

Texas Public School Finance

Layers of Knowledge Series

An Equity Center Presentation

SF 4: District Weights I – Adjusting the Basic Allotment with the Cost of Education Index



Basic Allotment Refresher

- The Basic Allotment represents the **minimum cost of an accredited education for a regular student in the least expensive district**
- The maximum Basic Allotment in *statute* is \$4,765 and is prorated down for districts with Compressed Tax Rates (CTRs) below \$1.00
- The maximum Basic Allotment was increased to \$5,040 for the 2014-15 school year, by appropriation

Tier 1 Starting Point

Basic Allotment for Districts with
Compressed Tax Rates at or **above \$1.00**

\$5,040

CTR-Adjusted Basic Allotment for Districts
with Compressed Tax rates **below \$1.00**

CTR x **\$5,040**

For example, if a district's CTR is
\$0.90, then

$$0.90 \times \$5,040 = \$4,536$$

The First Cost Adjustment Cost of Education Index

The Basic Allotment for each district is adjusted to reflect the **geographic variation in known resource costs and costs of education due to factors beyond the control of the school district** (i.e., adjusting for the varying cost of resources in a particular area).

The CEI applies to **71%** of each district's Basic Allotment.

This rule is referenced by TEC §42.102(b), 19 TAC Chapter 203.

Applying the Cost of Education Index to the Basic Allotment

FY15 maximum Basic Allotment = \$5,040; Assume CTR \geq \$1.00 and CEI = 1.100

Start with the Basic Allotment

\$5,040

Separate the BA into 71% and 29%

\$3,578.40

\$1,461.60

$\$3,578.40 \times 1.100 =$
 $\$3,936.24$

\$3,936.24

\$1,461.60

Add the two portions back together. This is the *Adjusted Basic Allotment, or (ABA)*

\$5,398

Applying the Cost of Education Index to the Basic Allotment

FY15 Maximum Basic Allotment = \$5,040; Assume **CTR = \$0.90** and **CEI = 1.100**

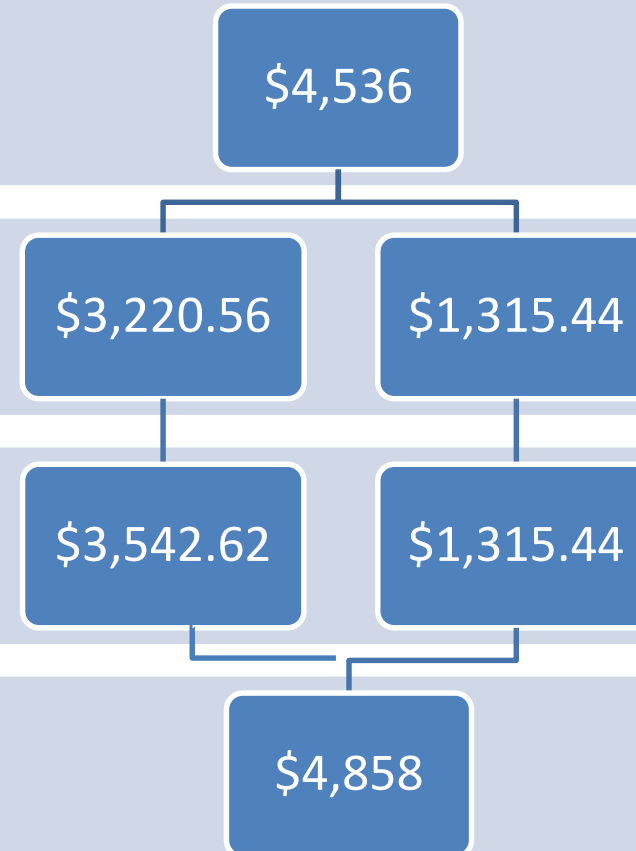
Start with the **CTR-Adjusted**
Basic Allotment

$$0.90 \times 5,040 = 4,536$$

Separate the BA into 71%
and 29%

$$\$3,220.56 \times 1.100 = \\ \$3,542.62$$

Add the two portions to get
the **Adjusted Basic Allotment**



A simpler way to calculate the ABA

Instead of applying the CEI to 71% of the Basic Allotment, simply multiply the *decimal portion* of each district's CEI by 0.71.

For example, a CEI of 1.100 would become 1.071

$$(.100 \times 0.71 = .071)$$

Another example, a CEI of 1.052 would become 1.03692

$$(.052 \times 0.71 = .03692)$$

A simpler way to calculate the ABA

In fact, the 71% adjustment could be applied as part of the process in determining a district's Cost of Education Index. This would make the calculation of the Adjusted Basic Allotment very simple.

Applying the Cost of Education Index to the Basic Allotment

FY15 maximum Basic Allotment = \$5,040 / Assume Adjusted CEI = 1.071

Start with the Basic Allotment

\$5,040

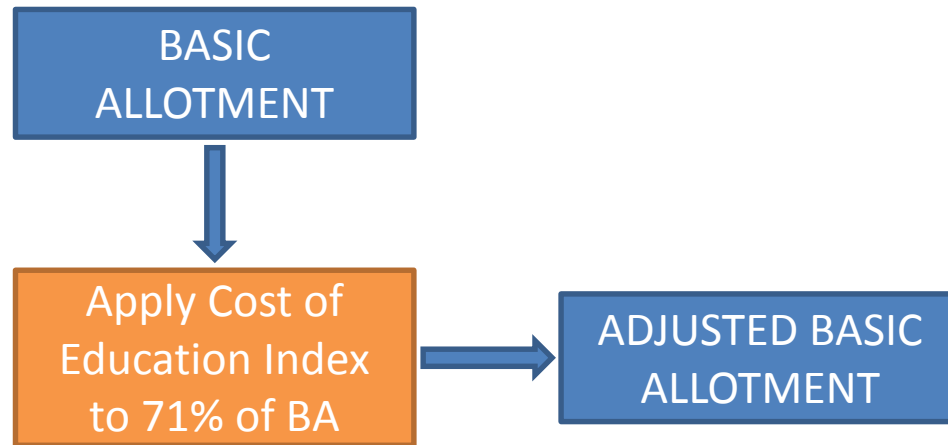
Then multiply by the already-adjusted CEI to get the Adjusted Basic Allotment

$$ABA = BA \times CEI$$

$$5,040 \times 1.071 = 5,398$$

\$5,398

Basic Allotment to Adjusted Basic Allotment First District Adjustment – Cost of Education Index





Equity Center

Standing Up for Texas Taxpayers and Children