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ABSTRACT

A case study is presented of a Texas educational facilities program that was developed to provide long-term state assistance to school districts for the construction or renovation of their facilities by providing equal access to revenue for the specific purpose of repaying debt issued to finance instructional facilities. This report presents a brief historical context in which the facilities program was developed, then describes the schema for Texas school finance. Next, the facilities program is described, including the eligibility criteria and the funding formulas that deliver state aid. The impact of the program on local tax rates and debt issuance is discussed, and the unique features of the program and its future challenges are assessed. Appendices present statistical tables on the instructional facilities allotment awards for 1998-99 listed by school district and on the principal debt financed with instructional facilities allotment for 1997-99 listed by school district. (Contains 19 references.) (GR)

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Financing Public School Facilities in Texas:

A Case Study

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Introduction

In 1997-98, almost 4 million students were enrolled in more than 1,000 Texas public school districts. The districts and the students who attend them are as diverse as the state. District enrollments range in size from 20 students to more than 190,000, with two-thirds of the state's school districts enrolling fewer than 1,500 students. School district characteristics vary widely across the state, from densely populated metropolitan areas in and around major cities to sparsely populated rural areas of the state where bus routes routinely stretch more than 60 miles in one direction. The students who attend these schools reflect the diversity of the state's population. More than one-third of Texas schoolchildren are Hispanic. Forty-five percent of the students are white, and 14 percent are African-American.

Financing public education in Texas costs approximately $22 billion each year, over half of that funded by ad valorem property taxes levied by local school districts. The state contributes its share through biennial appropriations from general revenue and other sources every two years when the Texas Legislature convenes. Like many other states, litigation has driven public policy decisions toward an equalized school finance system. The Texas approach seeks to ensure that districts have equal access to revenue by effectively equalizing the value of property tax bases. District property wealth is measured by calculating the value of its tax base on a per student basis. The poorest districts in the state have average property wealth per student of less than $50,000, while the wealthiest districts average more than $465,000 per student. Providing equal access to revenue among districts with such great disparities in wealth has posed a continuing challenge for policymakers.

Until recently, most of the policy initiatives have focused on equalizing funds for operations and maintenance. In September 1997, Texas implemented its first program specifically designed to provide long-term state assistance to school districts for the construction or renovation of facilities. Building upon the overall school finance system, the Texas facilities program provides equal access to revenue for the specific purpose of repaying debt that is issued to finance instructional facilities.

The Texas facilities program has several features that combine to make the program different from facilities programs in most other states. By funding yearly debt service, the state appropriation leverages substantially more construction than programs that provide cash grants to fund construction projects. The first biennial appropriation of $200 million is supporting debt service on nearly $4 billion in long-term debt. By supplementing local tax effort, the Texas program allows local taxpayers of property-poor districts to finance more debt than they can afford on their own. The funding formula effectively reduces the need for local taxes, saving the poorest of participating districts more than $0.50 per $100 of taxable value on their local tax rates. Another unique feature of the Texas facilities program is its lack of centralized decision-making. Facilities needs are determined by local districts, not by state level administrators. Districts are assumed to have determined their local needs for facilities when they receive voter approval to issue the eligible debt.

This discussion begins with a brief look at the historical context in which the facilities program was developed, then describes the schema for Texas school finance. Next, the facilities program is described, including the eligibility criteria and the funding formulas that deliver state aid. The following section will look at the impact of the program on local tax rates and debt issuance. The final section assesses the unique features of the program as well as its challenges for the future.

History

In order to appreciate the significance of the facilities program for Texas school finance policy, it is important to understand the context within which it was implemented. Texas school finance policy has been shaped for more than two decades by litigation and legislative initiatives aimed at providing equalized funding for public schools. Over the years, court decisions have defined the standards by which the equity of the school finance system is measured, and legislators have responded by developing funding mechanisms aimed at meeting those standards of equity. The concept of "local control" has been the driving force behind policy development of all kinds in Texas, particularly in recent years. This emphasis on local control combined with the continuing threat of litigation has had a significant impact on the evolution of Texas school finance policy.

Texas has been engaged for years in various lawsuits to provide equitable funding for public schools. While there are other notable cases, the most influential litigation includes a series of lawsuits that began with *Edgewood Independent School District vs. William Kirby [Edgewood I]*,[1] originally filed in 1984. Though the litigation focused on funding for operations, funding for facilities was an issue from the start. The first district court ruling on *Edgewood I* warned that, "School facilities will present a major problem during the next decade. The problem is a state problem, and it will probably require state, as opposed to only local district resources, to produce an adequate solution."[2] This 1987 decision was overturned two years later on appeal, but the Texas Supreme Court agreed that facilities funding was an important issue yet to be resolved.

The Texas Supreme Court has issued rulings on four *Edgewood* cases. Each ruling has prompted legislative initiatives aimed at creating a system of school finance that would pass constitutional muster and provide equalized funding. Much of the legal battle has focused on language in the Texas Constitution stating that "[a] general diffusion of knowledge [is] essential to the preservation of the liberties and rights of the people . . .[I]t shall be the duty of the Legislature of the State to establish and make suitable provision for the support and maintenance of an efficient system of public free schools."[3]

Edgewood IV is of particular importance to the issue of facilities funding. In January 1994, the District Court deemed the school finance system constitutional *except* for the

[1] *Edgewood Independent School District [ISD] v. William Kirby*, 777 S.W.2d 391 (Tex. 1989). (Originally styled as *Edgewood vs. Bynum*, but re-styled before the trial in January, 1987.) [*Edgewood I.*]
[2] *Edgewood ISD vs. Lionel Meno*. No. 362.516-B (Dist. Ct. 1994).
[3] Texas Constitution of 1876, Article VII § 1.

funding of facilities.[4] The district judge issued an injunction that would have prohibited school districts from issuing bonds after September 1, 1995, unless the Legislature addressed the facilities issue during its 1995 session. The Supreme Court heard the case in May of 1994, and issued a ruling that lifted the injunction in early January of 1995, just before the start of the legislative session. In a 5-4 vote, the Supreme Court rejected the lower court ruling that the facilities issue rendered the whole system unconstitutional. However, the opinion emphasized that "the challenge to the school finance law based on adequate provision for facilities *fails only because of an evidentiary void.* Our judgement in this case should not be interpreted as a signal that the school finance crisis in Texas has ended. [Emphasis added.]"[5] The Court went on to say that "[a]n efficient system of public education requires not only classroom instruction but also the classrooms where that instruction is to take place."[6] While the Court stopped short of declaring the whole system unconstitutional because the state failed to provide a specific program for funding facilities, the majority opinion included the following passage:

> We acknowledge, and the State concedes, that if the cost of providing a general diffusion of knowledge rises to the point that a district cannot meet its operations and facilities needs within the equalized program, the State will, at that time, have abdicated its constitutional duty to provide an efficient school system. From the evidence, it appears that this point is near.[7]

A dissenting opinion, issued by Justice Rose Spector, strongly criticized the state's lack of equitable financing for school facilities. Spector wrote:

> The unfairness of this [school finance] system is exacerbated by Senate Bill 7's failure to include any provisions for facilities . . . This is not a significant problem for the wealthiest districts, since they are able to generate sufficient additional funds from their own tax bases by levying debt taxes. Poor districts, however, are able to generate only a small fraction of those amounts. Poor districts are thus forced to choose between funding current operations and funding capital expenditures.[8]

Although legislators considered implementing the current facilities program in 1995, they instead provided funding for a grant program that provided cash for construction projects. The $170 million appropriated for the grant program fell far short of even the most conservative state estimates of need, which ranged at that time between $2 and $3 billion.[9] Meanwhile, *Edgewood* plaintiffs accumulated evidence to demonstrate the mounting inequity of facilities financing and prepared to continue litigation in case the

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[4] *Edgewood Independent School District [ISD] v. Meno*, No. 362,516-B (Dist. Ct. 1994).
[5] *Edgewood ISD v. Meno*, 893 S.W.2d 450 (Tex. 1995), 459.
[6] Ibid.
[7] Ibid at 480.
[8] *Edgewood ISD v. Meno*, 893 S.W.2d 450 (Tex. 1995), Justice Spector dissenting.
[9] Texas Education Agency, "Draft 1992 Report on School Facilities," Austin, Texas, June 11, 1992, p. IV-89 and Texas Bond Review Board, "Texas Public Schools Facility Needs and Borrowing Expectations," draft report, Austin, Texas, March, 1991, p. 3.

1997 legislative session failed to address facilities needs.[10] Legislators responded by enacting the Instructional Facilities Allotment program effective September 1, 1997. Referred to here as the Texas facilities program, this initiative has proven a vital addition to the school finance system.

Texas School Finance

School finance litigation in Texas, as in many other states, has focused broadly on ensuring the equitable education of all children who attend public schools. One of the primary differences between states is the way in which equity is defined. These definitions are often linked to provisions within each state's constitution, and these definitions can vary substantially. Other important differences involve the methods employed to deliver an equitable education to each child. State policies most often seek to equalize either revenue or spending on a per student basis. Schools in Texas have long been financed using local property taxes, and prior to the *Edgewood* litigation, there were huge disparities in access to revenue from one district to another.[11] The Texas system focuses on providing school districts with equal access to revenue per student, rather than equal spending per student.

While the Texas school finance system provides districts with substantially equal access to revenue, it does not require that schools take advantage of that access. The state funds that are generated by local tax effort may be considered an incentive to levy taxes, up to a limit, but no school is required to levy even a minimum tax unless they wish to access matching state funds. Virtually all Texas school districts do levy the minimum tax required for participation in the state funding program; however, all school districts do not fully maximize their access to matching state revenue.

Since the Texas Constitution expressly prohibits a statewide property tax, ensuring equal access to revenue has proven a formidable challenge for Texas policymakers. After many attempts, lawmakers struck upon a plan in 1993 that passed constitutional muster in the 1995 Supreme Court ruling on *Edgewood IV* referred to above. The district court ruling on *Edgewood IV* described standards by which equity of the system can be measured. These standards, while not upheld in the Supreme Court ruling, are often used by policymakers to assess equity in their current deliberations on school funding. These standards measure the amount of revenue that is within the equalized system and the proportion of Texas school children attending schools that receive equalized revenue.

CREATING EQUAL ACCESS TO REVENUE FOR TEXAS PUBLIC SCHOOLS

The school finance system in Texas is based upon local tax effort and state funds that provide a guaranteed yield for each penny of tax effort. The state funds effectively

[10] Michele McLaughlin and Lisa Dawn, "Financing Public School Facilities in Texas," Austin, Texas: Equity Center, 1996. This report was developed for the expressed purpose of filling the "evidentiary void" on facilities financing noted in the *Edgewood IV* decision.

[11] Billy D. Walker and Daniel T. Casey, *The Basics of Texas Public School Finance*, Sixth Edition, 1996, pp. 9-13.

provide a guaranteed tax base upon which revenue can be generated. State aid is based on the difference between the revenue yield of the local tax levy and the guaranteed revenue yield. In this way, the system attempts to provide equal access to revenue for equal tax effort.[12]

Tax effort and state aid

In order to be eligible for state matching funds, districts must levy a minimum maintenance and operations tax of $0.86 per $100 of taxable value.[13] Virtually all school districts in Texas levied the minimum tax in 1998. Tax revenue generated by the $0.86 is considered the local fund assignment, and any tax effort above that amount is considered to be the "enrichment and facilities" tax. The local fund assignment makes districts eligible to receive Tier I funding, if applicable. Tax effort on the next $0.64 above the $0.86 local fund assignment generates Tier II state aid for districts with property wealth per student below the revenue base provided by the guaranteed yield, currently at $210,000 per weighted student.

Access to equalized revenue through the Tier II program is maximized at total tax rates of $1.50. In 1998, 279 districts receiving Tier II had total tax rates at or above $1.50. Another 237 districts had tax rates between $1.42 and $1.50.[14] With tax rates in half of all districts near or above $1.50, policymakers are increasingly sensitive to the last Supreme Court ruling that the state will have "abdicated its constitutional duty to provide an efficient system" when tax rates have risen to the point that a district "cannot meet its operations and facilities needs within the equalized program."[15] Concerns about the ability of Tier II to meet the needs of districts undoubtedly influenced the decision to implement the facilities program in 1997. These concerns continue to fuel discussion about raising the $1.50 limit and other measures intended to help equalize tax effort for debt that is not eligible for the current facilities program.

Financing Facilities

Before implementation of the facilities program, Texas school districts had few options for meeting local facilities needs. Very little state money had ever been directed toward facilities funding, and legislators had been reluctant to make long-term commitments. However, substantial documented needs and the continuing threat of litigation inspired lawmakers to enact two grant programs in the early 1990s. Until recently, Tier II funds provided an important source of funds to help pay for facilities in districts with total tax rates at or below $1.50. As noted above, tax rates in many districts are approaching or

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[12] While the system is based on the concept of equalized access to revenue, actual differences in access remain.

[13] Texas Education Code § 42.252. Note: All tax rates are presented in terms pennies per $100 of taxable value.

[14] Based on data reported to the Public Education Information Management System (PEIMS) at the Texas Education Agency for the 1997-98 school year.

[15] *Edgewood ISD v. Meno*, 893 S.W.2d 450 (Tex. 1995), 480.

are beyond the Tier II limit of $1.50, creating a sense of urgency to equalize funds for facilities in recent years.[16]

Emergency Grant (1991)

Prior to the inception of the current facilities program, the Texas legislature enacted two short-term grant programs. The Emergency Grant program was authorized in 1991, shortly after a statewide inventory of school facilities indicated that districts had collective needs of more than $2 billion for facilities.[17] The Emergency Grant program provided $50 million intended to address emergency needs identified by the inventory. Funds were distributed to 131 districts based on the need to correct an "imminent danger." Priority to receive funds was based on property wealth, tax effort, and a five-year growth rate.[18] Grants were limited to no more than $150 per student.

School Facilities Assistance Grant (1995)

The School Facilities Assistance Grant was authorized by the 74th Legislature in 1995, when legislators balked at implementation of the guaranteed yield program proposed by the Chairman of the Senate Education Committee, Senator Teel Bivins.[19] Although the Supreme Court had just issued its qualified approval of the system with specific warnings concerning the financing of facilities, the major focus of legislators was directed at re-writing the entire Texas Education Code.[20] While legislators recognized the need to do something about facilities, they were hesitant to make the type of long-term commitment implicit in Bivins' proposal. Instead, they authorized the School Facilities Assistance Grant program for $170 million.

The facilities assistance grant distributed funds to districts based on tax effort and property wealth per student.[21] The awards were limited to $266 per student or $500,000, whichever was greater. Although 566 districts qualified for funds under this program, the $170 million appropriation provided only enough funding to cover 276 awards to districts.[22]

Tier II options

Before the facilities program, only Tier II districts with a total tax effort $1.50 or less may have had the opportunity to access equalized revenue for facilities financing. However, this financing scheme put facilities needs at odds with needs for operating revenue. Districts with tax rates above $1.50 could generate only local revenue on tax effort that exceeded the $1.50 limit. Local revenue among the districts continues to vary widely. Districts in the lowest wealth category generated as little as $4.17 per penny per

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[16] See the last section, "Final Footnote," regarding recent developments in the Texas school finance system.
[17] TEA, "Draft 1992 Report," p. IV-89.
[18] Texas Administrative Code, Chapter 19. Subchapter G § 61.91
[19] Senate Bill 5 by Teel Bivins (R-Amarillo). The bill died in the House Public Education Committee.
[20] Senate Bill 1 by Bill Ratliff (R-Mt. Pleasant). The bill was passed on May 30, 1995.
[21] Texas Education Code §42.402.
[22] Data source: State Funding Division, Texas Education Agency.

student in revenue in 1998, while the districts in the highest wealth category generated more than $81.00. As average total tax rates have approached and exceeded the $1.50 rate, access to equalized revenue in Tier II for facilities has become increasingly limited.[23]

Texas Facilities Program

The Instructional Facilities Allotment program (the facilities program) was created with the passage of House Bill 4 in 1997, which contained provisions that were nearly identical to those proposed by Senator Bivins in Senate Bill 5 during the 1995 session. The main purpose of House Bill 4 was to provide tax relief in the form of an increased homestead exemption. Due to its delivery mechanism, the facilities program can also be considered a tax relief program. The facilities program involves a partnership between local school districts and the state to repay long-term debt that is issued for the construction or renovation of school facilities. The program was designed to help repay debt for which districts first levied a tax on or after September 1, 1997. A total of 229 districts received facilities allotment awards in 1998-99, ranging from approximately $16,000 to $8.6 million. State aid totaled $121 million, and districts were required to provide a total of $130 million in matching local tax effort.[24]

ELIGIBILITY

In order to receive funds, districts must:

1. Have authority to issue debt
2. Submit an application before issuing debt
3. Use funds for qualified projects
4. Levy and collect sufficient taxes to pay the local share of the program

Have Authority to Issue Debt

Districts must have voter approval to issue eligible debt before they apply for facilities funds. School bonds and certain lease-purchase agreements are considered eligible debt.[25] Voters give districts authority to issue bonds by election. Rather than active approval, authority to enter lease-purchase agreements is indicated by a lack of voter disapproval. Districts must post their intentions to enter a lease-purchase agreement for at least 60 days prior to entering such an agreement.[26] Voters may call a referendum on the decision to enter into the lease-purchase, if they present a petition with signatures from at least five percent of registered voters within the 60-day notice period. If there are no valid requests for a referendum, voter approval is assumed and districts have authority to enter the lease-purchase agreement.[27]

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[23] See final footnote regarding recent changes in the Texas school finance system.
[24] See *Appendix A*.
[25] Texas Administrative Code § 61.1032(d)(1). Only lease-purchase agreements for real property under Local Government Code § 271.004 are eligible under the facilities program.
[26] Local Government Code § 271.004(a).
[27] Local Government Code § 271.004(b).

Submit an Application before Issuing Debt

Districts must make an application to the state education agency for facilities program funds before the debt is issued.[28] Typically, districts submit their applications after they conduct a successful bond election or the notice period for a lease-purchase agreement has expired. Some districts do not issue the debt until they receive confirmation that their application was approved for facilities funding. Other districts move forward with the issuance of debt in the absence of a state commitment, budgeting as though they will pay the debt service costs from local revenue and amending their budgets if they later receive facilities funding. Districts may apply to the program even when funding has been depleted in order meet the statutory requirements to apply for funds before the debt is issued. These applications preserve eligibility of the debt service for the facilities program should additional funding become available in the future.[29]

Use Funds for Qualified Projects

Debt must be used to finance instructional facilities.[30] Qualified projects include new schools and renovations or additions of classrooms, auditoriums, and other support facilities. Athletic facilities and central administrative facilities are not qualified.[31] Expenditures on non-qualified items are pro-rated and subtracted from eligible debt service when calculating the allotment awards.[32]

Levy and Collect Sufficient Taxes

Because the facilities program is based on a guaranteed yield for tax effort, districts must levy local taxes to meet their local share of the obligation.[33] Districts that fail to levy and collect sufficient taxes may see a reduction in either their state aid for the Tier II program or in their future facilities allotments.

CALCULATING THE FACILITIES ALLOTMENT

The dollar amount of the facilities allotment is based on two calculations. One determines the maximum amount of eligible debt service for which districts can receive state aid. The other determines how much of the eligible debt service is paid by the state and how much is paid by the local district. The facilities program provides a guaranteed yield for each penny of tax effort per student in average daily attendance (ADA).

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[28] Texas Administrative Code § 61.1032(d)(2).
[29] Texas Administrative Code § 61.1032(k)(2).
[30] Texas Education Code § 46.003.
[31] See Texas Education Agency website for description of Instructional and Non-Instructional Facilities at http://www.tea.state.tea.tx.us/school.finance/facilities/ifa/qual.html.
[32] Texas Administrative Code § 61.1032(h)
[33] Texas Administrative Code § 61.1032(m).

Allotment Limit

The allotment limit, as prescribed in the statute, must be calculated first. The maximum allotment a district may receive during a biennium is equal to $250 per student in average daily attendance, or $100,000, whichever is more.[34] The allotment limit is calculated at the time the application is received. Districts may request assistance on more than one debt instrument for combined debt service obligations up to the biennial allotment limit. For example, a district may make an application for debt service equal to $100 per student in one application in the first year of the biennium. The district may submit another application for debt service equal to $150 per student during the second year of the biennium, for a cumulative total of $250 debt service per student.[35]

State and local share

Next, the ratio that determines the state and local shares of the allotment is calculated on the basis of district wealth factors and student enrollment. Annual state aid is based on the lessor of the allotment limit or the actual debt service. The award is recalculated each year using current values for property wealth and enrollment. As a result, the amount of state aid a district will receive from the program will fluctuate from year to year.

Table 1. Example facilities allotment calculation for 1998-99

District ABC		
1998-99 Average Daily Attendance	= 1,000	
1997 Property value	= $100,000,000	
1998-99 Annual debt service	= $100,000	
Allotment limit	= $250 x 1,000 ADA	= $250,000/biennium
Local yield/penny	= $100,000,000/10,000	= $10,000
Local yield/penny/student	= $10,000/1,000	= $10.00
Percentage of state share	= ($28 - $10/$28) x 100	= 64.3%
Percentage of local share	= 100% - 64.3%	= 35.7%
Allotment limit or debt service	$100,000 < $250,000	= $100,000
1998-99 State share	= $100,000 x 64.3%	= $64,300
1998-99 Local share	= $100,000 x 35.7%	= $35,700

[34] Texas Education Code § 46.005.

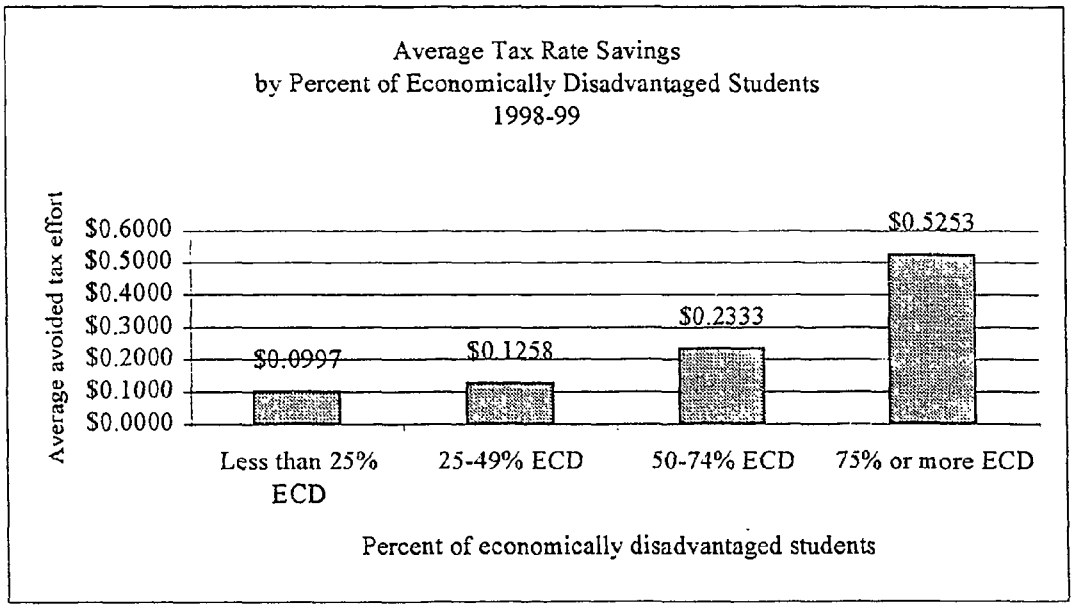
[35] State funding for both applications is subject to adequate appropriation.

IMPACT OF FACILITIES PROGRAM

Local Tax Rate Relief

The facilities program is designed to provide equalized revenue for taxes levied by local school districts to repay long-term debt. The guaranteed yield mechanism allows districts to issue more debt than their local tax bases alone could support. Put another way, this program allows districts to reduce the need for local tax increases to support the issuance of eligible debt. In FY 1999, the facilities program is expected to provide approximately $121 million to districts in lieu of local tax effort.[36] Districts avoided an average of $0.15 in tax effort as a result of their access to equalized revenues provided by the facilities program. Ten districts avoided local tax rate increases of at least $0.50, with the poorest avoiding $0.92 on the local tax levy. Districts with large concentrations of economically disadvantaged students and districts with low wealth per student experienced the greatest tax savings, as illustrated on the charts below.[37]

Figure 1. Average tax rate savings by percent of economically disadvantaged students



[36] See *Appendix A.*
[37] See *Appendix C.*

Figure 2. Average avoided tax effort by wealth quartile

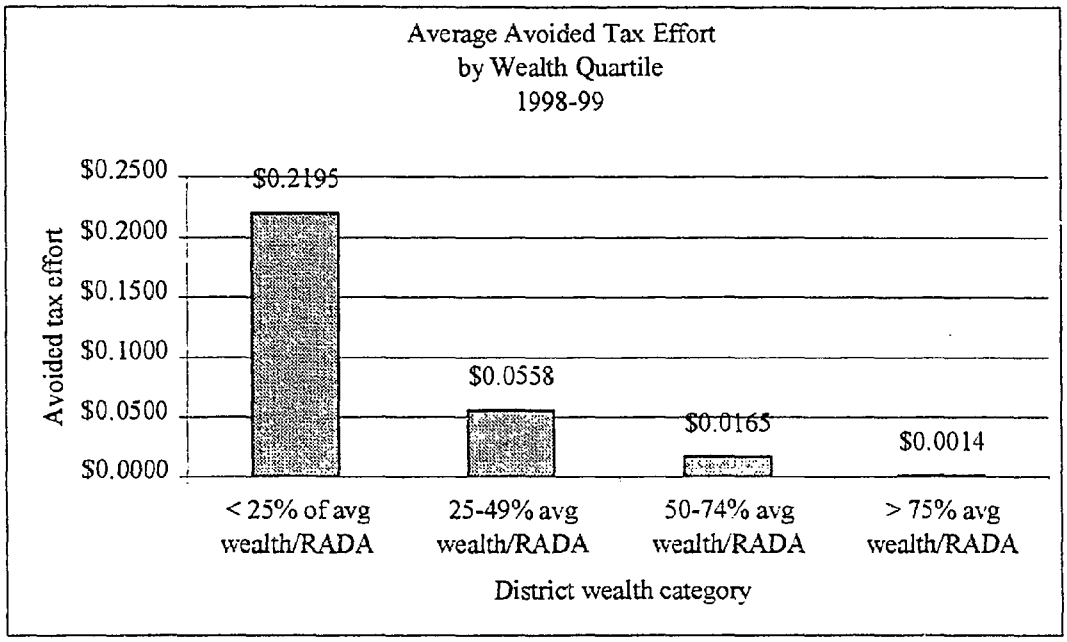
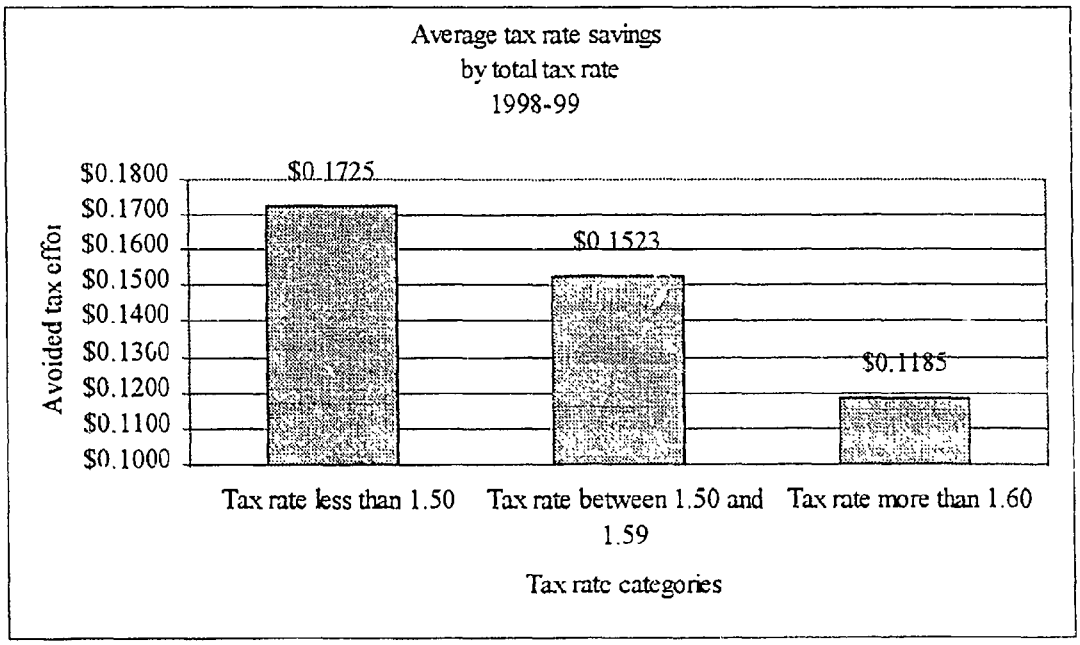


Figure 3. Average tax rates savings by total tax rate



Debt Issuance

School districts issued approximately $1.3 billion in bonds during FY 1996 and $1 billion during FY 1997. By contrast, districts issued almost $2.9 billion in bonds FY 1998, a 162 percent increase over the prior year's issues.[38] While a generally robust economy and low interest rates certainly influenced the bond market, the facilities program is perceived to have played significant role this dramatic increase in debt issuance over a single year.

With the promise of state matching funds, school districts were able to gain voter support for bond issues that had failed in the past or had never even been attempted due to a perceived lack of support. Bond sales in the 100 poorest school districts in Texas declined from the prior year in both FY 1996 and FY 1997. Following implementation of the facilities program in FY 1998, these districts issued 132 percent more debt than they had in FY 1997. See Table 2 below for information on voter-approved debt.

Table 2. Voter-approved debt (in millions)

	FY 1996 Debt issued	Change from prior year	FY 1997 Debt issued	Change from prior year	FY 1998 Debt Issued	Change from prior year
All districts						
Total voter-approved debt	$1,664	$450	$1,091	($572)	$2,859	$1,768
Change in voter-approved debt		+ 3%		- 34%		+ 162%
100 Lowest Wealth Districts						
Total voter-approved debt	$356	($66)	$346	($10)	$802	$456
Change in voter-approved debt		- 7%		- 3%		+ 132%

Source: Texas Bond Review Board.

[38] Texas Bond Review Board [TBRB], *Texas State and Local Government Fiscal 1998 Debt Report*, "Trends for Texas School Districts," (Austin, Texas: 1999). See the table on TBRB website at http://www.brb.state.tx.us/brbpages/local/debt98/votedtrends.html.

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Districts had more than $388 million in lease-purchase principal outstanding at the end of FY 1998, much of it issued over the year, including one lease agreement worth $94 million. Lease-purchase agreements to finance school facilities were authorized in 1986, but implementation was delayed due to a variety of problems with interpretation. Districts first used lease-purchase agreements in FY 1995.

Assessing the Program

There are several characteristics of the Texas facilities program that, taken in combination, result in a unique system that may be useful to consider in other states with similar needs and delivery mechanisms. This section will review some of the characteristics as well as some of the implications inherent in the program design.

UNIQUE CHARACTERISTICS

While many of these features may be found in other states' facilities programs, the combination of features employed by the Texas program make it unique. The requirement to issue debt and the local assessment of need are especially noteworthy.

Funding Debt Service

By funding debt service rather than construction, the facilities program was able to create a tremendous impact on access to funds for facilities projects. This approach allowed Texas school districts to undertake nearly $4 billion in facilities projects for a biennial appropriation of $200 million.[39] Thus, the current program provided districts with access to almost 20 times more money for projects than the same appropriation would have provided if the money had been used to pay for construction. Low interest rates allowed districts to issue more debt for the same cost, which further drove up the total amount of debt issued.

Determining Facilities Needs

The statute authorizing the facilities program states that the "board of trustees and voters of a school district shall determine district needs concerning construction, acquisition, renovation, or improvement of instructional facilities."[40] This approach is substantially different than most other states' policies. The Texas program explicitly directs decisions about facilities needs to the local level, and state-level administration of the program is limited to a review that determines whether the debt is eligible and the proposed facilities projects are qualified. Facilities programs in many other states require districts to gain approval from a state-level agency for their facilities projects. The Texas program intends for local districts to identify their own needs and develop their own plans to meet those needs. Rather than drive district decisions about facilities, the Texas facilities

[39] See *Appendix B*.
[40] Texas Education Code § 46.003(f).

program provides matching state funds to those districts that take the local initiative to fund qualified facilities projects with eligible long-term debt.

CHALLENGES FOR THE FUTURE

Requirement to Issue Debt

Although research on the issue is lacking, anecdotal evidence clearly indicates that some districts will never be able to gain access to the facilities program as it currently exists because participation requires the issuance of debt. Taxpayers in some communities are reluctant to approve debt, regardless of the state incentive provided through the facilities guaranteed yield program. However, a growing student population and aging physical plants across the state are indications that facilities will continue to pose an important need for school districts.

Districts that have difficulty gaining voter approval to issue debt may find it increasingly difficult to fund facilities needs. Lease-purchase agreements provide districts with an opportunity to issue debt without active voter approval. (See "Eligibility" above.) Due to the legal complexity of lease-purchase arrangements, additional time and expenses are required.

Statutory conflict with lease-purchase provisions

The statute authorizing the facilities program clearly indicates that lease-purchase agreements are eligible for the facilities program. It also states that the districts must levy a bond tax in order to qualify for funds. However, the Attorney General has taken the position that districts may not levy a tax of any kind to repay a lease-purchase agreement.[41] Instead, districts are required to demonstrate that their "unintended surplus" of state aid (based upon tax effort) is sufficient to cover their debt service payments. In order to comply with the facilities program requirement for districts to levy sufficient local taxes to cover their share of the allotment, a tax rate is imputed for districts that have lease-purchase agreements.

One option policymakers could choose to resolve this conflict would involve giving districts the authority to pay for lease-purchase agreements from tax revenue. Another option might involve excusing districts that use lease-purchases from the facilities program requirement to levy taxes. However, that would run counter to the legislative intent and expose the state to possible challenges from districts that issued bonds and were required to levy taxes.

[41] Jim Thomassen, Assistant Attorney General, Chief, Public Finance Division, All Bond Counsel letter dated July 11, 1995, item number 8.a. This position is based on an opinion rendered *in Madeley v. Trustees of Conroe ISD*, 130 S.W.2d at 929 (Tex. Civ. App., Beaumont 1939, writ dism'd. judgmt cor.)

Local Control and the Concern Over Accountability of Public Funds

Though the statute clearly states that districts will determine their own needs, there is some concern regarding the accountability of public funds. TEA has begun to make site visits to projects that were financed through the facilities program, but has not been provided with the additional resources to conduct full-scale monitoring activities.

CONCLUSION

The Texas facilities program delivered equalized funding to help fund nearly $4 billion worth of facilities-related projects in its first two years of implementation. Those districts with the lowest wealth per student and the highest concentration of economically disadvantaged students received the largest portion of funding, reflecting a successful endeavor to direct resources to districts based on their ability to pay for their own needs. By reducing the need for local tax effort, the program serves to provide tax relief to local property owners.

The facilities program also provides maximum flexibility for districts to determine when and what they want to undertake in terms of facilities projects. This philosophy is consistent with recent policy trends to drive decision-making to the local level. However, the "passive" voter approval of lease-purchase agreements may raise concerns about accountability in the future.

Legislators are currently proposing to expand the facilities program by at least $150 million for the next biennium, and a number of districts are already poised and "waiting in line" for the next available funding. While it may take several years for Texas to meet all of its facilities needs, continued growth of the facilities program will eventually allow districts the opportunity to catch up with existing needs and plan ahead for the future.

A FINAL FOOTNOTE

In May of 1999, the Texas Legislature made a number of changes to the school finance system that directly affect state assistance for facilities. These changes include additional funding for new facilities assistance awards and an increase in the guaranteed yield for facilities assistance from $28 to $35 per student per penny of tax effort. An additional program, known as the Existing Debt Allotment, was established to provide assistance for most debt that was issued before the inception of the current facilities program. In making these changes, legislators also prohibited districts from using Tier II funds to pay for debt service on bonds or lease-purchase agreements. While some of these changes were well-planned, others have created unintended consequences on the school finance system. Efforts to clarify legislative intent are framing what promises to be a serious debate in 2001 focused on the interaction between the broad system of school finance and the specific mechanisms used to deliver facilities funding.

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Appendix A
Instructional Facilities Allotment Awards, 1998-99

District Number	District Name	1998-99 Consolidated Debt Service	1998-99 Limit on Assistance	1998-99 %State share*	1998-99 $State share	1998-99 $Local Share
071904	San Elizario ISD	$204,473	$204,473	92.26%	$188,637	$15,836
108903	Edcouch-Elsa ISD	$1,029,665	$1,029,665	91.63%	$943,518	$86,147
031914	Santa Rosa ISD	$289,040	$289,040	91.19%	$263,572	$25,468
108910	Progreso ISD	$417,503	$417,503	91.02%	$380,016	$37,487
108907	Mercedes ISD	$1,136,573	$1,136,573	88.66%	$1,007,679	$128,894
015905	Edgewood ISD	$2,459,772	$2,459,772	87.63%	$2,155,434	$304,338
108902	Donna ISD	$2,278,200	$2,278,200	87.33%	$1,989,515	$288,685
071908	Tornillo ISD	$44,910	$44,910	86.50%	$38,847	$6,063
071903	Fabens ISD	$751,389	$665,953	86.25%	$574,357	$91,595
015909	Somerset ISD	$568,802	$565,687	85.88%	$485,804	$79,883
031905	La Feria ISD	$531,801	$531,801	85.31%	$453,699	$78,102
071901	Clint ISD	$530,747	$530,747	85.20%	$452,199	$78,548
015904	Harlandale ISD	$3,489,913	$3,489,913	84.98%	$2,965,673	$524,240
178909	Robstown ISD	$485,685	$485,685	84.91%	$412,410	$73,275
015917	Southside ISD	$866,285	$866,285	84.64%	$733,185	$133,100
031912	San Benito CISD	$1,925,904	$1,925,904	84.10%	$1,619,633	$306,271
108916	Valley View ISD	$398,293	$398,293	83.73%	$333,472	$64,821
170907	Splendora ISD	$609,865	$605,123	83.69%	$506,448	$98,675
108908	Mission CISD	$2,933,024	$2,933,024	83.60%	$2,452,077	$480,947
214901	Rio Grande City ISD	$595,803	$595,803	82.79%	$493,268	$102,535
189902	Presidio ISD	$306,318	$292,085	82.07%	$239,705	$52,380
031906	Los Fresnos Cons ISD	$718,625	$718,625	81.88%	$588,390	$130,235
108912	La Joya ISD	$3,970,333	$3,723,429	81.28%	$3,026,326	$697,103
125903	Orange Grove ISD	$461,843	$340,500	81.05%	$275,977	$64,523
007904	Lytle ISD	$450,955	$305,000	81.03%	$247,154	$57,846
101909	North Forest ISD	$3,058,321	$3,044,441	80.03%	$2,436,457	$607,984
254901	Crystal City ISD	$525,690	$463,948	79.66%	$369,597	$94,351
108914	La Villa ISD	$163,370	$163,370	79.64%	$130,110	$33,260
126908	Venus ISD	$252,800	$252,800	79.44%	$200,823	$51,977
025904	Blanket ISD	$100,236	$100,000	79.39%	$79,388	$20,612
159901	Eagle Pass ISD	$1,486,468	$1,486,468	79.38%	$1,179,997	$306,471
108909	Pharr-San Juan-Alamo ISD	$3,945,431	$3,945,431	78.85%	$3,111,096	$834,335
184908	Peaster ISD	$166,277	$166,277	78.83%	$131,084	$35,193
127904	Hawley ISD	$180,526	$177,003	78.73%	$139,355	$37,648
108905	Hidalgo ISD	$588,700	$588,700	78.70%	$463,308	$125,392
091901	Bells ISD	$85,000	$85,000	78.19%	$66,463	$18,537
152909	Shallowater ISD	$287,123	$281,008	77.31%	$217,258	$63,751
233901	San Felipe-Del Rio Cons ISD	$783,550	$783,550	77.08%	$603,986	$179,564
074904	Dodd City ISD	$101,965	$100,000	76.89%	$76,886	$23,114
037908	New Summerfield ISD	$123,890	$100,000	76.34%	$76,339	$23,661
161908	Mart ISD	$336,256	$177,063	75.99%	$134,544	$42,518

Source: Texas Education Agency

* Districts ranked by percentage of state share.

Appendix A
Instructional Facilities Allotment Awards, 1998-99

District Number	District Name	1998-99 Consolidated Debt Service	1998-99 Limit on Assistance	1998-99 %State share*	1998-99 $State share	1998-99 $Local Share
126911	Godley ISD	$213,623	$212,707	75.92%	$161,493	$51,214
175911	Rice ISD	$81,645	$81,645	75.72%	$61,824	$19,821
042901	Coleman ISD	$71,550	$71,550	75.38%	$53,934	$17,616
116915	Bland ISD	$93,784	$93,784	74.83%	$70,180	$23,604
184902	Springtown ISD	$1,514,400	$700,070	74.33%	$520,348	$179,722
043911	Princeton ISD	$598,480	$470,750	74.13%	$348,990	$121,760
161912	Riesel ISD	$138,268	$138,268	73.59%	$101,745	$36,523
014905	Holland ISD	$88,580	$88,580	73.53%	$65,129	$23,451
025909	Early ISD	$209,945	$209,945	73.51%	$154,336	$55,609
230903	Ore City ISD	$195,583	$184,136	72.90%	$134,235	$49,901
014902	Bartlett ISD	$134,523	$134,523	72.68%	$97,766	$36,757
025906	Zephyr ISD	$42,338	$42,338	72.59%	$30,734	$11,604
014906	Killeen ISD	$5,126,526	$5,126,526	72.28%	$3,705,368	$1,421,158
245902	Lyford CISD	$592,415	$412,085	71.99%	$296,667	$115,418
127901	Anson ISD	$93,348	$93,348	71.59%	$66,828	$26,520
163901	Devine ISD	$429,904	$429,904	71.53%	$307,489	$122,415
226907	Grape Creek ISD	$584,964	$219,600	71.39%	$156,763	$62,837
050910	Copperas Cove ISD	$818,359	$767,600	71.01%	$545,083	$222,517
014907	Rogers ISD	$188,100	$188,100	70.67%	$132,935	$55,165
166903	Milano ISD	$346,051	$100,000	70.56%	$70,556	$29,444
129904	Kemp ISD	$563,428	$398,250	70.54%	$280,911	$117,339
043918	Community ISD	$286,536	$245,000	70.43%	$172,549	$72,451
111903	Tolar ISD	$198,849	$117,457	70.40%	$82,691	$34,766
112909	Saltillo ISD	$103,728	$100,000	70.07%	$70,069	$29,931
232903	Uvalde Cons ISD	$1,369,961	$1,300,000	70.04%	$910,511	$389,489
028902	Lockhart ISD	$930,541	$930,541	69.60%	$647,683	$282,858
236901	New Waverly ISD	$281,460	$227,546	69.31%	$157,719	$69,828
071909	Socorro ISD	$1,524,945	$1,524,945	69.25%	$1,056,042	$468,903
126904	Grandview ISD	$249,851	$225,000	69.05%	$155,367	$69,633
129901	Crandall ISD	$347,484	$347,484	68.98%	$239,681	$107,803
161916	West ISD	$407,621	$390,109	68.73%	$268,140	$121,970
220917	Castleberry ISD	$622,582	$615,109	68.71%	$422,620	$192,489
161921	Connally ISD	$141,220	$141,220	68.42%	$96,628	$44,592
247903	La Vernia ISD	$437,879	$437,879	68.39%	$299,469	$138,410
100907	Lumberton ISD	$908,237	$855,058	68.33%	$584,296	$270,762
129910	Scurry-Rosser ISD	$170,846	$170,846	68.27%	$116,638	$54,208
108904	Edinburg CISD	$3,145,975	$3,145,975	68.24%	$2,146,802	$999,173
161920	China Spring ISD	$361,316	$361,316	67.84%	$245,100	$116,216
073903	Marlin ISD	$386,120	$386,120	67.73%	$261,509	$124,611
126905	Joshua ISD	$787,721	$743,866	67.39%	$501,297	$242,569
161923	Bosqueville ISD	$85,080	$85,080	67.35%	$57,304	$27,776

Source: Texas Education Agency

* Districts ranked by percentage of state share.

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Appendix A
Instructional Facilities Allotment Awards, 1998-99

District Number	District Name	1998-99 Consolidated Debt Service	1998-99 Limit on Assistance	1998-99 %State share*	1998-99 $State share	1998-99 $Local Share
094904	Marion ISD	$206,831	$206,831	67.23%	$139,043	$67,788
037907	Rusk ISD	$28,494	$28,494	67.19%	$19,145	$9,349
038901	Childress ISD	$143,416	$143,416	67.14%	$96,292	$47,124
234905	Martins Mill ISD	$95,558	$95,558	67.12%	$64,139	$31,419
043917	Blue Ridge ISD	$97,779	$95,044	66.86%	$63,545	$31,499
116908	Quinlan ISD	$647,571	$647,571	66.56%	$431,042	$216,529
182903	Mineral Wells ISD	$1,445,601	$772,750	66.08%	$510,658	$262,092
140905	Olton ISD	$205,951	$205,951	65.78%	$135,483	$70,468
043902	Anna ISD	$200,000	$200,000	65.56%	$131,122	$68,878
188902	River Road ISD	$345,250	$331,772	65.48%	$217,229	$114,543
014903	Belton ISD	$1,628,173	$1,628,173	65.47%	$1,066,006	$562,167
246902	Florence ISD	$512,454	$231,000	65.32%	$150,894	$80,106
109907	Itasca ISD	$110,751	$110,751	65.17%	$72,179	$38,572
167901	Goldthwaite ISD	$149,754	$149,754	64.97%	$97,288	$52,466
163904	Hondo ISD	$468,918	$468,918	64.84%	$304,066	$164,852
121903	Buna ISD	$627,792	$409,486	64.73%	$265,050	$144,436
229901	Colmesneil ISD	$157,687	$125,157	64.72%	$81,002	$44,155
232901	Knippa ISD	$52,660	$52,660	64.66%	$34,050	$18,610
249906	Paradise ISD	$195,065	$191,624	64.06%	$122,761	$68,864
111902	Lipan ISD	$220,000	$100,000	63.77%	$63,772	$36,228
061908	Sanger ISD	$144,248	$144,248	63.59%	$91,733	$52,515
025901	Bangs ISD	$276,328	$260,436	63.31%	$164,880	$95,555
142901	Cotulla ISD	$309,701	$309,701	63.17%	$195,647	$114,054
234909	Fruitvale ISD	$210,806	$100,000	63.15%	$63,155	$36,845
100904	Silsbee ISD	$913,743	$831,475	62.85%	$522,602	$308,873
249908	Slidell ISD	$109,142	$100,000	62.52%	$62,519	$37,481
037904	Jacksonville ISD	$895,013	$895,013	62.37%	$558,252	$336,761
226906	Wall ISD	$217,520	$216,359	62.35%	$134,907	$81,452
200904	Winters ISD	$144,227	$144,227	62.34%	$89,905	$54,322
059901	Hereford ISD	$1,047,375	$1,022,728	62.22%	$636,344	$386,384
015907	San Antonio ISD	$25,055,519	$13,875,000	62.03%	$8,607,353	$5,267,647
220915	Azle ISD	$1,907,742	$1,336,338	61.70%	$824,513	$511,825
089901	Gonzales ISD	$673,292	$634,044	60.83%	$385,716	$248,327
245903	Raymondville ISD	$720,500	$679,270	59.98%	$407,432	$271,838
011902	Elgin ISD	$701,703	$597,138	59.88%	$357,583	$239,554
163908	Medina Valley ISD	$528,404	$528,404	59.76%	$315,763	$212,641
084909	Santa Fe ISD	$1,482,138	$1,012,578	59.35%	$600,999	$411,579
220920	White Settlement ISD	$479,495	$479,495	58.70%	$281,455	$198,040
160901	Brady ISD	$437,755	$348,110	58.64%	$204,140	$143,970
220910	Lake Worth ISD	$468,180	$425,000	58.39%	$248,165	$176,835
105906	Hays Cons ISD	$1,104,142	$1,104,142	57.84%	$638,640	$465,502

Source: Texas Education Agency

* Districts ranked by percentage of state share.

Appendix A
Instructional Facilities Allotment Awards, 1998-99

District Number	District Name	1998-99 Consolidated Debt Service	1998-99 Limit on Assistance	1998-99 %State share*	1998-99 $State share	1998-99 $Local Share
206901	San Saba ISD	$190,287	$190,287	57.30%	$109,028	$81,259
226903	San Angelo ISD	$1,882,128	$1,882,128	56.46%	$1,062,705	$819,423
246905	Granger ISD	$99,992	$99,992	56.24%	$56,234	$43,758
121904	Jasper ISD	$1,027,851	$832,500	56.14%	$467,324	$365,176
120902	Ganado ISD	$137,438	$137,438	55.68%	$76,519	$60,919
116903	Commerce ISD	$196,800	$196,800	55.67%	$109,566	$87,234
152907	Frenship ISD	$718,920	$718,920	55.57%	$399,482	$319,438
011901	Bastrop ISD	$1,058,475	$1,058,475	55.04%	$582,620	$475,855
047902	De Leon ISD	$129,726	$129,726	54.82%	$71,117	$58,609
139909	Paris ISD	$824,548	$824,548	54.69%	$450,904	$373,644
071906	Anthony ISD	$367,763	$199,299	53.83%	$107,289	$92,010
101917	Pasadena ISD	$1,729,127	$1,729,127	53.81%	$930,369	$798,758
161914	Waco ISD	$1,480,000	$1,480,000	53.54%	$792,415	$687,585
101902	Aldine ISD	$5,000,248	$5,000,248	53.38%	$2,669,239	$2,331,009
094902	Schertz-Cibolo-U City ISD	$697,688	$697,688	52.91%	$369,147	$328,541
187907	Livingston ISD	$1,027,600	$925,000	52.73%	$487,777	$437,223
101903	Alief ISD	$5,730,391	$5,730,391	52.54%	$3,010,557	$2,719,834
057914	Mesquite ISD	$6,851,717	$6,816,750	52.41%	$3,572,900	$3,243,850
212906	Whitehouse ISD	$1,755,970	$962,500	51.57%	$496,360	$466,140
061907	Aubrey ISD	$258,117	$223,500	51.56%	$115,241	$108,259
252901	Graham ISD	$126,142	$126,142	51.30%	$64,709	$61,433
246908	Liberty Hill ISD	$1,343,667	$293,067	51.25%	$150,198	$142,869
092907	Spring Hill ISD	$591,653	$398,517	50.24%	$200,208	$198,309
146902	Dayton ISD	$1,011,709	$967,500	50.13%	$484,986	$482,514
246906	Hutto ISD	$449,811	$240,000	49.83%	$119,603	$120,397
061903	Pilot Point ISD	$375,591	$294,250	49.77%	$146,435	$147,815
243901	Burkburnett ISD	$871,498	$871,498	49.76%	$433,686	$437,812
128901	Karnes City ISD	$91,832	$91,832	48.95%	$44,955	$46,877
094901	Seguin ISD	$1,582,356	$1,582,356	48.37%	$765,401	$816,955
015916	Judson ISD	$602,063	$602,063	48.14%	$289,821	$312,242
108906	McAllen ISD	$1,567,290	$1,567,290	48.12%	$754,230	$813,060
175903	Corsicana ISD	$2,041,910	$1,169,000	48.07%	$561,880	$607,120
246912	Thrall ISD	$115,051	$114,342	47.82%	$54,680	$59,662
174910	Etoile ISD	$86,047	$86,047	47.16%	$40,583	$45,464
101915	Klein ISD	$1,444,839	$1,444,839	47.04%	$679,667	$765,172
021902	Bryan ISD	$1,547,958	$1,547,958	46.42%	$718,575	$829,383
061906	Ponder ISD	$426,073	$139,761	46.33%	$64,753	$75,008
018901	Clifton ISD	$333,550	$314,735	46.18%	$145,345	$169,390
220914	Kennedale ISD	$564,123	$564,123	46.06%	$259,857	$304,265
043912	Prosper ISD	$382,982	$210,750	45.41%	$95,695	$115,055
126902	Burleson ISD	$584,119	$584,119	45.25%	$264,295	$319,824

Source: Texas Education Agency

* Districts ranked by percentage of state share.

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District Number	District Name	1998-99 Consolidated Debt Service	1998-99 Limit on Assistance	1998-99 %State share*	1998-99 $State share	1998-99 $Local Share
220907	Keller ISD	$1,280,601	$1,280,601	45.19%	$578,674	$701,927
043914	Wylie ISD	$360,043	$360,043	44.84%	$161,428	$198,615
178904	Corpus Christi ISD	$3,668,595	$3,668,595	44.70%	$1,639,848	$2,028,747
129902	Forney ISD	$443,420	$443,420	44.45%	$197,081	$246,339
123914	Hamshire-Fannett ISD	$687,226	$512,950	44.36%	$227,526	$285,424
123905	Nederland ISD	$825,067	$825,067	43.99%	$362,975	$462,092
227904	Pflugerville ISD	$1,649,934	$1,649,934	43.96%	$725,287	$924,647
084903	High Island ISD	$64,180	$64,180	43.54%	$27,942	$36,238
043901	Allen ISD	$1,371,375	$1,371,375	43.00%	$589,651	$781,724
101910	Galena Park ISD	$2,690,750	$2,619,473	42.59%	$1,115,637	$1,503,836
079907	Fort Bend ISD	$6,904,526	$6,894,754	42.50%	$2,930,314	$3,964,440
188901	Amarillo ISD	$2,959,409	$2,959,409	42.45%	$1,256,390	$1,703,019
057909	Garland ISD	$10,396,541	$10,396,541	41.62%	$4,326,633	$6,069,908
109904	Hillsboro ISD	$720,815	$373,075	40.56%	$151,314	$221,761
016902	Blanco ISD	$529,397	$248,495	40.13%	$99,733	$148,762
020908	Pearland ISD	$1,326,186	$1,326,186	40.08%	$531,508	$794,678
170904	Willis ISD	$1,000,538	$890,114	39.99%	$355,966	$534,148
220908	Mansfield ISD	$3,768,985	$2,772,030	38.78%	$1,074,866	$1,697,164
230905	Harmony ISD	$223,635	$223,024	38.58%	$86,047	$136,977
025905	May ISD	$83,962	$83,962	38.57%	$32,380	$51,582
229906	Chester ISD	$71,236	$71,236	38.47%	$27,402	$43,834
126903	Cleburne ISD	$438,633	$438,633	38.32%	$168,074	$270,559
070912	Waxahachie ISD	$1,409,309	$1,302,440	38.15%	$496,845	$805,595
146905	Hull-Daisetta ISD	$159,897	$159,897	38.08%	$60,889	$99,008
152901	Lubbock ISD	$105,215	$105,215	37.77%	$39,741	$65,474
091913	Pottsboro ISD	$591,157	$315,852	37.64%	$118,877	$196,975
101913	Humble ISD	$2,735,269	$2,735,269	37.58%	$1,027,897	$1,707,372
072903	Stephenville ISD	$583,662	$583,662	36.64%	$213,882	$369,780
027903	Burnet CISD	$546,449	$546,449	36.37%	$198,732	$347,717
165901	Midland ISD	$3,516,400	$3,516,400	34.18%	$1,201,873	$2,314,527
015915	Northside ISD	$4,438,514	$4,438,514	34.01%	$1,509,607	$2,928,907
045902	Columbus ISD	$289,660	$289,660	33.98%	$98,417	$191,243
101914	Katy ISD	$3,898,368	$3,898,368	32.53%	$1,268,208	$2,630,160
084911	Friendswood ISD	$1,100,400	$1,100,400	32.41%	$356,628	$743,772
072904	Bluff Dale ISD	$69,063	$69,063	32.06%	$22,141	$46,922
220902	Birdville ISD	$1,957,125	$1,957,125	32.01%	$626,571	$1,330,554
235902	Victoria ISD	$2,126,212	$2,126,212	31.72%	$674,490	$1,451,722
105904	Dripping Springs ISD	$798,392	$687,500	31.19%	$214,414	$473,086
024901	Brooks ISD	$1,547,958	$1,547,958	30.79%	$476,639	$1,071,319
170902	Conroe ISD	$398,132	$398,132	30.49%	$121,380	$276,752
220912	Crowley ISD	$1,994,147	$1,863,688	30.32%	$565,142	$1,298,545

Source: Texas Education Agency

* Districts ranked by percentage of state share.

Appendix A
Instructional Facilities Allotment Awards, 1998-99

District Number	District Name	1998-99 Consolidated Debt Service	1998-99 Limit on Assistance	1998-99 %State share*	1998-99 $State share	1998-99 $Local Share
014909	Temple ISD	$767,280	$767,280	29.45%	$225,935	$541,345
090904	Pampa ISD	$621,781	$621,781	28.73%	$178,645	$443,136
179901	Perryton ISD	$611,279	$477,623	28.52%	$136,222	$341,401
014908	Salado ISD	$402,273	$211,190	27.71%	$58,522	$152,668
101907	Cypress-Fairbanks ISD	$1,007,206	$1,007,206	26.38%	$265,658	$741,548
246904	Georgetown ISD	$1,961,398	$1,703,750	25.69%	$437,709	$1,266,041
246913	Leander ISD	$267,549	$267,549	24.55%	$65,690	$201,859
027904	Marble Falls ISD	$539,135	$539,135	17.56%	$94,652	$444,483
061902	Lewisville ISD	$5,609,386	$5,609,386	17.30%	$970,389	$4,638,997
043907	McKinney ISD	$1,347,187	$1,347,187	16.84%	$226,929	$1,120,258
220901	Arlington ISD	$4,828,023	$4,828,023	15.64%	$755,253	$4,072,770
246909	Round Rock ISD	$4,872,062	$4,872,062	14.81%	$721,363	$4,150,699
092903	Longview ISD	$346,003	$346,003	14.48%	$50,118	$295,885
015910	North East ISD	$6,883,215	$6,883,215	11.92%	$820,239	$6,062,976
057912	Irving ISD	$9,410,713	$6,225,000	7.83%	$487,615	$5,737,385
043905	Frisco ISD	$1,969,103	$933,750	6.10%	$56,997	$876,753
084910	Clear Creek ISD	$2,734,620	$2,734,620	4.67%	$127,680	$2,606,940
061911	Northwest ISD	$740,900	$740,900	2.15%	$15,922	$724,978
227910	Del Valle ISD	$1,692,621	$1,138,000	-0.40%	$0	$1,138,000
220916	Hurst-Euless-Bedford ISD	$5,600,611	$4,462,566	-1.25%	$0	$4,462,566
021901	College Station ISD	$1,831,794	$1,632,000	-3.21%	$0	$1,632,000
123910	Beaumont ISD	$525,482	$525,482	-4.25%	$0	$525,482
220919	Carroll ISD	$1,441,883	$1,295,750	-4.27%	$0	$1,295,750
183904	Gary ISD	$151,475	$100,000	-12.09%	$0	$100,000
	Totals	$283,080,180			$121,486,530	$130,445,260

Source: Texas Education Agency

* Districts ranked by percentage of state share.

Appendix B

Principal Debt Financed with Instructional Facilities Allotment, 1997-99

District Number	District Name	Debt type	Principal Financed
101902	Aldine ISD	LP	$6,885,000
101902	Aldine ISD	B	$32,500,000
101902	Aldine ISD	B	$51,800,000
101903	Alief ISD	B	$46,100,000
101903	Alief ISD	B	$19,500,000
043901	Allen ISD	B	$21,500,000
188901	Amarillo ISD	B	$21,240,000
188901	Amarillo ISD	B	$21,000,000
043902	Anna ISD	B	$6,500,000
127901	Anson ISD	LP	$599,000
701906	Anthony ISD	B	$4,000,000
220901	Arlington ISD	B	$65,465,000
61907	Aubrey ISD	B	$7,379,786
220915	Azle ISD	B	$31,800,000
025901	Bangs ISD	LP	$2,920,000
014902	Bartlett ISD	B	$2,000,000
011901	Bastrop ISD	B	$32,593,420
123910	Beaumont ISD	B	$14,000,000
091901	Bells ISD	B	$4,000,000
014903	Belton ISD	B	$12,000,000
014903	Belton ISD	B	$6,950,000
220902	Birdville ISD	B	$27,997,548
220902	Birdville ISD	B	$23,709,385
016902	Blanco ISD	B	$6,500,000
116915	Bland ISD	LP	$800,000
025904	Blanket ISD	LP	$860,000
043917	Blue Ridge ISD	LP	$839,000
161923	Bosqueville ISD	B	$1,250,000
160901	Brady ISD	B	$8,911,026
021902	Bryan ISD	LP	$7,415,000
021902	Bryan ISD	LP	$8,835,000
121903	Buna ISD	B	$8,500,000
243901	Burkburnett ISD	B	$13,740,000
126902	Burleson ISD	B	$7,500,000
027903	Burnet Cons ISD	B	$9,000,000
220919	Carroll ISD	B	$9,335,000
220919	Carroll ISD	B	$20,000,000
220917	Castleberry ISD	LP	$9,995,000
229906	Chester ISD	B	$825,000
038901	Childress ISD	B	$1,800,000
161920	China Spring ISD	B	$6,550,000
126903	Cleburne ISD	LP	$2,700,000
018901	Clifton ISD	B	$5,800,000
071901	Clint ISD	LP	$5,200,000

Source: Texas Education Agency

Debt type: B=Bonds, LP = Lease-purchase agreement

Appendix B

Principal Debt Financed with Instructional Facilities Allotment, 1997-99

District Number	District Name	Debt type	Principal Financed
042901	Coleman ISD	B	$750,000
021901	College Station ISD	B	$29,550,000
229901	Colmesneil ISD	LP	$1,200,000
045902	Columbus ISD	B	$3,800,000
116903	Commerce ISD	B	$15,700,000
043918	Community ISD	B	$5,787,307
161921	Connally ISD	B	$3,087,153
170902	Conroe ISD	B	$7,525,000
050910	Copperas Cove ISD	B	$15,500,000
178904	Corpus Christi ISD	B	$36,885,000
175903	Corsicana ISD	B	$26,000,000
142901	Cotulla ISD	B	$3,500,000
109903	Covington ISD	LP	$1,100,000
129901	Crandall ISD	B	$4,570,000
220912	Crowley ISD	B	$37,000,000
254901	Crystal City ISD	B	$7,990,000
146902	Dayton ISD	B	$16,899,975
047902	De Leon ISD	LP	$1,350,000
227910	Del Valle ISD	B	$38,100,000
163901	Devine ISD	B	$5,150,000
108902	Donna ISD	B	$27,000,000
105904	Dripping Springs ISD	B	$8,505,000
159901	Eagle Pass ISD	B	$18,000,000
025909	Early ISD	B	$3,900,000
108903	Edcouch-Elsa ISD	B	$14,000,000
015905	Edgewood ISD	B	$7,850,000
015905	Edgewood ISD	LP	$9,145,000
015905	Edgewood ISD	B	$5,000,000
015905	Edgewood ISD	B	$5,000,000
108904	Edinburg CISD	LP	$56,945,000
011902	Elgin ISD	B	$15,000,000
174910	Etoile ISD	LP	$700,000
071903	Fabens ISD	B	$9,807,250
128904	Falls City ISD	LP	$1,100,000
246902	Florence ISD	B	$6,820,000
129902	Forney ISD	B	$8,000,000
079907	Fort Bend ISD	B	$27,750,000
079907	Fort Bend ISD	B	$62,000,000
152907	Frenship ISD	B	$1,500,000
152907	Frenship ISD	B	$8,550,000
084911	Friendswood ISD	B	$17,800,000
043905	Frisco ISD	B	$17,700,000
043905	Frisco ISD	B	$8,300,000
234909	Fruitvale ISD	LP	$1,597,000

Source: Texas Education Agency

Debt type: B=Bonds, LP = Lease-purchase agreement

Appendix B
Principal Debt Financed with Instructional Facilities Allotment, 1997-99

District Number	District Name	Debt type	Principal Financed
049901	Gainesville ISD	B	$3,500,000
101910	Galena Park ISD	B	$23,000,000
101910	Galena Park ISD	B	$13,000,000
120902	Ganado ISD	B	$1,300,000
057909	Garland ISD	B	$20,000,000
057909	Garland ISD	B	$47,625,000
246904	Georgetown ISD	B	$34,775,000
126911	Godley ISD	B	$3,000,000
167901	Goldthwaite ISD	B	$2,100,000
089901	Gonzales ISD	B	$7,345,000
252901	Graham ISD	B	$1,300,000
126904	Grandview ISD	LP	$1,595,000
246905	Granger ISD	B	$1,000,000
226907	Grape Creek ISD	LP	$8,500,000
123914	Hamshire-Fannett ISD	B	$10,400,000
015904	Harlandale ISD	B	$45,485,000
230905	Harmony ISD	B	$4,160,000
127904	Hawley ISD	LP	$1,366,000
105906	Hays Cons ISD	B	$20,510,000
059901	Hereford ISD	LP	$14,325,000
108905	Hidalgo ISD	B	$7,450,000
084903	High Island ISD	LP	$1,525,000
109904	Hillsboro ISD	B	$11,298,234
014905	Holland ISD	B	$1,209,593
163904	Hondo ISD	B	$6,500,000
146905	Hull-Daisetta ISD	B	$2,000,000
101913	Humble ISD	B	$22,000,000
101913	Humble ISD	B	$22,000,178
220916	Hurst-Euless-Bedford ISD	B	$171,235,000
246906	Hutto ISD	B	$12,000,000
057912	Irving ISD	B	$125,003,219
109907	Itasca ISD	B	$1,500,000
037904	Jacksonville ISD	B	$9,964,631
121904	Jasper ISD	B	$7,500,000
121904	Jasper ISD	B	$7,500,000
126905	Joshua ISD	B	$9,950,000
015916	Judson ISD	B	$10,000,000
128901	Karnes City ISD	B	$1,000,000
101914	Katy ISD	B	$30,000,000
101914	Katy ISD	B	$5,000,000
101914	Katy ISD	B	$25,000,000
220907	Keller ISD	B	$30,000,000
129904	Kemp ISD	B	$7,748,000
220914	Kennedale ISD	B	$7,635,000

Source: Texas Education Agency
Debt type: B=Bonds, LP = Lease-purchase agreement

Appendix B
Principal Debt Financed with Instructional Facilities Allotment, 1997-99

District Number	District Name	Debt type	Principal Financed
014906	Killeen ISD	B	$63,996,041
101915	Klein ISD	B	$18,000,000
101915	Klein ISD	B	$3,000,000
232901	Knippa ISD	B	$700,000
031905	La Feria ISD	B	$7,285,000
108912	La Joya ISD	B	$43,000,000
247903	La Vernia ISD	B	$6,100,000
108914	La Villa ISD	B	$2,250,000
220910	Lake Worth ISD	B	$5,780,000
246913	Leander ISD	B	$26,300,000
061902	Lewisville ISD	B	$60,029,270
061902	Lewisville ISD	B	$33,000,000
111902	Lipan ISD	B	$1,500,000
187907	Livingston ISD	B	$14,000,000
028902	Lockhart ISD	B	$14,700,000
092903	Longview ISD	B	$6,850,000
031906	Los Fresnos Cons ISD	B	$8,380,000
152901	Lubbock ISD	B	$1,600,000
100907	Lumberton ISD	B	$11,800,000
245902	Lyford CISD	LP	$9,000,000
007904	Lytle ISD	LP	$9,558,000
220908	Mansfield ISD	B	$37,700,000
027904	Marble Falls ISD	B	$10,700,000
094904	Marion ISD	B	$2,000,000
073903	Marlin ISD	LP	$4,500,000
161908	Mart ISD	B	$4,500,000
234905	Martins Mill ISD	B	$1,350,000
025905	May ISD	B	$2,160,000
108906	McAllen ISD	B	$20,000,000
043907	Mckinney ISD	B	$15,941,637
163908	Medina Valley ISD	B	$6,500,000
108907	Mercedes ISD	B	$14,945,000
057914	Mesquite ISD	B	$100,774,976
057914	Mesquite ISD	B	$10,057,051
165901	Midland ISD	B	$20,000,000
166903	Milano ISD	LP	$2,962,000
182903	Mineral Wells ISD	B	$22,900,000
108908	Mission Cons ISD	B	$34,000,000
123905	Nederland ISD	B	$9,485,000
123905	Nederland ISD	B	$3,641,826
236901	New Waverly ISD	B	$3,500,000
015910	North East ISD	B	$62,859,012
015910	North East ISD	LP	$10,600,000
101909	North Forest ISD	B	$41,000,000

Source: Texas Education Agency
Debt type: B=Bonds, LP = Lease-purchase agreement

Appendix B

Principal Debt Financed with Instructional Facilities Allotment, 1997-99

District Number	District Name	Debt type	Principal Financed
015915	Northside ISD	B	$15,183,000
015915	Northside ISD	B	$24,000,000
061911	Northwest ISD	B	$248,034,236
140905	Olton ISD	B	$2,365,000
125903	Orange Grove ISD	B	$8,000,000
230903	Ore City ISD	B	$2,750,000
090904	Pampa ISD	B	$8,100,000
249906	Paradise ISD	B	$2,500,000
139909	Paris ISD	B	$9,270,000
101917	Pasadena ISD	B	$20,660,000
020908	Pearland ISD	B	$25,000,000
184908	Peaster ISD	LP	$1,069,000
179901	Perryton ISD	B	$7,935,000
227904	Pflugerville ISD	B	$20,000,000
227904	Pflugerville ISD	B	$22,830,000
108909	Pharr-San Juan-Alamo ISD	B	$49,700,000
061903	Pilot Point ISD	B	$7,700,000
061906	Ponder ISD	B	$6,200,000
091913	Pottsboro ISD	B	$10,744,450
189902	Presidio ISD	B	$4,405,000
043911	Princeton ISD	B	$5,600,000
108910	Progreso ISD	B	$6,000,000
043912	Prosper ISD	B	$10,600,000
116908	Quinlan ISD	B	$10,160,589
245903	Raymondville ISD	B	$9,850,000
175911	Rice ISD	B	$1,100,000
161912	Riesel ISD	B	$2,000,000
214901	Rio Grande City ISD	LP	$6,475,000
188902	River Road ISD	B	$4,250,000
178909	Robstown ISD	B	$7,455,000
014907	Rogers ISD	B	$2,500,000
246909	Round Rock ISD	B	$62,750,000
037907	Rusk ISD	B	$3,828,012
014908	Salado ISD	B	$7,504,937
226903	San Angelo ISD	B	$9,700,000
226903	San Angelo ISD	B	$12,000,000
015907	San Antonio ISD	B	$263,280,000
031912	San Benito Cons ISD	B	$23,030,300
071904	San Elizario ISD	LP	$1,965,000
233901	San Felipe-Del Rio Cons ISD	LP	$6,750,000
206901	San Saba ISD	B	$2,635,000
061908	Sanger ISD	B	$5,096,909
084909	Santa Fe ISD	B	$21,000,000
031914	Santa Rosa ISD	B	$4,035,000

Source: Texas Education Agency

Debt type: B=Bonds, LP = Lease-purchase agreement

Appendix B

Principal Debt Financed with Instructional Facilities Allotment, 1997-99

District Number	District Name	Debt type	Principal Financed
094902	Schertz-Cibolo-U City ISD	B	$4,700,000
094902	Schertz-Cibolo-U City ISD	B	$5,000,000
129910	Scurry-Rosser ISD	LP	$1,760,000
094901	Seguin ISD	B	$22,505,000
152909	Shallowater ISD	B	$3,685,000
100904	Silsbee ISD	B	$11,600,000
071909	Socorro ISD	B	$24,945,000
015909	Somerset ISD	LP	$3,593,000
015917	Southside ISD	LP	$5,221,500
015917	Southside ISD	LP	$4,200,000
170907	Splendora ISD	LP	$5,221,000
092907	Spring Hill ISD	B	$9,975,000
184902	Springtown ISD	B	$23,000,000
072903	Stephenville ISD	B	$19,748,893
014909	Temple ISD	B	$13,385,000
246912	Thrall ISD	B	$2,743,063
111903	Tolar ISD	B	$3,200,000
071908	Tornillo ISD	B	$480,000
232903	Uvalde Cons ISD	B	$25,000,000
108916	Valley View ISD	B	$4,022,712
126908	Venus ISD	B	$4,000,000
235902	Victoria ISD	B	$31,000,000
161914	Waco ISD	B	$15,000,000
226906	Wall ISD	B	$3,100,000
070912	Waxahachie ISD	B	$23,534,025
161916	West ISD	B	$11,500,000
220920	White Settlement ISD	B	$14,034,049
212906	Whitehouse ISD	B	$25,000,000
170904	Willis ISD	B	$14,160,000
200904	Winters ISD	LP	$1,250,000
043914	Wylie ISD	B	$10,900,000
025906	Zephyr ISD	B	$530,000
	Total Principal		$4,124,422,193

Source: Texas Education Agency

Debt type: B=Bonds, LP = Lease-purchase agreement