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# Tax rates are mostly up to voters now

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Texas taxpayers may not know it yet, but they're about to have authority over local school tax rates.

Most school boards can no longer increase property tax rates without asking voters for permission.

It's the next step in the 2006 law that required school districts to cut the property tax rate for maintenance and operations, which includes teacher salaries. Districts sliced that levy from a maximum of \$1.50 to \$1.33 last year. This year, the maximum rate is \$1.04.

Northwest, Godley and Eagle Mountain-Saginaw are the only Tarrant County school districts below the \$1.04 mark.

Now any district that wants to increase the tax rate above \$1.04 must have an election.

That makes things tricky because school districts have to adopt their budgets and tax rates before going to voters.

In the fall, the Lake Worth school board adopted a tax rate of \$1.17 -- the maximum allowed by the state. But on Nov. 6, voters rolled it back to \$1.04, erasing proposed teacher salary increases and causing the district to make drastic budget cuts.

According to Lisa Dawn-Fisher, director of school finance for the Texas Education Agency, 119 of the more than 1,000 Texas school districts held elections this month asking voters for a tax increase. All but about a dozen passed, she said.

More districts will face this situation, including Grapevine-Colleyville, which is planning an election next November to ask taxpayers for an additional 2 cents on the operations rate.

"Every school district in the state is concerned about it," said Gene Buinger, superintendent of Hurst-Euless-Bedford schools. "In the past, school boards were given the authority to raise taxes and to cut taxes. Now that authority has been taken away from boards. What were boards elected for?"

David Guenther, director of media and government relations at the Texas Public Policy Foundation, supports voter control of the tax rate.

"Growth of government should not be on autopilot," Guenther said. "It forces the school boards and the school administrators to engage their communities."

## The law

Under state law, school district revenue is capped at the amount the district brought in during the 2005-06 or 2006-07 school year, whichever was higher.

So as property tax revenue fell because of the mandated rate cuts, the state funded the difference. Any increase in the district's revenue -- through increased taxes -- must be approved by the voters.

Most districts approve their budgets by August or September. They must approve the tax rate by the start of the fiscal year, which is Oct. 1 or earlier.

If the district intends to raise the rate, it must then have a rollback election in November. If voters aren't on board, the tax rate will slide back to \$1.04, and the budget will be cut.

## Lake Worth

The Lake Worth school district was the first Tarrant County district to attempt a tax rate election.

The proposition failed by 12 votes.

If voters had approved the increase, the district would have been able to give pay raises, increase the starting teacher salary from \$37,500 to \$40,000, and add \$600,000 to the district's fund balance, finance director Christy Stinson said.

"Now, we're actually looking at a \$450,000 deficit, and no raises," she said. "It was very serious."

The district is looking to cut 10 percent from the budget of every department. Employee travel has been stopped.

"If a person leaves, we think, are we going to replace that position?" Stinson said. "Ultimately, that's not good for children."

She said the district will try again next year to raise the tax rate.

"Our voters need to know what the consequences are," she said.

### **Grapevine-Colleyville**

Although most districts don't start budget planning until December or January, Grapevine-Colleyville officials are already eyeing next November.

The district's operations rate is \$1.04, and voters will be asked next November to approve a 2-cent increase, which will yield about \$2 million in revenue, said Hank Johnson, the district's finance director.

One of the biggest concerns is setting a tax rate that allows a competitive teacher pay raise, but then not being able to honor the teachers' contracts if voters don't approve the increase, Johnson said.

Dawn-Fisher said districts that had elections this month had the same concern.

"They couldn't finalize their salaries," she said. "Some of them had contingencies in their contracts saying, 'Here's the pay you'll get if we don't have a successful tax election.'"

Johnson told trustees that they need to be aware of what might happen if the election fails.

"If they vote it down, we'll have to cover any shortfall out of fund balance, or cut the budget," he said.

Grapevine-Colleyville has about \$30 million in its fund balance, the district's savings account. The district could dip into the fund for one year, Johnson said. But not for two.

"Eighty-five percent of our budget is people," he said. "In the future years, that's where we'd have to look to trim the budget."