

Funding for Facilities

Exceptional Item #6

General Description:

To provide \$26 million per year for the New Instructional Facilities Allotment (NIFA) for districts and charter schools that built new campuses. To provide \$75 million in FY 2017 for the Instructional Facilities Allotment (IFA) which would provide tax relief for property-poor districts that issue bonds to meet their facility needs.

Justification:

The state previously funded these programs; however the Texas Legislature chose to suspend funding as part of past budget reductions. Collectively, these programs help fast growth districts and charters as well as provide property tax relief for the state's poorest districts.

Additional Information:

What is NIFA? How does the funding work?

- NIFA was created by Senate Bill 4 of the 76th Texas Legislature (1999). This allotment provides operational expenses associated with the opening of a new instructional facility through a reimbursement of \$250 per student in average daily attendance (ADA) in the first year of operation of the new campus, plus \$250 for each additional student in ADA in the second year of operation. Special one-year funding is available for facilities that were occupied for the first time in the previous school year but did not receive NIFA funds because of the district's failure to apply for funding before opening the campus. Only completely new facilities are eligible. The total amount appropriated for the program is limited by statute to \$25 million per year, with an additional \$1 million for high school facilities. There are no spending requirements associated with this allotment.
- On average, 125 districts and charter schools participate in the NIFA allotment per year.

What is IFA? How does the funding work?

- IFA was created by House Bill 1 of the 75th Texas Legislature (1997). This allotment provides assistance to school districts in making debt service payments on qualifying bond or lease-purchase agreements. Bond or lease-purchase proceeds must be used for the construction or renovation of an instructional facility. State assistance is awarded beginning with those eligible districts that have the lowest property wealth and continues until all available funds are used. If a district meets and maintains IFA conditions, Texas statute guarantees IFA state aid for the life of the debt that has been approved for funding.
- Currently 336 districts are receiving IFA; we anticipate 50-100 districts will be able to access additional IFA funds.

Previous Funding:

NIFA was last funded in 2010-2011 in the amount of \$47,456,063 for the biennium.

IFA was last funded in 2010-2011 in the amount of \$75 million for the biennium

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Funding Request:

- **FY 2016:** \$26,000,000
- **FY 2017:** \$101,000,000
- **Total:** \$127,000,000

Additional Details:

- **FTE Total Request:** 0
- **MOF:** *Foundation School Fund*