



March 6, 2020

Mr. Mike Morath  
Commissioner of Education  
Texas Education Agency  
1701 North Congress Avenue  
Austin, TX 78701

Dear Commissioner Morath:

Thank you for the opportunity to comment on Proposed New 19 TAC Chapter 61, School Districts, Subchapter AA, Commissioner's Rules on School Finance, 61.1011, Formula Transition Grant. The Agency's efforts to specify the calculation in rule are helpful for providing necessary detail and predictability to school districts as they work on long-range revenue forecasts. We appreciate the data sources and calculations outlined in the proposed rule, and write to offer a few suggestions for improvement.

The language in Section 61.1011(c)(14) appears to be in error and may create unreasonable timelines that would prevent the legislative intent of ensuring districts maintain at least what prior-law would have provided until the expiration of the formula transition grant language. First, the formula transition grant provisions of House Bill 3 reference prior law calculations for the 2019-2020 and 2020-2021 school years, while the rule appears to contemplate calculations under the old law for the 2020-2021 and 2021-2022 school years. Second, the timelines specified for freezing prior law calculations appear to prevent some lawfully-filed property value audits from being recognized in the calculation of prior law revenue.

School districts have three years after the date of certification of the final property value study results to file an audit. For calculations of prior law for the 2019-2020 school year, the 2018 property value would have been used under old law. This value was finally certified on August 15, 2019. Requests for audits of these values must be filed with the comptroller by August 15, 2022. If successful, property value audit results may not be certified back to TEA for several months after that date. These property value audits have become increasingly important in recent years as property tax litigation has become more common, forcing many districts to issue sometimes substantial taxpayer refunds. Freezing old-law calculations too quickly could result in the inability of these property value losses to be reflected in state aid calculations. In some of the districts the Coalition represents, a single taxpayer comprises the majority of their tax base, the value loss could be quite considerable.

The suggested language below would correct the error and ensure that property value audits are appropriately reflected in formula transition grant calculations, thus protecting legislative intent to make sure school districts did not lose revenue under House Bill 3 as compared to the prior law.

**Recommended Change:**

(14) Limitation on old law calculations.

(A) TEA will stop running prior law calculations for the ~~2020-2021~~ 2019-2020 school year after ~~June 30~~September 1, 2021, and the amounts that a district would have received for the ~~2020-2021~~ 2019-2020 school year under TEC, §48.277(a) and (d-1), will not be changed after that date, except that TEA will recognize any property value audits officially certified by the comptroller of public accounts for the 2018 property value regardless of whether they are certified to TEA after this date. (B) TEA will stop running prior law calculations for the ~~2021-2022~~ 2020-2021 school year after ~~June 30~~September 1, 2022, and the amounts that a district would have received for the 2021-2022 school year under TEC, §48.277(a) and (d-1), will not be changed after that date, except that TEA will recognize any property value audits officially certified by the comptroller of public accounts for the 2019 property value regardless of whether they are certified to TEA after this date.

Thank you for your attention to this matter and your efforts to ensure that House Bill 3 is implemented as intended by the Texas Legislature in a reasonable and fair manner for all involved.

Sincerely,



Christy Rome  
Executive Director  
Texas School Coalition