

Statement by Superintendent Pat Forgione and Austin School Trustees

It is now projected that the Austin Independent School District will lose a total of approximately \$55 million in revenue during the next fiscal year, as a result of its new classification under state law as a "wealthy" school district.

On February 17, 2000, the Texas Education Agency informed AISD that it would be classified as a "high wealth" district, effective September 1, as determined by provisions of Chapter 41 of the Texas Education Code. This designation will have a significant impact on AISD's fiscal status in the 2000-01 school year.

[As a point of reference, Eanes (Westlake), Lake Travis, and most recently, Manor ISD, are all local districts that are now classified as wealthy.]

Since the summer of 1998, AISD Trustees and administrators have regularly and openly discussed how the District's finances will be affected under Chapter 41 status, and have communicated this important message to the Austin community. The message has been three-fold:

Point One: Becoming a Chapter 41 school district will require that AISD send local tax dollars to the state in order to reduce its property wealth. Based upon the latest projections, AISD will be required to share approximately \$33 million in local property tax revenue with the state, beginning September 1.

Point Two: With its Chapter 41 status, AISD's state revenue per student will be essentially capped at the current spending level, placing added pressure on the District's budget. Because of these limitations, AISD will lose an additional \$22 million in "hold harmless" revenue that the Texas Legislature had made available to help offset the impact of higher homestead exemptions and the cost of a teacher pay raise.

Point Three: Student enrollment growth and increases in local property values will be the primary sources for generating new revenue.

Therefore, based upon current projections, the total financial impact of the state's Chapter 41 provisions on the Austin School District is estimated to be approximately \$55 million for fiscal year 2000-01, effective September 1, 2000.

This estimate is based upon the preliminary property values, used to calculate state aid and determine Chapter 41 status, that were released by the State Comptroller's Office on January 31. While the Texas Education Agency normally does not notify school districts of their Chapter 41 status until July 15, AISD asked Education Commissioner Jim Nelson to expedite the TEA review, so AISD and its taxpayers have as much notice as possible of this change in the District's status.

Until both the student enrollment projections and the certified property tax base for 2000-01 are finalized, the impact of Chapter 41 on the Austin School District can only be estimated. The final cost will be based on the actual number of students who are enrolled in AISD for the 2000-01 school year, as well as the amount of tax revenue raised by the School District next year.

Student enrollment trends are currently being analyzed, and the estimates for next year are likely to change during the budget deliberations which AISD will hold in the coming months. These projections will not be final until mid-July.

Likewise, the local property tax base is expected to increase by eight per cent this year, consistent with the growth that AISD experienced between 1998-99 and 1999-2000. The Travis County Appraisal District will deliver AISD's certified tax roll for 2000-01 on July 25, which will then allow the District greater precision in predicting next year's local tax revenues.

In the weeks and months to come, there will be numerous opportunities for the public to participate in, and comment upon, the budget process, and to fully understand the implications of Chapter 41.

Austin is a rich and diverse community, and its citizens expect and deserve nothing less than a quality education for their children.

At the Austin School District, our Mission is to educate every student every day. We remain fully mindful of that obligation as we now enter a new era of Chapter 41 obligations to the state of Texas, and the many challenges that those obligations bring.

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