

Superintendent Communication – September 2009

When the Hereford Brand reported on September 23, 2009 that Hereford ISD had a \$3.2 million windfall they assumed that this was money that just appeared on our doorstep. A single sentence cannot, but school finance is a complicated process, difficult to convey in a newspaper article. Each year the superintendent and business office budget Revenue and Expenditures using these (and other) formulas to project what the state and federal government will send to us to use for education. Because we use student attendance as the foundation for funding, we use an educated guess. Hereford ISD chooses to use a conservative estimate regarding attendance figures so that we do not end up having to return money to the state. This is the case this year where we have more revenue than expenditures to send to our fund balance (savings account).

Here is some background in school finance that will help you become a better consumer of information in regard to school funding:

School districts receive funding based on Local Tax effort, State Aid and other Federal funding, if eligible.

Local and State funding is combined. This combined amount is based on Average Daily Attendance (ADA): “student count.”

The funding for each district begins with the Basic Allotment from the state (\$4432/ADA). It is adjusted to account for variances in the cost of doing business in different types of districts. The first adjustment to the Basic Allotment is the “CEI”: A numerical factor assigned to each district that reflects the difference in the cost of resources in a geographic area. Example: Housing Costs impact on Teacher Salaries. The second adjustment to the Basic Allotment is the Diseconomy of Scale Costs where Hereford ISD receives additional funding because of the Mid-size Schools Formula; and rural transportation allotment.

Tier 1 is all about getting each district the right amount of money—*what it really takes to provide a basic educational program for the kids in that particular district. In theory, Tier 1 funding provides the basic education.*

Tier 2 provides enrichment for student populations that have the most need; this funding represents the needs of children in poverty. In reality, all of Tier 1 and most of Tier 2 are needed to provide a basic, accredited education (raising the basic allotment to \$4941/ADA for an approximate total of \$18 million in state aid added to \$9 mil in tax collection for a total of \$27 million).

Because Hereford ISD serves students with special needs: non-English speaking students, students with learning disabilities, economically disadvantaged students, and students at-risk of dropping out of school, the Federal government provides enrichment funding. This year Hereford ISD will use \$ for salaries, supplies and materials, food service, and technology to “even the playing field” for our students that will compete with children across the nation who have enriched environments and opportunities due to wealth or circumstance (approx \$2.2 million).

There are two groups of funding expenditures for most districts in Texas: M&O and I&S.

M&O (Maintenance and Operation) and I&S (Interest and Sinking); I&S is like an escrow account that is used to pay outstanding debt. At this point in time, Hereford ISD

has no debt paid from I&S. M&O is the Local and State funding that is used to run the school district: salaries, supplies, materials, maintenance of facilities, transportation, food service, etc.

At this time we are paying for the building projects of 1999-2000 (triple gym, CTE, etc) with M&O funds. This can and should be corrected to move the payments to I&S and requires approval of the voters. In doing so, more state/local funds will be available to educate our children.

Your school board has been diligent to use savings for improvements such as heating and air-conditioning, windows and portable buildings. However, much still needs to be done to keep pace with maintaining not only adequate but exemplary facilities.

I invite you to stay informed and work with HISD to investigate options for using our funding sources to keep excellence in education a primary focus in Hereford, Texas.