

It's tax time...April 15, the Federal tax return deadline is just around the corner. But we also just paid our local property taxes. If yours was like mine, a large part of your property tax bill went to the school district. You might think that the revenue for Hereford ISD comes from these ever increasing taxes...well, there's more to it than that.

In reality, Texas school districts receive a majority of their revenue from a combination of local and state tax dollars through a system of complex, and often confusing, funding formulas. The current formulas, which contain over 50 different variables, including some from 2005-06, eventually produce a total amount of revenue (local and state) each district is entitled to on a per-student basis.

On the surface, it seems fair, equitable, and easy to understand. Higher property values equal more revenue; more students equal more revenue. Unfortunately, that is not exactly how it works. In fact, it is likely that as your tax burden increases each year, Hereford ISD receives little or no benefit. Those dollars likely do not flow to the district; nor are they likely do not make it into the classroom; nor do they make it into teacher salaries. Most of the tax increase finds its way into the state's general fund ... not our local district.

A good analogy would be to look at the school funding system as a large bucket that contains the total local and state revenue to which a school district is entitled. First, the state makes us put in our share with the tax dollars we generate, and then the remaining "space" is filled with state dollars. Of course, the amount of tax dollars we can generate is directly tied to our property values. So as our property values increase, our tax dollars also increase. As a result, the state simply reduces its share because the size of our bucket does not change. It is true that we may collect more locally, but that does not translate into more money for our school district's budget. It translates into more money in the state's general fund. And what happens if a district's local taxes overflow the bucket? That "extra" money goes to the state (recapture) where the state redistributes the funds to the districts that did not fill the bucket on their own.

Although the size of our "bucket" does not change, under the current system, the size of 1,029 district's buckets is determined by either the actual formulas or what has been termed "hold harmless target revenue." Hold harmless simply means that if the new formulas created less revenue for a district than the previous formulas, then the state will not reduce the size of your bucket. Instead, they will make up the difference so no district will be a loser.

The problem with the current funding system is that we do not all have the same size bucket. The legislature met in 2009 and created a new system but did not fix the problem. At best the size of the very smallest buckets were adjusted upwards.

Based on the latest data of the 1,029 Texas school districts, an average of \$5,443 per weighted student is generated. Target revenues (the size of the buckets) range from a low of \$3,897 at Red Lick ISD to a high of \$13,086 at Westbrook ISD, and a median of \$5,140. Only 308 school districts (30 percent) have access to more than the average of \$5,443.

Hereford ISD has a target revenue of \$4,963 per student, which ranks in the bottom 29% of the state. In other words, 71% of the districts in the state generate more revenue per student than we do. There are 192 districts that generate less than us but we are still far below even the median (middle of the scale). At the median of \$5,140, Hereford would generate more than \$700,000 extra per year, and at the average of \$5,443 would generate over \$2 million more per year.

Equity between school districts continues to be a problem in our funding system. The same high standards are expected throughout the state so that no child is left behind and all students are college or workplace-ready when they graduate. Through no fault of their own, too many students still have to compete and succeed on a playing field that is grossly inequitable.

As long as the taxes are fair, transparent, and the local people have the most powerful voice in the amount and usage of such taxes, taxes serve the intended purpose. Unfortunately, trends in state and federal legislation have decreased powers of local boards and local voters, and have, through complex funding formulas, decreased transparency. I appreciate the support from the Hereford community. The school board has made clear to me and my team that we operate in a fair and transparent manner, and that we will first do what is best for children.

America is one of the very few countries that provide the opportunity for a free and appropriate public education to all. I am proud of the fact that we are committed to educate all kids, and to do so with excellence.

Kelli Moulton  
April 2010