

Settle-Up: For Districts Exercising Option 3 or Option 3 in Combination with the Technology Consortium Form of Option 4.....	24
Settle-Up: For Districts Exercising Option 4.....	24

This page has been left blank intentionally.

Although this manual provides information to anyone with an interest in districts with local revenue levels in excess of entitlement (a.k.a. “excess local revenue” or “recapture”) as defined by the Texas Education Code (TEC), Section 48.257, it is designed primarily for school districts that are subject to the provisions of TEC, Chapter 49. It reflects the procedures the agency uses in administering Chapter 49’s provisions.

Disclaimer Although this manual provides information to anyone with an interest in Chapter 49 of the TEC, it was designed primarily to reflect the processes and procedures to be used in the administration of the provisions of Chapter 49 and to outline the fiscal, procedural, and administrative requirements that districts with local revenue levels in excess of entitlement must meet. This manual does not calculate excess local revenue (recapture). Recapture reports are available through the TEA School District State Aid Reports web page at <https://tealprod.tea.state.tx.us/fsp/Reports/ReportSelection.aspx>.

Unless stated otherwise, in this manual, *your district* refers to a district with local revenue levels in excess of entitlement.

The manual provides the following:

- an annual calendar with critical deadlines
- background information on recapture
- the specific actions that your district must take to reduce the district’s local revenue levels in excess of entitlement
- information about tax rate setting that is specific to a district with local revenue levels in excess of entitlement
- sample contracts that your district can use to reduce the district’s local revenue levels in excess of entitlement

The italicized terms in Sections 1 through 5 of the manual are defined in the glossary in Appendix E.

No school district official or any other person in your district has the authority, either implied or actual, to change any rules or requirements specified in this manual.

Your district will need to access the online Foundation School Program (FSP) System to comply with reporting requirements described in this manual. The FSP System is one of the applications in the Texas Education Agency Login (TEAL). Instructions on how to apply for access to the FSP System through the TEAL are available at https://tea.texas.gov/About_TEA/Other_Services/Secure_Applications/Secure_Applications_Information.

This page has been left blank intentionally.

If the calendar date falls on a weekend, federal or state holiday, the effective date is the business day preceding the weekend or holiday.

The agency provides official notification to districts with local revenue level excess of entitlement for the 2021–2022 school year, using the estimates prescribed under §48.269.

July 15 is the approximate date for preliminary 2022 *Cost of Recapture Reports* to be made available through the TEA School District State Aid Reports web page at <https://tealprod.tea.state.tx.us/fsp/Reports/ReportSelection.aspx>.

Successful elections conducted under TEC former Chapter 41, satisfies the requirements of TEC Chapter 49.

Provisions in the TEC, §48.257(c), allow districts to offset the reduction of

See details, “What happens if the default is related to a prior school year”, [First Evaluation](#) for possible actions regarding failure to reduce local revenue levels for a prior year

This section provides background information about Chapter 49 of the Texas Education Code (TEC) and how school districts are affected by this chapter.

TEC makes provisions for certain districts with excess local revenue to pay funds into the Foundation School Program for distribution to other districts. Districts with local revenue that exceed the levels provided by Section 48.257 are subject to the provisions in TEC, Chapter 49. The funds that are distributed by districts with local revenue in excess of entitlement are “recaptured” by the school finance system to assist with the financing of public education for all school districts.

In 1971, *Rodriguez v. San Antonio Independent School District* focused attention on inequalities in funding among districts. The *Rodriguez* case initiated a series of efforts at school finance reform that has continued to influence the development of school finance policy in Texas.

During the 1980s, equity litigation was strongly pursued by a group of school districts, led by the Edgewood Independent School District, resulting in four major state supreme court decisions. The *Edgewood* litigation prompted a number of attempts by the legislature to address the equity problem. These included Senate Bill 1019 in 1989, Senate Bill 1 in 1990, and Senate Bill 351 in 1991; all were overturned by the courts as unconstitutional. In 1993, the Texas Legislature passed Senate Bill 7, which was based on the premise of providing all school districts with “substantially equal access to similar revenue per student at similar tax effort.” Providing districts with this equal access was achieved through a system that provides a *guarantee (t)-6 (p)-0. 7. 9 (9)6 (9)Wh Tf-0.(l)2. 7(a)2. 7m*

reduce its revenue level in accordance with TEC, Chapter 49 to a level not to exceed the district's entitlement under Section 48.266(a)(1) as the district's distribution from the state available school fund.

If it is determined that a district has a local revenue level in excess of entitlement after the date of notification for the current school year under TEC, §49.004, the amount of the district's local revenue level that exceeds the level established under TEC, §48.257, for that school year will be included in the annual review for the following school year of the district's local revenue levels under TEC, §49.004(a).

The term *WADA* refers to a specialized calculation of the number of students that is used in calculations involving the Foundation School Program (FSP). In general, the number of WADA is calculated by summing a district's Tier One allotments under TEC, Chapter 48, Subchapters B and C, and dividing that sum by the amount of the basic allotment. This results in an attendance number that takes the special allotments into account. The calculation of WADA is described in the [TEC, §48.257\(b\)](#) as follows:

"WADA" is the number of students in weighted average daily attendance, which is calculated by dividing the sum of the school district's allotment.

This section discusses administrative procedures that districts subject to the provisions of Chapter 49 must follow.

Unless otherwise noted, *your district* refers to a district with local revenue level in excess of entitlement.

Once your school district is notified in the summer () of its status as a district subject to the provisions of Chapter 49, it must take the following actions.

1. Complete and submit the 2021-2022 Excess Local Revenue District Intent/Choice Selection form via the Excess Local Revenue subsystem of the online FSP System to the state:
 - a) which option(s) the district intends to exercise to reduce the district's local revenue level
 - b) whether your district is using the offset provision or will make recapture payments to the state (please refer to the District Intent/Choice Selection form on page 10 Tw 10.9054 -0 0 11.04 113.04

superintendent and your superintendent is not the district approver on behalf of your district, then your district must submit the contract in original paper form.

Provisions in the TEC, §48.257(c), allow districts to offset the reduction of excess local revenue against Chapter 48 funds. All districts will have the option to use state aid calculated under Chapter 48, if it is used.

- Choice 4—for a district that will offset the reduction of excess local revenue

The TEA typically produces five estimates of the cost of recapture in

2021-2022 School Year

stage of settle-up, all data elements except final tax collections (from the schedule of delinquent taxes receivable) are incorporated in the *final Cost of Recapture Report*.

The second round of settle-up is associated with the *final Cost of Recapture Report*. The TEA generates this report in April of the following school year. This report incorporates the tax collections reported in the PEIMS submission that reflects data reported in the annual financial audit (as required by the TEC, [§44.008](#), and the *Financial Accountability System Resource Guide*) and any other updates that are available.

If your district exercises Option 3 or Option 3 in combination with the technology consortium form of Option 4, each *Cost of Recapture Report* will show your district's *final* or *final* Option 3 cost

districts and the respective limits on the amount of credit available to purchase is available on the TEA Excess Local Revenue webpage at https://tea.texas.gov/Finance_and_Grants/State_Funding/Excess_Local_Revenue/. The agreement is not effective unless the commissioner certifies that the transfer of attendance credit under TEC, §49.153 will not result in any of the contracting districts' local revenue level being greater than the amount available to the district under the state funding formula for the 2021-2022 school year.

same

If a school district is considered to be in default on its recapture payments as of May 31, the commissioner will notify the school district that it has defaulted on its recapture payments and that the commissioner will not certify the district to adopt a tax rate until the district's local revenue level is reduced. The commissioner will also notify the district in default of the commissioner's authorization to reduce the district's revenue level under the TEC, Chapter 49, [Subchapter C](#) and [Subchapter H](#). The notice of default will be sent to each district in default on or before May 31. The agency also notifies the affected school districts and county appraisal districts in which the affected property is located of the determination.

Analyses of parcel data for districts with delinquent balances due for recapture for the current year will begin no later than May 31. The analyses will be used to determine the method by which the commissioner will reduce the district's local revenue level. The commissioner will first seek to reduce the district's local revenue level through the detachment of property from each district that is in default. Detached property will be annexed to one or more districts that are not subject to Chapter 49 provisions. If the district's local revenue level cannot be reduced for a district to the amount under TEC, 48.257 by detaching nonresidential property, then the district must be consolidated with one or more districts in order to reduce the district's local revenue level. Property may not be annexed to another district if the annexation would result in local revenue that exceed the levels provided by Section 48.257.

Districts that are in default for the current school year will be notified on or before May 31 of the action(s) the commissioner will take to reduce the district's local revenue level.

The commissioner's action(s) to reduce the district's local revenue level will become effective July 1 of the same school year.

The second evaluation of the status of recapture payments owed for the current school year will occur in August. A district that fails to make the recapture payments in full by August 15 will be considered to have defaulted on its recapture payments for a current school year.

If a school district is considered to be in default on its recapture payments as of the specified August date, the commissioner will notify the school district that it has defaulted on its recapture payments and

that are not subject to Chapter 49 provisions. If the district's local revenue level cannot be reduced to the level of the district's entitlement, the district may elect to raise the local revenue level to the level of the district's entitlement.

This page has been left blank intentionally.

Texas Education Code, Section 48.257: <https://statutes.capitol.texas.gov/Docs/ED/htm/ED.48.htm>

Texas Education Code, Chapter 49: <https://statutes.capitol.texas.gov/Docs/ED/htm/ED.49.htm>

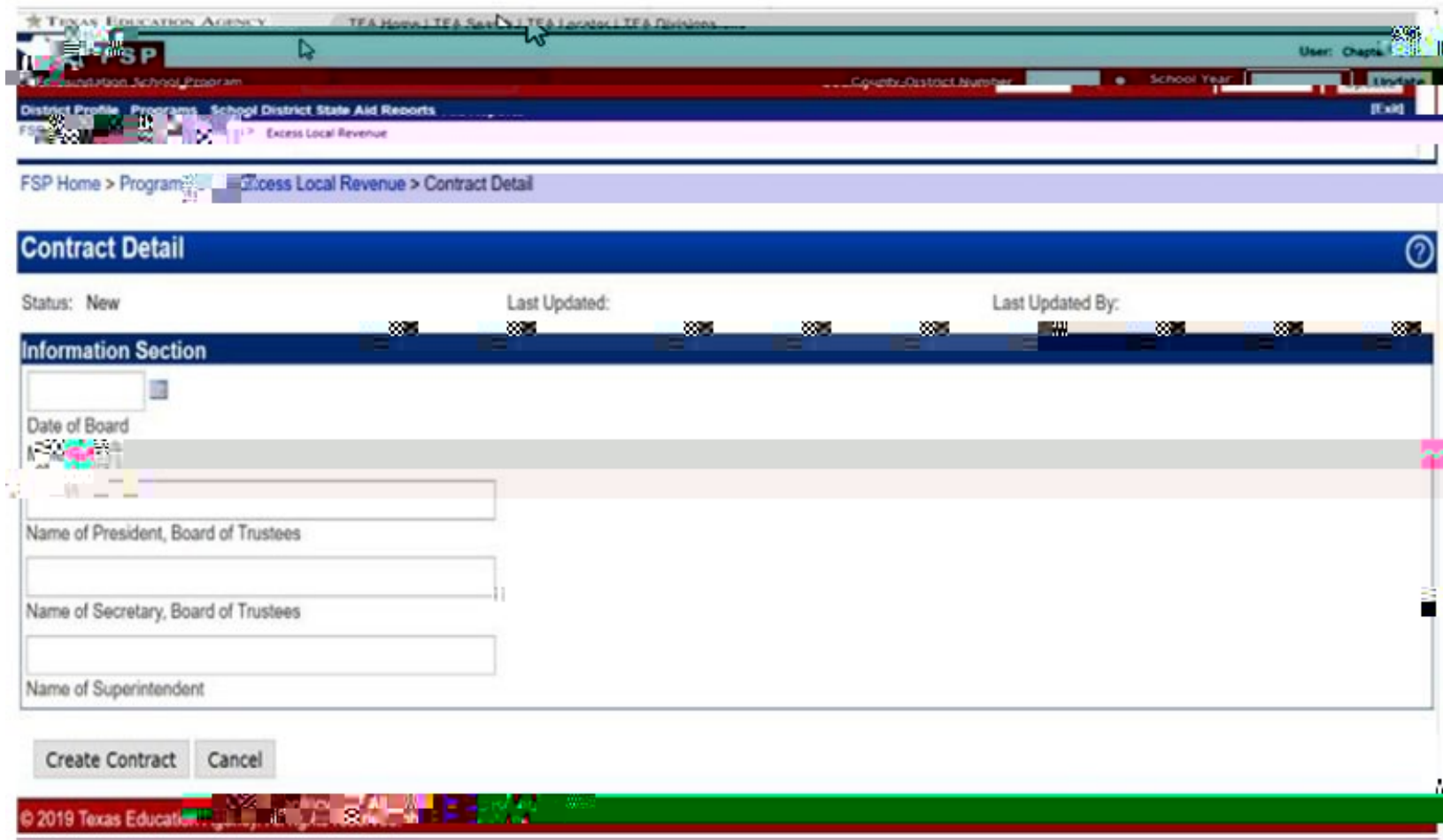
This page has been left blank intentionally.

This appendix includes information on the forms your district is required to submit. Your district should submit only those forms applicable to the option(s) it is exercising.

For the 2021–2022 school year, your district may mail in its contractor contracts with original signatures or submit the Option 3 Contract online via the Excess Local Revenue subsystem of the online FSP System. All other information, including the District Intent/Choice Selection Form, CAD Cost, District 50 Td [(s)-

Use this form to indicate which option your district intends to use to reduce its local revenue in excess of

Screen shot of 2021-2022 Excess Local Revenue Contract Detail Information Section:



Contract Preview

Agreement for the purchase of Attendance Credit

This agreement is entered into pursuant to [redacted] adopted [redacted] as authorized by the TEC, §49.006. The purpose of this agreement is for the district to reduce its local revenue level to a level not to exceed the level established under TEC, §49.257 for the school year.

The school year to which this agreement applies is 2019-2020 (the "school year").

The agreement is for [redacted] ("the district"), with a county-district number of 227-901, to purchase attendance credit from the state for the school year.

This agreement is submitted to the [redacted] showing the calculation of the credit.

The total cost of credit will be determined by the commissioner in accordance with the TEC, §49.153, when final data on the district's maintenance and operations tax revenue that exceeds the level established under TEC, §49.257 for the school year is available. If that amount is less than the amount paid by the district through August 15 of the school year, the difference will be refunded. If that amount is greater than the amount paid, the district shall remit an amount equal to the difference for deposit in the state treasury to be used for the purchase of credit.

The cost of purchased attendance credit will be reduced for costs in accordance with the TEC, §49.157. If the reduction exceeds the cost for the school year, the difference will be carried forward and applied to each subsequent year's cost until the total amount of the reduction has been exhausted.

Date of Board meeting: 06/07/2019

Name of President, Board of Trustees: _____

Name of Secretary, Board of Trustees: _____

Name of Superintendent: _____ Date: 07/24/2019

Electronic Signature of Commissioner of Education or Designee: _____ Date: N/A

2021-2022

Use this form to provide information on the option(s) chosen and associated contracts. The form must be completed and submitted via the online FSP System. Screen shots of the form as it appears in the FSP System are shown on the following pages.

Screen shots of 2022CAD Cost, District Partner Data & Payment Options screens:

TEXAS EDUCATION AGENCY | TEA Home | TEA Search | TLI

FSP Foundation School Program | User: Chapter 41 User

County-District | District Profile | Programs | School District State Aid Reports

FSP Home > Programs > Excess Local Revenue

Program Contact: Kim Wall (512) 463-4800 | kim.wall@tea.texas.gov

PLEASE ENTER AND SAVE THE CONTACT INFORMATION. The links to the District Intent/Choice Selection, Contracts, and CAD Cost, Tuition & Chapter 48 Partner is saved.

Announcements: Module. The legislature is currently... with regards to wealth equalization. If necessary, upon the conclusion of the 86th Texas Legislature... updated information regarding your... The module will remain closed at this time.

Actions	Open Date	Closing Date
Contact Information	{Status} Create Edit	7/15/2021 9/1/2021
CAD cost, District Partner Data & Payment Options	{Status} Create Edit	7/15/2021 1/14/2021

More about Excess Local Revenue

- Option 3 Payment Report
- Excess Local Revenue Payment Ledger
- Excess Local Revenue Webpage

This appendix includes the following sample contracts and optional contract language:

Option 3:

- —for use if your district selected Choice2 in the Choice Selection Form in the FSP System
- —for use if your district selected Choice1 in the District Intent/Choice Selection Form in the FSP System

Option 4:

-
- Optional language to be inserted in the

Please note that the sample contracts require the entry of the school year to which they apply.

This page has been left blank intentionally.

Signature of Superintendent

Date: _

Typed Name of Superintendent

Date: _

Signature of Commissioner of Education or Designee

This agreement entered into pursuant to the Texas Education Code (TEC), Chapter 49, Subchapters A and D, and rules adopted by the commissioner of education as authorized by the TEC, §49.006. The purpose of this agreement is to enable the district to reduce its local revenue level to a level not to exceed the level established under TEC, §48.257 for the school year. e8-72 (c f.3 42.B (r)x

Signature of President, Board of Trustees

Date: _

Signature of Secretary, Board of Trustees

Date: _

Signature of Superintendent

Typed Name of Superintendent

Date: _

Signature of Commissioner of Education or Designee

Date: _

This agreement is entered into pursuant to the Texas Education Code (TEC), Chapter 49, Subchapters A,

This page has been left blank intentionally.

This page has been left blank intentionally.

This page has been left blank intentionally.

BALLOT PROPOSITIONS

No. 0000

Special Election (Elección Especial)
_____ School District (Distrito Escolar De _____)
Date(Fecha): _____, 20XX

OFFICIAL BALLOT (BOLETA OFICIAL)

INSTRUCTION NOTE: (NOTA DE INSTRUCCION:)

Place an "X" in the square beside the statement indicating the way you wish to vote. (Marque con una "X" el cuadro a la izquierda de la frase que indica la manera en que usted quiere votar.)

<p>Ballot Proposition: Authorizing the board of trustees of _____ School District to educate students of other school districts with local revenues.</p> <p>(Propuesta Electoral: Autorizando una junta directiva del Distrito Escolar de _____ para educar estudiantes de otros distritos escolares con ingresos de impuestos locales.)</p>
<p>FOR (A FAVOR) <input type="checkbox"/></p>
<p>AGAINST (EN CONTRA) <input type="checkbox"/></p>

This page has been left blank intentionally.

BALLOT PROPOSITIONS

No. 0000

Special Election (Elección Especial)

_____ School District (Distrito Escolar De _____)

Date(Fecha): _____, 20XX

OFFICIAL BALLOT (BOLETA OFICIAL)

INSTRUCTION NOTE: (NOTA DE INSTRUCCION:)

Place an "X" in the square beside the statement indicating the way you wish to vote. (Marque con una "X" el cuadro a la izquierda de la frase que indica la manera en que usted quiere votar.)

Ballot

This page has been left blank intentionally.

CAD cost reduction, 7

Calendar, 1

Chapter 49

ad(2139-110856jA0e6ATnBT18d(.5)F4qMC /Pa5ti /P <</MC1Pn[ros9 -6i)7.hET Q q 3T Q q 3T1

