

# 2019-2020 Board Budget Update

January 22, 2019



# BUDGET ASSUMPTIONS

- Current legislative session will determine funding for fiscal years 2019-2020 and 2020-2021
- Revenue projections assume no State funding increases
- 10% taxable value growth in 2019-2020
  - 99% tax collection rate (previous years 99.5% - 100%)
  - 30% frozen tax levy (2018-19 was 29.4%)
- Enrollment growth based on 2.5%
  - Demographer's projection is 3.6%
  - Attendance rate 93.6% (rolling average throughout school year)
  - State funding is based on weighted average daily attendance (WADA) weights based on special program students (CTE, SPED, Bilingual, GT)

# ENROLLMENT PROJECTIONS

## Templeton Demographics

- Quarterly demographic updates
- Review area economic conditions, housing activity including development, inventory and prices, and enrollment by campus for comprehensive prediction of student enrollment

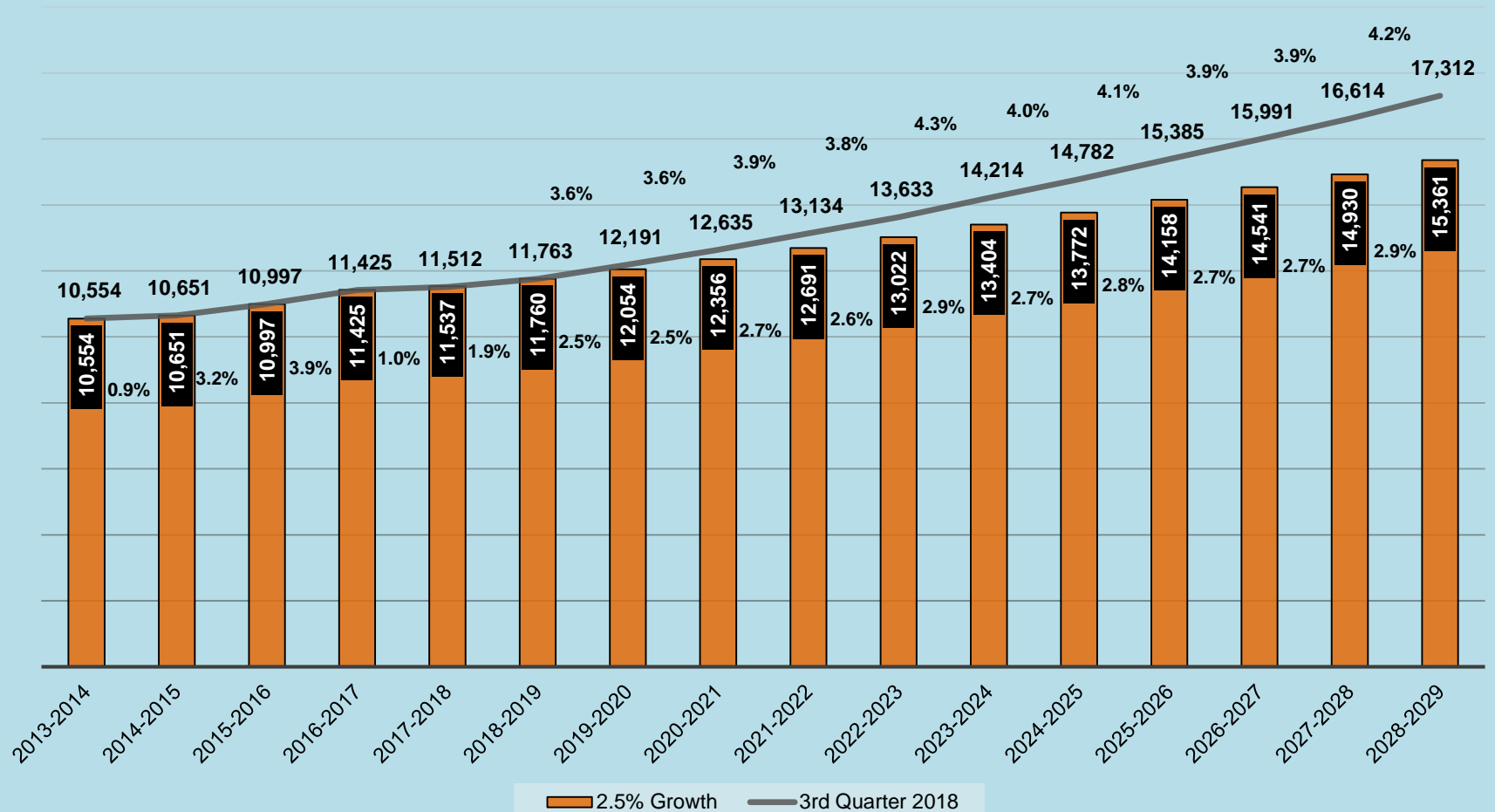
### Enrollment growth

- Five years 2,400
- Ten years 5,500

### Enrollment

- 2018-19 Projection 3.0% 11,856
- 2018-19 Budget 2.5% 11,825
- 2018-19 Actual 1.9% 11,760
- 2019-20 Projection 3.6% 12,191
- 2019-20 Budget 2.5% 12,054

Projection of Enrollment



# TAX VALUE PROJECTIONS

## Tax Value Projections

Overall increase in values for 2018-19

- 10%
- \$966 million before freeze

Estimate increase in values for 2019-20

- 10%
- \$1.06 billion before freeze

8% annual increase for 2020-21

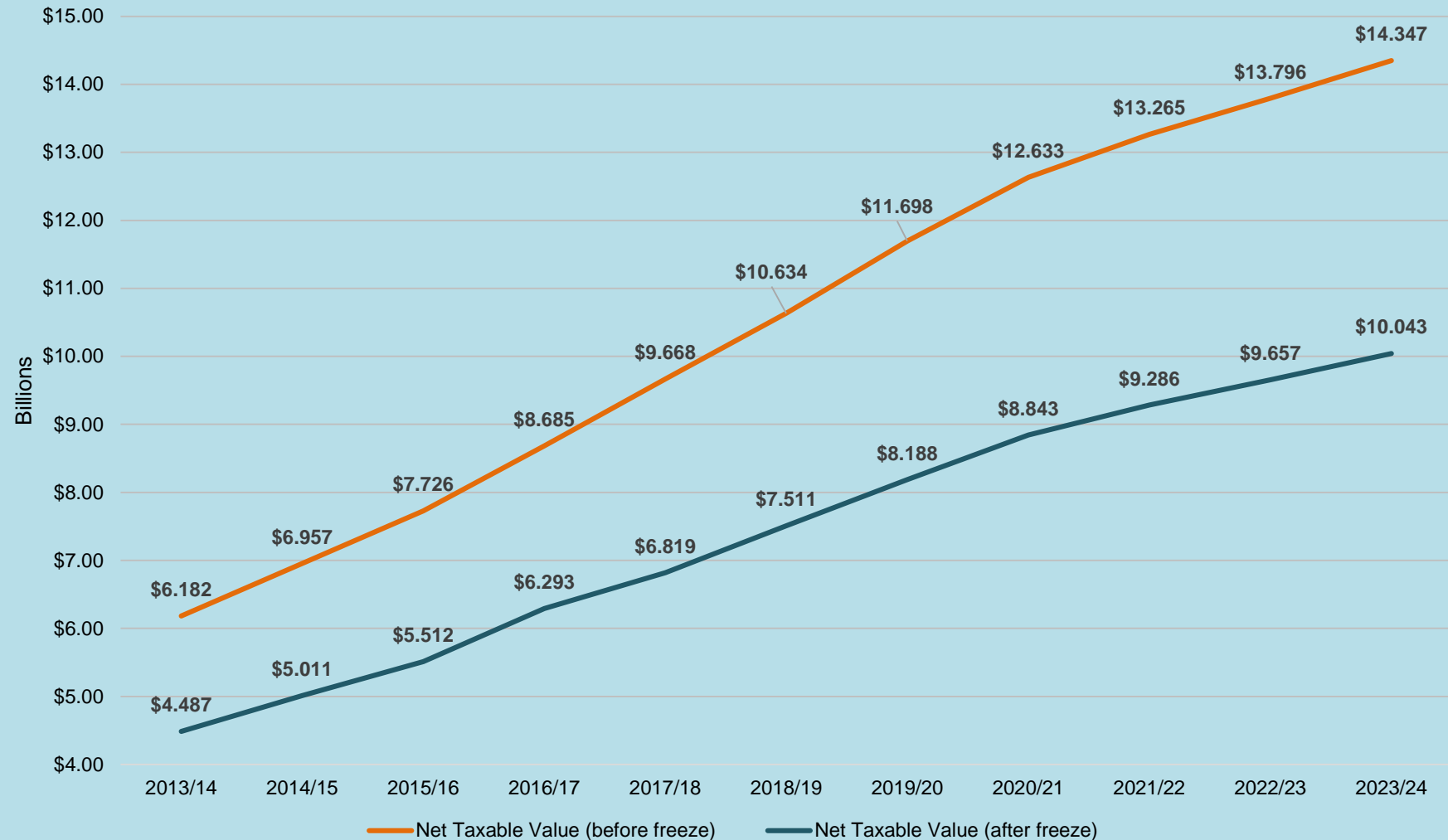
5% annual increase for 2021-22

4% annual increases for years 2023-2024

Frozen values remained stable

- 29.5% of total values in 2017-18
- 29.4% of total values in 2018-19

30% of total values in 2020-2024



# FROZEN TAXABLE VALUE

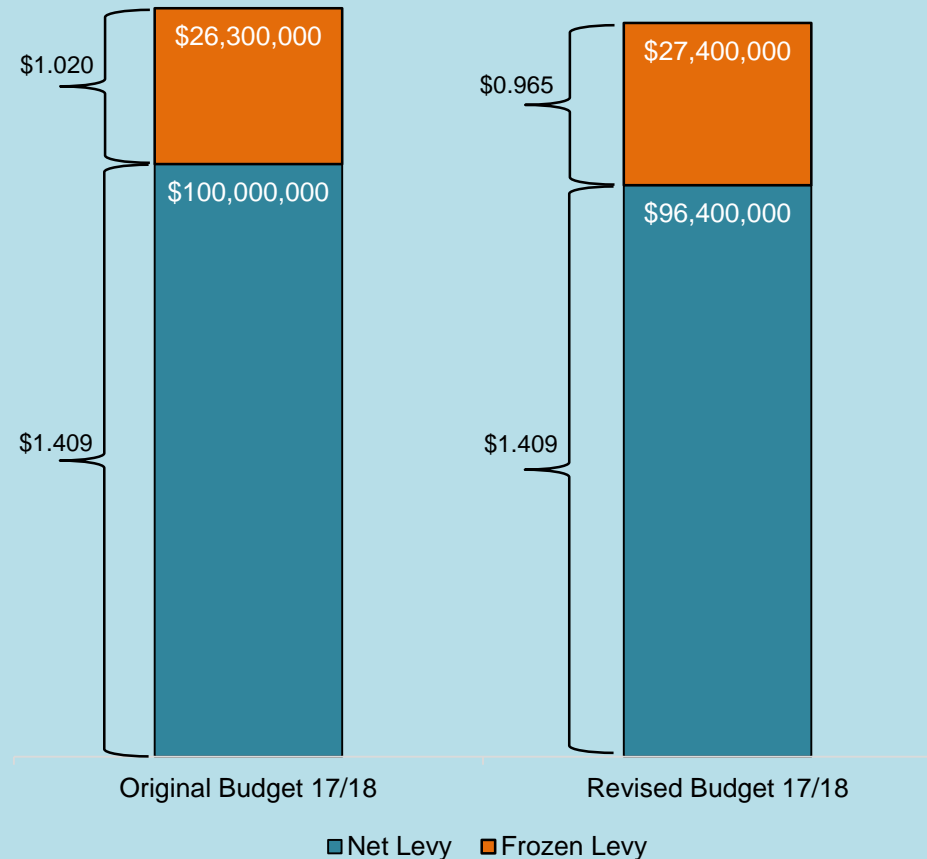
## Impact of Frozen Taxable Value Projections

Extremely difficult to predict the percentage of freeze to total value

Critical when estimating local revenue for maintenance & operations and debt service

Build the new year budget based on historical freeze value percentage to total value

Illustration of the implications of estimating the size of the frozen levy and impact to local revenue



**Total Taxable Values = \$9.68 billion**

**Preliminary** Frozen Values = 27% of total \$7.10 billion value; \$1.409 actual tax rate \$2.58 billion value; \$1.020 nominal tax rate  
**Net Levy = \$126.3 million**

**Certified** Frozen Values = 29% of total \$6.84 billion value; \$1.409 actual tax rate \$2.84 billion value; \$0.965 nominal tax rate  
**Net Levy = \$123.8 million**

Revised tax revenue decrease of **\$2.5 million** due to larger amount of frozen values.

# WEIGHTED AVERAGE DAILY ATTENDANCE

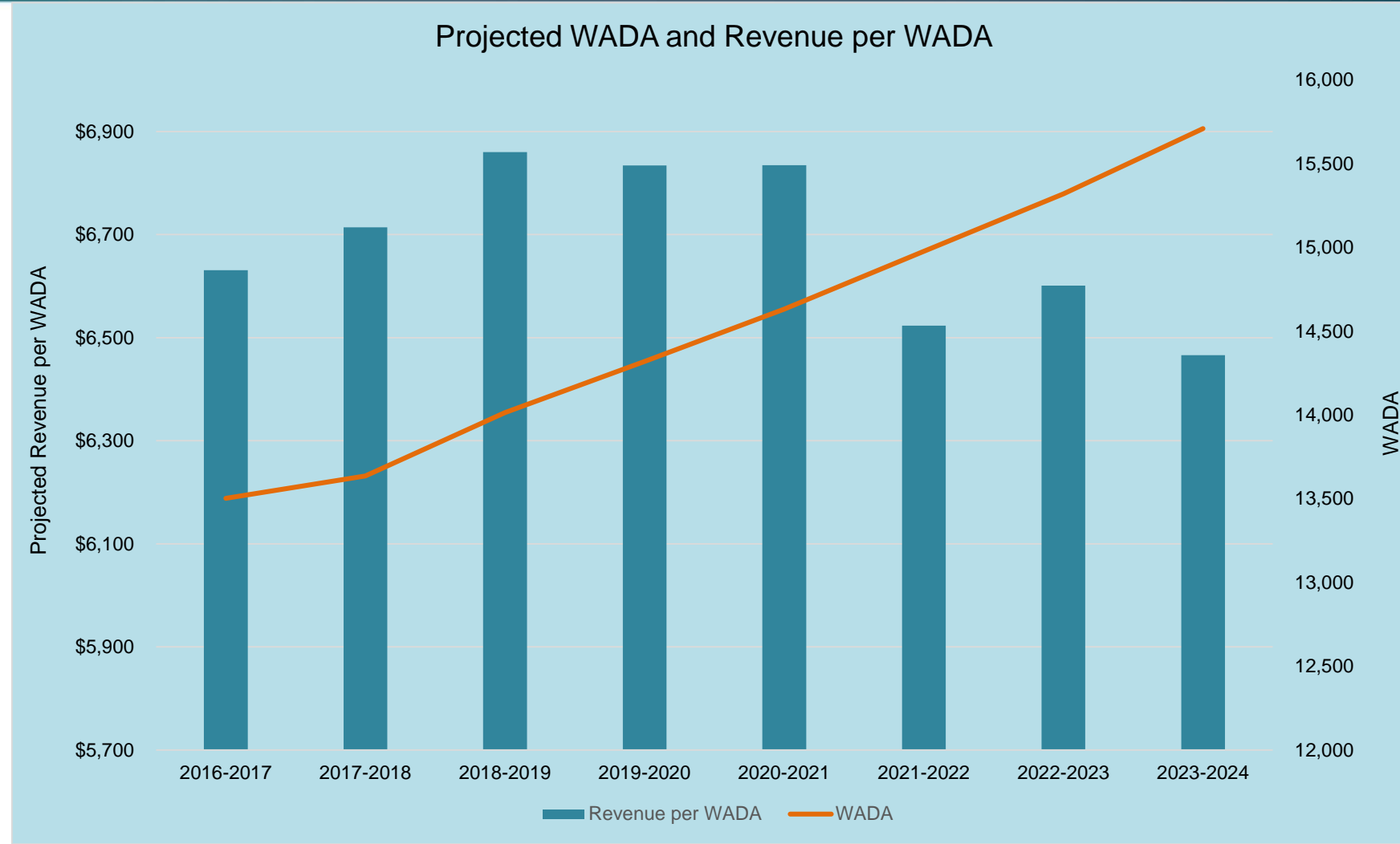
## Revenue Per WADA

As the average daily attendance increases, the weighted average daily attendance (WADA) also increases

State funding is tied directly to WADA and new revenue will be driven primarily by WADA growth

State funding formula reflects an increase in Guaranteed Yield (Austin Yield) for the 2019-2020 biennium and not beyond

Revenue projections from revised 2018-2019 budget shows a drop in revenue per WADA of \$26 in 2019-2020



# RECAPTURE

## Recapture History

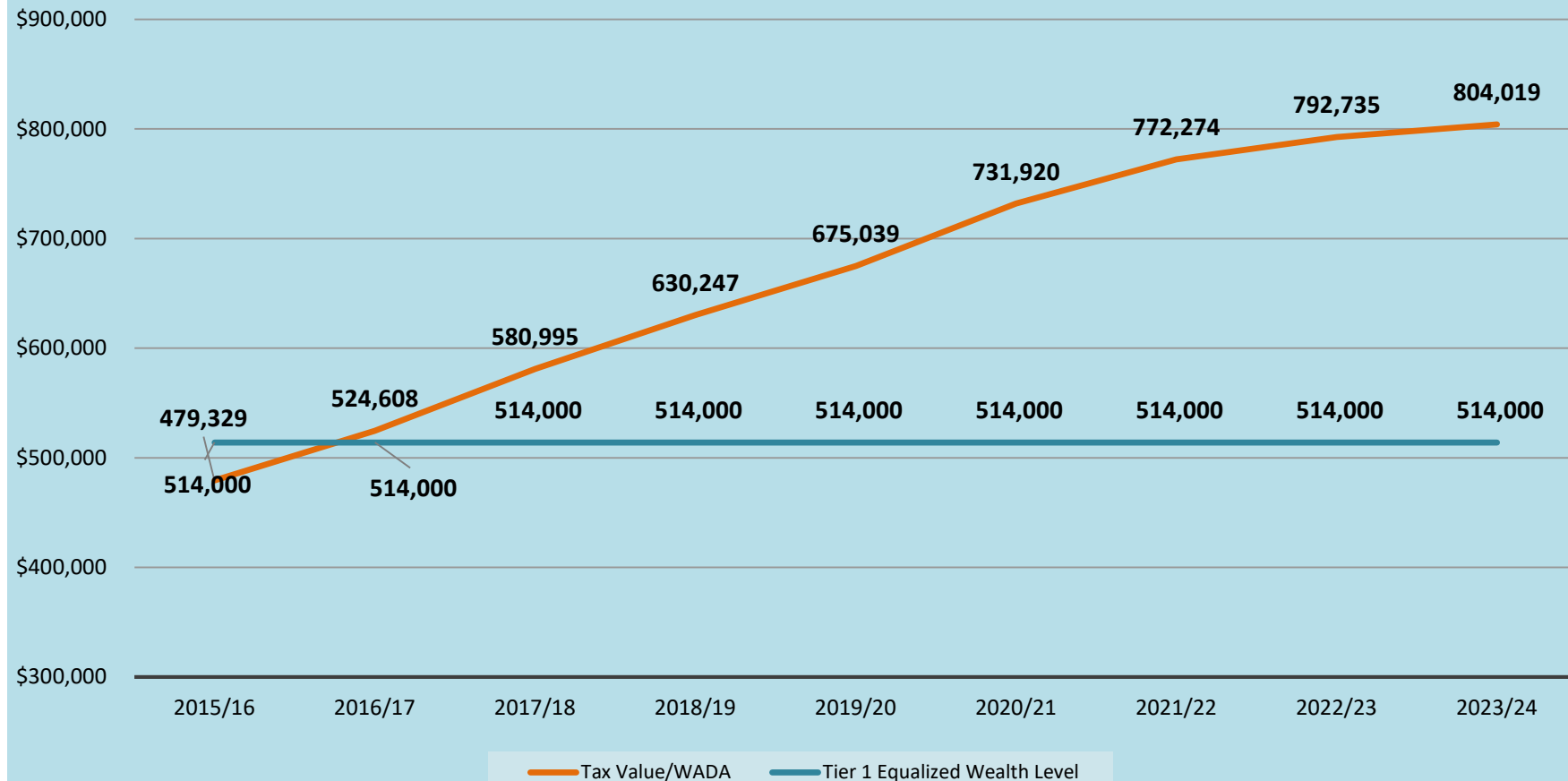
Recapture continues to increase significantly each year

- \$514,000 Tier 1 level determined by legislation
- Tier 1 recapture represents a significant portion of total recapture
- Tier 2 level recapture is based upon the pennies above \$1.06

10% annual TAV increase for 2019-20

8% annual TAV increase for 2020-21

### Comparison of Taxable Wealth per WADA To Tier 1 Equalized Wealth Level

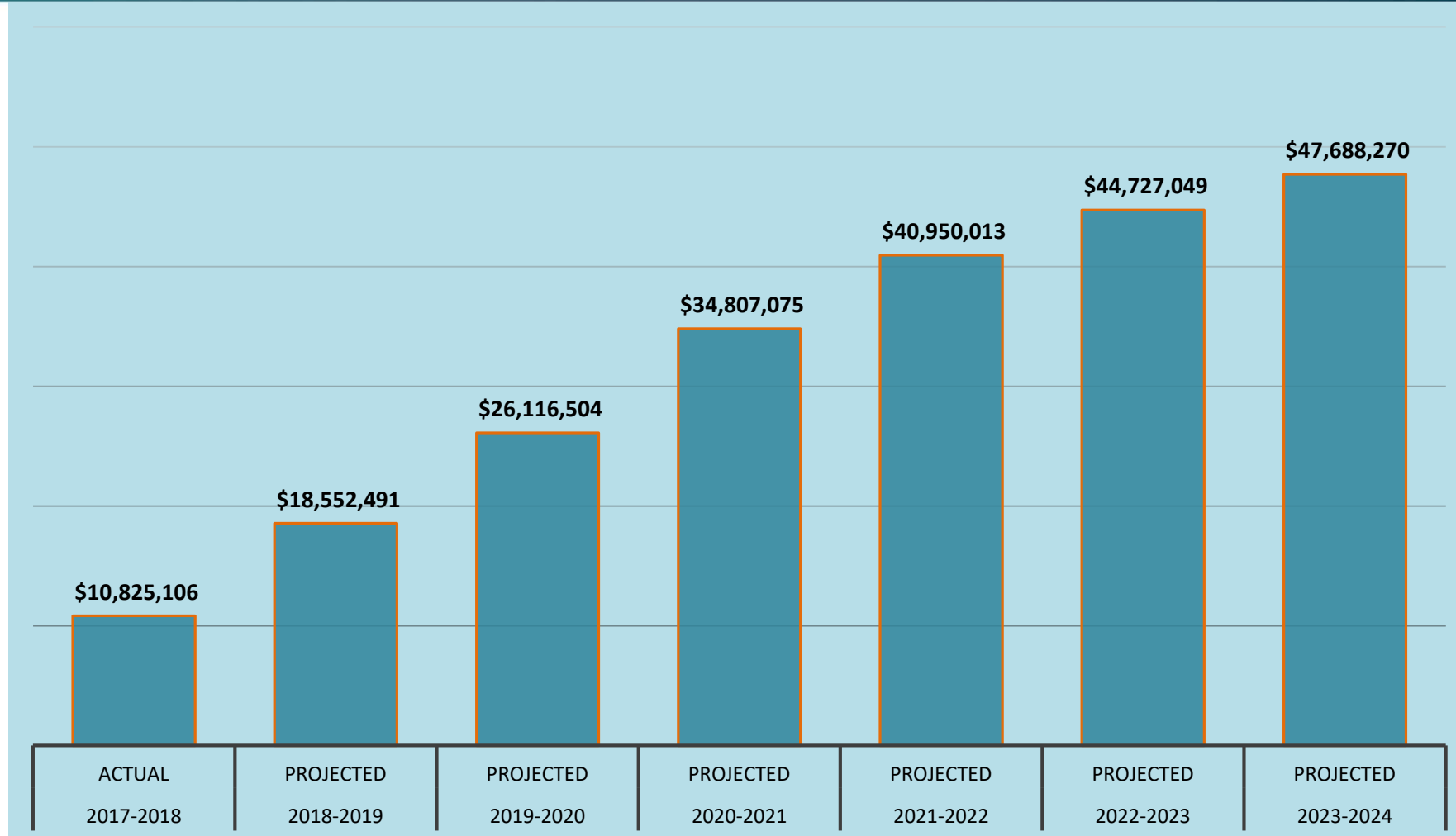


# RECAPTURE PAYMENTS

## Recapture Paid to State

Recapture payment continues to increase significantly each year as property values rises faster than enrollment growth

Recapture is expected to increase each year without an adjustment to the basic allotment of \$5,140 per WADA





# FUNDING PERCENTAGES

## Funding State versus Local

State funding levels remain constant after 2016-2017

As our property values have grown, state aid has diminished. Per capita state aid for enrollment is the only means of increased funding.

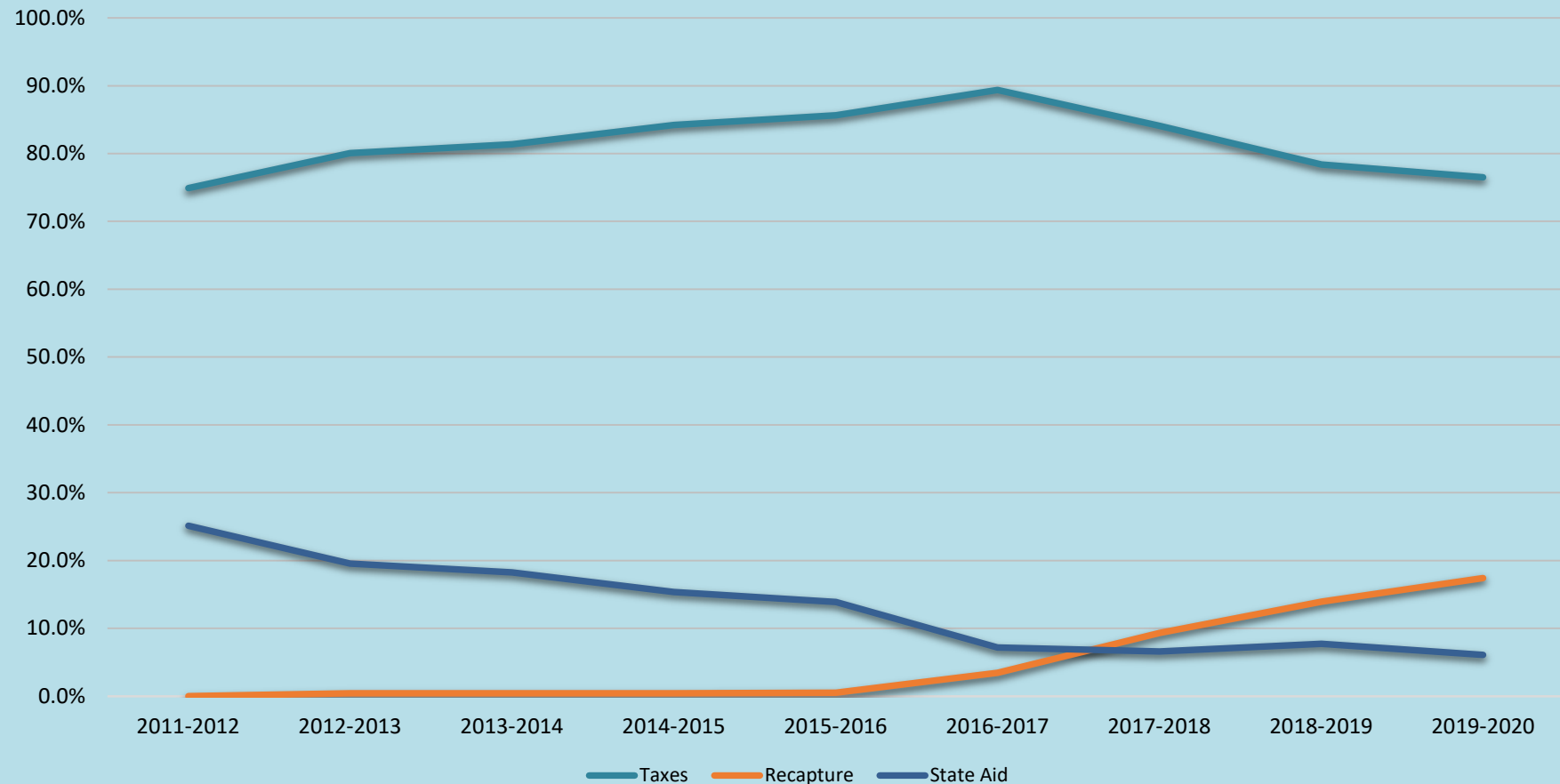
### 2018-19 Budget

State Aid = 8%  
Local Taxes = 78%  
Recapture = 14%

### 2019-20 Projection

State Aid = 6%  
Local Taxes = 77%  
Recapture = 17%

Revenue Percentages  
Local Taxes, State Aid and Recapture



Questions?

