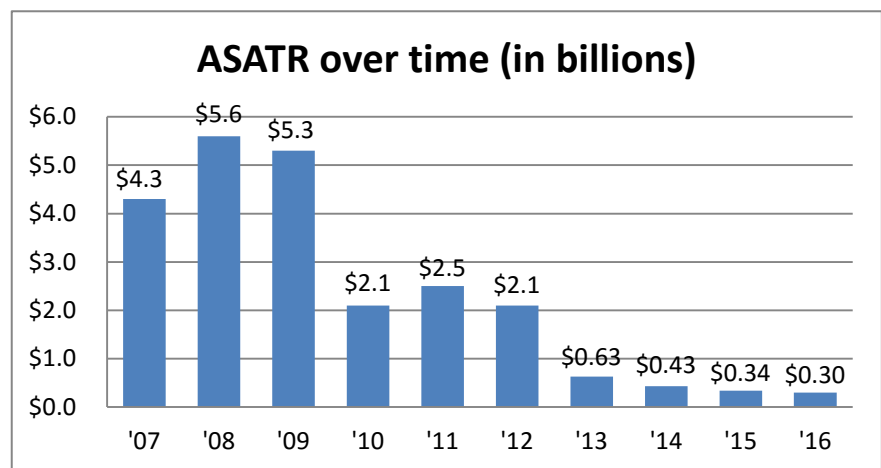


The Facts about Additional State Aid for Tax Reduction (ASATR)

- When the Legislature reduced property tax rates by one-third in 2006, they guaranteed that school districts would have the ability to maintain at least the same level of per-student funding for weighted average daily attendance (WADA) as they received for the 2005-06 school year by creating Additional State Aid for Tax Reduction (ASATR).
- Each district was entitled to different amounts of revenue based on a variety of district-specific factors, relating to the revenue they would have otherwise been able to generate at the time of tax rate compression.
- In 2011, the State significantly reduced funding for public education and some of those cuts came through a percentage reduction to ASATR. At that time the Legislature also enacted a repeal of ASATR effective September 1, 2017.
- Even before the 2011 legislation, districts' reliance on ASATR payments was already declining, due to natural growth of property values. The amount of ASATR funding to Texas districts has declined from \$5.6 billion in 2008 to an expected \$300 million in 2016. Currently, about 200 of the 1,019 districts still receive ASATR funding.



Headed Toward a Cliff

- By enacting an arbitrary deadline to ASATR funding, the Texas Legislature has sent some school districts barreling toward a fiscal cliff. These are districts that, by no fault of their own, rely heavily on ASATR funding for the operations of their school district (some as high as 40% of total M&O funding), due to the Legislature's decision to reduce property tax rates.
- The districts headed toward the cliff are also the very districts that saw the greatest funding cuts implemented in 2011—and unlike other districts that saw cuts fully restored, the ASATR districts have not seen their cuts restored and remain at funding levels below that of the 2010-2011 school year.
- The loss of funding for districts means less funding for the system as a whole, and it carries negative consequences for districts (both property-wealthy and property-poor) who rely on ASATR funding.
- School finance reforms could be enacted by the Texas Legislature prior to September 1, 2017 that will prevent districts from falling off the ASATR cliff, but the existence of the cliff presents the challenge of planning amidst a great deal of uncertainty for ASATR districts in the 2017-2018 school year and beyond.

