

School districts stand to make millions of dollars in extra revenue from the state's Chapter 313 program. Perhaps no one knows this better than Greg Poole, the superintendent of Barbers Hill Independent School District.

Located in Mont Belvieu, a town dominated on one side by petrochemical plants, Barbers Hill has 34 active tax-break projects, by far the most of any school district in Texas.

Poole was a pioneer in realizing that there's no financial downside for Barbers Hill - and plenty of benefits - by granting so many incentives.

The nearly \$900 million in tax breaks being handed out by Barbers Hill doesn't come out of the school district's budget. The economic pinch is felt at the state level.

Meanwhile, the companies that receive the tax breaks are paying the district an additional \$235 million over the 10-year life span of each deal in return for the incentives. That's extra money for educating students, Poole said.

"We absolutely saw the benefit from the very beginning and embraced these opportunities," Poole said.

Chapter 313 is such a boon for Barbers Hill that Poole and his assistant superintendent of finance, Becky McManus, formed a consulting firm in December 2012 to help other districts negotiate similar deals.

More than a dozen school districts across Texas paid their firm, **Jigsaw School Finance Solutions LLC**, nearly \$1.2 million in consulting fees since 2013, according to invoices, check registers and other financial records obtained under the Texas Public Information Act.

Poole's contract at Barbers Hill stipulates that he's allowed to do consulting work for Jigsaw on his own time. Under Texas law, school boards are supposed to approve a superintendent's outside work on behalf of other school districts on a case-by-case basis in an open meeting.

The intent of the law is to make sure outside work doesn't interfere with a superintendent's regular duties, Scott Hochberg, a retired Houston lawmaker who wrote the statute, said in an email to the Houston Chronicle.

The Chronicle reviewed school board minutes dating back to April 2020 and found no mention of the company or Poole's consulting.

Poole said he had a legal opinion stating that Barbers Hill is complying with the law.

"It's totally above board," Poole said of the arrangement.

Neither Poole nor the school district provided a copy of the opinion or any documentation, such as copies of school board minutes, showing that any approvals were granted by school trustees in open meetings.

Why say no?

Records show Jigsaw's busiest year was in 2020, with \$313,000 in total payments from school districts. Jigsaw was paid at least \$74,000 so far this year.

Poole ranks among the highest-paid superintendents in Texas with a base salary of more than \$425,000, according to data published by the Texas Education Agency. Barbers Hill has not paid Jigsaw for any consulting services.

Poole stressed that records of payments to Jigsaw reflect the firm's gross revenue and don't include expenses.

McManus helped set up the firm but hasn't played an active role in it, Poole added. She did not reply to an email from the Chronicle.

Dick Lavine, a senior fiscal analyst for the progressive group Every Texan, said he didn't know enough about Poole's situation to comment but added that the program is structured to give school officials more than enough incentives to rubber stamp every deal.

"They have every reason to say yes and no reason to say no unless there happens to be community opposition to having a large industrial facility in their neighborhood or it's in conflict with their hopeful role as a tourist destination or some other conflict with local values," Lavine said. "But from a financial point of view, it's a no-brainer."

And while Chapter 313 certainly benefits school districts such as Barbers Hill, most districts in Texas never have a chance to participate in the program, Lavine noted, raising questions about its fairness.

Jigsaw is part of a niche industry of consultants and lawyers who help school districts navigate the complexities of Chapter 313. Jigsaw's typical agreements with its school district clients state that it will analyze a Chapter 313 project and submit reports to the Texas Comptroller's Office.

Poole said he examines the Byzantine financial numbers of each Chapter 313 deal and helps superintendents negotiate with companies to get the most money they can.

"Our relationship with the district will involve providing financial analysis of the impact of the proposed projects and to project anticipated school revenue as a result of the project, as well as cooperating with the submission of information to the Comptroller of Accounts," Poole wrote in a Jan. 15, 2020, letter to the superintendent of the Needville Independent School District in Fort Bend County, which was considering a Chapter 313 deal for a new solar farm.

Payments to Jigsaw are based on the Chapter 313 application fees that companies pay school districts. The fees can be as high as \$150,000 - and Jigsaw gets a share of the money. Some school districts have cut checks to Jigsaw worth \$37,500 for each Chapter 313 project it works on.

"He was very, very helpful to us, and I have nothing but high praise for him," said Rodney Cavness, a retired superintendent at the Texas City Independent School District, which has paid Jigsaw more than \$46,000 for consulting services since 2019.

'Property wealthy' district

Barbers Hill is considered a "property wealthy" school district, which means under state law it pays a portion of its local tax revenue to the Texas Education Agency for redistribution to less-wealthy districts. Poole said he views such payments as "theft."

Since Chapter 313 projects erase property values from the tax rolls, Barbers Hill sends less money to the state. Officials in Austin make up for that lost revenue the same way they compensate for the hole created by Chapter 313 tax breaks anywhere in the state - by allocating more state funds to pay for public education and other vital services.

Poole said he's a tough negotiator at the bargaining table who fights for additional revenue for Barbers Hill from Chapter 313 companies. The \$235 million in extra funding that companies are paying Barbers Hill goes to the school district and its educational foundation, which took in \$15 million last year.

The foundation awards grants to teachers who have used the money to pay for scores of innovative classroom projects that include buying biomedical engineering kits, a laser-cutting machine and robotics equipment, according to the foundation's website.

To Poole, the arrival of Chapter 313 is the most significant event to happen to his school district since the

discovery of oil - a big deal in Barbers Hill, which is named for a vast, underground salt dome where companies store petrochemical products.

"I'm a superintendent, and this benefits our district," Poole said of Chapter 313. "And if it benefits our district, obviously that's my chief concern."

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