

RISD's Sound Financial Stewardship and the State Budget Shortfall: Talking Points for Interacting with Elected Officials and Others

Explaining Texas' school finance system and how the state arrived at the budget crisis it finds itself in today isn't easy. We want the RISD community to understand that the state's budget shortfall is due to a structural budget deficit and not because of the district's financial stewardship. Here are some key points to make regarding RISD's financial efficiencies over the past 10 years and the state's budget shortfall:

- Because of changes the Legislature made to the school finance system in 2006, RISD has been operating with essentially the same amount of per-pupil revenue for the past five years. Meanwhile, annual costs – including a state-mandated teacher pay raise – have continued to rise. State standards have continued to increase as well, which means districts are being asked to do more with less, and do it better. Despite these challenges, RISD is the largest, most diverse district in the state of Texas to have achieved a Recognized rating for five consecutive years by the Texas Education Agency. Currently, RISD includes 42 Exemplary campuses and 11 Recognized campuses.
- The next two years bring even more challenges, and districts need adequate funding to meet those challenges. More than 85,000 students enter Texas public schools annually, and RISD's student enrollment increased by 1,200 for the 2010-11 school year. Over the past 10 years, RISD has experienced an increase in student populations which require more personalized instruction. In 2010-11, the overall RISD student population includes 22.5% Limited English Proficient (LEP) students and 56.8% Economically Disadvantaged (ED) students.
- During the 2012-13 school year, RISD and other school districts in the state will begin administering End-Of-Course (EOC) exams, which will be more rigorous than the exit-level TAKS. These EOC exams will replace the state's current accountability testing system. RISD is anticipating increased costs for testing materials and staff to administer the exams and increased testing dates.
- Because RISD has been preparing for the state's financial crisis over the past decade and since the Legislature froze districts' funding levels in 2006, the district has already and will continue to cut costs wherever possible. Since 2000, RISD has absorbed approximately \$70 million in savings through efficiencies of operations and energy management initiatives.
- In early 2011, RISD was recognized for its academic achievement and dollars spent by the Washington, D.C. based Center for American Progress. This study compared more than 9,000 U.S. school districts in three measures of educational productivity indexes, and in all three measures, RISD received the highest Return on Investment (RIO) available. RISD is nationally recognized for its student achievement and financial stewardship.
- In late 2010, RISD received 4.5 stars out of 5 from the Texas Comptroller for financial efficiency via FAST. In addition, several RISD financial and operational practices were chosen as best practices for Texas districts to consider emulating. RISD has also received the highest possible rating (Gold Leadership Circle) for financial transparency from the Texas Comptroller.
- RISD is only one of four districts in Texas with the highest underlying financial bond ratings – Aaa by Moody's and AA+ by Standard & Poor's.

- RISD remains a strong tax value. RISD ranks as the third lowest out of the 28 school districts in Dallas and Collin counties in tax levy for a residential homeowner. RISD is only one of three districts within this group that offers a local optional homestead exemption to taxpayers.
- The state's failure to fully invest in public education is dangerous and ultimately unfair. Texas students need and deserve a quality education. If public education is not fully funded, RISD students, in addition to others, and the state's economy will pay the price.