



DEER PARK INDEPENDENT SCHOOL DISTRICT
TAX RATIFICATION ELECTION FREQUENTLY ASKED QUESTIONS - Rev. 11.01.12
www.dpsid.org/TRE

What is a Tax Ratification Election [TRE], and why is Deer Park ISD having one?

When the state legislature cut education funding by \$5.5 billion in 2011, Deer Park lost about \$14 million in funding. The District made a number of cuts, including reducing the number of employees and reducing budgets across the district. But since the state reduced funding, the District---like most school districts in Texas---has operated under a deficit budget. For the 2012-13 school year, the deficit is \$8.5 million.

After making a number of staff reductions and budget cuts, the District determined that the best remaining option available is to recommend a tax increase. Deer Park ISD's maintenance and operations tax rate is currently at the state limit. Under state law, a school district can hold an election to increase the tax rate by up to 13 cents.

If the TRE is approved by voters, how will the additional tax revenue be spent?

If it is approved by voters, any additional revenue generated by a 13-cent tax rate increase would be used to partially offset the district's current \$8.5 million budget deficit.

Why can't the district just cut \$8.5 million from its budget?

The District has already made many budget cuts over the last 20 years. Cutting \$8.5 million from the current budget would result in a significant change in the District's instructional program. Essentially, all programs and classes that are not part of the core curriculum required by the state would be cut. This means athletics, selected fine arts classes, career and technical programs like Ag Science/FFA and culinary arts, instructional programs like Reading Recovery, and many more would be cut. Some community members have suggested making reductions to only some of these programs. If the District eliminated the *entire* athletics program for grades 7-12, it would save \$1.2 million, which is only 15 percent of the deficit. To offset the entire deficit, massive cuts to all non-core programs would be required.

About 80 percent of the District budget pays for salaries and benefits, so cutting programs would essentially be about cutting positions. The only way to significantly reduce the budget is to reduce the number of employees. To cut the budget by \$8.5 million, the District would have to eliminate the equivalent of 141 teaching positions. The number of positions would increase if support employees were included in the cuts. To provide some perspective, the average DPISD elementary school has about 50 teachers, so reducing by 141 teachers would be the same as cutting almost three schools' worth of teachers. This would represent a 17.4 percent reduction in the District's total teaching staff.

If it passes, how will the TRE affect my home taxes?

The average home in DPISD has a property value of \$125,907. If the TRE passes, the annual DPISD taxes on that home would increase by \$111.44, or \$9.29 a month. Taxes on a home valued at \$200,000 would increase by \$188.50 annually, or \$15.71 a month.

I'm over 65. How will the TRE affect my home taxes?

Taxes are capped for homeowners who are at least 65 years old. If you are 65 or older, DPISD property taxes on your home will not increase, even if the tax increase is approved by voters.

What if the TRE does not receive voter approval?

There are basically two alternatives. One is to continue as we have since 2011, using funds from the District's emergency savings to cover the deficit. In a few years, the savings will be depleted. The emergency savings are used for unexpected expenses. The second alternative is to reduce the budget by \$8.5 million, which would greatly reduce the programs offered in DPISD.

Are there any other options for increasing revenue?

The state allows only a few options. The first is based on student enrollment. School districts are funded based on the number of students, so more students mean more funds. DPISD's student growth peaked several years ago, which is why the District began its Limited Open Enrollment program. Through the LOE program, over 2,000 non-resident students attend our schools, which results in \$6 million in additional funding each year. Without open enrollment, our current deficit would be \$14 million, so the program is a huge benefit to the District.

Other districts have increased revenue by charging a fee for school bus riders, selling advertising on school rooftops or on school buses, and other options. Not all of these options are available in Deer Park, and even if the District attempted to use them all, the resulting revenue would not significantly reduce the budget deficit.

The final option provided by lawmakers is a TRE.

DPISD has several completed and ongoing construction projects. Why couldn't the District use the money for those projects to cover the budget deficit?

Money for construction and renovation projects was approved by voters as part of the District's 2010 bond election. State law prevents bond funds from being used for routine expenses, like salaries, utilities, and insurance. Thus, the District cannot use bond funds to reduce the deficit.

My household expenses have increased, but my income hasn't, so I've had to tighten my budget. Shouldn't the school district do the same thing?

The state has continually reduced funding over the last 20 years for districts like Deer Park, so we have already made a number of cuts and changes to save money. These include replacing some certified positions with lower-paid aides, changing the schedule at secondary schools to allow more efficient use of certified staff, and outsourcing particular services. The District cut

campus budgets by five percent. The District also eliminated its contribution to the employee health insurance fund, a savings of about \$400,000, and froze employee salaries.

Most recently, we have reduced our workforce by 32 teaching positions and 14 hourly positions over the last two years. In many cases, open positions are being filled by people with less experience, which means they will earn a lower salary than the person they replaced. These cuts and reductions have resulted in a savings of about \$2.35 million.

While these budget reductions helped reduce the impact of the state funding cuts, they were offset by increases in utilities costs, insurance, and more. The District is also beginning its third consecutive year with no general salary increase for our employees, whose own insurance and other expenses have increased. The lack of a salary increase has resulted in an increase in retirements and resignations. Last year, the District hired 33 new teachers. This year, we hired 96 new teachers. If we continue with no salary increases, it will become increasingly more difficult to hire and keep the best teachers and other employees.

Deer Park is considered a rich school district. Will the revenues raised by the tax increase be recaptured by the state under the ‘Robin Hood’ school funding plan?

This is a complicated issue, but the bottom line is that part of the revenue generated by the proposed tax increase would be recaptured by the state. The law passed by the Legislature includes two “golden pennies,” which means that the first two cents of the increase would not be recaptured, but the remaining 11 cents would be recaptured. However, revenue generated by the remaining 11 cents would be recaptured at a lower rate than was previously required under the Robin Hood school finance plan. If the TRE passes, the tax increase would result in about \$8.8 million in additional tax revenue. Of that amount, the state would recapture about \$2.4 million.

The ‘Robin Hood’ school finance system has been in place for about 20 years, and during that time, the District has repeatedly warned that the financial impact on DPIISD would be significant. Yet, today, it seems like things are relatively good. Are finances *truly* that bad?

Thanks to conservative, strong financial leadership by the Board of Trustees and the District administration, DPIISD has avoided many of the problems that other districts have faced. During the last two decades, the District has made many cuts and changes that reduced the budget. These changes were made with a single goal---to reduce the budget in ways that would impact our students the least---and we accomplished that goal. For the most part, the reductions did not directly impact students. However, as difficult as some of those changes were, they were small compared with the current financial crisis.

The legislature will meet in early 2013. If the state provides more funding for schools, will the District lower the tax rate?

State officials have already begun to discuss the issues they plan to address in the 2013 legislative session, but it is very unlikely that the legislature will provide funding relief for public schools. However, if the TRE passed this year, but the legislature provided enough relief next

year to compensate for the \$8.5 million deficit in DPISD, the District would consider lowering the tax rate.

Aren't public school districts suing the state for more funding? Could the lawsuit result in additional funding for schools?

Yes, about 500 public school districts are participating in three separate lawsuits against the state, claiming the state is not adequately funding our public schools. Depending on the court's final decision, the lawsuit could eventually result in increased funding for public schools. Again, it is not likely that the court will make its decision before the 2013 legislative session, so any relief provided by the lawsuit will come later rather than sooner. If, at some point, funding is significantly increased as a result of a court ruling, the District would consider reducing the tax rate accordingly.

Why can't the Board of Trustees simply raise the tax rate without a TRE?

In 2006, the state legislature changed the way property taxes are collected, which also impacted how the state funds public schools. The state reduced school district property tax rates, promising to make up the lost funding with increased fees and other taxes. These fees and other taxes underperformed, meaning they fell far short of compensating for the lost property tax revenue. This caused the state to make the \$4 billion reduction in education funding in 2011. As part of the property tax change, the state capped local school district maintenance and operations tax rates and required school districts to hold a general election, or TRE, to increase taxes.

When is the TRE, and who is eligible to vote?

The election will be held from 7 a.m.-7 p.m. on Saturday, Dec. 15. Registered voters who live in DPISD are eligible to vote. Residents who are not registered have until Nov. 15 to register in order to vote on the TRE.

When will early voting take place?

Early voting will take place from Nov. 28-Dec. 11 at the DPISD Education Support Center, 2800 Texas Avenue, Deer Park, TX 77536. Voting hours are from 7:30 a.m.-4 p.m. Monday through Friday.

I will not be home during early voting or on the election date. How can I vote by mail?

You must first complete an Application for Ballot by Mail form, which is available at <http://www.sos.state.tx.us/elections/forms/pol-sub/5-15f.pdf>. Once you have completed the form, mail it to: Early Voting Clerk, 2800 Texas Avenue, Deer Park TX 77536. A request for a ballot must be received by Dec. 8. After we receive your request form, a ballot will be mailed to you. The District will accept ballots received through Election Day, Dec. 15. For more information about voting by mail, contact the District's election office at 832.668.7027.

How do I register to vote?

You can register to vote in person at the Harris County voter registration office. To download an application or for more information, go to: <http://www.hctax.net/Voter/acquirevoterapp.aspx>. If you're not sure if you have already registered, you can check the Secretary of State's website: <http://www.sos.state.tx.us/elections/voter/reqvr.shtml>

How do I get more information about the TRE?

Go to www.dpisd.org/TRE or contact the DPISD Communications Department at 832.668.7030.