



Texas Association of School Boards

## Making Plans for a Tax Ratification Election (TRE)

Suppose that after making difficult decisions about staff and programs, your district adopted a budget in August 2009 that was funded, in part, with resources from the fund balance. The district maintenance tax rate has been \$1.04 for two years. Now, at mid-year in 2010, it looks like the economic downturn is affecting tax collections, and instead of the typical 99 percent collection rate, you expect a 97 percent rate instead. In addition, actual enrollment is below what was budgeted for the 2009-10 school year, meaning the district will have less state revenue this year than expected and will face new budget challenges next year. Your board is already beginning to talk about raising the tax rate at least two cents to make ends meet in the 2010-11 budget year. Doing so would mean holding a tax ratification election (TRE) to raise the maintenance tax rate.

A district that adopts a tax rate above its rollback tax rate must, in most circumstances, hold an election for the voters to ratify the higher rate. If a majority of the votes cast favor the proposition, the tax rate for the current year is the rate adopted by the board. If the proposition is not approved, then the board may not adopt a tax rate for the current year that exceeds the rollback rate.<sup>1</sup>

What should your district—or any district—consider as you contemplate raising the tax rate and asking for voter approval through a TRE? The first step is to ascertain current fiscal health. The administration reports the district's fiscal health several ways. First and most important are the regular updates the administration presents to the board such as the cash flow report, an update on enrollment and personnel, and information about property values in the district. Depending on the size of the district and activity such as school construction, there may be other regular information reports that will help the board and the public understand the financial status of the district during the fiscal year. If there are current-year issues, the district leadership should address them first, as a matter of sound business practice and appropriate oversight. Evidence of good fiscal management will help secure public trust in the district.

If the district determines that more resources are needed than the state funding system will provide, the next step is to establish the plan for the 2010-11 year. The plan may include continuation of projects and initiatives begun earlier and it may address changes in law that the district must implement. It should always address the instructional and operational goals of the district. It is common sense to start with a plan and then develop the budget.

---

<sup>1</sup> Legislation passed in 2009 permits, in some circumstances, a district that reduced its maintenance and operations tax rate one year to raise its rate in a subsequent year without conducting a TRE. In addition, there are some situations where an increased tax rate is due to disaster recovery expenses and a TRE may not be required.



## Texas Association of School Boards

Once the board and administration formulate a plan, the administration can develop a budget for the coming school year. The board provides guidance about assumptions the administration will use in developing the budget, including enrollment scenarios and related staffing assumptions, estimates of salary budgets at levels the board wants to consider, assumptions about state aid and tax collections, and estimates of the cost of programs and initiatives the district would like to undertake. When the administration has clear direction, it can focus its efforts on preparing materials for the board to consider that will make clear the financial impact of various decisions about staff, salaries, programs, and operating costs. The budget will include both revenue and expenditure components and will show the board what can be accomplished in 2010-11 with the current tax rate as well as with proposed tax rate increases.

With budget information in hand, the board is in a position to approve a tax rate for the district. If an increase in the maintenance portion of the tax rate causes the district's proposed rate to exceed the calculated rollback tax rate, then the board will call a TRE. While the majority of TREs so far have been successful (70 percent), voter approval in a particular situation is not assured. For that reason, the board should be clear about how the district will budget resources if the TRE does not pass.

In addition to the steps required to call the election and, if needed, get pre-clearance from the United States Department of Justice, the district should identify steps for communicating the tax increase. While activities related to informing the public are not difficult, they are time consuming. They also require careful planning so that board members and district staff do not violate statutes that prohibit use of school district resources for electioneering.

The information that follows was gathered from districts that held a successful TRE. The suggestions below are a general guide for an information campaign to help voters understand the reason the district is calling a TRE. If they have clear and accurate information, voters will have what they need to make an informed decision when they vote. Even voters who don't support the higher tax rate may develop more trust in the school district if it provides them with accurate information and open processes for comment and input.

- As the budget is developed, the superintendent may want to communicate first with district staff to discuss the district's fiscal position, the staffing and programmatic impacts of constrained funding, and the uses of any new resources that would come from an increase in the tax rate. The superintendent may want to schedule meetings with employee groups (teachers, transportation employees, food service workers, etc.) to communicate the district's needs and answer questions.
- Once the board adopts a tax rate that exceeds the rollback rate, the board and superintendent should identify key community groups and opinion leaders that should receive information about the budget and tax rate. Providing print information may not be sufficient; instead a personal touch may be more effective. District leaders may want to meet informally with three or four



## Texas Association of School Boards

people at a time to discuss the district's budget and answer questions about the TRE. One school district that held a successful TRE in 2008 held over 40 small group meetings like this to explain why the district leadership adopted a higher tax rate and called an election.

- Consider developing print materials to explain the district's fiscal position in words, graphs, and charts. Include other factual information about student performance, the FIRST rating, and other documentation about the board's stewardship and the administration's prudent management of the district. If school district resources are used to develop, produce, or distribute such materials, they should include only the facts, and not advocate for passage of the TRE. Avoid phrases like, "Vote to support our children." Also avoid statements about dire consequences that will follow if a TRE does not pass. Remember that these same guidelines apply to e-mail communications about the TRE that are sent from district computers.
- The superintendent and the board members should receive training to use the print materials and any electronic presentation materials the district develops. With a consistent, factual message, district leaders can speak effectively to community groups such as service clubs, PTA, PTO, faith groups, and business groups. Board members and administrators should be prepared to make presentations as brief as five minutes.
- The district web site is a good place for factual information as well as Question and Answer materials about the budget and the election (provide a link to the budget summary as well). The district may provide information about voter registration procedures, the location of polling places, and hours and dates for voting. Provide a district contact point for more information, such as the early voting clerk for election procedure questions. Avoid messages that urge citizens to vote; instead, just set out the facts.
- Some communities have citizen groups that are willing to work independently on behalf of the school district. These groups may develop materials that promote passage of the TRE such as flyers, yard signs, and posters. The print material developed by citizen groups working independently should clearly state that private contributions, not district resources, were used for development. These materials may urge citizens to vote in a particular way.
- Individual board members may speak as citizens and urge support of the TRE. In doing so, they are exercising their rights as independent citizens. However, board members should avoid statements like, "The board urges a vote to increase the tax rate." A more appropriate statement might be, "I urge you to vote to increase the tax rate."
- If the school district has a newsletter, that publication may include factual information about the budget, tax rate, and TRE. Short factual articles that appear in multiple issues of the newsletter will keep the issue front and center in the minds of parents and other citizens.



## Texas Association of School Boards

- In addition to the hearing that must be held for community input on the budget and tax rate, the board may want to hold one or more community forums to let citizens ask questions and express their support or concern about the TRE. Speakers who come to the forum should sign in and should have a time limit for making remarks. Board members should listen and probe for more information, if appropriate. Be sure to post such meetings in the usual manner.

Setting tax rates and conducting tax elections require close attention to requirements in the Texas Education Code, Election Code, and the Tax Code. For this reason, districts should consult with their attorney about the timing of tax rate approval, the conduct of elections, and the communication campaign.