

DATE:	June 15, 2023
SUBJECT:	Adopted Attendance Projections for the 2023-2024 and 2024-2025 School Years
CATEGORY:	State Funding
NEXT STEPS:	Share with appropriate staff

Background:

The Texas Education Agency (TEA) collected data from local educational agencies (LEAs) in the Attendance Projections module in the Foundation School Program (FSP) application between October 2022 and December 2022. Attendance projections are estimates of student average daily attendance (ADA), enrollment, or full-time equivalent (FTE) counts by program or instructional setting.

The TEA provided LEAs’ attendance projections totaling 5,087,270 in FY2024 and 5,150,076 in FY2025 to the Legislative Budget Board (LBB) prior to the March 1st statutory deadline. Historically, the Texas Legislature has used the LEA projections to estimate the cost of public education for the next biennium (school years 2023–2024 and 2024–2025 in this instance) and to set appropriation levels for state funds.

To ensure maximum benefit to students and public school systems, attendance figures used in the appropriations process should be as accurate as possible. If attendance projections are too low, less funding flows during the school year, possibly resulting in cash flow challenges. However, LEAs are made whole during settle-up. If projections are too high, more funding flows during the school year, but must be returned to the state later. The higher appropriation will not benefit students if the ADA does not occur. Whether projections are too low or too high, the final entitlement is the same, based on actual attendance. The only difference is when the funding flows.

In support of the legislative process, the LBB requested that the TEA provide supplementary analysis to put LEAs’ attendance projections in context, and alternative methodological options for consideration by legislative decision makers.

Analysis:

Since school year 2016-2017, there has been a widening gap between Legislative Planning Estimates (LPE) and District Payment Estimates (DPE) and final settle-up, resulting in an over-appropriation of funds for the Foundation School Program, and large settle-up payments from districts to the state. One significant factor has been the difficulty in predicting attendance patterns during and after the Covid-19 pandemic.

The pandemic had a significant impact on both enrollment and ADA in public schools. Reporting by LEAs in the Public Education Information Management System (PEIMS) Fall Collection for school year 2022-2023 showed enrollment increased statewide when compared to school year 2021-2022. However, the enrollment increase was less than historical growth patterns.

The National Center for Education Statistics (NCES) projects a decline in statewide enrollment in Texas over time due to factors that impact the school-age population, including a decline in birth rates. For reference, see [Digest of Education Statistics, 2022, Table 203.30](#), retrieved August 18, 2022.

The Texas State Demographer projections of growth rates for school-aged children indicate small increases over time, meaningfully lower than historical patterns. When compared to actual patterns of enrollment and attendance in public schools, the projections suggest there are about 50,000 fewer students enrolled today than would have been enrolled if the Covid-19 pandemic had not occurred. While enrollment has seen a recent uptick, attendance rates remain below historical averages.

With these trends in mind, TEA provided the LBB with example alternative approaches for selecting aggregate attendance estimates for the 2024-2025 biennium and conducted internal analysis for how to operationalize adopted attendance projections if the Legislature set LPE below LEA projections.

Adopted Attendance Projections

In the General Appropriations Act (GAA), the Legislature adopted attendance projections totaling 5,071,347 in FY 2024 and 5,095,452 in FY 2025 for the FSP (excluding special legislative districts). These figures are lower than LEA projections by 15,923 (0.3%) in FY 2024 and by 54,624 (1%) in FY 2025.

To operationalize the adopted LPE:

- If an LEA's projection was at or below the alternative projection, the LEA's projection was accepted.
- If an LEA's projection was above the alternative projection, the LEA's projection was reduced by a percentage, but no LEA was reduced below TEA's October projection.
 - For 2023–2024, *up to* a 0.3% reduction was applied to LEAs with ADA up to 1,600, and reductions *up to* 0.52% for LEAs above 1,600 ADA.
 - For 2024–2025, *up to* a 1% reduction for LEAs with ADA up to 1,600, and reductions *up to* 1.78% for LEAs above 1,600 ADA.

The adopted projections by LEA can be found here: <https://tea.texas.gov/finance-and-grants/state-funding/additional-finance-resources/attendance-projections>

Note: Only refined ADA was revised for certain districts as noted above. All other student counts (SPED, Bilingual, G/T, etc.) that were submitted by LEAs and accepted by the TEA through the Attendance Projections module in the FSP system and submitted to LBB did not change.

Impact to School Districts:

These adopted ADA projections will be the basis for the LPE on the Summary of Finances (SOF) reports for school years 2023-2024 and 2024-2025, and these figures form the basis of the FSP payments that your school district receives throughout the state fiscal year. See more details in the LPE vs. DPE section

below. As indicated above, attendance projections impact the timing that funding flows but do not change the amount an LEA is ultimately entitled to receive.

Impact to Charter Schools:

Revised projections for school years 2023-2024 and 2024-2025 are not the basis of LPE payments to open enrollment charter schools. FSP payments continue to be based on attendance submitted in the Charter Schools module of the FSP application. For questions, please email CharterSchoolFinance@tea.texas.gov.

LPE vs. DPE:

The SOF report contains two columns. The Legislative Planning Estimate is in the column labeled "LPE." This column includes the property values and student counts that the Legislature used during the appropriations process, and these figures form the basis of the FSP payments that your LEA receives throughout the state fiscal year. The District Planning Estimate is in the column labeled "DPE." This column is updated periodically throughout the fiscal year as data are reported to TEA. This column is intended to provide LEAs with a more accurate indication of its actual FSP earnings for the fiscal year. After the close of the fiscal year, the DPE column will be updated to reflect actual data, and the TEA will determine final earnings. There is a "settle-up" process to correct any overpayments or underpayments that occurred during the fiscal year.

We advise LEAs to monitor the differences between FSP payments and actual earnings by using a state aid template. As always, we strongly advise LEAs to project state aid based on the best available information and to plan accordingly. LEAs should complete a state aid template or an equivalent state aid estimation process. The greatest value of the SOF report is in explaining the basis of cash distributions to LEAs. Amounts shown in the reports may not be appropriate for budgeting purposes as estimates of state aid earned can be significantly impacted by factors not known to the TEA.

Contact Information:

For questions about this information, please contact us at sfinance@tea.texas.gov or (512) 463-9238.

Sincerely,

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