

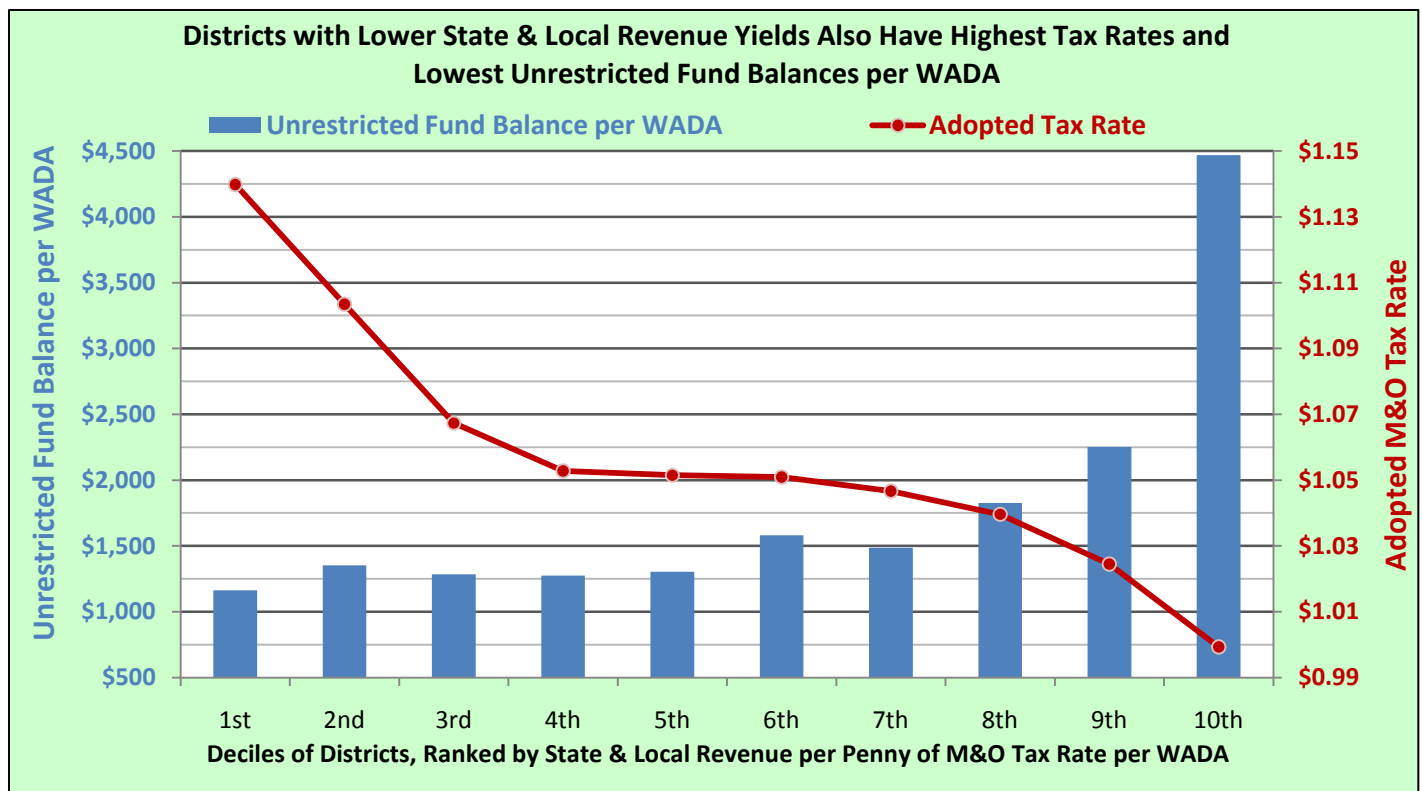
The EC Xpress

March 22, 2011 • An Equity Center Publication • Volume 2, Number 26

Last week, information about district fund balances (which total \$10 billion statewide, including restricted, designated and unrestricted funds) was used as an argument against spending the state's Rainy Day Fund. The message was, "Why should we (state government) use our Rainy Day Fund when school districts aren't willing to use theirs?"

There are several reasons this logic is flawed, such as districts must hold funds for cash flow and emergencies. What's more, restricted fund balances were never really on the table, because restricted fund balances are, well, *restricted* as to their use. Designated fund balances are funds set aside by school boards toward future needs, such as partially paying for a new elementary school, perhaps because the \$35 per ADA facilities guaranteed level has lost much of its value since it was implemented 11 years ago. (For more reasons, reference our 2.15.11 ECX.)

With regards to fund balances, keep in mind this crucial point. As you can see from the chart below (based on available TEA data for 2008-09 – complete district report in [EC Member Center](#)), *the districts with the lowest yields and the highest tax rates are also the ones with the least unrestricted fund balances!* These districts are the ones the state has been severely underfunding for decades, and who, now, are being told they must "share the pain."



On another note, yesterday marked the end of the first half of the 20-week legislative session. We expect to see a significant increase in both the pace and intensity of the session within the next two weeks.

Anyone wishing to testify on school funding bills as they are heard in committee should be getting their local school district story together. Remember, the strongest story you can tell is also the one you know more about than anyone else in the world. We'll be sending you more information about working with the Equity Center to coordinate your testimony and get help from us if you want it!