Voter Approved Tax Rate Election (VATRE)

Community Presentation

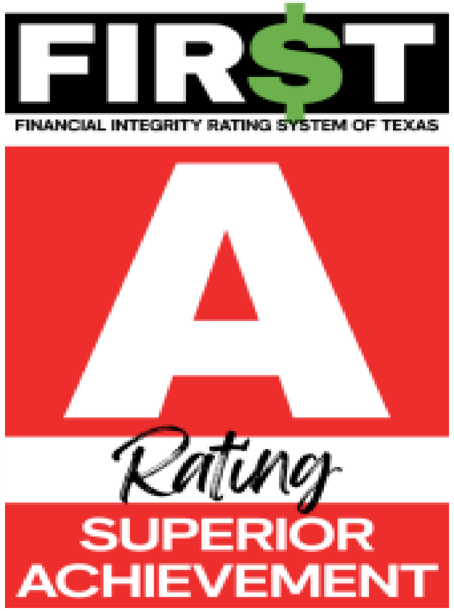
Olton ISD

Excellence in Financial Management

- Honored for exceptional transparency and accessibility of financial information.

- **Rated "A" for Superior Achievement for 24 consecutive years.**

- B (84) Rating for the District for the 25-26 school year under TEA’s Accountability system.



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A Statewide School Funding Crisis

In the past two years, approximately 80% of school districts **across Texas have adopted deficit budgets** because of lack of action at the state level to update outdated funding formulas. Some districts have **cut student programs and educational staff** to reduce costs. Olton ISD has NOT. We continue to control spending and keep our budget balanced, but it is getting harder.

- **Lubbock ISD - $22 million deficit (26-27)**
- **Lubbock Cooper ISD - $5.1 million deficit (25-26)**
- **Plainview ISD - $4.5 million deficit (25-26)**
- **Littlefield ISD - $500,000 deficit**
- **Sudan ISD - $618,000 deficit (26-27)**
- **Springlake-Earth ISD - $605,000 deficit (25-26)**
- **Anton ISD - $358,000 deficit (proposed 26-27)**

Potential Strategies to Keep a Balanced Budget

- **Pause staff raises** for teachers, staff, and support
- **Leave unfilled positions open**
- Reduce or **eliminate low-enrollment programs and classes**
- **Charge fees** in non-core programs and activities
- More **aggressively seek** transfer students in certain grades to generate ADA.

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What is a VATRE?

(Voter Approved Tax Rate Election)

Why does it matter?

It impacts the funding available for school programs, staff, and student services.

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Since 2020, Olton ISD has consistently lowered the Maintenance & Operations tax rate.

(per $100 valuation)

2020-21	$1.0223
2021-22	$0.9618
2022-23	$0.9618
2023-24	$0.7939
2025-25	$0.7664
2025-26	$0.7318

Why is Olton ISD Holding a VATRE?

The Impact of Inflation

- **Rising Fuel Prices:** Since 2019-2020, fuel costs have surged, significantly increasing transportation expenses for the district.

- **Increased Utility Rates:** The cost of electricity, water, and gas has risen sharply, putting additional strain on the district's operational budget.

- **Rising Insurance Premiums:** Since 2019-2020, the cost of insuring school properties and liability coverage has escalated.

- **Employee Pay:** In an attempt to minimize the impact of inflation on our employees, and in an effort to attract the best employees, Olton ISD has made a concentrated effort to raise employee pay to make us competitive for the region.

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Understanding School Finance

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How are schools funded?

Public schools in the state of Texas are funded from three main sources: **local school district property taxes, state funds**, and **federal funds**.

- ☐ Local/Other: Property taxes make up 18% of Olton ISD's operating budget.
- ☐ State: The state provides 72% of the budget, but this amount is shrinking as property values in the district rise.
- ☐ Federal: Federal funds cover specific reimbursements and account for 10% of the budget.

**The State only allows schools to use a certain sliding dollar figure (template formula) between state and local funds to educate our kids. This creates an inverse relationship between those funds when local tax collections increase, state funds to a school district decrease. Texas allows districts to "enrich" this total by up to $0.17 of tax rate. Olton ISD has previously accessed $0.1059 of this rate. This is why the VATRE is asking for an additional $0.0641.*

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How are taxes applied to the budget?

School budgets and tax rates are made up of two parts: **Maintenance and Operation (M&O)** and **Interest and Sinking (I&S)**. The money generated from each part can only be used for specific types of expenses.

M&O

- Purpose: Funds the day-to-day operations of the school district.
- Teacher and staff compensation
- Instruction
- Classroom supplies
- Utilities
- Transportation

Similar to things like:
car fuel, routine maintenance, groceries, clothing, cleaning supplies, and utilities like electricity and water

I&S

- Purpose: Pays for the district's debt, including bonds issued for major capital projects, like:
- New school construction
- Major renovations/Facility upgrades
- Furniture, equipment and/or purchase of land

Similar to things like:
a new home, house renovations, kitchen appliances, new mechanical systems or a new car

How is the money spent?

The general fund, derived from the M&O tax rate, covers the district's operating budget, supporting daily operations, and is divided into the following main areas:

Salaries & Benefits: 79%, is dedicated to salaries & benefits for educators and staff members.

Campuses & Departments: The remaining 21% is allocated to campuses & departments, supporting various operational needs across our campuses (ex. utilities, administration, supplies, security)

What Happens if the VATRE is approved?

If Approved:

- The M&O tax rate increases to the proposed rate of $0.7954.
- About $380,000 of funding becomes available for specific district needs each year.
- A project list using monies from the current fund balance will be completed.

If Not Approved:

- The tax rate stays the same.
- The district may need to consider cuts or adjustments to its budget.

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Cost to Taxpayers, If Approved...

Increase in M&O Tax Rate:

- $0.0641 increase per $100 of taxable home value

PROPOSED Olton ISD M&O TAX RATE = $0.7954

Olton ISD I & S TAX RATE = $0.0000

Monthly Impact on Homeowners: If approved, the tax rate impact for Olton ISD taxpayers would be an **increase of $6.41 per year for every $10,000 of taxable home value**

**For homeowners 65 and older whose property taxes are frozen, this increase will not affect their taxes unless they have made significant improvements to their homes.*

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What will I see on my ballot?

OLTON INDEPENDENT SCHOOL DISTRICT – PROPOSITION B – SPECIAL ELECTION FOR TAX RATE RATIFICATION

RATIFYING THE AD VALOREM TAX RATE OF $0.7954 PER $100 VALUATION IN THE OLTON INDEPENDENT SCHOOL DISTRICT FOR THE CURRENT YEAR, A RATE THAT WILL RESULT IN AN INCREASE OF 10.97 PERCENT IN MAINTENANCE AND OPERATIONS TAX REVENUE FOR THE DISTRICT FOR THE CURRENT YEAR AS COMPARED TO THE PRECEDING YEAR, WHICH IS AN ADDITIONAL $125,063.

With the proposed VATRE...

Olton ISD will add

$380,000

to address budget priorities.

That number is higher than what is on the ballot because the State also “kicks in” a share to equalize the amount of dollars available.

VATRE Funding will free up funding and allow Olton ISD to:

- Renovate Restrooms at the Junior High
- Replace the flooring at the Junior High Gym
- Install an HVAC system for the Junior High Gym
- Purchase student & staff computers on a rotational schedule
- Renovate the Locker Rooms & create Restrooms at the JH Gym
- Renovate the Public Restrooms at the High School Gym
- Add lighting for the baseball field
- Renovate the JV/V boys' locker rooms

***These projects were selected by the same facilities committee that met for the Bond Project proposal. Community members, not school personnel, who met and determined the need and priorities.

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Questions?

For more information or to review this presentation, please visit:
www.oltonisd.net