

# Finance at Austin ISD

Austin ISD is the single largest payer of recapture in the state, representing 26 percent of the total \$2.1 billion collected by the state in 2018.

## Property Wealth Does Not Equal District Wealth

A district's relative wealth is measured in terms of the taxable value of property within the district's borders, divided by the number of students in weighted average daily attendance. Chapter 41 of the Texas Education Code defines a school district as property-rich, while Chapter 42 defines districts as property-poor. Chapter 41, also known as recapture or "Robin Hood," requires districts to send some property tax revenue to the state.

Though Austin ISD is considered property-wealthy under this

system, the district serves a more diverse student population with costlier educational needs than a typical Chapter 41 district: More than 53 percent of the students AISD serves meet the federal definition of poverty and are considered economically disadvantaged, and 28.2 percent have limited English proficiency.

AISD's annual payment is projected to exceed \$670 million in the 2019 fiscal year. By then, more than half of every school property tax dollar collected locally will be "recaptured" by the state.

### Top Five Largest Payers of Recapture, 2017

Rank	District	Recapture	Bilingual students	Economically disadvantaged students	Students with limited English proficiency	Special education students	At-risk students
1	Austin ISD	\$405,345,868	29.7%	53.3%	28.2%	10.4%	52.2%
2	Plano ISD	\$104,545,350	13.5%	28.7%	13.9%	10.4%	25.4%
3	Highland Park ISD	\$86,824,358	0.7%	0.0%	0.8%	8.0%	10.8%
4	Eanes ISD	\$86,180,815	2.0%	2.4%	2.2%	8.3%	9.4%
5	Houston ISD	\$77,502,577	31.9%	77.1%	31.8%	7.0%	67.5%

Source: 2016–17 Texas Academic Performance Report, Texas Education Agency

## Raising Revenue

The most effective way for AISD to raise revenue is to increase the local school property tax rate. However, limitations under Chapter 41 allow the district to retain only about half of the additional taxes generated from an increase in the property tax rate. That amount will continue to decrease over time.

If AISD could secure voter approval to set its tax rate at the maximum allowed under law, the district would receive \$32.1 million of the projected \$94.2 million that would be generated by increasing the maintenance and operations tax from 1.079 to 1.17 per \$100 valuation.

Such constraints make it difficult to take the case to taxpayers to support a tax rate election when nearly half the revenue would go to the state.

## Recapture, in millions

Since the 2002 fiscal year, AISD has paid more than \$3 billion to the state as part of recapture. Starting with the 2019 fiscal year, more than half of every local tax dollar collected will go to the state.

