



BOARD ACTION

MEETING DATE: August 2, 2011

SUBJECT: Consider Agreement For The Purchase Of Attendance Credits From The State

BOARD POLICY: N/A

FISCAL NOTE: Funds for equalization payments are included in the 2011-2012 preliminary budget.

Background Information:

- Chapter 41 of the Texas Education Code describes methods and procedures a school district must follow in reducing its property wealth per student in weighted average attendance to a level that is no greater than the State equalized wealth level.
- Chapter 41 provides school districts with five options to equalize property wealth. These options may be exercised individually or in combination.
- Option 3 to purchase attendance credits from the State and Option 4 to contract to educate nonresident students from a partner district are the best options for the District

Administrative Considerations:

- For 2011-2012, the District will again be subject to the equalized wealth provisions of Chapter 41. Based on 2010 property values, as assigned by the Comptroller's Property Tax Division, and current estimates of enrollment and attendance, the District currently expects its 2011-2012 wealth per student in weighted average attendance to be in excess of the State equalized wealth level.
- School districts choosing to purchase attendance credits from the State (Option 3) are eligible for an "early agreement credit" equal to the lesser of 4% or \$80 per credit purchased. Districts choosing to contract to educate nonresident students from a partner district (Option 4) are eligible for an "efficiency credit" equal to the lesser of 5% or \$100 multiplied by the District's WADA. To qualify for the credits, districts must approve and execute their agreements and have them postmarked on or before September 1 of the applicable year (Option 3), or submit a "letter of intent," notifying the Texas Education Agency that appropriate options have been approved or are being considered and that other necessary actions are planned and pending (Option 4). A school district may not adopt a tax rate until the Commissioner has certified that the equalized wealth level has been achieved.
- Pending identification of a suitable Option 4 partner district and completion of the associated agreements and forms, administration believes it would be in the District's best interest to approve an Agreement for the Purchase of Attendance Credits (Option 3) with the Commissioner at this time, and authorize administration to submit a letter of intent regarding actions underway by the District to effect Option 4.

- The administration recommends that the Board of Trustees approve the attached Agreement for the Purchase of Attendance Credits with the Commissioner of Education, and authorize the Board President and Secretary and the Superintendent to execute the Agreement on behalf of the District. It is further recommended that the Board authorize the Superintendent to submit a letter of intent to the Commissioner of Education regarding actions underway by the District to effect Option 4..

Communication Deployment:

- Board Meeting Minutes
- Letter to Texas Education Agency
- Electronically submitted through the TEASE website

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Respectfully submitted,

Daniel A. Schaefer
Chief Financial Officer