

What is a local school tax rate and how is it calculated?

In Texas, local school taxes are based on property values. There are two tax rates that are combined to make up the school tax rate.

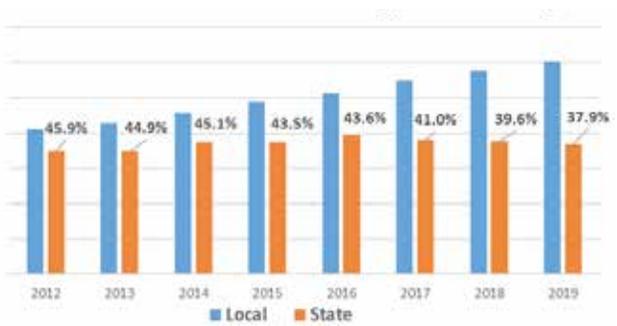
The **Maintenance and Operations (M&O)** rate, currently \$1.04, is used to fund the day-to-day operations of the district like payroll costs, utilities, and general maintenance of schools and facilities; the M&O fund is often referred to as the general fund. The M&O tax rate for Pampa ISD has not changed since 2006.

Second, the **Interest and Sinking (I&S)** rate, currently \$.2691, can only be used to make payments on district bonds that fund construction and other specific items like technology and buses, much like the mortgage on a home. The I&S rate is often referred to as the debt service fund. This fund can **ONLY** be spent on items pre-determined by voters through a bond election. The last bond election in Pampa ISD was passed in 2006. The I&S rate for Pampa was DECREASED in 2012 from .3288 to the current .2691 (down 6 cents) due to the Board's action to relieve local tax payers' costs by refunding bonds from prior issues and reissuing new debt at a lower interest rate.

The two rates combined make up the current Pampa ISD tax rate of \$1.3091. (See Local Tax History Chart)

UPDATE: On June 7, 2018, the Board of Trustees held a special meeting to discuss the budget and determine the tax rate needed to fund the programs and services in the current Pampa ISD district plan. President Qualls opened the meeting for the public hearing on the proposed tax rate. No one signed up for public comment, so there were no statements from the gallery. Danny Seabourn, CFO, provided the board with information about the current budget process, including over \$800,000 in cuts from last year and additional \$800,000 for next year, Enrollment, Average Daily Attendance, tax estimates, and needs in the district were also discussed. Members of the Board asked many questions and discussed the budget draft proposals. Additionally, the Board discussed the two parts of the tax rate. The M & O side which was currently 1.04 per \$100 and the I & S side which was .2691 cents per \$100. Mr. Seabourn did note that the I&S side was decreased by almost 6 cents in 2012. The I&S side is eligible for decrease again by .4%. The M & O side of \$1.04 has not been changed since 2006. The Board took action to adopt an ordinance to set the tax rate to \$1.32503 which includes a 2 cent INCREASE in M&O and a ½ cent DECREASE in I&S rate.

State Share of Public School Funding All Schools in Texas



Fiscal years 2017-19 are estimated. Fiscal years 2018-19 assume current law entitlement.

State and Local Share of FSP Entitlement (in millions)

Fiscal Year	Local	State	Total	% State Share
2012	\$20,486	\$17,388	\$37,874	45.9%
2013	\$21,358	\$17,415	\$38,773	44.9%
2014	\$22,817	\$18,773	\$41,590	45.1%
2015	\$24,432	\$18,779	\$43,211	43.5%
2016	\$25,568	\$19,783	\$45,351	43.6%
2017	\$27,329	\$19,029	\$46,358	41.0%
2018	\$28,828	\$18,864	\$47,692	39.6%
2019	\$30,177	\$18,407	\$48,584	37.9%

Note: Fiscal years 2017-19 are estimated. Fiscal years 2018-19 assume current law entitlement. Local share amounts reflected above include recapture revenue

Information from TEA_Summary_of_Recommendations-Senate_85th_Legislative-Session