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FINANCIAL UPDATE AS A “RECAPUTRE” (CHAPTER 49) SCHOOL-DISTRICT

FOR FISCAL YEAR 2024-2025

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ASSISTANT SUPERINTENDENT FOR BUSINESS-FINANCE & OPERATIONS

What is Recapture?

Texas law requires school districts that have a high property wealth per student to give a portion of local tax revenue back to the state. Those funds are then shared with school districts showing low property wealth per student. The law, which is commonly referred to as the “Robin Hood” has designated Gregory-Portland ISD as a Chapter 49 or property wealthy district based on our property values. Therefore, a portion of Gregory-Portland ISD property taxes are subject to recapture by the state.

Estimates

- As established in TEC, §48.269, determinations for districts subject to recapture are based on estimates of enrollment for school year 2024–2025 and estimated property values for tax year 2024. Because the agency does not yet have final state certified property values for tax year 2024, the agency is using 2023 state certified property values increased by 2.87%, in accordance with the 2024–2025 General Appropriations Act.

Determination

- Based on these estimates, your district’s estimated local yield per penny per student in weighted average daily attendance (WADA) exceeds the Tier Two (level two) guaranteed yield of \$49.28. Your district will be required to reduce its excess local revenue level for the 2024–2025 school year using one or more of the statutory options available.





OVERVIEW

- Gregory-Portland ISD will be considered a property wealthy Chapter 49 school-district for the 2024-2025 school-year.
 - AKA Local Revenue in Excess of Entitlement
- These provisions are sometimes referred to as “share the wealth” or “Robin Hood” plan because recaptured funds are redistributed by the school finance system to assist with the financing of public education for all school districts.
- TEA estimates an excess revenue amount of **\$179,933** for 2024-2025

**Please note that this correspondence is subject to change in accordance with Senate Bill 2 of the 88th Texas Legislature, Second Called Session 2023.*



TEXAS EDUCATION AGENCY: Division of State Funding
Official Notification to Districts: 2024-2025 SCHOOL YEAR
 Local Revenue in Excess of Entitlement

CDN=205902 DISTRICT NAME=GREGORY-PORTLAND ISD

REPORT 1: TIER ONE EXCESS REVENUE	
(A) Tier One Entitlement	\$37,319,431
(B) ASF Allotment	\$2,816,657
(C) Estimated 2024 State Certified District Property Value (DPV)*	\$3,253,069,949
(D) Tier One Tax Rate	0.6718
(E) Local Fund Assignment = DPV * Tier One Tax Rate / 100	\$21,854,124
(F) Tier One Excess Local Revenue = E -(A-B)	\$0
(G) Compressed M&O Tax Collections	\$23,230,335
(H) Adjustment for collections if (G-F-(A-B)) < 0	(\$0)
(I) Tier One Excess Local Revenue after adjustment for collections = F+H	\$0
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REPORT 2: TIER TWO LEVEL TWO EXCESS REVENUE	
(A) Tier Two Guaranteed Yield under 48.202(f)	\$49.28
(B) Estimated 2024 State Certified District Property Value	\$3,253,069,949
(C) Estimated 2024-2025 Chapter 48 WADA	6,012.285
(D) Estimated Chapter 48 2024-2025 local yield per penny per WADA***	\$54.11
(E) Tier Two Level Two Entitlement	\$1,836,970
(F) Tier Two Level Two Local Revenue	\$2,016,903
(G) If F-E is greater than 0, then Excess Revenue** = F-E	\$179,933

*Note 1: The 2024 DPV is estimated by applying the comptroller growth assumption of 2.87 percent to the 2023 tax year DPV.

**Note 2: Calculated values are estimates until data items are final.

***Note 3: District exceeds Tier Two Guaranteed Yield of \$49.28

Run date 9JUL24





HISTORY

- Prior to the passing of House Bill 3 (2019), Gregory-Portland ISD was considered a Chapter 41 school-district (now known as Chapter 49) for the first time in the 2018-2019 school-year.
 - The school-district agreed to offset \$541,189 against Foundation School Program Revenues.
- Due to a robust school-finance reform (HB3), Gregory-Portland ISD was not considered a Chapter 49 Recapture school-district for the 2019-2020 and 2020-2021 school-years.
- For the 2021-2022 school year, the school-district agreed to offset a final amount of \$382,502 against Foundation School Program Revenues.
- For the 2022-2023 school year, the school-district agreed to offset an estimated \$460,449 against Foundation School Program Revenues.
 - *Final amount estimate: \$29,439
- For the 2023-2024 school year, the school-district agreed to offset an estimated \$987,229 against Foundation School Program Revenues
 - *Final amount estimate: \$31,478

Year	Estimate	Final Estimate
2018-2019	\$541,189	\$541,189
2019-2020	\$0	\$0
2020-2021	\$0	\$0
2021-2022	\$382,502	\$382,502
2022-2023	\$460,449	\$29,439
2023-2024	\$987,229	\$31,478
Totals	\$2,371,369	\$984,608

**District Initiated Property Value Study "Audit Appeals" generate significant savings in recapture*

OPTIONS TO REDUCE LOCAL REVENUE

Under current law, a Chapter 49 school-district has the following five options available to reduce its wealth per resident student:

- Consolidation with another district as provided by Subchapter B;
- Detachment of territory as provided by Subchapter C;
- Purchase of average daily attendance credit as provided by Subchapter D (“Option 3”);
- Education of nonresident students as provided by Subchapter E (“Option 4”); and/or
- Tax base consolidation with another district as provided by Subchapter F.

Gregory-Portland ISD has selected Option 3

- Provisions in the TEC, §48.257(c), allow districts to offset the reduction of excess local revenue against the TEC, Chapter 48 funds. All districts will have the option to use state aid calculated under the TEC, Chapter 48, that is not described by the TEC, §48.266(a)(3) as an offset to their attendance credit for purposes of reducing their local revenue level. Districts using this option are required to submit the district intent/choice selection form and complete an Option 3 netting contract.



ACTION REQUIRED

1. Submit the district intent/choice selection form through FSP system to TEA. *Already completed, Selected Option 3*
2. School Board of Trustees delegate 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 or the Agreement for the Purchase of Attendance Credit (Netting Chapter 48 Funding). Must be submitted by September 1.
3. CAD Cost, District Partner Data, Tuition & Payments must be submitted by January 14, 2024.

