



October 8, 2025

City of Grapevine
200 S. Main Street
Grapevine, TX 76051

Dear Mayor Tate,

Thank you for taking the time to write regarding your concerns as the district navigates the necessary but difficult financial decisions ahead. Respectfully, we were surprised by the statements in your letter. We also appreciate your interest in this process, and as we move forward, we must ensure that all stakeholders are working from accurate, factual information.

In reviewing your letter, we found several claims regarding the district's finances and operations that are factually incorrect. We feel it necessary to take this opportunity to provide clarity and correct the record for both the city and our shared community.

First, you claim that "unused bonds" were paid off and that those bonds could have been allocated toward expenses such as repairs, equipment, safety, and technology to ease pressure on the general fund. The district did not pay off "unused bonds." Rather, the district executed a bond refunding (similar to refinancing a mortgage), and this responsible action resulted in taxpayer interest savings of more than \$12 million.

Unlike the city, who is authorized to levy a single constitutional tax rate pursuant to Article XI, Sec. 5 of the Texas Constitution, school districts levy two distinct and separate tax rates pursuant to Article VII, Sec. 3 of the Texas Constitution, each of which must be separately approved by voters: a Maintenance & Operations (M&O) rate for "maintenance" and an Interest & Sinking (I&S) rate that can only be used to retire voter-approved bonds. While the two tax rates are separate and distinct, there is a small degree of overlap in the purposes for which each tax rate can be used. In other words, there are some, limited circumstances in which bonds paid from I&S taxes can be legally utilized to help reduce the district's operating costs, provided that such costs constitute "capital expenditures"

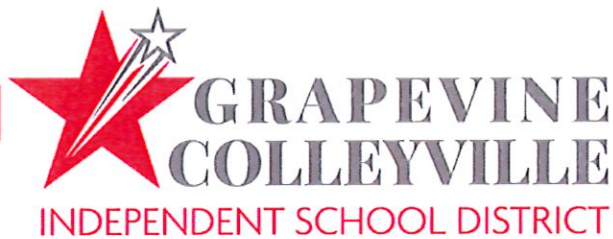
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within generally accepted accounting principles. For the last 20+ years, Grapevine-Colleyville ISD has been a statewide leader in offsetting its operating costs by utilizing voter-approved bond funds, within the limits permitted by law, which are subject to stringent review by the Texas Attorney General's Office. Some examples include utilizing bond funds for costs that have replaced traditional textbooks (such as technology and software costs), safety and security equipment, capitalizing portions of employee salaries that are directly attributable to capital projects, vehicles, and major maintenance items primarily aimed at reducing operating costs. Interest income earned from bond funds, or savings due to projects coming in under budget, has been used to pay such costs, and the 2024 Bond package specifically addressed these needs: facility deficiencies, technology, safety and security, and facility updates. The District has and will continue to fund capital projects through the appropriate voter-approved bond mechanism, which by state law cannot be used to cover "current expenses," such as salaries which make up approximately 87% of the district's annual M&O budget. Additionally, none of the bond money could be used to assist with the financial challenges we currently face. Any surplus revenue from the I&S rate can only be used to pay off debt or lower the I&S tax rate. The lowering of the Tier 1 M&O rate is determined by the state through compression. There is absolutely no way, even with voter approval as you mentioned, to use I&S funds to supplant the expenditures that the state mandates come from the M&O revenue.

Second, you mentioned the Voter-Approved Tax Ratification Election, also known as the VATRE. Yes, the VATRE did bring an additional \$6 million in M&O revenue, and we are grateful for that community support. However, this school year, GCISD's enrollment continued its decline by an additional 222 students, therefore more revenue was lost because the amount of funding GCISD receives is ultimately based on the average daily attendance multiplied by the number of students enrolled. We will graduate 978 seniors across GCISD next May. We had 692 kindergarten students enter the district this August. This declining enrollment is due to several factors that include an aging community with children no longer in schools, lower birth rates, rising property values, and the increasing number of charter, virtual, and private schools. This is something that several districts in our area are also experiencing (e.g., Allen, Carrollton-Farmers Branch, Coppell, Irving, Lewisville, Plano, Richardson, etc.).

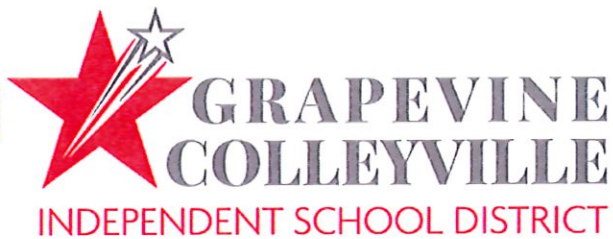
Regarding avenues to expand open enrollment, GCISD already offers enrollment to students who do



not live in the GCISD boundaries including those who live in the City of Grapevine and the City of Colleyville but are not zoned for GCISD, children of GCISD staff, and grandchildren whose grandparents reside in GCISD. Most recently, as you know, GCISD expanded the open enrollment to children of employees of the City of Grapevine and the City of Colleyville.

You stated that the district received about \$14 million more from the state this year. This is not correct. The preliminary state funding increase from the 89th legislative session is projected to be approximately \$6.2 million, or approximately 3.1% of total revenue. The increase in the revenue in budgetary accounts for the general fund from state funding needs to be combined with other accounts (tax increment fund and recapture) to accurately reflect the true increase in operating revenue. Approximately \$4.1 million of funding from the state was mandated to be spent in the form of teacher pay raises of a specific amount. The district had to deplete the remaining additional funding to provide a 1.5% raise to the rest of its staff (custodians, bus drivers, paraprofessionals, principals, etc.), that were excluded by the state legislation, along with the required retirement contributions, for which they provided no funding. The reality is that the state provided only a 0.89% increase in the basic allotment (the first increase in six years), while inflation and M&O costs have soared over the last six years. There is an urgent need to address fiscal sustainability over time as well as create fiscal capacity, which is driven by the desire to provide competitive annual compensation increases to all staff, as GCISD currently ranks near the bottom against area districts.

You have asked us to exhaust all other options. To increase revenue, the district has expanded enrollment at iUniversity Prep, the district's virtual school that serves students across the state, passed Voter-Approved Tax Ratification Election in November 2024, expanded limited open enrollment, added bus advertising, secured a corporate sponsorship and support agreement, negotiated long-term leases on cellular towers, and pursued grant funding. The district is now also offering a new opportunity to allow contributions directly to the M&O general fund. To reduce expenditures, the district has reduced 146 full-time positions through attrition since the 2022-2023 school year, cut department and campus budgets, improved operational efficiencies, increased middle and high school staff efficiencies, transitioned to a high school eight-period day, and utilized bond funds for eligible capital expenditures. GCISD was a participant in a lawsuit against the state regarding the unconstitutionality of the school funding system to no avail, but the district's leaders



regularly visit with state legislators to continue to advocate for legislation to lessen the burden of recapture and ensure accountability for those funds.

We can all agree that the potential use of copper pennies is still the one last option available. It is less than ideal for bringing in additional revenue. Based on the 2024-2025 funding template, approximately 62% of those funds added to our citizens' tax bills would be sent back to the state in the form of recapture, meaning that the district only retains 38 cents from every dollar. (These are subject to change). The question is: is it fiscally responsible to utilize those tax dollars to continue to operate buildings that are well under functional capacity? Or would it be more appropriate to utilize those funds, if ever approved by the voters, to put toward staff compensation? The district's responsibility is to use all funds prudently.

In regard to the committee members, they were selected specifically for their district-wide knowledge, character, and commitment to the long-term success and stability of the entire district, not for their connection to a specific school or city. This group has invested nine months of work to provide a district-wide solution that benefits the district as a whole and all students and families in the long run by becoming more sustainable.

To ensure city partners were informed, the district extended an invitation to the City of Grapevine's city manager to be an active member of the committee. That invitation was declined. To maintain balance, we removed the invitation to the City of Colleyville's city manager. Any implication that the district has excluded the city from this process is simply not true.

It's important to make sure our constituents are aware of the independent professional expertise the district has employed. The district has utilized the professional guidance from Moak Casey and TASB to study efficiencies, staffing, and compensation over the past few years. That information, combined with the professional guidance from Huckabee and School District Strategies regarding facilities and enrollment projections, has been instrumental in the development of ideas through the educational master planning process. These professionals are highly regarded in their areas of expertise and have provided a wealth of knowledge, data, and insight to create scenarios for a sustainable future for GCISD.

We recognize that this is a challenging time for our community. That is why the district leadership, who have a deep, vested interest in our students' future, have made themselves fully available to the city. The following meetings have taken place to ensure your leadership is informed on the financial situation and work together to hear the city's concerns and try to mitigate, as best as possible, that recommendations do not create unintended consequences:

- Thursday, September 18: Superintendent Dr. Brad Schnautz, President Shannon Braun, Mayor William D. Tate, Mayor Pro Tem Paul Slechta
- Tuesday, September 23: Dr. Schnautz, City Manager Bruno Rumbelow, Assistant City Manager Jennifer Hibbs, Chief Financial Officer for the City of Grapevine Jeff Strawn, Chief Financial Officer for GCISD David Johnson, Chief Operations Officer Paula Barbaroux
- Wednesday, October 1: Trustee Dalia Begin, Mayor Tate
- Thursday, October 2: Secretary Kathy Florence Spradley, Mayor Tate

In addition, numerous conversations have taken place between our trustees and individual Grapevine council members.

One concern we have also heard through these discussions is the ability for our campuses to comfortably and effectively accommodate more students. To ensure every school can manage the new enrollment from consolidations, we are relying on a realistic measure of functional capacity that is much more than a simple architectural blueprint maximum. Architects and educational facility experts generally calculate functional capacity for elementary schools using a 90% ratio of the theoretical design capacity. The analysis includes whether the receiving school will be able to accommodate the new enrollment. For example, at one point Silver Lake Elementary had as many as 680 students compared to the 410 it has today. The building will be able to accommodate increased enrollment. All plans for school consolidation are tied directly to the calculated functional capacity of the receiving campus.

The sharing of incorrect financial information by city leadership undermines the necessary work being done and erodes public trust. The district and the city share the same constituents, and the long-term success of GCISD is vital to the entire community, and that includes the city.



We may not ultimately agree on every difficult decision that must be made, but we should be able to rely on a long-standing partnership grounded in a shared understanding of the facts. We formally request that the City of Grapevine use the correct financial information provided here when communicating with the community regarding district affairs.

While this is a pivotal moment in history for GCISD, and these decisions will not be taken lightly, they come from many hours of examining data, following a methodical process, and realizing that at the heart of this, we must consider the impact on families and children. We may make structural changes, and we may adjust the campuses students attend. No matter the final configuration, and no matter how many schools we have, it does not change our commitment to the GCISD family. We value our partnership with the city and will navigate these necessary changes to secure the long-term stability of our district.

Respectfully,

Shannon Braun
President
GCISD Board of Trustees

Dr. Brad Schnautz, Superintendent of Schools

David Johnson, Chief Financial Officer

Paula Barbaroux, Chief Operations Officer