



TEXAS SCHOOL FINANCE EXPERTS

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## Public Testimony in Support of SB 1600

This testimony is provided by Moak, Casey & Associates, LLP, on behalf of the Texas School Alliance.

House Bill 1 from the third called session of the 79<sup>th</sup> legislature accomplished many things of which the state should be proud. However, the increased complexity of our formula structure for flowing state public education aid is not one of them.

One area of particular concern that has emerged is the interaction between Chapter 41 requirements and the House Bill 1 hold harmless provisions. When the Legislature committed to make up for lost local tax revenue, it failed to adjust the formula structure to recalibrate the formula financing system, in particular for Chapter 41. Instead, Chapter 41 was actually made more complex by the creation of two different equalized wealth levels.

When direct recapture became a part of our school finance structure in 1993, its purpose was to equalize access to revenues available at a given level of tax effort by limiting local tax revenue in districts from which no more state aid could be withheld. House Bill 1, on the other hand, will result in over a billion of dollars of state aid flowing annually to Chapter 41 districts to make up for lost local tax revenue (see attached list).

We have already begun to see new districts identified as Chapter 41 that will actually receive significantly more hold harmless payment from the state that they will be required to send away in order to reduce their effective property wealth. The Legislature recognized the theoretical possibility that districts could receive hold harmless funding and owe recapture at the same time, and authorized districts to net the hold harmless against recapture expense (§42.2516(i)), but this requires an authorizing election. An election of this type puts the districts in the position of telling voters that they must approve the proposition so that the state can send the district less assistance. In preliminary modeling, we have identified a dozen school districts that might be required to hold such elections this summer and fall because they will technically exceed the 88<sup>th</sup> percentile equalized wealth standard for the first time. Even more will be identified because they exceed the \$319,500 standard applicable to tax rates that exceed the compressed rate plus four cents.

SB 1600 bypasses the election requirement when it is clear the district will not owe funds after netting the hold harmless amount against recapture costs. It does nothing to the districts that have already held Chapter 41 authorization elections. It simply allows new Chapter 41 districts to avoid an unnecessary expense. Until the legislature can undertake a more complete revision of the state's formula funding structure, the mechanism provided by SB 1600 will allow several districts to avoid millions of dollars in unnecessary election costs over the next few years.

**2007-08 Chapter 41 Districts and HB 1 Hold Harmless Amounts**

District Name	County Name	2007-08 Estimated Chapter 41 Cost w/Credits	2007-08 Projected HB 1 Hold Harmless Payment	Recapture Net of Hold Harmless	2007-08 Projected M&O Tax Collections
CHANNING ISD	HARTLEY COUNTY	154,253	340,859	-	1,483,120
CHISUM ISD	LAMAR COUNTY	549,940	1,482,298	-	5,418,401
COLLEGE STATION ISD	BRAZOS COUNTY	6,554,526	14,629,684	-	49,042,943
COMAL ISD	COMAL COUNTY	5,377,952	21,538,119	-	77,342,583
COMSTOCK ISD	VAL VERDE COUNTY	601,330	559,335	41,996	2,233,775
COPPELL ISD	DALLAS COUNTY	25,511,310	16,341,478	9,169,832	69,225,615
CRANE ISD	CRANE COUNTY	13,970,653	5,124,350	8,846,303	22,536,463
CROCKETT CO CONS CSD	CROCKETT COUNTY	19,955,163	2,061,544	17,893,619	27,346,927
CUSHING ISD	NACOGDOCHES COUNTY	636,997	1,372,094	-	4,201,396
DARROUZETT ISD	LIPSCOMB COUNTY	1,762,713	300,352	1,462,360	2,549,528
DAWSON ISD	DAWSON COUNTY	1,261,939	554,884	707,055	2,771,690
DECATUR ISD	WISE COUNTY	3,622,067	4,993,272	-	19,947,861
DEER PARK ISD	HARRIS COUNTY	17,899,438	25,625,741	-	77,170,825
DENVER CITY ISD	YOAKUM COUNTY	21,148,566	4,297,965	16,850,601	31,912,697
DEVERS ISD	LIBERTY COUNTY	3,937,973	666,619	3,271,354	5,215,668
DEW ISD	FREESTONE COUNTY	4,396,217	469,726	3,926,490	6,025,293
DIVIDE ISD	KERR COUNTY	60,967	89,415	-	316,513
DOSS CONS CSD	GILLESPIE COUNTY	73,251	45,570	27,681	231,476
DRIPPING SPRINGS ISD	HAYS COUNTY	1,797,177	5,714,694	-	20,815,701
EANES ISD	TRAVIS COUNTY	50,901,992	10,902,714	39,999,279	87,843,030
EVADALE ISD	JASPER COUNTY	1,941,055	1,150,901	790,154	4,783,079
EZZELL ISD	LAVACA COUNTY	534,588	136,775	397,813	994,492
FAIRFIELD ISD	FREESTONE COUNTY	13,975,080	3,278,499	10,696,581	24,372,174
FAYETTEVILLE ISD	FAYETTE COUNTY	471,084	415,260	55,824	1,792,844
FOLLETT ISD	LIPSCOMB COUNTY	1,244,657	740,690	503,967	2,840,405
FORT ELLIOTT CISD	WHEELER COUNTY	9,471,136	1,022,522	8,448,614	11,589,015

2007-08 Chapter 41 Districts and HB 1 Hold Harmless Amounts

District Name	County Name	2007-08 Estimated Chapter 41 Cost w/Credits	2007-08 Projected HB 1 Hold Harmless Payment	Recapture Net of Hold Harmless	2007-08 Projected M&O Tax Collections
FRANKLIN ISD	ROBERTSON COUNTY	6,408,261	4,600,269	1,807,992	13,022,223
FREDERICKSBURG ISD	GILLESPIE COUNTY	5,543,430	4,435,116	1,108,313	19,687,814
FRISCO ISD	COLLIN COUNTY	3,079,225	36,176,066	-	134,310,460
FT STOCKTON ISD	PECOS COUNTY	9,539,328	6,540,134	2,999,195	20,144,884
GALVESTON ISD	GALVESTON COUNTY	5,115,649	13,800,126	-	50,720,106
GARNER ISD	PARKER COUNTY	595,309	679,695	-	2,037,780
GARY ISD	PANOLA COUNTY	73,969	834,653	-	2,118,330
GLASSCOCK COUNTY ISD	GLASSCOCK COUNTY	5,685,021	733,466	4,951,555	8,513,258
GLEN ROSE ISD	SOMERVELL COUNTY	5,290,871	5,085,760	205,111	16,092,576
GOLIAD ISD	GOLIAD COUNTY	4,757,809	5,159,910	-	12,207,111
GOOSE CREEK CISD	HARRIS COUNTY	2,005,871	44,698,572	-	96,551,195
GRADY ISD	MARTIN COUNTY	1,768,302	1,101,064	667,238	3,600,864
GRAFORD ISD	PALO PINTO COUNTY	2,897,603	708,816	2,188,787	5,399,177
GRANBURY ISD	HOOD COUNTY	276,677	13,253,076	-	35,158,546
GRANDFALLS-ROYALTY ISD	WARD COUNTY	632,456	524,174	108,281	1,834,927
GRANDVIEW-HOPKINS ISD	GRAY COUNTY	665,893	263,686	402,207	1,251,819
GRAPEVINE-COLLEYVILLE ISD	TARRANT COUNTY	32,129,047	22,467,420	9,661,628	95,679,876
GROESBECK ISD	LIMESTONE COUNTY	9,464,756	4,172,387	5,292,369	19,545,823
GRUVER ISD	HANSFORD COUNTY	1,165,072	1,787,405	-	4,498,388
GUTHRIE CSD	KING COUNTY	1,221,696	969,229	252,467	3,416,850
HALLETTSVILLE ISD	LAVACA COUNTY	1,516,985	2,139,547	-	7,511,851
HALLSVILLE ISD	HARRISON COUNTY	5,667,396	7,239,799	-	24,622,091
HAWKINS ISD	WOOD COUNTY	1,489,622	1,432,302	57,319	6,220,037
HIGGINS ISD	LIPSCOMB COUNTY	1,165,576	622,035	543,541	2,344,074
HIGHLAND PARK ISD	POTTER COUNTY	2,733,565	1,506,717	1,226,848	7,931,977
HIGHLAND PARK ISD	DALLAS COUNTY	67,281,192	10,744,253	56,536,939	93,193,784

### 2007-08 Chapter 41 Districts and HB 1 Hold Harmless Amounts

District Name	County Name	2007-08 Estimated Chapter 41 Cost w/Credits	2007-08 Projected HB 1 Hold Harmless Payment	Recapture Net of Hold Harmless	2007-08 Projected M&O Tax Collections
FRANKLIN ISD	ROBERTSON COUNTY	6,408,261	4,600,269	1,807,992	13,022,223
FREDERICKSBURG ISD	GILLESPIE COUNTY	5,543,430	4,435,116	1,108,313	19,687,814
FRISCO ISD	COLLIN COUNTY	3,079,225	36,176,066	-	134,310,460
FT STOCKTON ISD	PECOS COUNTY	9,539,328	6,540,134	2,999,195	20,144,884
GALVESTON ISD	GALVESTON COUNTY	5,115,649	13,800,126	-	50,720,106
GARNER ISD	PARKER COUNTY	595,309	679,695	-	2,037,780
GARY ISD	PANOLA COUNTY	73,969	834,653	-	2,118,330
GLASSCOCK COUNTY ISD	GLASSCOCK COUNTY	5,685,021	733,466	4,951,555	8,513,258
GLEN ROSE ISD	SOMERVELL COUNTY	5,290,871	5,085,760	205,111	16,092,576
GOLIAD ISD	GOLIAD COUNTY	4,757,809	5,159,910	-	12,207,111
GOOSE CREEK CISD	HARRIS COUNTY	2,005,871	44,698,572	-	96,551,195
GRADY ISD	MARTIN COUNTY	1,768,302	1,101,064	667,238	3,600,864
GRAFORD ISD	PALO PINTO COUNTY	2,897,603	708,816	2,188,787	5,399,177
GRANBURY ISD	HOOD COUNTY	276,677	13,253,076	-	35,158,546
GRANDFALLS-ROYALTY ISD	WARD COUNTY	632,456	524,174	108,281	1,834,927
GRANDVIEW-HOPKINS ISD	GRAY COUNTY	665,893	263,686	402,207	1,251,819
GRAPEVINE-COLLEYVILLE ISD	TARRANT COUNTY	32,129,047	22,467,420	9,661,628	95,679,876
GROESBECK ISD	LIMESTONE COUNTY	9,464,756	4,172,387	5,292,369	19,545,823
GRUVER ISD	HANSFORD COUNTY	1,165,072	1,787,405	-	4,498,388
GUTHRIE CSD	KING COUNTY	1,221,696	969,229	252,467	3,416,850
HALLETTSVILLE ISD	LAVACA COUNTY	1,516,985	2,139,547	-	7,511,851
HALLSVILLE ISD	HARRISON COUNTY	5,667,396	7,239,799	-	24,622,091
HAWKINS ISD	WOOD COUNTY	1,489,622	1,432,302	57,319	6,220,037
HIGGINS ISD	LIPSCOMB COUNTY	1,165,576	622,035	543,541	2,344,074
HIGHLAND PARK ISD	POTTER COUNTY	2,733,565	1,506,717	1,226,848	7,931,977
HIGHLAND PARK ISD	DALLAS COUNTY	67,281,192	10,744,253	56,536,939	93,193,784

**2007-08 Chapter 41 Districts and HB 1 Hold Harmless Amounts**

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HUNT ISD	KERR COUNTY	1,176,487	322,153	854,334	2,562,328
IRA ISD	SCURRY COUNTY	2,264	605,501	-	1,979,304
IRAAN-SHEFFIELD ISD	PECOS COUNTY	9,633,136	2,401,718	7,231,417	15,644,317
IRION CO ISD	IRION COUNTY	1,795,758	1,107,434	688,324	5,054,154
JACKSBORO ISD	JACK COUNTY	285,724	2,055,055	-	7,234,425
JARRELL ISD	WILLIAMSON COUNTY	645,305	1,125,212	-	6,252,520
JAYTON-GIRARD ISD	KENT COUNTY	4,326,565	1,012,106	3,314,459	6,386,945
JOHNSON CITY ISD	BLANCO COUNTY	94,473	2,002,323	-	5,134,595
KELTON ISD	WHEELER COUNTY	1,928,786	720,350	1,208,436	2,717,138
KENEDY COUNTY WIDE CSD	KENEDY COUNTY	4,551,358	190,710	4,360,648	5,502,578
KLONDIKE ISD	DAWSON COUNTY	2,210,993	567,788	1,643,205	3,893,201
KRUM ISD	DENTON COUNTY	48,180	2,951,074	-	9,029,101
LA GRANGE ISD	FAYETTE COUNTY	65,481	3,207,819	-	9,958,493
LA PORTE ISD	HARRIS COUNTY	19,019,579	12,861,944	6,157,635	56,845,136
LAGO VISTA ISD	TRAVIS COUNTY	4,266,357	2,681,095	1,585,263	10,948,033
LAKE TRAVIS ISD	TRAVIS COUNTY	24,734,777	11,061,516	13,673,262	52,204,624
LAPOYNOR ISD	HENDERSON COUNTY	1,014,807	1,372,048	-	4,500,386
LEFORS ISD	GRAY COUNTY	293,329	722,768	-	1,613,124
LEON ISD	LEON COUNTY	4,289,187	2,372,950	1,916,236	9,066,363
LLANO ISD	LLANO COUNTY	10,839,597	2,842,716	7,996,881	20,944,057
LONDON ISD	NUECES COUNTY	5,536	942,161	-	1,587,782
LOOP ISD	GAINES COUNTY	2,552,147	531,844	2,020,303	4,068,319
LOVEJOY ISD	COLLIN COUNTY	2,785,200	2,896,033	-	14,287,060
MALAKOFF ISD	HENDERSON COUNTY	1,283,322	2,208,192	-	7,652,989
MARBLE FALLS ISD	BURNET COUNTY	2,780,518	6,145,080	-	23,330,978
MATAGORDA ISD	MATAGORDA COUNTY	1,570,364	192,973	1,377,391	2,189,518

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MCCAMEY ISD	UPTON COUNTY	12,275,462	1,594,393	10,681,069	17,110,216
MCLEAN ISD	GRAY COUNTY	175,660	754,305	-	1,922,634
MCMULLEN COUNTY ISD	MCMULLEN COUNTY	3,516,593	994,154	2,522,439	5,476,502
MIAMI ISD	ROBERTS COUNTY	6,697,138	869,374	5,827,764	8,416,959
MIDWAY ISD	MCLENNAN COUNTY	1,608,080	8,758,359	-	28,466,601
MONAHANS-WICKETT-PYOTE ISD	WARD COUNTY	3,751,137	2,900,801	850,336	14,218,033
NORTHWEST ISD	DENTON COUNTY	25,623,972	30,253,635	-	79,733,336
NURSERY ISD	VICTORIA COUNTY	959,389	177,506	781,883	1,559,402
PALACIOS ISD	MATAGORDA COUNTY	5,408,384	4,949,292	459,092	14,329,306
PALO PINTO ISD	PALO PINTO COUNTY	2,715,135	232,829	2,482,306	3,772,112
PAWNEE ISD	BEE COUNTY	958,493	423,659	534,833	2,010,632
PLAINS ISD	YOAKUM COUNTY	5,233,011	1,460,819	3,772,192	9,296,290
PLANO ISD	COLLIN COUNTY	80,387,407	85,226,442	-	327,569,442
PLEMONS-STINNETT-PHILLIPS CONS ISD	HUTCHINSON COUNTY	7,289,625	1,620,738	5,668,887	12,091,804
POINT ISABEL ISD	CAMERON COUNTY	12,972,694	4,097,432	8,875,263	26,385,592
PONDER ISD	DENTON COUNTY	3,346,488	2,519,066	827,422	10,650,472
PORT ARANSAS ISD	NUECES COUNTY	12,232,833	1,783,523	10,449,309	17,002,769
PORT NECHES-GROVES ISD	JEFFERSON COUNTY	8,877,372	7,428,149	1,449,223	29,753,566
PRINGLE-MORSE CONS ISD	HANSFORD COUNTY	1,194,677	331,408	863,269	2,189,543
PROSPER ISD	COLLIN COUNTY	800,445	5,204,588	-	13,195,661
RANKIN ISD	UPTON COUNTY	10,643,948	1,180,588	9,463,359	13,246,987
REAGAN COUNTY ISD	REAGAN COUNTY	7,481,194	2,317,202	5,163,993	13,002,884
REFUGIO ISD	REFUGIO COUNTY	386,865	1,898,566	-	5,573,387
RICHARDSON ISD	DALLAS COUNTY	10,571,812	51,724,344	-	167,491,954
ROCKSPRINGS ISD	EDWARDS COUNTY	603,931	1,249,142	-	3,613,784
ROUND TOP-CARMINE ISD	FAYETTE COUNTY	1,849,809	479,912	1,369,896	3,435,623

## 2007-08 Chapter 41 Districts and HB 1 Hold Harmless Amounts

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SABINE PASS ISD	JEFFERSON COUNTY	2,390,849	1,049,611	1,341,238	5,174,726
SAN ISIDRO ISD	STARR COUNTY	1,874,672	598,833	1,275,839	3,904,225
SANDS ISD	DAWSON COUNTY	255,905	592,883	-	2,109,889
SANTA GERTRUDIS ISD	KLEBERG COUNTY	9,460	875,821	-	3,259,863
SEMINOLE ISD	GAINES COUNTY	19,821,103	4,953,533	14,867,570	31,189,199
SIVELLS BEND ISD	COOKE COUNTY	384,290	171,749	212,541	966,833
SNYDER ISD	SCURRY COUNTY	9,898,054	7,560,139	2,337,915	25,121,615
SONORA ISD	SUTTON COUNTY	10,307,038	3,608,352	6,698,685	18,504,806
SPRING BRANCH ISD	HARRIS COUNTY	11,090,852	57,821,872	-	158,008,130
SPUR ISD	DICKENS COUNTY	94,018	679,569	-	2,536,810
STAFFORD MUNICIPAL SCHOOL DISTRICT	FORT BEND COUNTY	3,249,293	4,645,415	-	17,757,221
STERLING CITY ISD	STERLING COUNTY	4,432,817	752,121	3,680,696	7,123,363
STRATFORD ISD	SHERMAN COUNTY	124,649	1,263,097	-	4,311,672
SUDAN ISD	LAMB COUNTY	549,080	1,130,229	-	3,298,984
SUNDOWN ISD	HOCKLEY COUNTY	10,071,952	3,680,086	6,391,866	16,035,852
SUNNYVALE ISD	DALLAS COUNTY	2,734,221	908,672	1,825,550	6,159,551
SUNRAY ISD	MOORE COUNTY	459,418	1,090,704	-	4,132,973
SWEENEY ISD	BRAZORIA COUNTY	7,350,844	2,832,047	4,518,797	18,066,110
TATUM ISD	RUSK COUNTY	9,301,709	2,916,748	6,384,961	15,852,725
TEAGUE ISD	FREESTONE COUNTY	14,081,509	2,395,116	11,686,393	22,609,761
TERRELL COUNTY ISD	TERRELL COUNTY	7,866,615	690,504	7,176,111	9,677,343
TEXAS CITY ISD	GALVESTON COUNTY	13,538,843	10,340,493	3,198,349	42,620,983
TEXHOMA ISD	SHERMAN COUNTY	444,937	360,166	84,771	1,537,464
THREE RIVERS ISD	LIVE OAK COUNTY	113,494	1,407,875	-	4,057,638
TIDEHAVEN ISD	MATAGORDA COUNTY	134,058	1,754,443	-	5,678,633
TRENT ISD	TAYLOR COUNTY	51,716	299,748	-	995,767

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WEBB CONS ISD	WEBB COUNTY	14,694,932	2,677,942	12,016,990	19,207,027
WEST ORANGE-COVE CONS ISD	ORANGE COUNTY	1,172,960	3,603,293	-	13,881,014
WESTBROOK ISD	MITCHELL COUNTY	1,577,944	1,892,253	-	4,074,008
WHITE DEER ISD	CARSON COUNTY	1,680,729	957,615	723,115	4,497,953
WHITEFACE CONS ISD	COCHRAN COUNTY	3,661,252	1,877,815	1,783,437	7,464,996
WIMBERLEY ISD	HAYS COUNTY	2,537,169	2,578,248	-	13,026,573
WINK-LOVING ISD	WINKLER COUNTY	9,328,667	3,081,131	6,247,536	13,716,586
ZAPATA COUNTY ISD	ZAPATA COUNTY	22,105,993	8,010,977	14,095,016	43,031,849
Total		1,195,659,277	1,035,504,575	534,881,439	4,071,265,921