

## ***Frequently asked questions regarding Garrison ISD's Tax Ratification Election (TRE)***

***1. Why do we need to have a TRE?*** In 2006, the State Legislature reduced property tax rates by one-third, but guaranteed that school districts would maintain their same level of state funding by creating Additional State Aid for Tax Reduction (ASATR). Garrison ISD was one of 192 school districts to receive ASATR, but in 2011 the State reduced funding for public education and also enacted a repeal of the ASATR effective September 1, 2017. The loss of funding, along with declining property values and student enrollment, resulted in approximately a \$450,000 deficit for GISD in 2017-2018 and a \$515,000 deficit this year. If successful, the TRE will generate an additional \$465,000 in state funding to offset the loss of ASATR.

***2. So, why don't we use the current fund balance to make up for the loss of funding?*** GISD will have approximately 6M in fund balance for the 2018-2019 school year. The district has already used approximately \$900,000 to balance the '17-'18 budget and expects to be short another \$515,000 this year. The Texas Education Agency strongly recommends a district maintain at least 3 months of operating cost in fund balance, which is approximately 1.8M for GISD. That leaves about 3.7M to offset the deficit each year, but it does not include any additional expenses such as buses, building maintenance, required salary increases, updated security, etc. The Board of Trustees has decided to hold a TRE now, while there is money in fund balance for additional expenses, instead of spending the fund balance down and having to operate with no additional funds available.

***3. How is this going to affect my taxes?*** The current tax rate for GISD property owners is \$1.04 for Maintenance and Operation (M&O) and \$0.0665 for Interest and Sinking (I&S) for a total rate of \$1.1065 per \$100 valuation. GISD is proposing to move the \$.0665 from I&S to M&O for a combined rate of \$1.1065 and increase the total rate by another \$0.0635. This would result in a total M&O tax rate of \$1.17 per \$100 valuation, which is a \$0.0635 increase from the current rate. Property owners would see a 5.74 percent increase in their GISD taxes per \$100 valuation, which is essentially a \$57.40 increase for every \$1000 owed in GISD property taxes. The TRE will not affect those over 65 years of age, unless improvements are made to the homestead.

***4. What is the difference between the M&O and I&S tax rate and why are we moving one to another?*** The M&O tax rate is for the daily operation of the school district. This includes supplies, utilities, salaries, transportation, maintenance, food service, extracurricular, etc. The I&S tax rate of \$.0665 pays for our bonded indebtedness from the 2003 bond which was used to build the Middle and Elementary school. The M&O tax rate generates more state dollars than the I&S rate, so part of the TRE is to move, or swap, the I&S rate to the M&O side to maximize state funding. The other part of the TRE is to increase the overall rate of \$1.1065 by an additional \$.0635, thus resulting in a total rate of \$1.17.

**5. So, is the 2003 bond paid off?** No. The 2003 bond will not be paid off until 2031. Based on current funding formulas, GISD will pay approximately \$90,000 per year from M&O to meet the 2003 bond obligation.

**6. What would the additional M&O money be used for?** The increased operating revenue would help the district balance the current budget, which in effect, would allow the district to continue to operate without having to take money out of fund balance. The TRE will generate approximately \$465,000 this year and every year thereafter.

**7. Has the district done anything to reduce expenses?** Yes. This year's budget is 2.4% lower than last year's budget. We are also closely monitoring spending on all levels, reviewing all of the programs to determine needs, and have suspended all preventive maintenance operations.

**8. What is the plan if the TRE is not successful?** We would anticipate the board calling for another TRE prior to the 2019-2020 school year. In the meantime, the district would begin to evaluate all academic and extracurricular programs, along with support services such as food service, transportation, and maintenance, to determine which areas could be reduced. Also, staffing and salaries would be reviewed to determine if a reduction in force was justified. Once a plan was drafted, the administration would present the recommendations to the board for consideration and approval.

**9. Have other school districts had to hold a TRE?** Yes. There are 36 school districts in Nacogdoches and surrounding counties. Of the 36 districts, 25 have successfully passed a TRE. Currently, Garrison has the second lowest tax rate of the 36 districts; should the TRE be successful, Garrison would have the sixth lowest rate at \$1.17 as compared to the other 36 districts.

**10. How will the ballot language read?** In the TRE, voters will vote *for or against* "approving the ad valorem tax rate of \$1.17 per \$100 valuation in the Garrison ISD for the current year, a rate that is \$0.13 per \$100 valuation higher than the rollback tax rate, *for the purpose of generating an additional \$465,000 at a final tax rate of \$1.17, which is \$0.0635 more than the 2017 tax rate.*"