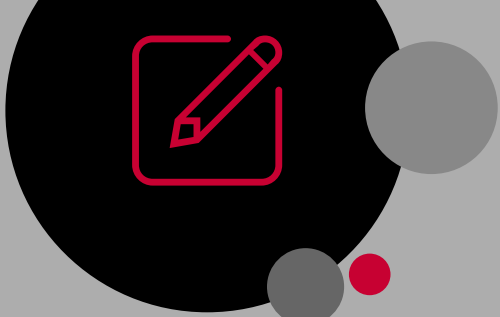


# **Additional revenue/expenditures added to Proposed 2019-20 Budget**

<b>ESTIMATED based on most recent information**</b>	<b>With Fast Growth Allotment</b>	<b>Without Fast Growth Allotment</b>
<b>Estimated Revenues (net of recapture):</b>	<b>\$116,505,828</b>	<b>\$112,884,662</b>
<b>Estimated Expenditures:</b>	<b>\$119,794,361</b>	<b>\$119,794,361</b>
<b>Increase/Decrease in Fund Balance:</b>	<b>\$ (3,288,533)</b>	<b>\$ (6,909,699)</b>

3% salary increase, ADA = 12,608

\*\* update in recapture, state aid and other formula changes



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