

May 1, 2018

Subject: Preliminary Notification of Potential Chapter 41 Status for 2018–2019

To the Administrator Addressed:

This letter is preliminary notification of your district's Chapter 41 status for the 2018–2019 school year. It allows your district to present WADA election preparation, if necessary. The first EWL (EWL) of \$319,500 per WADA as established by the Texas Education Code (TEC), §41.002(a)(3).

EWLs currently in effect. The first EWL is applied to the tax effort associated with the compressed tax rate (CTR). A district's CTR is its 2005 adopted maintenance (MO) tax rate multiplied by the state compression rate. For 2018–2019, the state compression rate is 66.67 percent. The first EWL is \$514,000 per WADA, which is the amount provided by the basic allotment.

At that time, the TEA will provide the Manual for Districts Subject to Wealth Equalization (Chapter 41) 2018–2019 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 2018–2019

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 E pf35/42g Tw nd283 0 Td () J [(bov)002

Final Determination Regarding Payment of Recapture Costs

The TEA will make a final determination regarding the payment of recapture costs based on the 2018 adopted M&O tax rate levied by your district, the amount of local M&O taxes collected by your district in 2018–2019, your district's final property value for tax year 2017, and its final 2018–2019 WADA.

For additional information, please see the Chapter 41 Wealth Equalization web page at <http://tea.texas.gov/index2.aspx?id=25769817562>, or contact Amy Copeland in the State Funding Division by telephone at (512) 463-8732 or by email at amy.copeland@tea.texas.gov.

Sincerely,

Al McKenzie
Director of State Funding

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Enclosures