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Gregory-Portland Independent School District

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G-PISD Trustees Adopt Budget, Restore Maintenance & Operations (M&O) Tax Rate

Last night during a special called meeting, the G-PISD Board of Trustees adopted a \$38.6 million budget and approved a recommendation to restore the Maintenance & Operations (M&O) tax rate to \$1.17 for 2016. This adjustment brings the tax rate to the same amount it had been from 2009 to 2014.

“Why are Trustees approving a rate they had already approved previously, and why is this necessary?” asked Ronald Wilson, G-PISD Chief Financial Officer. “The reason is because the state changed the formula for calculations in 2015. This state-mandated adjustment at that time automatically resulted in an M&O rate of \$1.12, a one-year savings for taxpayers ... and loss of revenue for school districts.”

Wilson provided Trustees with budget documents during the last several weeks, revealing projections of a \$1.8 Million loss in revenue in the next year—and many more millions expected over time—if the district were to miss the opportunity to restore the M&O tax to its former rate of \$1.17.

Even with this adjustment, the school district will still experience a deficit of \$620,068 in the coming school year, said Wilson, and those expenses will be covered out of fund balance. “This is a pitfall of becoming a high-wealth school district – we will have years when we may need to spend a little savings to keep moving forward, but we also need to do everything we can to keep revenue maintained in the meantime. It is absolutely necessary to keep up with progress and meet all of the goals and expectations that come from the community.”

In addition, Wilson said, the window of opportunity to adjust the rate may close in the future. Trustees understand that this may be their only opportunity to recapture some of the revenue previously lost due to the adjusted state formula.

“In the big picture, we would eventually have to reduce programs and potentially limit staffing unless we change back to where we were originally,” said Dr. Paul Clore, G-PISD Superintendent of Schools. “We need to maintain our standards for revenue over time so that we do not experience cuts and setbacks that would prevent us from meeting the needs of our growing community and expected growth in student population.”

Clore also supported the decision made two weeks ago to provide a three-percent mid-point salary increase for district employees and an adjustment for G-PISD educators. He cited the district’s history of providing salary increases whenever possible at the beginning of each fiscal year, supporting a long-term strategy to attract and retain highly-qualified educators and employees.

“Even without the salary adjustments this year, the district would still need to revert to the \$1.17 M&O tax rate to address future needs,” he said. “Though last year’s change from the state was not part of our plan, we knew that it would mean a one-year savings for taxpayers. We appreciate our community’s support in making the necessary change back to our previous M&O tax rate.”



The district will use existing fund balance (savings) to cover expenses for the coming year, however Wilson explained that doing so supports the “inevitable need” to adjust the M&O rate back to the rate of \$1.17.

“We continue to serve our community responsibly, always keeping in mind the promises made and kept to taxpayers,” said Wilson. “For example, during the Bond 2015 community meetings, we announced that we would keep the I&S debt service tax rate at \$0.18 while we complete those bond projects. We have kept that promise.

“If you take a look at the history of tax rates during the last few years, we have made a lot of progress while keeping rates steady whenever possible. We work hard to do the right thing for our students, while also doing the right thing for taxpayers. I believe we are achieving those goals.”

G-PISD Tax Rates – Last 10 Years

Year	M&O Rate	I&S Debt Service Rate	Compressed (Total) Rate
2007	1.37	.24	1.61
2008	1.04	.32	1.36
2009	1.17	.19	1.36
2010	1.17	.19	1.36
2011	1.17	.20	1.37
2012	1.17	.20	1.37
2013	1.17	.18	1.35
2014	1.17	.18	1.35
2015	1.17 1.12	.18	1.35 1.30
2016	1.17	.18	1.35

*In 2015, a state-mandated change to the funding formula automatically lowered our M&O tax rate from \$1.17 to \$1.12.