

[Bond Case Briefs](#)

Municipal Finance Law Since 1971

[Deep in No-Tax Texas, Shale Hub Weighs \\$569 Million School Bond.](#)

- **Midland’s leaders back funding to upgrade outdated facilities**
- **Oil-company honchos worry about quality of tomorrow’s workers**

The hall lockers at Midland High School — Go Bulldogs! — sport a fresh coat of red paint, but the rest of the place looks like its best years were last century.

Some passageways in the West Texas public school are too narrow for wheelchairs and a number of classrooms have just two electrical outlets. A few of the 48 students in an AP economics class are without desks while another sits in the teacher’s chair. Across town, Midland Lee High School — Go Rebels! — isn’t much better.

An overlooked consequence of the American energy revolution is the stretching of municipal resources in small cities like Midland. The Permian Basin hub of 142,000 residents hasn’t kept pace with the influx of families flocking to the shale patch, and now civic leaders are fretting over the long-term costs of outdated schools. To remedy that, Midland voters will decide Tuesday whether to issue a \$569 million bond to build two new high schools and freshen up the old ones.

Per-pupil spending in Texas, famously hostile to government expansion, was in the bottom fifth of all states in 2016, according to Governing, a public-finance site. Nationally, capital spending on schools slowed after the recession that ended in 2009 and never recovered. The money spent in the U.S. in 2016 was less than it was 10 years ago even as enrollment grew.

Texas has no income tax and property taxes are frozen for senior citizens. Midland, the former home of the Bush family, has voted overwhelmingly Republican for years.

But Midland’s antiquated schools are seen as so troubling that the usually tax-averse Chamber of Commerce voted unanimously to support a “yes” vote, and oil-company honchos have publicly backed the bond issue. They say that a lagging educational system is already an issue in wooing talented hires to town and could produce subpar employees of the future.

Biggest Drawback

“We’ve allowed the conservative nature of our community to not fund the facility improvements that have been needed over time,” Travis Stice, chief executive officer of Diamondback Energy Inc., a Midland-based independent with a \$14 billion market value, said in an interview.

“As an employer, that’s one of the single biggest drawbacks I have when it comes to bringing people from the outside,” said Stice, who, like his wife and three children, attended Midland Lee. “They always ask, ‘What the heck is going on with your schools out here?’”

Last week, Scott Sheffield, CEO of Irving, Texas-based Pioneer Natural Resources Co., also came out in favor.

“For Midland to attract the professional and skilled workforce needed to take advantage of this vast opportunity, new modern school facilities providing critical added capacity are required,” Sheffield wrote in an opinion piece for the Midland Reporter-Telegram.

Midland is accustomed to fluctuations in fortune. During boom times, restaurants struggle to retain workers who leave for better jobs in the oilfield, traffic mishaps soar as droves of drivers hit the highway with fracking supplies and rents can spike so high that the school district bought apartments just to keep prices from pushing out teachers.

Spigot Off

Busts have kept the city aware that another downturn could always be lurking. But even with shale production growth slowing, folks say that schools could finally use some money.

“When there was the bust in the 80s, the spigot was turned off,” Joe Rhone, a 56-year-old Midland resident, said outside an early-voting location where he supported the bond. “The schools are in really bad shape.”

Texas employs a so-called Robin Hood funding model for its public schools, allocating tax revenue from wealthy districts to poorer ones. Thanks to shale, Midland ranked seventh in the state last year in revenue and next school year is projected to almost double its payment to the state to \$118 million.

If the bond passes, the city estimates a net property-tax impact of \$5.29 a month for a \$300,000 home. Midland’s median home price is \$261,800, according to Zillow.

The bulk of the debt would be used to build two new high schools while renovating the current Midland Lee location. The new Midland High is slated to be built on the 117-acre Ranchland Hills Golf Club, which the school district bought this year for \$9.5 million.

Safety Concerns

The current buildings pose safety concerns for students, said Midland High School Principal Leslie Sparacello. She counts more than 50 entryways — a nerve-wracking layout at a time when school shootings are a concern.

Sparacello, who goes by Dr. S, said she’s looking at one workaround by turning a second-floor hallway into an internal entrance to the library. The fire marshal signed off, but the hall is too narrow to comply with the Americans with Disabilities Act.

Not everyone thinks the bond is the best way to turn things around. Tim Bryson, a financial adviser for Merrill Lynch Wealth Management who lives in Midland, says it’s “irresponsible” to buy a golf course and then build a school on the land.

“There’s only eight people in town who think that’s a good idea,” he said.

Orlando Riddick, the school superintendent, said he doesn’t have a lot of options.

“I’m being just as shrewd a business operator as any of our other industry partners here in the city,” he said in an interview. “We kicked the can so far down the road. There are half a billion dollars of needs that we’ve left behind.”

Bloomberg Markets

By Rachel Adams-Heard

October 31, 2019, 4:00 AM PDT

Copyright © 2019 Bond Case Briefs | bondcasebriefs.com