

# Finance Report for the Dallas ISD

Presented by



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# Cutting the Foundation Program

- ▶ Major Cost Factors Left Unfunded in Appropriations Bills
  - Enrollment Growth: \$2.2 billion
  - Property Value Decline: \$2 billion
  - Replacement of federal funds used for FSP improvements: \$3.3 billion
  - Settle-up funds: \$1.4 billion
  - Enrichment tax matching: \$0.3 billion

# Cutting Textbooks and Grants

- ▶ No definite support for scheduled materials for English Language Arts and Reading (\$500 million plus) but Senate version will permit funding
- ▶ No funding for Technology (\$271 million)
- ▶ No funding for Current Discretionary Grants (\$1.3 billion)
- ▶ Senate will allocate \$400 million for scaled down grants

# Cut Impact (House Version)

- ▶ FSP cut = \$8 billion for the biennium
  - 65,000 total staff plus \$1 billion in non-payroll operating costs
- ▶ Grants and Textbook Cuts = \$2.0 billion
  - 3,000 total staff, \$800 million in non-payroll operating costs
- ▶ Total Cuts = \$10 billion
  - 68,000 staff and \$1.8 billion in non-payroll costs

# Cut Impact (Senate Version)

- ▶ FSP cut = \$4 billion for the biennium
  - 32,000 total staff plus \$.5 billion in non-payroll operating costs
- ▶ Grants and Textbook Cuts = \$1.1 billion
  - 2,000 total staff, \$300 million in non-payroll operating costs
- ▶ Total Cuts = \$5 billion
  - 34,000 staff and \$.8 billion in non-payroll costs

# Strategies for Reducing the Impact

Possible State Opportunities

Max Public Ed Share

Minimum Share Public Ed Share (44%)

	Possible State Opportunities	Max Public Ed Share	Minimum Share Public Ed Share (44%)
Payment Delay	\$2.5 billion	\$2.5 billion	\$1.1 billion
Rainy Day Fund or other revenue sources	\$8.0 billion	\$3.5 billion	\$2.0 billion
Sub Total	\$10.5 billion	\$6.0 billion	\$3.6 billion
Revised Revenue Estimate (May)	\$1.6 billion (2%)	\$1.0 billion	\$0.7 billion
Revised FSP Cost (April)	\$0.5 billion	\$0.5 billion	\$0.5 billion
Total	\$12.6 billion	\$7.5 billion	\$4.8 billion

# Rainy Day Fund and other Revenue Status

- ▶ Current biennium funds require 60% vote
- ▶ Next biennium requires 2 / 3 vote
- ▶ Governor/House deal for \$3 billion for this biennium only
- ▶ Senate
  - Silent on final amount
  - Other funds– hopes to find \$5 billion
- ▶ House
  - Other funds– substantially less than Senate

# Distributing the Cuts: Current Options

- ▶ Senate:
  - Reduce FSP budget cuts from \$9.5 billion to \$4.0 billion
  - Hybrid cut plan –(target revenue reduction, basic allotment reduction, non–professional pay supplement)
  - DISD estimate: –\$86 million
- ▶ House
  - Reduce FSP Budget cuts from \$10.0 billion to \$8 billion
  - Basic allotment reduction, elimination of target revenue, and other changes (Hochberg) – DISD of \$150 million
  - Tax compression (Hochberg)
  - Potential of Eissler or Aycocock plan
- ▶ Current law option – Wealth based proration



# Prospects

- ▶ House to consider HB 1 – 4/1/11
- ▶ Senate by mid month
- ▶ Conference Committee 4/15 possible
- ▶ Critical problems:
  - 2/3rds vote on Rainy Day Fund
  - 2/3rds Senate vote to bring up bills
  - Wide gulf in Senate and House positions



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