FAST GROWTH SCHOOL COALITION

FAST GROWTH ISSUES

Myths & Realities

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The Fast Growth School Coalition has assembled this document to counter the abundance of misinformation leading up to the 85th legislative session. While we recognize the conservative makeup of our state legislature, we also recognize that Fast Growth districts are in a difficult position. These school districts represent 80% of student enrollment growth in the state. The burden of growth has been placed squarely on the doorsteps of local taxpayers while the state has chosen not to provide adequate assistance for facilities. We encourage legislators to move beyond the misinformation and to find a fair and reasonable solution for our fastest growing communities.

MYTH

Fast growth districts are not transparent with their finances.

School districts are one of the most transparent forms of local government in Texas. Current law requires districts to submit more than 30 independent financial reports per year on topics ranging from budgets and tax rates to contracts and elections. *They must also post bond election information at every polling location and on their website*. Additionally, most districts voluntarily post extensive debt information on their websites for community members to access at all times. Many districts employ full-time personnel whose sole purpose is adhering to our state's extensive financial reporting requirements.

MYTH

Fast growth districts mislead their local taxpayers regarding bond elections.

School district personnel hold dozens of public information meetings in anticipation of a bond election. There are many opportunities for local voters to ask questions and to receive the information they need before they go to the polls. However, *a voting ballot is a point of decision, not a point of education.* Just as we would not expect to see a candidate's full biography, career voting record, or campaign contributions on the ballot, we should not expect to see the full financial picture of a school district on that same ballot.

MYTH

Fast growth districts want to increase local debt.

This is absolutely false. The last thing a school district wants is to increase their community's tax burden. When new students keep moving to these districts, however, communities must build new facilities on behalf of those students. To make matters worse, as local values increase the state's contribution to facilities debt decreases, leaving local taxpayers holding the bill.

MYTH

Fast growth districts can just use portables until growth slows.

Many fast growth districts add *thousands of students per year*. As many as 10,000 to 20,000 new students every five years. Portable classroom buildings clearly would not solve the problem. In addition, portables are purchased with a district's Maintenance and Operations funds which are intended for *equipment and teacher salaries, not for facilities.*

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Myths & Realities *(continued)*

MYTH

Fast growth districts are using bond money for buses and computers AND extending that debt for decades.

This is partially true. The transportation allotment hasn't been updated since the mid-1980s and the technology allotment was defunded in 2011. For some districts there is no other option but to use bond money for these items. However, rather than amortizing these high-turnover purchases over 30 years, districts responsibly pay off buses and technology purchases within the useful life of the asset.

MYTH

Fast growth districts use CABs to get around the local debt ceiling (50-cent debt test).

This is also partially true. Capital appreciation bonds (CABs) have, in some cases, been overused by fast growth districts due to the outdated 50-cent debt test. When a district reaches 50 cents on their Interest & Sinking (I&S) rate, they can no longer raise money through standard current interest bonds (CIBs) for capital projects—even if their local taxpayers elect to approve the bonds. Some districts have no choice but to use CABs to provide much-needed facilities for their students. CABs have practical uses but they cost more long-term and are, therefore, not a sustainable solution for our facilities challenges.

MYTH

The 50-cent debt test protects local taxpayers from run-away debt.

The 50-cent debt test is an arbitrary number that was established in 1991, when districts were not close to 50 cents. Since that time, "The Texas Miracle" has drastically increased student enrollment, while state support for growth has been all but eliminated. We believe this is in violation of Article 7 of the Texas Constitution, which states that "it shall be the duty of the Legislature of the State to establish and make suitable provision for the support and maintenance of an efficient system of public free schools." Currently, 34 Texas school districts are at 50 cents and are prohibited by the state from building new facilities.

Local taxpayers have almost universally chosen to tax themselves in order to provide facilities for their students. The Fast Growth School Coalition has proposed a number of common-sense measures to both fund needed facilities and protect taxpayers from overwhelming debt, without relying on an arbitrary debt ceiling set more than 30 years ago.

The members of the Fast Growth School Coalition look forward to a meaningful conversation regarding local debt and transparency issues during the 85th Legislative Session. Please reach out to the members of our association at any time for further information.