

Financial Mandates on School Districts January 2011

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Introduction

An objective of the TASBO report on Financial Mandates on School Districts is to provide insights into financial management-related mandates in the Texas public school system. The financial management arena in school systems has morphed dramatically during the tenure of school officials employed during the last ten to twenty years. Just open an annual audit report issued today by a Texas school district and do a side-by-side comparison with an annual audit report issued just ten years ago and view the differences in financial statement formats that are readily obvious even to a layperson with no accounting background. The extensive changes in financial mandates in general have resulted in increased costs in terms of total dollars expended; however, when expressed as a percentage of overall operating costs, administrative costs have declined slightly in recent years.

The continual changes occurring in all areas of the public school sector causes immediate or eventual increased costs for financial management. The financial data reported to the Texas Education Agency explains that the primary costs associated with financial mandates are payroll related, including higher salaries for qualified staff and the necessity for more staff. The need for more staff also causes cost increases in other areas of the operational budget, including travel, staff development, supplies and materials, equipment, computers and peripherals, and software licenses. Other costs associated with increased financial and business mandates include the need for more outside specialists and consultants.

The continual changes occurring in all areas of the public school system may be best explained by scanning today's Texas School Law Bulletin and Texas Administrative Code for public education side-by-side with how these documents existed just ten years ago. A simple perspective of the enormous impact of the continual layering on of new provisions in state law and policy may be achieved if one simply counts the number of pages added over ten years to the Texas Education Code and count the number of pages contained in releases of new and amended Texas Administrative Code provisions for the K-12 school system. Add to this context, the many new requirements in the domain of generally accepted accounting principles reflected in Governmental Accounting Standards Board Statements 34 through the 60 series issued in the past decade. A quick scan of the thousands of pages in these documents provides a high-level perspective on how mandates directly and indirectly affect the overall roles and responsibilities of public school officials involved in the financial management of the Texas public school

system. A quick read of these documents does not begin to adequately explain the effect of mandates in the perspective of subject matter experts in various areas including school finance, which is frequently described as an area that is only adequately understood with the assistance of outside consultants.

The learning curve for new hires is significantly steeper today compared to ten years ago and the consequences for not providing adequate training have never been higher. If school districts stopped performing many administrative-related tasks, this could lead to the painful and often expensive kinds of consequences that we occasionally read about in daily newspapers. When public schools adhere to the ever-increasing complexities of compliance-related requirements in state and federal law, rules and regulations, public schools avoid the costs related to significant issues involving compliance and the associated financial penalties, and refunds of monies.

Furthermore, the fastest growing state public school system in the nation requires more individuals working in nearly every functional job description area to keep pace with the surging enrollment growth. It is critical that the best-qualified and trained individuals (within funding and budgetary constraints) be employed to ensure that the ever-increasing complexities of all areas of business and operational management are accomplished according to the highest standards for efficiencies and effectiveness.

In recent years there has been a growing awareness of the strains that expanding mandates have placed upon available current budgetary resources. TASBO hopes to increase all stakeholders' awareness with the release of this report on Financial Mandates in School Districts. TASBO also provides a comprehensive set of resources to its members in all areas of school business and operations relating to the ever-changing landscape of financial mandates and requirements.

The list of financial mandates listed in this document is intended to disclose the majority of mandates and, accordingly, is not all-inclusive. The list will be updated as additional mandates are identified and for changes to mandates resulting from actions by the Texas Legislature or various state and federal agencies.

If you have any questions about this report, please feel free to contact Tom Canby, Director of Research and Technology, at 512 462-1711, extension 235.

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Annual Financial	School districts are required to contract with a licensed certified public	Citations:	
and Compliance	accountant or licensed CPA firm for an audit of financial statements and	 Financial 	
Audit	compliance. All schools district must contract for an audit, in accordance	Accountability System	
	with generally accepted governmental auditing standards, and the Yellow	Resource Guide	
	Book. In addition to these standards, school districts are to also contract	 TEC Section 44.008 	
	for an audit in accordance with OMB Circular A-133, Single Audit Act, in		
	those instances that expenditures from federal funds are \$500,000 or		
	more.		
Annual Financial	School districts are to contract for additional audit procedures in the	Citations:	
and Compliance	course of the Annual Financial and Compliance Audit that target the	• Financial	
Audit - Audit of	accuracy of the electronic data submitted through PEIMS in the PEIMS	Accountability System	
PEIMS Actual	Actual Financial Record Type. The electronic information submitted	Resource Guide	
Financial Record	through PEIMS should agree with the financial data reported in the	• TEC Section 44.008(b)	
Туре	Statement of Revenues, Expenditures and Changes in Fund Balance		
	Government Fund Types in the Annual Financial and Compliance Report.		
Annual Financial	School districts that expended \$500,000 or more from federal awards are	Citations:	
and Compliance	require to submit a copy of the Annual Financial and Compliance Report to	 Financial 	
Report - Filing	the Single Audit Clearinghouse in addition to filing a completed and signed	Accountability System	
with Agencies	Form SF – SAC – Data Collection Form for Reporting on Audits of States,	Resource Guide	
Other Than TEA	Local Government and Non-Profit Organizations. Also, if a school district	• OMB Circular A-133,	
	has outstanding bond issues, there are additional filing requirements.	Single Audit Act	
Annual Financial	School districts are to publish audited financial information in a local	Citations:	
and Compliance	newspaper after the completion of the independent audit of the school	 Financial 	
Report -	district's financial statements and compliance. School districts are to	Accountability System	
Publication	publish Exhibit C-2, Statement of Revenues, Expenditures and Changes in	Resource Guide	
Audited	Fund Balance, Governmental Funds.	• TEC Section 44.008	
Financial		Local Government Code	
Information in		Section 140.006	
the Newspaper			

Bonds - Payment	School districts are to obtain payment and performance bond to cover	Citations:
and Performance	construction-type work (also referred to as public works) that exceeds \$25,000 and \$100,000, respectively. The payment bond, in the amount of the contract(s), is for the protection and payment of subcontractors that supply labor or material for the public works project. The performance bond, in the amount of the contract(s), is for the protection of the school district to ensure faithful performance of the contracted work according to plans, specifications, and contract documents. The payment and performance bonds are to be obtained from the prime contractor(s) before beginning work. The school district may be liable for payment of subcontractors in the event that payment bonds are not provided by the prime contractor(s) for the public works project.	 Government Code Chapter 2253 Financial Accountability System Resource Guide
Budget - Adopted Budget - Internet Posting	School districts are to post the legally adopted budget on the school district's local internet site. The budget document is to remain on the Internet site until the third anniversary of the date the budget was adopted.	Citations: • TEC Section 39.084
Budget - Adoption	The superintendent and/or their designee are/is to prepare a proposed legal budget for all estimated revenues and proposed expenditures for adoption by the board of trustees. The legal budget is to be prepared at a minimum for the General Fund and also, as applicable, the Child Nutrition Program Fund and the Debt Service Fund in accordance with the Financial Accountability System Resource Guide . The legal budget is to be adopted by the board of trustees at the Fund Code and Function Code level. The legal budget must be adopted by the board of trustees prior to the start of the fiscal year.	Citations: • TEC, Section 44.002, 44.004, and 44.006 • Financial Accountability System Resource Guide
Budget - Amendment	The legally adopted budget is to be amended by the board of trustees prior to incurring an expenditure that would cause year-to-date actual expenditures at the Fund Code and Function Code level to exceed amounts authorized in the adopted budget for the current fiscal year or the amended adopted budget.	Citations:

Budget – Amendment - State and Federal Grants	Budget amendments for state and federal grants are to be requested for a change exceeding the threshold percentage limit (10% or 25% is the threshold limit for most grants based upon the current entitlement and excluding any carry forward amount) for allowed local budget amendment categories. Certain budget categories such as, capital outlay and construction-related activities, require submission of a request for budget amendment with the applicable grantor agency because prior approval from the applicable grantor agency must be obtained before grant funds may be obligated through a purchase order, contract or other action, in accordance with the federal regulations for period of availability. For example, a purchase order may not predate the receipt of notice of grant award (NOGA) for budgetary categories requiring prior approval from the applicable grantor agency.	Citations: • Title 34, CFR 80.20(b)(4) • Financial Accountability System Resource Guide	
Budget - Carry Forward - State and Federal Grants	The unexpended balance at the end of the project period may be carried forward, if allowed per the grant terms and conditions, subject to percentage threshold for certain grants. Unexpended balances at the end of the project period (or earlier in some instances) are subject to redistribution by the grantor agency, or return to the applicable state or federal grantor agency.	Citations: • Title 34, CFR Part 80 • Financial Accountability System Resource Guide	
Budget - PEIMS Reports	The amended budget as of the last Friday in October is to be submitted through PEIMS to the Texas Education Agency. The amended budget submitted to TEA is for the General Fund and also, as applicable, the Child Nutrition Program Fund and the Debt Service Fund. The level of detail for submitting budget data is based upon the mandatory chart of accounts in the Financial Accountability System Resource Guide as follows: • District ID • Fund Codes for • General Fund • Child Nutrition Program Fund	Citations: TEC, Section 44.003, 44.005 Financial Accountability System Resource Guide PEIMS Data Standards	

Publication Notice for Hearing for Adoption Budget - State and Federal Grants Budget - State gtt	A notice for the budget and proposed tax rate meeting is to be published in a newspaper after the proposed legal budget for the new fiscal year has been prepared. The proposed legal budget is to be prepared at a minimum for the General Fund and also, as applicable, the Child Nutrition Program Fund and the Debt Service Fund in accordance with the Financial Accountability System Resource Guide . The local newspaper selected for publication of the notice is to meet the standards in Education Code Section 44.004. The wording of the notice, size of font, and size of the notice must meet the provisions in Section 44.004. Budgets are to be recorded in the school district's accounting system for all local, state and federal grants according to budgetary requests submitted in grant applications to grantor agencies. Preliminary budgets recorded in the accounting system are to be updated according to final budgetary amounts in the Notice of Grant Award for each grant.	Citations: • TEC, Section 44.004 • Financial Accountability System Resource Guide Citations: • Title 34, CFR 80.20(b)(4) • Financial Accountability System Resource Guide
Publication Notice for Hearing for Adoption A fo S n	a newspaper after the proposed legal budget for the new fiscal year has been prepared. The proposed legal budget is to be prepared at a minimum for the General Fund and also, as applicable, the Child Nutrition Program Fund and the Debt Service Fund in accordance with the Financial Accountability System Resource Guide . The local newspaper selected for publication of the notice is to meet the standards in Education Code Section 44.004. The wording of the notice, size of font, and size of the notice must meet the provisions in Section 44.004.	 TEC, Section 44.004 Financial Accountability System Resource Guide
PublicationaNotice forbHearing forfoAdoptionF	a newspaper after the proposed legal budget for the new fiscal year has been prepared. The proposed legal budget is to be prepared at a minimum for the General Fund and also, as applicable, the Child Nutrition Program Fund and the Debt Service Fund in accordance with the Financial	 TEC, Section 44.004 Financial Accountability System
	 Debt Service Fund Enterprise Fund Function Codes Object Codes for 5XXX (Revenues), 6X00 (Expenditures / Expenses), 7XXX (Other Resources / Non-operating revenues) and 8XXX (Other Uses Non-operating Expenses) Organization Codes Fiscal Year Program Intent Codes Budget Amount 	

Proposed Budget on District's Web Site	with the newspaper publication of the notice for the budget and tax rate hearing required under Section 44.004. This notice is to include a comparison to the previous fiscal year's actual expenditures and is to be formatted in accordance with the requirements in Texas Education Code Section 44.0041.	 TEC, Section 44.0041 Financial Accountability System Resource Guide
Construction Contracts - Retainage	School districts are to pay interest on retainage on construction contracts that exceeds 5%. Retainage is not to exceed 10% of the amount of the contract.	Citations: • Financial Accountability System Resource Guide • Government Code Chapter 2252 and 2253
Depository Bank	School districts are required to enter into a depository contract with an eligible bank for the deposit of public funds. A depository bank is to be selected under a competitive proposal or bid process on odd numbered years unless the current depository contract is eligible to be extended for another two-year term. State law contains provisions for eligible collateral for funds on deposit in the depository bank.	Citations: • TEC Chapter 45, Subchapter G • Government. Chapter 2257 Subchapter A
District and Campus Improvement Plans - Strategies Funded from Local, State and Federal Grants, and State Compensatory Education Allotment	School districts are to include information in district and campus improvement plans concerning the delivery of services and programs funded from the FSP State Compensatory Education allotment in addition to local, state and federal grants. Additional information contained in district and campus improvement plans include: • "Comprehensive needs assessment conducted for the purpose of identifying strengths and weaknesses of existing programs, practices, procedures, and activities, to ensure the use of resources are for well-planned, supplemental and for cost effective purposes; • Total amount of supplemental staff and financial resources funded	Citations: • TEC Section 29.081 • TEC Section 42.152 • TEC Section 11.251- 11.253 • Financial Accountability System Resource Guide

	from the State Compensatory Education allotment (limited exceptions for showing supplemental staff FTEs apply to Title I schoolwide campuses when funds are consolidated from local, state and federal revenue sources); • Strategies for the delivery of programs and services. Funding sources are to be shown per strategy (descriptive references to sources are to be shown), explaining how the strategies are funded by various combinations of local, state and federal grant sources, in addition to the State Compensatory Education allotment; • Measureable performance objectives; • Timelines for monitoring the implementation of strategies and accomplishment of goals; and • Formative and summative evaluation criteria." A basic requirement for the State Compensatory Education allotment and state and federal grants is that funded strategies are for activities that are supplemental to expenditures funded by the General Fund. The multitude of state and federal grant fund activities add significant complexity in reference to managing compliance with the terms and conditions of each grant.	
Employee Leave	School districts are required to provide certain types of employee leave	Citations
- Sick/Personal	including:	• TEC Section 22.003
Leave Program	Sick/Personal Jury Duty	• TEC Section 22.006
	 Jury Duty Assault	TEC Section 21.406TEC Section 21.409
	Subpoenaed Witness	 Tec Section 21.409 Texas Labor Code Section
	Short-term military	52.051
	Temporary Disability	Texas Government Code
	Religious Observance	431.005 and 613.001-

Expenditures - Authorized	 Long-term military The temporary disability, religious observance and long-term military leave are unpaid leave. School districts are only authorized to expend public funds for education-related purposes, in accordance with Texas Education Code Section 45.105 and other applicable provisions in state and federal law, rule and regulations 	Citations: • TEC Section 45.105 • Financial Accountability System Resource Guide
Expenditures – High School Allotment	School districts are allowed to expend the High School Allotment in grades 6-12, according to the TEA publication High School Allotment Laws, Regulations and Guidance, for certain allowable purposes including: • "Implement college readiness programs to prepare underachieving students for college • Implement programs that encourage students toward advanced academic opportunities, such as dual credit and AP • Implement programs that give students opportunities to take academically rigorous course work, including four years of math and science • Implement programs that align the curriculum for grades 6 through 12 with postsecondary curriculum • Implement other high school completion and success initiatives in grades 6 through 12 as approved by the commissioner"	Citations: • TEC Section 39.234 • TEC Section 42.160 • Title 19 Texas Administrative Code Chapter 61, Subchapter II • High School Allotment Laws, Regulations and Guidance
Financial Accountability	School districts are to meet the performance criteria for indicators in the School FIRST financial accountability system. The indicators have	Citations: • Title 19, Texas

System Rating System - School FIRST	minimum performance standards for financial-related criteria associated with assets, liabilities, revenues and expenditures.	Administrative Code, Chapter 109, Subchapter AA • Financial Accountability System Resource Guide
Financial Accounting - Standards - Generally Accepted Accounting Principles	State law requires school districts to follow generally accepted accounting principles in reporting information to the Texas Education Agency in PEIMS and in annual audit reports. Conformance with GAAP is essential to ensure comparable financial data is reported by separate school districts. The Governmental Accounting Standards Board (GASB) is an entity at the national level that establishes GAAP (generally accepted accounting principles) for governmental organizations. Since 2000, the GASB has issued Statements 34 through 60 series applicable to financial periods beginning with fiscal year 2002 and later, as stated in each statement. The Financial Accounting Standards Board (FASB) is another entity at the national level that establishes GAAP. Although FASB is primarily responsible for establishing GAAP for nongovernmental entities, the standards issued by FASB also have application to governmental entities in various areas. Each new statement is required to be implemented, as applicable, in accordance with implementation guidelines in the Financial Accounting System Resource Guide. The issuance of new standards and amendment of existing standards by the GASB and FASB (Financial Accounting Standards Board) result in various types of costs including: updating business	Citations: TEC, Section 44.007 Governmental Accounting Standards Board Statements Financial Accountability System Resource Guide

Financial Accounting System – Local, State and Federal Grant	procedure manuals, changes to finance system software, training, and audit fees charged by independent auditors. Additionally, certain Statements issued by GASB and FASB contain provisions that require the use of outside consultants possessing subject matter expertise. Separate financial accountability must be maintained for each grant. Separate accountability for all local, state and federal grants is established through use of the mandatory chart of accounts established by the Texas Education Agency Financial Accountability System Resource Guide, supplemented by use of locally defined account code fields, as needed. Financial transactions are to be recorded in the school district's accounting system according to any unique specific requirements contained in the	Citations: • Title 34, CFR 80.20(a) • Financial Accountability System Resource Guide
Financial Accounting System - Chart of Accounts	grant terms and conditions. Financial transactions are to be recorded in accordance with the mandatory chart of accounts established by the Texas Education Agency Financial Accountability System Resource Guide. School districts are to use locally defined fields in the chart of accounts to maintain the minimum level of accountability required for compliance purposes in those instances that the mandatory chart of accounts in the Resource Guide does not provide the required minimum level of financial accountability.	Citations:
Financial Accounting System - Encumbrance Accounting	School districts are to use budgetary controls and use encumbrance accounting to monitor the commitment of budgeted amounts. An encumbrance transaction is recorded in the financial accounting system when a purchase order is issued and/or when a written binding legal agreement or contract is executed, in accordance with the requirements in the Financial Accountability System Resource Guide .	Citations: • Title 34, CFR 80.20(b)(4) • Financial Accountability System Resource Guide
Financial Accounting System - Federal Grants - Cash	School districts are to comply with federal regulations for cash management in connection with reimbursements for transactions involving grants. Grantees and subgrantees are required to avoid accumulating excess cash amounts from drawdowns of grants funds.	Citations: • Title 34 CFR Section 80.20

Management	Drawdowns from the TEA are permitted no earlier than six days prior the		
	distribution of checks to vendors or payroll to employees.		
Financial	School districts are to follow the rules for period of availability of federal	Citations:	
Accounting	grant funds when initiating transactions or executing binding legal	 Title 34 CFR Section 	
System - Federal	agreements or contracts that will obligate federal grants. For example,	80.23	
Grants - Period	school districts are not allowed to obligate federal grants by issuing a	 Title 34 CFR Section 	
of Availability of	purchase order prior to a project period beginning date (with limited	76.707	
Funds	exceptions, including approved pre-award costs). The regulations for	ns for	
	when federal funds may be obligated vary for different types of		
	transactions. Also, certain types of obligations of federal funds require		
	prior written approval from federal grantor agencies, including the		
	ocurement of equipment or capital items. Certain grants may have		
	additional unique terms and conditions relating to the obligation of the		
	federal grant.		
	The general rules for obligation of federal funds are shown below:		

	•IF AN OBLIGATION IS FOR	THE OBLIGATION IS MADE		
	•(a) → Acquisition of real or personal property.¤	On the date on which the State or subgranteemakes a binding written commitment to acquire the property.¤		
	•(b) → Personal services by an employee of the State or subgrantee. □	When the services are performed.		
	(c) → Personal services by a contractor who is not an employee of the State or subgrantee. □	On the date on which the State or subgranteemakes a binding written commitment to obtain the services.		
	(d) → Performance of work other than personal services.¤	On the date on which the State or subgranteemakes a binding written commitment to obtain the work.		
	(e) → Public utility services.¤	When the State or subgrantee receives the services.		
	(f) → Travel.¤	When the travel is taken.¤		
	(g) → Rental of real or personal property.	When the State or subgrantee uses the property.		
	(h) → A pre-agreement cost that was properly approved by the State under the applicable cost principles. □	On the first-day of the subgrant period.¤		
Financial	The school district fiscal year i	s to begin on September 1. A s	chool district	Citations:
Accounting	may change to a fiscal year tha			• TEC, Section 44.0011
System - Fiscal	change fiscal year form with th			• Financial
Year	Financial Audits.	g,		Accountability System Resource Guide
Financial	School districts are to maintain	n an unreserved/ fund balance	equal to at	Citations:
Accounting	least two months of expenditu	•	-	• Title 19, Texas
System - Fund	the Fund Balance and Cash Flo	w Worksheet schedule in the a	nnual audit	Administrative Code,
Balance -	report. Additionally, one of the	e indicators in the School FIRS	Γ financial	Chapter 109, Subchapter
General Fund	accountability rating system re	equires school districts to have	a fund	AA
	balance that is between 50% a	nd 150% of the optimum fund	balance	• Financial
	amount reported in the Schedu	ale in the annual audit report.		Accountability System
				Resource Guide

Financial Accounting System - General	The Texas Education Agency Division of Financial Audits is responsible for issuing standards for the financial accounting system for purposes relating to budgeting, accounting, reporting, management, auditing and other financial management-related topics. The standards are published in the Financial Accountability System Resource Guide that is prescribed by the Commissioner of Education and adopted by reference by the State Board of Education. All school districts, open enrollment charter schools and regional education service centers must follow all applicable	Citations: • TEC, Section 44.007 • Financial Accountability System Resource Guide
	provisions in the Resource Guide. Additionally, school districts and charter schools are to follow the provisions in the Resource Guide to maintain their accreditation status.	
Financial	The actual financial data for the fiscal year is to be submitted through	Citations:
Accounting	Public Education Information Management System (PEIMS) to the Texas	PEIMS Data Standards
System - PEIMS	Education Agency. The level of detail for submitting actual financial data is	• Financial
Reports - Actual Financial	based upon the mandatory chart of accounts in the Financial	Accountability System
rillaliciai	Accountability System Resource Guide as follows: • District ID	Resource Guide
	Fund Codes for	
	o General Fund	
	Special Revenue Fund	
	 Debt Service Fund 	
	o Capital Projects Fund	
	 Enterprise Fund 	
	Function Codes	
	Object Codes for	
	 3XXX (Fund Equity / Fund Net Assets), 	
	o 5XXX (Revenues),	
	o 6XXX (Expenditures / Expenses),	

	 7XXX (Other Resources / Non-operating revenues) and 8XXX (Other Uses Non-operating Expenses) Organization Codes Fiscal Year Program Intent Codes Actual Amount 	
Financial Accounting System - Reporting - GASB Data Feed	Electronic data from certain financial statement schedules in the annual audit report are required to be reported to the TEA through the GASB Data Feed system. Financial data organized by data control codes are reported for certain audit report schedules as follows: Schedule A1, Statement of Net Assets Schedule B1, Statement of Activities Schedule C1, Balance Sheet Schedule C1R, Reconciliation of the Governmental Funds Balance Sheet with the Government-Wide Statement of Net Assets Schedule C2, Statement of Revenues, Expenditures, and Changes in Fund Balances Schedule J1, Schedule of Delinquent Taxes Receivable Schedule J2, Schedule of Expenditures for Computation of Indirect Cost Schedule J3, Fund Balance and Cash Flow Calculation Worksheet Schedule K1, Schedule of Expenditure of Federal Awards Schedule L1, Required Responses to Selected School First Indicators	• Financial Accountability System Resource Guide
Financial Accounting System – Retention of	School districts are to maintain a record retention system to retain financial records in accordance with the requirements of the Texas State Library and Archive Commission. Certain records are required to be retained for perpetuity and other records are to be retained for periods up	Citations: • Texas Library and Archive Commission Schedules GR and SD

Records	to corres many. The regard retention creaters as animas continuous	. I agal Correspond Co. 1
Records	to seven years. The record retention system requires continuous	Local Government Code Code
	organizational activities to ensure all physical and electronic records are	Section 202.001
	maintained according to the minimum retention periods. Confidential	
	records are to be managed to ensure access is limited to school district	
	officials that require access for business purposes. The Texas State Library	
	and Archive Commission is to be contacted before controlled physical	
	records are to be destroyed after conversion to electronic format and for all	
	controlled physical and electronic records upon the expiration of the	
	minimum retention period.	
Gift of Public	School districts may not make gifts of public funds.	Citations:
Funds -		 Texas Constitution
Prohibited		Article III, Section 53
Grants - Federal -	School districts are allowed to charge eligible costs to federal grants in	Citations:
Allowable Cost	accordance with Office and Budget Circular A-87, Allowable Cost Principles.	 OMB Circular A-87
Principles	The fact that a cost is listed as allowable in the Circular does not	 Financial
	automatically mean that it is allowable for a particular grant. An allowable	Accountability System
	cost must also agree with the programs, activities and services described in	Resource Guide
	the approved grant application, support needs identified in the	
	comprehensive needs assessment, fit the period of availability provisions	
	and meet other applicable requirements.	
Grants - Federal -	A basic requirement of the federal Elementary and Secondary Education	Citations:
Comparability	Act (NCLB) is that a school district may receive Title I, Part A funds only if it	 Financial
	uses State and local funds to provide services in Title I campuses that,	Accountability System
	taken as a whole, are at least comparable to the services provided in	Resource Guide
	campuses that are not receiving Title I funds. If the LEA serves all of its	• 34 CFR 200.79
	schools with Title I funds, the LEA must use State and local funds to	
	provide services that, taken as a whole, are substantially comparable in	
	each Title I school.	
L	In September 2010, the U.S. Department of Education directed the Texas	

	Education Agency to expand the scope of monitoring activities related to these provisions to include school districts with less than 1,000 enrollment and certain school districts that have single attendance zones for one or more grade levels. School districts participating in Title I, Part A are required to submit comparability data to the Texas Education Agency annually by conducting comparability testing on an electronic form, titled the Title I TEA – I, Part A Comparability Computation Form (CCF). The comparability data reported to TEA is to show the use of one of six comparability measures for all campuses to show relative equal provision of local and state funded resources on each campus at the elementary, middle and high school grade levels.	
Grants – Federal - Conflict of Interest	School districts are not to allow any official or employee to derive a financial benefit, real or apparent, related to any federal program that is administered by the official or employee School districts are to establish a code of ethics to ensure compliance with this federal regulation.	Citations: • Title 34 CFR 80.36
Grants - Federal - Construction Type Activities - Buy American Act	The Buy American Act applies to federal grants and requires construction- or infrastructure-related procurements to be structured to facilitate the award of contracts to vendors headquartered in the United States for purchases of iron, steel and manufactured goods.	Citations: • Public Law 107-110, Section 9521
Grants – Federal – Construction Type Activities - Davis Bacon Act	The prevailing wage rate for the geographic locale applies to construction-related activities for a building/facility project that is charged in whole or in part to a federal grant. The prevailing wage rate also applies to construction-related activities for the life of the building/facility.	Citations: • Title 34 CFR 80.36
Grants - Federal - Debarred	School districts are not to disburse any federal funds (for any dollar amount) to a debarred vendor (a vendor on the Excluded Parties List	Citations: • Title 34 CFR 80.35

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Vendors	System). A vendor to be paid from federal revenue sources is to be	https://www.epls.gov/
	screened prior to award of a contract and prior to making all	
	disbursements of federal funds to ensure the vendor is not debarred.	
Grants - Federal -	Requirements in federal regulations, related to the Elementary and	Citations:
Maintenance of	Secondary Education Act (ESEA), require school districts to expend an	 Public Law 107-110,
Effort –	amount in the prior fiscal year that is 90% or more of the expenditures for	Section 9521
Elementary and	second preceding fiscal year. Expenditures for selected expenditure code	 Code of Federal
Secondary	object series (61XX, 62Xx, 63XX and 64XX) and selected function codes for	Regulations, Title 34,
Education Act	the General Fund are included in the determination of compliance with	Section 299.5
	ESEA maintenance of effort.	
	 ESEA, Part A of title I; ESEA, Subpart 3 of part B of title I; ESEA, Part C of title I; ESEA, Part D of title I; ESEA, Part F of title II; ESEA, Part A of title II; ESEA, Part A of title III; ESEA, Part A of title IV; ESEA, Part B of title IV; ESEA, Part B of title IV; ESEA, Part A of title V; and ESEA, Subpart 2 of part B of title VI. 	
Grants - Federal -	Requirements in federal regulations, related to the Individuals with	Citations:
Maintenance of	Disabilities Education Act (IDEA) require school districts to maintain year-	 Public Law 108-446,
Effort –	over-year expenditure levels for programs and services benefiting	Section 613(a)(2)(iii)
Individuals with	individuals with disabilities. The required 100% maintenance of effort for	 Title 34, CFR, Section
Disabilities	year-over-year expenditures is in relation to total expenditures or	300.203

		T
Grants - Federal - Supplement not Supplant	expenditures per student with disabilities (based upon fall child count). Expenditures for Program Intent Code 23, Services to Individuals with Disabilities, for selected function codes for the General Fund and expenditures from nongrant sources made by fiscal agents of shared service arrangements are included in the determination of compliance with maintenance of effort. Certain provisions allow a reduction in effort including: (1) Turnover in staff resulting in lower salary expenditures for new staff assigned to special education area; and (2) Decreases in enrollment, dismissal of students from special education program and/or graduation of students that result in a remaining special education student population that is less costly to serve. A basic requirement of federal grants is that this revenue source must supplement and not supplant local effort involving local and state revenue sources that funded strategies in the General Fund in the prior year(s). Federal funds may not be used to provide services required by state law, State Board of Education rule, or local policy. Funds may not be diverted for other purposes because of the availability of these federal funds. To determine compliance with the supplement not supplant requirement, an LEA must determine what services the LEA would have provided in the absence of Title I funds to students in Title I campuses. Generally in a situation where an LEA used Title 1 funds to provide services that it provided with non-Federal funds in the prior year(s), supplanting is presumed to occur.	Citations: • Financial Accountability System Resource Guide • 34 CFR Sections 76.564 - 76.569
Grants – Federal - Teacher Retirement System Contributions	School districts are to pay the state contribution to TRS from federal grants for employees whose salaries are charged to federal revenue sources.	Citations: • Texas Government Code Section 825.406

Grants – State and Federal -Grant Deadlines

Participation in state and federal grants is a strategy for maximizing currently available revenues for instructional programs and other education-related purposes. There are approximately 500 deadlines from September 1, 2010 through January 31, 2011 for all state and federal grants administered by TEA. Additional deadlines exist for other grantor agencies. Many of the grants do not fund the costs to administer the grant activities, including managing the multitude of efforts related to the many deadlines associated with participation in state and federal grants. For those grants that do provide reimbursement of administrative costs through an indirect cost reimbursement, the amount provided through the indirect cost reimbursement is not adequate to cover all of the administrative activities resulting from participation in certain grants.

Deadlines for TEA state and federal grants during the period September 2010 through January 2011 included:

- Annual Survey of Children in Local Residential Facilities for the Neglected or Delinquent
- Application
- Application Amendment
- Application Designation Certification
- Final Report
- Enrollment Report
- Final Evaluation Report
- Final Expenditure Report
- Final Report

Citations:

- Standard Application System Appendices
- Title 34 CFR Part 80

	 First Quarter Expenditure Report Interim Expenditure Report Interim Progress Report Notice of Intent Revised Final Expenditure Report Second Quarter Expenditure Report Section 1512 Quarterly Report Survey of Children in State Agency Facilities 	
Grants – State and Federal - Indirect Cost Rates	School districts are provided a restricted indirect cost rate that may range up to 8%, and a non-restricted rate that may range up to 30%, based upon financial information contained in Exhibit J-2, Schedule of Expenditures for Computation of Indirect Cost (fewer grants in recent years provide indirect cost reimbursements). The indirect cost rate is a budget line item under certain federal grants. The indirect cost rate is intended to offset administrative costs in the General Fund under Function Codes 41, General Administration and 53, Data Processing Services.	Citations: • Financial Accountability System Resource Guide • 34 CFR 75.563 - 76.563
Grants – State and Federal – Time and Effort	An essential payroll-related compliance requirement is to maintain required documentation to support charges for payroll. All charges to payroll for grant-funded personnel must be based on one of the following: certification (except for programs covered under Ed-Flex, in which case a job description must be on file); time and effort records; or substitute system.	Citations: • Financial Accountability System Resource Guide • OMB Circular A-87

Health Insurance - Report on Comparable Plan Health Insurance	Where eligible employee group health coverage is provided under Section 22.004(b), Texas Education Code (under self-insurance or certain other options), school districts are to report compliance with requirements to provide participation in employee group health coverage that meets the minimum requirements established by the Teacher Retirement System. School districts are to file the compliance report with TRS no later than March 1 st , each even-numbered year. The Texas Legislature in 2001 established a statewide school employee health incurance plan for teachers and other employees of school districts.	 Citations General Appropriations Act Texas Insurance Code Section 1579 TEC Section 22.004 Citations
- Self Funded Plan or Other Plan Not Under Chapter 1579 Insurance Code	health insurance plan for teachers and other employees of school districts. Most school districts participate in TRS-Active Care. For TRS-Active Care nonparticipating school districts (about 13%) there various options for providing an eligible employee group health coverage plan. Nonparticipating school districts may provide an employee group health coverage under a self-insurance plan, an eligible risk pool or other eligible insurance plan. The coverage for employees must meet the substantive coverage requirements of Chapter 1251, Subchapter A, Chapter 1364, and Subchapter A, Chapter 1366, Insurance Code, and any other law applicable to group health insurance policies or contracts issued in this state. The board of trustees of the Teacher Retirement System of Texas is authorized to adopt rules to determine whether a school district's group health coverage is comparable to the basic health coverage specified by subsection 22.204(b), Texas Education Code	 General Appropriations Act Texas Insurance Code Section 1579 TEC Section 22.004
Health Insurance - TRS Care	School districts are to contribute to the TRS-Care plan based upon active employees' salaries, in accordance with the General Appropriations Act (the required contribution may range from .25 to .75 and is currently set at .55 percent).	 Citations General Appropriations Act Texas Insurance Code Section 1575.204
Internet Posting	One of the required postings on a school district's local internet site is	Citations:

- Utility Consumption	information on consumption and payments for electricity, water, and natural gas.	 Financial Accountability System Resource Guide Government Code, Section 2265.001
Investment of Public Funds	All investments are to comply with the Public Funds Investment Act and all federal state and local law, rules or regulations. The board of trustees is to adopt and follow local policies for investments that are to primarily emphasize safety of principal and liquidity, in addition to investment diversification, yield and maturity, and the quality and capability of investment management. The local policies are to be reviewed at least annually. An audit of a school district's compliance with its investment policies is to be done in conjunction with the annual financial audit. A quarterly report is to be provided to the board on investment transactions for all funds covered by the Public Funds Investment Act. An annual review of investment strategies and are to be changed as needed. All school district investment officers must provide evidence of 5 hours of investment training annually.	Citations: • Government. Chapter 2256 Subchapter A
Loan of Public Funds - Prohibited	School districts are not to make loans of public funds for the benefit of any individual, outside entity or organization.	Citations: • Texas Constitution Article III, Section 52
Payroll - Employee Classification	School districts must apply the independent contractor or employee test in order to appropriately apply the IRS requirements for payroll withholding in relation to all applicable individuals. The IRS does field audits of the appropriate application of this classification.	Citations: • IRS Publication 1779 • IRS Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding

Payroll - Employment	School districts are to post on the school district's local internet site a copy of the local employment policies adopted by the board of trustees.	 Publication 15-A, Employer's Supplemental Tax Guide Citations: TEC Section 21.204(a)-
Policies – Internet Posting		(d)
Payroll -	School districts are obligated by certain Legislative sessions to give a pay	Citations:
Mandated Salary Increases	raise to specified employee classifications that must supplement mandated minimum salary amounts and any local increments. The 79th Legislature mandated a \$2,500 pay raise for teachers, librarians, counselors and nurses. House Bill 3646, 81st Legislative Session, mandated a salary increase for classroom teachers, full-time counselors, full-time nurses, full-time librarians, and full-time speech pathologists beginning with the 2009-2010 school year equal to the greater of \$80 per month, or the maximum uniform amount that can be delivered to these employees using an amount equal to the product of \$60 per WADA, adjusted in consideration of the additional contributions to the social security and teacher retirement systems. Pay raises required by the legislature do not fund local cost increases related to the teacher retirement system, social security (in some school districts), workers' compensation, and Medicare.	• TEC Section 12.1331
Payroll -	School districts are to follow the Department of Labor Fair Labor Standards	Citations:
Overtime Pay	Act (FLSA) regulations requiring a premium pay rate at a rate that is at least one and one-half times their regular rates of pay for nonexempt employees for hours worked in excess of 40 in a workweek. "The FLSA does not require overtime pay for work on Saturdays, Sundays, holidays, or regular days of rest, unless overtime hours are worked on such days." School districts may not require or allow nonexempt employees to volunteer to work hours over 40 hours without the benefit of overtime pay rates. Nonexempt employees may receive compensatory time off at a rate	29 U.S.C. 207 (a)(1)29 CFR Part 778

Payroll - PEIMS Reports	The PEIMS payroll record as of the last Friday in October is to be submitted through PEIMS to the Texas Education Agency. The payroll record is reported for all funds. The level of detail for submitting payroll data is	Citations: ■ TEC, Section 44.003, 44.005
	based upon the mandatory chart of accounts in the Financial Accountability System Resource Guide as follows:	 Financial Accountability System Resource Guide PEIMS Data Standards
Payroll - Posting of Vacancies -	School districts are required to post vacant positions for which a certificate or license is required on the school district's local internet site or post the	Citations: • TEC Section 11.163(d)

Internet Posting	vacancy notice at certain physical locations.	
Payroll - Social Security - 218 Agreements	Most school districts do not participate in Social Security. The few social security participating school districts pay the employer's contribution to social security based upon a Section 218 agreement. The 218-related agreements were established several decades ago and may not be rescinded to exit the Social Security system. In all, there are only a small number of school districts that participate in part or in whole in the Social Security system. In reference to Medicare, all school districts have paid the employer's Medicare contribution of 1.45% for new employees hired since March 31, 1986.	 Citations: Social Security Act Section 218 20 CFR Section 404.1200
Payroll - State Minimum Salary	Provisions in TEC Chapter 21, Subchapter I mandate the minimum monthly salary of each classroom teacher, full-time speech pathologist, full-time librarian, full-time counselor certified under Subchapter B, and full-time school nurse. This subchapter also mandates other payroll-related provisions including, • Days of service for educators employed under a 10-month contract • Pay increase for school year 2009-2010 for staff subject to the minimum salary schedule • Maintenance of local salary supplements in applying provisions for salary increases specified in state law • Maintenance of career ladder supplement for teachers and librarians as that provision existed on January 1, 1993 • Planning and preparation time for classroom teachers • Duty-free lunch • Employment contracts • Payment of salary during absence for observation of holy days	Citations: • TEC Chapter 21 Subchapter I
Payroll - Teacher Contract	School districts are required, no later than the 45 th day prior to the last day of instruction in a school year, to provide notice to teachers concerning	Citations: • TEC Section 21.103 and

Nonrenewal Notice	nonrenewal of their contract for the next school year.	21.106
Payroll – Unemployment Insurance	 School districts are to provide unemployment insurance coverage to employees. School districts have various options for contributions to the Unemployment Compensation Fund including: Paying a state unemployment compensation tax administered by the Texas Workforce Commission, Reimbursing the state fund for benefits paid to ex-employees, or Entering a joint account with other political subdivisions to share the cost of benefits. 	Citations: • Labor Code 201.026
Payroll – Workers' Compensation	 School districts are to provide workers' compensation benefits to employees. These benefits are provided through: A self-funded plan, Third-party insurance contract or policy, or Entering into an interlocal agreement with other political subdivisions providing self-insurance plans. Administration of workers' compensation benefits includes: employee notification of workers' compensation benefits, return-to-work arrangements, temporary income benefits, leave of absence benefits, and reports to the insurance carrier and the Texas Department of Insurance Division of Workers' Compensation. 	Citations: • Labor Code 504.011
PEIMS Reports	An extensive amount of data is required to be reported to TEA through PEIMS about staff, students and financial information. The standards are published in the TEA publication titled PEIMS Data Standards. The PEIMS Data Standards describing the specifications for records to be submitted number over 600 pages. This document is updated every year and changes to required data reporting standards result in requirements to change	Citations: • PEIMS Data Standards

Prompt Payment Act	student and/or financial software systems, in addition to various forms and procedure manuals for management systems related to students, staff, payroll, business and grant management. School districts are to pay a financial penalty on late payments to vendors, when payment is made later than 30 days after the due date. Other provisions in state law provide that if the board meets only once a month or less frequently then the financial penalty applies if payment is made later than 45 days after the due date. The rate of interest that accrues on an overdue payment is the rate in effect on September 1 of the fiscal year in which the payment becomes overdue. The rate in effect on September 1 is equal to the sum of: (1) one percent; and (2) the prime rate as published in the Wall Street Journal on the first day of July of the preceding fiscal year that does not fall on a Saturday or Sunday.	Citations: • Financial Accountability System Resource Guide • Government Code Chapter 2251
Property Tax - Apportionment of Collections	Property tax collections are to be apportioned to the General and Debt Service Funds according to the applicable tax rates for maintenance and operations (M&O) and interest and sinking (I&S) adopted for the fiscal year related to each current and delinquent property tax collection activity.	Citations:
Property Taxes – Interest and Sinking	A school district is authorized to adopt an Interest and Sinking (I&S) tax rate based upon the current value of taxable property in the district (taking into account other funds available for that purpose) that is necessary to pay debt service [on voter approved bonds] issued for the acquisition, construction, or equipment of school buildings and other related purposes. In order to issue new voter approved bonded indebtedness, a school	 Citations: Texas Attorney General Opinion No. GA-0775 TEC Section 45.001

Property Taxes – Maintenance and Operations	district is required to "demonstrate to the Texas Attorney General a projected ability to pay with a tax rate not to exceed \$0.50 per \$100 of valuation any proposed tax-supported bonds in addition to, with a limited exception, all previous issued bonds." The proceeds from the I&S tax rate are required to be recorded in the Debt Service Fund. Resources in the Debt Service Fund may not be transferred to other funds unless all bonded indebtedness has been liquidated or paid off. Resources in the Debt Service Fund are not to be loaned to other funds for maintenance and operating purposes, including for payroll purposes. A school district may adopt a Maintenance and Operations (M&O) tax rate (without a tax rollback election) that does not exceed the lesser of (1) a district's compressed M&O rate (plus additional cents, if any, authorized by district voters at prior rollback elections) plus four cents or (2) the district's effective M&O rate plus four cents. A tax rate election is required to levy a M&O tax rate in excess of \$1.04 up to a cap of \$1.17. "A district may not adopt a tax rate that is lower than the adopted rate (in excess of the rollback rate) approved by the district's eligible voters at the rollback electionA district must hold an election to approve a rate previously adopted under the disaster exception in order to adopt that rate in a year subsequent to the year following the year in which the disaster	Citations: • Texas Attorney General Opinion No. GA-0775 • TEC Section 45.002
	occurred if the rate exceeds the district's rollback rate for such subsequent year."	
Purchasing -	School districts are to follow competitive procurement methods in state	Citations:
Competitive	law for all school district contracts financed from local and/or state	• TEC Chapter 44
Procurement	revenue sources with certain exceptions including produce, vehicle fuel	Subchapter B
	and professional services. The requirements for competitive procurement	
	in state law apply to purchases of \$50,000 or more in the aggregate per	
	procurement category over each 12-month period. If local policies for	
	competitive procurement for a school district are more restrictive than	

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	state law, then requirements in local policy prevail. Lastly, there may be special provisions for procurements in the terms and conditions for certain grants, including a grantor agency's prescreening of qualified vendor(s) for	
	goods or services to be funded from a grant.	
Purchasing -	Federal regulations for competitive procurement apply to all contracts of	Citations:
Competitive	\$100,000 or more in the aggregate over a 12 month period. Because state	 Title 34 CFR Section
Procurement -	law is more restrictive than the \$100,000 threshold in federal regulations,	80.36
Federal Grants	state law prevails for most contracts subject to competitive procurement under state law. In areas that federal regulations for competitive procurement are more restrictive than state requirements, then federal regulations in those areas will prevail including: professional services. If local policies for competitive procurement for a school district are more restrictive than state law and/or federal regulations, then requirements in local policy prevail. Lastly, there may be special provisions for procurements in the terms and conditions for certain grants, including a grantor agency's prescreening of qualified vendor(s) for goods or services to be funded from a grant.	• TEC Chapter 44 Subchapter B
Purchasing -	School districts are required to post at least two notices pertaining to	Citations:
Newspaper	competitive procurement activities involving bids and proposals.	 TEC Section 44.031
Notices		
Purchasing	School districts are to review the bidder preference provisions for other	Citations:
Other State	states according to the location of the business headquarters of vendors	• Financial
Bidder	that submit competitive sealed bids and proposals. If the other state(s)	Accountability System
Preference Laws	require vendors to apply a bid preference law, then the Texas school	Resource Guide
	district is to apply a like preference to vendor bids and proposals from other state(s).	Government Code Section 2252.003
Shared Services	The actual shared services arrangement financial data for the fiscal year is	Citations:
Arrangements - PEIMS Report-	to be submitted through Public Education Information Management System (PEIMS) to the Texas Education Agency. The shared services	PEIMS Data StandardsFinancial

Actual Financial	arrangement fiscal agent reports the 033 PEIMS Record on behalf of all member districts. A shared services arrangement is an education-related purpose cooperative. The level of detail for submitting actual shared services arrangement financial data 033 record is based upon the mandatory chart of accounts in the Financial Accountability System Resource Guide as follows: • District ID • Shared Services Arrangement Member District ID • Shared Services Arrangement Type Code • Fund Codes for • Special Revenue Fund - Shared Service Arrangement Fund Codes • Fiscal Year • Actual Amount	Accountability System Resource Guide
State Aid - Foundation School Program - Special Programs	Expenditures charged to the FSP Special Program allotments are restricted to the purposes stated in applicable statutory provisions in Chapter 42 and other Chapters in the Texas Education Code, and applicable Chapters of the Texas Administrative Code. The FSP special program weights and adjustments for Special Education, Gifted and Talented, Career and Technology, Compensatory Education, and Bilingual/ESL have not been updated, with limited exceptions, in about 20 years. As a result, the gaps have grown significantly over many years in state aid allotments versus cost to deliver services for the FSP special programs. Additionally, a review of statutory provisions in TEC Chapter 42 shows legislative intent that a portion of the FSP special program allotments be available to fund administrative costs; however, funding of administrative costs for the FSP special programs has not been available for most school districts for many years because total spending for the special programs has exceeded the entire funding allotment according to actual financial data submitted	• TEC Chapter 42

	through PEIMS through fiscal year 2009.	
State Aid – Transportation	The transportation allotment weights and adjustments have not been updated, for the most part, over the last twenty years to keep pace with the rising costs of delivering transportation services for students. The gap has grown significantly over many years in the state aid allotment versus cost to deliver services in this area. As a result, an increase in the allotment of about two to three hundred percent would just be sufficient to close the funding gap for most school districts.	Citations: • TEC Section 42.155
State Compensatory Education - Agreed Upon Procedures Report	School districts are required to contract with a licensed certified public accountant or licensed CPA firm for an agreed upon procedures engagement related to State Compensatory Education-related expenditures and other compliance area, if the school district does not pass the applicable risk criteria test in the State Compensatory Education Module of the Financial Accountability System Resource Guide .	Citations: • Financial Accountability System Resource Guide • TEC Section 42.152
Student Fees	School districts have limited authority to charge student fees in accordance with provisions in state law including Texas Education Code Section 11.158.	Citations: TEC Section 11.158 Financial Accountability System Resource Guide
Superintendent Payment Disclosure Form	School districts are to submit a completed form to the TEA Division of Financial Audits in the event payments are made to a superintendent upon termination of the superintendent's employment with the school district under an arrangement involving severance payments. In some instances, the TEA may offset FSP state audit funds earned by the school district in the amount of disallowed payments made to the superintendent following termination of employment with a school district.	Citations: • Financial Accountability System Resource Guide • TEC Section 11.201(c) • Title 19, TAC, Chapter 105, Subchapter CC

Superintendent's Contract - Internet Posting	School districts are required to post the superintendent's contract on the school district's local Internet site, if a copy is not included in the financial management report prepared for the public hearing held to review the school district's performance under the financial accountability rating system or School FIRST.	Citations: • Title 19, Texas Administrative Code, Chapter 109, Subchapter AA
Surplus Personal Property - Disposal	School districts may dispose of surplus personal property as authorized under a resolution by the board of trustees. Grantor agencies are to be contacted concerning the financial receipts received from the disposal of federally funded equipment (fair market per unit value of \$5,000 or more unless more restrictive provisions in grant terms and conditions), or supplies and materials (fair market value in aggregate of \$5,000 or more unless more restrictive provisions in grant terms and conditions), in accordance with the grant terms and conditions. School districts are advised to use a public auction service to dispose of surplus personal property to help ensure they receive the best value.	Citations: • TEC Section 11.151(c) • Title 34 CFR Section 80.32
Surplus Real Property - Disposal	 School districts may dispose of surplus real property as authorized under a resolution by the board of trustees. Grantor agencies are to be contacted concerning the financial receipts received from the disposal of federally funded real property, in accordance with the grant terms and conditions. The requirements for disposal of real property include: The Board passes a resolution determining that the real property is no longer needed for school purposes, and authorizing the administration to obtain an appraisal and advertise property for sale. The District obtains an appraisal of the property. 1st notice: District advertises the property for sale in a newspaper of general circulation in the county in which the land is located. 2nd notice: On a separate date, the District again advertises the property for sale in a newspaper of general circulation in the county in which the 	• TEC Section 11.151(c) • Title 34 CFR Section 80.32

	 land is located. In addition to placing the two required advertisements, the Board may also employ a licensed real estate broker for assistance in the sale of the property. The Board passes a 2nd resolution (1) determining the highest and best bid; (2) authorizing the District to enter into an earnest money contract with the highest and best bidder; and (3) authorizing the Superintendent, Board President, and others to sign the earnest money contract, deed conveying the property, and other documents necessary to close the transaction. The District submits a notice of the proposed transfer of property to the Commissioner of Education for approval (including verification that the deed to be conveyed will contain the restrictive covenants required by Civil Order 5281). Approval is received from the Commissioner of Education to close the transaction. The sale is completed according to the terms of the earnest money contract. (Note: the sale cannot be completed any earlier than the 14th day after the date that the 2nd notice is published in the newspaper). 	
Tax Collector Bond	School districts are to obtain bonding for the performance of the school district's tax collector in an amount approved by the board of trustees.	Citations: • Financial Accountability System Resource Guide
Teacher Retirement System - Above Statutory	School districts are to pay the state contribution for the above-state statutory minimum salary for certain employees. The state minimum salary schedule for teachers, full-time librarians,	Citations: • Texas Government Code Section 825.405

Minimum Payments

counselors, and nurses is the same as the 08-09 state minimum salary schedule as published by TEA.

For other members employed who would have been entitled to the state minimum salary under former Section 16.056, Education Code, as that section existed on January 1, 1995, the state minimum salary schedule for the 09-10 school year is the same schedule provided by TEA for teachers, full-time librarians, counselors, and nurses.

Section 825.405 of the Government Code was added in 1984 (prior to "Robin Hood" to require so-called "wealthy" school districts that were able to pay high salaries and still maintain low tax rates pay the state's share of the Teacher Retirement contribution on the salary that exceeded the state minimum salary multiplied by the cost of education index (COEI). For all other districts, the state paid the employer's share for all state and locally-funded positions directly to TRS for the entire salary.

The standard for a low tax rate was set at below 125% of the statewide average effective tax rate for M & O, but most aspects of school finance have changed since 1984 and the highest wealth school districts no longer have the large tax advantage that they once enjoyed. Most importantly, the average tax rate has risen over the years and, at this time; all districts whether wealthy or poor are required to make these payments.

In addition to the cost of the payment, this provision results in administrative inefficiencies. The portion of the employee's salary that is above the state minimum multiplied by the COEI must be computed as a separate item on each payroll for each employee and the employer's share calculated and forwarded to TRS. This requires an additional summary report each month. If anything changes such as being docked a day for

	excessive absences, quitting, or changing to a position with a different rate of pay, both the state minimum salary and the local salary that is being paid in this payroll period must be re-computed. Most districts have many of these changes every month and the complexity of the calculations defy automation and often require human intervention.	
Teacher Retirement System - Service in First 90 Days of Employment	For the first 90 days of employment, school districts are to pay the state contribution for new TRS eligible employees (employed on or after September 1, 2005).	Citations: • Texas Government Code Section 825.4041
Travel Costs – Maximum Charges to State and Federal Programs	School district official travel costs that are charged to state and federal programs are not to exceed the amounts adopted by the Comptroller of Public Accounts and various provisions contained in the General Appropriations Act enacted by each Legislative session.	Citations: • Financial Accountability System Resource Guide • Government Code Section 660.021 • General Appropriations Act



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