

**Testimony Submitted by the Texas Association of School Boards to the
Senate Committee on Education & Senate Finance Subcommittee on General
Government Issues
August 27, 2008**

The Texas Association of School Boards (TASB) is in the process of finalizing its advocacy agenda for 2008 – 2010. During this process the Existing Debt Allotment (EDA) and Instructional Facilities Allotment (IFA) frequently came up as a priority across the state. These programs and the support provided to them by the state have been a tremendous help to school districts in meeting their facilities needs. *TASB supports the continuation and growth of both the EDA and IFA programs.*

Support continuation of both EDA and IFA as tax relief measures. EDA and the IFA are effective and transparent ways of providing property tax relief by compressing the local debt service tax rate. School districts can meet facilities debt obligations with a lower tax rate than would be the case without these programs. In the current biennium, state funding for these programs translates into over \$1.5 billion of property tax relief.¹

Support an increase in the Guaranteed Yield. The IFA and EDA guarantee is \$35 per penny per ADA, an amount that has been fixed since 1999. A yield of \$35 translates to a \$350,000 per ADA wealth level, above which a district is ineligible for EDA and IFA support. Over the past decade, hundreds of districts have become ineligible for both programs because their property wealth has risen. In short, EDA now helps fewer districts. Increasing the current \$35 guaranteed yield for both EDA and IFA would obviously help finance debt for facilities, help school districts cope with rising construction prices, help slow the rise of local property taxes and spread state support to more students, enhancing equity and educational opportunity.

Support an automatic roll forward for the EDA. School districts hope for, but cannot be certain of, the extension of EDA funding for another biennium. There are approximately 80,000 students entering our schools every year and the Legislature recently added a

¹ General Appropriations Act 2008 -09, Article III

fourth year of science, which will require the building of more science laboratories. The uncertainty over the EDA program eligibility date makes school district fiscal planning and clear communication to the public difficult. Automatic roll-forward of the EDA would significantly reduce these problems and increase local administrative efficiency in planning and budgeting.

Support facility assistance for Fast Growth School Districts. Enrollment growth, particularly for fast-growth school districts, contributes to the need for additional facilities funding. Districts such as Leander ISD and Cypress-Fairbanks ISD respectively experienced over 9% and over 6% growth from 2006 to 2007, well above the state increase of 1.6% from 2005 – 06 to 2006 – 07.² Fast-growing districts have difficulty absorbing their new students and have a constant need for additional space. A funding adjustment or additional funding to assist these districts would be helpful.

In summary, the EDA and IFA programs are tremendously beneficial to taxpayers and students and offer the state a real avenue to implement property tax relief while providing tangible assistance to the public school system. Increasing the guaranteed yield for these programs offers multiple benefits such as helping to maintain lower tax rates to ensuring capacity needs are met for school district. Finally, the automatic roll forward would increase local efficiency in planning and budgeting

Please feel free to contact TASB with any questions or if we may provide any assistance.

² TEA, Academic Excellence Indicator System, 2005 – 06 and 2006 – 07