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*FISD Superintendent Dr. Rick Reedy
photo by James Elliott*

financing frisco schools: not in great despair but is it still fair?

by auralie ruggiere

SO YOU HAVE PROBABLY HEARD THE TERM “ROBIN HOOD” in relation to school financing. You have probably developed an opinion of how it affects Frisco’s school district. But do you really know the facts, so can you “talk the talk?”

Here is a little history of how we got into a controversial and highly-debated issue of school financing. Much of the school finance law discussion started in 1993 under Senate Bill 7, which was later accepted by the Texas Supreme Court, then written into the Texas Education Code as “Chapter 41”. Chapter 41 is all about wealth equalization – taking financial resources from high-property wealth districts and sharing them with low-wealth districts, hence the nickname “Robin Hood.”

A school district is “high wealth” or a “Chapter 41” district, as in Frisco’s case, if the sum of all property tax values for the previous year divided by the average daily student attendance for the current year is greater than \$305,000 per student. The dollar amount over \$305,000 per student is distributed to “low wealth” districts.

“Chapter 41” districts, such as Frisco, have five options available to reduce its property wealth and share financial resources. These may be exercised singly or in combination. As defined by the Texas Education Agency, Chapter 41 districts may choose:

- Option 1:** Two or more districts agree to consolidate to create a new district with a wealth per student of less than \$305,000.
- Option 2:** Two or more districts agree to detach property from one district and attach it to one or more districts so that wealth per student in the high-wealth district drops below \$305,000.
- Option 3:** A high-wealth district purchases attendance credits (one credit = one student) from the state and a state funding system distributes the money to low-wealth districts.
- Option 4:** A high-wealth district enters into an agreement with a qualifying low-wealth district to pay the cost of educating some students in that district.
- Option 5:** Two or more districts agree to conduct an election to create a single taxing district that has a total wealth per student under \$305,000.

Frisco “shares the wealth” through Option 4. Frisco Independent School District (FISD) pays the Chapter 41 recapture payment to the Education Service Center Region 10, which includes Plano, Carrollton-Farmers Branch, and other high wealth districts. The service center then distributes money to lower-wealth districts and manages the money traded among the districts.

As cited in an August, 2002, Star Telegram article, of the \$10.8 billion in the state pot to finance public education, wealthy school districts contribute about \$650 million. More than half of that comes from North Texas school districts.

To make matters even more difficult for some school districts, the state has a property tax cap of \$1.50 per \$100 of assessed property value. Frisco has reached the cap for the 2003-04 school year at \$1.5175. Until the state raises the tax cap, Frisco is unable

“\$10.8 billion in the state pot to finance public education, wealthy school districts contribute \$650 million.”

to raise property taxes to bring in more money for the school district.

On the flip side of the equation, as Frisco's property tax rate has increased, it's state aid has dropped.

However, in Frisco's favor, another new law, enacted in 1999, lowered the tax base of many districts. Before 1999, the state did not recognize homestead exemptions granted by school boards. Now, 50 percent of the local exemption is recognized, making

a district appear to have less taxable wealth. The exemption shifts some of the financial burden from taxpayers to the state. The Frisco ISD Tax Office grants a Homestead Exemption of \$15,000 of the appraised value of your home. For Frisco residents, taxes are then calculated on the value of your home minus \$15,000 (assuming you qualify).

**THIS IS YOUR GRASS ROOTS
EXAMPLE OF SCHOOL FINANCING:**

- Your appraised home value is \$200,000-\$15,000 (homestead exemption) = \$185,000 (taxable value)
- \$185,000 x 1.4975 (2002-03 school year tax rate) per \$100 of assessed property value = \$2,770 the portion you pay for public school funding.
- For the 2003-04 school year there are approximately 13,400 plus students attending FISD. The Operating Expenditure per student is \$6,583. Thus, you can estimate that it takes approximately 3 houses valued at \$200,000 to fund one child's education.

Currently, Dr. Reedy, FISD's superintendent, is on a "Public Awareness Initiative" to invest in Texas schools. One of the facts in his presentation is FISD receives about 2% of its funds from the state and is sending away \$16.5 million this year.

So with all of this money flowing out, how has Frisco been able to maintain all education programs, build new schools, provide new equipment, and hire more teachers while other school districts are cutting education programs, laying off teachers and are unable to purchase new equipment? According to Richard Wilkinson, assistant superintendent for FISD, "Property values have kept up with or exceeded student growth. We are in a fortunate situation."

In reaction to the population growth, Frisco is in a purchasing

land and building frenzy. As detailed on the Frisco ISD website, in the past five years three bonds were issued with a combined total of \$894 million. This money has been used to purchase land and build schools, schools, and more schools.

Bonds are "borrowed" money used to build new buildings and

make renovations. It is money that stays within the district for capital improvements, and the state does not consider it taxable wealth. The money is paid by an INS tax rate of \$.24 and through TIF (tax

SCHOOL YEAR	AMOUNT OF CHAPTER 41 RECAPTURE PAYMENT*
2000-2001	\$0 (GAP DISTRICT**)
2001-2002	\$1 MILLION
2002-2003	\$10 MILLION
2003-2004	\$16.5 MILLION (PROJECTED)

* Based on information from Rusty Craig - FISD Director of Finance
** Does not give or receive money because they may be in transition from a low-wealth to a high-wealth district

increment financing) that new businesses in Frisco pay.

Greg Gunter, a Frisco resident and PTA treasurer for Boals Elementary School says, "I am in favor of Frisco ISD's current capital expansion and improvement projects. I view the monies spent on our schools as an investment in our children, their future and our community. I feel blessed to live in an area with such tremendous financial resources and top quality educators."

On the other hand, if Robin Hood is to continue, and Frisco's growth slows down, Frisco could be in the same boat as other struggling school districts.

Dr. Reedy is encouraging Frisco residents to contact him to learn more about how the current and proposed school finance solutions from our state political leaders affect Frisco. You can contact Dr. Reedy at reedyr@friscoisd.org or 469-633-6012.

Auralie Ruggiere is a freelance writer in Corinth.

Editor's Note: We want to hear your suggestions or comments on school financing. Send a letter to the editor: editor@friscostyle.com.

IF YOU HAVE AN OPINION REGARDING SCHOOL FINANCES IN TEXAS, PLEASE CONTACT:

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