

**ACTION
REQUESTED**

August 7, 2018

Subject: New Instructional Facility Allotment (NIFA); Online Application for Funding

TO THE ADMINISTRATOR ADDRESSED:

This letter is to inform you about the **New Instructional Facility Allotment (NIFA)**, available to public school districts (districts) and open-enrollment charter schools (charter schools). It describes the allotment, explains the eligibility criteria and application process, and spells out the NIFA payments process.

Program Overview

- The NIFA is a reimbursement program for start-up costs, such as outfitting classrooms with furniture and equipment, for new campuses.
- House Bill 1081, 85th Texas Legislature, increased the amount the NIFA program can provide up to \$1,000 per student in average daily attendance (ADA) in an eligible new campus in the first year of operation and up to \$1,000 per each additional ADA in the second year of operation to help with any start-up costs associated with opening a new campus. The program provides for a statewide total of \$23.75 million in the 2018-2019 school year, and the amount provided per student depends upon the total amount of awards granted.
- **Initial** (first-year) applications must be submitted during the summer **before** the expected opening of the new building. **Follow-up** (second-year) applications must be submitted during the summer after the first year of occupation. Special **One-Year** applications are available for facilities that were occupied for the first time in 2017-2018 but did not receive NIFA funds because of the district's failure to apply for funding before opening the campus. Any such eligible campus will receive funds for one year of operation only.
- Districts must apply online by September 17, 2018, to receive funding.
- The **NIFA** and the **IFA** (Instructional Facilities Allotment) are **not** the same, but are two different programs with different eligibility requirements, application processes, and application deadlines.

Application Process

In order to access funding under the NIFA program, your district or charter school must submit an online application. Applications must be entered, saved, and sent through the online system. Applications must be **submitted electronically by September 17, 2018. Neither late applications nor paper applications will be accepted.**

[Attachment I](#) shows the statutory reference for the NIFA. [Attachment II](#) shows the proposed commissioner's rules for the NIFA. The definition for a new instructional facility has been expanded to include a repurposed instructional facility or a leased facility operating for the first time as an instructional facility with a minimum lease term of not less than 10 years. The rules have not yet been finalized. Once finalized, the rules will be found at the following link: <http://ritter.tea.state.tx.us/rules/tac/chapter061/ch61cc.html>. Districts and charter schools that are applying for repurposed or leased facilities may want to wait to apply until the rules have been finalized.

Documents required to be uploaded as part of the application include a photograph of the newly built, repurposed or leased instructional facility, a site plan, a floor plan, a demolition plan (if applicable) and a copy of a legal document that clearly describes the nature and dates of construction for new and repurposed facilities, or a copy of the lease for a leased facility. The construction document may be a copy of a contract, certification of project compliance, or certification of substantial completion. A lease should show a term of not less than 10 years.

Selecting the appropriate application type:

- An **initial application** applies to a facility not occupied before the 2018–2019 school year and that has never before received NIFA funds. To qualify for initial (first-year) funding, the campus must be occupied for the first time in the 2018–2019 school year. All documents described above are required.
- A **one-year application** is for a facility that was occupied for the first time in the 2017–2018 school year but did not receive funding because of the district's failure to apply for funding before opening the campus. A one-year application must include all documents required of an initial application. To qualify for one-year funding, the instructional facility must have been occupied for the first time in 2017–2018 but must not have received NIFA funds for the first year of occupation. All documents described above are required.
- A **follow-up application** is for a facility that was occupied for the first time in the 2017–2018 school year and received NIFA funding for that year. Funding for the second year is based on the number of students in ADA as compared to the number in the first year. To qualify for follow-up (second-year) funding, the campus must have been occupied for the first time in 2017–2018 and must have received NIFA funds for that (prior) year. Applicants do **not** need to resubmit the required documents for follow-up applications.

Eligibility Criteria:

The NIFA is available to all districts and charter schools that construct, repurpose or lease new campuses. Districts that must take action under the Texas Education Code (TEC), Chapter 41, to reduce wealth per student to the equalized wealth level and districts that do not otherwise qualify for state aid *are* eligible to receive the NIFA. The following list provides the definitions and eligibility criteria for the NIFA:

To be eligible for the NIFA:

- The facility for which funds are requested must be used for teaching the curriculum required by the TEC, Chapter 28, and must be:

- a newly constructed instructional facility;
- a repurposed instructional facility; or
- a leased facility operating for the first time as an instructional facility with a minimum lease term of not less than 10 years.
- The new instructional facility must have its own campus ID number as designated by the Texas Education Agency.
- The new instructional facility must have its own principal or be eligible to receive an accountability rating through standard analysis as described in the most current Accountability Manual.
- The new instructional facility must have its own assigned instructional staff and instructional program distinct from those for other facilities.
- The new instructional facility must have its own record of expenditures that is **not** a sub-set of another school budget and its own attendance data that can be reported for those students assigned to the campus.
- The new instructional facility must be physically separate from other existing school structures. However, a covered walkway may connect the new facility to another building.

Prohibitions and Restrictions:

- The facility for which funds are requested cannot be for a program for students enrolled in another public school (summer school, evening school, etc.).
- The facility cannot be an expansion of existing facilities.
- The facility cannot be a portable or temporary structure.

Funding and Payments Process

The TEC, §42.158, authorizes the NIFA program.

- Allotment Amount: For an **initial (first-year)** or **one-year** application, a district is entitled to an allotment of up to \$1,000 per ADA earned by students in attendance on an eligible new campus. For a **follow-up (second-year)** application, a district is entitled to an allotment of up to \$1,000 for each additional ADA earned by students on the eligible campus.
- Allotment Proration: NIFA funding is based on the ADA earned on a new campus. Since many new campuses open during the middle of a year, funding for these campuses is prorated for the first year.
- Second Year Funding: For all eligible campuses, second-year funding supports any growth in ADA between the first year and the second. Second-year funding is not automatic; all eligible districts must reapply for second-year funds.
- Allotment Reduction in Case of Applications in Excess of Funds: Funding for the NIFA is limited by appropriation. If the total amount of allotments to which all districts and charter schools are entitled for a school year exceeds the amount appropriated, the commissioner will reduce each district's and charter school's allotment so that the total amount to be distributed equals the total amount available. With the increased

allotment allowed per student in ADA, it is likely that the allotments will be reduced to stay within the appropriation. Reductions to allotments are made by applying the same percentage adjustment to each district and charter school.

- **Online FSP Payment System:** The online FSP Payment System requires a Texas Education Agency Login (TEAL) user ID and assigned password. The FSP system will not process a NIFA application until the applicant agrees that certain required conditions apply to the newly constructed campus site. Moreover, the system assumes that the applicant is the superintendent or the superintendent's authorized designee and is fully familiar with the pertinent facts. Please be cautious about whom is granted online access, since the information provided in the NIFA application is subject to audit.

TEAL users should first complete the online training modules associated with the NIFA program that are located at the following link:

http://tea.texas.gov/Finance_and_Grants/State_Funding/Foundation_School_Program/Foundation_School_Program_System_Online_Training/

- **Preliminary Payments: A separate NIFA payment will not be sent.** Rather, preliminary payments will be incorporated into allocations for the FSP according to a district's or charter school's payment class. NIFA payments are reflected on the *Summary of Finances* reports. For districts whose local share of tier I exceeds the total entitlement, NIFA funds are delivered through the FSP by exempting them from the local share provisions and are sent out based on districts' foundation payment schedules.
- **Settle Up:** For all districts and charter schools receiving the NIFA, a settle-up amount is determined by the commissioner when final counts of ADA as reported through the PEIMS are available for each campus. Districts and charter schools will be required to complete a Days of Instruction Survey in the fall following each school year that NIFA funding is received. The amount of funds to be distributed for the NIFA to a district or charter school is in addition to any other state aid entitlements.

Questions

If you have any questions related to the NIFA or the NIFA application, please contact Cassie Huggins by phone at (512) 463-9232 or by email at Cassie.Huggins@tea.texas.gov.

Sincerely,

Al McKenzie
Director of State Funding