September 25, 2017

TO THE ADMINISTRATOR ADDRESSED:

Subject: Financial Hardship Transition Program and Adjustment for Rapid Decline in Taxable Value of Property

This letter provides guidance to school districts and charter schools that are eligible for state funds under Texas Education Code (TEC) Sec. 42.451 or Sec. 42.2521.

House Bill 21 (85th Legislature, 1st Called Session) established a Financial Hardship Transition Program under TEC Sec. 42.451 ("Hardship Grants"). The Texas Education Agency (TEA) has determined eligibility and calculated the Hardship Grant amounts. All districts eligible for funding under this statute will receive a payment in the amount of the Hardship Grant in October 2017. Therefore, districts do not need to apply to TEA to receive the payment.

In addition, TEC Sec. 42.2521 provides for an Adjustment for Rapid Decline in Taxable Value of Property ("DPV Decline Adjustments") to assist districts that experience a rapid decline in their tax base of more than four percent. The calculation detail for the DPV Decline Adjustments can be found on the 2016–2017 Summary of Finances under the new detail report entitled Additional State Aid for Property Value Decline. These adjustments are for property value declines that occurred from the 2015 to 2016 tax years. All districts eligible for funding under this statute will receive a payment in the amount of the DPV Decline Adjustment in September 2017. Therefore, districts do not need to apply to TEA to receive the payment.

Because Sec. 42.451(d) provides that a district is not eligible to receive both a Hardship Grant and a DPV Decline Adjustment, in cases where districts would have been eligible to receive funding under both statutes, the TEA has calculated both amounts and selected the calculation that delivered the greatest amount of funds. The Commissioner’s decision regarding the calculation of these amounts is final and may not be appealed (See TEC Sec. 42.2521(c) and TEC Sec. 42.459).

Attached is a document that details the amounts for both the Hardship Grants and the DPV Decline Adjustments. Please direct questions related to these amounts to Al McKenzie, Director of State Funding, at (512) 463-9186.

Coding of Funding
When recording these revenues, school districts must use fund code 199, and charter schools must use fund code 420. Please direct coding related questions to financialaccountability@tea.texas.gov or (512) 463-9095.

Regards,

Leo Lopez, RTSBA
Associate Commissioner School Finance and
Chief School Finance Officer

LL/am

Attachment