



Leander ISD Proves That Education & Reducing Debt Matters

In a recent [blog post](#) by Ross Kecsag with Empower Texans, Leander ISD is accused of refusing “to confront a debt addiction” and of joining “the [Fast Growth School Coalition](#) with the explicit goal of raising property taxes and removing legislative debt limits designed to safeguard Texas taxpayers.”

In fact, Leander ISD is confronting its debt and its debt management strategy and is taking steps to outgrow Capital Appreciation Bonds (CABs) and working to adjust its strategy based on community input. The community dictates its needs by voting and by engaging the Board on how they want our community’s schools managed, including its growth strategy. This is a process that takes time and one that cannot be done overnight.

LISD is a member of the [Fast Growth School Coalition](#), whose mission is to educate others about the impacts that rapidly expanding communities have on school districts. School funding is in a precarious state at the moment. With no financial help from the state, schools are severely challenged to provide the facilities and education that continue to attract new families, while state financial support eventually erodes.

While blog posts are simply one perspective of a situation, they can bring to light certain aspects of an issue. Below are facts that shed more light on the same aspects mentioned in the Empower Texans blog post.

LISD’s complex debt issue can be explained by understanding two simple facts:

1. Leander ISD is a fast-growth district.
2. The state sets maximum tax rates that school districts can levy.

What has LISD been doing to manage its debt?

- LISD has had three sales in the last year, all of which were Current Interest Bonds (CIBs).
- LISD has refunded existing debt, saving taxpayers \$94 million.
- LISD has engaged in deep discussions with the community and state lawmakers about how to balance the growth needs of the community with the tax rate considerations, while remaining within state tax rate limitations.
- LISD has scheduled community meetings to discuss growth and growth management in the district.
- LISD has earned [Texas Comptroller Susan Comb’s Platinum Leadership Circle](#) Distinction for Transparency practices. The Platinum distinction is the highest level available in the Leadership Circle program.

What has LISD NOT been doing?

- LISD has not been ignoring input from constituents.
- LISD has not been raising the operating tax rate.
- LISD has not been issuing new money in CAB debt.

How has LISD’s debt changed in the last six months?

- Payback ratio went from 2.45:1 to 2.41:1.
- Outstanding debt decreased from \$1.7 billion to \$1.582 billion.
- Debt portfolio moved from 26% CIBs and 74% CABs to 32.5% CIBs and 67.5% CABs.

The statement that the Board explicitly wishes to raise taxes is incorrect. The Board has issued CABs over its decades of fast growth due to consistent taxpayer input to maintain the lowest possible tax rate. For many years the CAB mechanism was used to enable construction while maintaining a lower tax rate, while allowing the district to remain below the state-imposed maximum tax rate. The emphasis was on the tax rate, not on the total cost of the debt. Some citizens have urged the Board to raise the debt tax rate in order to pay down debt faster. Others encourage the Board to keep the tax rate lower to help lower monthly household bills. The Board must deliberate and represent all interests.

LISD has changed significantly in the last decade, and the debt philosophy of the district has also placed more emphasis on the overall outstanding debt. As we are shifting to this new philosophy, we issue CIBs whenever we can. The district’s [most recent transactions](#) demonstrate this shift in emphasis.

LISD is a fast-growth district that is managing growth with tightly regulated debt instruments and providing exceptional learning opportunities for students, while meeting the needs and directives of the community. This balance has afforded us accolades in both the educational and fiscal side of school district management. We have a AAA Bond Rating with AA- underlying from Standard & Poor’s and a Superior Achievement rating for the Schools Financial Accountability System for the 12th consecutive year. LISD remains committed to providing quality facilities that support student learning, keeping the focus on the students, and functioning at optimum operating efficiency.

Leander ISD looks forward to working with state lawmakers in the coming months to find a solution that balances the needs of fast-growth school districts and addresses the debt management wishes of voters. Learn more about [LISD’s Legislative Priorities](#) for the Texas 84th Legislative Session.