

ACTION REQUESTED

May 15, 2008

Subject: New Instructional Facility Allotment (NIFA); New 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. It describes the allotment, explains the eligibility criteria and application process, and spells out the NIFA payments process.

Texas Education Code (TEC), §42.158, enacted by Senate Bill 4 of the 76th Texas Legislature, 1999, created the NIFA for public school districts. The 80th Legislature funded the NIFA at \$25 million for each year of the 2008–09 biennium, with an additional \$1 million that may be used to fund high school projects. (The complete statutory reference for the NIFA is shown in [Attachment I](#), and the commissioner's rules for the NIFA are shown in [Attachment II](#).) Some important facts and common misconceptions about NIFA are addressed below:

- 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.
- The NIFA is essentially a reimbursement program for start-up costs of new campuses. **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** funding is available for facilities that were occupied for the first time in 2007–2008 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.
- NIFA funding is based on the average daily attendance (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. For all eligible campuses, the second year funds 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.
- The NIFA is part of the cost of the first tier of the Foundation School Program (FSP), but is not counted in the calculation of weighted average daily attendance (WADA) for the second tier. Districts not eligible for Tier I funding are eligible for NIFA.

Eligibility Criteria: NIFA is available to all public school districts that construct new buildings. Open-enrollment charter schools are not eligible. Districts that must take action under the TEC, Chapter 41, to reduce wealth per student to the equalized wealth level and school districts that do not otherwise qualify for state aid *are* eligible to receive the NIFA. Definitions and eligibility criteria for the NIFA are described below.

To be eligible for the NIFA:

- The facility for which funds are requested must be a newly constructed instructional site (campus) used for teaching the curriculum required by the TEC, Chapter 28.
- The new facility must have its own campus ID number as designated by the Texas Education Agency.
- The new 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 facility must have its own assigned instructional staff and instructional program distinct from other facilities.
- The new facility must have its own record of expenditures that is **not** a subset of another school budget and attendance data that can be reported for those students assigned to its campus.
- The new facility must be physically separate from other existing school structures. However, a covered walkway may connect the new facility to another building.

Funds Available:

- To qualify for **initial (first-year) funding**, the campus must be occupied for the first time in the 2008–09 school year.
- To qualify for **follow-up (second-year) funding**, the campus must have been occupied for the first time in 2007–08 and must have received NIFA funds for that (prior) year.
- To qualify for special **one-year funding**, the instructional facility must have been occupied for the first time in 2007–08, but must not have received NIFA funds for this first year of operation.

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 a renovated building. The building and the slab must be new from the ground up. The *only* exception would be for a campus with newly constructed instructional facilities and renovated or retained noninstructional structures, such as a cafeteria or library.
- The facility cannot be an expansion of existing facilities.
- The facility cannot be a portable or temporary structure.

Allotment Amount: For an *initial (first-year)* or *special (one-year)* application, a school district is entitled to an allotment of \$250 per ADA earned by students in attendance on an eligible new campus. Funding is prorated for a facility that opens after the beginning of the school year. For a *follow-up (second-year)* application, a school district is entitled to an allotment of \$250 for each **additional** student in ADA on the eligible campus. The number of additional students is the difference between the number of students in ADA in the second year at the eligible facility and the number of students in ADA in the first year.

Allotment Proration: Funding for the NIFA is limited by appropriation. If the total amount of allotments to which all districts are entitled for a school year exceeds the amount appropriated, the commissioner will reduce each district's allotment so that the total amount to be distributed equals the total amount available. Reductions to allotments are made by applying the same number of cents of tax rate to each district's taxable value of property. For each district, the taxable value of property is the property value certified by the Texas comptroller for the preceding school year as determined under Government Code, Subchapter M, Chapter 403, or, if applicable, a reduced property value that reflects either a rapid decline pursuant to TEC, §42.2521, or a grade-level adjustment pursuant to TEC, §42.106.

Application Process: The NIFA application is available online. Applications must be entered, saved, and sent through the online system. Applications must be **sent electronically by July 15, 2008.** **Neither late applications nor paper applications will be accepted.** Pictures and legal documentation must be **postmarked no later than July 15, 2008**, and must be sent by **certified mail** to the following address:

Texas Education Agency
State Funding Division
Attention: NIFA
1701 North Congress Avenue
Austin, TX 78701-1494

Online FSP Payments System: The online FSP payments system requires a Texas Education Agency Secure Environment (TEASE) 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 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.

On FSP system access, the user should:

1. Select the **NIFA** link from the **Programs** options.
2. Change the year to 2008–2009.
3. Review the announcements.
4. Select the **NIFA Application** link from the menu on the left.
5. Click the button for the appropriate NIFA application type.
6. Complete the application, save it, and send it.

Selecting the appropriate application type:

- An **initial application** applies to a facility not occupied before the 2008–09 school year and that has never before received NIFA funds. An initial application includes a verification of eligibility, a brief description and photograph of the newly built instructional facility, and a copy of a legal document that clearly describes the nature and dates of construction. The documentation may be a copy of a contract, certification of project compliance, or certification of substantial completion.
- A **one-year application** is for a campus that was occupied for the first time in the 2007–08 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 includes a verification of eligibility, a brief description and photograph of the newly built instructional facility, and a copy of a legal document that clearly describes the nature and dates of construction. The documentation

may be a copy of a contract, certification of project compliance, or certification of substantial completion.

- A **follow-up application** is for a facility that was occupied for the first time in the 2007–08 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.

Preliminary Payments: Since many NIFA applications are for a second year (follow-up), and the amount of funding to which districts are entitled depends in part on the ADA funded in the prior year, it is necessary to finalize allocations for the prior year before applications can be processed for the current year. Since the end-of-year 2007–08 ADA data from the Public Education Information Management System (PEIMS) are not available until October, preliminary NIFA award amounts will be announced in November, or earlier if possible.

For all districts 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. The amount of funds to be distributed for the NIFA to a school district is in addition to any other state aid entitlements.

A separate NIFA payment will not be sent. Rather, preliminary payments will be incorporated into allocations for the FSP according to a district's payment class. NIFA payments are reflected on the *Summary of Finances* reports. For a district that is not subject to the requirements of TEC, Chapter 41, and does not receive payments from the Foundation School Fund, NIFA distributions will correspond to the schedule for payment class 3. For a district that is required to reduce wealth pursuant to TEC, Chapter 41, any NIFA funds for which the district is eligible are applied as credits to the amounts owed to equalize wealth.

Questions: If you have any questions related to the NIFA or the NIFA application, please contact Cassie Huggins in the State Funding Division at (512) 463-9238.

Sincerely,

Helen Daniels, Director
State Funding Division