

Official Chapter 49 Notification for 2026-2027 Election of Recapture Option and Agreement

August 25, 2026

SUMMARY:

This item requests approval of Option #3 – Purchase Attendance Credits from the State and the Agreement for the Purchase of Attendance Credits (Netting Chapter 48 Funding) to reduce the local revenue in excess of entitlement for school year 2026-2027, as determined by the commissioner of education in accordance with the TEC, 49.004.

PREVIOUS BOARD ACTION:

The Board elected option #3 – Purchase Attendance Credits from the State for the last several years.

BACKGROUND INFORMATION:

Determination for districts subject to recapture provisions requires the use of current year property values in these determinations. As established in TEC, §48.269, this determination is based on estimates of enrollment for school year 2026–2027 and estimated property values for tax year 2026. Because the agency does not yet have final state certified property values for tax year 2026, the agency is using 2025 state certified property values increased by 3.60%, in accordance with the 2026–2027 General Appropriations Act.

The District received Notification of Local Revenue in Excess of Entitlement Status for the 2026-2027 on July 15, 2026. Once a district is notified of official Chapter 49 status, it must select an option for paying recapture costs.

There are five options to reduce the property wealth per WADA.

1. Consolidate with another district
2. Detachment of territory
3. Purchase of average daily attendance credits
4. Education of nonresident students
5. Tax base consolidation with another district

SIGNIFICANT ISSUES:

Provisions in TEC, §48.257(c), allow districts to offset the reduction of excess local revenue against TEC, Chapter 48, funds provided in Subchapter F. All districts will have the option to use state aid calculated under TEC, Subchapter F, Chapter 48, as an offset to their attendance credit for purposes of reducing their local revenue level.

FISCAL IMPLICATIONS:

Denton ISD could owe recapture upon the receipt of final state certified property values, local property tax collections, and student growth. During the 2026-2027 budget process, the District planned for a recapture amount of \$3.8 million.

PROCEDURAL AND REPORTING IMPLICATIONS:

A Chapter 49 district is prohibited from adopting an M & O tax rate until the commissioner has certified that local revenue in excess of entitlement reduction has been achieved. The district is required to submit a District Intent/Choice before adopting its M & O tax rate. After receiving the form, the commissioner provides a letter authorizing the district to proceed with adopting a tax rate. Denton ISD's intent was submitted to TEA on August 7, 2026. The district received approval of this intent on August 12, 2026.

SUPERINTENDENT'S RECOMMENDATION:

Recommend approval of the Option #3 – Purchase Attendance Credits from TEA and the Agreement for the Purchase of Attendance Credits (Netting Chapter 48 Funding).

“For the 2026-2027 school year, we delegated contractual authority to obligate the school district under Texas Education Code (TEC) §11.1511(c)(4) to the superintendent, solely for the purpose of obligating the district under TEC, §48.257 and TEC, Chapter 49, Subchapters A and D, and the rules adopted by the commissioner of education as authorized under TEC, §49.006. This included approval of the Agreement for the Purchase of Attendance Credit (Netting Chapter 48 Funding).”

STAFF PERSONS RESPONSIBLE:

Dr. Jeremy Thompson, Deputy Superintendent
Jennifer Stewart, Chief Financial Officer

ATTACHMENT:

Agreement for the Purchase of Attendance Credits (Netting Chapter 48 Funding)
TEA Letter

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____

Signature of Superintendent: _____