

A vertical graphic on the left side of the slide. It features a large white five-pointed star on a blue background at the top. Below the star is a red vertical band. At the bottom, there is a white line-art illustration of the Texas State Capitol building, a smaller building, a windmill, and a longhorn. The background of the entire slide is a blue gradient with faint, larger white stars.

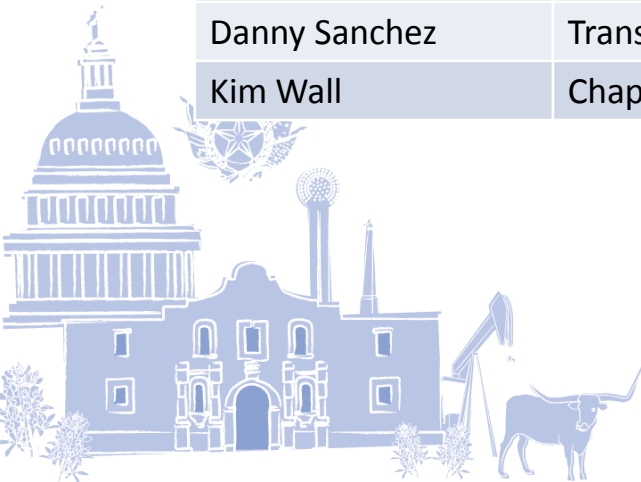
School Finance Update

TASA / TASB Mid-winter Conference
January 27, 2015

Amanda Brownson, Director, State Funding
Amy Copeland, FSP Operations Manager, State Funding
Al McKenzie, FSP Forecasting and Facilities Manager,
State Funding

Office of School Finance Division of State Funding

Name	Program Area	Phone Number
Ashley Behnke	OFSDP/OFYP/State Comp Ed	512-463-4834
Amanda Brownson	Director	512-463-0986
Amy Copeland	Manager	512-463-8732
Cassie Huggins	PSF Bond Guarantee / NIFA	512-463-9232
Al Johnson	FSP Reports / TEASE / Staff Salary / Tax Information Survey	512-463-9260
Nancy Kuhn	FSP Reports / TEASE / Chapter 313/ TIRZ	512-463-6313
Al McKenzie	Manager	512-463-9186
Jacqueline Pree	IFA /EDA	512-475-1217
Nora Rainey	Charter School Funding	512-463-7298
Danny Sanchez	Transportation	512-463-9266
Kim Wall	Chapter 41	512-463-4809



Agenda

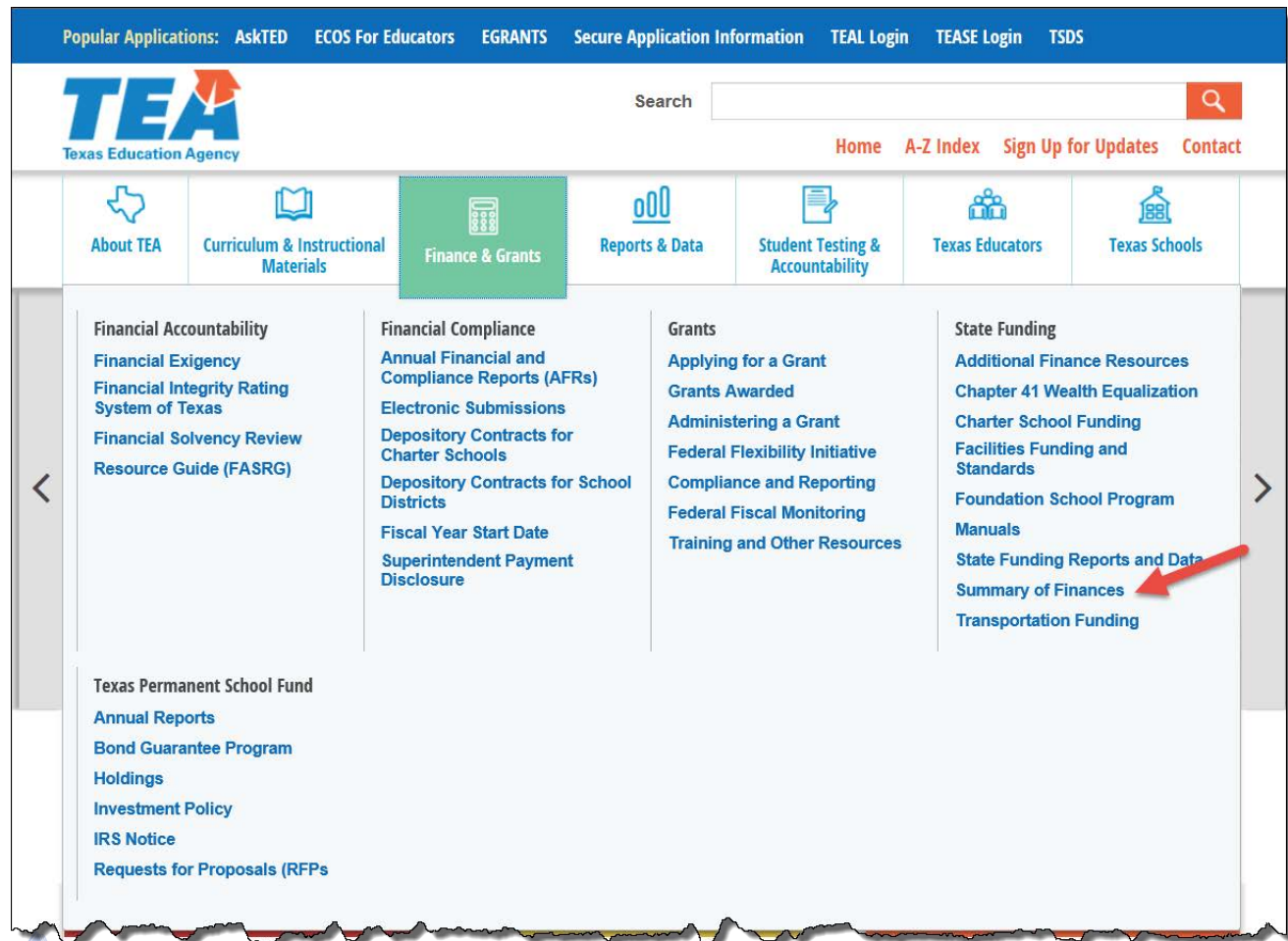
- Summary of Finance and Payment Cycle Update
- Chapter 41 Update
- Access to the FSP System through TEASE
- State Facilities Funding Update
- Closing out FY 2014, Beginning FY 2015
- Preparing for Next Biennium
- Property Value Growth and Decline



SUMMARY OF FINANCES AND PAYMENT CYCLE UPDATE



Where Has My Summary of Finances Gone?



Popular Applications: AskTED ECOS For Educators EGRANTS Secure Application Information TEAL Login TEASE Login TSDS

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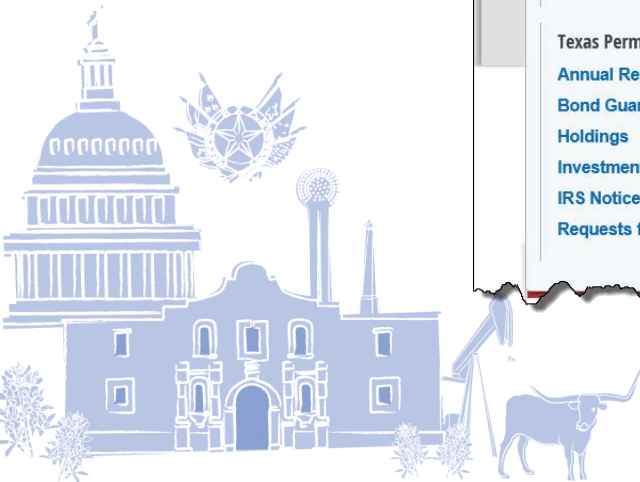
Financial Accountability
Financial Exigency
Financial Integrity Rating System of Texas
Financial Solvency Review
Resource Guide (FASRG)

Financial Compliance
Annual Financial and Compliance Reports (AFRs)
Electronic Submissions
Depository Contracts for Charter Schools
Depository Contracts for School Districts
Fiscal Year Start Date
Superintendent Payment Disclosure

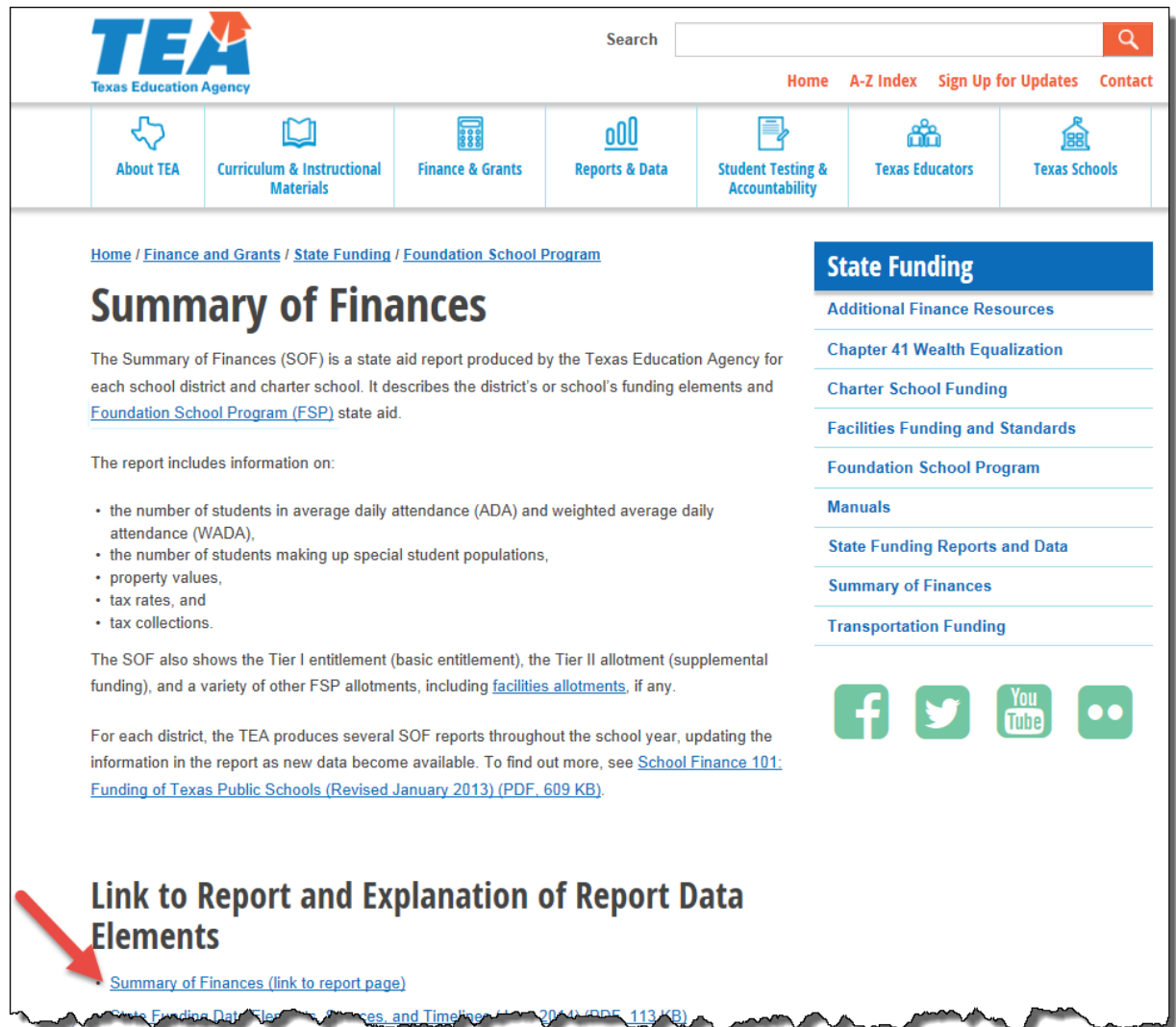
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Federal Fiscal Monitoring
Training and Other Resources

State Funding
Additional Finance Resources
Chapter 41 Wealth Equalization
Charter School Funding
Facilities Funding and Standards
Foundation School Program
Manuals
State Funding Reports and Data
Summary of Finances
Transportation Funding

Texas Permanent School Fund
Annual Reports
Bond Guarantee Program
Holdings
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IRS Notice
Requests for Proposals (RFPs)



Where Has My Summary of Finances Gone?



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Summary of Finances

The Summary of Finances (SOF) is a state aid report produced by the Texas Education Agency for each school district and charter school. It describes the district's or school's funding elements and [Foundation School Program \(FSP\)](#) state aid.

The report includes information on:

- the number of students in average daily attendance (ADA) and weighted average daily attendance (WADA),
- the number of students making up special student populations,
- property values,
- tax rates, and
- tax collections.

The SOF also shows the Tier I entitlement (basic entitlement), the Tier II allotment (supplemental funding), and a variety of other FSP allotments, including [facilities allotments](#), if any.

For each district, the TEA produces several SOF reports throughout the school year, updating the information in the report as new data become available. To find out more, see [School Finance 101: Funding of Texas Public Schools \(Revised January 2013\) \(PDF, 609 KB\)](#).

State Funding

- [Additional Finance Resources](#)
- [Chapter 41 Wealth Equalization](#)
- [Charter School Funding](#)
- [Facilities Funding and Standards](#)
- [Foundation School Program](#)
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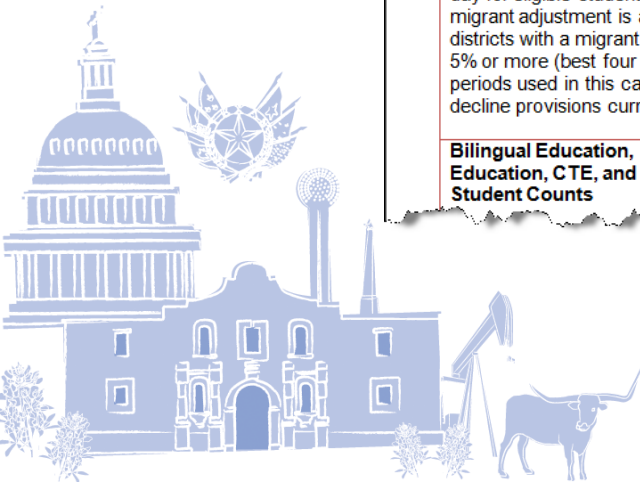
Link to Report and Explanation of Report Data Elements

- [Summary of Finances \(link to report page\)](#)
- [State Funding Data Elements, Processes, and Timeframes \(Revised 2014\) \(PDF, 113 KB\)](#)

Data Elements, Sources, and Timelines

- A matrix has been developed to assist districts in understanding data elements, sources, and timelines related to the FSP state aid reports

FSP Summary of Finances Reports				
Data Elements, Sources, and Timelines				
Data Element	LPE	DPE	Near Final	Final
Average Daily Attendance (ADA) *Note that Pre-k ADA is limited to half-day for eligible students only. A migrant adjustment is available for districts with a migrant population of 5% or more (best four of six six-week periods used in this case). ADA decline provisions currently unfunded.	Pupil projections submitted to TEA each biennium and used during the appropriations process	Adjusted each year in March when PEIMS enrollment data are available based on percentage increase from prior year	Summer PEIMS ADA count	Same as Near-Final
Bilingual Education, Special Education, CTE, and High School Student Counts	Pupil Projections submitted to TEA each biennium and used during the appropriations process	Adjusted each year in March based on enroll	Summer PEIMS ADA count	Same as Near-Final



Data Elements, Sources and Timelines

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School Finance Manuals

The following manuals provide information on a variety of school finance topics.

General School Finance Information

Learn how Texas public schools are funded.

- [School Finance 101: Texas Public School Funding \(October 2014\) \(Word, 1.2 MB\)](#)
- [School Finance 101: Texas Public School Funding \(October 2014\) \(PDF, 1.85 MB\)](#)
- [State Funding Data Elements, Sources, and Timelines \(June 2014\) \(PDF, 113 KB\)](#)
- [School Finance Topics—One-Page Descriptions](#)

Chapter 41

Find information on the requirements that districts subject to the Texas Education Code, Chapter 41, (wealth equalization) must meet.

State Funding

[Chapter 41 Wealth Equalization](#)

[Charter School Funding](#)

[Facilities Funding and Standards](#)

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Payment Cycle Update

- TEA flows cash to districts during the current year based on legislative payment estimate (LPE) calculations
- TEA will “settle-up” with districts the following year when actual information for the prior year is available
- Settle-up occurs in two cycles
 - Near Final in September
 - Final in April
- Positive balances are paid out and negative balances are either netted against payments in the subsequent school year or a refund is requested



SETTLE-UP FOR 2014



Near Final Settle-Up is Complete

- (\$360 million) in negative adjustments that have been rolled to 2014–2015 to reduce current-year payments
- \$270 million in positive balances that were paid in October
- **Average Daily Attendance**
 - LPE payments based on 4,801,334 students in ADA
 - Near Final resulted in 4,780,815 students in ADA
 - Less than .5% lower than forecast
- **M&O Tax Collections**
 - LPE payments based on \$18,885,516,247 in estimated collections
 - Near Final Tax Information Survey included \$19,445,334,520
 - Almost 3% higher than forecast

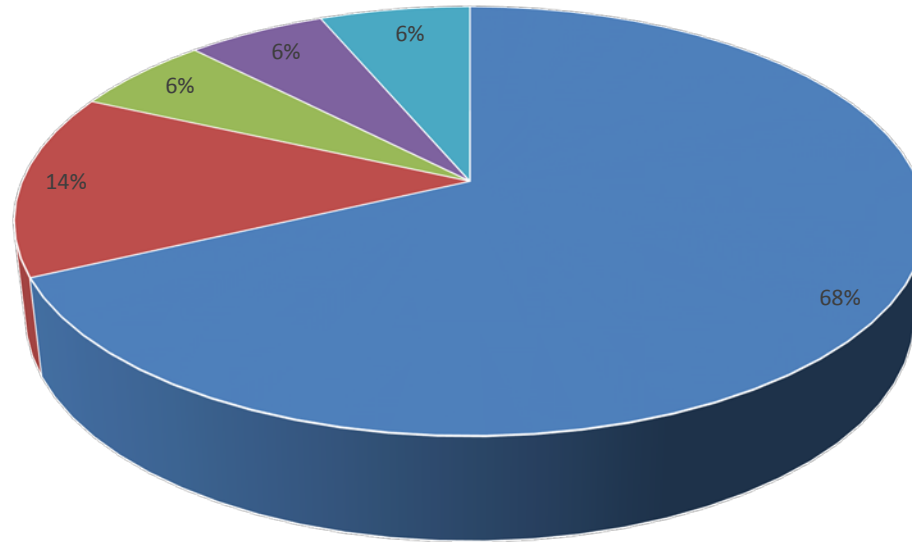


Final Settle-Up in April

- Will incorporate
 - final tax collections from the J-1
 - staff salary data from the TEASE FSP module
 - transportation data from the TEASE FSP module
 - be sure your data is submitted to the TEA or in “approved” status (not “saved” or “submitted to superintendent”)
 - districts that do not submit 2013–2014 data for staff salary and transportation will not receive an allotment for these programs!
 - 2013–2014 final allotments will be incorporated into 2014–2015 LPE reports.



FY 14 Method of Finance



- FSP - FOUNDATION FORMULA
- FSP - PROPERTY TAX RELIEF FUND
- APPROPRIATED RECEIPTS (CH 41 ANTICIP REV)
- FSP - LOTTERY PROCEEDS
- AVAILABLE SCHOOL FD - PER CAPITA

Total FSP Operations Revenue - \$19,236,434,671



2015 LPE PAYMENTS



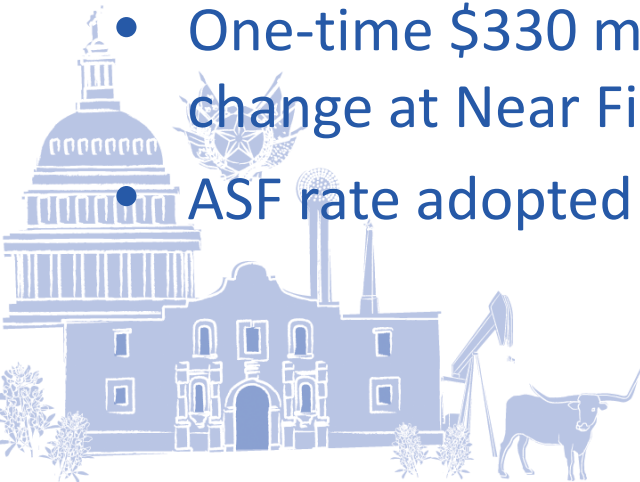
2015 LPE Payments

- Total FSP state aid: \$18.6 billion
- Total ASF: \$1.2 billion
- Total EDA: \$308 million
- Total IFA: \$248 million



2015 LPE Estimates

- Based on pupil projections submitted in October of 2012
- Assumes 4.03 percent value growth both for collections and property values
- 2013 CPTD values are used unless 2013 is less than 2012 * 1.0403
- District local share of Tier I and Tier II is affected by property value difference
- One-time \$330 million rider 71 TRS contribution: \$67.43 (will change at Near Final to stay within appropriation)
- ASF rate adopted by SBOE: \$257.274



FSP Funding Elements for 2013-2014 and 2014-2015

	2013-2014	2014-2015
Basic Allotment	\$4,950	\$5,040
Tier I EWL	\$495,000	\$504,000
Tier II EWL	\$319,500	\$319,500
Austin Yield	\$59.97	\$61.86
Copper Yield	\$31.95	\$31.95
Target Revenue Adjustment Factor	0.9263	0.9263



ASATR Estimates

	Number of Districts Receiving ASATR	Total Amount of ASATR
2012-2013 (Final)	456	\$610,000,000
2013-2014 (Near Final)	318	\$493,000,000
2014-2015 (LPE)	279	\$389,000,000



Supplemental Prekindergarten Funding

- \$15 million appropriated in each year of the biennium (rider 66)
- Allocated to ISDs and charter schools based on prior year near-final pre-k ADA
 - \$147 per 2012-2013 pre-k ADA in FY 2014
 - \$148 per 2013-2014 pre-k ADA in FY 2015
- Funds came in a lump sum amount, not through the SOF
- Must be spent on prekindergarten program



Coming Updates to 2015

- Coming updates to the 2015 Legislative Payment Estimate (LPE) data:
 - M&O tax rates and collections based on self report data (February)
 - Compensatory education counts (February / March)
 - Supplemental TIF payments (July / August)
 - Chapter 313 payments (July / August)



CHAPTER 41 UPDATE



Chapter 41 Update

- 415 districts were preliminarily notified of Chapter 41 status
- 356 districts remained Chapter 41 after we received final values and decisions regarding whether districts charge tuition
- Total estimated recapture for 2015 is \$1.4 billion
- Districts with an EWL > \$319,500 are identified as Chapter 41 and must tell the TEA how they intend to equalize wealth
- Intent process is now online; contracts are still paper
- Not all districts that are identified as Chapter 41 owe recapture



Chapter 41 Update

- Districts that became Chapter 41 for the first time in the 2006–2007 school year and that owe less in recapture than they owe in FSP chapter 42 funding can choose to net recapture
- These districts do not have to hold an election
- We do check to see that FSP state aid is greater than Chapter 41 costs, so be sure you are planning for the possibility that Chapter 41 costs may grow to become greater than FSP costs—this will require an election



Chapter 41 Update

- Preliminary Payment Report: End of January
- Incorporates data estimates submitted by districts through the Chapter 41 module
- Option 3 payment schedule for payments submitted February through August



ACCESS TO THE FSP THROUGH TEASE



Access to the FSP System through TEASE

- All districts need access to the following FSP system modules:
 - Attendance Projections
 - Bond Programs (IFA, EDA)
 - Chapter 41
 - Charter Schools
 - NIFA
 - SCE
 - Staff Salary
 - Tax Information Survey
 - Transportation



Access to the FSP System through TEASE

- Data submitted through this system affect state aid payments and recapture requirements
- The modules are set up to include multiple roles: user and approver
- The TEA does not use data until it has been approved by the district approver and has been submitted to TEA
- We **do not** recommend that the user and approver be the same person
- We **do** recommend
 - Checking TEASE access periodically to be sure that current staff are included and staff that no longer work with the district are not included
 - Making sure that major submissions are completed **and approved** on time



TEASE Deadlines

- Tax Information Survey: End of August
- Attendance Projections: October => December of even numbered years
- Transportation
 - Route Services Report: August 1
 - Operations Report: December 1
- Staff Salary: August for Near Final and April for Final



STATE FACILITIES FUNDING UPDATE



State Facilities Funding Update

- Two programs provide state support for facilities programs for ISDs: the Instructional Facilities Allotment (IFA) and the Existing Debt Allotment (EDA)
- The IFA program assists districts in making payments on qualifying bonds or lease-purchase arrangements
- To receive IFA funding, districts must have received an IFA award from the TEA and the bond funds must be used on instructional facilities
- IFA amendments are required when IFA bonds are refunded or when the items to be paid for with the bond funds changes from the original application



State Facilities Funding Update

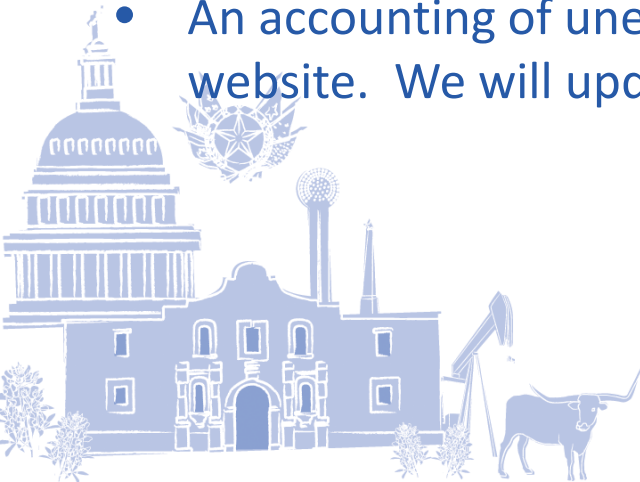
No IFA state aid is provided for refunding bonds if we don't have an amendment!

Series Name	Round	Type ¹	Reg #	Allotment Limit	Eligible Debt Service	% of Total Debt	Limitation ²	Estimated State Share ³	Estimated Local Share ⁴
U/L Tax Schhse Bds Ser 4 2000		599	63387	\$522,310	\$0	0.00%	\$0	\$0	\$0
U/L Tax Ref Bds Ser 2006		599	70951	\$522,310	\$301,269	66.42%	\$301,269	\$176,902	\$124,367
U/L Tax Ref Bds Ser 2013		599	82658	\$522,310	\$152,303	33.58%	\$152,303	\$0 *	\$152,303
U/L Tax Sch Bldg Bds Ser 2008	9	599	74090	\$578,788	\$579,178	100.00%	\$578,788	\$339,859	\$238,929
U/L Tax Sch Bld & Ref Bds Ser 2009	10	599	75297	\$61,268	\$155,150	100.00%	\$61,268	\$35,976	\$25,292
Total								\$552,737	\$540,891



Implications of Reduced I&S Tax Collections

- IFA and EDA are guaranteed-yield funding programs
- The TEA cannot provide a state match on the same tax collections under two different programs
- We can provide IFA and EDA funding for tax collections in a prior year that received no state assistance. These are called unequalized local collections and include
 - M&O collections in a prior year above the local share for districts that did not receive ASATR
 - I&S tax collections in a prior year that are above the local share for IFA or EDA
- An accounting of unequalized local collections is posted on the TEA website. We will update this after running the final SOF



Implications of Reduced I&S Tax Collections

- A calculation is made to be sure that districts are collecting their local share of both IFA and EDA
- We use current-year I&S collections and add anything in the bank of unequalized collections on the TEA website to test for meeting local share
- Collections are applied first to EDA then to IFA under TEA rules
- Districts that do not meet local share will see prorated state aid under IFA and EDA

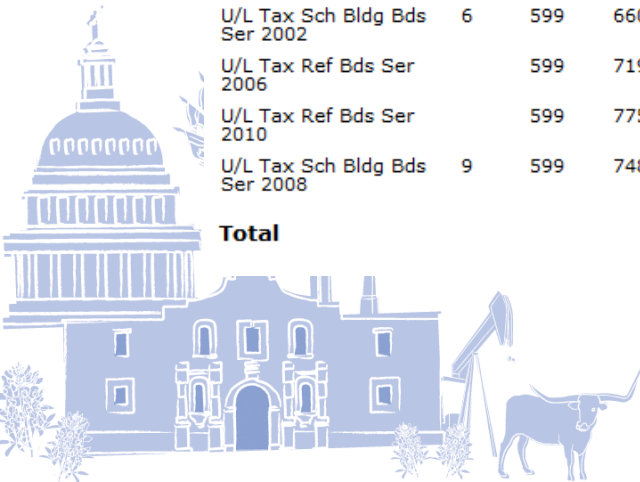


Where Can I See My Local Share of IFA?

Series Name	Round	Type ¹	Reg #	Allotment Limit	Eligible Debt Service	% of Total Debt	Limitation ²	Estimated State Share ³	Estimated Local Share ⁴
U/L Tax Sch Bldg Bds Ser 2002	6	599	66055	\$855,519	\$0	0.00%	\$0	\$0	\$0
U/L Tax Ref Bds Ser 2006		599	71906	\$855,519	\$268,276	31.70%	\$268,276	\$88,391	\$179,885
U/L Tax Ref Bds Ser 2010		599	77518	\$855,519	\$578,150	68.30%	\$578,150	\$190,489	\$387,661
U/L Tax Sch Bldg Bds Ser 2008	9	599	74885	\$605,485	\$605,033	100.00%	\$605,033	\$199,346	\$405,687
Total								\$478,226	\$973,233

Preliminary (based on DPE values)

Series Name	Round	Type ¹	Reg #	Allotment Limit	Eligible Debt Service	% of Total Debt	Limitation ²	Estimated State Share ³	Estimated Local Share ⁴
U/L Tax Sch Bldg Bds Ser 2002	6	599	66055	\$855,519	\$0	0.00%	\$0	\$0	\$0
U/L Tax Ref Bds Ser 2006		599	71906	\$855,519	\$268,276	31.70%	\$268,276	\$88,391	\$179,885
U/L Tax Ref Bds Ser 2010		599	77518	\$855,519	\$578,150	68.30%	\$578,150	\$190,489	\$387,661
U/L Tax Sch Bldg Bds Ser 2008	9	599	74885	\$605,485	\$605,033	100.00%	\$605,033	\$199,346	\$405,687
Total								\$478,226	\$973,233



Where Can I See My Local Share: EDA

BEEVILLE ISD (013901)

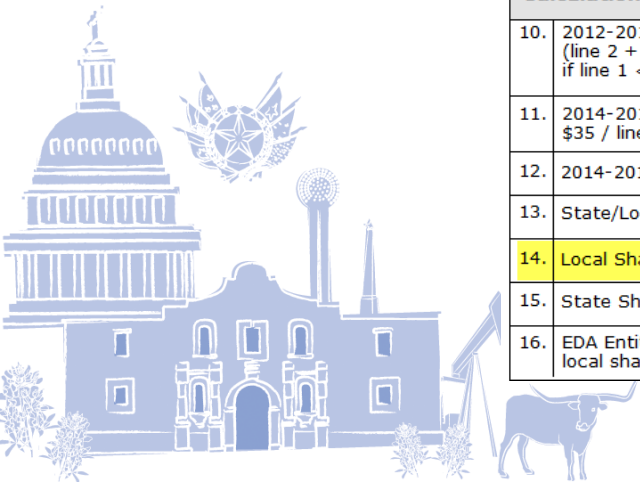
Last Update: SEP 10, 2014

Payment Cycle: Preliminary

Payment Class: 2

Run Id: 11721

EDA State Aid Report			
Data Elements		LPE	DPE
1.	2012-2013 I&S Tax Collection	\$1,468,399	\$1,468,399
2.	2012-2013 Local Share of EDA	\$657,939	\$657,939
3.	2012-2013 Local Share of IFA Awarded for Bonded Debt	\$803,164	\$803,164
4.	2012-2013 Excess I&S Tax Collection (line 1 - line 2 - line 3)	\$7,296	\$7,296
5.	2014-2015 Actual Eligible Debt Service Payment Eligible Debt	\$2,655,282	\$2,655,282
6.	2014-2015 IFA State/Local Share of IFA Awarded for Bonded Debt	\$1,451,459	\$1,451,459
7.	Estimated 2014-2015 Total Refined ADA	3,084.724	3,084.724
8.	2013 State Certified District Property Value (DPV) Adjusted Property Value	\$723,931,173	\$723,931,173
9.	2011 State Certified District Property Value (DPV) Adjusted Property Value	\$603,613,799	\$603,613,799
Calculations		LPE	DPE
10.	2012-2013 Rate to Determine Maximum EDA Limit (line 2 + line 4) / (line 9 / 100). if line 1 < line 2, then rate = (line 1 * 100) / line 9	0.1102	0.1102
11.	2014-2015 Rate Needed for All Eligible Debt ((line 5 - line 6) / \$35 / line 7 / 100)	0.1115	0.1115
12.	2014-2015 Allowed Rate (lesser of line 10 or line 11 or \$.29)	0.1102	0.1102
13.	State/Local Share of EDA (\$35 * line 7 * line 12 * 100)	\$1,189,872	\$1,189,872
14.	Local Share of EDA (line 12 * (line 8 / 100))	\$797,835	\$797,835
15.	State Share of EDA (line 13 - line 14)	\$392,037	\$392,037
16.	EDA Entitlement (line 15, unless I&S taxes are less than EDA local share)	\$392,037	\$392,037



State Aid under EDA

- School district bonds are eligible for EDA if a payment was made during the second fiscal year of the preceding state fiscal biennium
- The effective tax rate to which the TEA will provide equalization support is limited to the lesser of \$0.29 or the effective tax rate for EDA from the second year of the preceding state fiscal biennium
- If your actual tax effort from the second year of the biennium is low, that limits EDA funding for the subsequent two years



PREPARING FOR NEXT BIENNIUM



Preparing for the 2016-2017 Biennium

- Estimated Cost of Current Formulas
 - Currently estimated cost of FSP: \$37.93 billion in operations and \$.96 billion in facilities (EDA and IFA) to maintain 2015 formulas
 - Reflects revised estimated value growth to 8.64% for TY 2014 and 5.71% for TY 2015
 - Enrollment growth estimated at 1.7%
 - Revised pupil projections based on district submissions and any changes to property value assumptions to be incorporated in March



Preparing for the 2016-2017 Biennium

—Exceptional Items Requested:

- Restoration of the New Instructional Facilities Allotment (NIFA): \$26 million in each year of the biennium
- A new round of Instructional Facilities Allotment (IFA) Funding: \$75 million in the second year of the biennium



Preparing for the 2016-2017 Biennium

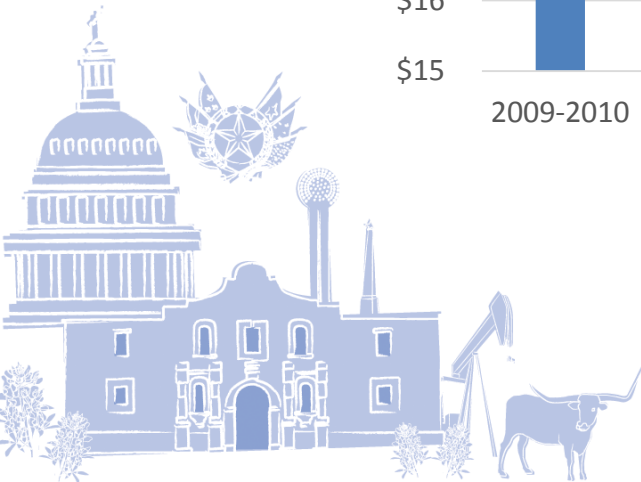
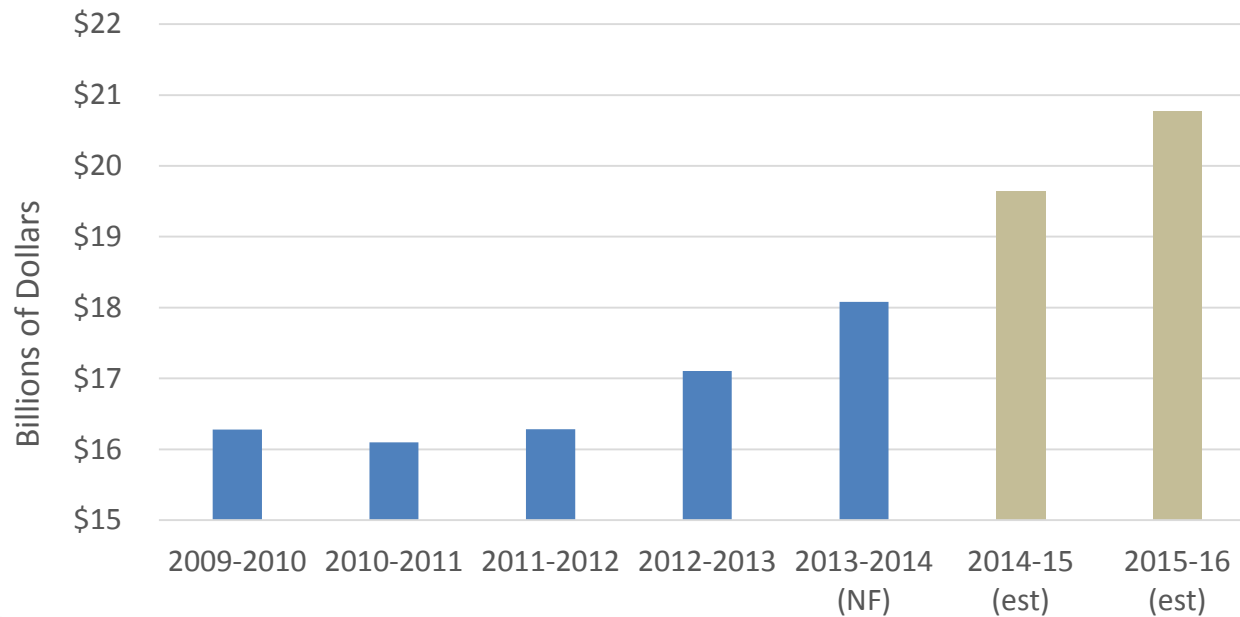
- House base budget
 - Maintains 2014–2015 formula elements except for increased Austin yield
 - \$72.94 in FY 2016
 - \$76.75 in FY 2017
 - Includes rider for \$1.1 billion in each year of the biennium for formula changes to improve equity, reduce recapture, and increase the state share of the FSP
 - Still early in the legislative process—stay tuned



PROPERTY VALUE GROWTH AND DECLINE



Statewide M&O Tax Collections at the Compressed Tax Rate (CTR)

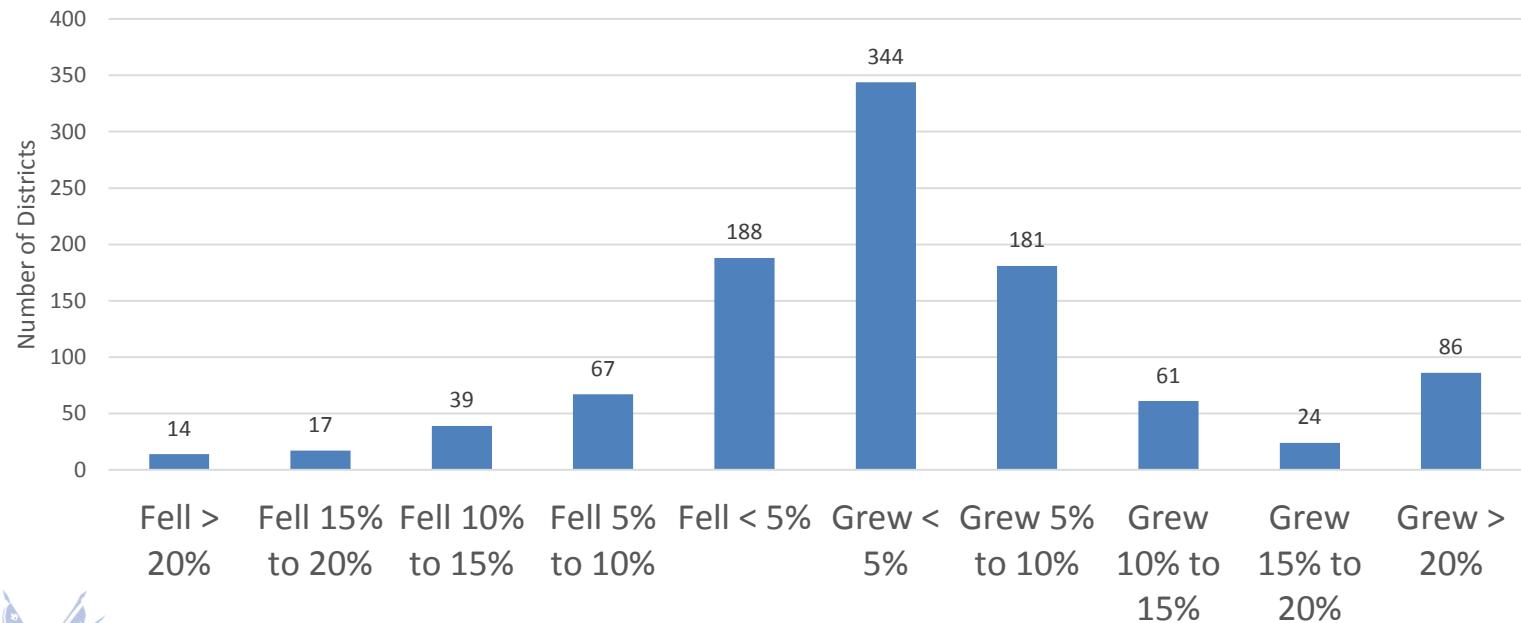


Average Increase in Tax Collections at the CTR: 2009-2010 through 2013-2014

Year	M&O Collections @ CTR	% Change from prior year
2009-2010	\$16,291,290,612	
2010-2011	\$16,110,219,115	-1.11%
2011-2012	\$16,293,534,385	1.14%
2012-2013	\$17,104,596,885	4.98%
2013-2014 (Near Final)	\$18,082,824,108	5.72%
2014-2015 (Est.)	\$19,645,180,111	8.06%
2015-2016 (Forecast)	\$20,766,919,895	5.71%



Distribution of Change in M&O Collections @ CTR 2012-2013 to 2013-2014



Interaction between SOF and Property Value Change

- For districts that do not receive ASATR, there is a one-year benefit associated with increasing property values
 - The local share of FSP is based on prior-year property values
 - Wealth per WADA for Chapter 41 payments is based on prior-year values
- Remember that the higher value will be incorporated in the subsequent year
- Decreasing property values would reverse this situation



Interaction between SOF and Property Value Change

- For districts that do receive ASATR, increased tax collections are largely offset by reduced state aid, even in the current year
- Decreasing values and collections would be made up for by increased state aid.



Interaction between SOF and Property Value Change

- Run templates to review the state aid impact of property tax increases
- Be sure to revise templates as changes in property tax collections estimates become apparent



??Questions??

