

Comal Budget Update

February 2, 2011

Dear Comal ISD Family,

As we hear daily reports from Austin about the budget shortfall and its impact on our school district budgets, one question keeps coming up. "What happened?"

While there are a number of factors, two present the most extreme adverse effects. The economic downturn is responsible for not only a decline in sales tax revenues, but also an increase in demand for social services, including education. That double hit is responsible for much of the estimated \$27 billion projected shortfall.

Another critical factor is the 2005 Texas Legislature's decision to compress the state's tax structure. This legislation reduced the school property tax rate with the expectation that margins on the state's business tax would replace lost revenues. But poor performance on the revenue through the business tax is adding to the state's shortfall.

One more contributor to the state's biennium budget deficit is the Governor's and Legislature's decision to direct some \$2.6 billion in federal economic stimulus funds, which are one-time expenditures, to recurring expenses, including raising teachers' salaries. In Comal ISD, these monies totaled more than \$7 million.

Finally, the Texas Legislature froze school district's target revenue per student at 2005-06 levels. For fast-growth districts like Comal ISD, that means as our property values, tax rates, tax collection and enrollment numbers change, the amount we receive from the state per student remains at 2005-06 levels.

In short, decisions made in Austin over the past three legislative sessions have put us in this scenario with an estimated \$16-18 million budget deficit over the next two years in Comal ISD. To clarify how those decisions have placed Texas school districts in a crisis scenario, the \$4.3 billion shortfall in the state's current budget is historic. This is the first time in the state's history the Legislature will begin its work with a negative school finance bill.

As I mentioned last week, we are in good company. Every school district in Texas faces tough economic challenges as we approach the upcoming budget season. And as these millions (at the local level) and billions (at the state level) of dollars in deficits continue to be part of the conversation across the state, a second question comes up. "What can we do?"

Collectively, school districts will be keeping legislators informed of the local consequences of their decisions. In our communities, we will continue to educate parents and businesses of our plight. When 85 percent of the Comal ISD budget is personnel, we will have to reduce staff in all areas to reach the \$16-\$18 million shortfall.

We will do all we can to protect the classrooms, but the reverberations of these cuts throughout the local economy and ultimately the state economy will be powerful. We will keep you updated on new information and our plans in Comal ISD as we finalize them.

Sincerely,

Dr. Marc Walker
Superintendent

