



Texas Education Agency

Commissioner Mike Morath

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 for1 0 Tw 36.707 0 Td ()Tj -0.002 Tc -0.004 Tw 0.272 0 Td [(f)-17.5(o)10

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

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Enclosures