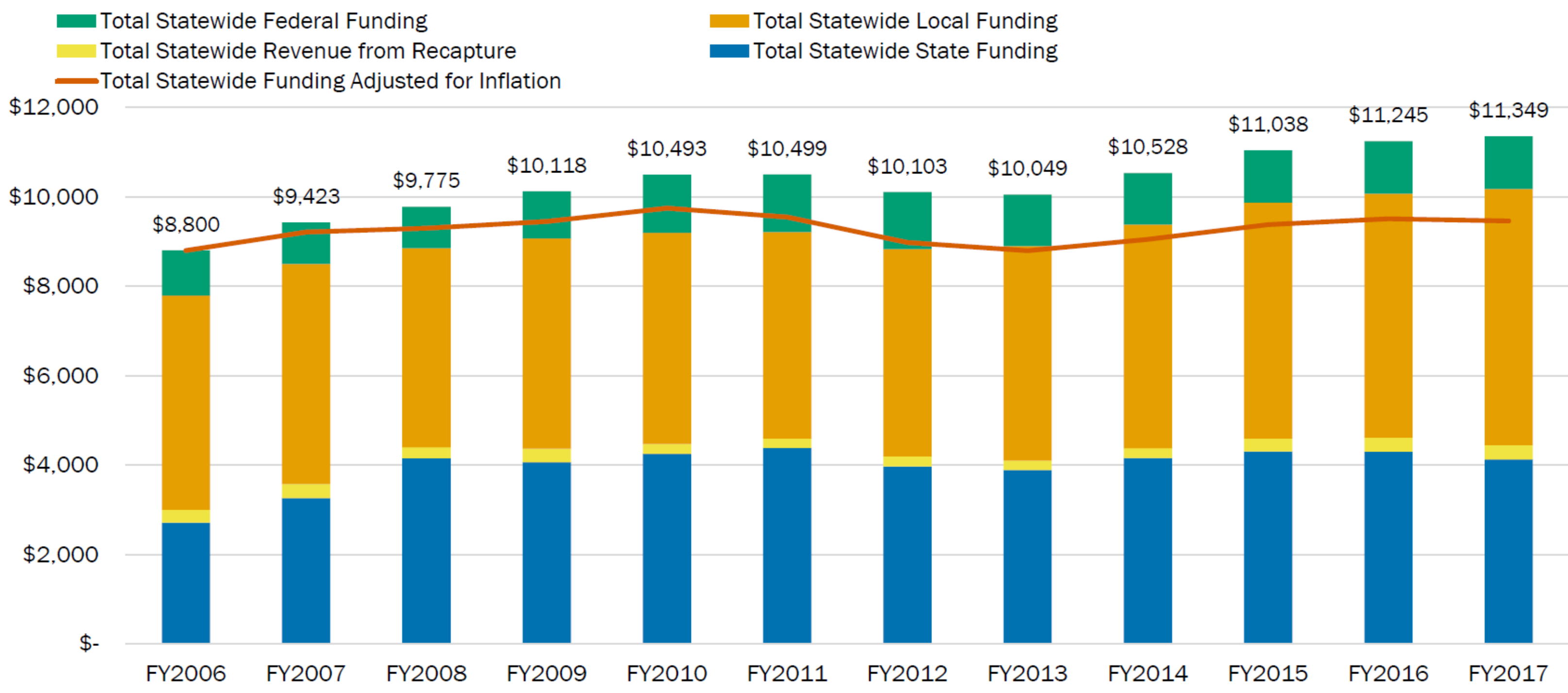
Governor’s 2.5% Revenue Cap

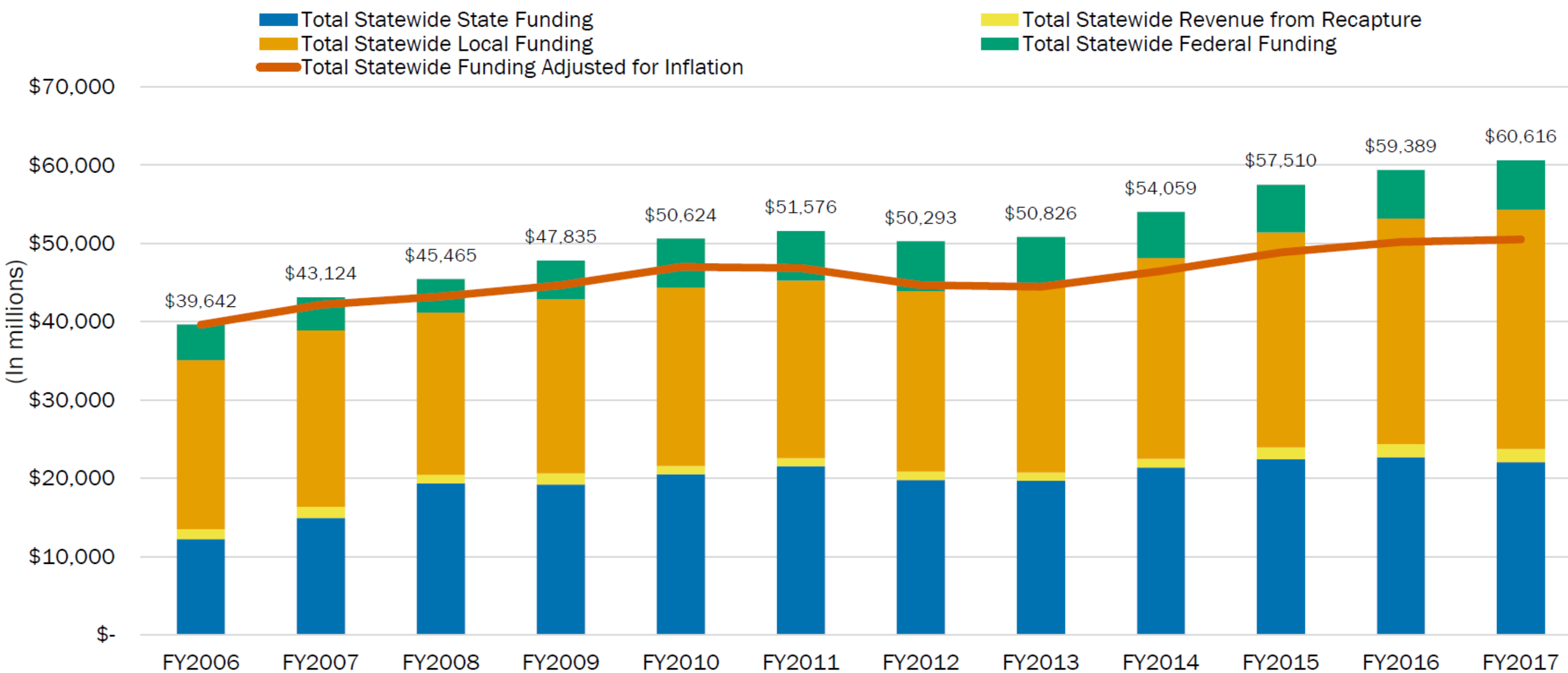
- Revenue cap on year-to-year increases in revenue from properties that exist in both years
- Implemented as a cap on tax rate
- Reduces allowable adopted rate
- Reduces compressed rate without proportionately reducing formula funding
- Increases equalized wealth level to reduce recapture without negatively impacting the amount of local tax revenue kept
- Differing reductions in each district based on value growth

Merely increasing spending will not solve our education problem, but more money spent in a better way can improve student outcomes.

Total funding per enrolled student has increased 29% (from $8,800 in FY2006 to $11,349 in FY2017)

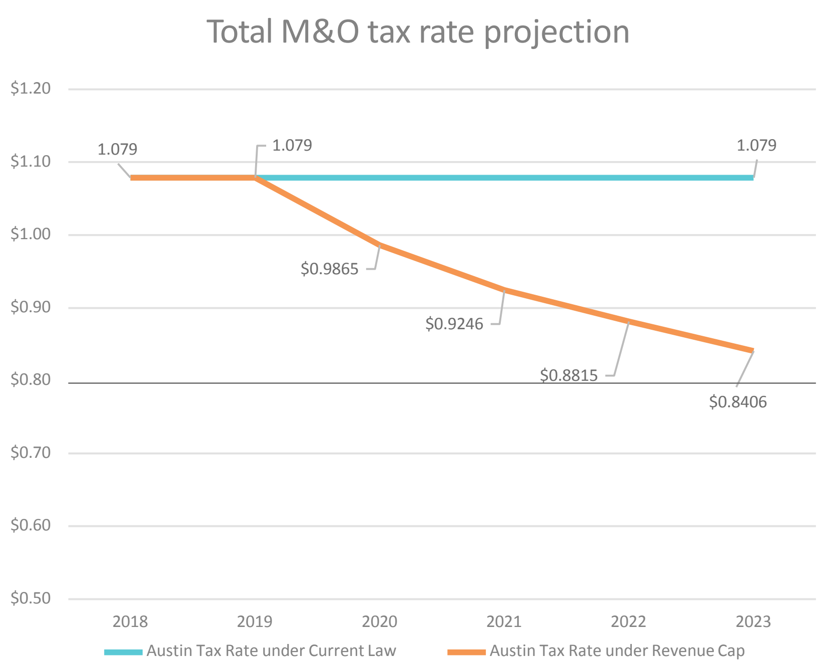


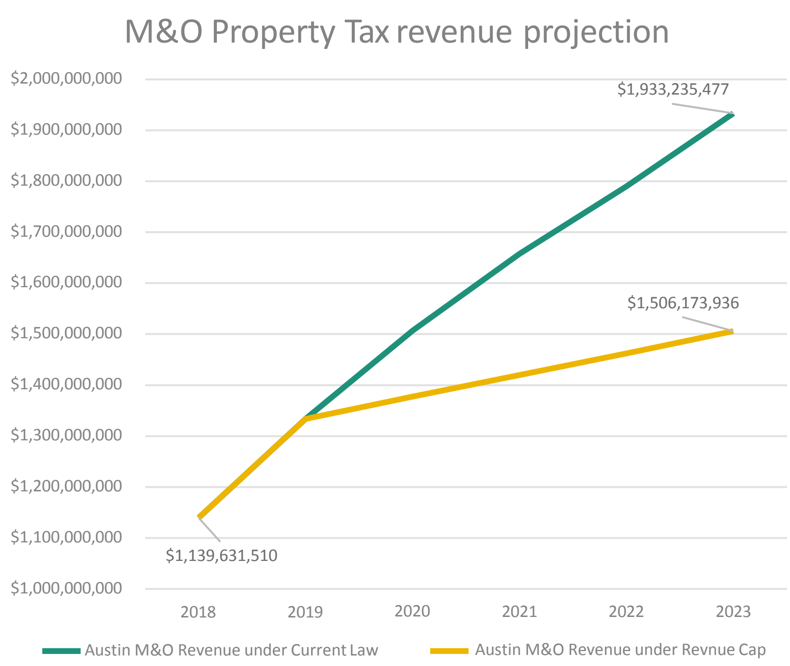
Total annual funding has increased 53% (from $39.6 billion in FY2006 to $60.6 billion in FY2017)



Projected Tax Effects - Austin ISD

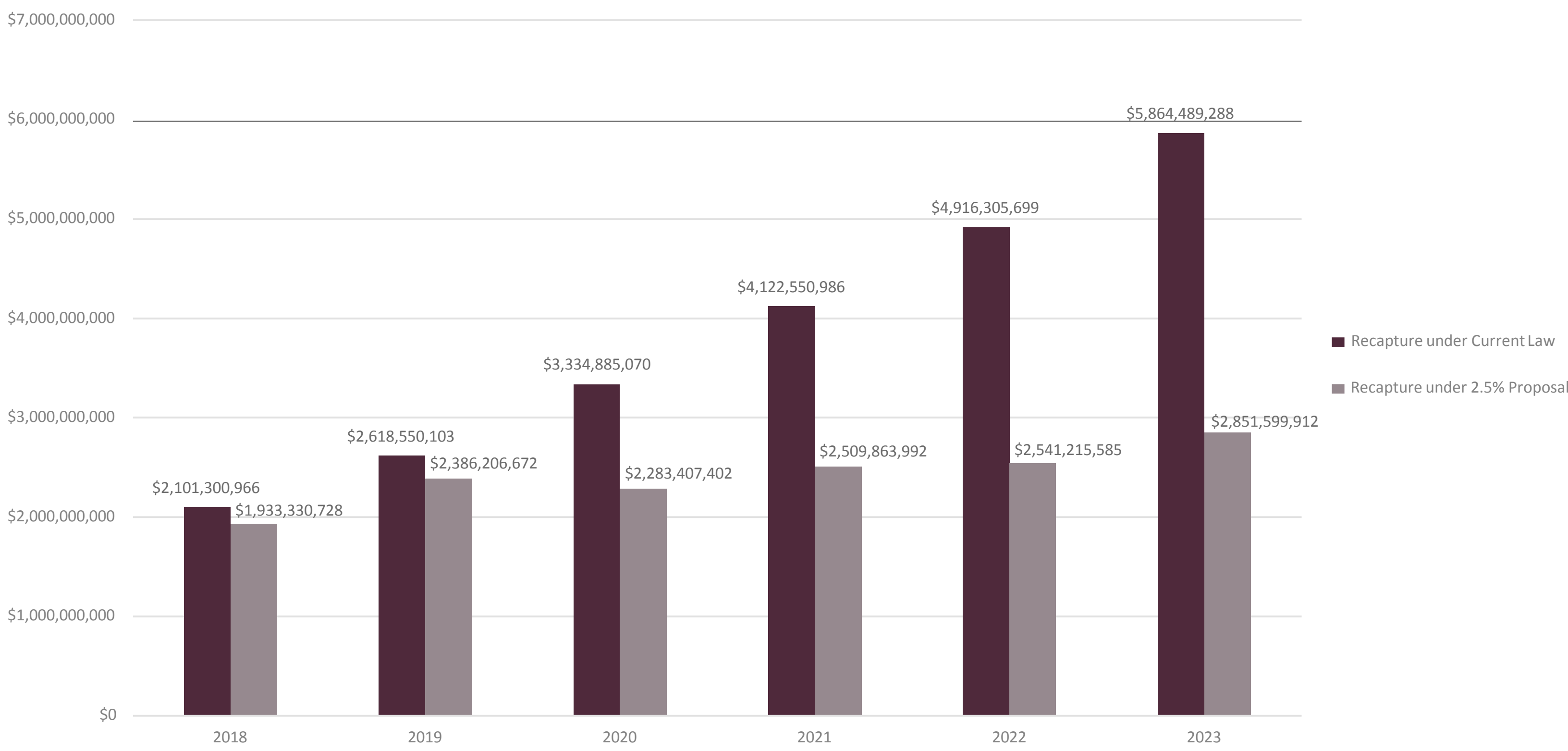
Note: All projections are in draft form and are subject to change.





October 29, 2018

Projected Recapture Effects - Statewide



Observations and Questions

- How and when does the degree of compressed rate adjustment get calculated?
- If revenue cap is applied to the current year based on current value growth, when is that growth measured and by whom?
- When would TEA acquire information?
- What happens when Comptroller finds local values to be invalid?
- What happens to the compressed rate when values fall or fail to reach 2.5% growth? Is the "revenue cap" raised?
- Shifting to current year values would likely do away with the one-year advantage to value growth that exists today. It would make the questions identified above even more pressing.