

Agreement for the Purchase of Attendance Credits (Netting Chapter 42 Funding)

This agreement is entered into pursuant to the Texas Education Code (TEC), Chapter 41, Subchapters A and D, and rules adopted by the commissioner of education as authorized by the TEC, §41.006. The purpose of this agreement is to enable the district to reduce its wealth per weighted student to a level that is not greater than the equalized wealth level as determined by the commissioner of education in accordance with the TEC, §41.002.

The school year to which this agreement applies is 2017-2018 (the "school year").

The agreement is for Stephenville Independent School District School District ("the district"), with a county-district number of 072-903, to purchase attendance credits from the state for the school year.

The initial cost of recapture will be based on the commissioner's estimate of the cost of each credit using the district's projected maintenance and operations tax revenue and the estimated number of students in weighted average daily attendance for the school year (TEC, §41.093). The district agrees to offset its cost of recapture against any funds it receives under the provisions of the TEC, Chapter 42, in accordance with the provisions specified in the TEC, §41.0041.

When near-final data are available following the close of the school year to which this agreement applies, the district's entitlement under Chapter 42 will be recalculated. If the amount of Chapter 42 funding is less than the cost of recapture, as determined by the commissioner in accordance with the TEC, §41.093, using near-final data, the difference will be added to the estimated cost of recapture for the subsequent school year. If the estimated amount of Chapter 42 funds for the subsequent school year is less than the estimated cost of recapture for the subsequent school year plus any recapture balance carried forward from the school year to which this agreement applies, the district will no longer have the option to offset recapture costs against its Chapter 42 funding, and in the next year in which the district is subject to the provisions of Chapter 41, the district will be obligated to remit the total amount of the combined cost of recapture for deposit in the state treasury to be used for the Foundation School Program.

The actual cost of each credit for the school year will be determined by the commissioner in accordance with the TEC, §41.093, when final data on the district's maintenance and operations tax revenue and the number of students in weighted average daily attendance for the school year are available.

The cost of purchased attendance credits will be reduced for county appraisal district costs. The reduction will be computed in accordance with the TEC, §41.097. 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.

Signature of President, Board of Trustees

Date: _____

Signature of Secretary, Board of Trustees

Date: _____

Signature of Superintendent

Matt Underwood

Typed Name of Superintendent

Date: _____

Signature of Commissioner of Education or Designee

Date: _____



Intent/Choice Selection



Status: Approved

Last Updated: 8/15/2017 5:01:12 PM

Last Updated By: llopez0814

Contact Information

Superintendent (Required)		Program Contact (optional)	
First Name:	Matt	First Name:	Deborah
Last Name:	Underwood	Last Name:	Hummel
Email:	matt.underwood@s ville.us	Email:	deborah.hummel@s ville.us
Phone:	(254) 968-7990	Phone:	(254) 968-7990

Tuition

Does your district plan to charge tuition to educate nonresident students? Yes No

Choose Options

- Option1: District Consolidation
- Option2: Detach property to another district
- Option3: Purchase attendance credits from TEA
- Option4: Educate partner district students
 - Technology Consortium (only available if options 3 and 4 selected)
- Option5: Tax base consolidation

Election Dates

The date of successful Option 3 Election and/or date of successful Option 4 election is the date of your district's successful Chapter 41 election approved by the voters or the date of your district's upcoming Chapter 41 election. (The election date is not the date of your district's Tax Ratification Election (TRE) or the date of your district's board meeting approving the agreement contract.)

Date of successful option 3 election

District Information

Was your district first designated Chapter 41 in 2006-07 or later?: Yes No

District Estimated Chapter 42 Funding:	\$87,778	District Estimated Cost of Recapture:	\$0
Estimated Chapter 42 Funding:	[?] \$11,029,856	Estimated Cost of Recapture:	[?] \$44,054
Difference:	-\$10,942,078	Difference:	-\$44,054
Difference (District Estimated Chapter 42 Funding & District Estimated Cost of Recapture):	\$87,778		

Select Choice

- Choice 1: Reduce state aid under Chapter 42 by the amount owed for recapture. With this option, the estimated recapture amount will be withheld from state aid payments under Chapter 42 that are scheduled to begin in September.
- Choice 2: Receive state aid under Chapter 42 and pay recapture separately. With this option, the district will receive state aid payments beginning in September. The district will make recapture payments in February through August.

Intent Letters

File Name	Date Added	Superintendent	Superintendent Email	Secondary Email
Letter_ECDN072903Year2018.pdf	8/15/2017	Mr. Matthews Underwood	MATT.UNDERWOOD@sவில்.us	deborah.hummel@sவில்.us

Certification

I hereby certify the above option(s) are, to the best of my knowledge, correct and the organization named above has authorized me as its representative to obligate this organization. I understand that the Commissioner is relying on this information to authorize my district to proceed with the adoption of a tax rate. Per TEC §41.004(c), tax rate adoption may not proceed until my district has received a letter from the Commissioner certifying that the district has achieved wealth equalization. Certification that wealth reduction has been achieved will take into account any outstanding recapture balances from prior school years. If my district is in default for recapture payments, the Commissioner will not certify that wealth reduction has been achieved, and my district will not be permitted to adopt an M&O tax rate. I further certify that any ensuing program and activity will be conducted in accordance with all applicable laws and regulations, and if accepted by the Texas Education Agency, this will form a binding agreement.

First Name	Last Name	Approval ID	Submit Date & Time
Matt	Underwood	dahumme0522	8/15/2017 8:19:55

Admin Comments:

Cancel



Commissioner Mike Morath

1701 North Congress Avenue • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • tea.texas.gov

July 14, 2017

To the Administrator Addressed:

Subject: Official Notification of Chapter 41 Status for 2017–2018

This letter is official notification of your district's Chapter 41 status for the 2017–2018 school year. It allows your district to move forward with election preparation, if necessary.

We estimate that your district's wealth per resident student in weighted average daily attendance (WADA) will exceed the equalized wealth level (EWL) of \$319,500, as established by the Texas Education Code (TEC), §41.002(a)(3). This estimate is based on the T4 property value certified by the Texas Comptroller's Property Tax Assistance Division (PTAD) for the tax year 2016 and the projected number of resident WADA for the 2017–2018 school year.

Because the final certified property values from the PTAD were not available in time for us to use them in providing official notification, we have used the revised preliminary values. Once the final certified values are available, we will review the data and notify you if your wealth per WADA falls below the equalized wealth level and you will no longer have to comply with the provisions of Chapter 41 for the 2017-2018 school year. The final values will ultimately be used to determine Chapter 41 equalization requirements.

For the upcoming school year, 2017–2018, the first EWL is \$514,000 per WADA, and the third EWL remains \$319,500 per WADA. A district identified as having a wealth level between \$319,500 and \$514,000 per WADA will not pay recapture unless its adopted tax rate for maintenance and operations (M&O) exceeds its compressed rate plus six pennies.

Based on current data, your district will be required to reduce its wealth per WADA for the 2017–2018 school year using one or more of the statutory options available.

On receipt of this letter, your district must submit the district intent/choice selection form through the Chapter 41 subsystem of the online Foundation School Program (FSP) system to the Texas Education Agency (TEA) indicating 1) whether the district charges tuition to nonresident students and 2) which option the district intends to exercise to equalize its wealth level for the 2017–2018 school year. According to the TEC, §41.004(c), as a district that has been notified of its Chapter 41 status, your district may not adopt a tax rate for the 2017–2018 school year until the commissioner of education certifies your district's intent/choice selection form.

For detailed information on all the procedures your district is required to follow as a Chapter 41 district, see the *Manual for Districts Subject to Wealth Equalization 2017–2018 School Year*, available on the TEA Chapter 41 Wealth Equalization web page at <http://tea.texas.gov/index2.aspx?id=25769817562>.

Estimates for 2017–2018

The enclosed printout provides information about the calculations affecting your district. The printout calculates wealth per WADA assuming no tuition is charged to educate nonresident students, and calculates the wealth per WADA assuming tuition is charged. If tuition is charged, the WADA of those students for whom tuition is charged is subtracted from the district's Chapter 42 WADA to derive Chapter 41 WADA. You are receiving this letter because one of the calculations of wealth per WADA for your district exceeds \$319,500 based on current estimates.

Districts New to Chapter 41 Status

Under current law, a district with property wealth per WADA above the EWL has the following five options available to reduce its wealth per resident student:

- 1) Consolidate with another district,
- 2) Detach property,
- 3) Purchase attendance credits from the state (Option 3),
- 4) Contract to educate nonresident students (Option 4), and/or
- 5) Consolidate tax bases with another district.

In the past, most districts have selected Option 3 or Option 4 or a combination of both options. An election is required when exercising any form of Option 3 or Option 4. Provisions in the TEC, §42.2516(f), allow some districts to offset recapture costs against Chapter 42 funds. As a result, if your district is notified of its Chapter 41 status for the first time in the 2006–2007 school year or later and your district's Chapter 42 funding for the school year exceeds recapture costs for the same year, your district can take advantage of these offset provisions without the need to conduct an election. Districts using this option are still required to submit the district intent/choice selection form and complete a netting contract, which can be found in the *Manual for Districts Subject to Wealth Equalization 2017–2018 School Year*.

Additional information about elections, as well as sample ballot proposition language, is provided in the *Manual for Districts Subject to Wealth Equalization 2017–2018 School Year*. You may also wish to call the Office of the Texas Secretary of State at 1-800-252-8683 or visit that office's website at <http://www.sos.state.tx.us/> for assistance with election calendars and procedures.

Final Determination Regarding Payment of Recapture Costs

The TEA will make a final determination regarding the payment of recapture costs based on the 2017 tax rate levied by your district, the amount of local M&O taxes collected by your district in 2017–2018, your district's final property value for tax year 2016, and its final 2017–2018 WADA. For more information, please see the Chapter 41 Wealth Equalization web page, or contact Kim Wall in the State Funding Division at (512) 463-4809 or kim.wall@tea.texas.gov.

Sincerely,

Al McKenzie
Director of State Funding

AM/kw
Enclosures