

## CBAC Questions from Meeting #1 - September 5

Questions Asked	Response
How much recapture money will we give back this year?	As it stands now, LISD has payments budgeted in the amount of \$34.5 million to be paid to the State of Texas General Revenue Fund during the 2018-19 fiscal year.
What is Voter-Approved Debt for LISD?	As of 8/31/2018, the total outstanding principal of voter-approved bonds is \$1,233,816,701. All of these bonds had an initial repayment term of 20 years or less.
Can we have a Bond Issue that creates teacher salaries, or is it just for buildings?	Bonds can only be used to finance capital assets. Day-to-day expenditures cannot be financed with bonds.
I&S Fund?	I&S Funds is the abbreviated version for <b>Interest and Sinking Fund</b> . It is a term that dates from some of the older statutes that define the separation of the taxes levied to repay voter-approved debt from the general operations of the district. I&S Fund is synonymous with Debt Service Fund.
\$.50 limitation on I&S?	State law limited the I&S tax rate to \$0.50 per hundred dollars in taxable valuation. Prior to each bond sale, the District must demonstrate to the Attorney General that it can repay the bonds without exceeding this limit. It is sometimes referred to as the "50 cent test."
How much revenue is coming from Commercial and Residential tax?	Residential values comprise about 59.5% of the market value of property. Other market value categories are: Commercial at 39.3%; Minerals at <1%; and Agricultural at 1.1%.
Why is enrollment decreasing?	We have identified three potential reasons for enrollment decline: <ul style="list-style-type: none"> <li>● Millennials are waiting until later to begin their families in our community and statewide, i.e. lower birth rates statewide and nationally.</li> <li>● Housing affordability - average housing costs exceed the means of young parents.</li> <li>● Increasing competition from other educational options.</li> </ul>
If we were more conservative with our property values, will our recapture be less?	Recapture is heightened due to increased property values and lower enrollment since it is calculated by the amount of property value divided by Weighted Average Daily Attendance (WADA). LISD has no control over property values as that is determined by Denton County Appraisal District (DCAD). In 1981, the Legislature separated the valuation function of taxable property from the entities that actually levy the taxes. At that time, the County Appraisal Districts were formed in each county in Texas.

<p>What was last year's rate used for recapture? Per student? WADA?</p>	<p>The 2018-19 fiscal year is the first year that LISD has paid recapture. There was no rate used last year. The budgeted recapture for 2018-19 is approximately \$663 per student.</p> <p>The term <b>WADA</b> is short for Weighted Average Daily Attendance. It is the Average Daily Attendance adjusted for the funding "weights" associated with different instructional settings such as special education, CTE, GT, etc.</p>
<p>What does Legislative Relief look like?</p>	<p>The simplest legislative relief would involve two things:</p> <ul style="list-style-type: none"> <li>● A recognition by the Legislature that rising property values and local tax levies are directly benefiting the State budget, not the local school districts, along with a willingness to address the issue.</li> <li>● An adjustment of the funding formulas to increase the per student funding.</li> </ul>
<p>Is there funding that offsets for Special Needs? Are these funds sufficient?</p>	<p>As we mentioned in the first meeting, there are "weights" for some programs such as Special Education, CTE, GT, Economically Disadvantaged, etc. As such, students that fall under these various categories do generate more for their Average Daily Attendance (ADA). So, if a student received Special Education support, they might generate 1.35 as a factor versus 1.0 for general education according to their educational placement. This is known as Weighted ADA or WADA.</p> <p>No, the funds are not sufficient and these "weights have not changed in 20+ years.</p>
<p>Is the deficit across the board or mainly Special Needs? Did we break even with regular classes?</p>	<p>The budget deficit is for the General Fund as a whole. While we do track direct cash outlays by type of service, we do not allocate fixed costs to specific programs. It costs more to serve all students than we are receiving in revenues. It does cost more on the average to serve students with special needs (last year we spent approx. \$5 million more for special education than funding we received from both the state and federal government.</p> <p>Thus, the funding is very inadequate to provide the current level of service to all students unless changes occur in either the revenue stream or the expenditures.</p>
<p>If we budget Baseline with Recapture occurring, what level of service can we provide the kids?</p>	<p>That would involve reducing expenditures by \$34.5 million or generating additional revenues. The essence of our work will be to develop consensus in our community about what the level of reduced service would look like in order to get the budget in the black.</p>
<p>Regarding Transportation – Is this the day-to-day expenses? Including extracurricular/field trips?</p>	<p>The transportation category on the financial statements provided includes the home-school-home transportation provided each day as</p>

<p>Do we receive funds for the SPED bus services from the Federal Government?</p>	<p>well as the costs of extracurricular/field trips.</p> <p>As a recapture district, LISD does not receive funding from either the State or the Federal Government for this.</p>
<p>Regarding Extracurricular Activities - while I know Texas loves their football, how much does it cost to have "C teams" in middle school? (transportation, field times, equipment, lights, etc)</p>	<p>We track the costs by sport and campus. We will get someone working to compile the costs of middle school "C" teams.</p>
<p>What costs fall under the Data Processing category? It appears it's higher than General Administration costs.</p>	<p>These costs involve all the activities associated with the District's significant technology infrastructure that supports the instructional activities of the campuses as well as the administrative functions such as student grades and attendance, payroll, finance, human resources, maintenance work orders, and similar activities.</p>
<p>Contracted Services between Public Schools – what is this?</p>	<p>That's the <b>State's label for Recapture.</b></p>
<p>In the past, LISD added full-day kindergarten to stop the recapture fun. Are there any other programs which would stop/slow to be added?</p>	<p>Full-day Kindergarten was not added for purposes of reducing recapture. It was added in order to better serve children. The President of the Federal Reserve Bank of Dallas has said that early childhood literacy is a key determinant of the future economic success of Texas. We share his belief on that topic.</p> <p>Identification of programs that might need to be adjusted or eliminated to mitigate the budget situation will be discussed in future meetings.</p>