From: Leah Hanany <communications@episd.org>
Sent: Thursday, 17 September 2026 17:37:50
Subject: A Message from Leah Hanany

Message from Leah Hanany
EL PASO ISD it starts with us

Dear El Paso ISD Community,

This week, our Board adopted a lower overall property tax rate for the 2026–27 school year and continued our efforts to reduce the district's outstanding debt.

I want to cut through some of the noise about this year's property taxes: EPISD did not raise its tax rate. We lowered it. Our Board adopted a rate of $1.0745 per $100 of taxable property value, down from $1.0807 last year.

Your tax rate and your home's value are two different things. The El Paso Central Appraisal District determines your property's appraised value and handles exemptions; EPISD does not set the value of your home.

I believe our community deserves to understand not only the number we adopted, but also the financial planning behind it and the obligations we are responsible for meeting.

Understanding the tax rate we adopted

School property taxes are divided into two components. Maintenance and Operations (M&O) supports our classrooms, teachers, transportation, and daily operations. Interest and Sinking (I&S) is dedicated to repaying outstanding debt, primarily bonds issued for school construction and improvements.

Our operating rate decreased, our debt-service rate remained unchanged, and the combined rate went down.

Why did our operating rate decrease?

Our operating tax rate is largely determined by the state's school finance formula, which establishes how much funding a district is entitled to receive based on factors such as enrollment, attendance, and student needs.

Think of it like splitting the bill at a restaurant. The state determines the amount of the "bill" and how much is paid by local property taxes versus state funding. When property values rise, the state can lower the local tax rate through a process called *tax compression*, adjusting how much each contributes. The district doesn't automatically receive more money simply because property values have increased.

The state determines both how much funding we receive under that part of the formula and how the bill is divided, even as the actual cost of educating our children continues to rise. Our taxing authority for establishing this tax rate is very limited.

For EPISD, this year's compression reduced our operating tax rate from 76.99 cents to 76.37 cents per $100 of taxable property value.

2026 Tax Rate Calculation Worksheet – School Districts.pdf

Why we maintained our debt-service rate

EPISD's debt-service rate has remained unchanged at 31.08 cents per $100 of taxable property value since 2023. This portion of our tax rate is dedicated to repaying outstanding bonds, and our authority to set it is governed by state law and the debt obligations we are legally required to meet.

Each year, our Treasury Department evaluates those obligations and recommends a rate that accounts for our scheduled payments and longer-term financial needs. This year, the Board followed Treasury's recommendation to maintain our existing rate and approved moving forward with the early retirement of outstanding debt.

You can think of this like a mortgage or car loan. When you pay additional principal, you reduce what you owe sooner and save money on interest over time, while still ensuring you have enough set aside for future payments. The same principle applies to our district's bonds.

The Board approved a recommendation to move forward with the early retirement of $15.2 million in debt, which is projected to save approximately $2.7 million in future interest payments.

Our overall tax rate decreased, and our decision to maintain the debt-service rate reflects the financial strategy recommended by Treasury: meeting our existing obligations while reducing the cost of our debt over time.

Property tax relief and the funding of our public schools

The state also provides a $140,000 homestead exemption for qualifying primary residences, meaning the first $140,000 of a home's value is exempt from school district property taxes. Homeowners who are 65 or older or who qualify based on disability receive an additional $60,000 exemption, bringing their combined school district exemption to $200,000.

Here in EPISD, our district's figures indicate that approximately 20,000 homes owe no school district property taxes because of applicable exemptions.

Texas also provides a full property tax exemption for the qualifying primary residences of veterans who receive 100% disability compensation and meet the applicable disability-rating or individual-unemployability requirements. This exemption applies to property taxes generally, not just school district taxes.

These protections make a meaningful difference for homeowners, particularly our seniors, veterans, and families whose homes fall within the exempted values.

The State of Texas determines these exemptions and provides additional funding under its school finance system to offset qualifying losses in local tax revenue. But replacing revenue that homeowners no longer pay is not the same as increasing investment in our schools. The cost of educating children continues to rise, and the state's funding decisions determine how much support districts receive to meet those costs.

I believe property tax relief and adequately funding public education are responsibilities we must consider together. Our overall tax rate decreased this year, and we remain focused on managing our resources responsibly. Our schools serve every child who walks through our doors, and we must continue recognizing what it actually costs to provide them with the education and opportunities they deserve.

An update on our financial recovery

Our tax-rate decision comes as EPISD continues its financial recovery.

Following months of organizational changes and expenditure reductions, we adopted a 2026–27 operating budget with a projected deficit of approximately $4.3 million. Since then, the administration has identified additional savings expected to offset that remaining deficit.

Our attention is now on monitoring the budget throughout the year, including enrollment, state funding, payroll, expenditures, and cash flow.

Beginning next week, we expect to make a financial dashboard available to the public so our community can see how actual results compare with our projections and understand the adjustments being made as circumstances change.

Ultimately, the purpose of this work is to maintain a financially stable district capable of providing the educational opportunities and services our students need.

This was one part of our Board meeting this week. I will follow up next week with several other updates and items the Board considered and took action on.

In the meantime, I wish you all some enjoyable last bits of the summer season as we hit the first day of fall next Tuesday.

Warmly,

Leah Hanany
President
El Paso ISD Board of Trustees

For a version of this message in your language of preference please ***click here*** *to read in browser on the El Paso ISD website. In addition, this message automatically translates to the language of preference the recipient selected when signing up for El Paso ISD newsletters.*

it starts **with us**

El Paso Independent School District
1014 N. Stanton St. | El Paso, TX 79902

www.episd.org