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## ***QUICKNEWS from Lake Travis ISD***

November 3, 2009

### **Voters reject two-cent tax rate increase**

*Approval would have generated \$1.2 million in annual revenue not subject to Robin Hood*

Nearly 60 percent of Lake Travis Independent School District (LTISD) voters rejected a proposition to increase the District's Fiscal Year 2009-2010 Maintenance and Operations tax rate by two cents, from \$1.04 to \$1.06 per \$100 of assessed property value. Had the measure been approved, the two-cent increase would have yielded \$1.2 million in annual revenue not subject to recapture (Robin Hood) under the state's current school finance structure.

"While we respect the wishes of the majority of our voting residents, we are disappointed with the overall lack of voter turnout in this important local election," said LTISD Board President Susan Tolles. "We all know that property tax increases are unpleasant, but we missed an opportunity to secure additional funding for our District that would have provided some short-term relief. As a result, our District is now faced with a budget deficit of more than \$1.7 million."

In August, the LTISD Board of Trustees adopted a total tax rate of \$1.3359 per \$100 of assessed property value, two cents above the 2008-2009 rate. The total tax rate is comprised of two parts: the Maintenance and Operations (M&O) tax rate, which funds day-to-day District operations, and the Interest and Sinking (I&S) tax rate, or repayment of existing bond debt. The 2009-2010 M&O tax rate was set by Trustees at \$1.06, up from \$1.04 the previous year. Under state law, adoption of the higher rate automatically prompted the Board to call a tax ratification election asking voters for permission to increase the District's tax rate. With the failed election, the M&O tax rate 'rolls back' to \$1.04, and the District's funding remains at current levels.

For Fiscal Year 2009-2010, LTISD anticipates sending to the state approximately \$29.7 million-or 50 cents of every tax dollar-in local property revenues through Robin Hood.

"Future budget projections for the District indicate that at the rollback tax rate of \$1.04, the District will deplete 78 percent of its fund balance-or savings account- by Fiscal Year 2012-2013," said LTISD Superintendent Dr. Rocky Kirk. "This will result in a fund balance below an optimal level which is required to maintain the District's current bond rating." Lake Travis ISD is currently one of only seven districts in Texas to have earned a 'AA+' underlying bond rating, the highest rating received by any district among more than 1,000 Texas public school districts.

"Despite election results, we will continue to work with our Travis County legislative delegation-and the Texas Legislature when it convenes in January 2011- and urge lawmakers to reform a school finance system that requires LTISD taxpayers to send millions of dollars to the state each year," stated LTISD Superintendent Dr. Rocky Kirk. "Although the two pennies of unrecaptured tax effort would not have solved the long-term financial challenges of the District, it would have bought us some time until the Legislature finds a more permanent and adequate solution to school funding."

For more information, contact the Lake Travis ISD Office of Communications at (512) 533-6046.

[ltisd\\_communications@ltsidschools.org](mailto:ltisd_communications@ltsidschools.org)

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