Filed
12 October 11 P5:36
Amalia Rodriguez-Mendoza
District Clerk
Travis District
D-1-GN-11-003130

CAUSE NO. D-1-GN-11-003130

TEXAS TAXPAYER & STUDENT FAIRNESS COALITION, *et al.*,	§	IN THE DISTRICT COURT OF
Plaintiffs,	§	
VS.	§	
MICHAEL WILLIAMS, TEXAS COMMISSIONER OF EDUCATION, *et.al.*,	§	
Defendants	§	
Consolidated Case:	§	
FORT BEND INDEPENDENT SCHOOL DISTRICT, *et al.*,	§	
Plaintiffs,	§	
VS.	§	TRAVIS COUNTY, TEXAS
MICHAEL WILLIAMS, TEXAS COMMISSIONER OF EDUCATION, *et. al.*,	§	
Defendants.	§	200TH JUDICIAL DISTRICT

Unofficial Copy Travis Co. District Clerk Velva L. Price

JOINT MOTION FOR LEAVE TO AMEND DISCLOSURES

TO THE HONORABLE JUDGE DIETZ:

Plaintiffs in this case, THE TEXAS TAXPAYER & STUDENT FAIRNESS COALITION, et al., CALHOUN COUNTY ISD, et al., and FORT BEND ISD, et al., jointly file this Motion for Leave to Amend Disclosures, which is unopposed by Defendants, Intervenors, and the Charter School Association Plaintiffs, and opposed by the Edgewood ISD Plaintiffs. In support thereof, the undersigned Plaintiffs would show as follows:

1. At the status conference on May 18, the Court requested a seminar on the structure and operation of the school finance system and directed the Parties to work together to propose presenters at the seminar. Counsel for the Intervenors suggested that, in the

interest of judicial economy, the presentation(s) be on the record so that the factual background information regarding the operation of the system need not be presented again at trial.

2. At the status conference on June 22, 2012, the Court set the seminar for August 28-30, 2012 with Joe Wisnoski of Moak Casey & Associates presenting on July 28, Lisa Dawn-Fisher of the Texas Education Agency presenting on August 29, and August 30 reserved for questions.

3. On August 28, Mr. Wisnoski presented the Court with a comprehensive explanation of the structure and operation of the school finance system. The Edgewood Plaintiffs objected to the inclusion of Mr. Wisnoski's presentation in the record; therefore, while a transcript of Mr. Wisnoski's presentation was prepared (attached hereto as Exhibit A), the oral presentation was not under oath and the slide show presentation (attached hereto as Exhibit B) was not marked as an exhibit. Mr. Wisnoski's presentation was neutral and factual, and he did not render any opinions as to the adequacy, suitability, or efficiency of the system.

4. On August 29, Ms. Dawn-Fisher gave her presentation to the Court. A transcript of Ms. Dawn-Fisher's presentation also was prepared, but the oral presentation was not under oath and the slide show presentation was not marked as an exhibit.

5. Also on August 29, Dr. Anthony Rolle and Dr. Craig Wood presented information to the Court regarding the funding system for open-enrollment charter schools.

6. The Plaintiffs must ensure that information regarding the structure and operation of the school finance system is in the official trial record and is made part of the record on appeal.

Unofficial copy Travis Co. District Clerk Velva L. Price

7. On September 21, 2012, the Calhoun County ISD Plaintiffs named Mr. Wisnoski as a person with knowledge of issues relating to the school finance system in Texas.

8. The undersigned Plaintiffs wish to call Mr. Wisnoski as a witness at trial for the sole purpose of verifying and adopting his presentation to the Court of August 28. *See* Exhibits A & B. Entering Mr. Wisnoski's presentation into the record, rather than having one or more of witness present this information at trial, is in the interest of judicial economy and efficiency.

9. After Mr. Wisnoski verifies and adopts his presentation as his sworn testimony in this case, any party who wishes to cross-examine Mr. Wisnoski may do so, as with any other fact witness.

10. The Edgewood Plaintiffs have expressed their intent to oppose the calling of Mr. Wisnoski and the entering of his presentation into the record.

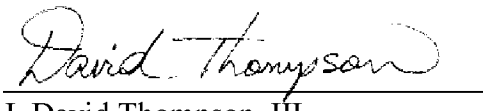
11. The undersigned Plaintiffs therefore seek leave of Court for the Fort Bend ISD Plaintiffs and the TTSFC Plaintiffs to amend their responses to the Defendants' and Intervenors' Requests for Disclosure beyond the discovery deadline set in the Scheduling Order entered on April 16, 2012, for the purpose of adding Mr. Wisnoski as a person with knowledge of relevant facts, *see* Tex. R. Civ. P. 194.2(e), in order to call Mr. Wisnoski at trial to for the sole purpose of verifying and adopting his presentation to the Court of August 28, 2012.

WHEREFORE, PREMISES CONSIDERED, the TTSFC Plaintiffs, the Calhoun County ISD Plaintiffs, and the Fort Bend ISD Plaintiffs respectfully request that the TTSFC Plaintiffs and the Fort Bend ISD Plaintiffs be granted leave to amend their responses to requests for disclosures to add Mr. Wisnoski as a person with knowledge of relevant facts.

Unofficial copy Travis Co. District Clerk Velva L. Price

Respectfully submitted,

THOMPSON & HORTON LLP



J. David Thompson, III
dthompson@thompsonhorton.com
State Bar No. 19950600

Philip Fraissinet
pfraissinet@thompsonhorton.com
State Bar No. 00793749

Phoenix Tower, Suite 2000
3200 Southwest Freeway
Houston, Texas 77027
Telephone: (713) 554-6767
Telecopier: (713) 583- 9668

Holly G. McIntush
hmcintush@thompsonhorton.com
State Bar No. 24065721
Wells Fargo Tower
900 West 15th St., Suite 1430
Austin, Texas 78701
Telephone: 512-615-2350
Telecopier: 512-682-8860

ATTORNEYS FOR FORT BEND ISD PLAINTIFFS

GRAY & BECKER, P.C.

/s/ Toni Hunter by permission HGM

Richard E. Gray, III
State Bar No. 08328300
Toni Hunter
State Bar No. 10295900
900 West Ave.
Austin, Texas 78701
Telephone: (512) 482-0061
Fax: (512) 482-0924

ATTORNEYS FOR TTSFC PLAINTIFFS

Unofficial copy Travis County District Clerk Velva L. Price

HAYNES AND BOONE, LLP

/s/ Mark Trachtenberg by permission HGM

Mark. R. Trachtenberg
State Bar No. 24008169
Haynes and Boone, LLP
1 Houston Center
1221 McKinney St., Suite 2100
Houston, Texas 77010

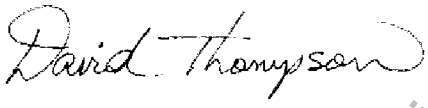
John W. Turner
State Bar No. 24028085
Haynes and Boone, LLP
2323 Victory Avenue, Suite 700
Dallas, Texas 75218

ATTORNEYS FOR CALHOUN COUNTY ISD PLAINTIFFS

Unofficial copy Travis Co. District Clerk Velva L. Price

CERTIFICATE OF CONFERENCE

The undersigned hereby certifies that he conferred with all the Plaintiffs' attorneys, Intervenors attorneys, and Defendants Attorneys on October 10, 2012. Counsel for Defendants, Intervenors, and the Charter School Plaintiffs are unopposed to the foregoing motion. Counsel for the Edgewood Plaintiffs are opposed.



J. David Thompson, III

Unofficial copy Travis Co. District Clerk Velva L. Price

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing document has been served on this 11th day of October, 2012 to counsel of record in accordance with Rule 21a of the Texas Rules of Civil Procedure and the parties Rule 11 agreement, as follows:

Via Electronic Mail:
Greg Abbott
Daniel T. Hodge
David C. Mattax
Shelley N. Dahlberg
Texas Attorney General's Office
General Litigation Division
P. O. Box 12548, Capitol Station
Austin, Texas 78711
shelley.dahlberg@texasattorneygeneral.gov
robert.o'keefe@texasattorneygeneral.gov
Attorneys for Defendants

Richard E. Gray, III
Toni Hunter
Gray & Becker, P.C.
900 West Ave.
Austin, Texas 78701
rick.gray@graybecker.com
toni.hunter@graybecker.com

Randal B. Wood
Doug W. Ray
Ray & Wood
2700 Bee Caves Road #200
Austin, Texas 78746
buckwood@raywoodlaw.com
dray@raywoodlaw.com
Attorneys for TTSFC Plaintiffs

David G. Hinojosa
Marisa Bono
Mexican American Legal Defense and Educational Fund, Inc.
110 Broadway, Suite 300
San Antonio, Texas 78746
dhinojosa@maldef.org

Roger L. Rice
Multicultural, Education, Training, and Advocacy, Inc.
240A Elm St., Suite 22
Somerville, MA 02144
rlr24@comcast.net
Attorneys for Edgewood ISD Plaintiffs

Unofficial Copy Travis Co. District Clerk Velva L. Price

Mark. R. Trachtenberg
Haynes and Boone, LLP
1 Houston Center
1221 McKinney St., Suite 2100
Houston, Texas 77010
mark.trachtenberg@haynesboone.com

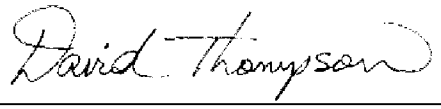
John W. Turner
Haynes and Boone, LLP
2323 Victory Avenue, Suite 700
Dallas, Texas 75218
john.turner@haynesboone.com
Attorneys for Calhoun County ISD Plaintiffs

J. Christopher Diamond
The Diamond Law Firm, P.C.
17484 Northwest Freeway, Suite 150
Houston, Texas 77040
christopherdiamond@yahoo.com

Craig T. Enoch
Melissa A. Lorber
Enoch Kever PLLC
600 Congress, Suite 2800
Austin, Texas 78701
cenoch@enochkever.com
mlorber@enochkever.com
Attorneys for TREEE Plaintiff-Intervenors

Robert A. Schulman
Joseph E. Hoffer
Ricardo R. Lopez
Schulman, Lopez, and Hoffer, L.L.P.
517 Soledad Street
San Antonio, Texas 78205-1508
rschulman@slh-law.com
jhoffer@slh-law.com
Attorneys for Charter School Association Plaintiffs

Unofficial copy Travis Co. District Clerk Velva L. Price



J. David Thompson, III

REPORTER'S RECORD
CAUSE NO. D-1-GN-11-003130

THE TEXAS TAXPAYER & STUDENT FAIRNESS COALITION, et al; CALHOUN COUNTY ISD, et al; EDGEWOOD ISD, et al; FORT BEND ISD, et al; TEXAS CHARTER SCHOOL ASS'N, et al;	)	IN THE DISTRICT COURT
Plaintiffs	)	
JOYCE COLEMAN, et al.,	)	
Intervenors,	)	TRAVIS COUNTY, TEXAS
VS.	)	
ROBERT SCHOOL, COMMISSIONER OF EDUCATION, IN HIS OFFICIAL CAPACITY; SUSAN COMBS, TEXAS COMPTROLLER OF PUBLIC ACCOUNTS, IN HER OFFICIAL CAPACITY; TEXAS STATE BOARD OF EDUCATION,	)	
Defendants.	)	200TH JUDICIAL DISTRICT

Unofficial copy Travis Co. District Clerk Velva L. Price

****

NON-EVIDENTIARY PRESENTATION

****

On the 28th day of August, 2012, the following proceedings came on to be heard in the above-entitled and numbered cause before the Honorable John K. Dietz, Judge presiding, held in Austin, Travis County, Texas:

Proceedings reported by machine shorthand.

A

1 A P P E A R A N C E S

2

HAYNES AND BOONE, LLP
3 Mr. Mark R. Trachtenberg
SBOT NO. 24008169
4 1221 McKinney Street
Suite 2100
5 Houston, Texas 77010
Phone: (713) 547-2000
6

-AND-

7

Mr. John W. Turner
8 SBOT NO. 24028085
2323 Victory Avenue
9 Suite 700
Dallas, Texas 75218
10 Phone: (214) 651-5000
ATTORNEYS FOR THE CALHOUN
11 **COUNTY ISD PLAINTIFFS**

12

13 **THOMPSON & HORTON, LLP**
Mr. J. David Thompson, III
14 SBOT NO. 19950600
Mr. Philip Fraissinet
15 SBOT NO. 00793749
3200 Phoenix Tower
16 Suite 2000
Houston, Texas 77027
17 Phone: (512) 615-2350
ATTORNEYS FOR FORT BEND ISD
18 **PLAINTIFFS**

19

GRAY & BECKER, P.C.
20 Mr. Richard E. Gray, III
SBOT NO. 08328300
21 Ms. Toni Hunter
SBOT NO. 10295900
22 900 West Avenue
Austin, Texas 78701
23 Phone: (512) 482-0061

24 - AND -

25

Unofficial Copy Travis Co. District Clerk Velva L. Price

1 A P P E A R A N C E S (CONTINUED)

2 **RAY & WOOD**
Mr. Randall B. Wood
3 SBOT NO. 21905000
Mr. Doug W. Ray
4 SBOT NO. 16599200
2700 Bee Caves Road
5 #200
Austin, Texas 78746
6 Phone: (512) 328-8877
ATTORNEYS FOR COALITION
7 **PLAINTIFFS**

8

MEXICAN AMERICAN LEGAL DEFENSE
9 **AND EDUCATION FUND, INC.**
Mr. David G. Hinojosa
10 SBOT NO. 24010689
Ms. Marisa Bono
11 SBOT NO. 24052874
110 Broadway
12 Suite 300
San Antonio, Texas 78205
13 Phone: (210) 224-5476
ATTORNEYS FOR EDGEWOOD ISD, Et Al.,
14 **PLAINTIFFS**

15

THE DIAMOND LAW FIRM, P.C.
16 Mr. Christopher Diamond
SBOT NO. 00792459
17 17484 Northwest Freeway
Suite 150
18 Houston, Texas 77040
Phone: (713) 983-8990
19
- AND -
20
ENOCH KEVER, PLLC
21 Mr. Craig T. Enoch
SBOT NO. 00000026
22 Ms. Melissa A. Lorber
SBOT NO. 24032969
23 600 Congress
Suite 2800
24 Austin, Texas 78701
Phone: (512) 615-1200
25 **ATTORNEYS FOR THE EFFICIENCY**
INTERVENORS

Unofficial copy Travis Co. District Clerk Velva L. Price

1 A P P E A R A N C E S (CONTINUED)

2

SCHULMAN, LOPEZ & HOFFER, L.L.P.
3 Mr. Joseph E. Hoffer
SBOT NO. 24049462
4 517 Soledad Street
San Antonio, Texas 78205-1508
5 Phone: (210) 538-5358
ATTORNEY FOR CHARTER SCHOOL GROUP
6

7

TEXAS ATTORNEY GENERAL'S OFFICE
8 Assistant Attorney Generals
Ms. Shelley N. Dahlberg
9 SBOT NO. 24030166
Ms. Nicole Bunker-Henderson
10 SBOT NO. 24045580
Mr. David C. Mattax
11 SBOT NO. 13201600
Mr. Robert B. O'Keefe
12 SBOT NO. 15240950
Mr. James "Beau" Eccles
13 SBOT NO. 00793668
P.O. Box 12548
14 Capitol Station
Austin, Texas 78711
15 Phone: (512) 463-2121
ATTORNEYS FOR DEFENDANTS
16

17

18

19

20

21

22

23

24

25

Unofficial copy Travis Co. District Clerk Velva L. Price

NON-EVIDENTIARY PRESENTATION

August 28, 2012

THE COURT: Hmm. I want one representative from each plaintiff and defense and then I want your expert, come with me.

(Brief discussion off the record in the jury room)

THE COURT: Stacey, so if you could put his PowerPoint up.

You have a flash drive?

MR. GRAY: Pardon?

THE COURT: I'm looking at him, so --

MR. WISNOSKI: If you're having trouble locating it, I have it here. So --

THE COURT: Give us one second.

So give him the remote if you would.

We're ready.

MR. TRACHTENBERG: Your Honor, as far as our exhibit number, we're at 1013.

THE COURT: Can you speak up?

MR. TRACHTENBERG: I'm sorry. In terms of our exhibit numbering, we're now at 1013. We'd ask that -- can we label this PowerPoint as that number in terms of our consecutive exhibit system that we have.

THE COURT: Since we're not introducing

Unofficial copy Travis Co. District Clerk Velva L. Price

it, why?

MR. TRACHTENBERG: Well, I know --

THE COURT: See, David has said we're not -- he doesn't want it as part of the record. So -- and you don't have an agreement. So why?

MR. TRACHTENBERG: Well, you don't have to decide admissibility at this point. I just think that if the proceeding is being transcribed, we may make an offer of proof and may argue about admissibility later. I just --

THE COURT: No, we're not -- we're not offering it.

MR. TRACHTENBERG: Okay.

THE COURT: So, no, you cannot have it marked. Thank you.

I'm going to -- the attorneys are having a very difficult time with this. Two months ago, we requested that we have a presentation, a nonevidentiary presentation to make sure that we -- that we, the Court, were up to speed on the school finance formulas for the basic allotment, Tier 2 Level I, Tier 2 Level II, and the facilities, as well as recapture. That's all we're doing today is talking. There is no evidence at this time. So I'm ready to listen. Thank you.

MR. WISNOSKI: Good morning, Your Honor,

Unofficial copy Travis Co. District Clerk Velva L. Price

1 my name is Joe Wisnoski. I work for Moake, Casey &
2 Associates, and as I understand it, you want me to move
3 rather rapidly through the first part of this. So I'm
4 going to try to do that. If I end up being too slow or
5 you have particular reasons to --
6 THE COURT: Don't worry.
7 MR. WISNOSKI: -- I'm sure you will tell
8 me.
9 MR. GRAY: Joe, will you speak up a little
10 bit too for us.
11 MR. WISNOSKI: I will try to --
12 THE COURT: Can you give us a second.
13 We've just gotten this -- so we're going to try to give
14 you more microphone.
15 MR. WISNOSKI: There are a number of
16 things that I don't intend to cover unless you want me
17 to go into some particular issue in detail. There are a
18 number of less significant allotments.
19 THE COURT: I've read all these. Got it.
20 MR. WISNOSKI: Okay. You probably don't
21 need to go through this slide. It describes slide 4 of
22 the system in its complexity and scope. So I'll move
23 on. Slide 5 describes the changing tomography.
24 How about this? Is that better?
25 Slide 5 describes the changing tomography

Unofficial copy Travis Co. District Clerk Velva L. Price

1 of the system, the change in population of students, the
2 growth that it has experienced over time. Slide 6
3 describes the significant factors that are used in
4 computing state aid and ultimately the revenues of the
5 school district. Attendance and enrollment are
6 significant. We pay school districts on the basis of
7 who shows up and what programs they participate in.
8 Measures of the property wealth, or the
9 districts' ability to generate revenue locally are also
10 one of the important factors, along with the tax rate
11 set by the district, both the current tax rate and the
12 tax rate set for tax year 2005, in the structure that
13 we're dealing with today.
14 Community characteristics also result in
15 changes in the allotments or adjustments to the
16 allotments, both for scale and location of the district
17 as well as its transportation needs.
18 THE COURT: Yeah, and I want to make sure,
19 back on tax rate, one of the things we noticed was,
20 like, Garland did not have $1.50 back in 2004-2005, and
21 so their numbers presently, because they weren't at
22 $1.50, are slightly different. Is that what you mean by
23 tax rate?
24 MR. WISNOSKI: Yes, that's -- the 2005
25 reference there is to the 2005 tax year, which is

Unofficial copy Travis Co. District Clerk Velva L. Price

1 actually '05-'06 school year, and that does have a
2 bearing on some of the aspects of the funding system
3 today.
4 THE COURT: And then it -- I think we
5 understand that enrollment, which is normally average
6 daily attendance, is thereby weighted by your student
7 characteristics.
8 MR. WISNOSKI: Yes, by the programs that
9 students participate in, their needs for educational
10 services in a variety of areas.
11 THE COURT: And that results in WADA?
12 MR. WISNOSKI: Ultimately, yes.
13 In terms of terminology, you've already
14 brought up the term WADA or weighted average daily
15 attendance. It's a measure of those cost adjustments
16 that are made to accommodate the different
17 characteristics of the students and their different
18 program participation level and needs. We'll get into
19 that actual calculation as part of the slides, if you
20 want to see the details. So I'll move on from there.
21 THE COURT: Before you go, we want to make
22 sure that we understand, this state funding property
23 value, the -- based on the comptroller, that was a
24 result of -- was that House Bill 1 in 2006?
25 MR. WISNOSKI: Well, the use of a

Unofficial copy Travis Co. District Clerk Velva L. Price

1 comptroller determined property value extends all the
2 way back to the -- at least to the early '80s, and I
3 believe it goes even farther back than that. So it's
4 not a new concept. It's been around with the school
5 finance system for decades. It is the primary measure
6 of fiscal capacity, but in the early days of the
7 Foundation Program, I believe there was a different
8 measure of fiscal capacity that didn't rely on the state
9 determined value, but since at least the 1970s, the
10 state's been determining the property value through
11 either the comptroller or predecessor agency that had
12 that responsibility.
13 THE COURT: Thanks.
14 MR. WISNOSKI: For the most part, the
15 comptroller value that's used is a prior year property
16 value meaning that in the 2011-12 school year, we're
17 looking at the tax year 2010 property value. It
18 represents the property value the school district could
19 tax in the '10-'11 school year, but is used to calculate
20 state and local shares of the Foundation School Program
21 in the '11-'12 school year.
22 It isn't really even the definition of
23 property value that school districts have available to
24 tax, because the comptroller acknowledges and adjusts
25 for certain kinds of exemptions that are allowed under

Unofficial copy Travis Co. District Clerk Velva L. Price

1 statute, but school districts can, in some cases, offer
2 different exemptions at different levels, and so they're
3 not actually that different numbers from year to year.
4 The comptroller makes an independent determination based
5 on the statute in Chapter 403 of the Government Code.
6 THE COURT: Are you talking like the
7 homestead exemption and senior exemption?
8 MR. WISNOSKI: Well, the largest exemption
9 is the optional homestead exemption, which is offered in
10 some school districts, about a quarter of the school
11 districts, I believe. That's the largest exception, but
12 there are a few other optional exemptions as well.
13 The manner in which school districts
14 adjust for frozen property, that is, property that has a
15 tax ceiling, also is accounted for by the comptroller in
16 a slightly different manner. There have been a few
17 cases related to how that interacts with the optional
18 homestead for exemption, and I believe there's a case
19 that was several years ago that more or less directed
20 the comptroller on how to make that adjustment.
21 For all those various reasons, what is
22 actually taxable to a school district in a given year
23 doesn't necessarily match what the comptroller's
24 determination is for that same year.
25 And in fact, when it comes to actual

Unofficial copy Travis Co. District Clerk Velva L. Price

1 practice, school districts have a value that's
2 determined at one point in time. It's typically used to
3 set their tax rates, but that value fluctuates all
4 throughout the year as taxpayers realize they weren't
5 granted an exemption they were entitled to or property
6 is taken off the roll for some reason or another. There
7 are typically adjustments and corrections that go along
8 on a pretty much continuous basis from a local
9 administration standpoint. But the comptroller value is
10 similar to, but not identical to what a district
11 concedes as available tax.
12 Cost-of-education index, just another one
13 of those terms that pops up in the funding arena that is
14 unlike many other areas. It's an adjustment to account
15 for differences in -- primarily in the cost of hiring
16 teachers, although, you can see references to this in
17 school finance literature. It accounts for changes in
18 the price of goods and services over time. That's not
19 exactly how this cost-of-education index was originally
20 designed. It's meant to measure variances between
21 districts, not price levels over time.
22 Concepts that we've already touched on a
23 little bit, enrollment and attendance --
24 THE COURT: There was one question I had.
25 With respect to the cost-of-education index, what I

Unofficial copy Travis Co. District Clerk Velva L. Price

1 understood was that it was developed by the legislative
2 budget board in -- before '89-'90, and that what it was
3 trying to do was to measure the variability in terms of
4 what it costs to employ a teacher. But as far as I
5 know, I mean, are they using current data or are we
6 fixed with the factor that was developed in '89-'90?
7 MR. WISNOSKI: In terms of your specific
8 question of was it current or old data, it's old data.
9 The factors have been constant since they were
10 originally determined back in, I believe, the 1991
11 sessions when the legislature adopted them by statute.
12 THE COURT: So in terms of the change
13 that's been effected in Texas in terms of population
14 where you've had tremendous growth, like in what had
15 heretofore been rural areas that have become like
16 bedroom counties. I notice, like, if you look at a map,
17 you'll see them around, clustered around San Antonio,
18 Austin, Harris, and in Dallas/Fort Worth, the metroplex.
19 None of that has changed with respect to the
20 cost-of-education index.
21 MR. WISNOSKI: That is correct. The
22 districts have been assigned an index value that's been
23 constant since those index values were adopted
24 effectively in 1991.
25 In terms of other concepts, enrollment and

Unofficial copy Travis Co. District Clerk Velva L. Price

1 attendance play a relationship, the higher the
2 attendance goes, the more state aid goes to a school
3 district, the lower the attendance goes, if it's
4 declining, the less state aid goes to a school district,
5 all other things being equal. Seldom are all other
6 things equal from year to year, and so there are lots of
7 dynamics in this system, lots of change that occurs. As
8 property wealth rises, school districts generate less
9 state revenue, because they have higher local fiscal
10 capacity as property values decline. All other things
11 being equal, they would receive more state aid based on
12 the formulas that we're going to touch on in the next
13 few minutes. As districts increase their tax rates, it
14 usually entitles them to more funding, both from state
15 and local sources. If they decrease their tax rates, it
16 entitles them to less funding. It kind of shrinks or
17 expands the size of the program in a sense when their
18 tax rates change. In between two districts that are
19 similarly situated, you can see these differences -- it
20 doesn't just have to be just a single district changing
21 its behavior. It's between two districts who share
22 other common factors. If one has a higher tax rate than
23 the other, it will more than likely have more revenue
24 than the other.
25 Recapture is a limitation that has been

Unofficial copy Travis Co. District Clerk Velva L. Price

1 placed on a property value that a district can have
2 access to and has become a significant feature of the
3 system since the early 1990s.
4 THE COURT: This may be a strain, and if
5 it gets to be -- if it's too far off, then I welcome
6 counsel going, "Uh, Judge." But I remember in 2004,
7 when we tried West Orange-Cove II, that there were
8 districts that were held harmless for some reason
9 regarding recapture -- or no, I'm confused. There were
10 something called hold harmless districts, and I was
11 wondering, one, do we still do that, and then two, what
12 are they held harmless from?
13 MR. WISNOSKI: In the -- in the structure
14 of recapture and Chapter 41, there is an allowance for a
15 district to maintain a tax base sufficient to support
16 the spending level that district had in 1992-93, and
17 that's sometimes referred to as a hold harmless, and it
18 holds them harmless against the effects of having a
19 smaller tax base, meaning less ability to generate
20 revenue. Those features still exist in the system
21 today, and you can see the components as we work through
22 some of the tables that are later in the presentation on
23 Chapter 41. It does not apply to any of the districts
24 that we were examining as example districts.
25 THE COURT: Okay.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 MR. WISNOSKI: So you won't see a detailed
2 calculation that shows you the effect other than to show
3 you where in the formulas that would enter in.
4 THE COURT: Thanks.
5 MR. WISNOSKI: In terms of structural
6 concepts, we're going to talk a lot about Tier 1. We're
7 going to talk about tax compression, which is a feature
8 that was brought into the system in 2006-2007, and how
9 we allocate taxes across different component parts of
10 the system. Additional state aid for tax reduction,
11 which has for the past several years been a very
12 significant feature of the system; Tier 2, a level of
13 funding above Tier 1; recapture, and facilities funding.
14 So those are the major topic areas we're going to talk
15 about.
16 THE COURT: And in this area, on the
17 additional state aid for tax reduction, we want to make
18 sure of a couple of things. We believe that it only
19 applies to the basic allotment, and then second, we
20 believe that it's scheduled under Senate Bill 1 to be
21 phased out in 2017.
22 MR. WISNOSKI: I'm not sure I would
23 describe it as applying only to the basic allotment as
24 much as the basic allotment is a fairly specific term
25 that we talk about in the school finance formulas. It

Unofficial copy Travis Co. District Clerk Velva L. Price

1 does apply only to the tax effort of -- at compressed
2 rates. So you have to understand the concept of the
3 compressed rate. And the compressed rate under the
4 current structure is synonymous with what is available
5 to a district and Tier 1, and to the extent the basic
6 allotment drives Tier 1, yes, it's related to that, but
7 basic allotment is a fairly narrow term to use.
8 THE COURT: Okay. And this is the value
9 of what we're doing here today, is to correct the
10 Court's thinking on this, but that -- thank you. But
11 I'm finished with this slide.
12 MR. WISNOSKI: All right. This was meant
13 to be a very simplistic view of the layers of the school
14 system that we operate with now. You don't see
15 recapture on here.
16 THE COURT: We had a question about this.
17 MR. WISNOSKI: Okay.
18 THE COURT: Is this proportionately
19 accurate?
20 MR. WISNOSKI: Let me describe what those
21 levels indicate. The lowest bar, the Tier 1 formula, is
22 represented there as an amount per WADA that is at -- as
23 best I could calculate, the 2011-12 statewide average.
24 After all the various adjustments are made, that's how
25 much WADA is worth. It's approximately $5,000. Okay.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 The next tier that you see or next layer in this --
2 THE COURT: The reason I ask, because that
3 looks like it's at 4,000.
4 MR. WISNOSKI: It's a distortion because
5 of the three-dimensional effect. It's really about
6 5,000. And ASATR there is a statewide average number.
7 As we will talk about it later on, we'll see there's
8 quite a bit of variability in that, but that's running
9 around 350-something dollars per weighted student, as a
10 state-wide average in '11-'12. It's been a different
11 number in past years. It will be a different number in
12 the future.
13 And then Tiers 2, Level I and II, are
14 shown at their theoretical level, assuming this is a
15 district with a compressed rate of $1 and has access to
16 17 pennies of tax rate above that. There are
17 approximately $360 for Tier 2 Level I, and $351 for Tier
18 2 Level II, and we'll go through those formulas to kind
19 of show you how you get to that level as we work through
20 the presentation. But these are the common structural
21 components that we talk about in terms of funding
22 available for maintenance and operations.
23 Tax compression, as I mentioned, has been
24 with us since the '06-'07 school year. It's a result of
25 the legislature's actions in 2006 to address the West

Unofficial copy Travis Co. District Clerk Velva L. Price

1 Orange-Cove decision. District tax bases were left
2 intact, but the tax rates were reduced by one-third for
3 maintenance and operations to define a new compressed
4 rate. Districts were allowed to increase rates above
5 that under certain circumstances, but the compressed
6 rate is a calculated tax rate. It's actually an adopted
7 rate as a threshold for districts. So in '05-'06, if a
8 district had a tax rate of $1.50, you would apply 66.67
9 percent of the $1.50 to determine a compressed rate.
10 Mathematically, that equates to 1.00005, but for
11 administrative purposes, it's basically $1, and in many
12 places where the Texas Education Agency applies a
13 compressed rate to the formula calculation, they are
14 using $1 for that purpose to represent the compressed
15 rate that a district would have were it at $1.50 in
16 '05-'06.
17 For districts who are not at $1.50 in
18 '05-'06, there is a calculation of a compressed rate,
19 and as you've already noted, Garland is one of those
20 districts. Its compressed rate is slightly below $1,
21 and because of that, it has certain other ramifications
22 in the school finance system.
23 But the compressed rate defines, in our
24 current structure, effectively one aspect of Tier 1, a
25 district's compressed rate, its revenues that are

Unofficial copy Travis Co. District Clerk Velva L. Price

1 measured -- or produces revenues that are measured for
2 purposes of calculating ASATR, to hold the district
3 harmless from the effects of that compression. And
4 we'll talk about that more in just a few minutes.
5 Debt service rates on the other hand are
6 different. You have a question?
7 THE COURT: Yeah, and it was that last
8 statement. My note is what does this mean?
9 MR. WISNOSKI: It might be easier to show
10 you what it means as we work through, rather than to try
11 to do it in the abstract here, because I think it will
12 be easier for you to see how that compressed rate
13 relates to both Tier 1 and 2 target revenue and ASATR as
14 we go through some of the more details.
15 THE COURT: I meant what does "The debt
16 rate is largely based on the INS rate needed to pay debt
17 service"?
18 MR. WISNOSKI: The school districts do not
19 have a great deal of discretion in setting a debt
20 service tax rate. When they issue bonds, they are
21 authorized by the voters to levy a tax sufficient to pay
22 the debt on those bonds. It is not an unlimited
23 authorization. They don't have the discretion to simply
24 say, "Well, we think we ought to set the debt service
25 tax rate at 50 cents. That's twice as much money as we

Unofficial copy Travis Co. District Clerk Velva L. Price

1 need to pay our debt, but we like the idea of having
2 that money around. That's not within the scope of
3 discretion of the school district. They are only
4 authorized to levy the debt service tax rate for
5 purposes of paying the debt that exists.
6 There are some circumstances in which a
7 district can lower the tax rate to a lesser amount based
8 on the use of other sources of funds to pay its debt,
9 and in Chapter 46 of the Education Code, they are
10 directed to lower their adopted rate to account for the
11 existence of state aid when they receive it for
12 assisting them in paying their debt service. So that's
13 all that was intended.
14 THE COURT: Thanks.
15 MR. WISNOSKI: And moving on to slide 12,
16 we do go through a process now of allocating taxes to
17 component parts of the finance system. We've talked
18 about compressed rate. We've talked about Tier 2 Level
19 I and Tier 2 Level II. Each of those components has an
20 amount of taxes that are allocated by the Texas
21 Education Agency in order to do some of the computations
22 that we'll show you in just a few minutes.
23 THE COURT: And were these allocations,
24 were they set by statute, or are they set by agency
25 rule?

Unofficial copy Travis Co. District Clerk Velva L. Price

1 MR. WISNOSKI: I'd say that the
2 allocations are set really -- and as a practical matter,
3 by both. The statute describes the compressed rate,
4 which is a reference to a tax rate, and generally, it's
5 a reference to a rate that is adopted by a school
6 district.
7 The district does not levy that as a
8 separate identifiable rate. It does not collect the
9 taxes based on that rate as a separate amount. It does
10 not account for that as any separate amount of tax
11 collections, but in order to calculate component parts
12 of the Foundation School Program, particularly, the
13 additional state aid for tax reduction, you have to have
14 some acknowledgment of revenues generated by the
15 compressed rate. The state aid, you can pretty well
16 define, but the local side, you have to compute an
17 amount of the taxes collected to the compressed rate in
18 order to determine, is this district entitled to some
19 additional assistance?
20 THE COURT: And so the allocation is a
21 methodology by which to impute?
22 MR. WISNOSKI: That's correct. There's
23 nothing specific in the statute that says when the
24 agency allocates taxes to these component parts, it will
25 follow these formulas. The agency had to infer that

Unofficial copy Travis Co. District Clerk Velva L. Price

1 from the statute and piece together language of the
2 statute at the time which, you know, had some issues
3 associated with it in terms of how it meshed with
4 existing laws related to taxes and how we measure taxes,
5 particularly for Tier 2, and the way to compute tax
6 efforts for Tier 2.
7 So there were a number of administrative
8 decisions the agency had to make back in the 2006-2007
9 school year, and really, it took quite a while for some
10 of those decisions to formalize and become the body of
11 what we now have as the tax allocation system.
12 THE COURT: Okay.
13 MR. WISNOSKI: So when we allocate taxes,
14 it's basically to the compressed level, whatever that
15 tax rate is, to Tier 2 Level I, for the Austin yield
16 tier, which is defined by the next six pennies above the
17 compressed rate, adopted by the school district, and
18 then lastly, to any pennies of tax rate adopted above
19 compressed rate plus six.
20 THE COURT: From $1.07 to $1.17?
21 MR. WISNOSKI: Anything above $1.06. It
22 can be fractions of a penny, but, yes, $1.07 to $1.17,
23 for most districts. There are a few districts who
24 actually can tax higher than $1.17, and particularly in
25 Harris County. Their calculations get a little bit more

Unofficial copy Travis Co. District Clerk Velva L. Price

1 complicated, but they're a small exception to the
2 general rule.
3 In terms of other concepts that I think
4 are relevant for what you need to know when you look at
5 a summary of finances of the school district, on slide
6 13, I show you a few of those issues that you probably
7 will have to grapple with.
8 Legislative payment estimate and district
9 planning estimate, LPE and DPE. Those abbreviations
10 stand for something. Legislative payment estimate is
11 the set of calculations the agency uses during a school
12 year on which to base its distribution of state aid.
13 The legislative payment estimate numbers generally
14 reflect student projections that were provided to the
15 legislature prior to or during the last legislative
16 session and on which the legislation based its
17 appropriations. And so the agency is using a set of
18 numbers for a year to make its distribution of state
19 aid. After the year is over, the agency will recognize
20 the actual attendance and settle up with the school
21 district.
22 THE COURT: So in your calendar, your five
23 or six calendar slides that stretch out over, it looks
24 like at least 18 months, there are a series of where you
25 have refinements of the LPE and likewise of the DPE.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 MR. WISNOSKI: In effect, the LPE more or
2 less remains constant from the beginning of the year
3 through the end of the school year. The DPE reflects
4 new additional information, but does not, during a year,
5 change the cash flow to the school district, as a
6 general rule. DPE, which you've just touched on, is a
7 district planning estimate. That's what the acronym
8 originally stood for, and years ago, districts were
9 given the ability to submit additional data to the
10 agency or the agency would make changes based on its
11 receipt of fall enrollment. That practice still
12 continues, although it's rare for a district to ask for
13 a change in the DPE numbers simply because they don't
14 affect any cash distribution and don't really change
15 what a district is ultimately entitled to. It might
16 give them a better sense of what they're earning for a
17 particular year, because actual state aid earned for a
18 year is based on actual attendance, for the most part,
19 and actual tax collections and actual property values
20 for the preceding tax year. But DPE can reflect a
21 better approximation of what aid a district is earning
22 from the state based on the fall enrollment. The agency
23 typically goes through a cycle of updating the
24 attendance figures based on fall enrollment for a year,
25 and we'll touch on that as we go through the calendar in

Unofficial copy Travis Co. District Clerk Velva L. Price

1 just a minute. It will also pick up projected tax
2 collections based on the school district budgets during
3 the year, and towards the end of the year, will ask
4 districts, as it is at the present time asking them, to
5 tell the state what kind of tax collections a district
6 has for a year so it can get that settle-up that occurs
7 after the end of the year, a little bit more accurate.
8 But in terms of cash flow to a district during a year,
9 the determination of state aid for a year is made with
10 the LPE numbers until the final data come in, and then
11 there's a reconciliation process after that.
12 THE COURT: We had, about a year ago,
13 another little small finance case involving five
14 districts, and so we became very acquainted with the --
15 what you've referred to as "estimates in dynamic
16 system," in many rules, in many exceptions.
17 MR. WISNOSKI: Yes, and we talk about the
18 system as if it's a certain fixed known quantity, but
19 there are lots and lots of exceptions that we won't have
20 time to talk about in this context. Just be mindful
21 there are many such exceptions that are out there.
22 In terms of calendar, I thought it would
23 be useful to kind of show you the calendar for the
24 '11-'12 school year, and it kind of depends on who's
25 telling the story as to how far back things can go and

Unofficial copy Travis Co. District Clerk Velva L. Price

1 how far out beyond the end of the year things can go,
2 but I've chosen to start in 2010 for the '11-'12 school
3 year, because 2010 determines the property values. The
4 valuation date for most categories of property is
5 January 1 of a year. And so you start off with January
6 1 being the beginning of 2000 --
7 THE COURT: Yeah, you don't have to --
8 we're --
9 MR. WISNOSKI: We'll move on.
10 THE COURT: Okay.
11 MR. WISNOSKI: There are a couple of items
12 that I wanted to note as we move on that might help you
13 with a little bit more of the understanding. On slide
14 15, it's just about to pop up. On July 15th, the
15 comptroller delivers the tax year 2010 property values
16 to the agency. That value is key in determining state
17 aid for a particular school year. It is the value used
18 for the 2011-12 school year that we referred to as the
19 comptroller property value. It's being based on the
20 January 1, 2010 valuation date. It's delivered in July
21 of 2011, and ultimately determines the state and local
22 shares for Tier 1, and to a great extent, the state
23 share and local share of Tier 2, recapture and so forth.
24 In terms of other key dates, when we get to the end of
25 the fiscal year, August 31st, 2011, we measure property

Unofficial copy Travis Co. District Clerk Velva L. Price

1 value, or not property value, but tax collections, and
2 at least for the debt service components, particularly
3 the existing debt allotment, that's a crucial
4 measurement of tax collections that sets a limit for the
5 following two years on the existing debt allotment. So
6 there are different points in time during a year where
7 specific events occur. This is just the final cut off
8 for tax collections measured for that year.
9 I note up here starting in -- let's see.
10 It should be in February. It should be popping up in
11 just a second. TEA generates the district planning
12 estimates for '11-'12, using fall enrollment and budget
13 and tax collections, around the end of February. That
14 depends on their availability of staff and the
15 availability of the data. It varies a little bit from
16 year to year, but that's when the districts might see on
17 a summary of finances, numbers that are more consistent
18 with their reality of who's actually enrolled and what
19 kind of taxes they're actually collecting and so forth.
20 Down in July of 2012, you have the due
21 dates for the attendance data which determine, for the
22 most part, there are a couple of exceptions, but for the
23 most part, all of the attendance of Tier 1 that feeds
24 into the school finance system for that final
25 determination of what state aid has been earned.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 And of course, you have the end of the
2 fiscal year occurring for most school districts that
3 still -- August 31st of 2012. There are a few that
4 are -- I say a few, probably about a quarter of the
5 districts are on an alternate fiscal year that ends at
6 the end of June.
7 And lastly, when we move into 2013, we
8 don't go through a, quote, final calculation of the
9 district's state aid until April. Once all the data has
10 finally come in, including a tax collection summary that
11 appears in the independent audits of school districts --
12 that's normally delivered in February for most
13 districts -- I'm sorry, January for most districts, and
14 the agency is able to compile all that, and finally runs
15 a final summary of finances probably around April. It
16 could be a bit earlier. It depends again on the
17 availability of data and staff to run those final
18 calculations. And once that's done, there's a final
19 settle-up, either an additional payment to the district
20 for the '11-'12 school year or a notification that the
21 district owes money back to the state. So the cycle for
22 a given school year really runs through, in this case,
23 '10, '11, '12, and into '13. So close to
24 three-and-a-half years rather than 18 months. Most of
25 the activity is in 18 months, but a lot of it stretches

Unofficial copy Travis Co. District Clerk Velva L. Price

1 before and beyond. And quite honestly, even the final
2 summary of finances isn't really final. If there's an
3 audit or an adjustment of some sort that takes place
4 later on, there can be changes in there that calculate
5 in the state aid after that as well.
6 In talking about the specific example
7 districts we're looking at, quite honestly, this is one
8 of the more difficult exercises to meet your parameters
9 of districts that showed some variation in their school
10 finance characteristics but also were not plaintiffs in
11 the case, and so we struggled for quite a while to find
12 a small district that was not a plaintiff, a midsize
13 district that was not a plaintiff and a larger district
14 that was not a plaintiff. That exemplified certain
15 features that give you at least some differences to look
16 at.
17 In this case, Itasca, Pleasanton, Garland,
18 and Austin, are shown with their respective enrollments,
19 their respective average daily attendance numbers, and
20 let me point out, since we're showing you real data
21 here, all throughout this presentation, I'm using
22 2011-12 DPE numbers. I realize the state pays on LPE.
23 I know that DPE is not final and we won't know final ADA
24 until the agency publishes it for a couple more
25 months -- actually not a couple more months, probably

Unofficial copy Travis Co. District Clerk Velva L. Price

1 just a couple of weeks, but I thought it was a little
2 bit closer to reality given that it's based on an
3 adjustment for fall enrollment. So I picked up the DPE
4 numbers from all the summaries of finances and used them
5 throughout this presentation, but be aware they simply
6 are not final. These do not reflect the final
7 adjustments. It's just to give you a good idea.
8 THE COURT: We're good.
9 MR. WISNOSKI: You see the sizes of the
10 tax bases of the school districts there and their
11 various tax rates. We have one district with the
12 maximum $1.17 rate adopted. One district with only four
13 pennies above its compressed rate, Pleasanton. We have
14 Garland that has adopted $1.04 tax rate. It has a
15 compressed rate that's below $1. And so Garland has all
16 of the pennies of the Austin yield tier that we're going
17 to talk about in just a few minutes, plus a fraction of
18 a penny beyond that in terms of its tax rate.
19 Austin, as well, has adopted a tax rate
20 that entitles it to all six of the so-called Austin
21 yield pennies, as well as 1.9 cents beyond that.
22 As I noted, only Garland has a tax rate in
23 '05-'06 that was less than $1.50.
24 They have various INS tax rates, it turns
25 out that all three, ITASCA, Pleasanton and Garland, are

Unofficial copy Travis Co. District Clerk Velva L. Price

1 entitled to some state aid for their facilities funding
2 that we'll show you in later parts of the presentation.
3 Austin has a debt service tax rate, but does not receive
4 any state assistance for that.
5 And all four of the districts turned out
6 to be in a fairly narrow band of percentage economically
7 disadvantaged. That's one of the characteristics of the
8 student population that tends to vary quite a bit from
9 one district to the next, but in this particular case,
10 these just happen to be pretty close to one another.
11 Okay. I'm going to turn now to the actual
12 Tier 1 formula system and kind of move through this,
13 because it's my understanding, you believe that you have
14 most of this down already.
15 Basic allotment, as I said earlier, to
16 most people who are in this area and practicing, basic
17 allotment is a narrow term. It refers to this allotment
18 amount that drives most of the formulas of Tier 1, and
19 it's set at 4,765 for the '11-'12 school year but with a
20 couple of adjustments. Significant adjustment is based
21 on the district's compressed tax rate. So if a district
22 has a compressed tax rate less than $1, it actually has
23 a basic allotment that it is reduced for that. And in
24 Garland's case, you will see that in the calculations as
25 we work through.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 It's also adjusted for various
2 characteristics, including this cost-of-education index
3 and size components, based on the district's size.
4 Here's the reduction I alluded to for
5 Garland for its basic allotment. You see the district's
6 compressed rates in the very first line of slide 23.
7 The state maximum compressed rate is shown as $1. As I
8 said, that's been rounded by the agency to be $1, even
9 though you could calculate it out to a fifth decimal
10 place to be slightly different, but it -- for most
11 districts, that's close to what they would see as their
12 compressed rate.
13 And the result is a percentage reduction
14 in all cases, that is, essentially, the compressed rate
15 divided by $1, and you see the result of applying that
16 percentage to the 4,765-dollar basic allotment, Garland
17 ends up with $4,628. All of the districts are funded at
18 4,765 in their calculations.
19 Cost-of-education index, we've already
20 talked about it, so I'm not going to dwell on it. It
21 has a range of 1.02 to 1.20. The factors were derived
22 in 1989-90. There are five different factors, and
23 here's a table of how those factors relate to the final
24 index amount.
25 As you pointed out regarding the factors

Unofficial copy Travis Co. District Clerk Velva L. Price

1 in use, some of these don't really relate to the
2 circumstances of districts anymore, and in particular,
3 the competitive beginning average salary that's shown,
4 you'll see the high end of that range was 20,851. The
5 current state minimum beginning salary is 27,320 by law,
6 and so the factors are somewhat dated in terms of the
7 range, but they are still the factors in use today based
8 on the statute.
9 Here's how the cost of the education
10 indexes is applied to the basic allotment. It is only
11 applied to 71 percent of the basic allotment, and I've
12 shown you the formula --
13 THE COURT: Where -- do you have any idea
14 where that came from?
15 MR. WISNOSKI: This may require some
16 speculation, but I think I was there --
17 THE COURT: No, no.
18 MR. WISNOSKI: I actually was there at the
19 time. I was working on the studies, and the 71 percent
20 is related to the percentage of a school district's
21 budget measured in a particular way. I think it was
22 operations only. That was associated with salaries and
23 benefits of professional staff, and I think there's some
24 reference to this in one of the cost-of-education index
25 studies back in the 1980s. I want to say around 1987 or

Unofficial copy Travis Co. District Clerk Velva L. Price

so. So it's been around for quite a while, and it's maintained that 71 percent application ever since.

There have been a number of studies of the cost-of-education index since then, but none have ever gone through with an actual change since the ones we're dealing with right now.

Because of the way that the cost-of-education index value is adjusted and applied to the basic allotment, the effective range of this adjustment is from -- a little less than one-and-a-half percent increase to the 4,765-dollar basic allotment, or less in the case of Garland, to 14.2 percent. And so you have a modest adjustment in ranges up to a little less than 15 percent.

Here's the actual calculation. The index values that you see on slide 27 at the top, range from 1.06 for Itasca to 1.14 for Garland. In the case of Garland, because of the way that the basic allotment has been adjusted, you'll note that even though they have the highest cost-of-education index, they do not have the highest adjusted basic allotment, which is what we use to refer to the basic allotment after the cost-of-education index has adjusted.

We note down there at the bottom, the lowest, of course, is Itasca with a 1.06

Unofficial copy Travis Co. District Clerk Velva L. Price

1 cost-of-education index. It gets the lowest adjustment
2 of the CEI and it has 4,968 as its starting number for
3 all the other calculations in Tier 1, not all, but most
4 of the other calculations.
5 In terms of the distribution of CEI
6 values, most of the districts are clustered in a band
7 from around 1.05 to probably about 1.12 or so. You see
8 that over half the school districts in the state in that
9 band from 1.05 to 1.10 on slide 28.
10 We also have size adjustments, or what
11 some people refer to as diseconomies of scale
12 adjustments. We have really three different flavors of
13 size adjustment. One for small districts with less than
14 300 square miles, one for small school districts with
15 more than 300 square miles, and one for what we
16 categorize as midsize districts. You can see the
17 formulas there. Those formulas are specified in the
18 statute.
19 Here's the effect of those adjustments.
20 The smaller the district gets toward the left-hand side
21 of the scale on page 30 -- or slide 30. The larger the
22 adjustment amounts become. The theory being that as a
23 district gets smaller and smaller, it has a harder time
24 maintaining a functional educational system if its cost
25 for students are not allowed to rise. So this

Unofficial copy Travis Co. District Clerk Velva L. Price

1 recognizes the diseconomies that you can't really have
2 in its economical structure to a classroom if you have
3 only ten students in 3rd Grade, that's going to limit
4 how much -- or its going to force you into spending a
5 certain amount per student that a district with 22 kids
6 in 3rd Grade wouldn't have to spend.
7 So you see adjustments here that range
8 from about 12.5 percent for the theoretical maximum of
9 the midsize adjustment to 40 percent for small districts
10 with less than 300 square miles to about 68 percent, I
11 think it is, for districts with more than 300 square
12 miles, and a district gets the best of those three
13 adjustments. So there is a point in here where a
14 district who's less-than-1,600-regular-program ADA might
15 get a midsize adjustment instead of a small district
16 adjustment.
17 In terms of the distribution of size of
18 districts, we have a lot of small districts in Texas.
19 There are lots of places in the state where the entire
20 county is a small district. And so you have most school
21 districts receiving some form of a small district
22 adjustment.
23 In terms of the application of those
24 formulas, Itasca is the only one who really benefits as
25 a small district, because it's the only one with less

Unofficial copy Travis Co. District Clerk Velva L. Price

1 ADA than the threshold of 1,600. And what you see down
2 there at the bottom, small district adjustment, $6,259,
3 that's a significant boost to the district of about 26
4 percent in what would otherwise be their adjusted basic
5 allotment amount.
6 All the other districts have gone ahead
7 and shown you on here how the formulas would work for
8 them. They all turn out to have a negative adjustment
9 as a result of their size, because you're comparing them
10 to a 1,600 standard, and if you look back at that
11 formula a couple of slides ago, you'll note that it's a
12 comparison of 1,600 minus the ADA of the district, or
13 regular program ADA of the district, and so that equates
14 to a negative number in the case of Pleasanton, Garland
15 and Austin. I went ahead with the math just to show you
16 how negative that can turn. They aren't funded on those
17 bases. Those are less --
18 THE COURT: I hope this is not
19 disconcerting, but I'm going to stand and listen to you
20 for a while.
21 MR. WISNOSKI: It doesn't bother me at
22 all. I'm standing.
23 Midsize adjustment, we have Itasca and
24 Pleasanton as districts that are below the 5,000
25 threshold. You'll note, though, that when we run

Unofficial copy Travis Co. District Clerk Velva L. Price

1 through the calculations for Itasca, because of their
2 size, they actually don't benefit any more from the
3 midsize adjustment than they do from the small
4 adjustment. They had over $6,000 as the result of the
5 formula calculations on the previous slide. Here they
6 only have 5,519. So they end up with a better deal from
7 the small district adjustment than they do from the
8 midsize adjustment.
9 I'll note that Itasca is a district that
10 has less than 300 square miles, otherwise, it would have
11 a higher adjustment on the previous slide. I think I
12 calculated it at one point. It would have had over a
13 7,000-dollar adjusted allotment had it been more than
14 300 square miles.
15 You'll also note that Pleasanton now has a
16 number that has increased above its adjusted basic
17 allotment, 5,036 is its adjusted basic allotment. It's
18 5,305. So it's getting something out of the midsize
19 adjustment, not a whole lot, but something. It's about
20 a 5 percent increase.
21 The other two districts, Garland and
22 Austin are far larger than the 5,000-student thresholds.
23 They don't receive any benefit here. And this just
24 displays on slide 34, the range of the adjusted basic
25 allotment, the small district adjustment, the midsize

Unofficial copy Travis Co. District Clerk Velva L. Price

1 adjustment, and as I said, the district gets the best of
2 those three.
3 In terms of regular program, once we
4 actually get into doing the calculations of entitlements
5 and formula amounts, for each student that's in regular
6 program attendance, which means the time they don't
7 spend in special education or career and technology,
8 although there is an exception to that as well, they
9 receive the adjusted allotment amount.
10 So we measure regular program attendance
11 by looking at total attendance and then subtracting
12 units of special ed and career and technology
13 participation.
14 For the 2011-12 through '14-'15 school
15 year, there's a new factor though that enters in that
16 has not been there before. This was created during the
17 last legislative session. It's called the regular
18 program adjustment factor.
19 THE COURT: It's not called a budget cut.
20 It's called an RPAF.
21 MR. WISNOSKI: You haven't required me to
22 express an opinion, Your Honor. I'm not supposed to be
23 expressing an opinion.
24 THE COURT: And I'm not supposed to
25 express one either. So, the question we had here, and

Unofficial copy Travis Co. District Clerk Velva L. Price

1 it's kind of a bone-headed question, but its ours
2 nevertheless, and that was, was the RPAF, which was 98
3 percent, is that 98 percent of that which had been
4 reduced by 92.3 -- 92.39 percent, or was that before the
5 reduction? Do you understand what I'm saying?
6 MR. WISNOSKI: Yes, I do understand what
7 you're saying. The factors are applied independent of
8 one another across the years. In other words, it's
9 .9239 of a basic allotment amount in '11-'12, and for
10 '12-'13, it's .98 percent or .98 of that basic allotment
11 amount or adjusted allotment amount. It's not
12 additional. Although the effects of the other changes
13 that we'll talk about in a few minutes do make some of
14 the changes from '12-'13, even lower revenue levels or
15 effectuate lower revenue levels for districts than in
16 '11-'12. So we'll get to that once we see more in the
17 system.
18 THE COURT: And I'm trying not to ask a
19 loaded question, but I wanted to make sure that I
20 understood that this RPAF adjustment factor was done
21 irrespective of whether you had growth in the district
22 or not. So if you had -- I think statewide there was
23 approximately 2 percent growth in the number of
24 students, and so conceivably, your average district
25 would have a 2 percent growth, and so irrespective of

Unofficial copy Travis Co. District Clerk Velva L. Price

1 that growth, your basic -- your Tier 1 was reduced by
2 7. -- .0761.
3 MR. WISNOSKI: Okay. Let me -- you said a
4 number of things in there, and some of them were wrong.
5 THE COURT: That' great. I'm happy.
6 MR. WISNOSKI: So let me just tell you how
7 it works. It is irrespective of growth in the district.
8 The district could be increasing students by 10 percent,
9 and thereby in the underlying calculations, you would
10 expect their, at least regular program, to increase by
11 about 10 percent. It kind of depends on what programs
12 those students were participating in. Again this only
13 applies to the regular program.
14 So yes, that's true. If they had declined
15 by 10 percent, for whatever reason, they would still
16 suffer this reduction as a result of the application of
17 the formulas. They would be 10 percent worse off than
18 the students as well as an additional 7.61 percent
19 reduced.
20 You said, though, that this applies to
21 Tier 1, and it doesn't. It only applies to the regular
22 program, and as you'll see in later slides, it's only a
23 part of Tier 1. This does not apply to the basic
24 allotment as it's adjusted and used for special ed,
25 career and tech, gifted and talented, bilingual and the

Unofficial copy Travis Co. District Clerk Velva L. Price

other allotments, comp ed and any other ones of significance. So that's the aspect that I think of as incorrect.

THE COURT: Give me one second. Okay. So I do firmly understand that the adjustment does not apply to the program characteristics, special ed, vocational, others.

MR. WISNOSKI: That's correct.

THE COURT: Okay.

MR. WISNOSKI: Here's the way that the formula plays out. We've already noted the adjusted allotment amounts in previous slides, and we've shown you, although didn't particularly note it, the regular program ADA, this again is the attendance of the district, minus the time that students spend in special ed and career and technology. So it's a smaller number than total ADA in each of the districts.

The adjusted allotment is multiplied by the student count to come up with a result. It's just an intermediate result at this stage. In prior years we would have called that the regular program allotment, but because of the regular program adjustment factor that's in play here, we have to adjust that number downward by applying .9239 to each of the allotments in the districts. It results in a reduction in the regular

Unofficial copy Travis Co. District Clerk Velva L. Price

1 program allotment that would have been calculated under
2 prior law, given the same data, of about $267,000 for
3 Itasca, about a million one for Pleasanton, about 19.3
4 million for Garland and about 28.7 million for Austin.
5 You could really just compare that intermediate result
6 to the bottom result of the regular program allotment
7 and that's that difference.
8 THE COURT: Okay.
9 MR. WISNOSKI: Now I'm going to turn to
10 the rest of Tier 1. We talked about the regular
11 program. We've kind of gotten you to the point of the
12 basic allotment with all of its adjustments. That basic
13 allotment with all of its adjustments, what we'll
14 typically refer to as adjusted allotment, is used to
15 calculate many of the other allotments that make up Tier
16 1. What you see on the slide here is all the other
17 category areas for each of those allotments. Special
18 ed, career and tech. In the statute it's career and
19 technology, which you'll find a lot of people referring
20 to it these days as career and technical, I think. You
21 know, our terminology changes even though the statute
22 doesn't.
23 Compensatory education, bilingual or ESL
24 programs, gifted and talented, public education grant
25 program, all of those are funded using that adjusted

Unofficial copy Travis Co. District Clerk Velva L. Price

1 allotment amount that we came up with, but without the
2 regular program adjustment factor.
3 Then we also have new instructional
4 facilities allotment, high school allotment and
5 transportation allotment with a special note that there
6 is no appropriation for the current biennium for new
7 instructional facilities allotment. So there really is
8 no money for that, even though there is a statutory
9 basis for it. In looking at special ed, it's not just
10 one category. We actually have 11 categories for
11 special ed.
12 THE COURT: And we're familiar with this.
13 MR. WISNOSKI: Okay. The one thing I
14 would point out about this, though, is that mainstream
15 is not funded the way that the rest of special ed is.
16 Mainstream is an average daily attendance number and
17 students in the mainstream do count for purposes of
18 regular program, and so the time they are in the
19 mainstream setting is when they're in the regular
20 classroom. They are not taken out of the regular
21 program count. That's one of the exceptions to that
22 calculation.
23 Each of the weights is multiplied by the
24 relevant student counts. It takes six hours of
25 participation to make up an FTE each day, and each of

Unofficial copy Travis Co. District Clerk Velva L. Price

1 these arrangements that make up FTEs only count for a
2 specified number of hours of contact each day that's
3 controlled by a state rule. And so you won't find a
4 student who's generating six hours of contact time in
5 resource room or in speech therapy. Regardless of time
6 they are served, there's a specified amount of contact
7 time determined by state rule. So that's how the FTEs
8 are constructed and then subtracted from total ADA to
9 determine that regular program adjustment.
10 THE COURT: Could you tell me the last
11 bullet point? Allotment is reduced for set aside funds
12 to be used for early childhood intervention. What does
13 that mean?
14 MR. WISNOSKI: The state has had a
15 practice over the years of determining allotments for
16 districts and then saying, "Well, we think it's
17 appropriate that districts bear the cost of funding this
18 initiative," and in this case, we're talking about the
19 early childhood intervention initiative. And so they
20 set money aside from all school districts to fund that
21 state initiative, that state determined initiative, and
22 the compensatory education allotment used to have a
23 large number of these set-asides that would subtract
24 from the amount a district would otherwise be entitled
25 to receive.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 In this case, those -- this is -- this is
2 one of the largest, if not the largest that remains
3 actually, is early childhood intervention. The
4 compensatory education set-asides which used to fund the
5 state's testing program and assorted other activities
6 were basically done away with, I think -- I want to say
7 in 2009. It could have been a different session, but
8 it's been gone for a few years now. The early childhood
9 intervention program is -- well, let's stop there. I
10 won't be able to describe to you everything about the
11 early childhood intervention program, but it's an
12 attempt to intervene before a student needs special
13 education services once they arrive at the school. And
14 the state sets aside several million dollars from all
15 the allotments for special ed and there's a particular
16 methodology used that we'll show you in a couple of
17 slides.
18 So here are the special ed FTEs for these
19 four districts as shown on the DPE side of the summary
20 of finances. This is slide 40. These are the FTEs
21 before we apply the weights of the different programs,
22 and you'll note that the highest number tends to be in
23 the resource room category. That's where most of the
24 FTEs are clustered. You'll also note that a -- the
25 self-contained mild, moderate and severe category is

Unofficial copy Travis Co. District Clerk Velva L. Price

1 typically the second or third highest. Functionally,
2 those two categories, resource room and self-contained,
3 are funded with the same contact fund and the same
4 weight and essentially are the same funding, and it
5 applies to the bulk of the population of students who
6 are serving special ed.
7 But we do have a large number of FTEs that
8 show up in other categories as well, most commonly in
9 speech therapy, occasionally in other categories, and we
10 almost always have mainstream ADA showing up for every
11 school district. So there are a number of different
12 weights applied and a number of different categories for
13 students. Once we apply those weights to the
14 categories, you can see that the numbers get a bit
15 larger. Most of the weights are in the range
16 of two-and-a-half to three, or thereabouts, but some of
17 them, like speech therapy, are at a weight of five.
18 That means the students, for the time they spend in
19 speech therapy, are going to be funded at five times the
20 rate at which a child will be funded for general
21 purposes. And in fact, because of the regular program
22 adjustment factor, it's even a little bit more than
23 that, when compared to the regular program.
24 We take the total of the weighted
25 students, multiply by the adjusted allotments, and then

Unofficial copy Travis Co. District Clerk Velva L. Price

1 that produces a result. The result is a little bit
2 different from what you might see on the summaries of
3 finances for these districts, only because this
4 calculation was done in the aggregate level. When it's
5 actually done by the agency, it's done category by
6 category, weight by weight, and then the numbers are
7 added up and it's just a rounding error. So these will
8 be off by $1 or two or three, just because of the
9 methodology that I used to shorten the display here.
10 And you'll show that less funds set aside
11 in there, where it takes out about $2,500 of the
12 allotment for Itasca and about 100 and --
13 THE COURT: I see it.
14 MR. WISNOSKI: You'll note that Austin
15 does not show anything there, and that's because
16 Austin's in a peculiar circumstance of earning only the
17 per capita in Tier 1, plus any money that might exist
18 for the new instructional facilities allotment and the
19 high school allotment. That's a particular feature of
20 the system that goes back to why the district was having
21 money set aside in the first place and the relationship
22 of the funding of the district to the distribution from
23 the available school fund. It's a twisted story, but --
24 THE COURT: And one we're not going to
25 spend any time on.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 MR. WISNOSKI: We'll not spend any time on
2 it.
3 THE COURT: For there are many twisted
4 stories.
5 MR. WISNOSKI: Career and technology or
6 career and tech. It's a similar calculation process.
7 THE COURT: And I think, Joe,
8 respectfully, we've got this.
9 MR. WISNOSKI: And that's what I was going
10 to point out, I think you've got the basic of these
11 calculations, and I'm going to zip through many of these
12 slides for the rest of Tier 1.
13 Is there anything significant I need to
14 point out to you here in compensatory ed on slide 45?
15 THE COURT: Could you go back to 45,
16 please?
17 MR. WISNOSKI: Back to 45.
18 THE COURT: Yeah. Give me one second.
19 Educationally disadvantaged, what is that?
20 MR. WISNOSKI: Functionally, as a
21 definition in the Foundation School Program, it means a
22 student who is participating or eligible to participate
23 in the free or reduced lunch program. It's something
24 that you would more commonly think of as economically
25 disadvantaged, which is in this case a proxy for a

Unofficial copy Travis Co. District Clerk Velva L. Price

1 student who's likely to be at risk of dropping out of
2 school or failing to perform satisfactorily. It's --
3 THE COURT: So I've seen districts, as you
4 were flashing through I don't know how many slides ago,
5 there were -- they were in a narrow band, you referred
6 to it as, but they were -- 60 to 67 percent of the
7 students were economically disadvantaged. And so I want
8 to make sure I understand that this allotment could
9 potentially affect -- in those schools with the 60 to 67
10 percent, it could be a significant -- I mean --
11 MR. WISNOSKI: Yes.
12 THE COURT: It's going to be used a lot.
13 MR. WISNOSKI: Yes, these districts all
14 receive a fairly sizable amount of compensatory
15 education funding, because they have, for the most part,
16 populations of poor kids. The count that was shown or
17 the percentage that was shown on the previous slide
18 isn't exactly synonymous with this, because I included a
19 count from the enrollment data. The source of data for
20 the actual allotment is the eligibility counts for free
21 or reduced lunch, month by month. So best six months
22 average for the preceding year. That's not exactly the
23 source of data I used for the other slide. What I used
24 was a flag that was in the enrollment files, but they
25 tend to run very close to one another.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 THE COURT: And so I just happen to have
2 your shifting demography slide, which was slide 5, and
3 you've shown that the growth in Texas of economically
4 disadvantaged has been about 77 percent or is roughly
5 about 60 percent of our present student population.
6 MR. WISNOSKI: That, I believe, is
7 correct, if you'd give me just a second, I --
8 THE COURT: And I promise you, because I
9 just read it.
10 MR. WISNOSKI: I think there's another
11 point that might be worth making there, that the
12 increase from 1994-95 to 2011-12, in gross number of
13 students, in economically disadvantaged, is
14 approximately equal to the growth in total enrollment.
15 All of the additional kids we tend to get have, as a
16 general rule, for recent years, been poor kids, just an
17 additional observation. Move on?
18 THE COURT: Yes.
19 MR. WISNOSKI: There are two different
20 weights, but most of the money is associated with the
21 weight that you see there of 0.2 for the economically
22 disadvantaged students. There is that separate program
23 for pregnant students who receive much higher funding
24 weight but applies to very, very few students. Here's
25 the actual application of the weight, when you see the

Unofficial copy Travis Co. District Clerk Velva L. Price

resulting allotments, and you'll notice for particularly Garland and Austin, those are fairly large looking numbers, but in proportion, all of them are very similar if you look at Itasca's total budget, which we will do in just a few minutes.

Pregnant students, on the other hand, generate a far smaller amount, just because of the instance that there's just very few pregnant students.

Bilingual educational allotment, very similar in its weight structure to how compensatory education funding works. It's a 0.1, applies to a student count. You'll see the results here on page 50. You again will note that you're using the adjusted allotment amount, all the way through here. This is without the regular program adjustment factor. It's the same adjusted allotment amount used through all of these various allotments. Gifted and talented has a slightly higher weight than bilingual of .12. However, it is the only category of students where we actually limit participation for funding purposes. Here it's limited to 5 percent, and that's the only one where there's any kind of limitation placed on the number of kids counted for that purpose. Here's the calculation.

There is a set-aside from gifted and talented. The amounts are much smaller, because it's

Unofficial copy Travis Co. District Clerk Velva L. Price

1 only, I think, about a million dollars statewide and,
2 again, Austin doesn't receive it for the same reason.
3 Public education grant allotment for students that
4 transfer out of district to go to a neighboring district
5 to leave a low-performing school, there is an extra
6 weight for the district that takes that child in of an
7 extra .1, effectively 10 percent above what they get for
8 just regular attendance.
9 There are no public education grant kids
10 noted in any of these districts that the program has
11 very, very, very, very low participation statewide, at
12 most, a couple hundred kids in a given year.
13 New instructional facilities allotment.
14 This one does not use the adjusted allotment amount.
15 It's a flat $250 for every student who attends a
16 brand-new campus, in the first year or if there are
17 additional students attending in the second year, those
18 additional students. It's really start-up funding for a
19 new campus. There is a statutory limit of 26 million
20 and no funds are appropriated by the current biennium,
21 so the allotment is used.
22 High school allotment. This came about as
23 a result of the changes in 2006-07. It was part of,
24 originally, the definition of the revenue target of a
25 district, but was moved into Tier 1 in subsequent

Unofficial copy Travis Co. District Clerk Velva L. Price

statutory changes. It's an allotment of $275 for every student in attendance in Grades 9 through 12, and you see the results there for the high school allotment on page 58.

Transportation allotment. This one doesn't use student counts in any direct way. It actually is a reimbursement for miles traveled, kind of like a mileage reimbursement that you would have on using your car for business purposes. There are four categories of transportation. The largest of which is for regular purposes for many districts, and it uses something called linear density to determine a reimbursement rate. That linear density is effectively the average number of students transported over the average number of miles traveled in a day. And so you end up with seven different groups that have been static for quite a long time now, specified in the Appropriations Act, and here are the reimbursement rates for the linear density group that exist.

To give you a little bit better understanding of what this relates to in terms of linear density groupings, if you took 40 kids for 16.67 miles on an average day as their route, bussed them to school back and forth, they would qualify for linear density grouping, 2.40 and above, because of the number of

Unofficial copy Travis Co. District Clerk Velva L. Price

1 students transported over the number of months. If you
2 took those same 40 kids but drove them for 100 miles a
3 day, much longer distances to get them back and forth to
4 school, they actually fall into the lowest category, up
5 to .40 as linear density, because you're traveling a lot
6 more miles transporting the same students, and you see
7 the reimbursement rates are aligned with or at least
8 somewhat correlated to the linear density groupings, the
9 higher the grouping category, the higher the
10 reimbursement rate, and vice versa, lower level.
11 Here is the calculation of regular
12 transportation for each of the four example districts.
13 You'll note that two of them are in a category of 88
14 cents per mile. That's about -- well, that's the third
15 lowest category, and Garland and Austin are in higher
16 categories.
17 For special education, we have a different
18 formula. It's the actual prior year cost up to $1.08
19 per mile. For career and tech, it's just the actual
20 cost of mile for the per year, and there is a private
21 transportation category, but the reimbursement rate is
22 only 25 cents per mile.
23 Here's a calculation for special ed for
24 example districts, career and tech. Notice that
25 Pleasanton doesn't have any, and for private

Unofficial copy Travis Co. District Clerk Velva L. Price

1 transportation -- none of these four districts had
2 anyone reimbursed for private transportation. That
3 tends to be the exception in far rural areas for the
4 most part.
5 Now, once we've done all the calculations
6 of the individual allotments, we can add them up to come
7 up with a total cost of Tier 1, and what you'll see here
8 is the amounts of the allotments for four example
9 districts going all the way from the $5 million for
10 Itasca to almost $500 million for Austin. Actually, in
11 the circle that displays correctly, not an egg shape or
12 an oval --
13 THE COURT: Calypsoid.
14 MR. WISNOSKI: This is intended to show
15 you the average statewide for the percentage
16 distribution of Tier 1 cost. Roughly 70 percent of all
17 of Tier 1's cost is associated with the regular program,
18 and therefore, about 70 percent is affected by that
19 regular program adjustment factor for '11-'12, as we
20 noted before.
21 Special ed and compensatory education tend
22 to be the largest other components followed by career
23 and tech. The gifted and talented, high school,
24 bilingual, PEG, NIFA, and transportation tend to be
25 much, much smaller portions of the total pie, but they

Unofficial copy Travis Co. District Clerk Velva L. Price

1 do all add up and they are not consistent from one
2 district to the next.
3 As you look through and compare Itasca --
4 THE COURT: Right, we did this, and we
5 noticed that they shift back and forth depending on
6 the --
7 MR. WISNOSKI: Characteristics of the
8 districts and the programs the students participate in.
9 THE COURT: So what we're going to do here
10 is take a ten-minute break. Thank you.
11 (Recess taken)
12 THE COURT: Could you go back to 71? It's
13 the chart of the -- there you go. And is this before or
14 after RFPA?
15 MR. WISNOSKI: It is the after the regular
16 program adjustment factor, RPAF.
17 THE COURT: RPAF.
18 MR. WISNOSKI: These amounts should line
19 up with what you saw on those slides several slides
20 back.
21 THE COURT: Okay. Thanks.
22 MR. WISNOSKI: Okay. Now that we've
23 talked about Tier 1 and what makes up Tier 1, it's time
24 to talk about how it's financed, who pays for it. Tier
25 1 is paid for with both state and local resources.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 There is a calculation of state aid that's based on Tier
2 1 costs minus a local share to determine the amount the
3 state's going to bring in, and in a sense, the analogy
4 that's often used is it's like a bucket, and you fill it
5 up with local money first and the state fills up the
6 rest of the bucket with whatever it needs in order to
7 reach the level to fill the bucket.
8 The local share is defined by applying the
9 compressed tax rate to the prior year property value the
10 comptroller has determined, and for most of these
11 districts, that means that it's $1 applied to the tax
12 base for Garland, and it's slightly less than that, of
13 course, Garland has a slightly lower basic allotment,
14 and so its formula allocations in Tier 1 are slightly
15 smaller than they otherwise would be, if they had a
16 compressed rate of $1.
17 THE COURT: And so in general, your
18 bucket -- for property poor districts, their bucket has
19 proportionally more of the state share than local share.
20 No, it -- I didn't say that right. I cannot guarantee
21 that the state share would outstrip the local share,
22 but in comparison to property wealthy districts, it has
23 a higher proportion of state aid.
24 MR. WISNOSKI: Yes, back to some of our
25 early concepts, the higher the tax base is, per student

Unofficial copy Travis Co. District Clerk Velva L. Price

1 in a sense, the lower the state share is. The lower the
2 tax base, the higher the state share is.
3 Here is the calculation of the local share
4 for each of the school districts. You see the property
5 value determined by the state for tax year 2010 on the
6 top line. To apply tax rates in the way that we
7 normally think about them, you have to divide that by
8 100, because it's a rate applied for $100 valuation. So
9 we go through the process of dividing it by 100, and
10 then apply the compressed rate to that to come with up a
11 local fund assignment, but then subtract that local fund
12 assignment from Tier 1, total cost, to determine a local
13 share.
14 In the case of Itasca --
15 THE COURT: And this local fund assignment
16 is not necessarily what they collect, because their
17 collection rate may vary.
18 MR. WISNOSKI: At this stage, no, it is
19 not. It is simply that calculated compressed rate
20 applied to the comptroller's property value.
21 THE COURT: Okay.
22 MR. WISNOSKI: In prior years, there would
23 be some relationship between a calculated local fund
24 assignment and the collections prior to the changes
25 brought about in '06-'07. So there was a little bit

Unofficial copy Travis Co. District Clerk Velva L. Price

1 more relationship there in prior laws, but for the past
2 five years, it's been basically --
3 THE COURT: Through House Bill 1, then
4 36 -- House Bill 3646, and then Senate Bill 1.
5 MR. WISNOSKI: It's been a more consistent
6 methodology along these lines for those five years than
7 the way it used to be, but the local fund assignment
8 has -- as best I can recall in all the past history
9 going back to the early '80s, at least, been a specified
10 rate applied to prior year property value from the
11 comptroller. In a few cases there were exceptions, but
12 that's the general rule. However, in all prior years,
13 it's usually been a uniform rate applied to that, and --
14 THE COURT: We think we understand this.
15 MR. WISNOSKI: Okay. State share is shown
16 on the next to the last line of slide 73. You'll note
17 that Austin shows a zero, because you would get a
18 negative number. I didn't take the negative number
19 option here. There is, however, a minimum amount of
20 state aid for each district. And so Austin does receive
21 about $4 million in state aid, mostly from per capita
22 allocation from the available school fund and I believe
23 their high school allotment. That's the minimum amount
24 specified in statute.
25 When you look at this Tier 1 revenue and

Unofficial copy Travis Co. District Clerk Velva L. Price

1 compare the state shares and the local shares of what is
2 defined to be the Tier 1 of each district, I thought it
3 would be useful to show you these amounts as amounts per
4 ADA where you can kind of see the effects of the small
5 and midsize adjustments that Itasca and Pleasanton
6 receive, but then also show you on a per weighted ADA
7 basis. These districts are all in a fairly narrow band
8 once we calculate WADA, which is itself a function of
9 the size of Tier 1 for each district, and then dividing
10 that into the total Tier 1 and the methods of financing
11 it, you get to pretty similar amounts, right around
12 $5,000 for each of these, a little bit of variation, but
13 not really terribly much.
14 Okay. Now, I have as an optional exercise
15 for you, quizzes for each of the major sections. So I'm
16 not going to insist that you do it, but if you wanted
17 to, I have them.
18 THE COURT: No, that's really good, and if
19 you would give those quizzes to the attorneys and let's
20 see how they do.
21 MR. WISNOSKI: I was thinking that you
22 might take them and then quiz them.
23 THE COURT: No, no, no, we shan't be doing
24 that.
25 MR. WISNOSKI: Okay. Let's move on to

Unofficial copy Travis Co. District Clerk Velva L. Price

1 Tier 2. We talked about WADA a bit already, and we've
2 talked about the existence of Tier 2 in its multiple
3 forms these days. For the past three years, we've had
4 Tier 1 providing access to two different levels of
5 equalization. It provides an equal yield per penny per
6 unit of student that we call WADA. The total pennies
7 funded in Tier 2 is limited to the maximum tax rate of
8 $1.17 minus the compressed rate. But you get some
9 variation when you get into the actual mechanics of the
10 calculations when you look at that.
11 There are two distinct levels as I think
12 we've already mentioned. There's an Austin yield which
13 is currently specified at 59.97, and it applies to the 6
14 cents above compressed, and then 31.95 applies to all
15 pennies beyond that compressed plus 6.
16 WADA, you've already seen this slide.
17 We're going to take you through very quickly the depths
18 of calculating WADA if you want to go there. Some of
19 the allotments in Tier 1 are used for calculating WADA
20 and some are not. We specifically include regular
21 programs, special ed, comp ed, career and tech,
22 bilingual, gifted and talented, the public education
23 grant, if it exists, and all of those things count
24 towards WADA. In fact, even the set-aside that was made
25 for the early --

Unofficial copy Travis Co. District Clerk Velva L. Price

1 THE COURT: Special.
2 MR. WISNOSKI: -- intervention actually
3 gets restored for this purpose. The one for gifted and
4 talented does not, but the one for the early childhood
5 does. We specifically exclude transportation, NIFA, the
6 new instructional facilities allotment, high school
7 allotment, and what you'll see is that we exclude 50
8 percent of the cost-of-education index adjustment. So
9 we start with Tier 1's total cost here on slide 80,
10 subtract out transportation, NIFA and high school, add
11 back in the early childhood set-aside and come up with a
12 total adjusted Tier 1 amount. We then take the adjusted
13 basic allotment, subtract from it the basic allotment,
14 the adjusted basic allotment is after the
15 cost-of-education index as adjusted with that basic
16 allotment. We then take the result, which is the
17 cost-of-education index's addition to the adjusted basic
18 allotment divided by 2 to take out 50 percent of it, and
19 come up with an amount that we have to exclude. And
20 since we're excluding it in proportion to the adjusted
21 basic allotment, we come up with a fraction of Tier 1's
22 cost that we exclude because we need to remove that part
23 of the effect of the cost of that index. We take that
24 proportion to be excluded and multiply it by the total
25 adjusted Tier 1 that you see here on slide 81 and come

Unofficial copy Travis Co. District Clerk Velva L. Price

1 up with the exclusion amount. We then subtract that
2 from the total adjusted Tier 1 amount and come up with a
3 remaining result, and is then divided by each district's
4 basic allotment, and you'll note in the case of Garland
5 that we're dividing by a smaller number than all the
6 other cases, because they have that smaller
7 compressed --
8 THE COURT: Right.
9 MR. WISNOSKI: -- and that then generates
10 weighted students in average daily attendance. So if a
11 district has only record program kids, no special ed, no
12 career and tech, no anything else, you would actually
13 expect a WADA count here which would be probably about
14 equal to its total ADA. It might even be less because
15 of the regular program adjustment factor.
16 THE COURT: And the question I have, this
17 methodology with respect to calculating WADA, has been
18 fairly stable over some time?
19 MR. WISNOSKI: Well, the basic concept of
20 calculating WADA stems from 1984, so it's been around
21 for -- approaching three decades. The NIFA exclusion is
22 a new feature --
23 THE COURT: And that was ostensibly
24 because of the financial exigency.
25 MR. WISNOSKI: But the exclusion of

Unofficial copy Travis Co. District Clerk Velva L. Price

1 transportation, the exclusion of half of the
2 cost-of-education index has been pretty consistent
3 through all of that history, I believe.
4 THE COURT: Okay.
5 MR. WISNOSKI: Now, here's where the
6 allocation of taxes comes back into play with respect to
7 Tier 2. We mentioned before that we go through this
8 exercise of allocating taxes. Because you have varying
9 compressed rates, you have different levels of taxes
10 that can be attributed to Tier 2, particularly Level II,
11 from one district to the next. So a district with a
12 compressed rate of 90 cents has the opportunity, at
13 least, to have many more pennies of its total taxes or
14 many -- a higher percentage, if you will, of its total
15 taxes attributed to Tier 2 Level II, than would a
16 district who's got a compressed rate of $1. So the
17 compressed rate plays a role in how those taxes are
18 allocated to the different component parts, which then
19 plays a role in how much total revenue a district has
20 access to.
21 I'm going to take you through that
22 allocation process now. We take the total M&O
23 calculations or collections rather, and subtract out the
24 local share of the instructional facilities allotment
25 for these purchases. Just kind of store that in the

Unofficial copy Travis Co. District Clerk Velva L. Price

1 back of your mind. It doesn't affect any of these
2 districts. It doesn't affect very many districts at all
3 quite frankly, but it is an adjustment. And then we'll
4 also subtract the payments that a school district makes
5 to a tax increment financing zone. Those are special
6 payments that districts are required to make under an
7 agreement they reach to use some of their tax revenue in
8 support of economic development within a particular
9 geographic area, but they're not counted for most school
10 finance purposes, partly because we also make an
11 adjustment for property value in the comptroller's study
12 to exclude that in calculating the value to use for
13 funding formulas. That's another one of those
14 exceptions that we talked about early on in terms of
15 that comptroller study.
16 So you come up with a total M&O
17 collections to be used for this purpose, divide it by
18 the number of pennies adopted in the tax rate of the
19 district. In this case, most of them have adopted even
20 numbers of pennies, dollars and cents, but Austin has
21 1.07.9 -- or actually, nine-tenths of a penny on the
22 end. Some districts adopt tax rates out to a fourth and
23 fifth and even sixth digit. So you go through this
24 exercise trying to figure out how much does the district
25 generate per penny. That's the yield per penny you see

Unofficial copy Travis Co. District Clerk Velva L. Price

on the third from the bottom line of slide 83. You then multiply that times the compressed rate to determine the taxes allocated to the compressed rate. We'll come back to that once we get to target revenue and so forth later on, but our main focus here is Tier 2.

So let's move on to Tier 2. We look at the adopted rate of the district and subtract from it the compressed rate to determine the number of pennies above the compressed rate that the district has adopted. This has a maximum of six. This is the Austin yield component. In the case of Itasca and Garland and Austin, they all got the maximum 6 cents, but Pleasanton has only adopted $1.04 tax rate. So it's only going to get 4 cents for purposes of the Austin yield component of Tier 2. We then multiply that number of pennies by the yield per penny that we calculated in the previous exercise and come up with a number of the amount of taxes allocated to Tier 1 for the Austin yield. So we're taking the number of pennies and yield per penny to come up with a total. We then look at the total --

THE COURT: Do you know a -- do you know and can you say dispassionately what the rationale was for structuring Level I, Tier 2 this way? If you can't, that's okay.

MR. WISNOSKI: It's the dispassionate part

Unofficial copy Travis Co. District Clerk Velva L. Price

1 that I -- I can express a rationale, I'm not sure that I
2 can do it dispassionately in the way that you would want
3 for this setting.
4 THE COURT: Yeah, what we're trying to do
5 is that -- I mean, what I'm trying to indicate is an
6 objective rationale.
7 MR. WISNOSKI: And to do so, I'd have to
8 speculate on the rationale of the legislators who
9 adopted it, and I think that probably goes to an
10 argument that you don't want me to get into for this
11 purpose.
12 THE COURT: I appreciate it. Thank you.
13 MR. WISNOSKI: Okay. To determine taxes
14 attributable to Level II, we go through an exercise of
15 subtracting all of what we've already attributed from
16 the total M&O collections. The total M&O collections
17 minus that attributed to the compressed rate, minus that
18 attributed to Level I, leaves a remainder that we assign
19 to Tier 2 Level II, and what you see there is that
20 everybody has some of those taxes except for Pleasanton.
21 Pleasanton again only has those four pennies and not the
22 pennies beyond.
23 Now, to calculate what a district is
24 entitled to for Tier 2 purposes, the formulas are fairly
25 straightforward. We just take the number of students

Unofficial copy Travis Co. District Clerk Velva L. Price

1 and weighted average daily attendance, multiply by a
2 yield and multiply by what is listed as a DTR or a
3 district tax rate as an acronym. It really reflects the
4 number of pennies of tax effort of a district. And
5 here's where the adopted rate sort of deviates a little
6 bit from what we're going to use to actually calculate
7 what a district is entitled to. For the Tier 2 Level I
8 calculation, we see the result there. If you were to
9 have 6 pennies, then the yield of $59.97 would yield
10 just about $360 per weighted student. Okay. And in the
11 case of Tier 2 Level II, with a 31.95 yield, if you had
12 11 pennies, then the yield would generate about $351 per
13 weighted student. But seldom do you run into districts
14 who actually have exactly 6 cents or exactly 11 cents,
15 even those with a compressed rate of dollar and have
16 adopted a maximum rate of $1.17, because what we'll
17 ultimately do is look at the taxes collected in the
18 prior year property value to figure out what we count as
19 DTR.
20 THE COURT: We noted the slight slippage.
21 MR. WISNOSKI: And that's a calculation
22 process that has been in existence long before the
23 changes of '06-'07. So that predates this and that was
24 one of the areas where there was some friction between
25 new concepts being brought into the system versus

Unofficial copy Travis Co. District Clerk Velva L. Price

1 existing concepts that were in statute already about how
2 to calculate tax effort for Tier 2 purposes.
3 Okay. So once we calculated an
4 entitlement for the district from those formulas you saw
5 on the previous page, we subtract a local revenue
6 component, and that local revenue component is the DTR
7 of the district, multiplied by the comptroller's
8 property value. So it's not just the taxes collected.
9 It's actually taxes collected, converted to a rate and
10 then applied to the property value to come up with a
11 slightly different number. That was a choice that the
12 administration of the agency had to make. So in a
13 sense, that's a combination of statute and rule. And in
14 Tier 2, there is no minimum amount of state aid like
15 there is in Tier 1. There's no per capita distribution
16 associated with it. It is purely, you earn state aid or
17 you don't earn state aid at this stage.
18 MS. JENSON: Just so I'm clear on the
19 district tax rate, so the only time your adopted tax
20 rate for Tier 2 would equal the DTR would be if you had
21 100 percent collections and your property values hadn't
22 changed from the previous year.
23 MR. WISNOSKI: And you had no exceptions
24 or differences in terms of how the comptroller
25 determined the value from local -- and those

Unofficial copy Travis Co. District Clerk Velva L. Price

1 circumstances have about as much likelihood as a unicorn
2 popping out from that door behind you. It's not going
3 to happen almost ever. It would be sheer coincidence
4 for that to line up exactly that way.
5 THE COURT: Well, we still looked.
6 MR. WISNOSKI: You always want to look.
7 You never know. It could happen. Tier 2 Level I,
8 Austin yield entitlement. We talked about the exercise.
9 We looked at the M&O collections that we attributed to a
10 Level I, divided by the comptroller property value,
11 which has already been divided just to simplify this
12 slide by $100, to get it in units we need to determine
13 the DTR for Level I. And you'll note that even though
14 Itasca, Garland and Austin all had six pennies of
15 adopted rate, each of them less than six pennies of DTR
16 of Tier 2, Level I. In this particular situation, I
17 can't tell you offhand whether that's because they have
18 declining property values or lack of collections for a
19 particular year. It just worked out that way.
20 We multiply that calculated DTR by 100 to
21 get it into units of pennies, which you see in the
22 middle of the slide there on page -- on slide 87. And
23 you'll note also that Pleasanton, which only had four
24 pennies of Tier 2, Level I adopted rate actually ends up
25 with more than four pennies in its DTR for Tier 2, Level

Unofficial copy Travis Co. District Clerk Velva L. Price

1 I. If it's because it had more success in collection or
2 rising property value or whatever the circumstances
3 were, and again, these are not final numbers. These
4 numbers could all change once we get to the final tax
5 collection for the district for '11-'12. But at least
6 at the time that these summaries were generated in July,
7 these were the values in the DTR -- or the DPE side of
8 the summaries of finances. We take those numbers of
9 pennies of tax effort and multiply by the standard yield
10 that applies to all of them, $59.97 and come up with a
11 result. We then multiply that result by the WADA of the
12 district. This is very similar to the simplified
13 formula you saw on previous pages, and come up with a
14 Level I entitlement for the district. To figure out who
15 pays for that entitlement, we then go to --
16 THE COURT: I'm sorry. Can you go back to
17 your previous slide for just a second? Okay. Thank
18 you. Now back to ADA.
19 MR. WISNOSKI: Okay. To go through the
20 calculation of who pays for that entitlement, we then
21 take the comptroller property value and multiply it by
22 the DTR value, round it to four decimals. That is part
23 of the calculation process here as it gets rounded along
24 the way. So it comes up with a slightly different
25 result on local revenue than what you saw as the

Unofficial copy Travis Co. District Clerk Velva L. Price

1 collections being used to calculate DTR on the previous
2 page.
3 We then take the entitlement amount and
4 subtract the local revenue component to come up with
5 state aid for each of the districts, and you'll note
6 that everybody gets some state aid in Tier 2, Level I,
7 the Austin yield, except for Austin, which is based on
8 the DPE numbers, again not final, raising too much money
9 from its local tax base to earn money at the 59.97
10 yield.
11 THE COURT: And is that generally going to
12 be true of districts that are wealthier than Austin?
13 MR. WISNOSKI: Measured in terms of wealth
14 per weighted student, it would always be true that the
15 district would not be entitled to state aid in Tier 2
16 Level II were it to be wealthier than Austin. I would
17 have to caution you, though, that measuring the wealth
18 of Austin is itself still a little bit uncertain, and as
19 you will see, in further calculations later on, there
20 are circumstances in which Austin could earn money in
21 Tier 2 Level II, if its final student count turned out
22 to be much higher than where it is on the DPE summary of
23 finances as of July. And so Austin being a benchmark,
24 some districts that are wealthier than Austin might
25 actually be able to earn some state aid, as long as they

Unofficial copy Travis Co. District Clerk Velva L. Price

1 don't receive a property wealth level of 599,700 in
2 terms of property wealth per weighted student. Where
3 Austin is relative to that determines whether Austin
4 gets any money. If Austin were at 595,000, then Austin
5 would get a little bit of state aid. A district at 596
6 located in Austin would also get some state aid, but a
7 district at 605,000 could not, because the threshold is
8 599,700.
9 THE COURT: 700, okay.
10 MR. WISNOSKI: In Tier 2 Level II, we go
11 through a very similar exercise. We take those
12 collections that we had from Tier 2s, an allocation of
13 taxes collected, divide by the comptroller property
14 value, come up with a resulting DTR value, round it to
15 four decimals, multiply by a hundred, come up with
16 pennies of tax effort. You'll note that Pleasanton of
17 course has none. Itasca has almost 10, not 11, even
18 though they're at $1.17 and have dollar compressed rate
19 and have six pennies of Tier 2, Level I, they don't end
20 up with 11 for purposes of Tier 2 Level II, just like
21 they didn't end up with six for Tier 2, Level I.
22 Garland who's at a $1.04 has a compressed
23 rate of only a little over 97 cents, as a result, it has
24 a fraction of a penny that counted for purposes of Tier
25 2 Level II. Austin actually has adopted a tax rate

Unofficial copy Travis Co. District Clerk Velva L. Price

1 that's more than 6 cents above its compressed rate of
2 dollar, and so it ends up with almost two pennies in
3 Tier 2 Level II. We multiply the number of pennies by
4 the yield to come up with a result and then by the WADA
5 to come up with an entitlement, go through the same sort
6 of calculation of local share, use the comptroller value
7 for the preceding year, the DTR, round it to four
8 digits. The local revenue is then determined, subtract
9 it from the entitlement and find out that Itasca is
10 entitled to an extra 123,000 of state aid, and Garland
11 is entitled to 729,000 in state aid. Pleasanton with no
12 pennies gets nothing. Austin being substantially
13 wealthier than 319,500 per WADA gets no state aid
14 either. Okay.
15 In comparing the different districts, I'll
16 show you the graphic on slide 91, the state and local
17 shares of Level I, the state and local shares of Level
18 II, the adopted pennies above compressed and the
19 calculated DTR. This is really adding the Tier 2, Level
20 I and Level II DTRs together, and you'll note that
21 Austin shows no reddish area because it gets no state
22 aid in either component. However, it does end up,
23 because of its higher tax rate, with more local revenue
24 at this stage than the Pleasanton and Garland districts
25 do. It ends up with less revenue per WADA than does

Unofficial copy Travis Co. District Clerk Velva L. Price

1 Itasca. Itasca has quite a few more pennies adopted in
2 its rate than Austin does.
3 Okay. This is a similar graphic. It just
4 added the statewide average to the tail-end of it on
5 slide 92. You can see that statewide, the mix is more
6 like 50/50 in terms of Tier 2, Level I and state versus
7 local, probably a little bit more state than local, and
8 a little less than 50/50 in terms of state less than 50
9 percent, local more than 50 percent for what is out
10 there right now in Tier 2 Level II. In terms of the
11 distribution of districts accessing various pennies,
12 virtually all districts, seven being the exception, have
13 pennies above their compressed rate for '11-'12, based
14 on the data we have. Many districts only have up to 4
15 cents, roughly a third of the population of districts
16 out there, but there are quite a number of districts who
17 have, you know, well over six pennies above the
18 compressed rate, and even some have many more than 17,
19 partly because they have low compressed rates and can
20 therefore have taxes of pennies adopted beyond the
21 compressed rate all the way up to $1.17. So we do get
22 quite a number of districts who have more than 17 cents
23 in Tier 2 tax rates adopted.
24 Okay. Now that we've talked about Tier 1
25 and Tier 2, we're going to bring in the other major

Unofficial copy Travis Co. District Clerk Velva L. Price

1 component of the M&O side of the calculations and that's
2 recapture. Can I stop for just a second and get some
3 more water? I didn't offer the quiz for Tier 2. If you
4 want it, I still have it.
5 THE COURT: Oh, there's going to be a
6 quiz. It just starts in October.
7 Is there anybody taxing below $1?
8 MR. WISNOSKI: I would have to say yes,
9 there are districts taxing below $1. There have been
10 districts taxing below their compressed rate. I don't
11 know for sure that there are this year.
12 MS. JENSON: Would they still be subject
13 to Chapter 41 recapture if at their compressed tax rate
14 they would have greater -- more wealth?
15 MR. WISNOSKI: A district that is higher
16 wealth than the standard for Tier 1 and the compressed
17 rate would still pay recapture on its tax rate even if
18 they adopted a rate below their compressed rate.
19 Okay. Recapture. Recapture is a method
20 of equalizing the access to tax base or equalizing the
21 wealth per weighted student for the school districts.
22 Up to the compressed rate, the districts are allowed to
23 have a tax base of 476,500 per weighted student. There
24 is no recapture on the tax rate that is up to six
25 pennies above the compressed rate. That's a recapture

Unofficial copy Travis Co. District Clerk Velva L. Price

1 free zone. And then we have a recapture level or an
2 equalized wealth level of 319,500 for taxes that are
3 generated by rates beyond the district's compressed rate
4 plus 6 cents. If those numbers look familiar, they
5 should, because the 476,5 is very similar to, although
6 not definitionally identical to the basic allotment,
7 when you talk about a 4,765 basic allotment, and a $1
8 compressed rate, it generates an apparent yield that is
9 similar to what a district with 476,500 would have. The
10 difference being that WADA is a more complicated
11 definition than just basic allotment in terms of what it
12 reflects, and so you end up with a little bit of
13 disparity between what a district can get to in Tier 1
14 as an entitlement versus the recapture threshold.
15 In terms of the 319,5 definition for that
16 component of tax rate that's very similar to the yield a
17 district would have at $31.95. In fact, they're more
18 functionally identical than the 476,5 versus the -- or
19 47,000 -- I'm sorry. 4,765-dollar basic allotment. So
20 they are much more equivalent. And it basically says if
21 you're in that zone in terms of your taxing, you'll
22 either get state aid or you'll pay recapture. It's,
23 again, one of those sheer coincidences that you'll fit
24 right on the boundary of 319,5 or at a location at which
25 the actual functional calculation of recapture results

Unofficial copy Travis Co. District Clerk Velva L. Price

1 in zero for 319,5. You might have more circumstances
2 where a district either owes or doesn't owe recapture
3 and is either slightly above or slightly below the 476,5
4 level, but you -- that doesn't happen very often.
5 Okay. Debt service taxes, which we
6 haven't talked about very much yet, are not subject to
7 recapture. That's not been part of recapture for quite
8 some time now, but those are just excluded all together
9 from this calculation and just not even considered.
10 There are five methods for equalizing the
11 wealth of school districts. The most commonly used of
12 those, these days, is to simply pay the state the
13 surplus of taxes generated by the tax base. Districts
14 could pay a neighboring district a similar amount.
15 There are also --
16 THE COURT: It was the same in '04.
17 MR. WISNOSKI: It hasn't changed. Okay.
18 There have been a couple of refinements to discounts
19 that probably aren't relevant, but just keep in mind
20 there were a couple of adjustments to that along the
21 way, particularly for the pay-your-neighbor kind of
22 option. There are currently approximately 174 districts
23 that represent a little less than 10 percent of the WADA
24 of the state that seem to be subject to recapture at the
25 compressed rate. That number, of course, for '11-'12 is

Unofficial copy Travis Co. District Clerk Velva L. Price

1 subject to change because we don't have the final ADA
2 and final WADA counts incorporated yet. Tax base on the
3 other hand, with the exception of audits that might be
4 done to comptroller study values, are pretty well fixed.
5 And so this is a determination that shouldn't fluctuate
6 very much, no more than a couple of districts one way or
7 the other.
8 In terms of those that are subject to
9 recapture for pennies beyond the compressed rate plus
10 six, we've got about a third of the school districts, a
11 little less than a third, actually, and a little more
12 than a third of the student population of the state
13 would be in districts who would pay recapture in that
14 zone, but recapture in that zone is contingent on
15 whether you have actually adopted a tax rate that
16 generates collections in that zone. So that becomes a
17 little bit more unusual compared to the standard of
18 recapture that we've had in the past where basically
19 everything you collect is subject to recapture. It kind
20 of depends on whether you're taxing in that zone as to
21 whether it is or isn't. Current estimate is about a
22 billion-one in terms of the school finance system. It
23 gets taken out of school districts and moved through the
24 rest of the Foundation School Program.
25 In terms of these four districts, the only

Unofficial copy Travis Co. District Clerk Velva L. Price

one that exceeds either of the two equalized wealth levels is Austin. So from here on through the rest of this section, we're only going to focus on Austin because it's clear that Itasca, Pleasanton and Garland are so far removed from the equalized wealth levels, there really is no prospect of them paying any recapture and none of them were identified for the current year anyway.

Austin ISD is going to pay recapture. At its compressed rate, it collects about $584 million of taxes. For the six pennies above the compressed, it's got another $35 million that won't be subject to recapture, but then lastly, it has almost two pennies of adopted rate that are generating about $11 million of tax collections, and those will be subject to recapture at the 319,500 level.

For the first six pennies, as we've noted before, above the compressed rate, there is no recapture. So we don't really have to calculate that one in this set of examples. So the actual calculation is somewhat lengthy and lengthy for one of the reasons you mentioned earlier on, the hold harmless related to Chapter 41 districts. So what I'm going to do is run through relatively quickly what you see in these two columns of data, is recapture at the compressed rate and

Unofficial copy Travis Co. District Clerk Velva L. Price

1 recapture for those pennies that are above compressed
2 rate plus 6 cents. Very, very similar calculations, but
3 there are some slight differences and particularly in
4 terms of the equalized wealth level, the percentage of
5 the tax base that's considered to be excess. There are
6 differences noted.
7 We start off with WADA, and an equalized
8 wealth level specific to each of the two components and
9 calculate a tax base the districts should have at the
10 equalized wealth level. We then subtract that from the
11 state comptroller certified property value to determine
12 how much excess tax base the district has. And then
13 divide that by the comptroller's certified value to
14 determine a percentage of the tax base that is
15 considered excess, and what you see is Austin has about
16 22-and-a-half percent excess tax base using a 476,500
17 wealth standard and a 47.8 percent excess tax base for a
18 wealth standard of 319,500. We take that percentage and
19 apply it to the collections that have been assigned to
20 the different component parts, and here I found a small
21 discrepancy in looking at the data online.
22 For recapture purposes, districts are
23 allowed to substitute their best estimates of data for
24 the calculations as opposed to what we talked about
25 earlier in the LPE calculations. The state uses some

Unofficial copy Travis Co. District Clerk Velva L. Price

1 fixed data. So there was a small discrepancy that I've
2 attributed here to Austin submitting slightly different
3 data on tax collections. It's only about $100,000, but
4 we've got one number for taxes that compressed over in
5 the Chapter 41 calculations and a slightly different
6 number used for other purposes in Chapter 42.
7 Ultimately, all those numbers will get reconciled to the
8 final actual collections once the year's over and once
9 the district files its audit report. So right now,
10 there's just kind of a small discrepancy there.
11 I didn't find that same sort of
12 discrepancy on the taxes that are above the compressed
13 rate plus 6 cents. So we apply the percentage
14 reductions or percentage tax base reductions to each of
15 those tax collection amounts and come up with a gross
16 cost of recapture before any discounts are applied,
17 roughly 130 million for the compressed rate and an
18 additional 5 million for taxes beyond compressed rate
19 plus 6 cents.
20 We then calculate whether that's the right
21 amount, because there is a separate standard in state
22 law regarding a minimum amount of recapture, and this is
23 another area that there's a bit of friction between how
24 the law used to work versus how it works under a tax
25 compression scheme, because the standard says that you

Unofficial copy Travis Co. District Clerk Velva L. Price

1 can't pay less than the average amount collected for M&O
2 taxes statewide, but that amount varies depending on how
3 we've attributed taxes to the different component parts.
4 We go through this calculation to look at the excess tax
5 base, and the number of WADA, and calculate how much per
6 WADA is Austin actually generating in recapture costs
7 for the WADA it has to purchase. And it turns out that
8 this calculation ends up with $4,651 for recapture at
9 the compressed rate and $59 for per WADA for recapture
10 for the rates above compressed plus six, and those
11 exceed the minimum level specified.
12 The minimum level for '11-'12 is about
13 $2,700 for recapture at the compressed rate, and about
14 $40 for recapture in that zone of taxing above
15 compressed plus six. That's where things can get a
16 little bit peculiar because there have been
17 circumstances where districts actually didn't collect
18 that much money in that zone, and yet have paid all or
19 more than all of their collections attributed to that
20 zone as recapture, because of the minimum threshold of
21 $40. It most typically happens when a district has
22 adopted a very slightly rounded tax rate or an unrounded
23 tax rate and has some very tiny fraction of a rate that
24 has adopted out of that zone, and I've seen this in a
25 couple of instances. It's theoretically possible. It's

Unofficial copy Travis Co. District Clerk Velva L. Price

1 unlikely to happen to a district at its compressed rate
2 unless it adopts a rate below compressed, and that has
3 happened as well to at least one district.
4 In terms of the following calculations,
5 after we figured out that Austin is at least going to
6 pay the minimum amount of recapture, we go through an
7 exercise to calculate discounts, which in this case,
8 amount to a reduction in the cost of recapture of 4
9 percent or $80 per WADA the district is paying for that
10 it isn't educating itself, and we do that calculation to
11 determine that at the recapture compressed rate, Austin
12 is entitled to about $2.2 million worth of discounts,
13 because they're specified in statute, and basically it's
14 just the entitlement of a district to get a discount on
15 its recapture.
16 Now, there's also a discount for county
17 appraisal district costs, and I believe here, this would
18 be relatively neutral speculation as to the rationale.
19 The district isn't going to use 22-and-a-half percent or
20 47 percent of its tax base, depending on which zone
21 we're talking about. In the costs of appraising that
22 portion of its property, the state has seen fit to allow
23 the district to basically charge off against its
24 recapture cost, because the district still has to pay
25 the appraisal district even though it's not going to

Unofficial copy Travis Co. District Clerk Velva L. Price

1 have access to that part of its tax base. So there's a
2 discount for the appraisal cost, a portion of appraisal
3 cost related to the district's taxes.
4 THE COURT: Recapture was the subject of
5 Edgewood IV, and how much of the weight that we
6 calculate has changed since that time?
7 MR. WISNOSKI: Well, at the time of the
8 recapture in Edgewood IV, I would have to check to be
9 certain. I'm not sure that these particular discounts
10 for the option related to paying the state, which is
11 what Austin is exercising, were actually in existence at
12 that point. It depends on which years. They weren't
13 there initially and they were added later on. So I'm
14 not positive -- well, actually, I take it back. In
15 terms of -- let's see, no, Edgewood IV, the timing of
16 when the Court dealt with Edgewood IV versus when those
17 discounts went into the statute is a question. I can't
18 tell you for sure, but they've been there since very
19 early on. I would think probably by 1995 they were
20 established in statute. So that's a slight change, but
21 it -- for most of the history they've been there.
22 The appraisal district cost issue has a
23 similar history. I think it has been there pretty much
24 from the beginning, if not at the very beginning when
25 that bill was passed. The difference in calculation

Unofficial copy Travis Co. District Clerk Velva L. Price

1 comes in to the division of tax collections into the
2 different component parts of compressed, the next six
3 pennies and the pennies beyond. That didn't exist at
4 the time the Court last looked at recapture in --
5 THE COURT: No, those have all come from
6 HB 1 and 3646 and the Senate bill.
7 MR. WISNOSKI: Exactly. So that division
8 is a new part of the history of the recapture. The
9 recapture free zone is a new part, the six pennies is a
10 new part of the history of recapture as well. And I
11 think if you go back all the way to the beginning, there
12 may have been recapture on debt service taxes in the
13 first year or two before the legislature decided, "No,
14 we don't want to recapture that" and took them out by
15 statute. So that's a slight difference that might not
16 have been there at the time of Edgewood IV.
17 MS. JENSON: Would it be fair to say that
18 because the regular program allotment factor basically
19 reduces a district's WADA, I think the Chapter 41 manual
20 refers to it as it compresses WADA closer to what the
21 ADA is, and that is going to affect your calculated -- a
22 district's calculated wealth level because a lower WADA
23 means that it's going to calculate out as a greater
24 wealth level than it would before you apply that factor.
25 Is that --

Unofficial copy Travis Co. District Clerk Velva L. Price

1 MR. WISNOSKI: Absolutely correct.
2 MS. JENSON: Okay.
3 MR. WISNOSKI: And you'll see that later
4 when we get to comparing the districts from prior law to
5 '11-'12 law to '12-'13 law.
6 MS. JENSON: So since the wealth levels
7 weren't changed at the same time as the legislature
8 added that factor adjustment, effectively what that does
9 is kick more districts up into a recapture level because
10 their affective wealth level is going to be higher than
11 it was before you apply that factor.
12 MR. WISNOSKI: At least in theory, there
13 were probably more districts identified because of that
14 change. I can't tell you offhand. It's certainly an
15 identifiable number that would have been identified as a
16 result of that statutory change, but I don't think I've
17 run into any calculation of exactly how many more
18 districts. What you can say is that whatever recapture
19 obligation a district bears is higher as a result of
20 that adjustment, because it has fewer WADA, and
21 therefore, has to give up a higher percentage of its tax
22 base through the recapture mechanism.
23 Okay. So when we get back for calculating
24 final recapture amounts, we did calculate that initial
25 gross cost of recapture before discounts. Now we're

Unofficial copy Travis Co. District Clerk Velva L. Price

1 taking those discounts, in this case, the lesser of the
2 4 percent or 80-dollar version of the discount, turned
3 out to be 2.2 million in the case of the compressed rate
4 component and about $200,000 for the taxes beyond
5 compressed plus 6 cents.
6 The credit for the CAD cost, as best I can
7 tell, is only being applied to the taxes at the
8 compressed rate. And so that results in a discount of
9 about a million dollars. There didn't seem to be a
10 number there calculated in the summary of finances for
11 that other component. That gets to be really quite
12 tricky in terms of what portion of the taxes are being
13 given up in a zone where not all the districts are
14 taxing, and so that's just something that isn't
15 apparently being calculated right now. So the final
16 discounted cost for Austin ISD is about 128 million for
17 recapture of the compressed, an additional 5.4 million
18 for the other zone.
19 When you look at all the taxes that Austin
20 collects, the vast majority of the taxes, they do still
21 get to keep, but they do give up a fairly sizable share
22 of taxes, something probably on the order of -- I didn't
23 actually calculate it. I want to say probably about 20
24 percent. When you look at that pinkish zone of 128
25 million and the other pinkish zone of about 5 million.

Unofficial copy Travis Co. District Clerk Velva L. Price

They do get to keep all 35 million of the taxes in the six penny zone and about six million of the pennies they raise beyond that zone, and of course the $456 million within the compressed rate.

THE COURT: Give me one second. It looks to me about 25.8 percent, and my numerator was 128 and my denominator was 455 plus 6 plus 35 for 496.

MR. WISNOSKI: If I could.

THE COURT: Sure.

MR. WISNOSKI: I believe that distorts the percentage, because you would need to add the 128 into the total. Did you do that?

THE COURT: Thank you. Quite so. Yes, it's only 20 cents.

MR. WISNOSKI: I should have made that one of the quiz questions for this section.

THE COURT: Well, we won't do that again, now, will we?

MR. WISNOSKI: Okay. Any other questions on recapture? I'm about ready to move into target revenue and ASATR. This, I suspect is going to take 20 to 30 minutes. Do you want to break now or move on? I'm fine.

THE COURT: I have a meeting at noon.

MR. WISNOSKI: And I can't tell you we'll

Unofficial copy Travis Co. District Clerk Velva L. Price

1 get through this by noon, because there are some
2 complications here.
3 THE COURT: So why don't we break now and
4 come back at 1:30.
5 (Lunch recess taken)
6 THE COURT: So when last we left, 104.
7 MR. WISNOSKI: Okay. We were about to
8 introduce the subject of target revenue and ASATR, and
9 we've talked so far about Tier 1 and Tier 2 and
10 recapture and the interrelationship between state aid
11 and local revenue and how we make all those computations
12 to determine different parts of state funding versus
13 local funding.
14 Now we're going to talk about target
15 revenue, which is really something of an overlay to the
16 entire system, at least the system as it exists up to
17 the compressed tax rate. In 2006 when the legislature
18 enacted the current structure -- I'm getting a little
19 feedback from this.
20 THE COURT: Yes, because you're standing
21 under two -- if you would step to your right a step.
22 MR. WISNOSKI: Okay. All right. When the
23 legislature enacted tax rate reduction as part of its
24 way of addressing West Orange-Cove, it decided to hold
25 districts harmless for the negative effects of losing

Unofficial copy Travis Co. District Clerk Velva L. Price

1 local tax revenue from having lower tax rates, and that
2 hold harmless became the establishment of a target for
3 each district and an additional supplemental state aid
4 that would keep the district from having revenue less
5 than that target, as long as they met the condition of
6 adopting a tax rate at least equal to their compressed
7 tax rate. So that's all that target revenue really is,
8 is a maintenance of revenue structure at its core, based
9 on a district's revenue in a particular year, and the
10 district is held harmless by getting an assurance of
11 that same level of revenue as long as it adopts the
12 compressed rate.
13 THE COURT: Can I make one of these bold
14 statements, and then you can politely say, "Well, some
15 of that was correct, Judge, and a lot of it was wrong."
16 So it looked like when we were looking at the summary of
17 finance statements that there appeared to be two, at
18 least three ways of figuring up target revenue, and then
19 in the -- it looked like that the district got to choose
20 that which was greater, the greatest sum between the
21 formula way and the different ways of target revenue.
22 MR. WISNOSKI: That's pretty close to it.
23 The district really doesn't choose. It's just given the
24 best of those three, and three in terms of targets. And
25 if the formulas happen to provide more revenue than the

Unofficial copy Travis Co. District Clerk Velva L. Price

1 target, at least now the district is able to receive the
2 additional revenue that the formulas generate.
3 Originally, when target revenue was constructed, there
4 was a provision that limited the district's ability to
5 gain revenue, and as a result, districts were both held
6 to a floor level of revenue that also became a ceiling
7 level of revenue. So those who didn't receive
8 additional assistance to get up to the floor, meaning
9 that their formulas generated more revenue, actually had
10 a reduction for excess. And you mentioned the trial
11 some months ago related to five districts and I think
12 that was part of that trial at the time.
13 So target revenue in terms of its
14 definition comes back to three calculated amounts. One
15 is based on actual 2005-2006 maintenance and operations
16 revenue per weighted student. There's a little bit more
17 to that definition in terms of how you get there, but
18 that's basically the concept of what actually happened
19 in '05-'06. Now, the law that passed was passed in '06
20 and went into effect in '06-'07. So what revenue a
21 district had in '05-'06 is clearly identifiable as past
22 history, but '06-'07 in the two different versions of
23 the target that are related to that has to be a
24 computation of what otherwise would have happened, and
25 essentially, the district is -- has a calculated amount

Unofficial copy Travis Co. District Clerk Velva L. Price

1 of 2006-2007 maintenance and operations revenue that
2 would have existed with the '05-'06 tax rate had the
3 formulas not changed and had the statute not changed to
4 create tax compression. So it imputes an amount of
5 additional local revenue that technically never existed
6 for '06-'07.
7 The third alternative is the level of
8 revenue that would have existed for the district in
9 '06-'07 without the statutory changes, but at the
10 district's effective rate, which is a rate that
11 maintains revenues from the preceding year into the
12 current year as defined under the truth and taxation
13 laws in Chapter 26 of the Tax Code.
14 So you have those three different
15 potential targets. To each of those targets, the
16 district was also given additional money that would have
17 paid for a 2,500-dollar pay raise for teachers and the
18 275-dollar high school allotment. So its final target
19 included those two amounts of 2,500 per teacher and 275
20 per high school student.
21 Now, if the formula funding, as I said,
22 was sufficient to get the district to its target, it
23 would not receive any ASATR, but in almost all cases, it
24 was insufficient. And so the district receives
25 additional state aid for tax reduction to make up for

Unofficial copy Travis Co. District Clerk Velva L. Price

1 the lost local revenue, and in many cases, lost state
2 revenue, as a result of the changes in the system that
3 took place at the time. Because effort and tax
4 collections had a bearing on the amount of state aid a
5 district could receive, particularly in Tier 2, so as
6 the taxes were reduced, it received less revenue under
7 the formulas that existed.
8 Now, if a district exceeded the target,
9 they were subject to an excess gain provision and state
10 aid was recovered, and that applied through the
11 2008-2009 school year, and was more or less removed in
12 2009-10, except that '09-'10 had a target that was
13 related to the revenues a district otherwise would have
14 received had the laws of '08-'09 been continued. So
15 we'll get to that in just a minute.
16 THE COURT: Can you give me one second? I
17 want to look at something.
18 MR. WISNOSKI: Sure.
19 THE COURT: I'm back with you.
20 MR. WISNOSKI: Now, as I said, the targets
21 were established based on actual '05-'06 or two
22 scenarios involving '06-'07 maintenance and operations
23 revenue per weighted student. And they involve the
24 calculation of either what did happen in actuality for
25 '05-'06, or what would have happened had the rates for

Unofficial copy Travis Co. District Clerk Velva L. Price

1 maintenance and operations not been reduced in '06-'07.
2 Because '06-'07 became kind of a base year and all
3 subsequent years provided a certain amount of money per
4 WADA based on that target, the legislature in 2007 added
5 provisions that would allow for an adjustment in cases
6 where the transportation allotment and the new
7 instructional facilities allotment changed, because
8 those things do not get reflected in WADA. They're the
9 specific exclusions from WADA's calculation.
10 Additionally, there was some money related to tax
11 credits under Chapter 313, a very -- I won't say obscure
12 provision, but basically a provision that only affects a
13 few dozen school districts that needed to be paid to
14 districts in order for them to provide certain kinds of
15 taxpayers those credits. That was also excluded where
16 changes in that amount would change the target for the
17 district so that the district could actually benefit
18 from those changes. Otherwise, it was both at the floor
19 and the ceiling for those first few years of our target
20 revenue experience.
21 The commissioner was also directed to make
22 certain changes when districts made changes to their
23 homestead exemptions or their participation in financing
24 zones or the provision of abatements to taxpayers.
25 School districts can no longer provide abatements to

Unofficial copy Travis Co. District Clerk Velva L. Price

1 taxpayers under the Tax Code in the way that it
2 classically had been done, I think in Chapter -- I want
3 to say it's Chapter 312 or 311 of the Tax Code. It's a
4 very specific authorization to abate taxes, and school
5 districts are excluded from that under current law, but
6 there were abatements that still existed and the
7 discontinuance of those abatements would provide
8 additional local revenue to a district, and the prior
9 law would have provided additional local revenue. So
10 the commission was authorized to make an adjustment to
11 the targets to allow districts to accept that gain in
12 revenue from one year to the next based on changes in
13 that particular feature. Same thing goes with homestead
14 exemptions. If the district repeals its homestead
15 exemption option, percentage exemption, it would have,
16 under prior law, gained revenue, and with targets
17 overlaying most of the system, that gain would have been
18 inhibited if that additional local tax revenue counted
19 towards reaching target revenue. So these provisions
20 allow for some flexibility in targets based on actual
21 participation or non-participation of districts in these
22 certain features of the tax system.
23 Now, the reason I've been talking about
24 the early days of target revenue is it feeds right into
25 where things were when the legislature came back with

Unofficial copy Travis Co. District Clerk Velva L. Price

1 House Bill 3646 and changed the target structure and the
2 formula structure very significantly in 2009.
3 Beginning in 2009, the target was
4 redefined to be what revenues a district would have
5 otherwise received in '09-'10 at the compressed rate,
6 based on the formula that had been in effect in '08-'09,
7 plus an additional $120 per WADA, plus amounts that are
8 paid into tax increments. So it's really just kind of
9 neatening up a feature of the Tax Code that requires
10 districts to continue paying as if their rates hadn't
11 been reduced by a tax compression.
12 So the basic structure for most districts
13 was whatever it was you were going to get in '09-'10
14 anyway, plus $120 per WADA. Well, what you were going
15 to get under '09-'10 was a function of the target system
16 that existed in '08-'09, which goes back to those
17 original three targets. Now that we've moved into the
18 '09-'10, '10-'11 period, districts having a newly
19 defined target that is no longer really three numbers.
20 It's down to one number. The revenue you had in
21 '09-'10, under that calculation, whichever the best
22 three, and that is what's carried forward into '10-'11
23 and '11-'12 and subsequent years. There were also in
24 the provisions of law of House Bill 3646, a continuation
25 of those adjustments, for the NIFA, the transportation

Unofficial copy Travis Co. District Clerk Velva L. Price

1 tax credits and so forth, and the commissioner continued
2 making his adjustments for changes in exemptions,
3 abatements and whatnot, and instead of having a revenue
4 gain limit in the ASATR, so that target revenue became
5 both a floor and a ceiling, there was some allowance for
6 gains in revenue put in by House Bill 1646. The limit
7 was expressed as a $350 per WADA gain limit, and it was
8 moved out of -- let's see. I take it back. There may
9 have been one in there before, but the gain was moved
10 out of the ASATR and moved into a separate provision
11 under 42.008. Actually, the gain limit under ASATR and
12 target revenue was no gain. There was now a gain limit
13 applied but only in Chapter 42.008 as a $350 per WADA
14 gain allowed under the statute. So when we go into the
15 calculation of target revenue, we've got these three
16 different calculations, and I'm not going to go through
17 each and every one of these slides. I think you get the
18 gist of how these are computed. It's a per student
19 amount determined in each of the cases, and then you run
20 through the calculations to look at the amount that's
21 determined on a WADA basis, multiply by the number of
22 WADA, produce a target, adjust for NIFA changes, adjust
23 for transportation changes compared to their base years.
24 The changes you'll see or the adjustments you see in
25 NIFA and transportation are different for '06-'07 than

Unofficial copy Travis Co. District Clerk Velva L. Price

1 they are for '05-'06 because there were different
2 amounts allotted for those things in those different
3 years in these three example districts.
4 Okay. Once we've gone through the
5 calculation of the three targets, we then have to figure
6 out which is the best of these three. Districts get the
7 best of the three. That's a decision made by the state.
8 They just use whichever one turns out to be best. When
9 we know that total dollar amount that's best, we then
10 had to add on for purposes of calculating '09-'10, that
11 $2,500 dollar pay raise and the high school allotment to
12 figure out that new target amount. We then go through
13 the calculation of how much that is per '09-'10 WADA as
14 defined by House Bill 1 to come up with a resulting
15 adjusted House Bill 1 revenue per WADA, which you see at
16 the bottom line in slide 113. Okay. You'll notice that
17 for three of the districts, the amount is between 4,766
18 and the high of 4,902. Austin has considerably more.
19 It had had a higher target along the way. Its target is
20 5,009 per WADA.
21 Now we get to '11-'12 and beyond.
22 District per WADA targets are relatively fixed at this
23 point based on the '09-'10 data and the '09-'10
24 calculation. They're a relatively fixed number with the
25 exception of those adjustments for changes in NIFA and

Unofficial copy Travis Co. District Clerk Velva L. Price

1 changes in transportation and so forth.
2 In '11-'12, we have a reduction caused by
3 the RPAF factor that we talked about this morning. That
4 ends up reducing WADA and thereby reduces the total
5 dollar amount of the target. It doesn't reduce the
6 target per WADA, because there are fewer WADA -- the
7 size of the bucket that we're looking to fill up
8 decreases. In 2012-13, and this is another change from
9 Senate Bill 1, targets will be uniformly reduced to
10 92.35 percent of the current calculated levels, meaning
11 whatever that dollar amount is, there'll be a 7.65
12 percent reduction to it, caused by the provisions in the
13 Senate Bill 1.
14 Okay. After 2012-13, the percentage
15 reductions are to be set by appropriation, somewhere
16 presumably in a rider to the appropriations to the Texas
17 Education Agency. That's what the statute calls for.
18 And by 2017-18 school year, there will no longer be
19 targets and no longer be additional state aid for tax
20 reduction, ASATR. Now, to calculate the targets for
21 '11-'12, the calculation is fairly straightforward, we
22 take that number we determined earlier from '09-'10, as
23 the amount of revenue per WADA in '09-'10, multiply it
24 by the '11-'12 WADA, and if you look at these numbers,
25 you will notice that the higher target in Austin

Unofficial copy Travis Co. District Clerk Velva L. Price

1 produces a considerably larger amount than Garland. Of
2 course, Austin is larger than Garland. It should be
3 bigger anyway, but the math produces a target of about
4 587 million for Austin. The minimum increase is
5 proportionate to WADA. Again, this WADA count is lower
6 than you would have seen in previous years or that you
7 might see in future years based on the RPAF, and we'll
8 come to a comparison of all those things towards the end
9 of the presentation. And with the adjustment for the
10 minimum increase, there's also a provision for a tuition
11 adjustment that really doesn't apply to these districts
12 if they're paying tuition, and a small district might
13 get an adjustment for that. We end up with target
14 revenue amounts that range from about $5 million for
15 Itasca up to $598 million for Austin. Austin's entitled
16 to a NIFA adjustment that's actually a negative number
17 in '11-'12, because in '09-'10, it receives some NIFA,
18 and so there's an adjustment here because it's no longer
19 receiving some new instructional facilities allotment
20 from the state. There is no NIFA appropriated for the
21 current biennium. So the fact that it had some of that
22 money in '09-'10 means we need to adjust its target
23 downward now, because it no longer has it.
24 Two of the districts receive a
25 transportation adjustment, because they now have more

Unofficial copy Travis Co. District Clerk Velva L. Price

1 transportation than they did back in 2009-'10, which is
2 the new base year for current biennium targets, and I'll
3 point out, Garland shows a zero for transportation
4 adjustment. It's highly unlikely that Garland has
5 exactly the same transportation allotment amount in
6 '11-'12 as it did in '09-'10. For various
7 administrative purposes, I think its allotment is
8 currently being held at the '09-'10 level.
9 So ultimately when everything gets
10 finalized, I would expect Garland to see the different
11 number. It may be positive, it may be negative. It
12 just depends on what transportation allotment the
13 district is now entitled to compared to what it received
14 in 2009 and '10.
15 Lastly, the new definitional target also
16 calls for adding in 23.63 per 2008-'09 WADA. That's a
17 small allotment that has been in existence since --
18 well, I want to say it was 2007 when the legislature
19 adopted that as an increase in funding, gave all
20 districts 23.63 per WADA. It has been part of these
21 calculations and remains part of this calculation as a
22 function of coming up with an adjusted minimum revenue
23 amount. So everybody receives that. Of course, as WADA
24 is smaller than it otherwise would be, that amount is --
25 you would expect would be smaller, but it's not, because

Unofficial copy Travis Co. District Clerk Velva L. Price

1 it's fixed to the '08-'09 WADA count of each district,
2 and when we move into talking about '12-'13 formulas,
3 you'll see a change for that, but for a very different
4 reason.
5 Now once we know that target, we then have
6 to figure out, well, what does the formula system
7 provide a district? We can go back to the previous
8 slides and find the Tier 1 state aid as calculated for
9 each of these districts. The numbers on that top row of
10 slide 116 should match the state aid calculated back
11 when we're talking about Tier 1. The M&O tax
12 collections at the compressed rate should match what we
13 have previously calculated as M&O collections, and the
14 recapture at compressed should match, in the case of
15 Austin, $128.4 million of recapture we have previously
16 calculated. When you add up the revenues and subtract
17 the recapture amount, you end up with a formula system
18 that provides about 4.9 million to Itasca, up to about
19 480 million for Austin.
20 Now, the adjusted minimum revenue is shown
21 on the next line and you can see how in three of the
22 four cases, the adjusted minimum revenue is greater than
23 the state and local revenue that we calculate under the
24 formula system, and those districts are then entitled to
25 additional state aid for tax reduction. Pleasanton is

Unofficial copy Travis Co. District Clerk Velva L. Price

1 not. Pleasanton actually does better under the formula
2 system than it does under its target, and so Pleasanton
3 doesn't receive any ASATR, even though Pleasanton has
4 the lowest tax rate of all three of the -- all four of
5 the districts that we're looking at today. It just is
6 one of those quirks of how the system functions. I say
7 it's the lowest. It and Garland both have a $1.04.
8 THE COURT: Could you go back just one
9 second?
10 MR. WISNOSKI: Sure.
11 THE COURT: Okay.
12 MR. WISNOSKI: In looking at the
13 distribution of revenue targets, just to give you a
14 sense of the system, what you see here is, in terms of
15 number of districts, a really large cluster of the
16 districts in the range of about 4,750 to about 5,250.
17 The districts between 4,500 and 4,750 are also pretty
18 significant, but it really tapers off beyond about 4,250
19 in terms of the count of districts. You'll notice that
20 between 350 and 400 districts have a target that's in
21 the 4,750 to 5,000 range. A little more than 150
22 districts are in the next higher range. Then it drops
23 down below 100, and then it drops down probably below 75
24 and so forth.
25 The last groups out there with targets

Unofficial copy Travis Co. District Clerk Velva L. Price

1 greater than any rate from 262.50, less that 100
2 districts and the targets go pretty high on up there. I
3 think the maximum is somewhere around $12,000. So that
4 gives you some sense of the distribution.
5 When you look at the population of
6 students, which really better depicts how the system
7 functions, you see a -- still a very high peak of the
8 percentage of student population, and this is WADA, in
9 the districts with targets between 4,750 and 5,000.
10 There's kind of a second peak between 5,250, and 5,500,
11 and then it tapers off very rapidly after that. That's
12 target revenue. Now, there are probably some other
13 questions about it. I'll be happy to answer any you
14 have at this point or give you kind of a summary of the
15 M&O structure of the system. Okay.
16 All right. This is probably among the
17 most complex charts I've ever attempted to put together.
18 THE COURT: Yeah, but it really looked
19 cool.
20 MR. WISNOSKI: That's why I liked it.
21 THE COURT: Looks like the Continental
22 shelf falls rapidly away.
23 MR. WISNOSKI: We have talked about that.
24 THE COURT: Then there's an iceberg from
25 the Greenland sheet there.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 MR. WISNOSKI: There's a subduction zone,
2 might have a volcano off to the right.
3 THE COURT: Yeah.
4 MR. WISNOSKI: This is really stacking up
5 the layers that we've been talking about, and the layers
6 of -- the first two layers here being the state revenue
7 in the darkest band at the very bottom, the higher the
8 wealth of the district, at least theoretically, the
9 lower the amount of the state aid, all other things
10 being equal, until you reach kind of that minimum floor,
11 somewhere around 2 to $300, that represents the per
12 capita allocation of districts basically.
13 Local revenue gets bigger the more
14 property wealth a district has, all other things being
15 equal, because they have more tax base. At some point,
16 you reach the recapture zone, which is the red bands
17 just above there. In terms of the --
18 THE COURT: What is the dark black line at
19 about 5,250?
20 MR. WISNOSKI: It's meant to represent the
21 typical target for target revenue, and the green band
22 just below that is an ASATR. Again, this is very
23 theoretical. The real world doesn't operate this
24 neatly, as I think the next slides indicate. But it's
25 meant to say the average system, if you're to find an

Unofficial copy Travis Co. District Clerk Velva L. Price

1 average, is a target around $5,300. The system itself
2 only provides about 5,000. So we have to supplement
3 with 300 or so dollars per WADA in order to get
4 everybody to where their targets should be on average,
5 and so all the dark black band was meant to represent is
6 the cut-off of the target revenue system. Beyond that
7 you get into Tier 2, because you've moved outside the
8 compressed tax rate.
9 So the next set of bands typify what
10 monies are available to a district from the Austin yield
11 pittance, and you'll note that the kind of grayish band
12 just above the black line kind of runs down to zero as
13 you get out there to about 599,700, and that's as it
14 should be. That's the yield of that band, and you only
15 have six pennies worth of tax effort you're equalizing
16 there. So it's a fairly narrow band, and the next band,
17 the state aid amount of the lighter of the two, runs out
18 at around 320 or so thousand dollars per weighted
19 student, as it should. That's the 319,500 wealth level,
20 typified by a yield of $31.95. So state aid runs out at
21 that point, and you see that just above the darkest blue
22 band at the top there, that recapture begins at that
23 point, because as we've said, recapture for those
24 pennies that are beyond the compressed rate starts at
25 319,500. So as a district gets wealthier, it pays more

Unofficial copy Travis Co. District Clerk Velva L. Price

1 and more recapture, assuming it's taxing in that zone.
2 There is no recapture on the previous two bands, because
3 there is no recapture on the Austin yield zone. The
4 dark red recapture that begins around 470 to 480,000 in
5 property wealth is the recapture at the compressed rate,
6 where the bulk of taxing and the bulk of the revenue
7 stream exists. That's the $476,500 point. So we start
8 showing recapture at that stage. And it gets
9 progressively larger, as a percentage of the total, the
10 more wealthy the district is.
11 THE COURT: So this scatter plot.
12 MR. WISNOSKI: Oh, this scatter plot.
13 Okay.
14 THE COURT: So we're going to ignore the
15 outlier there on the -- so what's this plot line?
16 MR. WISNOSKI: It's just confirming that
17 the general distribution of the state aid per WADA tends
18 to follow that pattern that you saw in the previous
19 exhibit, that the higher the health of the district is,
20 in general, it means less revenue per WADA, but it also
21 means that it's not exactly equal per WADA. Otherwise,
22 you'd see a very straight line. You'd see no outliers.
23 They'd all be on a very well-defined identifiable line.
24 The real world isn't nearly as neat as the theoretical.
25 THE COURT: And what have you plotted

Unofficial copy Travis Co. District Clerk Velva L. Price

here?

MR. WISNOSKI: State aid per WADA against the wealth per WADA. Is that --

THE COURT: But that's not a 1,024 --

MR. WISNOSKI: No, no, no. It's just meant to look at the districts over 10,000 WADA, just to keep the graph from being enormously wide in a sense. So the data can actually look more like a line.

THE COURT: So would you go back to 120? All righty.

MR. WISNOSKI: It's really following the pattern of that first band until you get to the high end of the property wealth.

THE COURT: Okay.

MR. WISNOSKI: As I said, the real world has all sorts of complications. First off, the targets aren't uniform. They're not all sitting at $5,300. They vary quite a bit as we've already seen. Yields per WADA are not uniform in Tier 1. We've got some components in Tier 1, like transportation, like NIFA, like high school that don't count towards the definition of WADA, and we've also excluded 50 percent of the cost-of-education index. So there's money in Tier 1 that might generate state aid for a district, but it's not generating WADA for a district. So our measurement

Unofficial copy Travis Co. District Clerk Velva L. Price

1 isn't exactly the same from one part of the system to
2 the next in terms of number of student units. The size
3 of Tier 1 varies a lot by district. In part, we've got
4 500 or so districts who have compressed rates less than
5 $1. So they're not getting a full basic allotment like
6 the other districts are. They get a proportionately
7 reduced allotment. It's a similar yield, because their
8 compressed rate generates a similar $46.75 per penny,
9 the way the equation works out, but it's not the same
10 total dollars. And so Tier 1 is a different amount in
11 proportion to Tier 2. Because of that compressed rate
12 less than $1, some districts have more capacity to
13 generate Tier 2 revenue than other districts do. You
14 can only tax up to $1.17, but if your compressed rate is
15 90 cents or 85 cents, you've got some more pennies there
16 to be exercised in Tier 2 than in Tier 1 effectively.
17 There are discounts and hold harmless provisions in
18 Chapter 41 that leads to some variations from the
19 theoretical as you saw when we were going through that
20 calculation for Austin. So there are lots of different
21 exceptions and provisions that changed the world from
22 being that nice, neat theoretical layered approach to
23 being the much more practical, how do we come up with
24 this sort of system? Look. They are exceptions, they
25 exist in statute, but it deviates from that nice

Unofficial copy Travis Co. District Clerk Velva L. Price

1 theoretical basis. When we look at revenue per ADA of
2 the districts and look at Itasca, Pleasanton, Garland
3 and Austin and look at the totals, we see Itasca's up
4 there at $8,900 per ADA. Pleasanton is down there at
5 $7,100 and Garland's only at 60 -- a little less than
6 6,800. Austin's kind of above Pleasanton, not nearly as
7 high as Itasca. When you translate that into per WADA,
8 again with all the shortcomings of not measuring the
9 full system with what it has, Itasca ends up at 5,580.
10 Pleasanton is actually below that by a little bit.
11 Garland is still below either one of those, but Austin
12 is now ahead at 6,530.
13 When you plot these component parts to see
14 what does revenue per WADA look like and how is it made
15 up, you can see that state aid makes a varying component
16 part of each district. ASATR varies a bit from district
17 to district. It's a fairly sizable chunk of what Austin
18 receives. It's nothing to Pleasanton. They don't get
19 any ASATR. The mix between Garland and Itasca and
20 Pleasanton, even though they end up at pretty similar
21 revenues per WADA is a somewhat different mix even
22 though they are fairly close in terms of property value
23 per student. So that's the summary of the maintenance
24 and operation side of the system.
25 MS. JENSON: Can I just ask one

Unofficial copy Travis Co. District Clerk Velva L. Price

1 clarifying -- back on 122, when you were talking about
2 the varying compressed rates lead to varying revenue
3 opportunities, are you saying that if a district has a
4 compressed tax rate that's less than $1, they can still
5 tax for Tier 2 Level II all the way up to $1.17? $1.17
6 is the limit, not 11 cents --
7 MR. WISNOSKI: With the exception of those
8 Harris County districts who have that special authority,
9 yes, $1.17 is the maximum adoptable rate for maintenance
10 and operations, and a district with a lower compressed
11 rate would then have the ability to generate effectively
12 $1.17 minus compressed, minus 6 cents at the number of
13 pennies for Tier 2 Level II.
14 Keep in mind Tier 2 Level II has the
15 lowest yield of any of the component parts of the
16 system, you know, $31.95. But they would have that
17 opportunity to have more. They have a correspondingly
18 reduced Tier 1. So that creates some -- some of that
19 real world complexity to that nice, neat little chart.
20 Okay. I'm ready to move to facilities
21 funding. Texas school districts by and large finance
22 their facilities by issuing voter approved bonded debt.
23 There are a couple other forms, a couple of other ways
24 that districts do that, but the vast majority of
25 districts issue general obligation bonded debt

Unofficial copy Travis Co. District Clerk Velva L. Price

1 authorized by their voters.
2 THE COURT: Can you give me a second?
3 MR. WISNOSKI: Sure.
4 THE COURT: I was refreshing myself with
5 what the Supreme Court had said about facilities
6 financing in West Orange-Cove II. I'm ready.
7 MR. WISNOSKI: Okay. The amount of debt
8 service in the school districts is not an insignificant
9 number. We've got $4.2 billion in INS taxes shown as
10 collected in '10-'11. We're probably going to have at
11 least that much in '11-'12. Although that number is not
12 final as we talked about.
13 About 200 districts in the state don't
14 show any INS taxes, but they tend to be very small
15 districts that haven't built anything in many years for
16 the most part, as a generalization. Of course, there
17 are many exceptions to that as well. There are two
18 state aid programs that support school districts in
19 their payment of debt service taxes. The existing debt
20 allotment and the instructional facilities allotment.
21 INS taxes are not subject to recapture and there's
22 effectively something like a 50 cent limit on debt
23 service taxes. Although it really technically isn't a
24 limit. It's a limit on the issuance of debt if it would
25 cause the tax rate to exceed 50 cents. If you look

Unofficial copy Travis Co. District Clerk Velva L. Price

through some of the school districts' past history and occasionally on an annual financial report, you'll see references to other kinds of limitations on debt. One that crops up apparently pretty frequently is a 10 percent of assessed valuation sort of limit. But that hasn't been the actual limit for debt in some years now in Texas. And that limit has changed in its expression over time as well. But in the past several years, it has been basically consistent.

In terms of the debt equalization programs, the first one that came along was the structural facilities allotment. It provides equalized access for revenues for debt service at a yield of $35 per ADA, not weighted ADA, just regular average daily attendance. It's awarded on an application basis, and districts are prioritized according to their property wealth in terms of awarding that money. There are certain adjustments for growth rates and lack of outstanding debt, and previous denial of award of an IFA grant from the state that might move a district up on the priority list, but basically, it's a list according to property wealth. This operates as a guaranteed yield formula, financed from combined state aid and local taxes, so you have to have local taxes in order to keep earning the state aid, have certain biennial limits.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 There's no limit on the number of awards, and one
2 feature that's significantly different about the IFA,
3 from the program I'll talk about in just a minute, is
4 that you can get lease purchase agreements financed
5 through this mechanism even thought you don't levy a
6 debt service tax for lease purchase agreements. So it's
7 a complexity that was allowed for in that particular
8 program. The other program, the EDA or existing debt
9 allotment, provides equalized access to debt service for
10 any bonds that existed on which a payment was made by
11 August 31st in the last year of the preceding state
12 fiscal biennium. So in terms of '11-'12, that means a
13 district paid debt on that bond in '10-'11. As long as
14 they did that, then the bond itself is eligible for
15 existing debt allotment. That doesn't mean it will be
16 funded because there are other parameters the district
17 has to meet.
18 Any portion of debt that's funded through
19 the IFA program is not counted for EDA purposes, because
20 it's being equalized elsewhere. Each penny in this
21 component generates $35 per ADA just like the IFA. It
22 does not require an application. It's pretty much an
23 automatic as long as your debt qualifies. It does
24 operate as a guaranteed yield, but it has a different
25 kind of maximum. Its maximum is no more than 29 cents

Unofficial copy Travis Co. District Clerk Velva L. Price

1 of tax effort will be equalized through this mechanism.
2 And at a 35-dollar yield, that equates to about $1,015.
3 This component does not allow for these purchases to
4 be -- to receive state aid. So there are some
5 differences and some similarities. When you look at the
6 formulas that's specified in statute for each one, they
7 are very similar. The amount of IFA and the amount of
8 EDA as determined by yield times ADA times the tax rate,
9 times 100, minus the tax rate, times the property value,
10 divided by 100. You'll notice property value here is
11 expressed as DPV. I noted when I was putting this
12 together, I've seen at least three different
13 abbreviations or acronyms, CPTD, DPV, TTAD, as you will
14 see in just a second. They all mean the same thing,
15 it's the same thing, comptroller's property value for
16 the preceding year. Here are the calculations of the
17 IFA for Itasca, Pleasanton, Garland --
18 THE COURT: I will give you a quote.
19 Winston Churchill said truth is so precious, it should
20 be protected by a bodyguard of lies.
21 MR. WISNOSKI: I'm not sure if I should
22 take that as a commentary on my presentation --
23 THE COURT: No. It's just apropos
24 nothing.
25 MR. WISNOSKI: Okay. The IFA calculation

Unofficial copy Travis Co. District Clerk Velva L. Price

1 for Itasca, Pleasanton and Garland, it's a pretty
2 straightforward exercise. As it turns out, Austin has
3 no debt in the IFA program. It never applied and
4 wouldn't qualify for funding anyway, so it's kind of a
5 moot issue as far as Austin is concerned.
6 We go through the exercise of calculating
7 the amount of property value per ADA. You'll notice
8 there's a comment of minimum 400. That's one of the
9 exceptions on ADA, that any district smaller than 400
10 ADA gets treated as if it is 400 ADA. So they can get
11 access to funding for this program as well. We come up
12 with a -- basically a property wealth per ADA, and then
13 divide that by 10,000 to put it in units of yield per
14 penny. So the local revenue per ADA per penny varies in
15 these three districts eligible for funding from a high
16 of $29 for Itasca to a low of $21.90 for Pleasanton.
17 Austin's $76 puts them way out of contention for
18 something that only guarantees $35.
19 The yield guaranteed by the state is
20 then -- we then subtract from the yield guaranteed by
21 the state, that local yield per penny, to come up with a
22 state share. We basically convert the local share and
23 the state shares into percentages. There are several
24 different ways mathematically you could do this, but
25 this is the way the calculation works and what's posted

Unofficial copy Travis Co. District Clerk Velva L. Price

online for the most part.

The percentages are then used as a way of determining the state aid by applying the percentage to the IFA award limits that are specific to each district. Each district has had to apply to have certain bonds covered by the IFA program. Those bonds have annual debt service. That debt service amount is known to the agency and based on the awards and the limitations that have been applied, the amounts are shown here as 110,000, 930,000, and a little over 3 million in the case of Garland. You apply the percentages to determine a -- an estimated state share, and then we look at the local share, as the total minus the state share, and it's important to look at the local share for a couple of reasons, even though there's a little qualification down here about Garland, but it's sort of relative, basic concept.

It's important to look at that local share. Go back to the IFA, because there is a requirement in law that each district raise its local share in order to be entitled to the state aid under IFA and EDA. There is an exception to that. A district can raise its local share by evidencing previously unequalized tax collections, and there is an account kept by the agency of those previously unequalized tax

Unofficial copy Travis Co. District Clerk Velva L. Price

1 collections that can be used to meet a local share
2 requirement for either IFA or EDA. It can be in the
3 current year or previous year and it goes back several
4 years. I don't remember the exact date that it started,
5 but it's sometime in the early part of the last decade.
6 Now, when we move to the EDA program, what we first do
7 is we look at the biennium limit that applies to the
8 district, and this follows pretty closely the structure
9 of the EDA component in the summary of finances. We
10 look at the 2010-11 INS tax collections, because
11 remember, there is a biennial limit that applies to the
12 EDA and 2010-11 is the base year for calculating that
13 limit. Subtract from it the '10-'11 local share of EDA
14 and the '10-'11 local share of IFA, and figure out if
15 anything else is left over. We then add to that
16 leftover amount the '10-'11 local share of EDA and call
17 that what is available for the biennial limit. And I've
18 kind of taken a number of shortcuts in describing that,
19 but that's basically how the statute seems to fit
20 together and how it's been administered through the life
21 of these programs.
22 So now that we've determined the tax
23 amount for the EDA biennial limit, we divide by the
24 comptroller property value to calculate a rate, and that
25 rate is expressed here on the bottom line as a little

Unofficial copy Travis Co. District Clerk Velva L. Price

1 over 20 cents for Itasca, only a little less than 4
2 cents for Pleasanton and almost 20 cents for Garland.
3 Austin has a limit calculated of 14 cents, but as you'll
4 see in a couple of minutes, it's pretty irrelevant,
5 because Austin is too wealthy to receive any state aid.
6 In terms of the tax rate needed, we look at the actual
7 debt service payments that qualify for EDA, subtract
8 from that the 2011-12 IFA state and local share that you
9 saw in previous slides on the IFA and come up with a
10 resulting EDA debt service amount. That then is divided
11 by the guarantee yield of $35 per ADA, and then by the
12 ADA itself to come up with a result, and that result is
13 an 18-cent or an 18-dollar amount, which we convert to
14 pennies, the pennies being 18.1 for Itasca, 4.5 for
15 Pleasanton, 18.8 for Garland, and in Austin's case, 32.
16 Seeing that Austin is at a yield of $35, it would 32
17 cents. It only needs about 18 from its local tax base.
18 We then take that 18 cents, multiply it by
19 the yield of $35 and then by the ADA, and ultimately
20 come up with a state and local share of EDA, and this
21 looks like an exercise in just repeating the same thing
22 in reverse. It's not quite that, because you compare
23 the rate needed to the allowable biennial limit before
24 doing this calculation. Okay. So previous calculation
25 you'll note that Pleasanton needed about 4.5 cents, but

Unofficial copy Travis Co. District Clerk Velva L. Price

its biennial limit is just under 4 cents. So we're using over on this slide, the biennial limit of just under 4 cents for Pleasanton. So Pleasanton is not going to get all of its debt equalized by this formula. We then multiply that resulting amount by the ADA of the district, coming up with an entitlement in the state and local shares you see at the bottom of this slide. We then look at the 2010 property value and determine how much those rates, as limited, would generate as a local share when applied to the comptroller prior year property value and determine from that and the entitlement the amount of state aid, anywhere from 72,000 in Itasca up to about 11 million in Garland.

Now, if I haven't confused you with this last set of slides, then I'm not sure that I've actually gotten through, because this is a very convoluted, lengthy calculation process. If you studied it in advance, I can understand you're not confused, but I even get myself confused on these things, because it is so lengthy in terms of the calculations. And in particular, when you look at EDA and IFA amounts, as you see them at this point in time, about '11-'12, one of the things you have to keep in mind is that this calculation occurs very early in the school year and seldom gets revised until final data come in, so some of

Unofficial copy Travis Co. District Clerk Velva L. Price

1 the numbers that you've seen here just now don't
2 necessarily match up with numbers that you may have seen
3 in earlier slides, particularly things like ADA. The
4 agency's practice for some time has been to use a
5 projected amount of ADA and it doesn't agree with the
6 DPE numbers that we've talked about through this
7 presentation. So what shows up now is not necessarily
8 the same data as you would see in other parts of what's
9 online today. Ultimately, it's going to be reconciled
10 to the same thing, but right now, it's not.
11 State and local shares of debt service,
12 this is debt service per ADA. You'll see that Itasca
13 has about $800 worth of debt service per ADA, but less
14 than 200 of it comes from state aid either as IFA or
15 EDA. In Pleasanton's case we've got only about, a
16 little over 1400 of debt service, and not quite half of
17 it comes from state sources. In Garland, the amount is
18 around 700 and -- about a third of it probably comes
19 from state aid. Austin has the largest amount. It's
20 between $1,100 and $1,200 of debt service per ADA and
21 gets no state assistance, again because it's about twice
22 as wealthy as it needs to be to be getting state aid.
23 Statewide, we're looking at a local share
24 in '11-'12 of about 4.3 billion dollars and a state aid
25 amount that is right around $650 million, a fairly small

Unofficial Copy Travis Co. District Clerk Velva L. Price

1 portion, 15 percent or so of the total.
2 MS. JENSON: I've got just two basic
3 questions about IFA versus EDA. Am I correct in
4 understanding that once a district has qualified and
5 been given IFA, that goes on until the debt is
6 eliminated?
7 MR. WISNOSKI: That would be the general
8 rule. There are some exceptions, as there are in most
9 cases with all of our rules. One good exception to note
10 is that if the district refinances that debt more than
11 three times, the agency has in its rules adopted a
12 provision that says they will then move it if eligible
13 to the EDA program, because the refinancings create all
14 sorts of complexities for tracking data over time, and
15 so there was a motivation to make sure that it could be
16 as simple as possible, yet give the district a fair shot
17 at similar revenue, and that provision would be an
18 exception.
19 If the bond is paid off early, which, you
20 know, is similar to a refinancing, but not quite the
21 same thing, then there would be no need to give them
22 continued state aid. So that would be another way it
23 would be removed.
24 And lastly, if you find a circumstance in
25 which the district is not raising its local share and

Unofficial copy Travis Co. District Clerk Velva L. Price

1 doesn't have any of those unequalized taxes from prior
2 periods to apply, state aid might be withheld simply
3 because they're not earning it. The debt would still
4 exist, but they're not necessarily receiving any state
5 support for it.
6 MS. JENSON: And by the same token, the
7 EDA, there's not a guarantee past the biennium in which
8 they've been given that allotment.
9 MR. WISNOSKI: Well, you're raising a
10 slightly different topic and I'll try to address it this
11 way. These are all made by appropriation. There is no
12 constitutional appropriation behind these, and that was
13 a big concern when these programs were first invented
14 back, oh, 12, 14 years ago, whenever it was, that there
15 was no ongoing commitment from the state to fund these
16 debts. However, the state tried to address that concern
17 through a statutory mechanism that said to the extent
18 funds are insufficient to meet the state's obligation
19 under these formulas, that the agency could draw on the
20 foundation program, Chapter 42 type allotments, as a
21 source of funding to make these payments and that these
22 really had higher priority than the rest. So the
23 state's made a moral commitment, but has no
24 constitutional backing to say these are permanent. For
25 the life of these allotments, I think they've been now

Unofficial copy Travis Co. District Clerk Velva L. Price

1 accepted as permanent features and that there's no
2 question the state will fulfill, through one mechanism
3 or another, its obligations to pay the state's share.
4 There's still no guarantee, though.
5 THE COURT: Why don't we take about a
6 ten-minute break.
7 (Recess taken)
8 MR. WISNOSKI: Okay. I'm going to spend a
9 few minutes talking about charters, simply because they
10 are now becoming a more significant piece of the system,
11 yet they're not funded on exactly the same formula
12 structure that all the other school districts are
13 funded. We now have about 3 percent of the student
14 population enrolled in charters, and for this purpose,
15 charters mean open enrollment charter schools and not
16 campus charters or districts or the other kinds of
17 charter structures that are in the statute.
18 In 2011, we had about 2.6 of the ADA. You
19 can see the size of charters tends to be rather small.
20 We only have two that are more than 5,000 ADA and they
21 tend to have a number of campuses spread around the
22 state basically in those particular charters. There are
23 quite a number of them that are less than 500 and a few
24 that are even less than 100 that are out there. They
25 are essentially fully state-funded for Tier 1 and Tier 2

Unofficial copy Travis Co. District Clerk Velva L. Price

1 purposes by the state with some formulas that are
2 adaptive based on the special conditions and charters.
3 Now, effective with House Bill 3646, all
4 charters have their allotments calculated using state
5 average funding elements, those funding elements being
6 the average basic allotment, average adjusted basic
7 allotment and average adjusted allotment, and you'll
8 recall from our discussion about regular school district
9 funding that there is variation in average basic
10 allotment or in the basic allotment of individual
11 districts because of tax rates less than compressed, and
12 what you see here is an average that's a function of
13 that. Otherwise, charters would have 3,765 like all
14 other districts at a compressed rate of $1. Unlike
15 that, they have a smaller basic allotment. On the other
16 hand, they have the benefit of the adjusted basic
17 allotment, which is the effect to the cost of debt
18 index, and then average adjusted allotment that goes to
19 the smaller midsize adjustments, as those are
20 represented in the allotments of school districts around
21 the state. They're eligible for ASATR on a similar
22 basis to how school districts are eligible for ASATR.
23 Its basically determined on the formulas that were in
24 effect the '08-'09 school year in '09-'10.
25 Now, formulas in effect for charters in

Unofficial copy Travis Co. District Clerk Velva L. Price

1 '08-'09 are more complex than they were for school
2 districts for a couple of features. In '08-'09, the
3 charters were in a transitional status, moving from
4 funding based on the district of origin of the children
5 to funding based on state averages. Back when charters
6 were enacted, there were some provisions that called for
7 various things, and in complex structure, the funding
8 elements weren't really well defined. It basically
9 talked about districts sharing local revenues and doing
10 assorted other things. Back when charters were enacted,
11 the agency had to figure out a funding structure and
12 came up with two different methodologies for funding
13 charters based on the district from which they drew
14 their students. And so that methodology was in place in
15 2003 when the legislature met and said, "Hey, we need to
16 bring a little bit of order to this chaos. Let's put
17 everybody on the state averages." And so they created a
18 law that developed a transition for charters, 10 percent
19 a year, until 2012-13, moving them along towards being
20 funded on those state averages. They weren't quite
21 there in '09-'10 when House Bill 3646 came along and
22 kind of short-circuited that process.
23 In '09-'10, they were going to be funded
24 30 percent based on the district of residence and 70
25 percent based on state averages, and so the revenue

Unofficial copy Travis Co. District Clerk Velva L. Price

1 target that came about as a result is some reflection of
2 that mix of funding that charters were entitled to back
3 then.
4 I mentioned two methodologies. I'm not
5 going to spend time talking about them in any detail.
6 One is based on revenue for ADA in certain
7 circumstances. The other one uses revenue per WADA, but
8 both have been adopted to include ASATR for the district
9 of residence, because tax compression affected what
10 otherwise would have been the revenues for those
11 districts.
12 The state average methodology looked at
13 the funding elements and applied those in a similar way
14 to the Foundation School Program performance. So Tier 1
15 allotments start off with 5,929 adjusted allotment, and
16 that implies that charters are funded as if they had
17 about 750 regular program ADA. That's the degree to
18 which their adjusted basic allotment is being adjusted
19 for small-sized formulas when you look at the effect of
20 these averages. The WADA is computed using a basic
21 allotment of 4,625 and an ADA or adjusted basic
22 allotment of 4,888, and that's the effect of
23 cost-of-education index of about 1.08, which is not
24 atypical with the rest of the state.
25 So charters have those two aspects of

Unofficial copy Travis Co. District Clerk Velva L. Price

1 being on an average that looks small and has about an
2 average CDI. What's maybe a little bit more peculiar
3 about them is their average Tier 2, Level I is about 5
4 cents. It's not the 6 that could be the maximum, but
5 even though it isn't the 6 that could be the maximum,
6 because there are some school districts out there with
7 tax effort in Tier 2 Level II, they also get a little
8 over 4 cents worth of tax effort in Tier 2 Level II. So
9 we have full state funding of Tier 1 and Tier 2. There
10 is no recapture and there is no EDA or IFA funding for
11 charter schools.
12 I've already talked about this split of 30
13 percent, 70 percent. I'm not going to spend any more
14 time on that. What you get from this is basically, they
15 are funded with similar formulas, but not the same
16 formulas as school districts, and so there is a
17 difference in how they're funded by the state, 100
18 percent state funded but not necessarily at the same
19 level as a comparably-sized school district, and of
20 course do not have local taxes or state aid for IFA and
21 EDA, which are themselves forms of tax compression or
22 debt service taxes, because you can't really use the
23 state aid and IFA and EDA for any purpose other than
24 paying debt service.
25 So now I'm ready for kind of the last

Unofficial copy Travis Co. District Clerk Velva L. Price

1 section, unless you have questions about charters or
2 anything else, and this is where you had asked for us to
3 spend time talking about how the laws as they change are
4 affecting districts in '11-'12 compared to '10-'11 and
5 will affect them in '12-'13 compared to '11-'12 and
6 '10-'11.
7 So we've talked about the RPAF, which is
8 this factor that adjusts the regular program.
9 THE COURT: Give me one second.
10 MR. WISNOSKI: Sure.
11 THE COURT: I'm back with you. Thank you.
12 MR. WISNOSKI: Okay. You've seen most of
13 this information once or twice before, RPAF, .9239 for
14 '11-'12. It'll be .98 in '12-'13. The specific amount
15 is not set yet. It will be at, at least .98 for '13-'14
16 and '14-'15, or a greater amount set by appropriation,
17 and then RPAF as a factor disappears at the end of the
18 '14-'15 school year, theoretically at least in '15-'16.
19 You have an RPAF that's equivalent to 1.0, full funding
20 of the basic allotment for regular program purposes.
21 Additionally, we have another change that
22 will come about first in '12-'13 where revenue targets
23 will be reduced to 92.35 percent of the previous amount.
24 The legislature hasn't yet adopted a specific reduction
25 percentage for '13-'14 or any of the subsequent years,

Unofficial copy Travis Co. District Clerk Velva L. Price

1 but it has adopted a legislative statement of intent
2 that all further reductions in ASATR be coupled with
3 changes in the basic allotment, and they have
4 effectively repealed ASATR and target revenue by the end
5 of the '16-'17 school year.
6 The legislative intent statement you can
7 find in the provision of Senate Bill 1. It's in Section
8 57.34 in case you want to go look for it, but it really
9 doesn't spell out how that trade between ASATR and basic
10 allotment will take place, and it certainly doesn't
11 specify when it will take place.
12 Here's kind of the summary of the
13 different aspects of the Foundation School Program for
14 the '10-'11 formulas, '11-'12 formulas and '12-'13
15 formulas. The starting place for basic allotment is the
16 same all the way through. Of course, that's before
17 reducing it for low compressed rates. So you do have
18 some adjustment and variation among districts because of
19 that factor. But in terms of that starting place, it
20 has not changed over this course of time.
21 RPAF, effectively 1.0 in '10-'11, is down
22 to .9239 from the current year back up to .98. There is
23 that alternate formula we really didn't spend any time
24 talking about that only applies to the --
25 THE COURT: Hardship cases.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 MR. WISNOSKI: Yeah. And target reduction
2 percentage doesn't really exist until '12-'13. All the
3 other weights and adjustments are effectively the same
4 if you want to overlook, for the moment, there's no
5 funding for NIFA for the current biennium, and there
6 were some changes to virtual school funding that
7 happened in the last legislative session that I'm not
8 really counting as a weight change per se.
9 In terms of impact, every district in the
10 state, and kind of by extension, every charter school in
11 the state is receiving a reduction from the RPAF in
12 '11-'12. RPAF reduces the regular program, and so it
13 means less state aid in Tier 1. It also means less
14 WADA, and less WADA negatively impacts Tier 2 state aid
15 and also would increase the district recapture. We've
16 talked about all those concepts already.
17 And in terms of '12-'13, we'll still have
18 a reduction in regular program in place in '12-'13.
19 It'll be less of a reduction and we'll have a reduction
20 in targets for '12-'13, which doesn't exist today. So
21 those can create some very different effects depending
22 on the circumstances of individual districts, but
23 generally speaking, all districts are worse off than
24 they would otherwise have been had the formula stayed at
25 the '10-'11 level.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 Here's a chart that categorizes the
2 year-to-year change in revenue per WADA. The red bars
3 are for '11-'12. And the goldish, yellowish bars are
4 for '12-'13, and you'll see that the combined effect of
5 a not-so-deep cut to regular program funding and the --
6 a reduction to targets, in some cases, targets that are
7 not necessarily meaningful to the districts any longer,
8 will result in revenue increases to generally lower
9 property wealth districts. These are generalizations.
10 The categories aren't meant to say every district in
11 that wealth category is treated the same way, but in
12 general, lower wealth districts had lower targets and
13 have less to lose when you start reducing targets.
14 In terms of districts who are receiving
15 formula funding, meaning no ASATR, the number has risen
16 pretty dramatically over the last several years. Back
17 when tax compression first took place, we only had a
18 couple of districts who you would say are on formula,
19 meaning they didn't receive any ASATR, because the
20 formulas, due to a quirk of their circumstances or
21 various other things, resulted in no need to supplement
22 their formula revenue. But that was by far an
23 exception. It was almost universal the districts
24 received additional state aid for tax reduction.
25 By 2009-10, because of the changes in

Unofficial copy Travis Co. District Clerk Velva L. Price

1 House Bill 3646, you saw some pretty significant
2 decreases in the number of districts receiving ASATR
3 because the formulas were so dramatically increased to
4 take the place of that target revenue ASATR mechanism.
5 By '12-'13 when we start reducing targets
6 directly, you'll see even fewer districts receiving
7 ASATR because more and more, they just aren't eligible
8 to receive anything, because the targets are now down
9 close to the level of their formulas or bulletin level
10 of their formulas. And so the amount of ASATR funding
11 in the system will diminish significantly, starting next
12 year, actually next week, since next week starts the
13 next year.
14 What I've done here is take some of the
15 previous slides that we've talked about in terms of
16 these calculations and shown you the effects for
17 '10-'11, where the '10-'11 formula is put in place for
18 '11-'12. I've kept all the data the same across all the
19 years because that way you can at least see the effects
20 of the formulas more clearly. Obviously, these
21 districts change in ADA from one year to the next. They
22 change in tax collections from one year to the next.
23 They change in property value from one year to the next,
24 to avoid getting all of that confused with what the
25 formulas themselves are doing, I've simply substituted

Unofficial copy Travis Co. District Clerk Velva L. Price

1 the formulas in all these calculations. So what you see
2 here in red on each of these slides are the difference
3 amounts, not differences from what was previously shown,
4 but the amounts that have changed because of the change
5 in the formulas. And in this slide what you see is
6 regular program, instead of using the .9239 factor for
7 RPAF, I've used 1.0000, since effectively, there was no
8 reduction in '10-'11 formulas. So the districts now get
9 the full calculated result of that formula. That then
10 adds to their total cost in Tier 1. So Tier 1 total is
11 now different, and because Tier 1 total is now
12 different, the district is entitled to more state aid in
13 all cases except for Austin.
14 The fact that Tier 1 has grown a little
15 bit in Austin doesn't mean that it's grown enough for
16 them to earn anything other than their minimum amount of
17 24.4 million, so that number is not shown in red. They
18 still get the same 24.4 million, which is the per capita
19 in their high school allotment.
20 When we move on to WADA, because Tier 1 is
21 now a different number, we get a different result for
22 WADA. And as we work our way through the
23 calculations -- I don't remember the exact number, but I
24 believe Austin was around 98,000. I think Itasca had a
25 little over 1,020-something WADA in all of our '11-'12

Unofficial copy Travis Co. District Clerk Velva L. Price

1 calculations. This is the exact same data. Just
2 because Tier 1 has changed, they now have significantly
3 higher WADA counts in all cases.
4 WADA feeds into Tier 2, Level I, and so we
5 have Tier 2, Level I entitlements that are increased
6 because there are more WADA, and Tier 2 state aid is now
7 increased because there are more WADA. You will note
8 the significant change in this particular case. You'll
9 recall when we talked about Tier 2, Level I, Austin
10 wasn't getting any Austin yield. Well, using this
11 definition of WADA, Austin would get state aid, because
12 the entitlement is now larger than their local share.
13 So Austin would be getting about a million-five in state
14 aid had the '10-'11 formulas remained intact and all
15 other things stayed equal.
16 Then Tier 2 Level II, we do have changes
17 in all the WADA counts for five-year -- which results,
18 in some cases, in additional state aid, Itasca and
19 Garland. Remember Pleasanton wasn't eligible because
20 it's not taxing in that zone, and Austin wasn't eligible
21 because it was too wealthy. Well, it's still too
22 wealthy. The WADA change didn't make really that much
23 difference to Austin. And so they're still far
24 wealthier than would be the case to get state aid in
25 Tier 2 Level II.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 THE COURT: Can you give me a second?
2 MR. WISNOSKI: Sure.
3 When we move into the world of recapture,
4 remember Austin was the only one that's required to have
5 recapture in our previous '11-'12 view of the world, and
6 that's still the case, because adding more WADA simply
7 reduces wealth and makes it less likely that Garland and
8 Itasca and Pleasanton would ever owe recapture.
9 WADA is different. So I've now shown in
10 red here the different WADA amount which changes the tax
11 base at the equalized wealth level that it can retain,
12 which ultimately changes the percentage of the tax base
13 that they have to give up.
14 Austin, I think, had about 22-and-a-half
15 percent that it had to give up under the '11-'12
16 formulas with the data that we were using. Now with
17 just that change in RPAF, the percent reduction is only
18 17 percent. That's what the extra WADA does. It lets
19 them keep a larger portion of the tax base. And same
20 thing for the level of recapture for those taxes that
21 are above the compressed plus 6 cents. I think that was
22 around 47, 48 percent before. It's now down to 44
23 percent. So there's been a change there as well.
24 Cost before in the discounts is now down
25 below $100 million. I think it was around $130 million

Unofficial copy Travis Co. District Clerk Velva L. Price

1 previously for the recapture at the compressed rate.
2 And down below $5 million. I think it was about
3 5-and-a-half million previously. We go through our same
4 calculation of discounts and testing to see that the
5 districts are meeting the minimum level. They are still
6 both coming up with $4,651 of cost per WADA and $59 of
7 cost per WADA for the two different components of
8 recapture. That's not a change. Although the actual
9 input values have changed, it ended up at basically the
10 same result, certainly the same result rounded to a
11 $100. So I left those in bulk.
12 Calculation of discounts resulted in
13 something slightly different for the discounted amounts,
14 and so you end up with net recapture using '10-'11
15 formulas of a little more than $100 million in the two
16 combined components.
17 Do you want me to give you some time?
18 THE COURT: I do.
19 MR. WISNOSKI: Okay.
20 MS. JENSON: And basically the only thing
21 different was the regular program allotment factor.
22 MR. WISNOSKI: RPAF.
23 MS. JENSON: That's it.
24 MR. WISNOSKI: In the broad scheme of
25 things, RPAF is taking about -- a little over

Unofficial copy Travis Co. District Clerk Velva L. Price

1 7-and-a-half percent out of regular program. Remember,
2 regular program makes up about 70 percent of Tier 1, and
3 so 7-and-a-half percent of 7 percent, it's in the
4 ballpark of 5 percent. It fluctuates from district to
5 district, but that effectively creates about a 5 percent
6 reduction in WADA. It's something a little north of
7 that. I think it's like 5.7 or something as an average,
8 but that's the basic concept. Because there are 5
9 percent fewer WADA in a given district, it's going to
10 earn less state aid and pay more recapture.
11 THE COURT: So I'm looking at slide number
12 102 and comparing it to slide 166.
13 MR. WISNOSKI: Okay.
14 THE COURT: And if I do that, I see
15 approximately a 32-million-dollar difference.
16 MR. WISNOSKI: Okay.
17 THE COURT: And tell me what that 32
18 million represents.
19 MR. WISNOSKI: Using the --
20 THE COURT: It represents 32 million
21 that's been recaptured by the state because of the
22 reduction, the application of the RPAF to the WADA.
23 MR. WISNOSKI: That's correct. That's
24 additional recapture Austin owes as a result of the
25 change to the regular program caused by RPAF.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 THE COURT: So -- I'm going to do what
2 every bad attorney does, I'm going to use the word --
3 it's going to begin with the word "so" or "yet," which
4 means this is argumentative, and merely a summation of
5 the testimony that's already in evidence. So it wasn't
6 just a reduction of state aid. It also affected
7 recapture?
8 MR. WISNOSKI: That's correct.
9 THE COURT: Okay. That's interesting.
10 MS. JENSON: And the percentage that's
11 going to be applied to target revenue for the next
12 school year, I think, in your slide, you said it applied
13 to a previous number. Does that mean the target revenue
14 for the previous year or just calculated --
15 MR. WISNOSKI: I'm not following.
16 MS. JENSON: When you apply the percentage
17 reduction to target revenue for 2012 and 2013, you
18 basically calculate target revenue in the same way that
19 you would have using 2012-2013 data and then apply that
20 percentage to the 9235, I think, to that number.
21 MR. WISNOSKI: Yes. Yes.
22 MS. JENSON: It's not looking at '11-'12
23 target revenue.
24 MR. WISNOSKI: No, it doesn't look at the
25 prior year for any purpose really, when it comes to

Unofficial copy Travis Co. District Clerk Velva L. Price

actually doing it.

MS. JENSON: Okay.

MR. WISNOSKI: And remember what I'm trying to present here is simply the effect of those formula changes. So the data is all the same. It obviously won't be for '12-'13 for any of these districts. So it'll take the data of '12-'13, do its calculation, which is based on a relatively constant amount per student from '09-'10, and a couple of additions to that. Then once you calculate what the target should be, it's reduced by effectively 7.65 percent.

MS. JENSON: Okay.

MR. WISNOSKI: And mathematically, you can get to the same result a couple of different ways, but that's the gist of the idea.

THE COURT: Well, I've gotten two rights in a row, so I'm about ready to call it quits. So what else do you want us to know?

MR. WISNOSKI: Well, aside from that, what I haven't shown you yet is what happens to the targets for these districts when RPAF is different.

THE COURT: Alrighty.

MR. WISNOSKI: And that's where the story becomes a little more complex, because what I've shown

Unofficial copy Travis Co. District Clerk Velva L. Price

1 you so far, Tier 1 and target revenue feed in -- I'm
2 sorry, Tier 1 and recapture at the compressed rate feed
3 into target revenue. So these things interact in a way
4 that isn't always as obvious as it might first appear.
5 Now, what happens in these calculations is that we now
6 have different WADA. So the target that we come up with
7 is different were we to continue using the '10-'11
8 formula system. It's going to be a bigger target
9 because we have more WADA. We get more of the $120 per
10 WADA, because the WADA is bigger, and so the resulting
11 minimum revenue amounts are all bigger for all these
12 districts.
13 And in the case of Tier 1 state aid, as we
14 noted before, three of them get more money from the
15 state as a result of having more regular program
16 allotment. Austin has a recapture amount, but it is now
17 less than it was before, and so the state and local
18 revenue these districts obtain in '11-'12 is all
19 different across the board. The adjusted minimum
20 revenue itself is different across the board, and so the
21 calculation we come up with now says additional state
22 aid before tax reduction is now about $150,000 for
23 Itasca, 8.3 million for Garland, and 124 million for
24 Austin. So we've got some differing effects here. The
25 numbers are different, but they're not dramatically

Unofficial copy Travis Co. District Clerk Velva L. Price

1 different from what you saw on the ASATR before, because
2 the change to RPAF didn't affect the target itself. It
3 changed the revenues coming into the district for the
4 expense of recapture. It changed the WADA, but because
5 the target has kind of floated with the change in WADA,
6 they still need, in most cases, ASATR to get to where
7 they otherwise needed to be, even though we're using the
8 '10-'11 formulas. It's a little complex notion of the
9 interrelationship of the calculation of targets, the
10 calculation of WADA, the calculation of allotments.
11 Now, we want to look at '12-'13 and we'll
12 begin to contrast what its effects are going to be. We
13 still have a different RPAF. It's not 1.0. It's
14 different from the .9239 that we have for '11-'12. It's
15 now .98. That .98 results in a somewhat higher regular
16 program allotment, but still 2 percent smaller than it
17 otherwise would have been. It adds into Tier 1. It
18 changes the state aid for every district except for
19 Austin for exactly the same reasons again. It changes
20 the calculation of WADA, and now once we go through all
21 the math, you see Austin's WADA is about 103,000, a
22 little less than 103,000. It was in '11-'12 a little
23 under 100,000. Using the '10-'11 formulas, it was a
24 little over 104,000. This is right in between in terms
25 of the calculation of WADA. Same thing for all the

Unofficial copy Travis Co. District Clerk Velva L. Price

other districts in this case.

And we go through the calculation of Tier 2, Level I and find that with 102 WADA, 102,700, or whatever it is for Austin, they still get some state aid, but it's less than the million-and-a-half they were getting in the previous scenario using the '10-'11 formulas. The same holds true for Itasca, Pleasanton and Garland. They all get a little bit less because they have a little less in the WADA count.

Moving to Tier 2 Level II, same story applies. Still only have Itasca and Garland getting money and it's less than they otherwise would have received.

Recapture, because the WADA is less than the '10-'11, is going to be a little bit more, but because WADA is higher than '11-'12's definition, it's a little less. And so when we work through all those calculations and come down to the final result on slide 181, we find Austin now owes about 109 million, just short of $109 million of recapture.

We still have to go through the exercise of revenue targets, and this is where we've taken a direct reduction to targets that has to be factored in. We go through the calculation. We look at the 2009-10 adjusted HB 1 revenue per WADA, and I think that line

Unofficial copy Travis Co. District Clerk Velva L. Price

1 reflects a reduction applied to that per student amount.
2 As I said, mathematically, you can do it either at the
3 bottom line or at the individual components, and the way
4 the statute reads, you apply that reduction factor to
5 that base target and to the $120 per WADA and to the
6 $23.63. You don't apply it to the NIFA adjustment and
7 transportation adjustment. So what I'm showing you here
8 are reduced per student amounts in the case of the first
9 line, because that's really what the statute says to do.
10 The end result that you arrive at in terms
11 of adjusted minimum revenue, if you were to compare that
12 to what you saw in either the two previous slides, I
13 assume it would be significantly less than the two
14 previous scenarios.
15 We look at the Tier 1 state aid and Austin
16 still gets the same 24.4 million. The other three
17 districts get less in state aid. We look at recapture,
18 and the recapture amount has grown from the last
19 scenario, but it's still less than what the district was
20 paying in recapture in the '11-'12 formulas themselves.
21 We work all the way through this and
22 calculate that the district is entitled to an additional
23 state aid for tax reduction of 74 million in the case of
24 Austin, but nothing in Itasca, Pleasanton and Garland,
25 because their targets have now been reduced enough to

Unofficial copy Travis Co. District Clerk Velva L. Price

where the formulas as they remain produces more revenue. They are part of the 600 or so districts who are expected to be on formula, as we talk about it, instead of receiving ASATR and benefitting from target revenue. Austin still is on target revenue, but the $74 million is far less than was calculated under either of the previous two scenarios. I think they were around 120 to $130 million.

So when we compare this result and look individually at the districts, what you see is that revenue per ADA and revenue per WADA has a tendency to be less in both the '11-'12 and '12-'13 scenarios for most of the districts. It's not quite true on a per ADA basis for Itasca, just because of the quirks of how the per ADA numbers are computed, but you do see that on a per WADA basis, it's less.

In the case of Pleasanton, Pleasanton has a slight oddity to it, in that revenue in '11-'12 is slightly higher per WADA than in '10-'11, and I thought about that for a long time and investigated it, and sure enough, under the '11-'12 formulas, they are entitled to slightly more revenue per WADA, because WADA has been reduced significantly, which affects the state aid side of the calculation, but it doesn't affect the local revenue side.

Unofficial copy Travis Co. District Clerk Velva L. Price

Okay. And so Pleasanton, being a formula district, not receiving target revenue, doesn't have any target to lose from smaller WADA. So it loses some state aid from Tier 1 and Tier 2. It doesn't lose any local revenue, and so the combined effect there actually nets them a slight per WADA gain. It's less total dollars. It's about 1.3 million less than they would receive in the '10-'11 formula, but because we've changed the definition of WADA, it actually computes to a slightly larger amount. And then you can see in '12-'13 that Pleasanton actually gains in total dollars almost to the level that it had in '10-'11, not quite, but almost. It's almost there.

In looking at Garland, their per WADA numbers are pretty consistent from '10-'11 to '11-'12 formulas, in '12-'13, though, their revenue per WADA, using those formulas, again, same data in each of these scenarios, but using the '12-'13 set of formulas, the loss of target revenue and ASATR means they end up with a reduced amount per WADA.

And you can see that they're down considerably from '10-'11 in terms of those formulas, but up from '11-'12. Once a district loses all the ASATR that it has, it doesn't have anything else to lose. ASATR, in '11-'12 for Garland, using the DPE

Unofficial copy Travis Co. District Clerk Velva L. Price

1 numbers is only about $8 million out of a roughly
2 370-million-dollar budget. That's only about
3 2-and-a-half percent. We're reducing targets by 7.65.
4 So it loses all of its ASATR pretty quickly and moves
5 back to being on formula, at which point the change in
6 RPAF actually is a benefit to it in '12-'13.
7 And lastly to Austin, Austin starts out
8 with about $679 million of M&O revenue, drops down to
9 $642 million for the '11-'12 set of formulas, and then
10 goes down to 621 million for '12-'13, a continued loss
11 because Austin is dependent heavily on target revenue
12 and ASATR. And despite the significant changes in
13 recapture, the net effect overall is for it to have
14 continued declines in revenue as a result of the changes
15 in formula.
16 It's probably worth pointing out that
17 target revenue in its function in the system has kind of
18 displaced some of the traditional aspects of school
19 finance, particularly when it comes to changes in
20 property value and what that does to the Tier 1, Tier 2
21 state aid mix. It still affects Tier 2, but Tier 1,
22 even though a property value may go up, and state aid go
23 down, if the combined effect of state aid and tax
24 collections isn't sufficient to reach the target, the
25 target still fills up the same bucket, and it doesn't

Unofficial copy Travis Co. District Clerk Velva L. Price

1 really matter what happens from year to year in terms of
2 property value change. What matters is how much state
3 aid, how much tax collection, as long as targets
4 control.
5 By '12-'13, it would be my best estimate
6 that the three nonwealthy example districts here won't
7 be affected by target revenue because of the change to
8 the targets. And at that point, some of those more
9 traditional effects of property value change and tax
10 collection success are going to start impacting those
11 districts in the way they did prior to tax compression.
12 That, I believe, is the end of the
13 presentation.
14 THE COURT: Thank you.
15 MR. WISNOSKI: Sure.
16 MS. JENSON: May I ask just two questions?
17 Very short. I just want to make sure I understand your
18 chart showing the comparison of revenue. The first two
19 columns show revenue for the school year 2011-12 is
20 calculated without the RPAF factor. The second is with
21 the RPAF factor, and then the third column is 2012-13
22 with the target revenue factor.
23 MR. WISNOSKI: No. It's actually '11-'12
24 data still. It's all the same data, but it does have
25 the '12-'13 factor --

Unofficial copy Travis Co. District Clerk Velva L. Price

1 MS. JENSON: I see.
2 MR. WISNOSKI: -- put in place.
3 MS. JENSON: Okay. So --
4 MR. WISNOSKI: I didn't want changes in
5 data to affect how the system was reflected and these
6 changes were reflected for your purposes.
7 MS. JENSON: Okay. And then when you were
8 talking about where you're applying the target revenue
9 factor, where did you apply that?
10 MR. WISNOSKI: Let me show you, but before
11 I leave this chart, I have to mention, it was pointed
12 out to me I have a typo on here in case you want to note
13 it. The very last line says "Net FSP M&O per ADA" and
14 it should be "per WADA." So if you'd mark whatever
15 paper copy you're making notes on, it is per WADA in the
16 calculation, but let me get back up to the slide where
17 you can see this. Right here, if you were to compare
18 this slide to slide 167, compare 182 to 167. What
19 you'll see on that very first line, 2009-10 adjusted
20 HB 1 revenue per WADA. I'll let you get there. That
21 first line is diminished by 7.65 percent. It's already
22 built in. I didn't show you that application as a
23 calculation in here, but it's already built in.
24 MS. JENSON: Okay. Thank you.
25 THE COURT: So thanks.

Unofficial copy Travis Co. District Clerk Velva L. Price

1 MR. WISNOSKI: Sure.
2 THE COURT: Let's talk a little bit about
3 tomorrow. So I'm thinking that -- give me one second.
4 So for tomorrow, we do not need to go through this
5 again. We could. It might be fun in a perverse way,
6 but what I would like, what I would find helpful is that
7 if there's anything that you want to emphasize, anything
8 that you want to cast a slightly different light on or a
9 different span, that you want to add to, delete from,
10 alter in any type of way, I want you to do that. If
11 there's something in addition that's not been presented,
12 then I want you to do -- to present that. Essentially,
13 what you would like me to know, annotate it to what
14 we've done here today. Does that make sense?
15 MS. DAHLBERG: Okay.
16 THE COURT: And the reason -- I mean, the
17 reason this was helpful is we've been sitting in the
18 jury room for a couple of months going, "Okay. Now,
19 they do 71 percent of this and then, wait, over here,
20 they only take -- where does this come from?" And so we
21 think we knew it, but it helps having somebody to walk
22 us through it, because then we go, "Oh, yeah, yeah, I
23 knew that," or "all right, I got it," and I really feel
24 like we have a much better comprehension and it at least
25 validates some things, but I'm sure y'all see it from a

Unofficial copy Travis Co. District Clerk Velva L. Price

1 different perspective and that's what we want.
2 MS. DAHLBERG: It would be helpful, Your
3 Honor, so that we don't duplicate anything if we could
4 have a copy of whatever -- this PowerPoint.
5 THE COURT: Oh, I thought you did. I'm
6 sorry.
7 MS. DAHLBERG: We don't have a copy of
8 that PowerPoint.
9 THE COURT: Do y'all have a copy -- or I
10 can tell you what we can do is we can send you an e-mail
11 of, if you'll give us an e-mail address, we'll send you
12 an e-mail right now with it as an attachment.
13 MS. DAHLBERG: Okay. That would be
14 helpful.
15 THE COURT: Any other questions? Anything
16 to take up before we go? All right. See y'all
17 tomorrow.
18 MR. GRAY: 9:00.
19 (Hearing recessed)
20
21
22
23
24
25

Unofficial copy Travis Co. District Clerk Velva L. Price

1 THE STATE OF TEXAS)
2 COUNTY OF TRAVIS)
3 I, Della M. Sawvel, Official Court
4 Reporter in and for the 250th District Court of Travis
5 County, State of Texas, do hereby certify that the above
6 and foregoing contains a true and correct transcription
7 of all portions of evidence and other proceedings
8 requested in writing by counsel for the parties to be
9 included in this volume of the Reporter's Record, in the
10 above-styled and numbered cause, all of which occurred
11 in open court or in chambers and were reported by me.
12 I further certify that this Reporter's
13 Record of the proceedings truly and correctly reflects
14 the exhibits, if any, admitted by the respective
15 parties.
16 WITNESS MY OFFICIAL HAND this the 5th day
17 of September 2012.
18 /s/: Della M. Sawvel
19 DELLA M. SAWVEL, TX CSR 4377
Expiration Date: 12/31/13
Official Court Reporter
20 250th District Court
Travis County, Texas
21 P.O. Box 1748
Austin, Texas 78767
22 (512) 854-9321
23
24
25

Unofficial copy Travis Co. District Clerk Velva L. Price

Texas School Finance Overview

Unofficial copy Travis Co. District Clerk Velva L. Price

B

Introduction

Unofficial copy Travis Co. District Clerk Velva L. Price

WHAT WON'T BE COVERED

- Less significant allotments in the "Other Programs" category of the summary of finances
- Property valuation practices
- Tax rate setting, notices, rollback calculation
- Federal funding and state grants outside the Summary of Finances
- Curriculum, textbooks, and assessment
- Instructional program and accounting requirements
- Teacher certification, teacher contracts, and purchasing laws
- A long list of other topics

Unofficial copy Travis Co. District Clerk Velva L. Price

Large and Complex

- 4.999 million students
- 639,000 employees (324,000+ teachers)
- 1200+ districts, 9200+ campuses
- $35.9 billion annual general fund operating expenditures (2011)
- Property wealth per student ranging from $19,600 to $7.2 million across school districts
- Changing student population/characteristics
- Changing educational standards and requirements

Unofficial copy Travis Co. District Clerk Velva L. Price

SHIFTING DEMOGRAPHY

	1994-95	2011-12	Increase	% Increase
Economically Disadvantaged	1,699,612 46%	3,013,442 60%	1,313,830	77%
At Risk	1,533,281 42%	2,267,985 45%	734,704	48%
Limited English Proficient	455,224 12%	838,119 17%	382,895	84%
Total Enrollment	3,670,196	4,998,579	1,328,383	36%

Unofficial Copy Travis Co. District Clerk Velva L. Price

School Finance Variables

- Enrollment, attendance
- Property wealth (fiscal capacity)
- Tax rate (current and 2005)
- Community characteristics
  - Scale and location
  - Transportation
- Student characteristics / needs
  - Special education
  - Bilingual
  - Low-income
  - Career and technology
  - Gifted and talented

Unofficial copy Travis Co. District Clerk Velva L. Price

School Finance Terms

- Weighted Average Daily Attendance (WADA)
  - Average daily attendance which has been adjusted for cost differences including student needs and community characteristics. In Austin, 78,738.141 ADA translate into 98,454.353 WADA
- State funding property value (CPTD value)
  - Property value computed by the comptroller and used for state funding purposes. Based on prior-year tax base, it excludes the effect of certain optional exemptions.
- Cost-of-Education Index (CEI)
  - Index value designed to account for differences in the cost of hiring teachers

Unofficial Copy Travis Co. District Clerk Velva L. Price

Foundation School Program Concepts

- Enrollment/Attendance
  - More students increase state aid to districts
  - Fewer students decrease state aid to districts
- Property Wealth (fiscal capacity)
  - Higher property values shift financing to district
  - Lower property values shift financing to state
- Tax Rates
  - Higher rates increase size of program (state and local)
  - Lower rates decrease size of program (state and local)
- Recapture
  - District property tax base is limited to a defined level

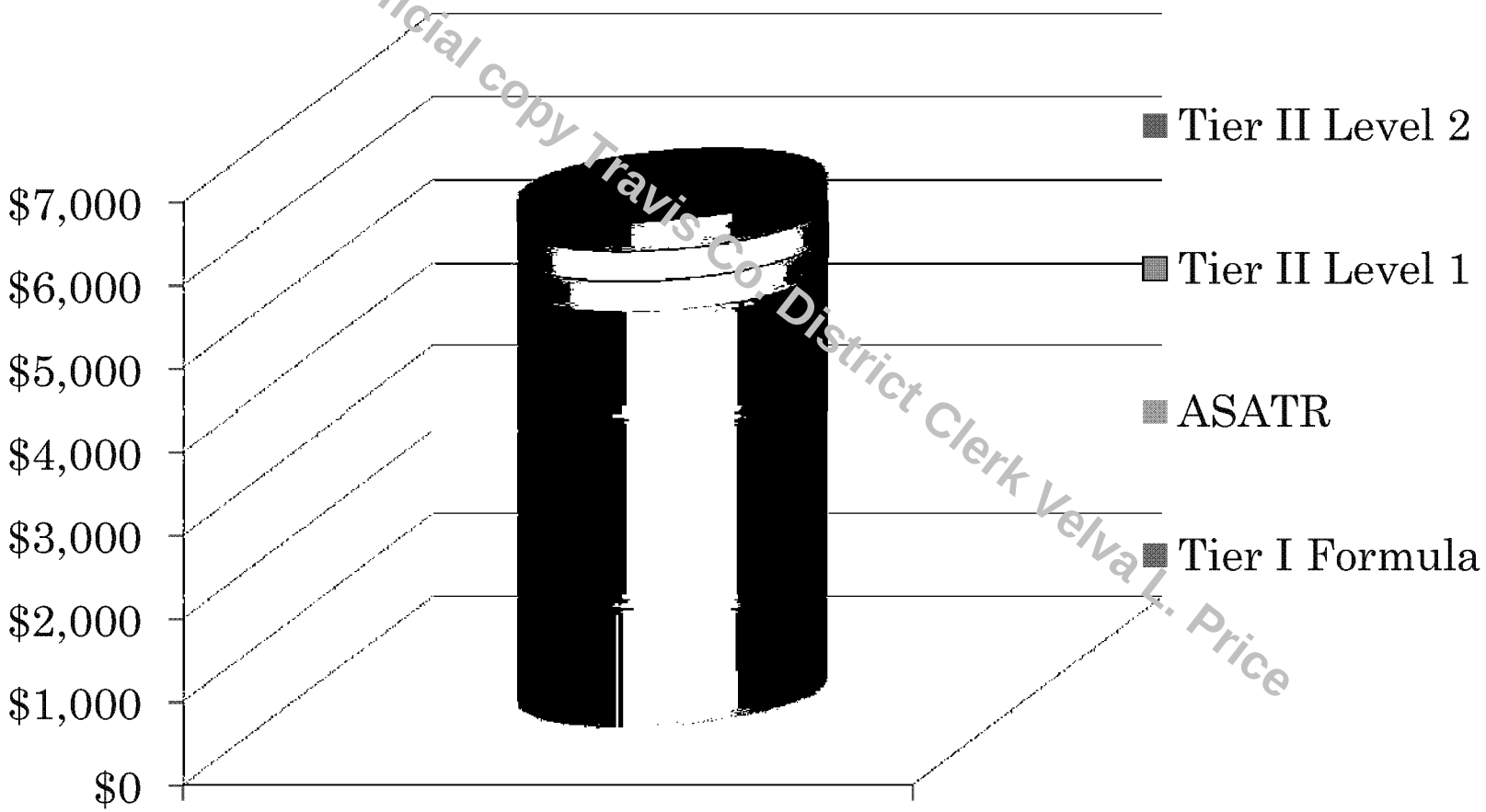
Unofficial copy Travis Co. District Clerk Velva L. Price

Finance Structure Concepts

- Tier I
- Tax Compression, Allocation of Tax Collections
- Additional State Aid for Tax Reduction
- Tier II
- Recapture
- Facilities Funding

Unofficial copy Travis Co. District Clerk Velva L. Price

Basic School Finance Structure



Unofficial copy Travis Co. District Clerk Velva L. Price

TAX COMPRESSION

- Most school districts have voter authorization to levy an M&O tax rate of $1.50 per $100 of valuation
- In 2006, the legislature reduced the maximum allowed M&O tax rate for nearly all school districts to $1.17
- District base M&O tax rates were compressed by 33.33% in 2007-08 — this rate is commonly referred to as the "compressed tax rate"
- Compressed rate of $1.00 for 2006 $1.50 districts
- Debt rate largely based on I&S rate needed to pay debt service

Unofficial copy Travis Co. District Clerk Velva L. Price

Allocation of Taxes to Components of Formula System

- M&O taxes collected are allocated to the different component parts of the finance structure
- Allocation is proportional to the adopted rate
  - Compressed rate (66.67% of the 2005-06 adopted rate)
  - Tier II Austin yield (next 6 cents above compressed rate)
  - Tier II $31.95 yield (any adopted rate above compressed rate plus 6 cents)

Unofficial copy Travis Co. District Clerk Velva L. Price

Summary of Finances Concepts

- LPE vs. DPE
- Cycle of estimates, dynamic system
- Settle-up
- Many rules, either in statute/rule or in practice, but also many exceptions

Unofficial Copy Travis Co. District Clerk Velva L. Price

2010 Calendar for 2011-12 Foundation School Program

01/01/2010 - Valuation date for tax base tax year 2010

07/25/2010 - Appraisal district provides certified roll tax year 2010

08/15/2010 - First publication of 2010-11 estimates of state aid from TEA (approximate)

09/01/2010 - School district traditional fiscal year 2010-11 begins

10/01/2010 - Estimates of student attendance, and 2010, 2011, and 2012 property value growth delivered to LBB by TEA and Comptroller

09/01/2010 - TEA appropriations request for Foundation School Program covering 2011-12 due (approximate)

09/30/2010 - Last day to adopt tax rates for tax year 2010

Unofficial copy Travis Co. District Clerk Velva L. Price

2011 Calendar for 2011-12 Foundation School Program

01/01/2011 - Valuation date for tax base tax year 2011

01/11/2011 – 82nd Legislature convenes

01/20/2011 - Fall enrollment data due to TEA through PEIMS for 2010-11 school year

01/31/2011 - Due date for current year (tax year 2010) taxes

03/01/2011 - Updated estimates of student attendance and property value growth due from TEA and Comptroller

05/28/2011 - General Appropriations Act finally passes

03/16/2011 - TEA generates DPE estimates using fall enrollment and budgeted tax collections

07/01/2011 - First publication of 2011-12 estimates of state aid from TEA (approximate)

07/25/2011 - Appraisal district provides certified roll, tax year 2011

07/15/2011 - Comptroller delivery of tax year 2010 value study results (approximate); key determinant of state aid and recapture for 2011-12; statutory deadline to identify districts for Chapter 41 status for 2011-12

07/14/2011 - Basic attendance for 2010-11 reported to TEA through PEIMS

Unofficial copy Travis Co. District Clerk Velva L. Price

2011 Calendar for 2011-12 Foundation School Program

08/31/2011 - Close of fiscal year 2011; ending date for tax collections to be reported for 2010-11(traditional fiscal year); tax collections for debt service through 8/31/2011 set the biennial tax rate limit for EDA program

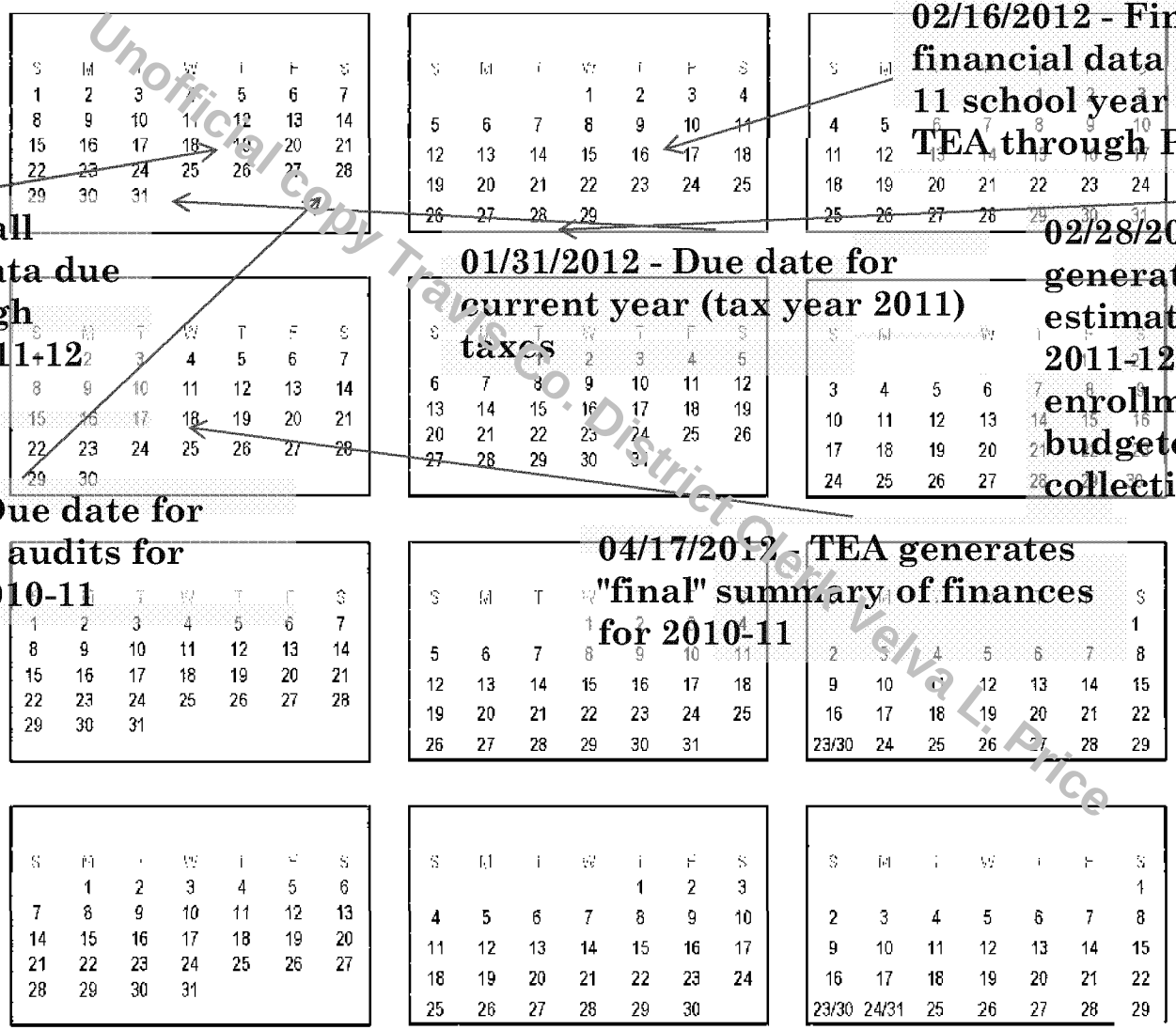
9-1-2011 School district traditional fiscal year 2011-12 begins

09/29/2011 - 2010-11 Extended Year Services data due to TEA through PIEMS

09/30/2011 - Last day to adopt tax rates for tax year 2011

Unofficial Copy Travis Co. District Clerk Velva L. Price

2012 Calendar for 2011-12 Foundation School Program



01/19/2012 - Fall enrollment data due to TEA through PEIMS for 2011-12 school year

01/28/2012 - Due date for independent audits for fiscal year 2010-11

01/31/2012 - Due date for current year (tax year 2011) taxes

02/16/2012 - Final financial data for 2010-11 school year due to TEA through PEIMS

02/28/2012 - TEA generates DPE estimates for 2011-12 using fall enrollment and budgeted tax collections

04/17/2012 - TEA generates "final" summary of finances for 2010-11

Unofficial Copy Travis Co. District Clerk Velva L. Price

2012 Calendar for 2011-12 Foundation School Program

07/12/2012 - Basic attendance for 2011-12 reported to TEA through PEIM

08/31/2012 - Close of fiscal year; Ending date for tax collections to be included for 2011-12(traditional fiscal year)

07/25/2012 - Appraisal district provides certified roll tax year 2012

08/02/2012 - First publication of 2012-13 estimates of state aid from TEA (approximate)

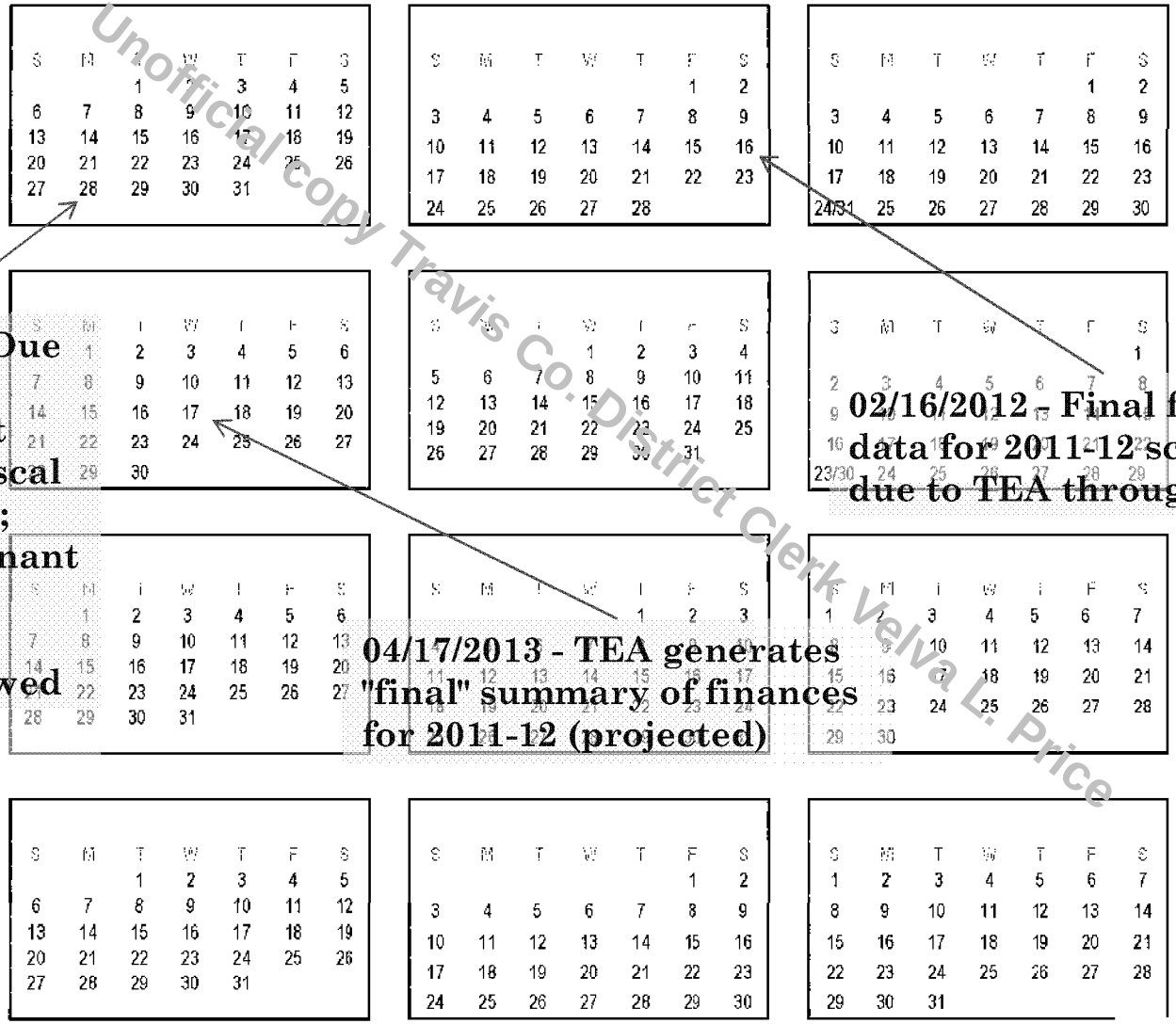
09/01/2012 - School district traditional fiscal year 2012-13 begins

07/15/2012 - Comptroller delivery of tax year 2011 value study results (approximate); key determinant of state aid and recapture for 2012-13; statutory deadline for Chapter 41 notification for 2012-13

09/27/2012 - 2011-12 Extended Year Services data due to TEA through PIEMS

Unofficial copy Travis Co. District Clerk Velva L. Price

2013 Calendar for 2011-12 Foundation School Program



01/28/2013 - Due date for independent audits for fiscal year 2011-12; key determinant of state aid earned and recapture owed for 2011-12

02/16/2012 - Final financial data for 2011-12 school year due to TEA through PEIMS

04/17/2013 - TEA generates "final" summary of finances for 2011-12 (projected)

Unofficial copy Travis Co. District Clerk Velva L. Price

Example District Characteristics

	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Enrollment	705	3,436	58,151	86,528
Estimated Average Daily Attendance	638.214	3,202.534	54,674.408	78,738.141
Tax Base	$202,488,086	$686,043,248	$13,283,690,318	$59,878,940,779
M&O Tax Rate	1.1700	1.0400	1.0400	1.0790
2005-06 M&O Tax Rate	1.5000	1.5000	1.4568	1.5000
I&S Tax Rate	0.2743	0.1000	0.2133	0.1630
% Economically Disadvantaged	66%	63%	60%	64%

Unofficial copy Travis Co. District Clerk Velva L. Price

Tier I Formula System

Unofficial copy Travis Co. District Clerk Velva L. Price

Tier I Formula Funding

- Districts receive the **basic allotment** for each student in ADA for Tier I formula funding at compressed tax rate
  - ADA is average daily attendance through entire school year, measured as the simple average of 6 six-week periods
  - Adjustment for migrant students
  - Adjustment for special ed and CTE FTEs
- The basic allotment - $4765 for 2011-12
  - adjusted based on the proportion of the district's compressed rate to $1.00
  - adjusted for community characteristics that affect the cost of education
    - Differential salary costs (CEI)
    - Size – regular program attendance

Unofficial copy Travis Co. District Clerk Velva L. Price

Reduction to Basic Allotment for Compressed Rates below $1.00

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
District compressed rate	#	1.0000	1.0000	0.9712	1.0000
State maximum compressed rate	÷	1.0000	1.0000	1.0000	1.0000
Result	**Result**	1.0000	1.0000	0.9712	1.0000
Multiply by Basic Allotment	×	$4,765	$4,765	$4,765	$4,765
District Basic Allotment(DBA)	**Result**	**$4,765**	**$4,765**	**$4,628**	**$4,765**

Unofficial copy Travis Co District Clerk Velva L. Price

Cost of Education Index

- The Cost of Education Index (CEI) is a statutory adjustment to the basic allotment intended to adjust for geographic variations in resource costs beyond the control of school districts
- Range of the current CEI is from 1.02 to 1.20
- Derived from a district's characteristics in 1989-1990 on five measures:
  - Competitive Beginning Average Salary
  - County Population
  - Type of District
  - Percent of Students that are Low-Income
  - Number of Students

Unofficial copy Travis Co. District Clerk Velva L. Price

Determination of District CEI Value

Value To Add to 1.00	Competitive Beginning Average Annual Salary	County Population <40,000	District Type	Percent Low Income	Size of District
-0.01			Indep. Town		
0	Below $17,300	No		Below 50%	200 to 499
0.01	$17,300 to 17,750	Yes	Rural	50 - <68%	500 to 999 or <200
0.02	$17,751 to 18,250			68 - <77%	1,000 to 1,599
0.03	$18,251 to 18,700			77 - <86%	1,600 to 2,399
0.04	$18,701 to 19,100			86 - <93%	2,400 to 3,599
0.05	$19,101 to 19,500			93% or more	3,600 to 5,399
0.06	$19,501 to 20,000				5,400 to 8,499
0.07	$20,001 to 20,450				8,500 or more
0.08	$20,451 to 20,850				
0.09	$20,851 or more				

Unofficial copy Travis Co. District Clerk Velva L. Price

Special additional adjustment for districts between 1,600 and 2,000 ADA

Application of the CEI

- CEI applied to 71% of the Basic Allotment

$$ABA = BA \times (1 + ((CEI - 1) \times 0.71))$$

- Application formula reduces the effect of the adjustment to a range of about 1.42% to 14.2% increases in the allotment amount

Unofficial copy Travis Co. District Clerk Velva L. Price

Adjusting the Basic Allotment by the Cost of Education Index (CEI)

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
CEI	#	1.0600	1.0800	1.1400	1.1000
Less "1"	-	1	1	1	1
Result	**Result**	0.0600	0.0800	0.1400	0.1000
Multiply by .71	×	0.71	0.71	0.71	0.71
Result	**Result**	0.0426	0.0568	0.0994	0.0710
Plus "1"	+	1	1	1	1
Result	**Result**	1.0426	1.0568	1.0994	1.0710
Multiply by District Basic Allotment	×	$4,765	$4,765	$4,628	$4,765
Adjusted Basic Allotment (ABA)	**Result**	**$4,968**	**$5,036**	**$5,088**	**$5,103**

Unofficial copy Travis Co. District Clerk Dana L. Rose

CEI Distribution of Values

CEI	Number of Districts
1.02 to < 1.05	158
1.05 to < 1.10	587
1.10 to < 1.15	227
1.15 to 1.20	57

Unofficial copy Travis Co. District Clerk Velva L. Price

Size Adjustments: Small and Mid-size

Unofficial Copy Travis Co. District Clerk Velva L. Price

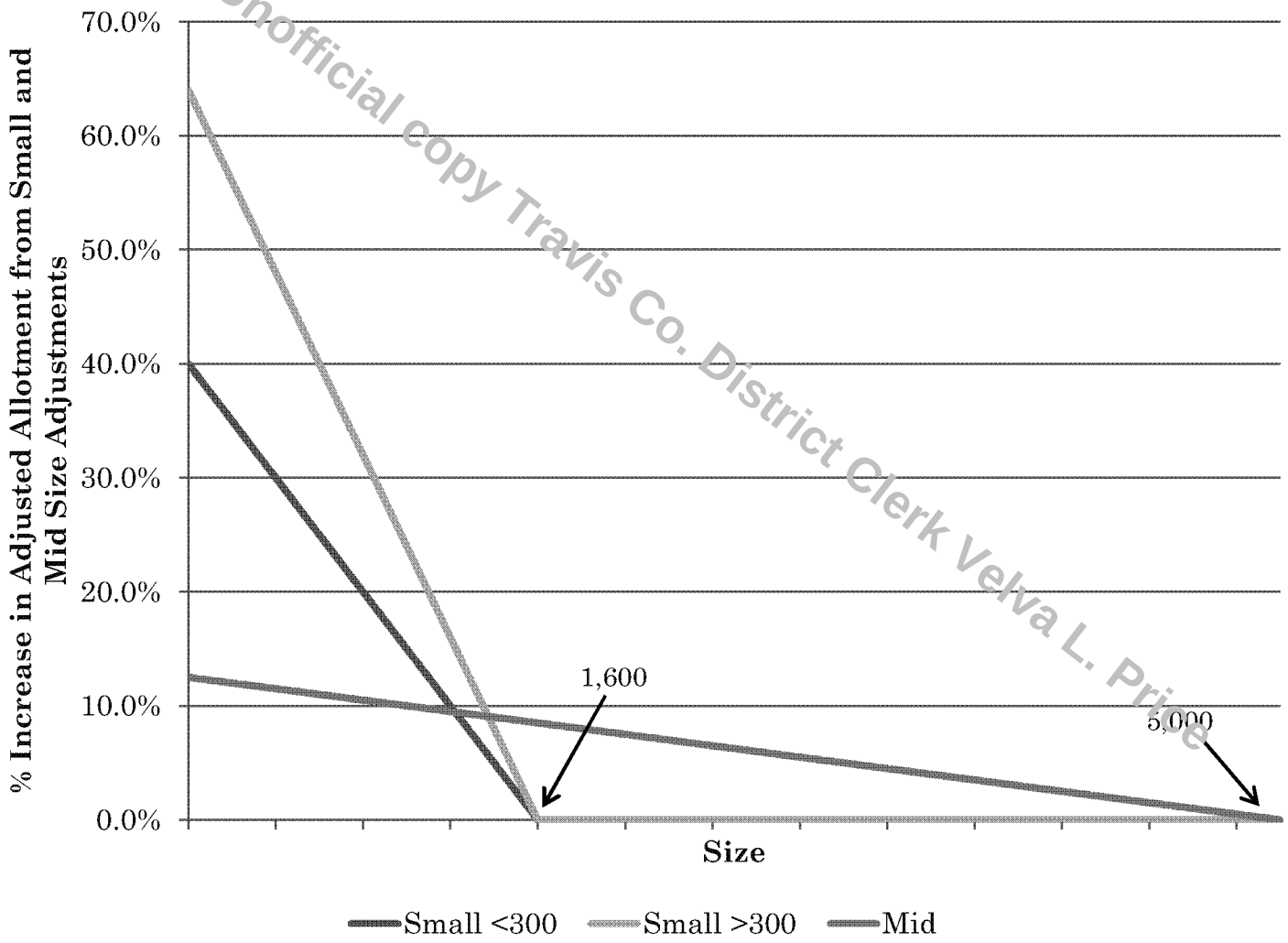
- Three formulas adjust the basic allotment based on district size
  - Less than 1,600 regular ADA and less than 300 square miles

    AA = ABA × ((1600 – Reg. ADA) × 0.00025)
  - Less than 1,600 regular ADA and more than 300 square miles

    AA = ABA × ((1600 – Reg. ADA) × 0.0004)
  - Less than 5,000 regular ADA

    AA = ABA × ((5000 – Reg. ADA) × 0.000025)

Impact of Small and Mid Size Adjustments



Unofficial copy Travis Co. District Clerk Velva L. Price

District Size Distribution

District Size	Number of Districts
0 to < 250	217
250 to < 1,000	365
1,000 to < 1,600	112
1,600 to < 5,000	184
5,000 to Max	151

Unofficial Copy Travis Co. District Clerk Velva L. Price

Adjusted Allotment is the greatest of Adjusted Basic Allotment (result of the CEI adjustment), small district adjustment, or mid size adjustment.

SMALL DISTRICT ADJUSTMENT

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
"1600" constant	#	1600	1600	1600	1600
Less - Regular Program ADA	-	560.179	2,859.688	49,909.922	74,027.565
Result	**Result**	1,039.821	-1,259.688	-48,309.922	-72,427.565
Multiply by .00025 constant (.0004 if > 300 square miles)	×	.00025	.00025	.00025	.00025
Result	**Result**	0.25995525	-0.314922	-12.0774805	-18.10689125
Plus "1"	+	1	1	1	1
Result	**Result**	1.25995525	0.685078	-11.0774805	-17.10689125
Multiply by ABA	×	$4,968	$5,036	$5,088	$5,103
Small District Adjustment (rounded to whole number)	**Result**	**$6,259**	**$3,450**	**($56,362)**	**($87,296)**

Unofficial copy Travis Co. District Clerk Velva L. Price

MID SIZE DISTRICT ADJUSTMENT

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
"5000" constant	#	5000	5000	5000	5000
Less - Regular Program ADA	-	560.179	2,859.688	49,909.922	74,027.565
Result	**Result**	4,439.821	2,140.312	-44,909.922	-69,027.565
Multiply by .000025 constant	×	0.000025	0.000025	0.000025	0.000025
Result	**Result**	0.110995525	0.0535078	-1.12274805	-1.725689125
Plus "1"	+	1	1	1	1
Result	**Result**	1.110995525	1.0535078	-0.12274805	-0.725689125
Multiply Adjusted Basic Allotment (ABA)	×	$4,968	$5,036	$5,088	$5,103
Mid-Sized Adjustment (MDA) (rounded to whole number)	**Result**	**$5,519**	**$5,305**	**($625)**	**($3,703)**

Unofficial Copy Travis Co. District Clerk Velva L. Price

ADJUSTED ALLOTMENT

	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Adjusted Basic Allotment (ABA)	$4,968	$5,036	**$5,088**	**$5,103**
Small District Adjusted Allotment	**$6,259**	$3,450	($56,362)	($87,296)
Mid-Size District Adjusted Allotment	$5,519	**$5,305**	($625)	($3,703)
Maximum of Three	$6,259	$5,305	$5,088	$5,103

Unofficial copy Travis Co. District Clerk Velva L. Price

Regular Program

- For each student in regular program attendance (total attendance less Special Education FTEs and Career and Tech FTEs), the district receives the adjusted allotment
- For 2011-12 through 2014-15, the adjusted allotment is multiplied by the Regular Program Adjustment Factor (RPAF), which is effectively a weight for regular program
  - 2011-12 RPAF – 0.9239 (0.95195 in some cases)
  - 2012-13 RPAF – 0.98 (approximately 0.95195 in some cases)
  - 2013-14 RPAF – 0.98 or higher by appropriations act
  - 2014-15 RPAF – 0.98 or higher by appropriations act

Unofficial copy Travis Co. District Clerk Velva L. Price

Regular Program Allotment

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Regular Program ADA	#	560.179	2,859.688	49,909.922	74,027.565
Multiplied by Adjusted Allotment	×	$6,259	$5,305	$5,088	$5,103
Result	**Result**	$3,506,160	$15,170,645	$253,941,683	$377,762,664
Multiplied by Regular Program Adjustment Factor	×	0.9239	0.9239	0.9239	0.9239
Regular Program Allotment	**Result**	**$3,239,342**	**$14,016,159**	**$234,616,721**	**$349,014,925**

Unofficial Copy Travis Co. District Clerk Velva L. Price

Tier I Special Program Formula Funding

- In addition, Tier I includes funding for several special programs or conditions, (Education Code Chapter 42, Subchapter C):
  - Special Education
  - Career and Technology
  - Compensatory Education
  - Bilingual/ESL
  - Gifted and Talented
  - Public Education Grant Program
  - New Instructional Facilities Allotment*
  - High School Allotment
  - Transportation allotment

* Not funded in 2011-12 or 2012-13

Unofficial copy Travis Co. District Clerk Velva L. Price

SPECIAL EDUCATION

- Each of 11 instructional arrangements has an assigned weight

Instructional Arrangement	Weight	Instructional Arrangement	Weight
Homebound	5.0	Vocational Adjustment Class	2.3
Hospital Class	3.0	State Schools	2.8
Speech Therapy	5.0	Residential Care and Treatment	4.0
Resource Room	3.0	Non-Public Contracts	1.7
Self-Contained Mild/Moderate/Severe	3.0	Mainstream ADA	1.1
Off Home Campus	2.7		

Unofficial copy Travis County District Clerk Velva L. Price

SPECIAL EDUCATION

- Each weight is multiplied by the relevant student count
  - FTEs for all arrangements other than Mainstream
  - 6 hours of contact time per day to equal 1 FTE
  - Each arrangement has an assigned standardized amount of daily contact time
  - Mainstream is funded on an ADA basis
- The weighted FTE value is multiplied by the adjusted allotment to determine the special education allotment
- Allotment is reduced for a set-aside of funds to be used for Early Childhood Intervention

Unofficial copy Travis Co. District Clerk Velva L. Price

SPECIAL EDUCATION FTEs / ADA

	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Homebound (5.0)	0.050	0.763	1.541	3.366
Hospital Class (3.0)	0.000	0.000	0.000	20.705
Speech Therapy (5.0)	0.806	2.345	97.570	118.306
Resource Room (3.0)	23.014	84.238	1,186.127	1,426.440
Self-Contained Mild/Moderate/Severe (3.0)	4.061	24.307	315.761	662.592
Off Home Campus (2.7)	0.498	4.290	20.439	72.601
Vocational Adjustment Class (2.3)	0.000	2.051	2.660	35.465
State Schools (2.8)	0.000	0.000	0.000	0.000
Residential Care and Treatment (4.0)	5.460	1.080	27.369	85.053
Non-Public Contracts (1.7)	0.0	0.0	0.0	0.0
Mainstream ADA (1.1)	5.805	6.773	1,081.196	2,082.235

Unofficial copy Travis Co District Clerk Velva L Price

Special Education Weighted FTEs / ADA

	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Homebound (5.0)	0.250	3.815	7.705	16.830
Hospital Class (3.0)	0.000	0.000	0.000	62.115
Speech Therapy (5.0)	4.030	11.725	487.850	591.530
Resource Room (3.0)	69.042	252.714	3,558.381	4,279.320
Self-Contained Mild/Moderate/Severe (3.0)	12.183	72.921	947.283	1,987.776
Off Home Campus (2.7)	1.345	11.582	55.185	196.023
Vocational Adjustment Class (2.3)	0.000	4.717	6.118	81.570
State Schools (2.8)	0.000	0.000	0.000	0.000
Residential Care and Treatment (4.0)	21.840	4.320	109.476	340.212
Non-Public Contracts (1.7)	0.0	0.0	0.0	0.0
Mainstream ADA (1.1)	6.386	7.450	1,189.316	2,290.459

Unofficial copy Travis Co District Clerk Velva L Price

SPECIAL EDUCATION ALLOTMENT

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Weighted Student Counts	#	115.076	369.245	6361.314	9845.835
Multiply by Adjusted Allotment	×	$6,259	$5,305	$5,088	$5,103
	Result*	$720,256	$1,958,848	$32,366,365	$50,243,290
Less Funds Set Aside	-	($2,573)	($8,718)	($168,806)	($0)
Special Education Allotment	**Result**	$717,683	$1,950,130	$32,197,559	$50,243,290

* Result slightly different from product of multiplication as a result of calculating the allotment from components separately, then summing the results

Unofficial Copy Travis Co. District Clerk Velva L. Price

Career and Technology

- One weight for CATE FTEs – 1.35
- FTE count is multiplied by weight, then by the adjusted allotment to determine the career and tech allotment.
- Recent addition of advanced career and tech allotment, worth $50 per FTE that is enrolled in 2 or more advanced courses worth three or more credits, or is enrolled in an advanced course as part of a tech-prep program

Unofficial copy Travis Co. District Clerk Velva L. Price

Career and Tech Allotment

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Career and Technology FTEs	#	44.146	223.772	3,113.019	2,286.048
Multiply by CATE Weight	×	1.35	1.35	1.35	1.35
Result	**Result**	59.597	302.092	4,202.576	3,086.165
Multiply by Adjusted Allotment	×	$6,259	$5,305	$5,088	$5,103
Regular CATE Allotment	**Result**	**$373,018**	**$1,602,599**	**$21,382,705**	**$15,748,699**

Unofficial Copy Travis Co. District Clerk Velva L. Price

Compensatory Education Allotment

- Three components to the calculation of the allotment
  - Educationally disadvantaged
  - Students without a disability currently resident at a residential placement facilities whose parents are not residents of the district
  - Pregnant students in a remedial and support program
- The bulk of the compensatory education allotment is funded based on the best six months counts of students eligible for a free or reduced-priced lunch in the preceding year, the state's definition of "educationally disadvantaged"

Unofficial copy Travis Co. District Clerk Velva L. Price

Compensatory Education Allotment

- Weight of 0.2 for educationally disadvantaged
- Weight of 2.41 for pregnant student FTEs

Unofficial Copy Travis Co. District Clerk Velva L. Price

Compensatory Education Allotment

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Compensatory Ed Funding Count	#	467.500	2,343.170	35,218.500	55,570.670
Multiply by Compensatory Ed Weight	×	0.20	0.20	0.20	0.20
Result	**Result**	93.500	468.634	7,043.700	11,114.134
Multiply by Adjusted Allotment	×	$6,259	$5,305	$5,088	$5,103
State Compensatory Allotment	**Result**	**$585,217**	**$2,486,103**	**$35,838,346**	**$56,715,426**

Unofficial Copy Travis Co. District Clerk Velva L. Price

PREGNANT STUDENT ALLOTMENT

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Pregnant Student FTE Count	#	0.221	2.050	23.478	26.032
Multiply by Pregnant Student Weight	×	2.41	2.41	2.41	2.41
Result	**Result**	0.533	4.941	56.582	62.737
Multiply by Adjusted Allotment	×	$6,259	$5,305	$5,088	$5,103
Pregnancy Related	**Result**	**$3,334**	**$26,209**	**$287,889**	**$320,148**

Unofficial copy Travis Co. District Clerk Velva L. Price

Bilingual Education Allotment

- For attendance of students served in a bilingual or special language classroom, a district receives a weight of 0.1

Unofficial copy Travis Co. District Clerk Velva L. Price

BILINGUAL EDUCATION ALLOTMENT

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Bilingual ADA	#	39.217	72.714	10,895.600	21,067.158
Multiply by Bilingual Weight	×	0.10	0.10	0.10	0.10
Result	**Result**	3.922	7.271	1,089.560	2,106.716
Multiply by Adjusted Allotment	×	$6,259	$5,305	$5,088	$5,103
Bilingual Allotment	**Result**	**$24,546**	**$38,575**	**$5,543,681**	**$10,750,571**

Unofficial Copy Travis Co. District Clerk Velva L. Price

Gifted and Talented Allotment

- For each student identified as and served in a program for gifted and talented students, a district receives a weight of 0.12
  - Maximum number of students funded limited to 5% of total ADA
  - Allotment is reduced for a set-aside of funds for use on statewide purposes, such as Advanced Placement testing costs, MATHCOUNTS, Academic Decathlon

Unofficial copy Travis Co. District Clerk Velva L. Price

Gifted and Talented Education Allotment

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Gifted and Talented Enrollment	#	31.911	160.127	2,733.720	3,936.907
Multiply by GT Weight	×	0.12	0.12	0.12	0.12
Result	**Result**	3.829	19.215	328.046	472.429
Multiply by Adjusted Allotment	×	$6,259	$5,305	$5,088	$5,103
	Result	$23,967	$101,937	$1,669,100	$2,410,804
Less Funds Set Aside	-	($99)	($337)	($6,523)	($0)
Special Education Allotment	**Result**	**$23,868**	**$101,600**	**$1,662,577**	**$2,410,804**

Unofficial Copy Travis Co. District Clerk Velva L. Price

Public Education Grant Allotment

- For attendance of students transferring into the district from a qualifying low-performing school, a district receives a weight of 0.1

Unofficial Copy Travis Co. District Clerk Velva L. Price

Public Education Grant Allotment

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Public Education Grant ADA	#	0.000	0.000	0.000	0.000
Multiply by PEG Weight	×	0.10	0.10	0.10	0.10
Result	**Result**	0.000	0.000	0.000	0.000
Multiply by Adjusted Allotment	×	$6,259	$5,305	$5,088	$5,103
Public Education Grant Allotment	**Result**	**$0**	**$0**	**$0**	**$0**

Unofficial Copy Travis Co. District Clerk Velva L. Price

New Instructional Facilities Allotment (NIFA)

- For each student in attendance at a new campus in its first year of operation, of for each additional student in attendance at a new campus in its second year of operation, a district is entitled to an allotment of $250
- Appropriation limited to $26 million per year
- No funds appropriated in 2011-12 or 2012-13

Unofficial Copy Travis Co. District Clerk Velva L. Price

New Instructional Facilities Allotment

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
New Instructional Facilities ADA	#	0.000	0.000	0.000	0.000
Multiply by $275	×	$250	$250	$250	$250
New Instructional Facilities Allotment	**Result**	**$0**	**$0**	**$0**	**$0**

Unofficial Copy Travis Co. District Clerk Velva L. Price

HIGH SCHOOL ALLOTMENT

- For each student in average daily attendance in grades 9-12, a district is entitled to $275

Unofficial copy Travis Co. District Clerk Velva L. Price

HIGH SCHOOL ALLOTMENT

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
High School ADA	#	191.179	874.922	16,217.235	18,560.746
Multiply by $275	×	$275	$275	$275	$275
High School Allotment	**Result**	**$52,574**	**$240,604**	**$4,459,740**	**$5,104,205**

Unofficial Copy Travis Co. District Clerk Velva L. Price

Transportation Allotment

- For each mile travelled in four categories of services, a district is entitled to a reimbursement at a specified rate
- Regular transportation
  - Reimbursement rate is based on linear density grouping of district, and reimbursement rates set in the general appropriations act
  - Linear density is determined from prior year service data, and is effectively the average number of students transported for regular service per day divided by the number of miles travelled per day
  - Seven linear density groups

Unofficial copy Travis Co. District Clerk Velva L. Price

Regular Transportation Linear Density Groups

Linear Density Group	Mileage Rate
2.40 and above	$1.43
1.65 to 2.40	1.25
1.15 to 1.65	1.11
.90 to 1.15 .97	0.97
.65 to .90	0.88
.40 to .65	0.79
up to .40	0.68

Unofficial copy Travis Co. District Clerk Velva L. Price

REGULAR TRANSPORTATION

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Number of Regular Miles Traveled	#	50,580	337,800	1,997,932	3,490,938
Multiply by Linear Density Mileage Rate	×	$0.88	$0.88	$1.25	$0.97
Regular	**Result**	**$44,510**	**$297,264**	**$2,497,415**	**$3,386,210**

Unofficial copy Travis Co. District Clerk Velva L. Price

Other Transportation

- Special Education Transportation – Actual prior year cost up to $1.08 per mile
- Career and Tech Transportation – Actual prior year cost per mile
- Private - $0.25 per mile maximum

Unofficial copy Travis Co. District Clerk Velva L. Price

SPECIAL EDUCATION TRANSPORTATION

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Number of Special Education Miles Traveled	#	5,580	42,207	662,412	2,317,260
Multiply by Actual Cost Not to Exceed $1.08	×	$1.08	$1.08	$1.08	$1.08
Special Education	**Result**	**$6,026**	**$45,584**	**$715,405**	**$2,502,641**

Unofficial copy Travis Co. District Clerk Velva L. Price

Career and Tech Transportation

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Number of Career and Technology Miles Traveled	#	2,400	0	22,324	52,789
Multiply by Actual Cost	×	$1.93	N/A	$3.66	$3.04
Career and Technology	**Result**	**$4,632**	**$0**	**$81,706**	**$160,479**

Unofficial Copy Travis Co District Clerk Velva L. Price

PRIVATE TRANSPORTATION

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Number of Private Miles Traveled	#	0	0	0	0
Multiply by $0.25	×	$0.25	$0.25	$0.25	$0.25
Private	**Result**	**$0**	**$0**	**$0**	**$0**

Unofficial Copy Travis Co. District Clerk Velva L. Price

Total Cost of Tier I

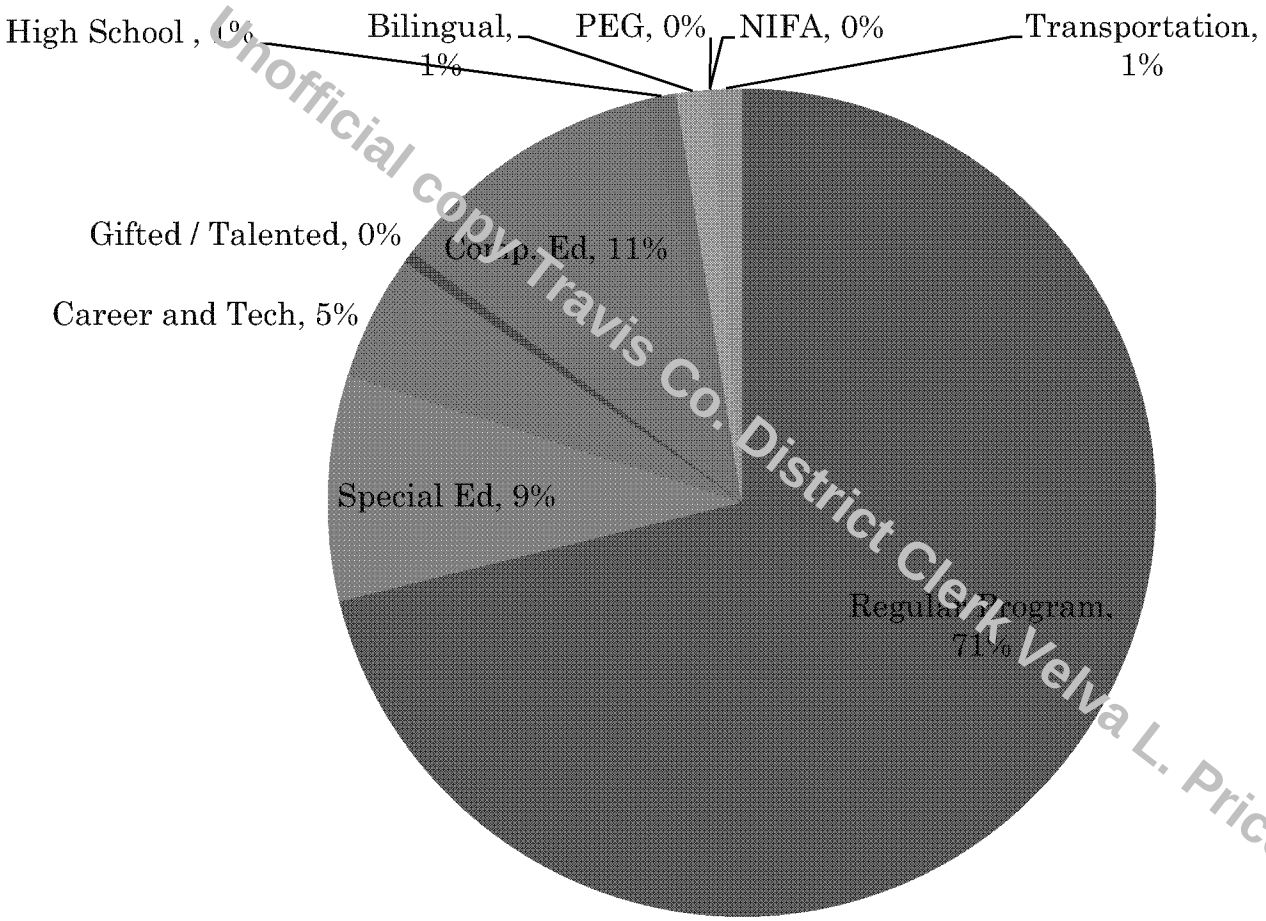
- Sum all of the allotment amounts

Allotment	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Regular Program	$3,239,342	$14,016,159	$234,616,721	$349,014,925
Special Ed	$717,683	$1,950,130	$32,197,559	$50,243,290
Career and Tech	$373,018	$1,602,599	$21,382,705	$15,748,699
Gifted / Talented	$23,868	$101,600	$1,662,577	$2,410,804
Comp. Ed	$588,551	$2,512,312	$36,126,235	$57,035,574
High School	$52,574	$240,604	$4,459,740	$5,104,205
Bilingual	$24,546	$38,575	$5,543,681	$10,750,571
PEG	$0	$0	$0	$0
NIFA	$0	$0	$0	$0
Transportation	$55,168	$342,848	$3,294,526	$6,049,330
Total*	**$5,074,749**	**$20,804,827**	**$339,283,745**	**$496,357,398**

* Totals may not add due to rounding

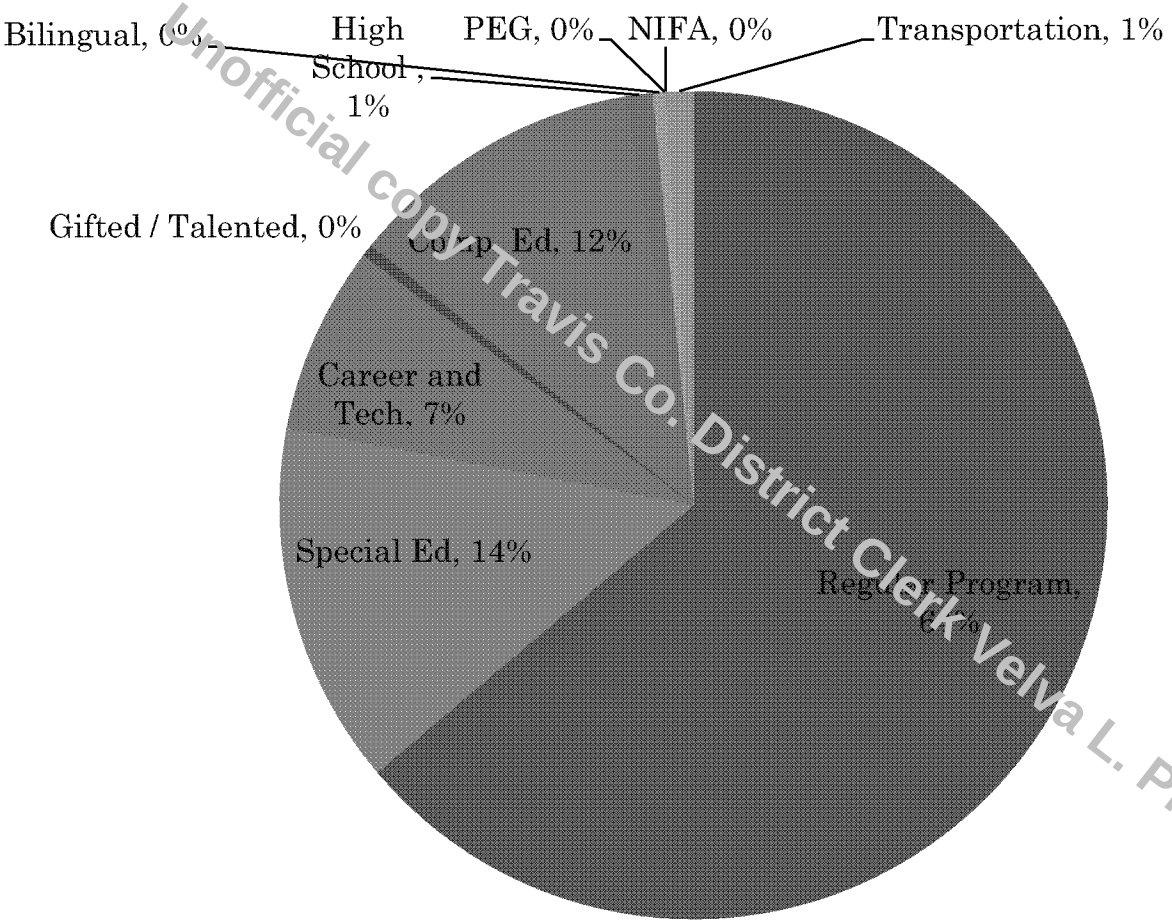
Unofficial copy Travis Co. District Clerk Velva L. Price

Average Tier I Formula Composition 2011-12



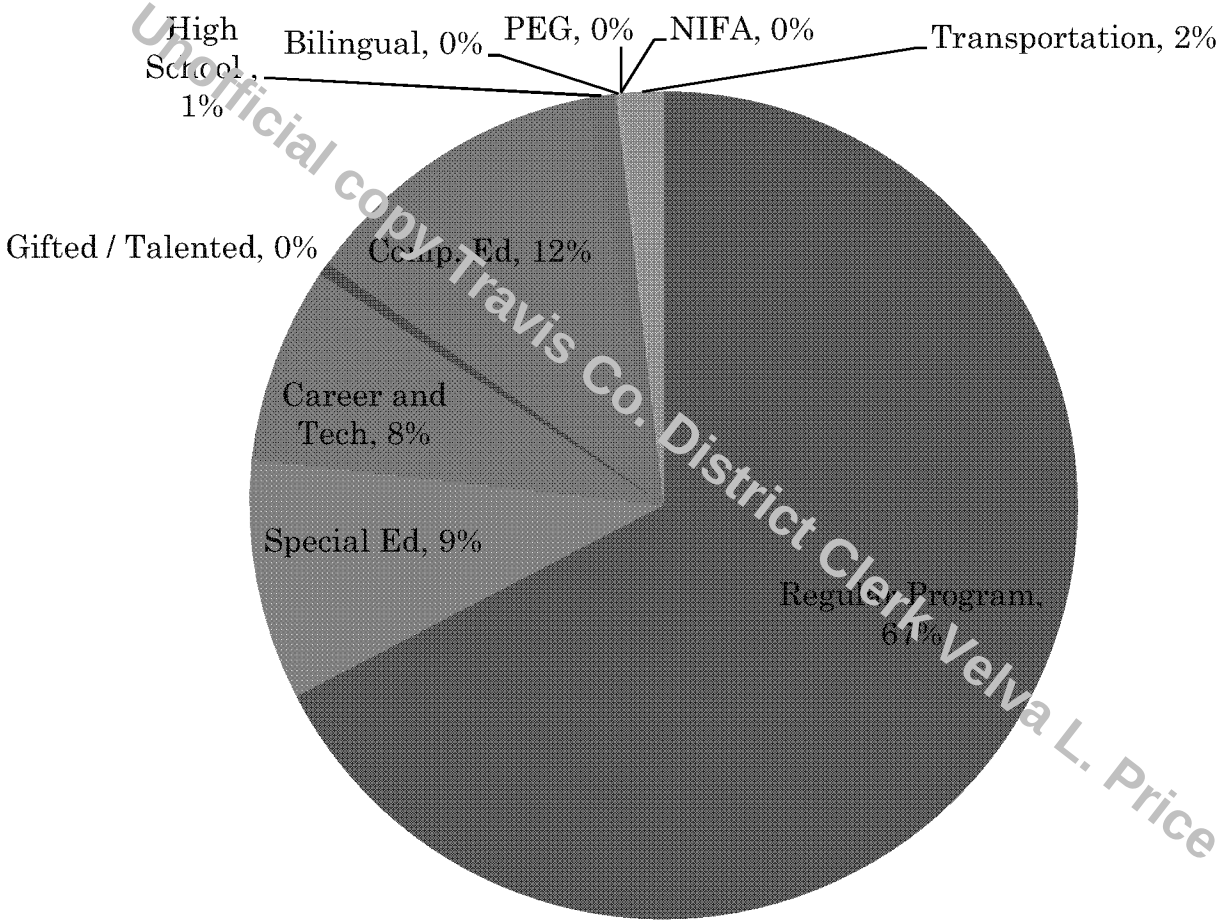
Unofficial copy Travis Co. District Clerk Velva L. Price

ITASCA ISD TIER I COMPOSITION



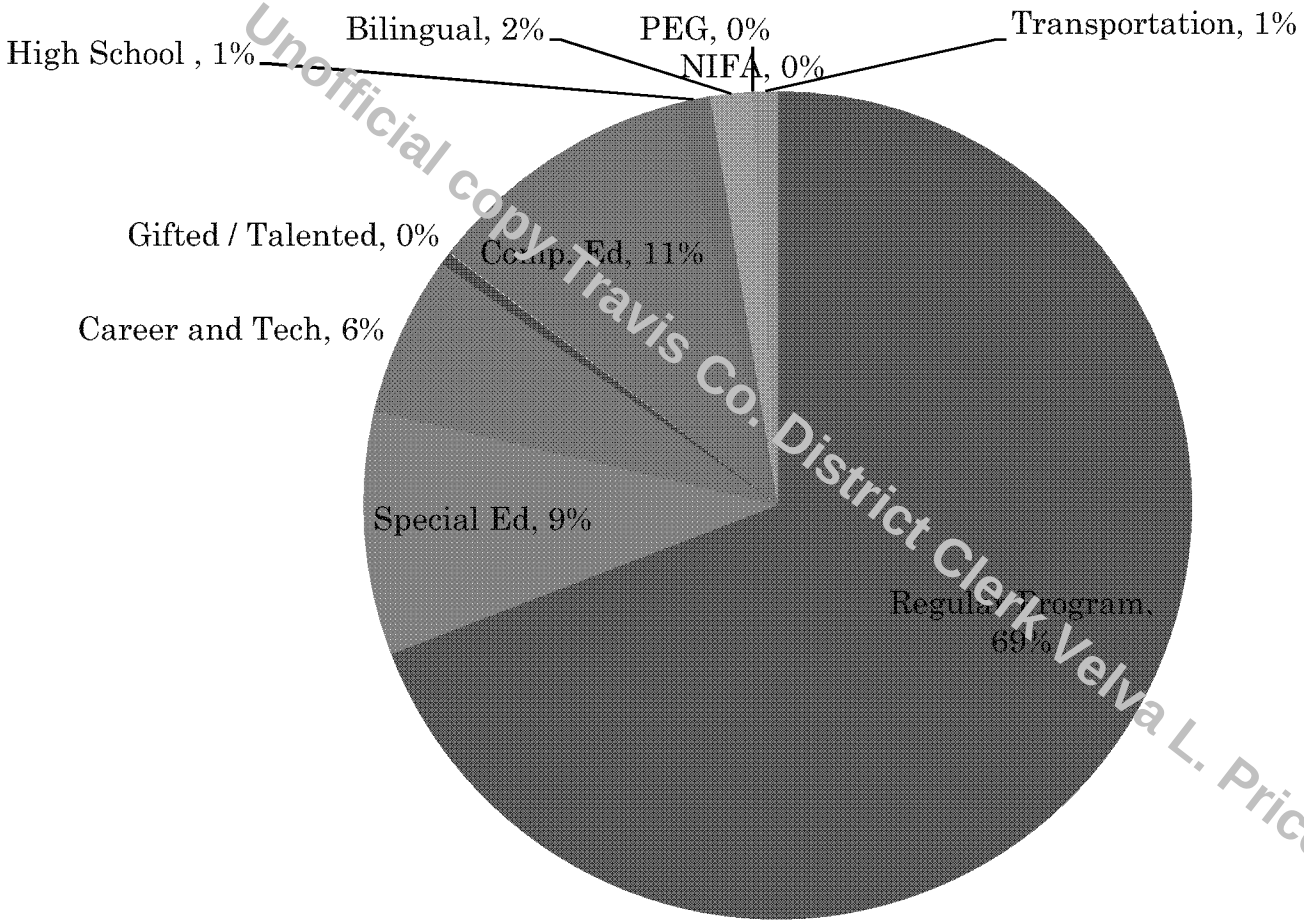
Unofficial copy Travis Co. District Clerk Velva L. Price

PLEASANTON ISD TIER I COMPOSITION



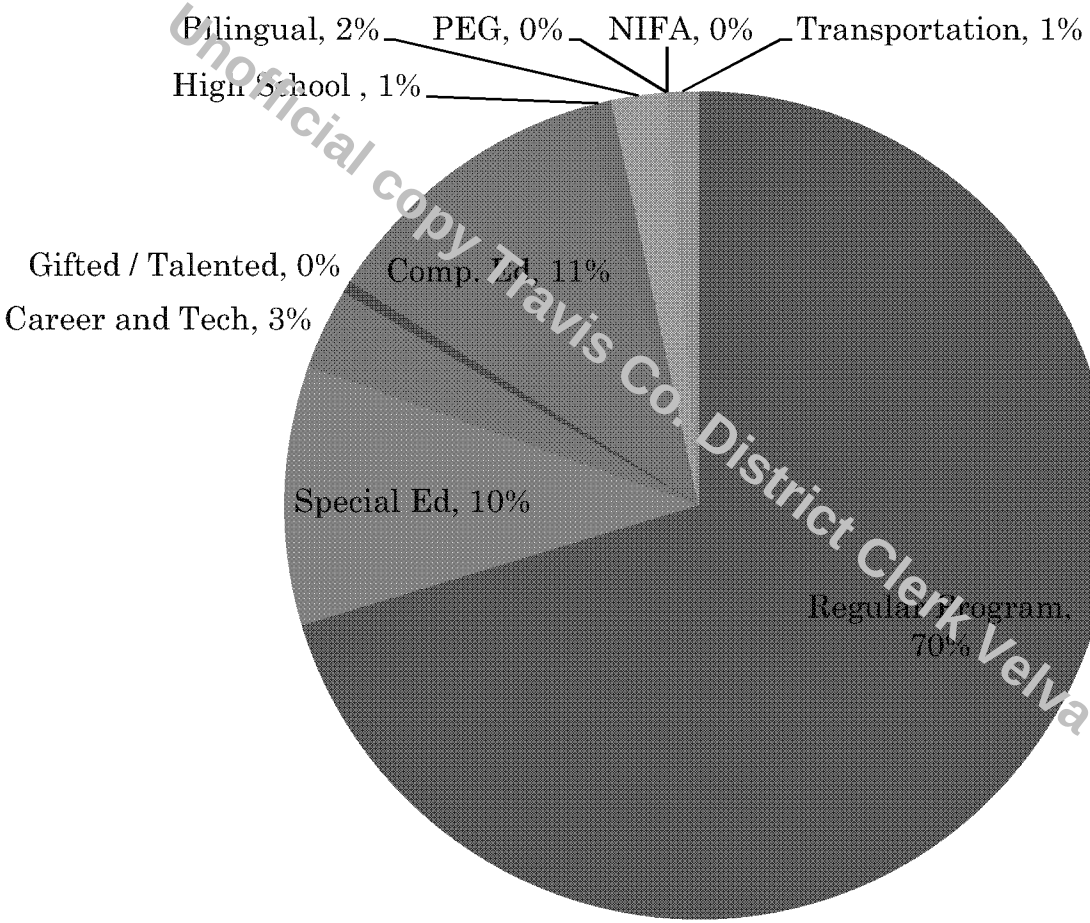
Unofficial copy Travis Co. District Clerk Velva L. Price

GARLAND ISD TIER I COMPOSITION



Unofficial copy Travis Co. District Clerk Velva L. Price

AUSTIN ISD TIER I COMPOSITION



Unofficial copy Travis Co. District Clerk Velva L. Price

State Aid for Tier I

- Tier I State Aid
  - Tier I Cost – Local Share = Tier I Formula Aid
  - Local share defined as compressed rate applied to prior-year tax base as determined by Comptroller
  - State aid minimum of per capita distribution from Available School Fund, plus high school allotment, plus NIFA

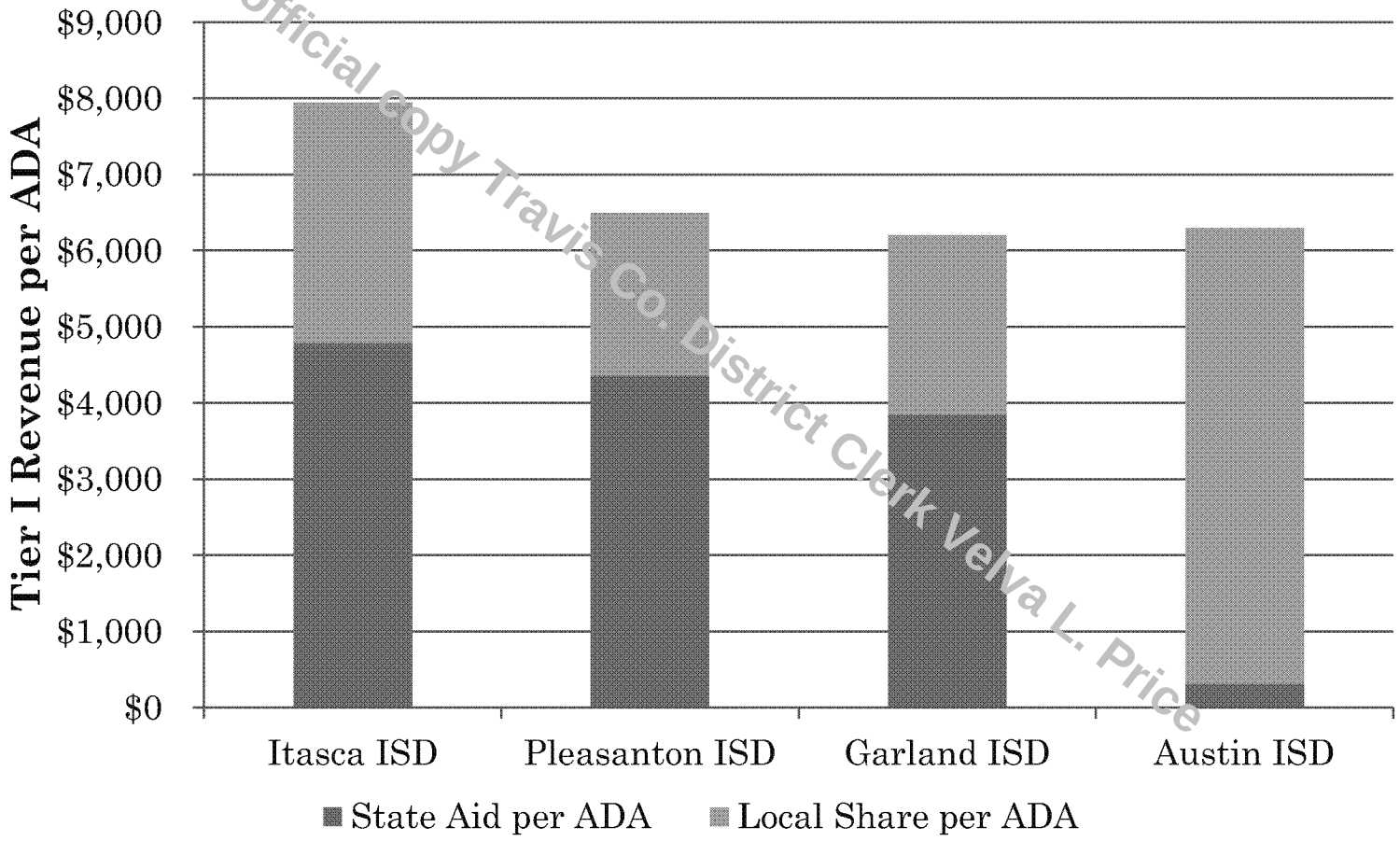
Unofficial copy Travis Co. District Clerk Velva L. Price

TIER I STATE AID

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2010 State Certified Property Value	#	$202,488,086	$686,043,248	$13,283,690,318	$59,878,940,779
Divided by 100	÷	100	100	100	100
Result	Result	$2,024,881	$6,860,432	$132,836,903	$598,789,408
Multiplied by 2011 Compressed M&O Tax Rate	×	1.0000	1.0000	0.9712	1.0000
Local Fund Assignment	**Result**	**$2,024,881**	**$6,860,432**	**$129,011,200**	**$598,789,408**
Total Cost of Tier I	#	$5,074,749	$20,804,827	$339,283,745	$496,357,398
Less Local Fund Assignment	-	$2,024,881	$6,860,432	$129,011,200	$598,789,408
State Share of Tier I	**Result**	**$3,049,868**	**$13,944,395**	**$210,272,545**	**$0**
Minimum Tier I State Aid		**$3,049,868**	**$13,944,395**	**$210,272,545**	**$24,402,789**

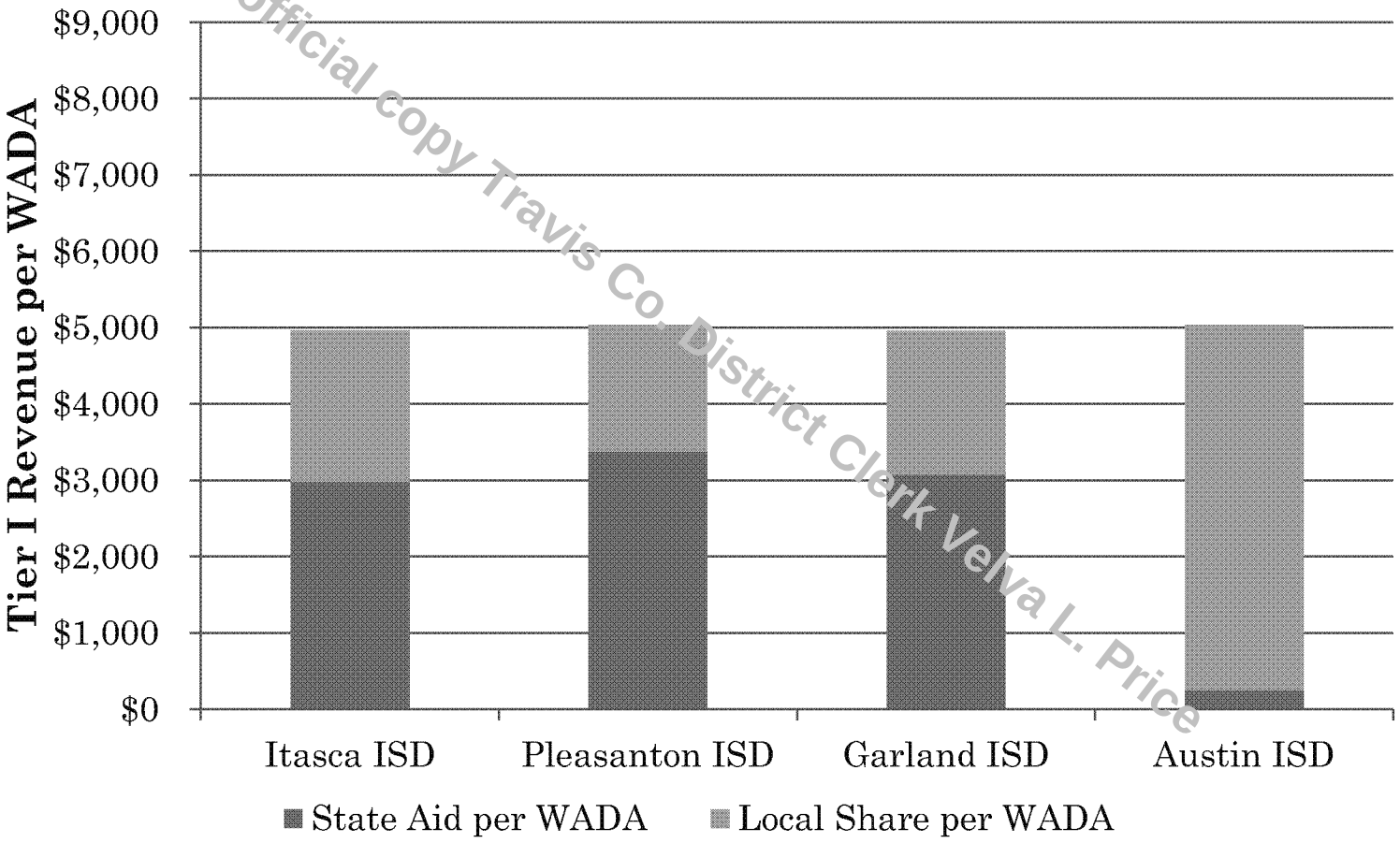
Unofficial copy Travis Co. District Clerk Dana L. Price

Tier I Revenue Comparison



Unofficial copy Travis Co. District Clerk Velva L. Price

Tier I Revenue Comparison per Weighted ADA



Unofficial copy Travis Co. District Clerk Velva L. Price

Tier II

Unofficial copy Travis Co. District Clerk Velva L. Price

Tier II Allotments

- Provide equalized access to revenues above Tier I
- Equal yield per penny per cost adjusted student (WADA)
- Total pennies funded in Tier II limited to the maximum rate (generally $1.17) minus the compressed rate
- Two distinct levels of Tier II
  - First 6 pennies adopted over compressed rate are equalized at the Austin ISD yield ($59.97)
  - Additional adopted pennies are equalized at $31.95 yield

Unofficial Copy Travis Co. District Clerk Velva L. Price

WADA

- Weighted Average Daily Attendance (WADA)
  - Average daily attendance which has been adjusted for cost differences including student needs and community characteristics. In Austin, 78,738.141 ADA translate into 98,454.353 WADA

Unofficial Copy Travis Co. District Clerk Velva L. Price

TIER I FORMULA FUNDING AND WADA

- Only <u>some</u> of the allotments in Tier I count for purposes of WADA:
  - Regular Program*
  - Special Education*
  - Compensatory Education*
  - Career and Technology*
  - Bilingual/ESL*
  - Gifted and Talented*
  - Transportation allotment
  - PEG*
  - NIFA
  - High School Allotment

* Counts in WADA definition

Unofficial copy Travis Co. District Clerk Velva L. Price

CALCULATING 2011-12 WADA

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Total Cost of Tier 1	#	$5,074,749	$20,804,827	$339,283,745	$496,357,398
Transportation Allot.	-	$55,168	$342,848	$3,294,526	$6,049,330
NIFA Allotment	-	$0	$0	$0	$0
High School Allotment	-	$52,674	$240,604	$4,459,740	$5,104,205
Early Childhood Intervention Set Aside	+	$2,573	$8,718	$168,806	$0
Total Adjusted Tier I	Result	$4,969,580	$20,230,093	$331,698,285	$485,203,863
Adjusted Basic Allotment	#	$4,968	$5,036	$5,088	$5,103
Basic Allotment	-	$4,765	$4,765	$4,627.768	$4,765
CEI addition to the ABA	Result	$203	$271	$460.232	$338
Divide by 2	÷	2	2	2	2
Half of CEI addition	Result	$101.50	$135.50	$230.116	$169.00
Divide by ABA	÷	$4,968	$5,036	$5,088	$5,103
Proportion of Adjusted Tier I to Exclude	Result	0.0204308	0.0269063	0.0452272	0.0331178

Unofficial Copy Travis Co. District Clerk velva L. Price

CALCULATING 2011-12 WADA

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Total Adjusted Tier I	#	$4,969,580	$20,230,093	$331,698,285	$485,203,863
Proportion of Adjusted Tier I to Exclude	×	0.0204308	0.0269063	0.0452272	0.0331178
Exclusion	Result	$101,532	$544,316	$15,001,785	$16,068,872
Total Adjusted Tier I	#	$4,969,580	$20,230,093	$331,698,285	$485,203,863
Exclusion	-	$101,532	$544,316	$15,001,785	$16,068,872
Tier I Excluding 50% of CEI Effect	Result	$4,868,048	$19,685,777	$316,696,500	$469,134,991
Basic Allotment	÷	$4,765	$4,765	$4,627.768	$4,765
Weighted Students in Average Daily Attendance (WADA)	Result	1,021.626	4,131.328	68,433.962	98,454.353

Unofficial copy Travis Co. District Clerk Velva L. Price

Allocation of Taxes to Components of Formula System

- M&O taxes collected are allocated to the different component parts of the finance structure
- Allocation is proportional to the adopted rate
  - Compressed rate (66.67% of the 2005-06 adopted rate)
  - Tier II Austin yield (next 6 cents above compressed rate)
  - Tier II $31.95 yield (any adopted rate above compressed rate plus 6 cents)
- Varying compressed rates leads to varying proportions that can be allocated to Tier II $31.95 yield

Unofficial copy Travis Co. District Clerk Velva L. Price

Allocating Tax Collections to Compressed Rate

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Local M&O Collections	+	$2,137,571	$7,952,700	$132,702,040	$630,460,426
Local Share for IFA Lease Purchase	-	$0	$0	$0	$0
Payments to TIF	-	$0	$0	$0	$0
Total M&O Collections	Result	$2,137,571	$7,952,700	$132,702,040	$630,460,426
Adopted M&O Tax Rate in Pennies	÷	117.00	104.00	104.00	107.90
Yield per Penny	Result	$18,269.837	$76,468.269	$1,275,981.15	$5,843,006.73
Compressed Tax Rate in Pennies	×	100.00	100.00	97.12	100.00
Taxes Allocated to Compressed Rate	Result	$1,826,984	$7,646,827	$123,923,290	$584,300,673

Unofficial Copy Travis Co District Clerk Velva L Price

Allocating Tax Collections to Level of Tier II

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Adopted M&O Tax Rate in Pennies	#	117.00	104.00	104.00	107.90
Compressed Tax Rate in Pennies	-	100.00	100.00	97.12	100.00
Pennies Above Compressed, Max 6	Result	6	4	6	6
Yield per Penny	×	$18,269.837	$76,468.269	$1,275,981.15	$5,843,006.73
Taxes Allocated to Level 1 (Austin Yield)	Result	$109,619	$305,873	$7,655,887	$35,058,040
Total M&O Collections	#	$2,137,571	$7,952,700	$132,702,040	$630,460,426
Taxes Allocated to Compressed Rate	-	$1,826,984	$7,646,827	$123,923,290	$584,300,673
Taxes Allocated to Austin Yield	-	$109,619	$305,873	$7,655,887	$35,058,040
Taxes Allocated to Level 2 ($31.95 Yield)	Result	$200,968	$0	$1,122,863	$11,101,713

Unofficial Copy Travis Co. District Clerk Dana L. Priebe

Tier II Allotments

- Tier II Entitlement Level 1 Calculation (Austin Yield)
  - WADA × $59.97 × DTR
  - WADA × $59.97 × 6 cents (for example only)
  - WADA × $359.82
- Tier II Entitlement Level 2 Calculation ($31.95 Yield)
  - WADA × $31.95 × DTR
  - WADA × $31.95 × 11 cents (for example only)
  - WADA × $351.45
- DTR is taxes allocated to the component of Tier II divided by the prior year Comptroller study value

Unofficial copy Travis Co. District Clerk Velva L. Price

Tier II Allotment State Aid

- Tier II Financing
  - State Aid = Entitlement – Local revenue
  - Local revenue = DTR × (Comptroller's prior year property tax base ÷ 100)
  - No minimum state aid

Unofficial copy Travis Co. District Clerk Velva L. Price

Tier II Level 1 (Austin Yield) Entitlement

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
M&O Collections, Level 1	#	$109,619	$305,873	$7,655,887	$35,058,040
Comptroller Prior Year Property Value ÷ 100	÷	$2,024,880.86	$6,860,432.48	$132,836,903.18	$598,789,407.79
DTR Level 1 (Rounded to 4 decimals)	Result	0.0541	0.0446	0.0576	0.0585
Multiply by 100	×	100	100	100	100
Pennies of Tax Effort	Result	5.41	4.46	5.76	5.85
Yield	×	$59.97	$59.97	$59.97	$59.97
	Result	324.4377	267.4662	345.4272	350.8245
WADA	×	1,021.626	4,131.328	68,433.962	98,454.353
Level 1 Entitlement @$59.97	Result	$331,454	$1,104,991	$23,638,952	$34,540,199

Unofficial copy Travis Co. District Clerk Velva L. Price

Tier II Level 1 (Austin Yield) State Aid

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Comptroller Prior Year Property Value ÷ 100	#	$2,024,880.86	$6,860,432.48	$132,836,903.18	$598,789,407.79
DTR Level 1 (Rounded to 4 decimals)	×	0.0541	0.0446	0.0576	0.0585
Local Revenue (LR)	Result	$109,546	$305,975	$7,651,406	$35,029,180
Level 1 Entitlement @$59.97	#	$331,454	$1,104,991	$23,638,952	$34,540,199
Local Revenue (LR)	-	$109,546	$305,975	$7,651,406	$35,029,180
State Aid (GYA)	Result	$221,908	$799,016	$15,987,546	$0

Unofficial copy Travis Co. District Clerk Velva L. Price

Tier II Level 2 ($31.95 Yield) Entitlement

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
M&O Collections, Level 2	#	$200,968	$0	$1,122,863	$11,101,713
Comptroller Prior Year Property Value ÷ 100	÷	$2,024,880.86	$6,860,432.48	$132,836,903.18	$598,789,407.79
DTR Level 2 (Rounded to 4 decimals)	Result	0.0992	0.0000	0.0085	0.0185
Multiply by 100	×	100	100	100	100
Pennies of Tax Effort	Result	9.92	0.00	0.85	1.85
Yield	×	$31.95	$31.95	$31.95	$31.95
	Result	$316.9440	$0.0000	$27.1575	$59.1075
WADA	×	1,021.626	4,131.328	68,433.962	98,454.353
Level 2 Entitlement @$31.95	Result	$323,798	$0	$1,858,495	$5,819,391

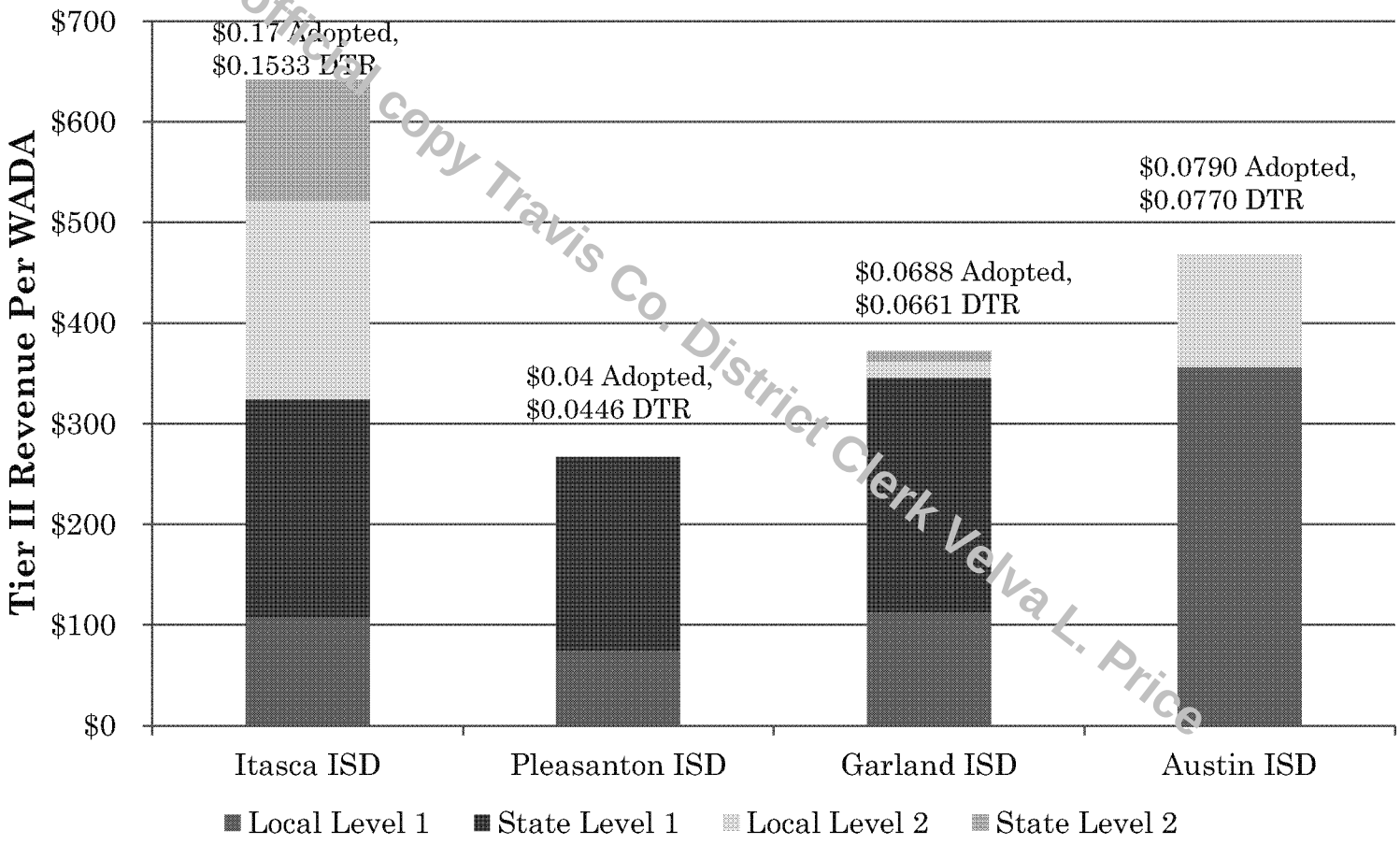
Unofficial copy Travis Co. District Clerk Velva L. Price

Tier II Level 2 ($31.95 Yield) State Aid

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Comptroller Prior Year Property Value ÷ 100	#	$2,024,880.86	$6,860,432.48	$132,836,903.18	$598,789,407.79
DTR Level 2 (Rounded to 4 decimals)	×	0.0992	0.0000	0.0085	0.0185
Local Revenue (LR)	Result	$200,868	$0	$1,129,114	$11,077,604
Level 2 Entitlement @$31.95	#	$323,798	$0	$1,858,495	$5,819,391
Local Revenue (LR)	-	$200,868	$0	$1,129,114	$11,077,604
State Aid (GYA)	Result	$122,930	$0	$729,381	$0

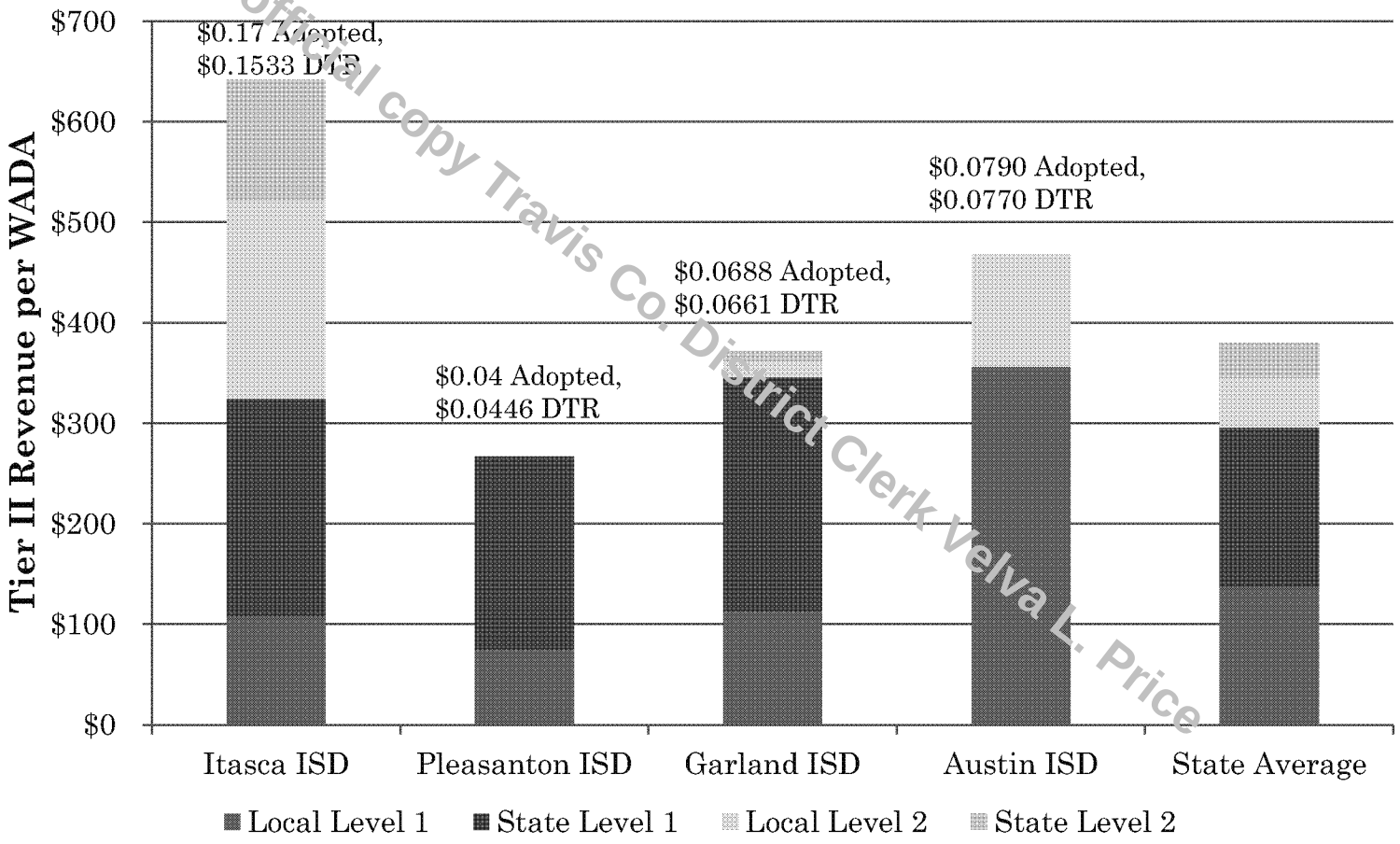
Unofficial copy Travis Co. District Clerk Velva L. Price

Comparison of Tier II



Unofficial copy Travis Co. District Clerk Velva L. Price

Comparison of Tier II



State average from Moak, Casey and Assoc. model

Unofficial copy Travis Co. District Clerk Velva L. Price

Districts Accessing Tier II

Pennies Above Compressed	Number of Districts
0	7
>0, <=4	338
>4, <=6	117
>6, <=12	221
>12, <=17	236
>17	105

Unofficial copy Travis Co. District Clerk Velva L. Price

Recapture

Unofficial copy Travis Co. District Clerk Velva L. Price

RECAPTURE

- Wealth Equalization (Recapture)
  - Maximum allowable local capacity of $476,500 tax base per student for maintenance and operations at the compressed tax rate
  - No recapture on M&O taxes associated with first $0.06 of tax rate adopted above the compressed rate
  - $319,500 equalized wealth level for taxes above the district's compressed rate plus $0.06
  - Debt service taxes not recaptured
  - Districts must share excess tax base through one of five methods, and State has authority to detach or consolidate
  - Effect of most common arrangements is to send % of tax collections to the state or other districts

Unofficial copy Travis Co. District Clerk Velva L. Price

RECAPTURE

- Approximately 174 districts representing 9.6% of WADA are subject to recapture at the compressed rate
- Approximately 327 districts representing 35.6% of WADA would be subject to recapture for taxes above the compressed rate plus $0.06
- Statewide recapture estimated at about $1.1 billion (Moak, Casey and Associates model)

Unofficial copy Travis Co. District Clerk Velva L. Price

PROPERTY WEALTH PER WADA

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2010 State Certified Property Value	#	$202,488,086	$686,043,248	$13,283,690,318	$59,878,940,779
WADA	÷	1,021.626	4,131.328	68,433.962	98,454.353
Wealth Level	Result	$198,202	$166,059	$194,110	$608,190

Unofficial Copy Travis Co. District Clerk Velva L. Price

Austin ISD Recapture Example

- AISD has an adopted M&O tax rate of $1.079, and a compressed rate of $1.00
- Tax collections attributed to the component part of tax rate are:
  - Compressed Rate - $584,300,673
  - $0.06 Above Compressed - $35,058,040
  - Last $0.019 - $11,101,713
- For the first 6 pennies above the compressed rate, no recapture is owed

Unofficial copy Travis Co. District Clerk Velva L. Price

AUSTIN ISD RECAPTURE

	Operation	Recapture @ Compressed Rate	Recapture Above Compressed + $0.06
WADA	#	98,454.353	98,454.353
Equalized Wealth Level	×	$476,500	$319,500
Tax Base @ EWL	Result	$46,388,704,500	$31,233,428,915
2010 State Certified Property Value	#	$59,878,940,779	$59,878,940,779
Tax Base @ EWL	-	$46,388,704,500	$31,233,428,915
Excess Tax Base	Result	$13,490,236,279	$28,645,511,864
2010 State Certified Property Value	÷	$59,878,940,779	$59,878,940,779
Proportional Tax Base Reduction	Result	0.225291832	0.478390424
Tax Collections Allocated to Component*	×	$584,405,620	$11,101,713
Cost Before Discounts	Result	$131,661,813	$5,310,953

* Recapture calculated with a different estimate of tax collections; reconciled to actual collections after year end.

Unofficial copy Travis Co. District Clerk Velva L. Price

Austin ISD Recapture, Test for Minimum Cost

	Operation	Recapture @ Compressed Rate	Recapture Above Compressed + $0.06
Excess Tax Base	#	$13,490,236,279	$28,645,511,864
Equalized Wealth Level	÷	$476,500	$319,500
Additional WADA Needed to Equalize Wealth	Result	28,311.094	89,657.314
Cost Before Discounts	#	$131,661,813	$5,310,953
Additional WADA Needed to Equalize Wealth	÷	28,311.094	89,657.314
Cost per WADA (minimums apply*)	Result	$4,651	$59

* Minimum per WADA cost for recapture at the compressed rate is $2,712.68 and for taxes collected above compressed rate + $0.06 is $40.08.

Unofficial copy Travis Co. District Clerk Velva L. Price

Austin ISD Recapture, Discounts

	Operation	Recapture @ Compressed Rate	Recapture Above Compressed + $0.06
Cost Before Discounts	#	$131,661,813	$5,310,953
4%	×	.04	.04
4% Discount	Result	$5,266,473	$212,438
Additional WADA Needed	#	28,311.094	89,657.314
$80	×	$80	$80
$80 Discount	Result	$2,264,888	$7,172,585
Lesser of 4% or $80 Discount	Result	$2,264,888	$212,438
County Appraisal District Cost	#	$4,417,540	$4,417,540
Proportional Tax Base Reduction	×	0.225291832	0.478390424
Credit for CAD Cost	Result	$995,236	

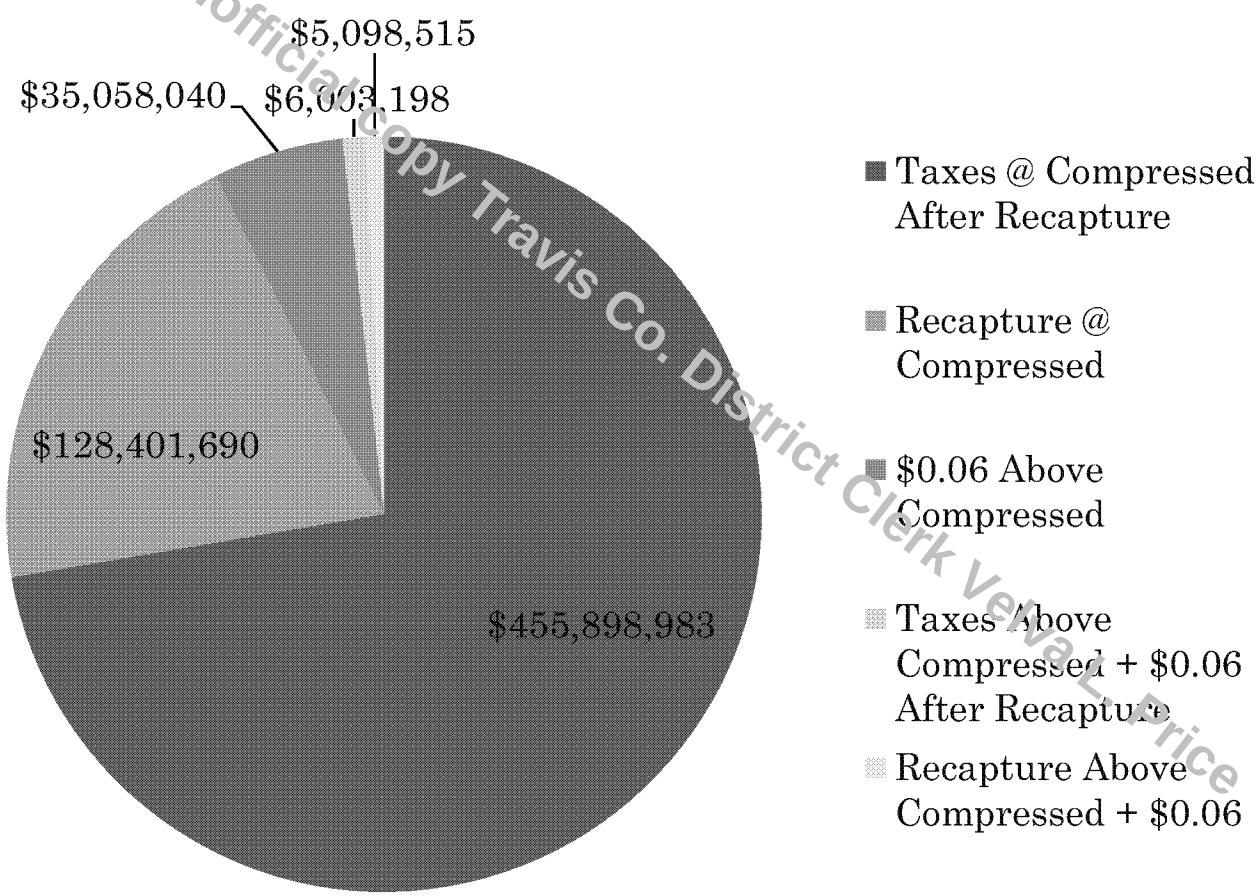
Unofficial copy Travis Co. District Clerk Velva L. Price

Austin ISD Recapture, Discounted Final Cost

	Operation	Recapture @ Compressed Rate	Recapture Above Compressed + $0.06
Cost Before Discounts	#	$131,661,813	$5,310,953
Lesser of 4% or $80 Discount	-	$2,264,888	$212,438
Credit for CAD Cost	-	$995,235	$0
Final Discounted Cost	Result	$128,401,690	$5,098,515

Unofficial copy Travis Co. District Clerk Velva L. Price

AUSTIN ISD M&O TAX REVENUE



Unofficial Copy Travis Co. District Clerk Velva L. Price

Target Revenue / ASATR

Unofficial copy Travis Co. District Clerk Velva L. Price

THE TARGET REVENUE OVERLAY

- Target Revenue
  - First created to hold districts harmless in 2006-07 from the effects of tax rate compression
  - Districts that adopt a state defined "compressed tax rate" are guaranteed the better of:
    - A hold harmless base revenue level ("*target revenue*"); or
    - Formula funding

Unofficial copy Travis Co. District Clerk Velva L. Price

TARGET REVENUE 2006-07 THROUGH 2008-09

- Target revenue amount initially defined as:
  - Actual 2005-06 M&O revenue (state aid and local taxes) per WADA
  - 2006-07 M&O revenue that would have existed at the 2005-06 M&O tax rate had the state not required tax rates to be reduced
  - 2006-07 M&O revenue that would have existed had the district adopted the "effective rate", the rate that maintains revenue per student from the preceding year
- Also included funds for $2,500 teacher pay raise and $275 high school allotment

Unofficial Copy Travis Co. District Clerk Velva L. Price

TARGET REVENUE 2006-07 THROUGH 2008-09

- If formula funding was insufficient to reach the target, the state paid Additional State Aid for Tax Reduction (ASATR) to make up the difference
- If formula funding exceeded the target, excess revenue gain was recovered by the state (applied through 2008-09)
- Starting in 2007-08, targets adjusted for changes in NIFA, transportation, or tax credits under Tax Code Chapter 313 compared to the base year of the target

Unofficial copy Travis Co. District Clerk Velva L. Price

TARGET REVENUE 2006-07 THROUGH 2008-09

- Commissioner also directed to adjust local tax collections for purposes of calculating ASATR when districts change homestead exemptions, abatements, or tax increment zone participation

Unofficial copy Travis Co. District Clerk Velva L. Price

TARGET REVENUE 2009-10 THROUGH 2010-11

- Beginning in 2009-10, target redefined as:
  - the amount of revenue per WADA the districts would have had under the formulas of 2008-09 (including ASATR) in 2009-10 at the compressed rate
  - plus $120 per WADA
  - plus amounts paid into tax increment funds in excess of the taxes levied in those zones
- Similar adjustments for changes in NIFA, transportation, or tax credits under Tax Code Chapter 313 compared to 2009-10 amount

Unofficial Copy Travis Co. District Clerk Velva L. Price

TARGET REVENUE 2009-10 THROUGH 2010-11

- Commissioner continues to be directed to adjust local tax collections for purposes of calculating ASATR when districts change homestead exemptions, abatements, or tax increment zone participation relative to how those existed for 2009 tax year
- Revenue gain limit removed from ASATR, but separate revenue gain limit of $350 per WADA added to TEC §42.008

Unofficial copy Travis Co. District Clerk Velva L. Price

Calculating 2009-10 Revenue per WADA at Compressed

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2005-06 Revenue/WADA	#	$4,594	$4,594	$4,537	$5,207
2009-10 HB1 WADA	×	1,150.744	4,297.553	70,722.679	101,471.080
S1 Target Revenue	Result	$5,286,641	$19,740,954	$320,856,844	$528,356,544
NIFA Adj.	+	$0	$0	($356,963)	$201,576
Transportation Adj.	+	($1,872)	$5,494	$117,938	$459,939
Adj. S1 Target Revenue	Result	$5,284,769	$19,746,448	$320,617,819	$529,018,059
2006-07 Revenue / WADA @ 2005-06 Rate	#	$4,585	$4,683	$4,572	$5,757
2009-10 HB1 WADA	×	1,150.744	4,297.553	70,722.679	101,471.080
S2 Target Revenue	Result	$5,275,931	$20,125,458	$323,318,340	$584,118,982
NIFA Adj.	+	$0	$0	($3,661)	($60,694)
Transportation Adj.	+	$5,823	($1,268)	$5,598	($186,118)
Adj. S2 Target Revenue	Result	$5,281,754	$20,124,190	$323,320,278	$583,872,170

Unofficial copy Travis Co. District Clerk velma Lerice

Calculating 2009-10 Revenue per WADA at Compressed

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2006-07 Revenue / WADA @ Effective Rate	#	$4,585	$4,683	$4,652	$5,518
2009-10 HB1 WADA	×	1,150.744	4,297.553	70,722.679	101,471.080
S3 Target Revenue	Result	$5,275,931	$20,125,458	$329,012,322	$559,914,886
NIFA Adj.	+	$0	$0	($3,661)	($60,694)
Transportation Adj.	+	$5,823	($1,268)	$5,598	($186,118)
Adj. S3 Target Revenue	Result	$5,281,754	$20,124,190	$329,014,259	$559,668,074
Max of Adj. S1, S2, or S3	#	$5,284,769	$20,124,190	$329,014,259	$583,872,170
Teacher Pay Raise	+	$149,583	$704,583	$9,869,168	$15,843,230
High School Allotment	+	$50,305	$237,973	$4,353,875	$4,971,902
Tuition Paid Adjustment	+	$0	$0	$0	$0
Penalty for M&O Tax Rate Below Compressed	+	$0	$0	$0	$0
Adjusted HB1 Target Revenue	Result	$5,484,657	$21,066,746	$343,237,302	$604,687,302

Unofficial copy Travis Co. District Clerk Velva L. Price

Calculating 2009-10 Revenue per WADA at Compressed

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Adjusted HB1 Target Revenue	#	$5,484,657	$21,066,746	$343,237,302	$604,687,302
2009-10 HB1 WADA	÷	1,150.744	4,297.553	70,722.679	101,471.080
Adjusted HB1 Revenue Per HB1 WADA	Result	4,766.183	4,902.033	4,853.285	5,959.208

Unofficial copy Travis Co. District Clerk Velva L. Price

Target Revenue 2011-12 and Beyond

- District per WADA target amounts remain relatively fixed
  - Total target amounts are adjusted annually for changes in NIFA, transportation, and optional tax exemptions
- In 2011-12, RPAF reduced WADA, thereby reducing the total amount of the target
- In 2012-13, targets are uniformly reduced to 92.35% of current calculated levels, with percentage reductions set by appropriation in subsequent years
- Targets and ASATR repealed effective 2017-18

Unofficial copy Travis Co. District Clerk Velva L. Price

Calculating the Revenue Target 2011-12

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2009-2010 Adjusted HB 1 Revenue per WADA	#	$4,766.183	$4,902.033	$4,853.285	$5,959.208
2011-2012 WADA	×	1,021.626	4,131.328	68,433.962	98,454.353
2011-2012 Base Target Revenue	Result	$4,869,256	$20,251,906	$332,129,521	$586,709,968
2011-2012 Minimum Increase ($120/WADA)	+	$122,595	$495,759	$8,212,075	$11,814,522
Tuition Adjustment	+	$0.00	$0.00	$0.00	$0.00
2011-2012 Minimum Revenue	Result	$4,991,852	$20,747,666	$340,341,597	$598,524,490
NIFA Adjustment	+	$0	$0	$0	($201,576)
Transportation Adjustment	+	$6,434	$25,184	$0	$0
$23.63 * 2008-2009 WADA	+	$26,080	$103,215	$1,646,636	$2,354,815
2011-2012 Adjusted Minimum Revenue	Result	$5,024,366	$20,876,065	$341,988,233	$600,677,729

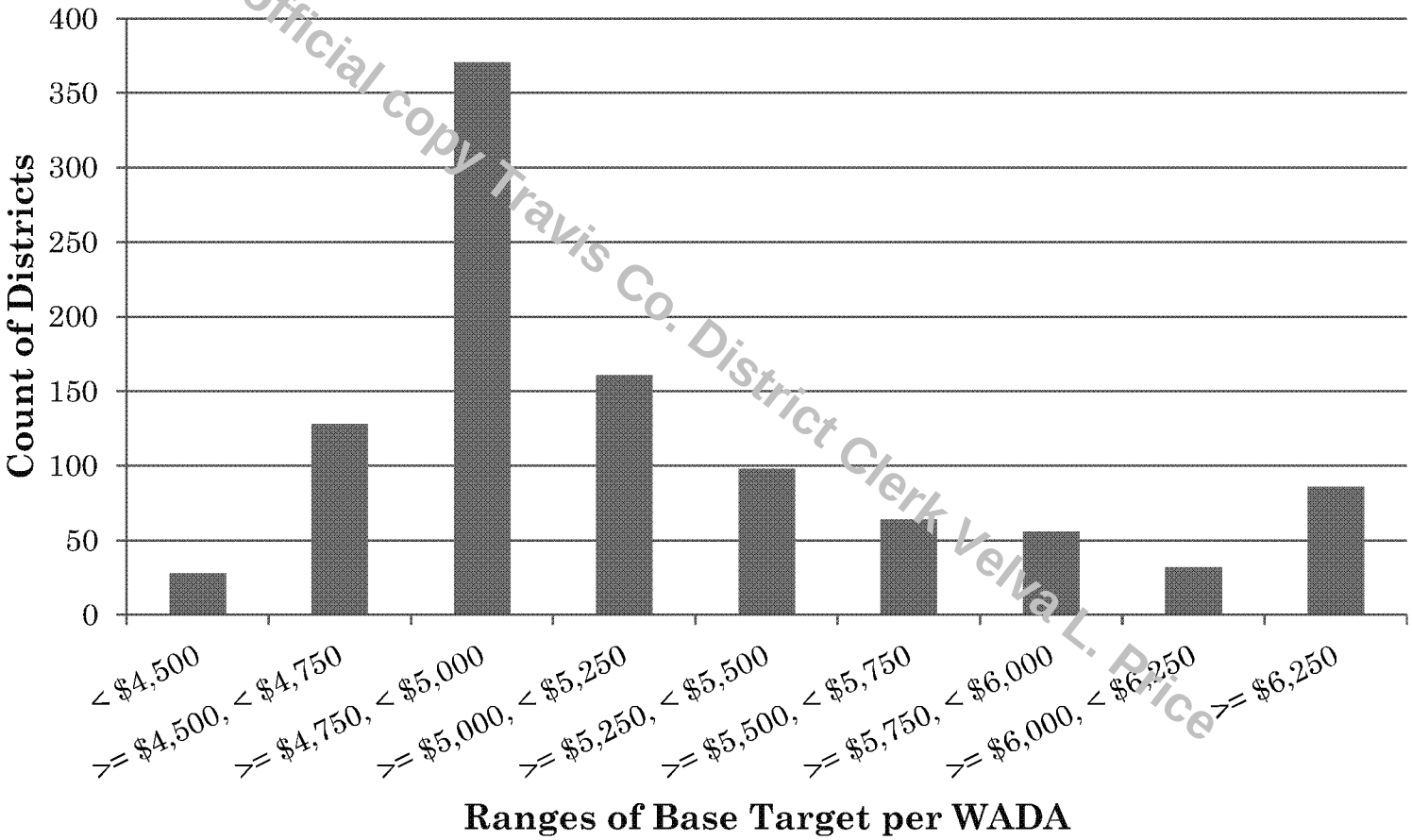
Unofficial Copy Travis Co. District Clerk Velva L. Price

CALCULATING ASATR 2011-12

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2011-2012 Tier I State Aid	#	$3,049,868	$13,944,395	$210,272,545	$24,402,789
2011-2012 M&O Collections @ Compressed Tax Rate	+	$1,826,984	$7,646,827	$123,923,290	$584,300,673
2011-2012 Recapture @ Compressed Rate	+	$0	$0	$0	($128,401,690)
2011-2012 State and Local Revenue	Result	$4,876,852	$21,591,222	$334,195,835	$480,301,772
2011-2012 Adjusted Minimum Revenue	#	$5,024,366	$20,876,065	$341,988,233	$600,677,729
2011-2012 State and Local Revenue	-	$4,876,852	$21,591,222	$334,195,835	$480,301,772
Additional State Aid for Tax Reduction	Result	$147,514	$0	$7,792,398	$120,375,957

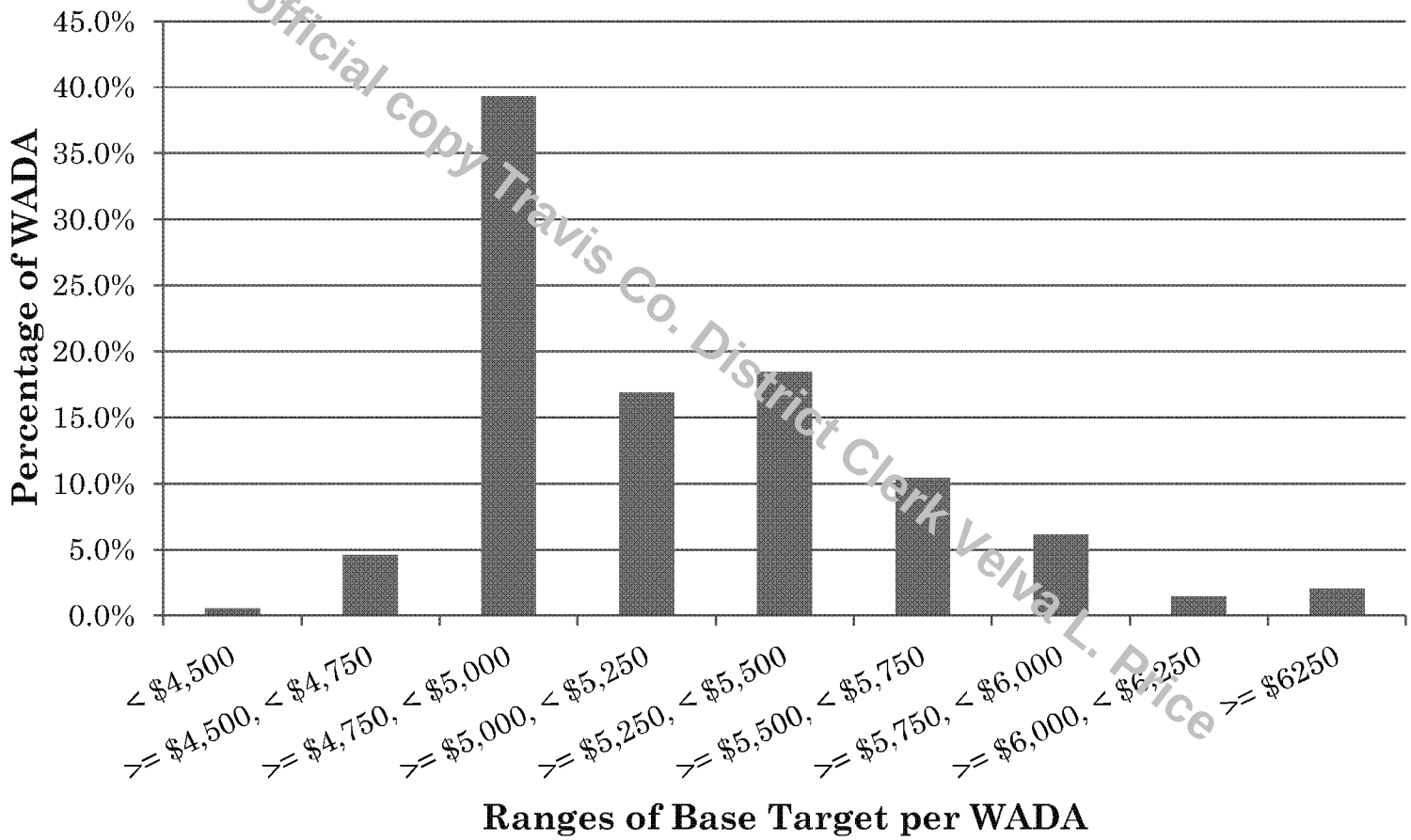
Unofficial Copy Travis Co. District Clerk Velva L. Price

Distribution of Revenue Target Base Values



Unofficial copy Travis Co. District Clerk Velva L. Price

Distribution of Revenue Target Base Values

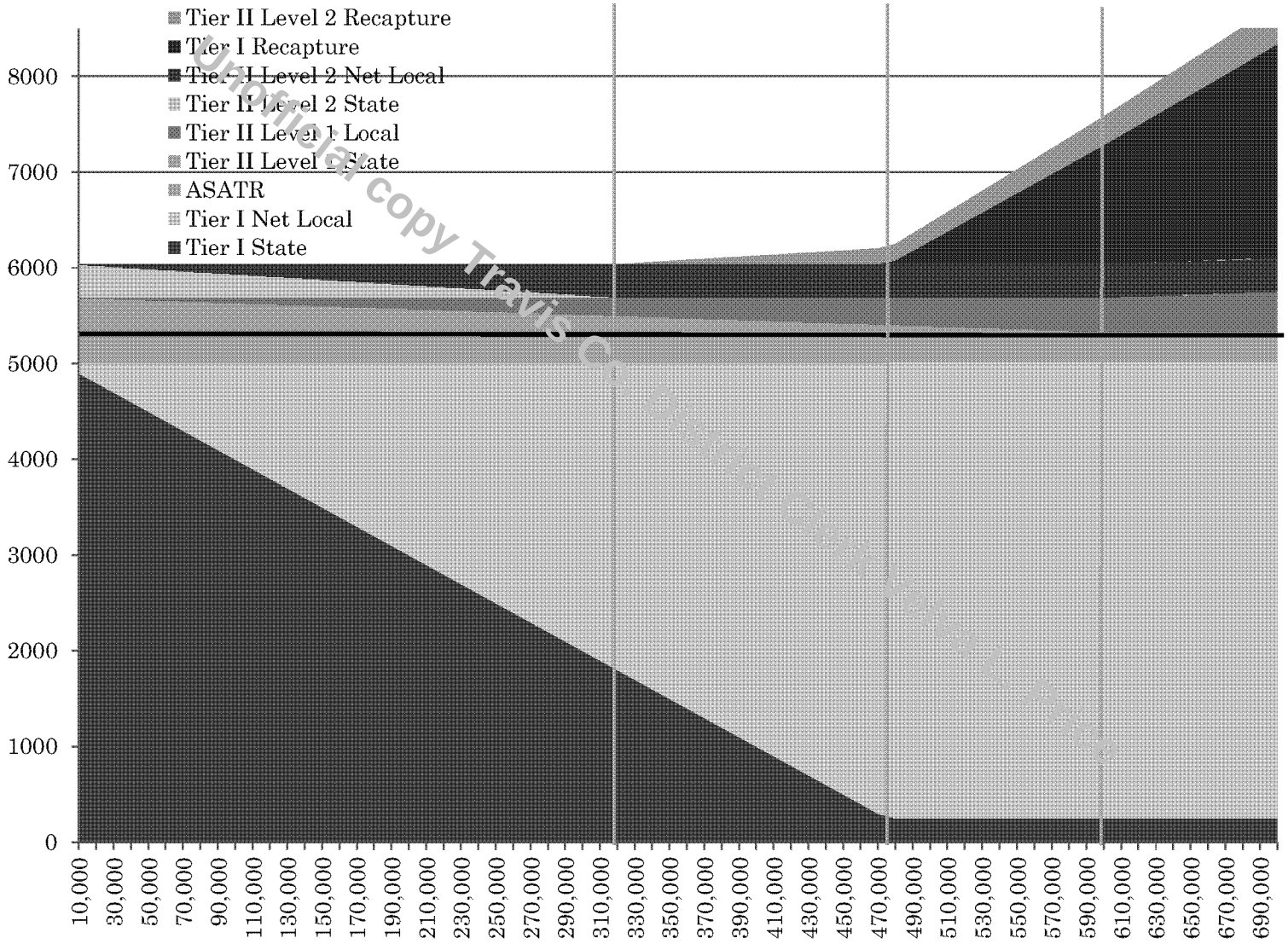


Unofficial copy Travis Co. District Clerk Velva L. Price

Summary for M&O

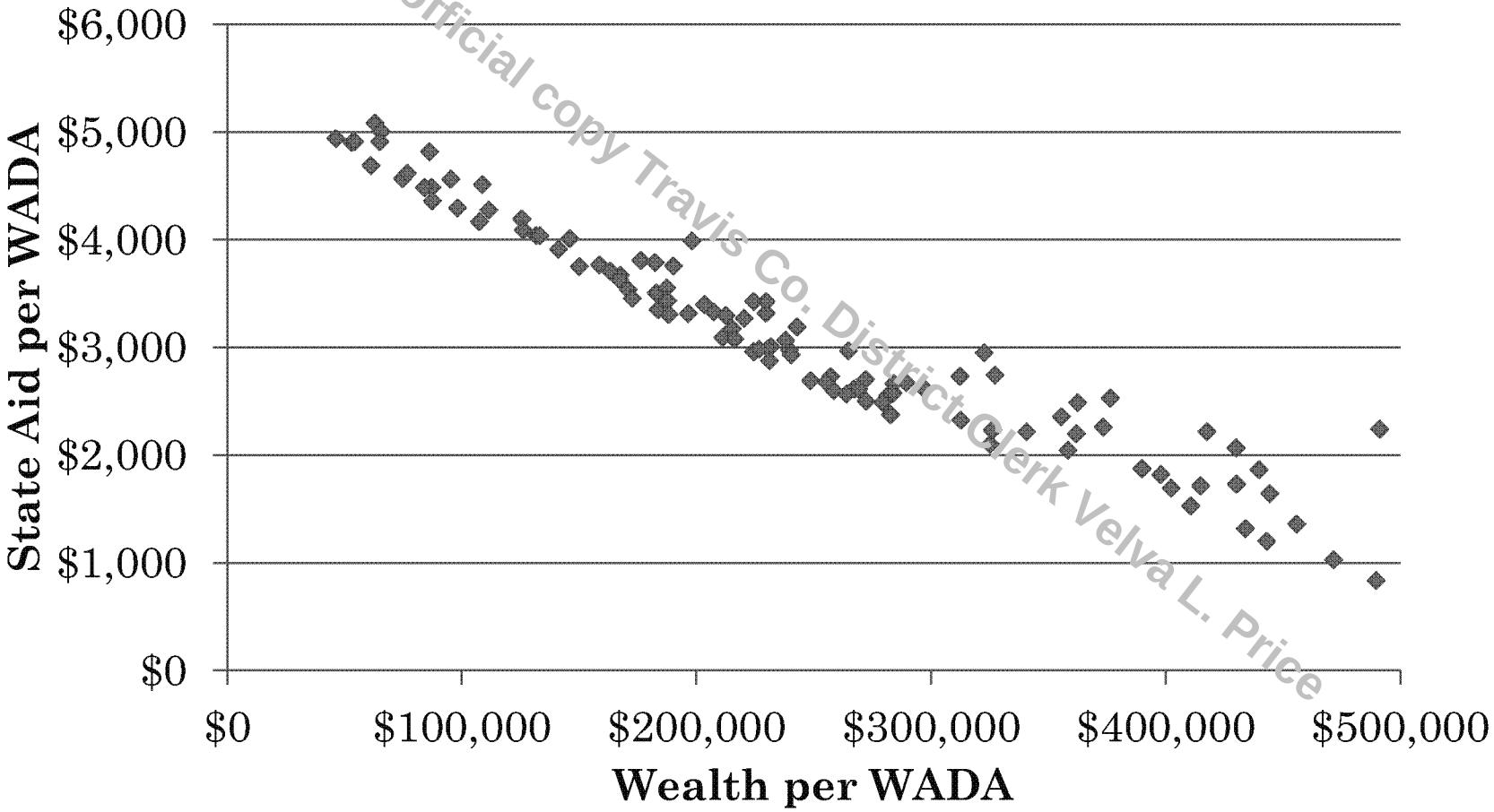
Unofficial copy Travis Co. District Clerk Velva L. Price

2011-12 Theoretical School Finance Structure



Unofficial copy Travis County Clerk

Districts Over 10,000 WADA



Unofficial copy Travis Co. District Clerk Velva L. Price

Real World Complications

- Targets are not uniform
- Yields per WADA are not uniform in Tier I
  - Some Tier I components are not reflected in WADA
  - Only 50% of CEI makes it into WADA
- The size of Tier I varies by district
  - Nearly 500 districts have a compressed rate less than $1.00, therefore get a reduced basic allotment
- Varying compressed rates lead to varying revenue opportunities in Tier II Level 2
- Discounts and hold harmless provisions in Chapter 41 lead to variation from theoretical

Unofficial copy Travis Co. District Clerk Velva L. Price

REVENUE PER ADA

	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Tier I State Aid	$4,778.75	$4,354.18	$3,845.90	$309.92
Tier II Level 1 State Aid	$347.70	$249.49	$292.41	$0.00
Tier II Level 2 State Aid	$152.62	$0.00	$13.34	$0.00
ASATR	$231.14	$0.00	$142.52	$1,528.81
Other State Aid	$33.43	$38.86	$29.87	$15.27
Net M&O Taxes	$3,349.30	$2,483.25	$2,427.13	$6,311.56
Total	$8,932.94	$7,125.79	$6,751.18	$8,165.56

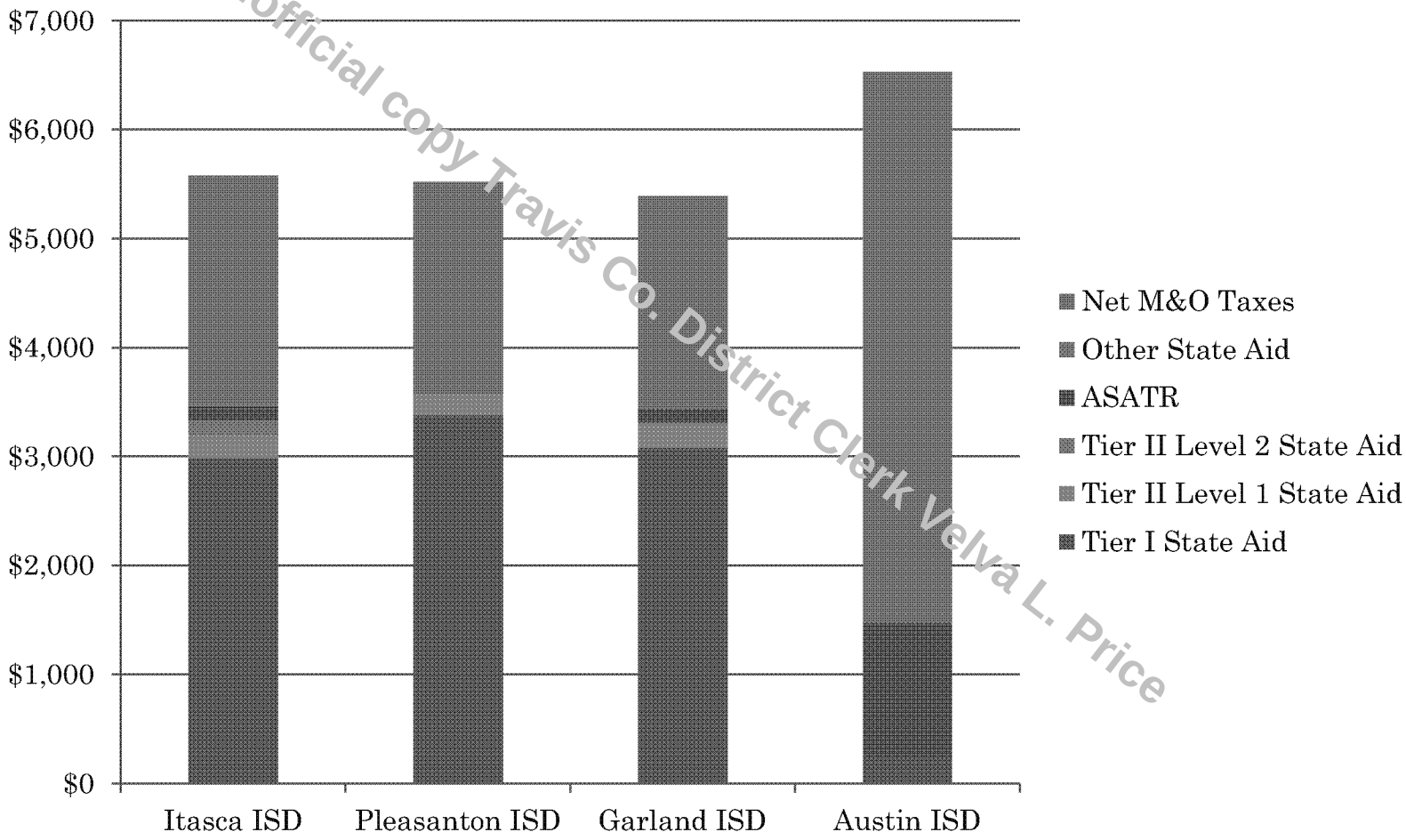
Unofficial copy Travis Co. District Clerk Velva L. Price

REVENUE PER WADA

	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Tier I State Aid	$2,985.31	$3,375.28	$3,072.63	$247.86
Tier II Level 1 State Aid	$217.21	$193.40	$233.62	$0.00
Tier II Level 2 State Aid	$120.33	$0.00	$10.66	$0.00
ASATR	$144.39	$0.00	$113.87	$1,222.66
Other State Aid	$20.88	$30.13	$23.86	$12.21
Net M&O Taxes	$2,092.32	$1,924.97	$1,939.13	$5,047.62
Total	$5,580.44	$5,523.79	$5,393.77	$6,530.35

Unofficial copy Travis Co. District Clerk Velva L. Price

REVENUE PER WADA



Unofficial copy Travis Co. District Clerk Velva L. Price

Facilities Funding

Unofficial copy Travis Co. District Clerk Velva L. Price

FACILITIES FUNDING

- Texas school districts finance facilities primarily through voter-approved bonded debt
- In 2010-11, Texas public schools collected about $4.2 billion in I&S taxes to finance debt payments
- About 200 districts showed no I&S tax collections
- Two state aid programs assist school districts in repaying debt: the Existing Debt Allotment (EDA) and the Instructional Facilities Allotment (IFA)
- I&S tax collections are not recaptured
- $.50 effective limit on debt rate

Unofficial Copy Travis Co. District Clerk Velva L. Price

Debt Service Equalization

- Instructional Facilities Allotment (IFA)
  - Provides equalized access to revenues for debt service
  - Each penny generates $35 per student (ADA)
  - Awarded on application basis with prioritization based on property wealth (certain adjustments apply)
  - Operates as a guaranteed yield, financed from combined state aid and local taxes
  - Biennial limit on award of $250/ADA
  - No limit on the total number of IFA awards

Unofficial Copy Travis Co. District Clerk Velva L. Price

Debt Service Equalization

- Existing Debt Allotment (EDA)
  - Provides equalized access to revenues for debt service on bonds for which payment was made by August 31 of last year of preceding biennium
  - The portion of debt service funded through IFA excluded
  - Each penny generates $35 per student (ADA)
  - No application
  - Operates as a guaranteed yield, financed from combined state aid and local taxes
  - Maximum of $0.29 of rate guaranteed ($1,015/ADA)

Unofficial Copy Travis Co. District Clerk Velva L. Price

Formulas for IFA and EDA

- IFA = (Yield × ADA × BTR × 100) – (BTR × (DPV ÷ 100)
- EDA = (Yield × ADA × EDTR × 100) – (EDTR × (DPV ÷ 100)

Unofficial copy Travis Co. District Clerk Velva L. Price

IFA Calculation

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2010 PTAD	#	$202,488,086	$686,043,248	$13,283,690,318	$59,878,940,779
2012 ADA (Min 400)	-	692.000	3,132.611	54,807.072	78,738.141
	Result	$292,612.84	$219,000.46	$242,371.83	$760,482.02
Divide by 10,000	÷	10,000	10,000	10,000	10,000
2012 Local Revenue per ADA per Penny	Result	$29.2613	$21.9000	$24.2372	$76.0482
Yield	#	$35	$35	$35	$35
2012 Local Revenue per ADA per Penny	-	$29.2613	$21.9000	$24.2372	$76.0482
2012 State Share	Result	$5.7387	$13.1000	$10.7628	$0.0000

Unofficial Copy Travis Co. District Clerk Velva L. Price

IFA State and Local Shares

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2012 Local Revenue per ADA per Penny	#	$29.2613	$21.9000	$24.2372	$76.0482
Yield	÷	$35	$35	$35	$35
2012 Local Percentage	Result	83.604%	62.572%	69.249%	100.000%
2012 State Share	#	$5.7387	$13.1000	$10.7628	$0.0000
Yield	÷	$35	$35	$35	$35
2012 State Percentage	Result	16.396%	37.428%	30.751%	0.000%
Sum of IFA Award Limitations	#	$110,751	$929,951	$3,021,233	$0
2012 State Percentage	×	16.396%	37.428%	30.751%	0.000%
Estimated State Share	Result	$18,159	$348,061	$929,058	$0
Sum of IFA Award Limitations	#	$110,751	$929,951	$3,021,233*	$0
Estimated State Share	-	$18,159	$348,061	$929,058	$0
Estimated Local Share	Result	$92,592	$581,890	$2,190,734	$0

* Value shown in Summary of Finances reports is $3,119,792, but calculation excluded two amounts worth $98,559.

Unofficial copy Travis County District Clerk Delva Dennis

EDA Biennial Limit Calculation

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2010-2011 I&S Tax Collection	#	$520,042	$736,406	$28,333,201	$87,804,534
2010-2011 Local Share of EDA	-	$130,878	$228,602	$22,946,238	$36,893,793
2010-2011 Local Share of IFA Awarded for Bonded Debt	-	$98,583	$492,876	$1,399,837	$0
2010-2011 Excess I&S Tax Collection	Result	$290,581	$14,928	$3,987,126	$50,910,741
2010-11 Local Share of EDA	+	$130,878	$228,602	$22,946,238	$36,893,793
2010-11 Taxes for EDA Biennial Limit	Result	$421,459	$243,530	$26,933,364	$87,804,534
2009 CPTD Adjusted Property Value ÷ 100	÷	$2,072,939.69	$6,513,959.47	$136,887,264.54	$618,991,563.68
2010-2011 Rate to Determine Maximum EDA Limit	Result	0.2033146	0.0373859	0.1967558	0.1418509

Unofficial Copy Travis Co. District Clerk Dana L. Phillips

EDA Tax Rate Needed

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2011-2012 Actual Eligible Debt Service Payment	#	$550,549	$1,339,494	$38,069,130	$89,415,067
2011-2012 IFA State/Local Share of IFA Awarded for Bonded Debt	-	$110,751	$848,366	$1,973,660	$0
EDA Debt Service	Result	$439,798	$491,128	$36,095,470	$89,415,067
Divided by Yield	÷	$35	$35	$35	$35
	Result	$12,565.66	$14,032.23	$1,031,299.14	$2,554,716.20
Divided by ADA	÷	692.000	3,132.611	54,807.072	78,393.854
	Result	$18.1585	$4.4794	$18.8169	$32.5882
Divided by 100	÷	100	100	100	100
2011-2012 Rate Needed for All Eligible Debt	Result	$0.181585	$0.044794	$0.188169	$0.325882

Unofficial copy Travis Co. District Clerk Velva L. Price

EDA ENTITLEMENT

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2011-2012 Allowed Rate (Lesser of Rate Needed or Biennial Limit)	#	$0.181585	0.0373859	$0.188169	0.1418509
Multiplied by Yield	×	$35	$35	$35	$35
	Result	6.3554624	1.3085052	6.5859147	4.9647828
Multiplied by ADA	×	692.000	3,132.611	54,807.072	78,393.854
	Result	4,397.9800	4,099.03786	360,954.7	389,208.4607
Multiplied by 100	×	100	100	100	100
State/Local Share of EDA	Result	$439,798	$409,904	$36,095,470	$38,920,846

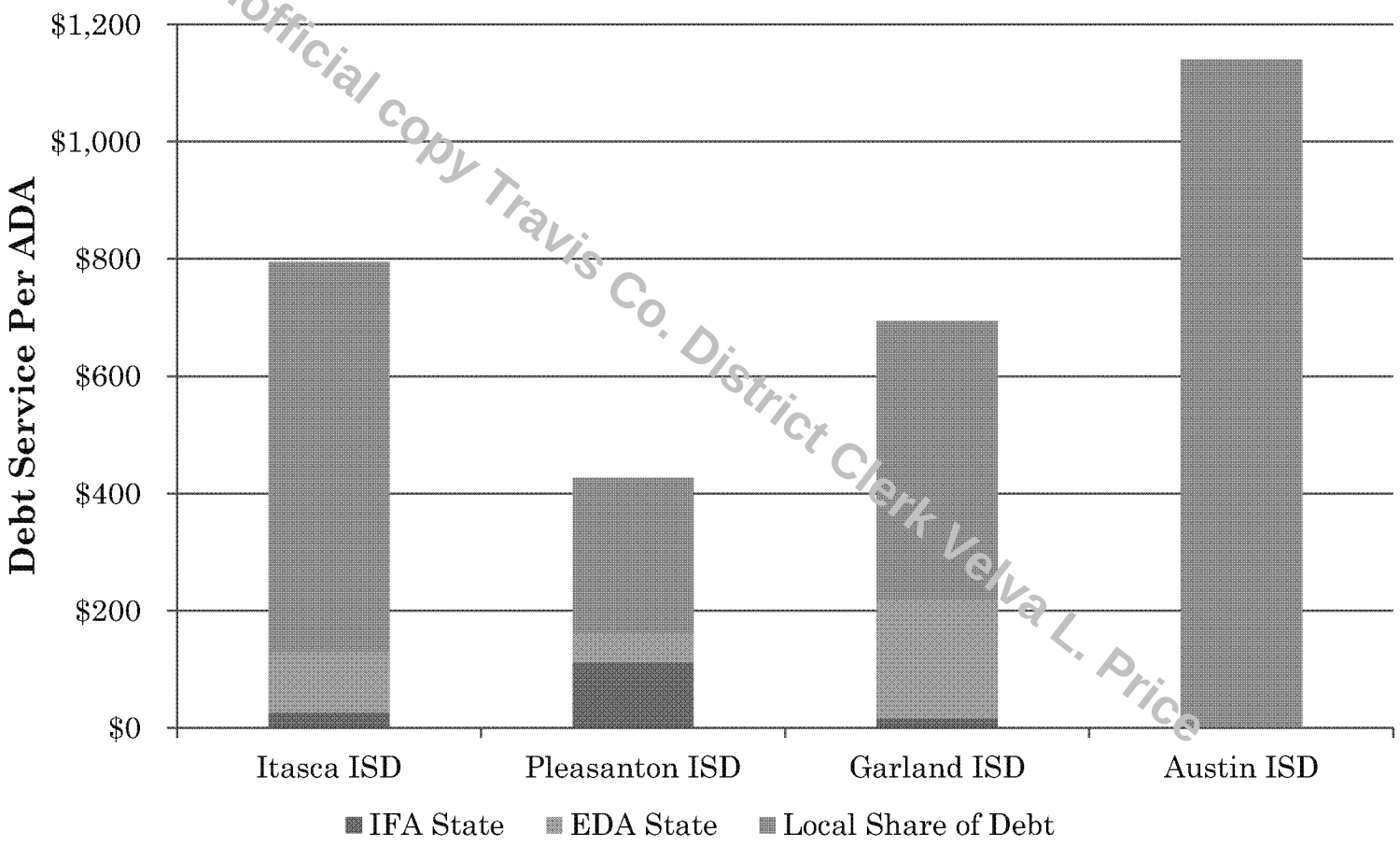
Unofficial copy Travis Co. District Clerk Velva L. Price

EDA ENTITLEMENT

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2010 CPTD Adjusted Property Value ÷ 100	#	$2,024,880.86	$6,860,432.48	$132,836,903.18	$598,789,407.79
2011-2012 Allowed Rate (Lesser of Rate Needed or Biennial Limit)	×	$0.181585	$0.0373859	$0.188169	$0.1418509
Local Share of EDA	Result	$367,687	$256,483	$24,995,786	$84,938,816
State/Local Share of EDA	#	$439,798	$409,904	$36,095,470	$38,920,846
Local Share of EDA	-	$367,687	$256,483	$24,995,786	$38,920,846
State Share of EDA	Result	$72,111	$153,421	$11,099,684	$0

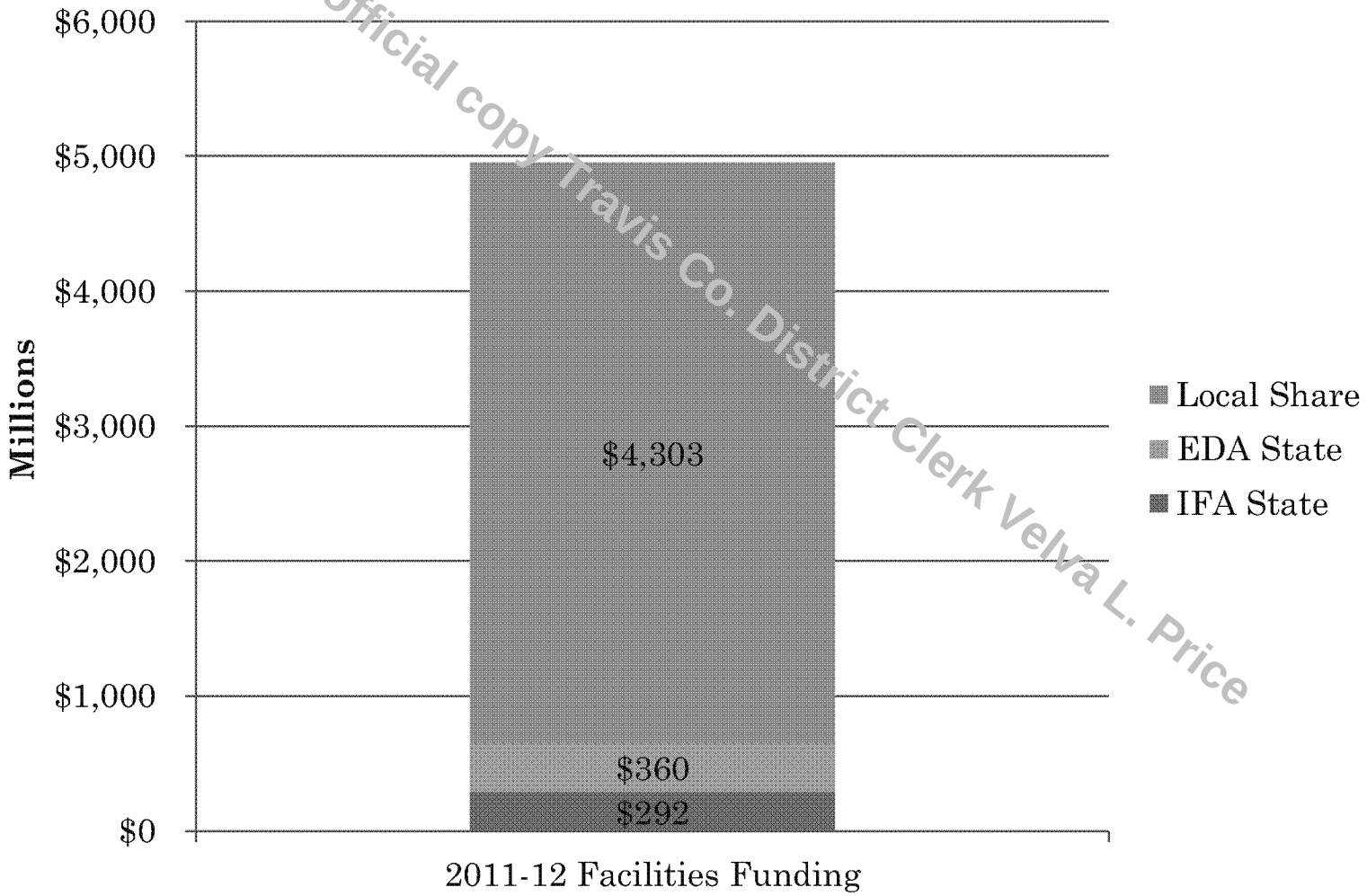
Unofficial copy Travis Co. District Clerk Velva L. Price

State and Local Shares of 2011-12 Debt Service



Unofficial copy Travis Co. District Clerk Velva L. Price

State and Local Shares of Facilities Funding, 2011-12



Unofficial copy Travis Co. District Clerk Velva L. Price

Special Cases - Charters

Unofficial copy Travis Co. District Clerk Velva L. Price

Charter Schools in Texas

- Nearly 3% of students now enrolled in Open-Enrollment Charter Schools
- In 2010-11, 2.6% of total ADA were in charters
- 209 charters reported some attendance in 2010-11
  - 2 charters with at least 5,000 ADA
  - 24 with at least 1,000 but less than 5,000 ADA
  - 43 with at least 500 but less than 1,000 ADA
  - 126 with at least 100 but less than 500
  - 14 with at least 50 but less than 100
- Essentially fully funded for Tier I and Tier II by the state with adapted formulas

Unofficial copy Travis Co. District Clerk Velva L. Price

CHARTER SCHOOL FUNDING

- Effective with HB 3646 in 2009-10, all charters have allotments calculated using state average funding elements
  - $4,625 Average Basic Allotment
  - $4,888 Average Adjusted Basic Allotment
  - $5,929 Average Adjusted Allotment
- Charters are eligible for ASATR, and have revenue targets determined based on the formulas in effect for the 2008-09 school year
  - Prior to 2009-10, the funding structure of the districts in which charter school enrollees reside made up part of the funding calculation

Unofficial copy Travis Co. District Clerk Velva L. Price

Charter School Funding in Transition

- Transitional mechanism was adopted in 2001 to move all charter school funding to using state average funding elements rather than the elements that applied to the districts from which charters drew their enrollees
  - Starting in 2003-04, funding would be moved 10% each year toward the state average methodology
  - Due to be fully based on state averages by 2012-13
- In 2009-10, charters would have been funded 30% from the "district of residence" and 70% from state average elements
- Revenue target in 2009-10 reflected this mix

Unofficial copy Travis Co. District Clerk Velva L. Price

Charter School Funding in 2009-10 under HB 1 Structure

- "District of residence" formulas (30%) embedded the better of two previous methodologies
  - Method 1 calculated an amount of revenue per ADA from local taxes and the per capita distribution
    - Method 1 adjusted to include the district of residence's ASATR revenue as a replacement for local taxes
  - Method 2 calculated formula entitlements per WADA, and also included ASATR of district of residence
- State average methodology (70%) used state average funding elements and tax effort, and included the state average target per WADA, used to calculate the charter's ASATR

Unofficial copy Travis Co. District Clerk Velva L. Price

Charter School Formula Funding 2011-12

- Tier I allotments computed using $5929 AA
  - Implied size for small district adjustment of about 748 regular ADA
- WADA computed using BA of $4625 and ABA of $4888 (effective CEI of about 1.08)
  - Tier II Level 1 computed using average tax effort of $0.0501
  - Tier II Level 2 computed using average tax effort of $0.0434
- Full state funding of Tier I and Tier II; no local share to subtract
- No recapture, and no EDA or IFA funding

Unofficial Copy Travis Co. District Clerk Velva L. Price

CHARTER SCHOOL ASATR FUNDING

- Revenue target derived from 2009-10 funding per WADA under laws of 2008-09, including the transition to state average funding
  - Target incorporates not only the 30%/70% split, but the two methodologies under "district of residence" basis of funding

Unofficial copy Travis Co. District Clerk Velva L. Price

Legislative Changes 2010-11 through 2012-13

Unofficial copy Travis Co. District Clerk Velva L. Price

STATUTORY CHANGE

- Effective with 2011-12, the legislature adopted a weighting factor for Regular Program
  - Regular Program Adjustment Factor (RPAF) was set to 0.9239 for 2011-12, and 0.98 for 2012-13
  - For districts that receive no ASATR in 2011-12, the district may apply for hardship treatment to have the RPAF set to 0.95195 for each year
    - Districts may not receive more state aid and local tax revenue for the two years than the district would have received without the adjustment
    - Commissioner adjusts RPAF for 2012-13 to accomplish
  - RPAF for 2013-14 and 2014-15 is 0.98 or a greater amount set by appropriation
  - RPAF expires 9-1-15

Unofficial copy Travis Co. District Clerk Velva L. Price

STATUTORY CHANGE

- Effective with 2012-13, revenue targets are reduced to 92.35% of previous amount
- Legislature to adopt the percentage reduction for 2013-14 and each subsequent year by appropriation
- Revenue targets, and ASATR, repealed effective 9-1-17
  - Legislative intent expressed that further reductions in ASATR be coupled with increases in the basic allotment

Unofficial copy Travis Co. District Clerk Velva L. Price

Formula Changes Summary

	2010-11 Formulas	2011-12 Formulas	2012-13 Formulas
Basic Allotment (before reduction for low compressed rate)	$4,765	$4,765	$4,765
RPAF	N/A (Effectively 1.0000)	0.9239	.9800
RPAF – Alternate	N/A (Effectively 1.0000)	0.95195	0.95195 (varies by district)
Target Reduction Percentage	N/A (Effectively 1.0000)	N/A (Effectively 1.0000)	0.9235
All Other Weights and Adjustments		Same as 2010-11	Same as 2010-11

Unofficial copy Travis Co District Clerk Velva L. Price

IMPACT OF STATUTORY CHANGE

- All districts receive reductions in funding from RPAF in 2011-12
- RPAF reduces regular program allotment, which reduces calculated state aid in Tier I
- Reduced allotment also reduces the calculated WADA
  - Reduced WADA negatively impacts Tier II state aid
  - Reduced WADA also increases recapture

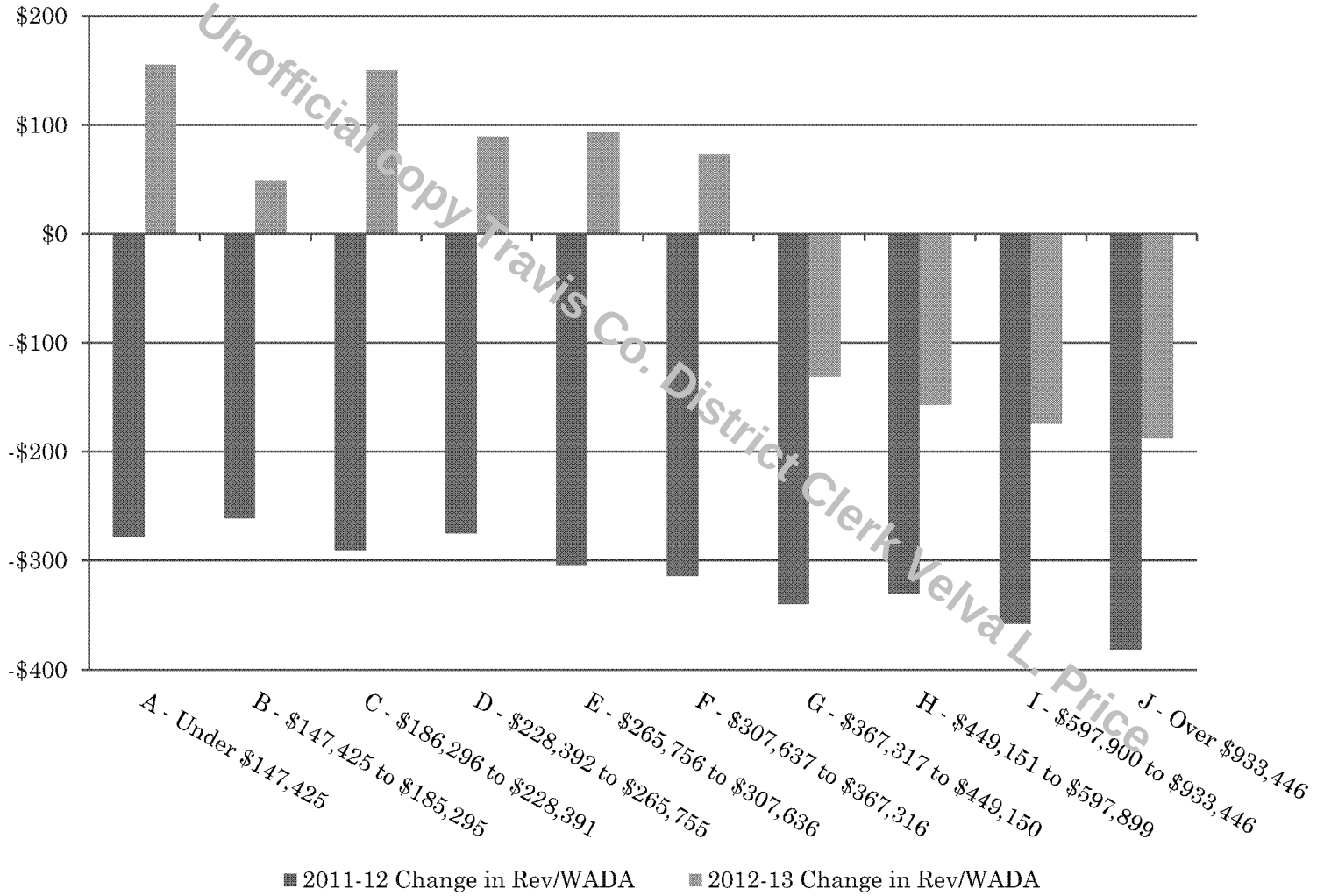
Unofficial copy Travis Co. District Clerk Velva L. Price

Impact of Statutory change

- Impact of the combined changes in 2012-13 is more mixed when compared to 2011-12, but all districts are generally worse off than under 2010-11 formulas
- Losses of funding outside Foundation School Program varies

Unofficial Copy Travis Co. District Clerk Velva L. Price

Year-to-Year Change in Revenue per WADA



Source: Moak, Casey and Associates school finance model

Unofficial copy Travis Co. District Clerk Velva L. Price

Districts Receiving ASATR

Year	Districts on Formula	Districts Receiving ASATR
2006-07	7	1,024
2007-08	6	1,025
2008-09	20	1,010
2009-10	263	767
2010-11	239	790
2011-12*	243	786
2012-13*	626	403
2017-18*	1,029	0

* Projected using Moak, Casey and Associates model.

Unofficial copy Travis Co. District Clerk Velva L. Price

Regular Program Allotment, 2010-11 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Regular Program ADA	#	560.179	2,859.688	49,909.922	74,027.565
Multiplied by Adjusted Allotment	×	$6,259	$5,305	$5,088	$5,103
Result	Result	$3,506,160	$15,170,645	$253,941,683	$377,762,664
Multiplied by Regular Program Adjustment Factor	×	1.0000	1.0000	1.0000	1.0000
Regular Program Allotment	Result	$3,506,160	$15,170,645	$253,941,683	$377,762,664

Unofficial Copy Travis Co. District Clerk Velva L. Price

Total Cost of Tier I, 2010-11 Formulas

- Sum all of the allotment amounts

Allotment	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Regular Program	$3,506,160	$15,170,645	$253,941,683	$377,762,664
Special Ed	$717,683	$1,950,130	$32,197,559	$50,243,290
Career and Tech	$373,018	$1,602,599	$21,382,705	$15,748,699
Gifted / Talented	$23,868	$101,600	$1,662,577	$2,410,804
Comp. Ed	$588,551	$2,512,312	$36,126,235	$57,035,574
High School	$52,574	$240,604	$4,459,740	$5,104,205
Bilingual	$24,546	$38,575	$5,543,681	$10,750,571
PEG	$0	$0	$0	$0
NIFA	$0	$0	$0	$0
Transportation	$55,168	$342,848	$3,294,526	$6,049,330
Total*	$5,341,568	$21,959,313	$358,608,706	$525,105,137

* Totals may not add due to rounding

Unofficial copy Travis Co. District Clerk Velva L. Price

Tier I State Aid, 2010-11 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2010 State Certified Property Value	#	$202,488,086	$686,043,248	$13,283,690,318	$59,878,940,779
Divided by 100	÷	100	100	100	100
Result	Result	$2,024,881	$6,860,432	$132,836,903	$598,789,408
Multiplied by 2011 Compressed M&O Tax Rate	×	1.0000	1.0000	0.9712	1.0000
Local Fund Assignment	Result	$2,024,881	$6,860,432	$129,011,200	$598,789,408
Total Cost of Tier I	#	$5,341,568	$21,959,313	$358,608,706	$525,105,137
Less Local Fund Assignment	-	$2,024,881	$6,860,432	$129,011,200	$598,789,408
State Share of Tier I	Result	$3,316,687	$15,098,881	$229,597,506	$0
Minimum Tier I State Aid		$3,316,687	$15,098,881	$229,597,506	$24,402,789

Unofficial copy Travis Co. District Clerk Dana DeBeauvoir

CALCULATING WADA, 2010-11 FORMULAS

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Total Cost of Tier 1	#	$5,341,568	$21,959,313	$358,608,706	$525,105,137
Transportation Allot.	-	$55,168	$342,848	$3,294,526	$6,049,330
NIFA Allotment	-	$0	$0	$0	$0
High School Allotment	-	$52,674	$240,604	$4,459,740	$5,104,205
Early Childhood Intervention Set Aside	+	$2,573	$8,718	$168,806	$0
Total Adjusted Tier I	Result	$5,236,399	$21,384,579	$351,023,246	$513,951,602
Adjusted Basic Allotment	#	$4,968	$5,036	$5,088	$5,103
Basic Allotment	-	$4,765	$4,765	$4,627.768	$4,765
CEI addition to the ABA	Result	$203	$271	$460.232	$338
Divide by 2	÷	2	2	2	2
Half of CEI addition	Result	$101.50	$135.50	$230.116	$169.00
Divide by ABA	÷	$4,968	$5,036	$5,088	$5,103
Proportion of Adjusted Tier I to Exclude	Result	0.0204308	0.0269063	0.0452272	0.0331178

Unofficial Copy Travis Co. District Clerk Velva L. Price

Calculating WADA, 2010-11 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Total Adjusted Tier I	#	$5,236,399	$21,384,579	$351,023,246	$513,951,602
Proportion of Adjusted Tier I to Exclude	×	0.0204308	0.0269063	0.0452272	0.0331178
Exclusion	Result	$106,984	$575,380	$15,875,799	$17,020,946
Total Adjusted Tier I	#	$5,236,399	$21,384,579	$351,023,246	$513,951,602
Exclusion	-	$106,984	$575,380	$15,875,799	$17,020,946
Tier I Excluding 50% of CEI Effect	Result	$5,129,415	$20,809,199	$335,147,447	$496,930,656
Basic Allotment	÷	$4,765	$4,765	$4,627.768	$4,765
Weighted Students in Average Daily Attendance (WADA)	Result	1,076.48	4,367.09	72,420.97	104,287.65

Unofficial Copy Travis County District Clerk Dana L. Price

Tier II Level 1 Entitlement, 2010-11 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
M&O Collections, Level 1	#	$109,619	$305,873	$7,655,887	$35,058,040
Comptroller Prior Year Property Value ÷ 100	÷	$2,024,880.86	$6,860,432.48	$132,836,903.18	$598,789,407.79
DTR Level 1 (Rounded to 4 decimals)	Result	0.0541	0.0446	0.0576	0.0585
Multiply by 100	×	100	100	100	100
Pennies of Tax Effort	Result	5.41	4.46	5.76	5.85
Yield	×	$59.97	$59.97	$59.97	$59.97
	Result	324.4377	267.4662	345.4272	350.8245
WADA	×	1,076.48	4,367.09	72,420.97	104,287.65
Level 1 Entitlement @$59.97	Result	$349,250	$1,168,050	$25,016,173	$36,586,663

Unofficial copy Travis Co. District Clerk Velva L. Price

Tier II Level 1 State Aid, 2010-11 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Comptroller Prior Year Property Value ÷ 100	#	$2,024,880.86	$6,860,432.48	$132,836,903.18	$598,789,407.79
DTR Level 1 (Rounded to 4 decimals)	×	0.0541	0.0446	0.0576	0.0585
Local Revenue (LR)	Result	$109,546	$305,975	$7,651,406	$35,029,180
Level 1 Entitlement @$59.97	#	$349,250	$1,168,050	$25,016,173	$36,586,663
Local Revenue (LR)	-	$109,546	$305,975	$7,651,406	$35,029,180
State Aid (GYA)	Result	$239,704	$862,075	$17,364,767	$1,557483

Unofficial copy Travis County District Clerk Velva L. Price

Tier II Level 2 Entitlement, 2010-11 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
M&O Collections, Level 2	#	$200,968	$0	$1,122,863	$11,101,713
Comptroller Prior Year Property Value ÷ 100	÷	$2,024,880.86	$6,860,432.48	$132,836,903.18	$598,789,407.79
DTR Level 2 (Rounded to 4 decimals)	Result	0.0992	0.0000	0.0085	0.0185
Multiply by 100	×	100	100	100	100
Pennies of Tax Effort	Result	9.92	0.00	0.85	1.85
Yield	×	$31.95	$31.95	$31.95	$31.95
	Result	$316.9440	$0.0000	$27.1575	$59.1075
WADA	×	1,076.48	4,367.09	72,420.97	104,287.65
Level 2 Entitlement @$31.95	Result	$341,183	$0	$1,966,772	$6,164,182

Unofficial copy Travis Co. District Clerk Velva L. Price

Tier II Level 2 State Aid, 2010-11 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Comptroller Prior Year Property Value ÷ 100	#	$2,024,880.86	$6,860,432.48	$132,836,903.18	$598,789,407.79
DTR Level 2 (Rounded to 4 decimals)	×	0.0992	0.0000	0.0085	0.0185
Local Revenue (LR)	Result	$200,868	$0	$1,129,114	$11,077,604
Level 2 Entitlement @$31.95	#	$341,183	$0	$1,966,772	$6,164,182
Local Revenue (LR)	-	$200,868	$0	$1,129,114	$11,077,604
State Aid (GYA)	Result	$140,315	$0	$837,658	$0

Unofficial copy Travis Co. District Clerk Velva L. Price

Austin ISD Recapture, 2010-11 Formulas

	Operation	Recapture @ Compressed Rate	Recapture Above Compressed + $0.06
WADA	#	104,287.65	104,287.65
Equalized Wealth Level	×	$476,500	$319,500
Tax Base @ EWL	Result	$49,693,065,564	$33,319,904,402
2010 State Certified Property Value	#	$59,878,940,779	$59,878,940,779
Tax Base @ EWL	-	$49,693,065,564	$33,319,904,402
Excess Tax Base	Result	$10,185,875,215	$26,559,036,377
2010 State Certified Property Value	÷	$59,878,940,779	$59,878,940,779
Proportional Tax Base Reduction	Result	0.170107806	0.443545528
Tax Collections Allocated to Component*	×	$584,405,620	$11,101,713
Cost Before Discounts	Result	$99,411,958	$4,924,115

* Recapture calculated with a different estimate of tax collections; reconciled to actual collections after year end.

Unofficial Copy Travis Co. District Clerk Velva L. Price

Austin ISD Recapture Minimum Cost, 2010-11 Formulas

	Operation	Recapture @ Compressed Rate	Recapture Above Compressed + $0.06
Excess Tax Base	#	$10,185,875,215	$26,559,036,377
Equalized Wealth Level	÷	$476,500	$319,500
Additional WADA Needed to Equalize Wealth	Result	21,376.443	83,126.874
Cost Before Discounts	#	$99,411,958	$4,924,115
Additional WADA Needed to Equalize Wealth	÷	21,376.443	83,126.874
Cost per WADA (minimums apply*)	Result	$4,651	$59

* Minimum per WADA cost for recapture at the compressed rate is $2,712.68 and for taxes collected above compressed rate + $0.06 is $40.08.

Unofficial Copy Travis Co. District Clerk Velva L. Price

Austin ISD Recapture, Discounts, 2010-11 Formulas

	Operation	Recapture @ Compressed Rate	Recapture Above Compressed + $0.06
Cost Before Discounts	#	$99,411,958	$4,924,115
4%	×	.04	.04
4% Discount	Result	$3,976,478	$196,965
Additional WADA Needed	#	21,376.443	83,126.874
$80	×	$80	$80
$80 Discount	Result	$1,710,115	$6,650,150
Lesser of 4% or $80 Discount	Result	$1,710,115	$196,965
County Appraisal District Cost	#	$4,417,540	$4,417,540
Proportional Tax Base Reduction	×	0.170107806	0.443545528
Credit for CAD Cost	Result	$751,458	

Unofficial Copy Travis Co. District Clerk Dalwin L. Price

Austin ISD Recapture Discounted Final Cost, 2010-11 Formulas

	Operation	Recapture @ Compressed Rate	Recapture Above Compressed + $0.06
Cost Before Discounts	#	$99,411,958	$4,924,115
Lesser of 4% or $80 Discount	-	$1,710,115	$196,965
Credit for CAD Cost	-	$751,458	$0
Final Discounted Cost	Result	$96,950,385	$4,727,150

Unofficial copy Travis Co. District Clerk Velva L. Price

Calculating Revenue Target, 2010-11 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2009-2010 Adjusted HB 1 Revenue per WADA	#	$4,766.183	$4,902.033	$4,853.285	$5,959.208
2011-2012 WADA	×	1,076.48	4,367.09	72,420.97	104,287.65
2011-2012 Base Target Revenue	Result	$5,130,689	$21,407,635	$351,479,607	$621,471,802
2011-2012 Minimum Increase ($120/WADA)	+	$129,177	$524,051	$8,690,516	$12,514,518
Tuition Adjustment	+	$0.00	$0.00	$0.00	$0.00
2011-2012 Minimum Revenue	Result	$5,259,866	$21,931,686	$360,170,124	$633,986,321
NIFA Adjustment	+	$0	$0	$0	($201,576)
Transportation Adjustment	+	$6,434	$25,184	$0	$0
$23.63 * 2008-2009 WADA	+	$26,080	$103,215	$1,646,636	$2,354,815
2011-2012 Adjusted Minimum Revenue	Result	$5,292,380	$22,060,085	$361,816,760	$636,139,560

Unofficial Copy Travis Co. District Clerk Velva L. Price

Calculating ASATR, 2010-11 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2011-2012 Tier I State Aid	#	$3,316,687	$15,098,881	$229,597,506	$24,402,789
2011-2012 M&O Collections @ Compressed Tax Rate	+	$1,826,984	$7,646,827	$123,923,290	$584,300,673
2011-2012 Recapture @ Compressed Rate	+	$0	$0	$0	($96,950,385)
2011-2012 State and Local Revenue	Result	$5,143,671	$22,745,708	$353,520,796	$511,753,077
2011-2012 Adjusted Minimum Revenue	#	$5,292,380	$22,060,085	$361,816,760	$636,139,560
2011-2012 State and Local Revenue	-	$5,143,671	$22,745,708	$353,520,796	$511,753,077
Additional State Aid for Tax Reduction	Result	$148,709	$0	$8,295,964	$124,386,483

Unofficial copy Travis Co. District Clerk Velva L. Price

Regular Program Allotment, 2012-13 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Regular Program ADA	#	560.179	2,859.688	49,909.922	74,027.565
Multiplied by Adjusted Allotment	×	$6,259	$5,305	$5,088	$5,103
Result	Result	$3,506,160	$15,170,645	$253,941,683	$377,762,664
Multiplied by Regular Program Adjustment Factor	×	0.98	0.98	0.98	0.98
Regular Program Allotment	Result	$3,436,037	$14,867,232	$248,862,849	$370,207,411

Unofficial Copy Travis Co. District Clerk Velva L. Price

Total Cost of Tier I, 2012-13 Formulas

- Sum all of the allotment amounts

Allotment	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Regular Program	$3,436,037	$14,867,232	$248,862,849	$370,207,411
Special Ed	$717,683	$1,950,130	$32,197,559	$50,243,290
Career and Tech	$373,018	$1,602,599	$21,382,705	$15,748,699
Gifted / Talented	$23,868	$101,600	$1,662,577	$2,410,804
Comp. Ed	$588,551	$2,512,312	$36,126,235	$57,035,574
High School	$52,574	$240,604	$4,459,740	$5,104,205
Bilingual	$24,546	$38,575	$5,543,681	$10,750,571
PEG	$0	$0	$0	$0
NIFA	$0	$0	$0	$0
Transportation	$55,168	$342,848	$3,294,526	$6,049,330
Total*	$5,271,445	$21,655,900	$353,529,872	$517,549,884

* Totals may not add due to rounding

Unofficial copy Travis Co. District Clerk Velva L. Price

Tier I State Aid, 2012-13 Formulas

Unofficial Copy Travis Co. District Clerk Eva L. Price

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2010 State Certified Property Value	#	$202,488,086	$686,043,248	$13,283,690,318	$59,878,940,779
Divided by 100	÷	100	100	100	100
Result	Result	$2,024,881	$6,860,432	$132,836,903	$598,789,408
Multiplied by 2011 Compressed M&O Tax Rate	×	1.0000	1.0000	0.9712	1.0000
Local Fund Assignment	Result	$2,024,881	$6,860,432	$129,011,200	$598,789,408
Total Cost of Tier I	#	$5,271,445	$21,655,900	$353,529,872	$517,549,884
Less Local Fund Assignment	-	$2,024,881	$6,860,432	$129,011,200	$598,789,408
State Share of Tier I	Result	$3,246,564	$14,795,468	$224,518,672	$0
Minimum Tier I State Aid		$3,246,564	$14,795,468	$224,518,672	$24,402,789

Calculating WADA, 2012-13 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Total Cost of Tier 1	#	$5,271,445	$21,655,900	$353,529,872	$517,549,884
Transportation Allot.	-	$55,168	$342,848	$3,294,526	$6,049,330
NIFA Allotment	-	$0	$0	$0	$0
High School Allotment	-	$52,574	$240,604	$4,459,740	$5,104,205
Early Childhood Intervention Set Aside	+	$2,573	$8,718	$168,806	$0
Total Adjusted Tier I	Result	$5,166,276	$21,081,166	$345,944,412	$506,396,349
Adjusted Basic Allotment	#	$4,968	$5,036	$5,088	$5,103
Basic Allotment	-	$4,765	$4,765	$4,627,768	$4,765
CEI addition to the ABA	Result	$203	$271	$460.232	$338
Divide by 2	÷	2	2	2	2
Half of CEI addition	Result	$101.50	$135.50	$230.116	$169.00
Divide by ABA	÷	$4,968	$5,036	$5,088	$5,103
Proportion of Adjusted Tier I to Exclude	Result	0.0204308	0.0269063	0.0452272	0.0331178

Unofficial Copy Travis Co. District Clerk Velva L. Price

Calculating WADA, 2012-13 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Total Adjusted Tier I	#	$5,166,276	$21,081,166	$345,944,412	$506,396,349
Proportion of Adjusted Tier I to Exclude	×	0.0204308	0.0269063	0.0452272	0.0331178
Exclusion	Result	$105,551	$567,216	$15,646,097	$16,770,733
Total Adjusted Tier I	#	$5,166,276	$21,081,166	$345,944,412	$506,396,349
Exclusion	-	$105,551	$567,216	$15,646,097	$16,770,733
Tier I Excluding 50% of CEI Effect	Result	$5,060,725	$20,513,950	$330,298,315	$489,625,616
Basic Allotment	÷	$4,765	$4,765	$4,627.768	$4,765
Weighted Students in Average Daily Attendance (WADA)	Result	1,062.06	4,305.13	71,373.14	102,754.59

Unofficial Copy Travis Co. District Clerk Delva L. Price

Tier II Level 1 Entitlement, 2012-13 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
M&O Collections, Level 1	#	$109,619	$305,873	$7,655,887	$35,058,040
Comptroller Prior Year Property Value ÷ 100	÷	$2,024,880.86	$6,860,432.48	$132,836,903.18	$598,789,407.79
DTR Level 1 (Rounded to 4 decimals)	Result	0.0541	0.0446	0.0576	0.0585
Multiply by 100	×	100	100	100	100
Pennies of Tax Effort	Result	5.41	4.46	5.76	5.85
Yield	×	$59.97	$59.97	$59.97	$59.97
	Result	324.4377	267.4662	345.4272	350.8245
WADA	×	1,062.06	4,305.13	71,373.14	102,754.59
Level 1 Entitlement @$59.97	Result	$344,573	$1,151,477	$24,654,223	$36,048,827

Unofficial copy Travis Co. District Clerk Velva L. Price

Tier II Level 1 State Aid, 2012-13 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Comptroller Prior Year Property Value ÷ 100	#	$2,024,880.86	$6,860,432.48	$132,836,903.18	$598,789,407.79
DTR Level 1 (Rounded to 4 decimals)	×	0.0541	0.0446	0.0576	0.0585
Local Revenue (LR)	Result	$109,546	$305,975	$7,651,406	$35,029,180
Level 1 Entitlement @$59.97	#	$344,573	$1,151,477	$24,654,223	$36,048,827
Local Revenue (LR)	-	$109,546	$305,975	$7,651,406	$35,029,180
State Aid (GYA)	Result	$235,027	$845,502	$17,002,817	$1,019,647

Unofficial copy Travis Co. District Clerk Velva L. Price

Tier II Level 2 Entitlement, 2012-13 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
M&O Collections, Level 2	#	$200,968	$0	$1,122,863	$11,101,713
Comptroller Prior Year Property Value ÷ 100	÷	$2,024,880.86	$6,860,432.48	$132,836,903.18	$598,789,407.79
DTR Level 2 (Rounded to 4 decimals)	Result	0.0992	0.0000	0.0085	0.0185
Multiply by 100	×	100	100	100	100
Pennies of Tax Effort	Result	9.92	0.00	0.85	1.85
Yield	×	$31.95	$31.95	$31.95	$31.95
	Result	$316.9440	$0.0000	$27.1575	$59.1075
WADA	×	1,062.06	4,305.13	71,373.14	102,754.59
Level 2 Entitlement @$31.95	Result	$336,614	$0	$1,938,316	$6,073,567

Unofficial copy Travis Co. District Clerk Velva L. Price

Tier II Level 2 State Aid, 2012-13 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
Comptroller Prior Year Property Value ÷ 100	#	$2,024,880.86	$6,860,432.48	$132,836,903.18	$598,789,407.79
DTR Level 2 (Rounded to 4 decimals)	×	0.0992	0.0000	0.0085	0.0185
Local Revenue (LR)	Result	$200,868	$0	$1,129,114	$11,077,604
Level 2 Entitlement @$31.95	#	$336,614	$0	$1,938,316	$6,073,567
Local Revenue (LR)	-	$200,868	$0	$1,129,114	$11,077,604
State Aid (GYA)	Result	$135,746	$0	$809,202	$0

Unofficial copy Travis Co. District Clerk Velva L. Price

Austin ISD Recapture, 2012-13 Formulas

Unofficial Copy Travis Co. District Clerk Velva L. Price

	Operation	Recapture @ Compressed Rate	Recapture Above Compressed + $0.06
WADA	#	102,754.59	102,754.59
Equalized Wealth Level	×	$476,500	$319,500
Tax Base @ EWL	Result	$48,962,561,572	$32,830,091,128
2010 State Certified Property Value	#	$59,878,940,779	$59,878,940,779
Tax Base @ EWL	-	$48,962,561,572	$32,830,091,128
Excess Tax Base	Result	$10,916,379,207	$27,048,849,651
2010 State Certified Property Value	÷	$59,878,940,779	$59,878,940,779
Proportional Tax Base Reduction	Result	0.182307487	0.451725587
Tax Collections Allocated to Component*	×	$584,405,620	$11,101,713
Cost Before Discounts	Result	$106,541,520	$5,014,928

* Recapture calculated with a different estimate of tax collections; reconciled to actual collections after year end.

Austin ISD Recapture Minimum Cost, 2012-13 Formulas

	Operation	Recapture @ Compressed Rate	Recapture Above Compressed + $0.06
Excess Tax Base	#	$10,916,379,207	$27,048,849,651
Equalized Wealth Level	÷	$476,500	$319,500
Additional WADA Needed to Equalize Wealth	Result	22,909.51	84,659.94
Cost Before Discounts	#	$106,541,520	$5,014,928
Additional WADA Needed to Equalize Wealth	÷	22,909.51	84,659.94
Cost per WADA (minimums apply*)	Result	$4,651	$59

* Minimum per WADA cost for recapture at the compressed rate is $2,712.68 and for taxes collected above compressed rate + $0.06 is $40.08.

Unofficial copy Travis Co. District Clerk Velva L. Price

Austin ISD Recapture, Discounts, 2012-13 Formulas

	Operation	Recapture @ Compressed Rate	Recapture Above Compressed + $0.06
Cost Before Discounts	#	$106,541,520	$5,014,928
4%	×	.04	.04
4% Discount	Result	$4,261,661	$200,597
Additional WADA Needed	#	22,909.51	84,659.94
$80	×	$80	$80
$80 Discount	Result	$1,832,760	$6,772,795
Lesser of 4% or $80 Discount	Result	$1,832,760	$200,597
County Appraisal District Cost	#	$4,417,540	$4,417,540
Proportional Tax Base Reduction	×	0.182307487	0.451725587
Credit for CAD Cost	Result	$805,350.62	

Unofficial Copy Travis Co. District Clerk Velva L. Price

Austin ISD Recapture Discounted Final Cost, 2012-13 Formulas

	Operation	Recapture @ Compressed Rate	Recapture Above Compressed + $0.06
Cost Before Discounts	#	$106,541,520	$5,014,928
Lesser of 4% or $80 Discount	-	$1,832,760	$200,597
Credit for CAD Cost	-	$805,351	$0
Final Discounted Cost	Result	$103,903,409	$4,814,331

Unofficial Copy Travis Co. District Clerk Velva L. Price

Calculating Revenue Target, 2012-13 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2009-2010 Adjusted HB 1 Revenue per WADA	#	$4,401.57	$4,527.03	$4,482.01	$5,503.33
2011-2012 WADA	×	1,062.06	4,305.13	71,373.14	102,754.59
2011-2012 Base Target Revenue	Result	$4,674,740	$19,489,447	$319,895,017	$565,492,266
2011-2012 Minimum Increase ($120/WADA)	+	$117,698	$477,095	$7,909,571	$11,387,264
Tuition Adjustment	+	$0.00	$0.00	$0.00	$0.00
2011-2012 Minimum Revenue	Result	$4,792,437	$19,966,542	$327,804,588	$576,879,530
NIFA Adjustment	+	$0	$0	$0	($201,576)
Transportation Adjustment	+	$6,434	$25,184	$0	$0
$23.63 * 2008-2009 WADA	+	$24,085	$95,319	$1,520,668	$2,174,672
2011-2012 Adjusted Minimum Revenue	Result	$4,822,956	$20,087,045	$329,325,256	$578,852,625

Unofficial Copy Travis Co. District Clerk Velva L. Price

Calculating ASATR, 2012-13 Formulas

	Operation	Itasca ISD	Pleasanton ISD	Garland ISD	Austin ISD
2011-2012 Tier I State Aid	#	$3,246,564	$14,795,468	$224,518,672	$24,402,789
2011-2012 M&O Collections @ Compressed Tax Rate	+	$1,826,984	$7,646,827	$123,923,290	$584,300,673
2011-2012 Recapture @ Compressed Rate	+	$0	$0	$0	($103,903,409)
2011-2012 State and Local Revenue	Result	$5,073,548	$22,442,295	$348,441,962	$504,800,053
2011-2012 Adjusted Minimum Revenue	#	$4,822,956	$20,087,045	$329,325,256	$578,852,625
2011-2012 State and Local Revenue	-	$5,073,548	$22,442,295	$348,441,962	$504,800,053
Additional State Aid for Tax Reduction	Result	$0	$0	$0	$74,052,572

Unofficial Copy Travis Co. District Clerk Velva L. Price

Comparison of Revenue, Itasca ISD

Unofficial copy Travis Co. District Clerk Velva L. Price

	Revenue with 2010-11 Formulas	Revenue with 2011-12 Formulas	Revenue with 2012-13 Formulas
Tier I State Aid	$3,316,687	$3,049,868	$3,246,564
Tier II Level 1 State Aid	$239,704	$221,908	$235,027
Tier II Level 2 State Aid	$140,315	$122,930	$135,746
ASATR	$148,709	$147,514	$0
Local M&O Taxes	$2,137,571	$2,137,571	$2,137,571
Less: Recapture @ Comp.	$0	$0	$0
Less: Recapture @ $319,500	$0	$0	$0
Net FSP M&O Revenue	**$5,982,986**	**$5,679,791**	**$5,754,908**
ADA	638.214	638.214	638.214
Net FSP M&O per ADA	**$9,374.58**	**$8,899.51**	**$9,017.21**
WADA*	1,076.477	1,021.626	1,062.062
Net FSP M&O per WADA	**$5,557.93**	**$5,559.56**	**$5,418.62**

* Formula changes between the three years results in different WADA counts despite using the same input data.

Comparison of Revenue, Pleasanton ISD

Unofficial copy Travis Co. District Clerk Velva L. Price

	Revenue with 2010-11 Formulas	Revenue with 2011-12 Formulas	Revenue with 2012-13 Formulas
Tier I State Aid	$15,098,881	$13,944,395	$14,795,468
Tier II Level 1 State Aid	$862,075	$799,016	$845,502
Tier II Level 2 State Aid	$0	$0	$0
ASATR	$0	$0	$0
Local M&O Taxes	$7,952,700	$7,952,700	$7,952,700
Less: Recapture @ Comp.	$0	$0	$0
Less: Recapture @ $319,500	$0	$0	$0
Net FSP M&O Revenue	**$23,913,656**	**$22,696,111**	**$23,593,670**
ADA	3,202.534	3,202.534	3,202.534
Net FSP M&O per ADA	**$7,467.10**	**$7,086.92**	**$7,367.19**
WADA*	4,367.093	4,131.328	4,305.130
Net FSP M&O per WADA	**$5,475.88**	**$5,493.66**	**$5,480.36**

* Formula changes between the three years results in different WADA counts despite using the same input data.

Comparison of Revenue, Garland ISD

Unofficial copy Travis Co. District Clerk Velva L. Price

	Revenue with 2010-11 Formulas	Revenue with 2011-12 Formulas	Revenue with 2012-13 Formulas
Tier I State Aid	$229,597,506	$210,272,545	$224,518,672
Tier II Level 1 State Aid	$17,364,767	$15,987,546	$17,002,817
Tier II Level 2 State Aid	$837,658	$729,381	$809,202
ASATR	$8,295,964	$7,792,398	$0
Local M&O Taxes	$132,702,040	$132,702,040	$132,702,040
Less: Recapture @ Comp.	$0	$0	$0
Less: Recapture @ $319,500	$0	$0	$0
Net FSP M&O Revenue	**$388,797,935**	**$367,433,910**	**$375,032,731**
ADA	54,674.408	54,674.408	54,674.408
Net FSP M&O per ADA	**$7,111.15**	**$6,721.31**	**$6,859.38**
WADA*	72,420.970	68,433.962	71,373.136
Net FSP M&O per WADA	**$5,368.58**	**$5,369.91**	**$5,254.54**

* Formula changes between the three years results in different WADA counts despite using the same input data.

Comparison of Revenue, Austin ISD

Unofficial copy Travis Co. District Clerk Velva L. Price

	Revenue with 2010-11 Formulas	Revenue with 2011-12 Formulas	Revenue with 2012-13 Formulas
Tier I State Aid	$24,402,789	$24,402,789	$24,402,789
Tier II Level 1 State Aid	$1,557,483	$0	$1,019,647
Tier II Level 2 State Aid	$0	$0	$0
ASATR	$124,386,483	$120,375,957	$74,052,572
Local M&O Taxes	$630,460,426	$630,460,426	$630,460,426
Less: Recapture @ Comp.	($96,950,385)	($128,401,690)	($103,903,409)
Less: Recapture @ $319,500	($4,727,150)	($5,098,515)	($4,814,331)
Net FSP M&O Revenue	**$679,129,645**	**$641,738,967**	**$621,217,694**
ADA	78,738.141	78,738.141	78,738.141
Net FSP M&O per ADA	**$8,625.17**	**$8,150.29**	**$7,889.67**
WADA*	104,287.651	98,454.353	102,754.589
Net FSP M&O per ADA	**$6,512.08**	**$6,518.14**	**$6,045.64**

* Formula changes between the three years results in different WADA counts despite using the same input data.

Question Time

Unofficial copy Travis Co. District Clerk Velva L. Price