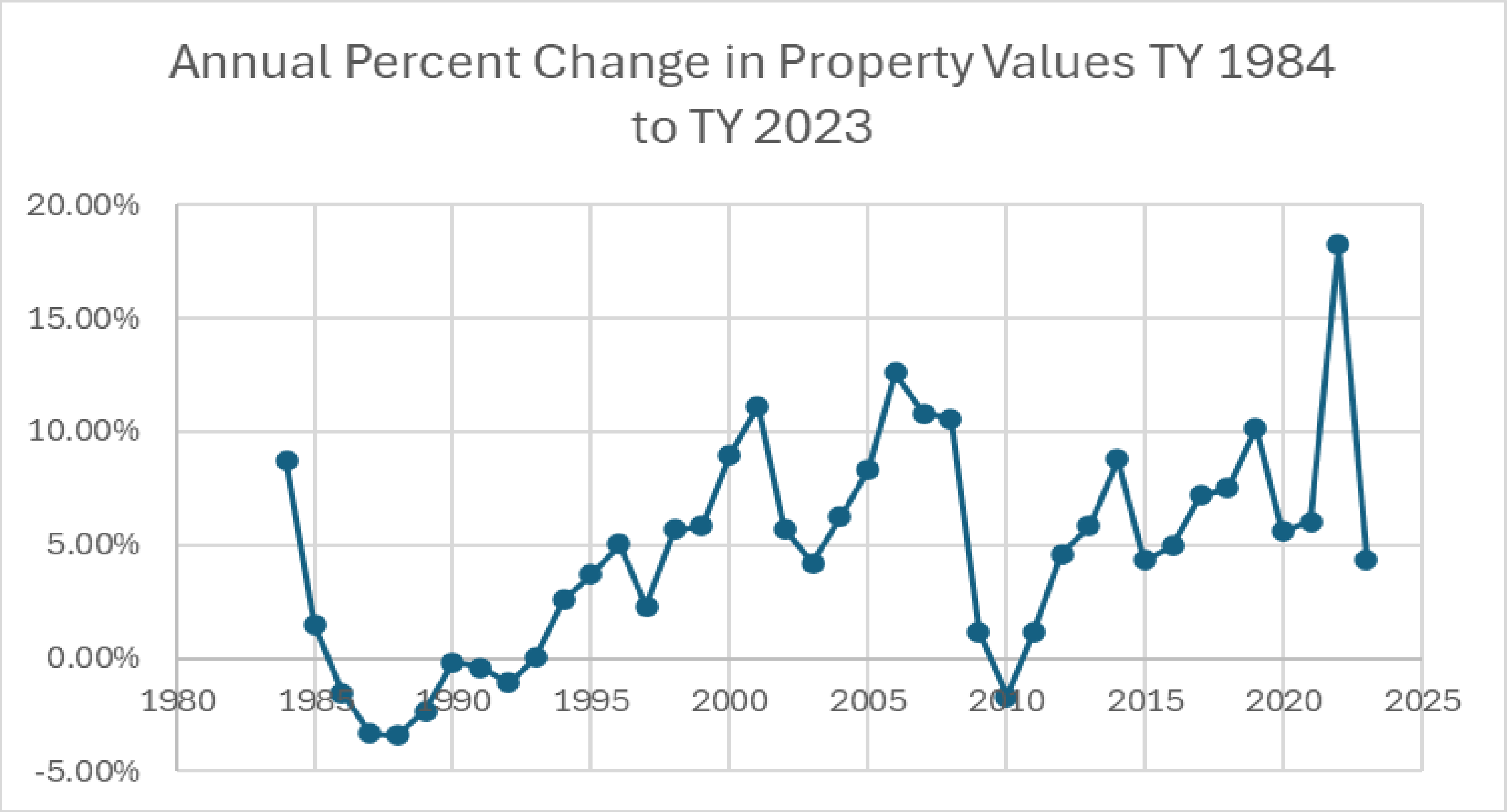
tasbo

Update to the Texas School Alliance

September 10, 2024

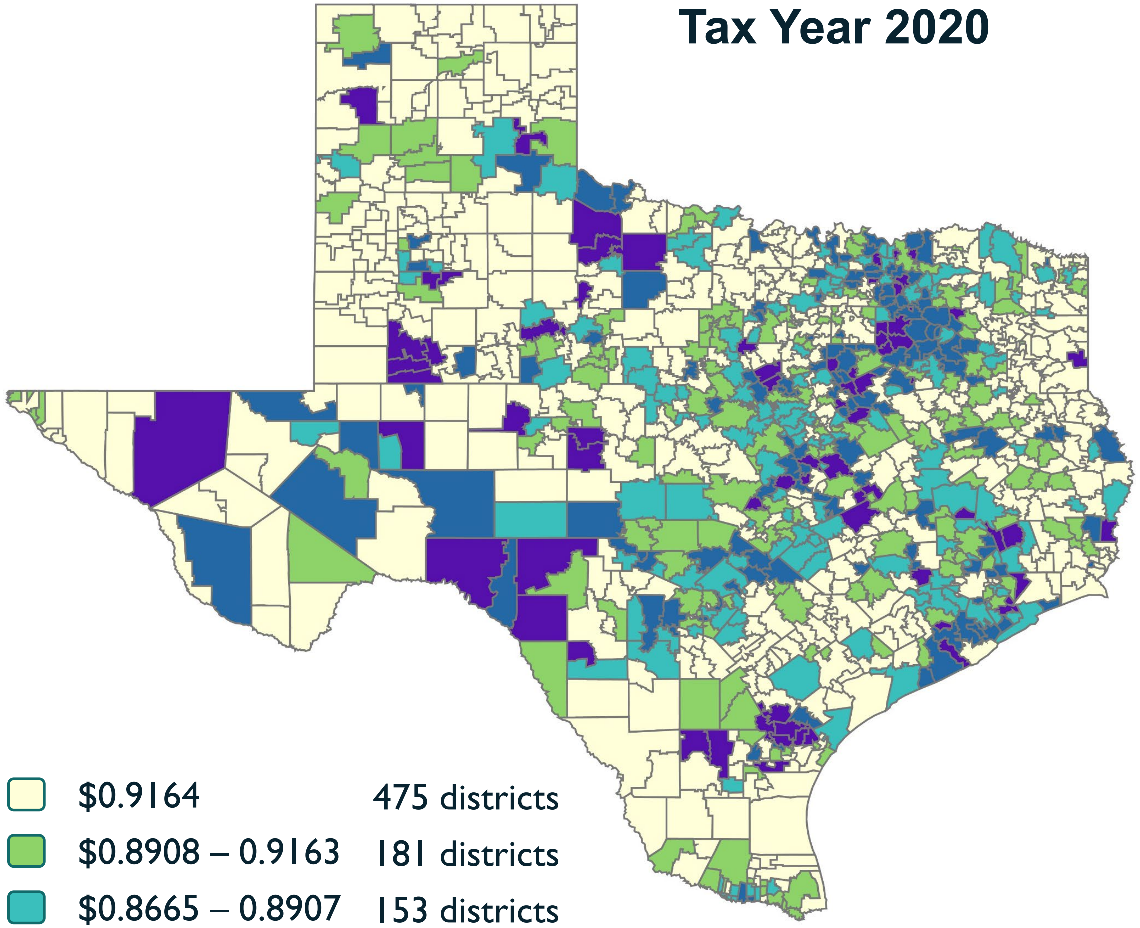
State Economic Update

Property Value Growth

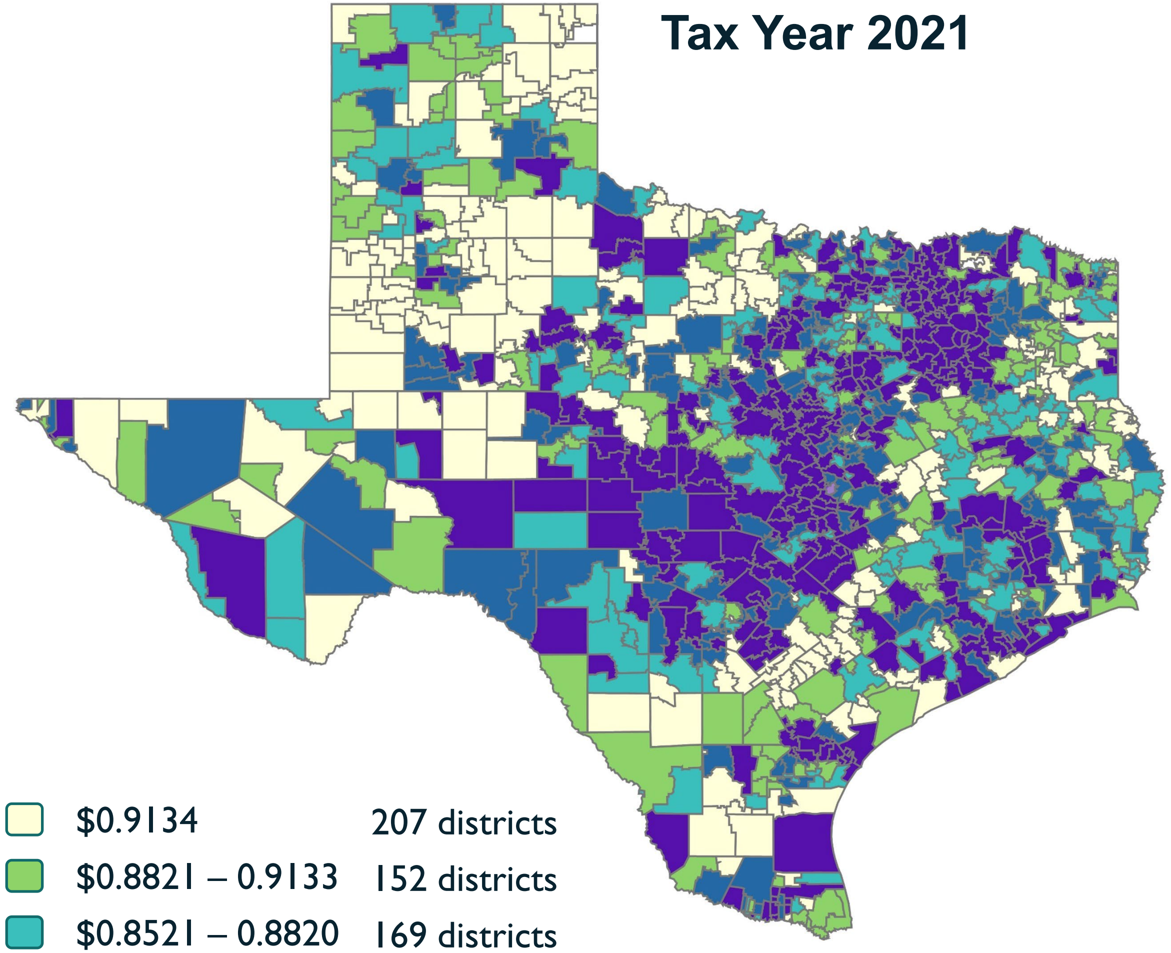


TY 2022 values grew by more than 18% on average. Rate of growth slowed in TY 2023.

TAX RATE COMPRESSION:

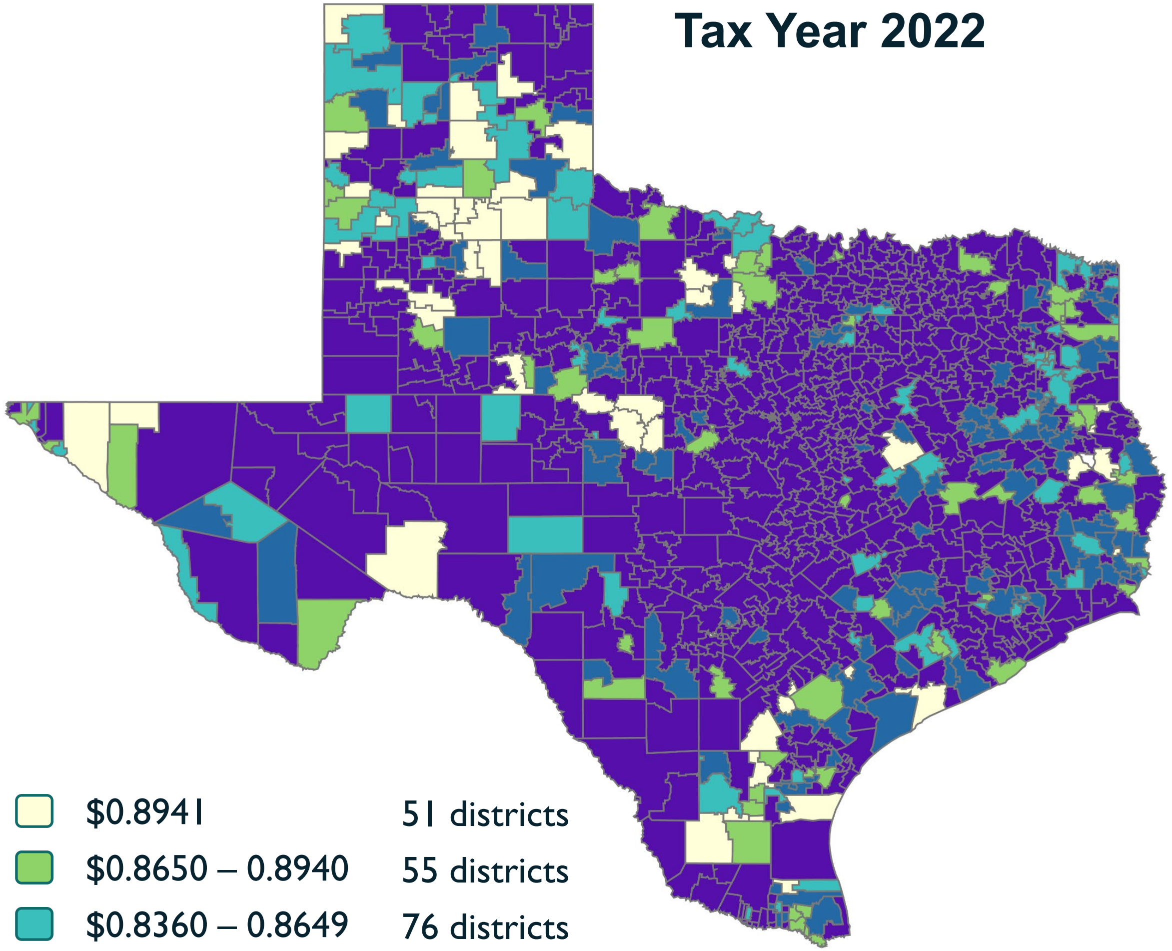


$0.9164	475 districts
$0.8908 – 0.9163	181 districts
$0.8665 – 0.8907	153 districts
$0.8248 – 0.8664	134 districts
$0.8247	72 districts

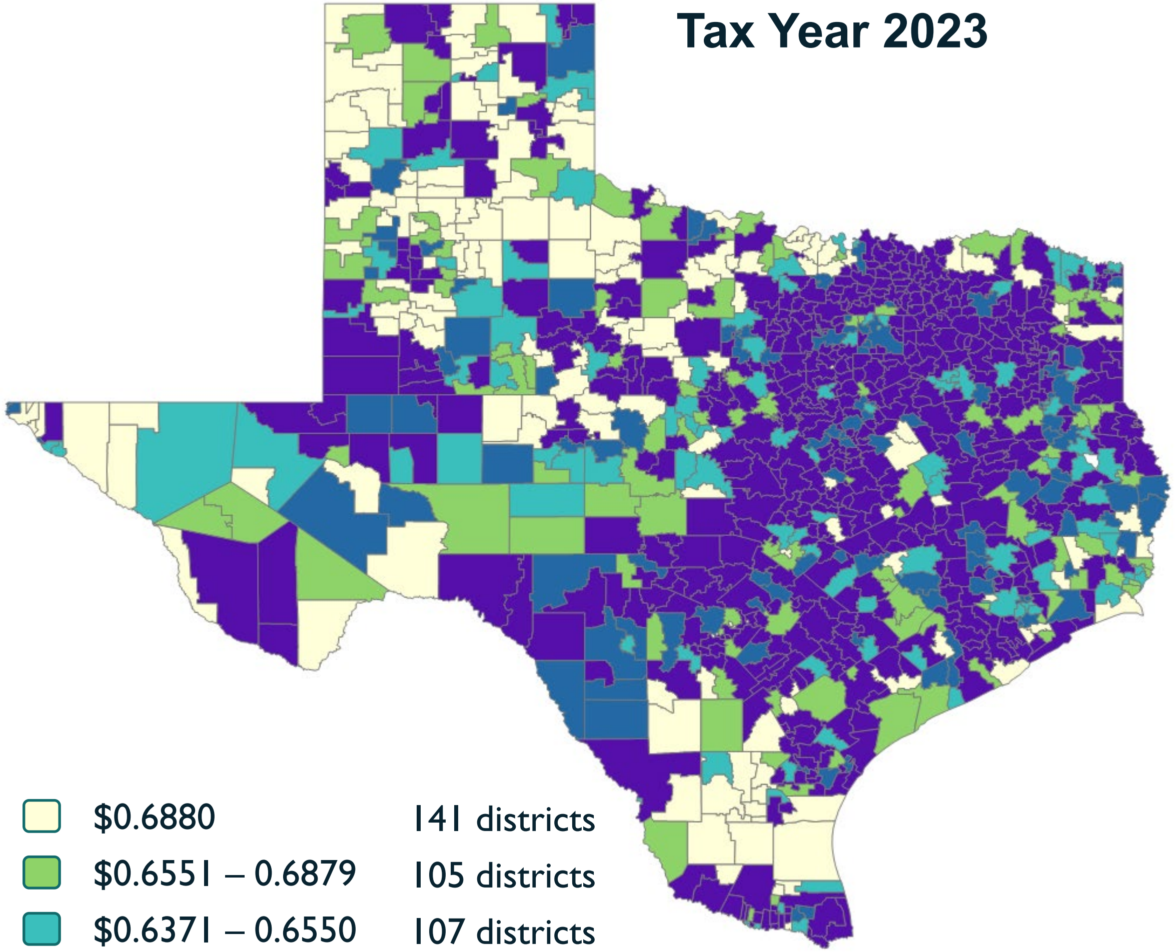


$0.9134	207 districts
$0.8821 – 0.9133	152 districts
$0.8521 – 0.8820	169 districts
$0.8221 – 0.8520	173 districts
$0.8220	314 districts

TAX RATE COMPRESSION:

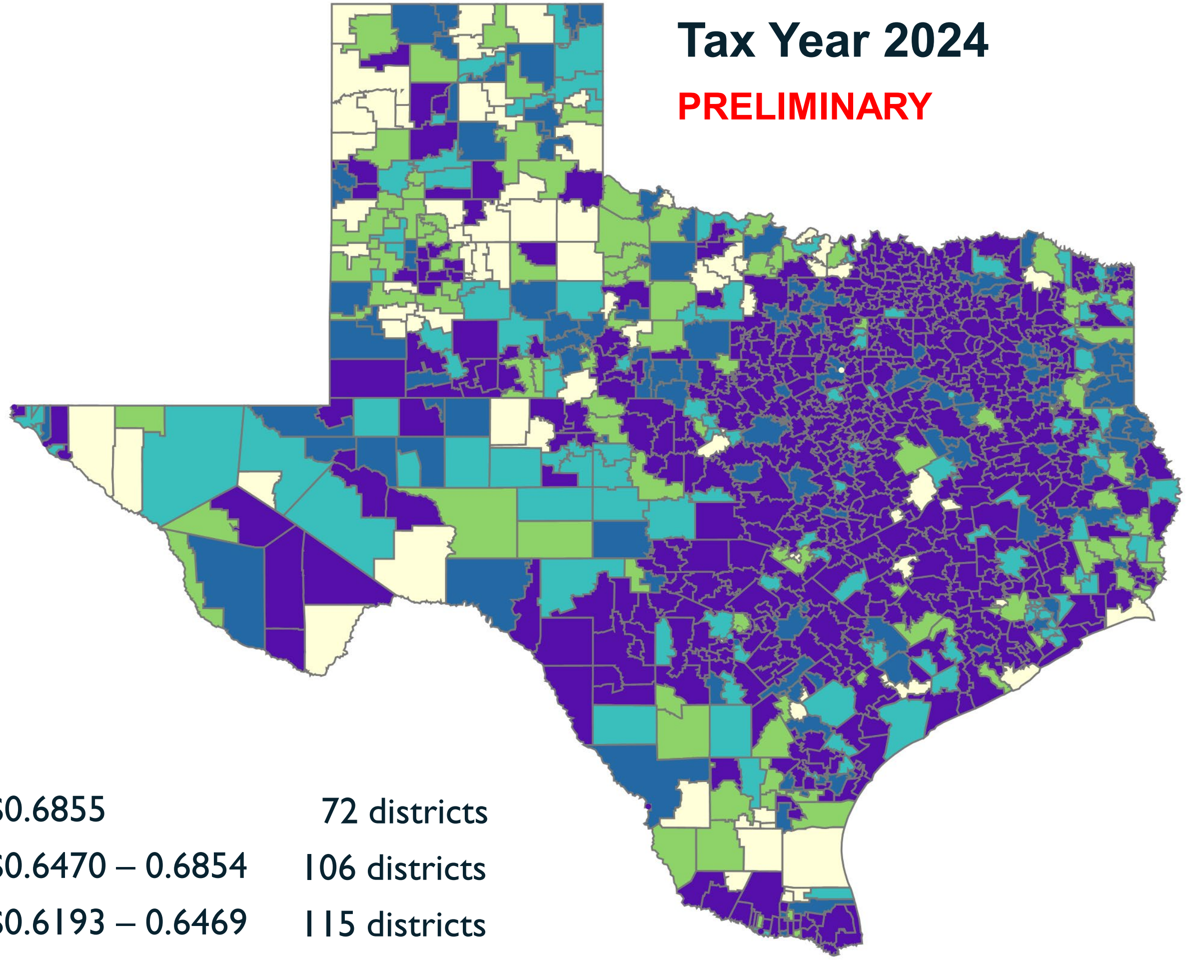


$0.8941	51 districts
$0.8650 – 0.8940	55 districts
$0.8360 – 0.8649	76 districts
$0.8047 – 0.8359	131 districts
$0.8046	701 districts



$0.6880	141 districts
$0.6551 – 0.6879	105 districts
$0.6371 – 0.6550	107 districts
$0.6193 – 0.6370	111 districts
$0.6192	550 districts

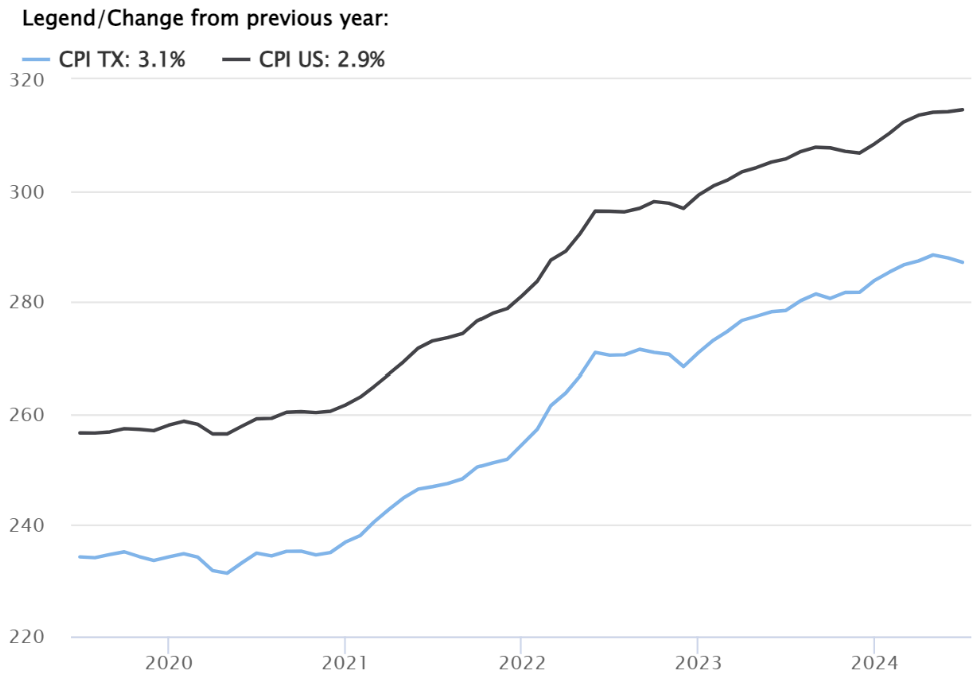
TAX RATE COMPRESSION:



$0.6855	72 districts
$0.6470 – 0.6854	106 districts
$0.6193 – 0.6469	115 districts
$0.6170 – 0.6192	134 districts
$0.6169	586 districts

Inflation

Measures of Inflation



*Excluding food and energy
Source: US Bureau of Labor Statistics and Comptroller of Public Accounts, based on data provided by Bureau of Labor Statistics

While the rate of growth in inflation has slowed, we have not experienced deflation, so prices are more than 20% higher than they were in 2019.

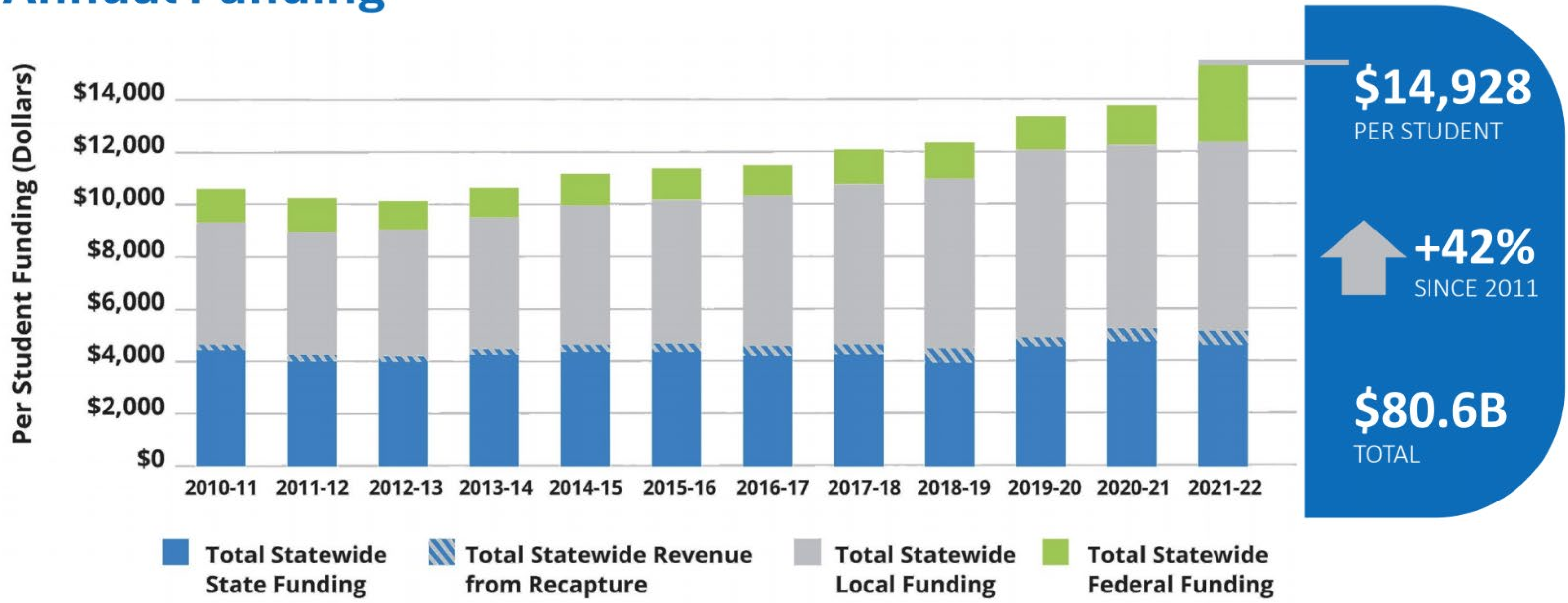
Comptroller Forecast: July Update

The CRE forecast a 2024-25 ending certification balance of $18.3 billion. Adjustments to account for subsequent appropriations provided by SB 3, 88th Legislature, Fourth Called Session, for border initiatives and the final unencumbered and unobligated fiscal 2023 General Revenue Fund ending balance reduced that expectation to $16.7 billion.

That projected ending balance included costs for $4.5 billion in contingent appropriations for public education and education savings accounts for which the requisite legislation was not enacted. Assuming no further legislative action ahead of the 89th Legislature, my office estimates a 2024-25 ending balance of $21.2 billion. There will likely be a need, of course, for supplemental appropriations for the 2024-25 biennium. Current projections indicate appropriations will be needed for Medicaid and the Foundation School Program. If such appropriations are made, the 2024-25 ending balance will be roughly $20 billion.

Differing Views on School Spending

Annual Funding

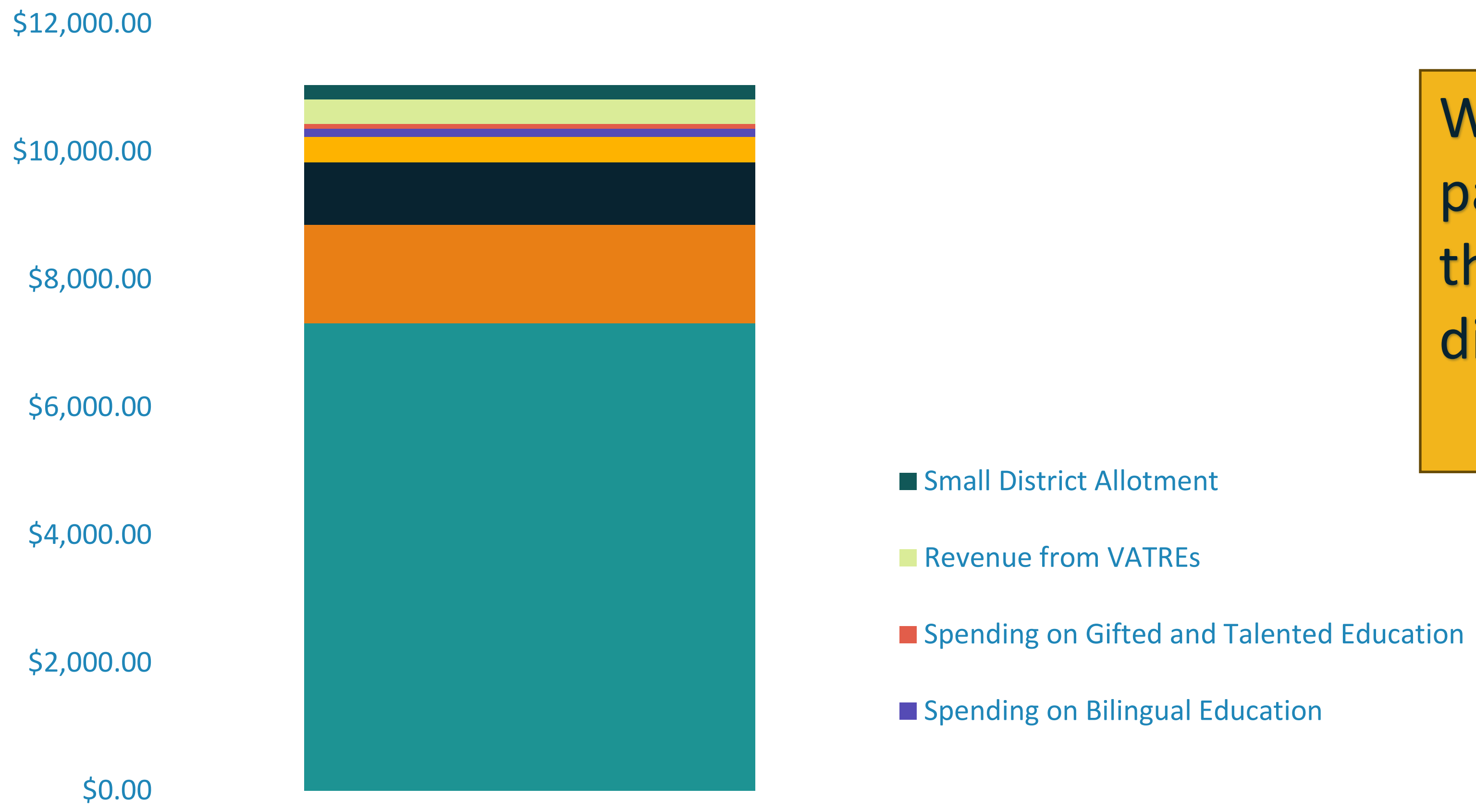


Revenue by Category

FY 22 Revenue	Amount per Student
Total TEA Reported Revenue	$14,928
Spent by Other Entities	$204
Debt Service	$1,699
Temporary ESSER	$875
Federal Free Lunch	$647
TRS Pass Through	$465
Remaining Revenue	$11,038

Does that mean $11,038 is available for any particular child?

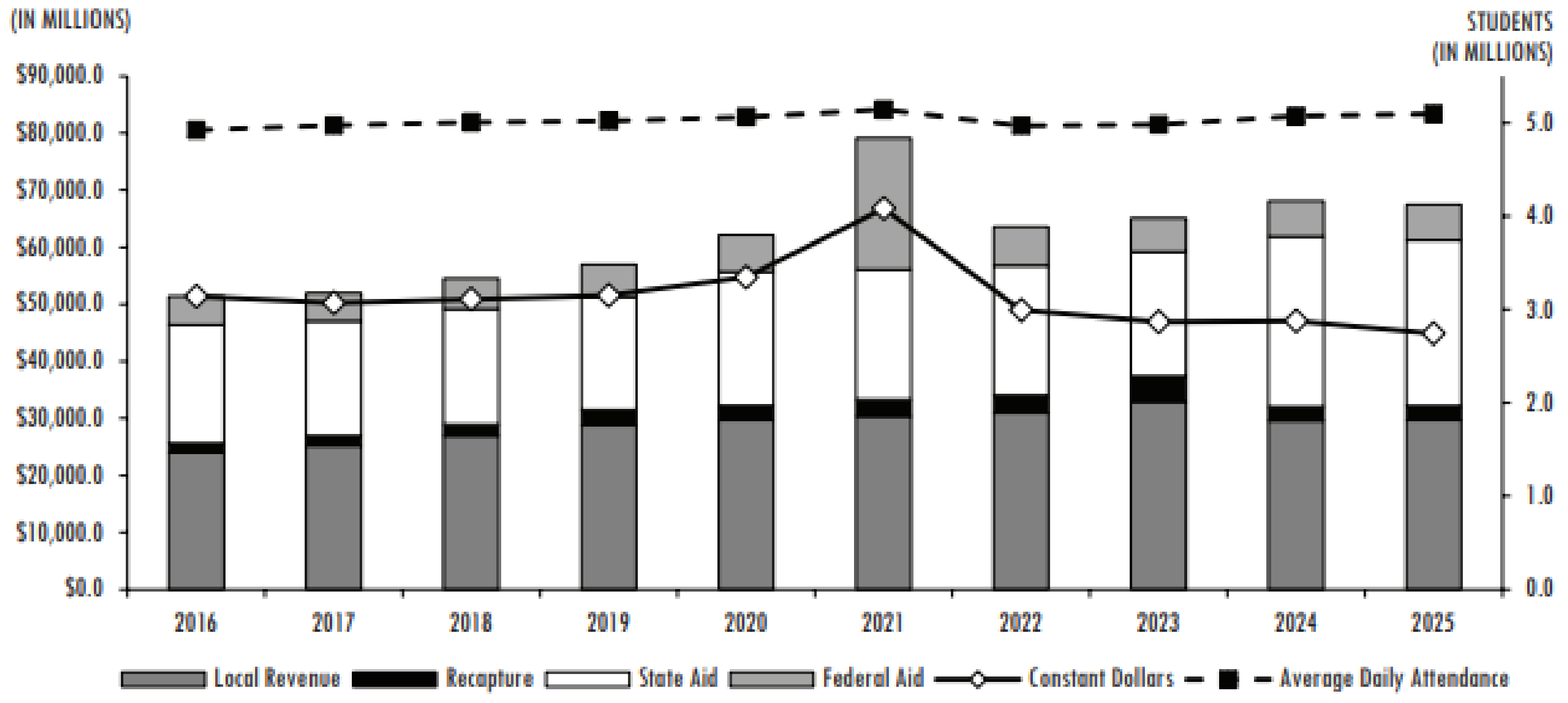
Education Spending per Student



What is spent on any particular child depends on the characteristics of the district and the needs of

Fiscal Size-Up

FIGURE 151
PREKINDERGARTEN TO GRADE 12 TEXAS EDUCATION AGENCY FUNDING IN ACTUAL AND CONSTANT DOLLARS
FISCAL YEARS 2016 TO 2025



[Fiscal Size-up 2024 - 25 Biennium (texas.gov)]

Fiscal Size-Up

YEAR	ACTUAL DOLLARS LOCAL REVENUE (1)	RECAPTURE (1)	STATE AID	FEDERAL AID	TOTAL ACTUAL DOLLARS (2)	TOTAL CONSTANT DOLLARS (3)	AVERAGE DAILY ATTENDANCE (4)
2016	$24,019.2	$1,587.5	$20,792.9	$4,997.1	$51,396.7	$51,396.7	4,922,493
2017	$25,223.7	$1,721.9	$20,098.2	$4,907.2	$51,951.0	$50,227.6	4,972,376
2018	$26,939.2	$2,004.9	$20,213.4	$5,380.7	$54,538.2	$50,888.9	5,005,005
2019	$28,780.3	$2,702.8	$19,818.5	$5,647.9	$56,949.5	$51,549.9	5,020,341
2020	$29,661.9	$2,556.7	$23,505.9	$6,409.2	$62,133.6	$54,764.5	5,061,017
2021	$30,339.1	$2,967.0	$22,800.9	$23,023.6	$79,130.6	$66,774.1	5,140,653
2022	$30,984.2	$3,007.4	$22,763.7	$6,825.9	$63,581.1	$48,966.6	4,969,086
2023	$32,890.7	$4,533.2	$21,782.8	$5,880.1	$65,086.8	$46,907.9	4,981,161
2024	$29,598.9	$2,476.0	$29,775.7	$6,253.5	$68,104.0	$47,078.1	5,071,347
2025	$29,680.2	$2,533.6	$29,024.3	$6,234.9	$67,473.0	$44,901.3	5,095,452

Compared to 2019-2020, constant dollar spending is down by $9.863 billion per year.

Factors Impacting School Revenue Depictions

- What dollars are included?
  - Only dollars allocated to LEAs, or dollars allocated to other entities that are directed toward an education-related purpose?
  - Only dollars available for classroom instruction, or other dollars as well (debt repayment, free-lunch, TRS contributions, etc.)?
- What is the beginning and end year?
  - Start at relative low, or high year of spending? End with last year of actual data, or include forecast to capture current reality
- Display actual constant dollar values?
  - Both can be accurate, but only constant dollar values capture purchasing-power of funds available

Will They Begin Where they Left Off?

House Bill 1 , 4th Called Special Session

- 177 pages
- School finance and Education Savings Accounts in same bill
- Significant changes to the minimum salary schedule, increases in TIA salaries
- Increase in small / midsized allotments
- Small increase in comp ed allotment, extends early ed allotment to pre-k
- Lots of new allotments: military connected students, book safety, disaster insurance, special education evaluations
- Basic allotment increase to $6,700 with out-year adjustments for inflation
- Biennial cost of $7.6 billion, with escalating spending in future biennia

Will They Begin Where they Left Off?

House Bill 1 , 4th Called Special Session

- SB 1 Education Savings Accounts
- SB 2 School Finance and Teacher Pay
  - 13 pages
  - Increase in TIA salaries
  - Increased basic allotment to $6,235
  - One year teacher retention allotment of $10,000 per teacher in districts < 5,000 students and 3,000 per teacher in districts > 5,000 (2023-2024 only)
  - $5.2 billion biennial cost with similar outyear spending

Appraisal Practices

Appraisal District Practices

[Research_Report_Appraisal_BOD_Responsibilities_final_082824.pdf (tasbo.org)]

TEXAS TAXPAYERS TTARA AND RESEARCH ASSOCIATION

Research Report

August 2024

Powers and Limitations of the Appraisal District Board of Directors

Tarrant Appraisal District Board of Directors Recent Actions

On July 22, 2024, the Tarrant Appraisal District (TAD) Board of Directors (BOD) held its first meeting to include three directors elected to their positions by voters. Elected positions on the appraisal district BODs of some counties were authorized by a constitutional amendment and created by the legislature in 2023. (*See* HJR 2 and SB 2, 88th Leg. 2nd C.S.)

After public comment and a lengthy executive session, the TAD BOD voted to:

- Appraise residential property every two years instead of every year;
- Set the 2025 initial value of residential property at the same amount as 2024; and
- Require “the appraisal district to obtain and rely on clear and convincing evidence of the market value of a residentially coded property whose market value has increased above a threshold level of 5% or more than the market values determined in the prior year’s appraisal rolls.”

All of these decisions are reflected in the 2025-2026 Reappraisal Plan adopted by the TAD BOD on August 9, 2024.

The actions of the TAD BOD raise concerns about equal and uniform taxation, the scope of a BOD’s legal authority, and the integrity of the property tax system if other BODs follow TAD's example.

Thank you for Your Time Today!

Contact Information:

Amanda Brownson	abrownson@tasbo.org
Kristi Clark	kclark@tasbo.org
Tracy Ginsburg	tginsburg@tasbo.org
Sonya Niazy	sniazy@tasbo.org
Janét Spurgin	jspurgin@tasbo.org
Karen Wilson	kwilson@tasbo.org

(512) 462-1711

www.tasbo.org

center for school finance by tasbo