



EANES INDEPENDENT SCHOOL DISTRICT

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MEMORANDUM

Date: October 22, 2014

To: Dr. Tom Leonard, Superintendent

From: David Edgar, Assistant Superintendent for Business Services

Re: Transfer Students and Tuition

A common question has been asked by members of the community: What amount a school district can charge in tuition for a non-resident transfer? The following analyzes that question.

Section 25.038 of the Education code states that a "school district may charge a tuition fee to the extent that the district's actual expenditures per student in average daily attendance, as determined by its board of trustees, exceeds the sum the district benefits from state aid sources..." Experts in the field of school finance that I have consulted with have defined "state aid sources" to be revenue calculated through the Foundation School Program (FSP) which includes not only state funding but local taxes, net of recapture.

In determining what this amount is for the Eanes Independent School District, the amount of state aid referred to above is estimated to be \$7,370 (net of recapture) per ADA (average daily attendance) and the cost per ADA is approximately \$8,940 (net of recapture). Therefore, the difference of \$1,570 is the maximum amount that could be charged for tuition. These calculations were determined based on available data as of October 1, 2014.

Because of some "hold-harmless" provisions residing in current law (ASATR or "Target Revenue"), there appears to be some economic benefit derived from charging tuition for the 2015-2016 school year. This benefit is reduced by eliminating any state aid created by the funding formulas above the "hold-harmless" target amount. However, this benefit will go away with the elimination of ASATR in 2017-2018 and it is not beneficial in the 2016-2017 school year either.

The following table shows the effect of charging tuition in future years based on the data and estimates available at this time.

Economic Impact of Charging Tuition to Non-Resident Transfers			
	2015-16	2016-17	2017-18
Tuition Charged to 437 Non-Resident Transfers at \$1,570 per Student	686,090	686,090	686,090
"Net" Adjustment to State / Local Funding	(593,292)	(1,457,875)	(2,560,331)
Benefit / (Cost)	92,798	(771,785)	(1,874,241)

It should be noted that the economic benefit gained from charging tuition in the 2015-16 school year may not be worth the potential disruption and confusion caused by changing policy regarding transfers and tuition for only one year. The analysis above assumes that all 437 of the out-of-district transfers would pay the tuition to attend. This may not be the case. Also, the above analysis does not contemplate the effect on approximately 208 students whose parents are employees of the District. Charging these students would need to be considered, and would potentially present problems in attracting and retaining staff.

Please let me know if you have any questions.