FRISCO
INDEPENDENT SCHOOL DISTRICT

Interim Charge 1, Question 4: What impact does the "no new revenue - tax cap" of 2.5 percent have on a school district's ability to continue the pay raises or changes in salary schedule adopted for the 2019-20 school year?

The tax cap itself does not prohibit a school district from continuing to pay the salaries established during the 2019-2020 school year, but it does make it difficult for school districts to continue to provide meaningful cost of living adjustments in the future without an increase in the basic allotment. The new school finance formula directly correlates increases in revenue to increases in enrollment since property value lag was eliminated and property tax compression is required. When enrollment is increasing, school districts will generally use the funding generated by that enrollment to hire more staff to accommodate the growth.

Without continued increases in the basic allotment, Districts will not be able to produce new revenue for teacher raises or other staff raises. Therefore, a District's options for funding pay increases would be:

1. Reduce other areas of the budget, which is only reasonable to a point.
2. Generate additional enrichment tax revenue through a TRE. It's unrealistic to ask voters to approve tax increases simply to provide raises.

Budget pressures, like those likely to be experienced after COVID, often force school districts to "do more with less," which means we hire fewer new staff than needed to accommodate growth and/or we provide a less meaningful cost of living adjustment.