

October 2, 2018

TO THE ADMINISTRATOR ADDRESSED:

Subject: 2017–2018 Near-Final *Summary of Finances*

A Near-Final *Summary of Finances* (SOF) report for the 2017–2018 school year is available at the Texas Education Agency (TEA) [School District State Aid Reports](#) web page. The reports reflect the following important updates and information available at the time of publication (items with an asterisk [*] do not apply to charter schools):

Average Daily Attendance (ADA) and Full-Time Equivalents (FTEs):

This SOF reflects the updated student attendance data submitted by school districts and charter schools through the Public Education Information Management System (PEIMS) in the summer 2018 for the 2017–2018 school year. Line 7 of the SOF shows the near-final calculation of students in weighted average daily attendance (WADA).

ADA Adjustments to Districts Affected by Hurricane Harvey:

Districts that experienced losses in average daily attendance (ADA) due to Hurricane Harvey and met eligibility requirements for an ADA adjustment were held harmless to an ADA projection calculated using a three-year trend from the 2014–2015 through the 2016–2017 school years or the 2017–2018 legislative payment estimate (LPE) projection for the 2017–2018 school year. **This is a one-time adjustment that will only be made for the 2017–2018 school year.**

Click the following link for more details about the [Commissioner's adjustments to ADA](#) for school districts experiencing declines in enrollment because of Hurricane Harvey.

Tax Collections:

School Districts: This SOF uses the maintenance and operations (M&O) and interest and sinking fund (I&S) tax collections that your district reported through the Tax Information Survey in summer 2018. If your district did not complete the survey, the budgeted tax collections for the 2017–2018 school year as reported through the PEIMS will continue to be used until tax collections reported in the 2017–2018 annual financial report are incorporated in the final version of the SOF in April 2019. If your district receives an Instructional Facilities Allotment for a lease-purchase agreement, your district's local share of the allotment has been subtracted from the M&O tax collection amount. If your district participates in a tax increment reinvestment zone (TIRZ), the local collections for the TIRZ submitted on the J1 schedule in your district's 2017–2018 annual financial report will be subtracted from your district's M&O collections in April 2019.

Charter Schools: The M&O tax collections reported by school districts through the Tax Information Survey in summer 2018 have been used to determine the statewide average variables for charter schools.

Rapid Property Value Decline:

Senate Bill 1, General Appropriations Act (85th Legislature, Regular Session), appropriated \$25 million for adjustments due to rapid property value decline pursuant to TEC 42.2521. The TEA will release separate correspondence after state funds for districts eligible under this section are incorporated into the *SOF*.

Adjustment to Compressed Tax Rate for Certain School Districts:

The 84th Legislature amended Texas Education Code, §42.101, to allow for the adjustment of compressed tax rates (CTR) for school districts that had 2005 maintenance and operations (M&O) tax rates below the maximum allowed M&O tax rate of \$1.50 per \$100 of valuation. Beginning in the 2017–2018 school year, because ASATR was repealed effective September 1, 2017, adjustments to the CTR are automatically being applied (if applicable) in your district's *SOF*. No further action is necessary for districts to receive an adjustment to the CTR.

New Instructional Facilities Allotment (NIFA):

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 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 bill provides for a statewide total of \$23.75 million in the 2017–2018 school year. Based on approved NIFA applications, the amount provided per student in ADA is currently \$235.436. Final settle-up in April 2019 will be based on ADA from PEIMS and information provided on the Days of Instruction Survey submitted through the NIFA subsystem of the FSP system.

Transportation Allotment:

Your school district's or charter school's 2017–2018 near-final transportation allotment is based on the 2017–2018 route services data submitted using the Transportation subsystem of the FSP System. If your district did not submit 2017–2018 route services data please submit immediately and we will update the transportation allotment on your *SOF* by final settle up in April 2019. Otherwise, your transportation allotment will be zeroed in the final *SOF*.

Staff Salary Allotment:

Your school district's or charter school's staff salary allotment is calculated by multiplying its number of eligible staff members by \$500 or \$250, depending on the staff members' full-time or part-time status. The allotment has been updated using 2017–2018 counts submitted using the Staff Salary subsystem of the FSP System. If your district did not submit 2017–2018 staff salary data please submit immediately and we will update the staff salary allotment on your *SOF* by final settle up in April 2019. Otherwise, your staff salary allotment will be zeroed in the final *SOF*.

High School Allotment:

Your school district's or charter school's high school allotment is calculated by multiplying its high school (grades 9–12) ADA by \$275.

Tuition Allotment:

The tuition allotment for school districts not serving all grade levels under TEC §42.106 has been updated to this *SOF* for districts that submitted the required contracts and invoices.

***Public Education Grant (PEG) Allotment:**

The [Public Education Grant](#) ADA from the PEIMS summer submission has been updated and the allotment is included in this SOF.

Per Capita Rate:

A rate of \$206.566 multiplied by the prior-year ADA is used to calculate the [per capita](#) allotment.

***Existing Debt Allotment (EDA):**

A report entitled *EDA State Aid Report*, available by clicking the "EDA Detail Report" link on line 49 of the SOF, reflects the near-final state and local shares of the [EDA](#) based on updated ADA and district property values. Settle-up amounts for 2017–2018 will be incorporated into the 2018–2019 EDA payments, which we expect to make in November. If your district does not have a sufficient EDA entitlement in 2018–2019 to net against a negative balance from 2017–2018, the remaining negative balance will be transferred to the Instructional Facilities Allotment (IFA) ledger, if applicable, or a refund will be requested and obtained. If your district refinanced eligible debt during 2017–2018, please verify that the information on the *EDA State Aid Report* and in the FSP System's Bond Programs subsystem has been updated correctly.

***Instructional Facilities Allotment (IFA):**

A report entitled *IFA Allotment Detail*, available by clicking the "Details" link on line 50 of the SOF, reflects the near-final state and local shares of the [IFA](#) based on updated ADA values and district property values. Settle-up amounts for 2017–2018 will be incorporated into the 2018–2019 IFA payments, which we expect to make in November. If your district does not have a sufficient IFA entitlement in 2018–2019 to net against a negative balance from 2017–2018, the remaining negative balance will be transferred to the EDA ledger, if applicable, or a refund will be requested and obtained. If your district refinanced eligible debt during 2017–2018, an amendment is required and adjustments may be necessary.

***Additional State Aid for Homestead Exemption (ASAHE) for facilities:**

A report entitled Additional State Aid for Homestead Exemption (ASAHE) for Facilities Detail Report available by clicking the "ASAHE for Facilities Detail Report" link on line 52 of the SOF, reflects the near-final ASAHE allotment based on updated ADA and district property values. Settle-up amounts for 2017–2018 will be incorporated into the 2018–2019 EDA payments, which we expect to make in November. If your district does not have a sufficient EDA entitlement in 2018–2019 to net against a negative balance from 2017–2018, the remaining negative balance will be transferred to the IFA ledger, if applicable, or a refund will be requested and obtained.

FSP Allocations and Adjustments Report:

The report entitled *FSP Allocations and Adjustments*, available by clicking the "FSP Allocations and Adjustments Report" link at the end of the SOF, shows the amount of your school district's near-final settle-up. If your school district or charter school was **underpaid**, the amount owed to the district or to the school was paid in September. If your school district or charter school was **overpaid**, recovery of the amount overpaid starts in September by either reducing the district's or school's 2018–2019 monthly payments from the Foundation School Fund (FSF) or requesting and obtaining a refund. If a reduction to the subsequent year's payments, the rate of recovery will be based on the same percentage that FSF monthly payments are based on in accordance with your district's or school's 2018–2019 payment class. Your school district's or charter

school's 2017–2018 FSP payment ledger is also available at [School District State Aid Reports](#) (select "Payment Ledgers" from the drop-down list).

If you have any questions about the *SOF* report, please contact a state funding consultant at (512) 463-9238. Additional contact information appears at the end of this letter.

Sincerely,

Al McKenzie
Director of State Funding

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