



LAGO VISTA INDEPENDENT SCHOOL DISTRICT

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Parents and Community Members,

Over the last two and half years, I have been amazed how the community and parents have supported LVISD. Through this support, our accomplishments are far too numerous to list individually, but from our STAAR scores and PSAT performance, to the success of our extracurricular activities, Lago Vista ISD continues to be recognized as one of the best districts in the State, despite the challenges we face – and that is entirely due to our amazing team of dedicated educators.

By now, you have likely seen or read some of the recent articles circulating about school finance and the inaction of our legislature to extend ASATR funding. This was not welcomed news and I am writing to update you on how this issue will impact Lago Vista ISD.

First, I want to begin by making sure that we all share a common understanding of Additional State Aid for Tax Reduction (ASATR) funding and how we came to face the challenging situation before us. In 2006, the 79th Texas Legislature established ASATR funding to fulfill a promise made to the people of Texas that no school district would receive less funding as a result of the legislative action to compress the tax rate. In 2011, as many of us recall, the 82nd Texas Legislature significantly reduced funding for public education, which included a percentage reduction in ASATR funding. At that time, the Legislature also enacted a repeal of ASATR to be effective September 1, 2017. Unfortunately, with the close of the 85th regular session of the Texas Legislature, the Texas House and Senate failed to restore funding for ASATR. By allowing the repeal of these funds, our State is breaking its promise from 2006 that tax reductions would not hurt schools and is threatening the sustainability of nearly 200 districts across the State who still rely on these funds, including Lago Vista ISD. The legislature's failure to fund ASATR will result in a nearly \$250 million reduction in state funding for school districts next year. For Lago Vista ISD, the loss of ASATR funding equates to an approximately \$1.2 million reduction, or 10% of the total Lago Vista budget.

As we look forward to next year, it is nearly certain that these financial challenges will further test our strength and resolve. The new reality we are facing for 2017-2018 will force Lago Vista ISD to determine how to meet the needs of our district with \$1.2 million fewer dollars, which equates to approximately \$873 fewer dollars per student. And as dire as this seems, our situation is actually not as bleak as it is for others. For some school districts, ASATR funding equates to 50% or more of their total operating budgets and the loss of ASATR will force them to close of their doors.

Looking at our current overall budget for Lago Vista ISD, 74% of our current budget is made up of personnel (primarily teachers). 15% of our current budget consists of non-discretionary costs, such as contracted services, utilities, and other mandatory costs of conducting our daily business and operations. 11% of our current budget is comprised of discretionary costs, such as campus-controlled supply budgets. When you see that the vast majority of our expenditures are salaries, it would be impossible to meet such drastic reductions without affecting staffing. This 10% reduction in funding would be equivalent to 1/5 of Lago Vista ISD's teaching staff.

It cannot be stressed enough that our absolute priority in planning to meet this reduction in state funding is to keep cuts as far away from the classroom as possible by taking all appropriate steps to avoid cuts in staffing. As such, Lago Vista ISD is finalizing an expenditure reduction plan for the 2017-2018 school year that includes eliminating non-essential expenditures, such as charging fees related to extra-curricular activities,

eliminating positions through attrition wherever possible, reducing supply budgets, and meeting any budget shortfalls through our fund balance. We are continuing to explore all possible avenues to meet these financial challenges and we welcome all ideas. This will not be an easy process, but please know that it is the commitment of the Lago Vista ISD Board of Trustees and administration to ensure that the students of Lago Vista ISD continue to receive the same high quality education they have come to know and deserve.

Many of you may be thinking, “*Well, we knew this funding was set to expire...why didn't we develop a better plan to address the loss of ASATR?*” The short answer is that no amount of planning would have prepared us for a \$1.2 million decrease in funding. Over the last two years, the District has taken steps to prepare for the possibility that this funding would not be extended, but we continued to remain hopeful that the legislature would take action to ensure the appropriation of these crucial funds. Unfortunately, that just did not happen and all hopes were dashed with less than 12 hours remaining in the session. In order to prepare for this possibility, many ASATR districts have worked to increase their local tax rates to make up for the loss of state funding. Unfortunately, in Lago Vista ISD and other districts that continue to rely on ASATR funding, the increased tax rate permitted by state law does not generate enough to make up for this loss of funding. Additionally, in Lago Vista ISD, due to the high rates of recapture or “Robin Hood”, the remaining pennies our voters could approve to add to the tax rate are not enough to make up for the difference and the District would send more than 60% of the additional revenue back to the state in recapture.

You are probably aware that Governor Abbott has called for a special session of the Texas Legislature, which will begin on July 18, 2017. Although it has been reported that school finance will be addressed in the session, that is not entirely true. The Governor has specifically called for a school finance reform commission to be addressed during the special session, not actual reform. The Governor has the sole authority to determine the agenda for the special session; it is unlikely that the Texas Legislature will have the ability to make changes that will provide immediate funding relief for Lago Vista ISD and the other 192 ASATR districts. That being said, please know that we are working diligently to share our story and how the loss of ASATR will impact our District. If you feel called to contact the Governor Abbott's office, Senator's office or House of Representatives office, the numbers will be at the bottom of this page. I encourage you to respond to that calling by reaching out and sharing your concerns.

Please understand our goal is to avoid program and staff cuts and any decision of that magnitude would proceed only with careful planning. However, there will be some adjustments and fine-tuning to increase the efficiency of various programs as we move forward, but rest assured that we will continue to provide the quality education our students deserve and community expects.

As a district and community, I ask that we once again pull together to overcome these financial hardships and show the teamwork and resiliency of this amazing community and district. Together, we can meet these challenges and show the State that there is nothing we can't overcome when we work as a team...and we will come out stronger. I will keep you informed of any changes that could affect Lago Vista ISD and appreciate your support.

For more information, please visit our website.

Governor Abbott's Number: 512-463-2000

Governor Abbott's Email: www.gov.texas.gov

Respectfully,



Darren Webb
Superintendent