

MWPISD 2019 BOND – UNDERSTANDING THE PROCESS & FINANCIAL IMPACT

In September, 2018, the **Community Focused Committee**, a 21-member diverse group of community members, was formed to study and prioritize the school district's most critical needs. After five months of concentrated work, this committee, whose motto was "By the Community; For the Community", presented a final proposal to the Monahans-Wickett-Pyote ISD Board of Trustees which best met the group's desire to address future generations of students. The Board of Trustees, at their regular meeting on January 21, 2019, **unanimously** approved to call for a \$140 million bond referendum based on the **Community Focused Committee's** recommendations. The 2019 MWPIISD Bond Proposal will address safety and security, renovation of aging facilities, modernization of classroom spaces and preparing for growth, and every bond dollar will benefit every student, every teacher and every school.

A bond is similar to a home mortgage. It is a contract to repay borrowed money with interest over time. Bonds are sold by a school district to competing lenders to raise funds to pay for the costs of construction, renovations and equipment. Most school districts in Texas utilize bonds to finance renovations and new facilities. The law provides that a school district must hold an election and get permission from voters to sell bonds and to levy taxes to pay for them. Bonds are sold to provide funding for capital improvements that last for a number of years. Such investments are too large to be included in annual operating budgets. Just as an individual agrees to repay a new home loan, voters authorize the District to sell and repay bonds for making major capital improvements.

Funding for Texas's public schools comes from three main sources: local property taxes, state funds, and federal funds. The majority of funding for Monahans-Wickett-Pyote ISD comes from local property taxes.

A school district's property tax rate is comprised of a Maintenance and Operations (M&O) tax rate and an Interest & Sinking (I&S) tax rate. As its name suggests, the M&O tax rate provides funds for the daily operational costs of a school district. The I&S tax rate provides funds for payments on the voter approved debt that finances a district's facilities. The current total tax rate for Monahans-Wickett-Pyote ISD is \$1.12 – M&O tax rate of \$.97 and I&S tax rate of \$.15.

Revenue generated through the school district's M&O tax rate is subject to state recapture due to Monahans-Wickett-Pyote ISD being considered a Chapter 41, wealthy school district, under the current state funding program. It is projected that over the next three years, beginning with the 2019-20 school year, the district will receive \$60 million dollars via ad valorem taxes on the Maintenance and Operations (M&O) side. However due to Chapter 41, often referred to as "Robin Hood", the state will recapture, or take from the district, \$12.7 million of the funds collected – a loss of over \$4 million per year.

Interest & Sinking (I&S) revenue under the state's funding program is not subject to Chapter 41 Recapture; therefore, all revenue generated via the I&S tax rate stays within the school district to pay for debt service – the bond. In simpler terms, for every \$1 of taxable value collected to pay for the bond, 100% remains in the district and is not eligible for recapture by the state government. Bond money cannot be used for day-to-day expenses such as teacher salaries; however, bond money can be used to pay for certain capital expenses that might otherwise be funded from M&O money, so that more M&O funds are available for salaries.

As a district who has maintained the same tax rate for the past several years and has the lowest tax rate among our 12 UIL regional districts, we know how to make every dollar count. Historically, MWPIISD has utilized fund balance to make minor facility improvements instead of asking tax payers for assistance through a bond. In fact, this will be only the second time in the school's 102-year history that taxpayers have been asked to consider a bond for capital improvements. During the past decade as fiscal stewards of tax payer dollars, MWPIISD has utilized fund balance to fund six major projects through community partnerships and sound fiscal management, including:

- 13 New Classrooms (4 at Cullender; 4 at Tatom; 6 at Sudderth) – **Fund Balance**
- Employee Housing Development – **Fund Balance**
- Indoor Golf Facility – **Fund Balance & Private Donations**
- Softball Field Updates – **Fund Balance**

- MHS Auditorium & Tennis Courts Lighting – **Fund Balance**
- Estes Field Turf – **Fund Balance**

The last bond program addressing learning environments throughout the district was approved by taxpayers 13 years ago, the same amount of time needed for students to earn their high school diplomas. Additionally, the 2006 Bond projects were completed on time and on budget.

The proposed 2019 MWPID bond investment will have a financial impact of \$22 per month for the average household appraised at \$100,000. Citizens who are 65 years of age or older and have filed the Over 65 Homestead Exemption **will not** be financially impacted by this bond proposal. Their taxes are frozen at the dollar amount set during the year they turn 65 years of age. The monthly investment of \$22 can be broken down into the following five categories based upon the proposed bond projects:

- \$12.54 High School Transformation
- \$1.11 Junior High Renovations
- \$6.95 New Elementary School & Tatom/Cullender Upgrades
- \$0.98 Career & Technology Expansion
- \$0.42 Technology & New Furniture

Monahans-Wickett-Pyote ISD has been committed to complete transparency concerning the 2019 proposed bond and has made every effort possible to share detailed information about the proposal with the goal of having well-informed voters on election day. If the community approves the 2019 bond proposal, this commitment to transparency will continue incorporating different levels of community engagement, as well as following state laws and policies requiring regular reports to the Board of Trustees concerning project expenditures and status.

Voters may obtain more information concerning the proposed bond package at the school district’s website under the “2019 Bond” link at www.mwpisd.esc18.net or through the Monahans-Wickett-Pyote ISD Facebook page.

Next week’s article will address the following: New Elementary Campus Serving Grades 3-6; Cullender Kindergarten and Tatom Elementary Renovations and Walker Junior High Renovations