



Texas Education Agency

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Commissioner Mike Mo

May 1, 2017

At that time, the TEA will provide the *Manual for Districts Subject to Wealth Equalization (Chapter 41) 2017–2018* and other administrative details.

This preliminary notification is informational only and does not require a response by the district. The official notification in July, however, does require a response by the district informing the TEA of the option the district intends to exercise to equalize the district's wealth level and whether the district charges tuition to nonresident students. Only after the TEA has approved the district's plans may the district proceed with adopting a tax rate for the coming school year.

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 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 at least one of these calculations of wealth per wada exceeds \$319,500 based on current estimates.

A printout is enclosed: "tuition" and "no tuition" at the third EWL of \$319,500 per WADA.

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. The Texas Legislature authorized Chapter 41 districts to offset their costs of recapture against state funding and allow a Chapter 41 district to forgo the requirement to conduct an election to authorize one or more options if the Chapter 42 funding for the school year exceeds the recapture costs for that same year (see the TEC, §41.0041). These provisions allow a district to offset its recapture costs against its 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, it can take advantage of these offset provisions without the need to conduct an election.

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 –.2837 0 Td ()T