Texas Education Agency

Financial Compliance Updates

Agenda

01	Fiscal Management Reviews
02	Facility Usage Report
03	Resource Guide Updates
04	State Allotment Monitoring Program Updates
05	FIRST Changes
06	Teacher Retention Allotment
07	Six-Weeks Attendance Reporting

Fiscal Management Reviews

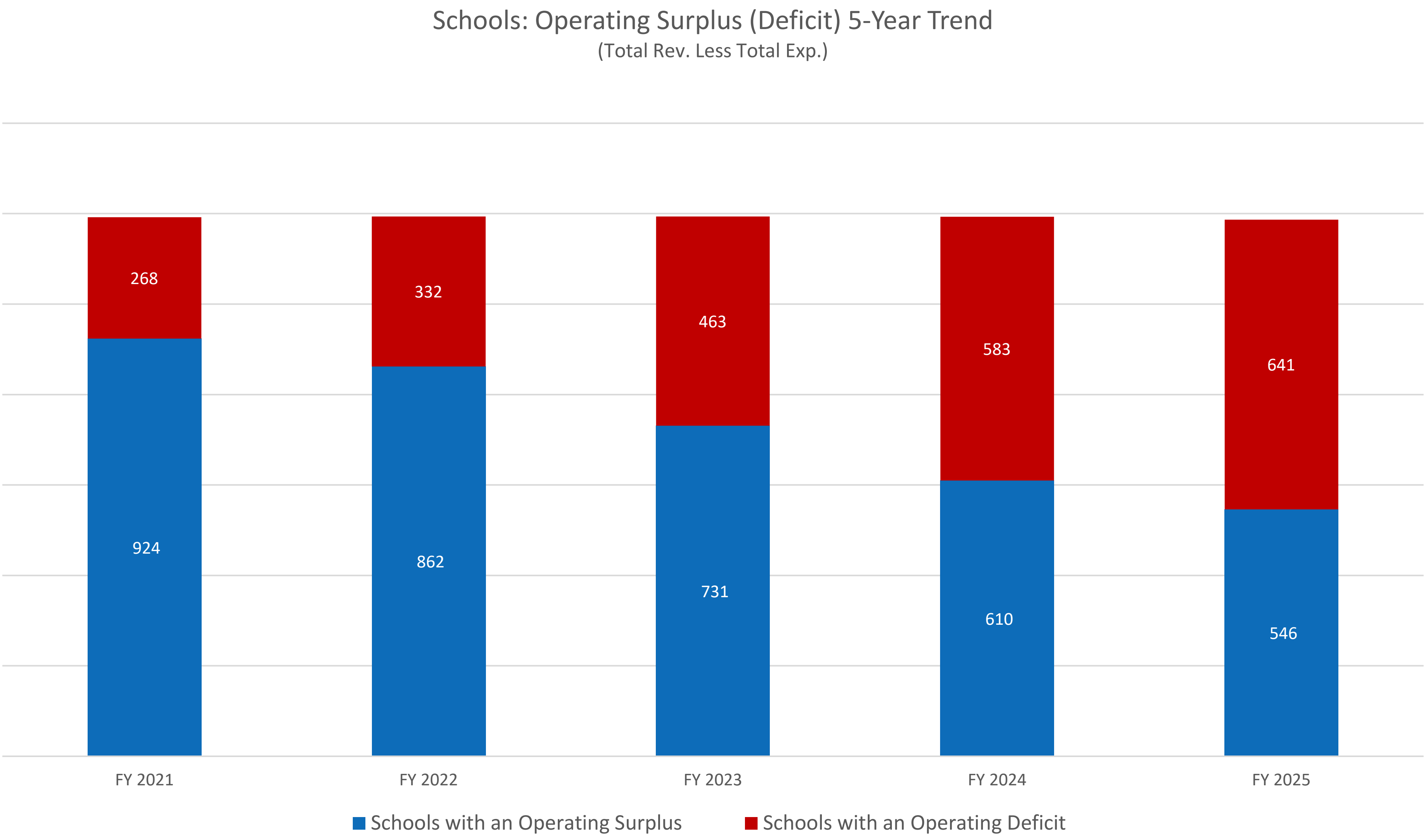
What We Look For

- Low or Declining Fund Balance/Net Assets Balance
- Auditor Findings
- Management Letters
- Low FIRST Indicators
- Declining ADA and Enrollment
- Going Concern
- Internal Control Issues
- Noncompliance Issues

Coming Soon

- Next reviews will include:
  - Teacher Retention Allotment
  - Purchasing and Procurement Compliance

Operating Surplus (Deficit) 5-Year Trend



Recommendations for Low Fund Balance or Net Assets

- Maintain a Multi-Year Cash Flow
- Implement Cost Controls
- Maximize Available Funding
- Enhance Transparency and Board Oversight
- Establish a Formal Plan to Rebuild Operating Reserves
- Long Term Facility Planning and Financial Practices
- Review Summary of Finances Payment Ledger Monthly
- Monitor State Aid Financial Template
- Monitor ADA*
- Training and Procedures

Best Practices for Finance

- Maintain documented internal controls and procedures
- Ensure segregation of duties
- Cross-train staff
- Perform monthly GL account reviews
- Reconcile bank accounts, clearing accounts, and interfund balances monthly
- Develop a conservative adopted budget
- Prepare and maintain multi-year financial projections and cash flow
- Evaluate fund balance levels
- Monitor State Aid Financial Template monthly
- Compare actual ADA to LEP ADA
- Stay Audit Ready

Accounting Structure

- A strong accounting structure ensures financial information is accurate, timely, and supportable
- TEA fiscal management reviews focus on how numbers are produced, not just year-end totals
- Key elements:
  - Clear assignment of accounting responsibilities
  - Appropriate segregation of duties or documented compensating controls
  - Monthly bank and account reconciliations with independent review
  - Written accounting procedures supporting consistency and continuity
- Weak accounting structures increase the risk of audit findings, repeat issues, and TEA intervention

Bottom line: Effective oversight and documented processes protect the district’s financial integrity and public trust.

TEA
Texas Education Agency

Facilities Usage Report

In compliance with TEC §7.0611

Facility Usage Data Collection

Passed by the 89th Texas Legislature, Texas Education Code (TEC) §7.0611 requires every public school district in Texas to report annually to the Texas Education Agency (TEA) on how its buildings and spaces are being used. This reporting ensures districts meet state requirements while providing a clear, transparent view of how school facilities support students and staff. By collecting and analyzing this information, the law helps turn facility data into practical insights that guide better decision-making, improve efficiency, support responsible planning, and promote the long-term sustainability of school systems across Texas. **Currently, charter schools are not required to submit their facilities data.**

**The survey is now closed, and we are compiling the data to create a report that will be posted on the TEA webpage.*

Facility Usage Data Collection Contact

[Facility Usage Data Collection | Texas Education Agency]

Dahlinda Alaniz
(512) 463-9366
fud@tea.texas.gov

Financial Accountability System Resource Guide (FASRG) Changes

Overview of changes

- https://tea.texas.gov/finance-and-grants/financial-compliance/financial-accountability-system-resource-guide
- Most significant changes:
  - Repeal of State Comp Module 6
  - Updated purchasing requirement to $100,000
  - Per unit cost was increased to $10,000
  - Reinstituted the Shared Service Arrangement Guidance
  - Added state fund codes for Safety and Security Grants fund 423, Learning Acceleration Support Opportunities(LASO) fund 424, and Parent-Directed Special Education Service fund 425
  - Updated definitions of Unusual and Infrequent Items as well as GASB 103 updates

Funding for Regular Day School for the Deaf

- Now included in fiscal agent's SOF
- TEA has instructed fiscal agent to move funding to Fund 435 by journal entry
- Continue to account for the program in Fund 435 recording both revenue and expenditures there

J4 Schedule

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J4 Schedule

- Reminder: The J-4 Schedule is required for Charter Schools and ISDs for the Annual Financial Report submissions.

- Only include unallocated amounts coded to 199 (or 420 for charters schools) on the J-4 schedule.

- LEAs should not include ESSER fund 266, 281, 282 and 283 amounts in their J4 submissions.

State Comp Ed Changes

SCE Allotment Changes

- HB 2 repealed the statutory requirement mandating that school systems spend 55% of Comp Ed allotment funds, effective with the 2025–2026 fiscal year.
- Program Intent Codes (PIC) 24, 26, 28, 29, and 30 will remain available for use in the Financial Accountability System Resource Guide (FASRG) during fiscal years 2024–2025 and 2025–2026.
- Beginning in fiscal year 2026–2027:
  - PIC 26, 28, 29, and 30 will be removed from the FASRG.
  - School systems are strongly encouraged to continue using PIC 24 internally for budgeting and tracking to maintain clarity and consistency in local documentation and reporting; however, the agency will consolidate the PIC 24 reported expenditures into PIC 11 for state reporting purposes and Public Education Information Management System (PEIMS) financial reports.

- HB 2 Implementation: Repeal of 55% Spending Requirement for Compensatory Education Allotment

Bilingual Programs’ Use of Funds

Bilingual Education Allotment – Allowable PIC 25

Texas Education Agency

Costs incurred related to:

- Services intended to make students proficient in English (pre-K – 12)
- Provision of a bilingual program
- Provision of ESL instruction
- Instruction in primary language
- Increase in cognitive academic language proficiencies
- Bilingual services to immigrant students
- Program and student evaluation
- Instructional materials and equipment
- Staff development
- Supplemental staff expenses (paraprofessional and teacher aids)
- Salary supplements for teachers
- Supplies required for quality instruction and smaller class size
- ***Salaries for paraprofessional and teacher aides required for smaller class size**
- ***Salaries for teachers**

State Allotment Monitoring Program (SAMP)

Special Allotment Monitoring Program Compliance Review Flowchart

Texas Education Agency

Step 1

For SAMP compliance, the TEA looks at a rolling 3-year average to see if schools meet the required spending percentage for each program. The TEA identifies local education agencies (LEAs) with underutilized supplemental state allotment program funds.

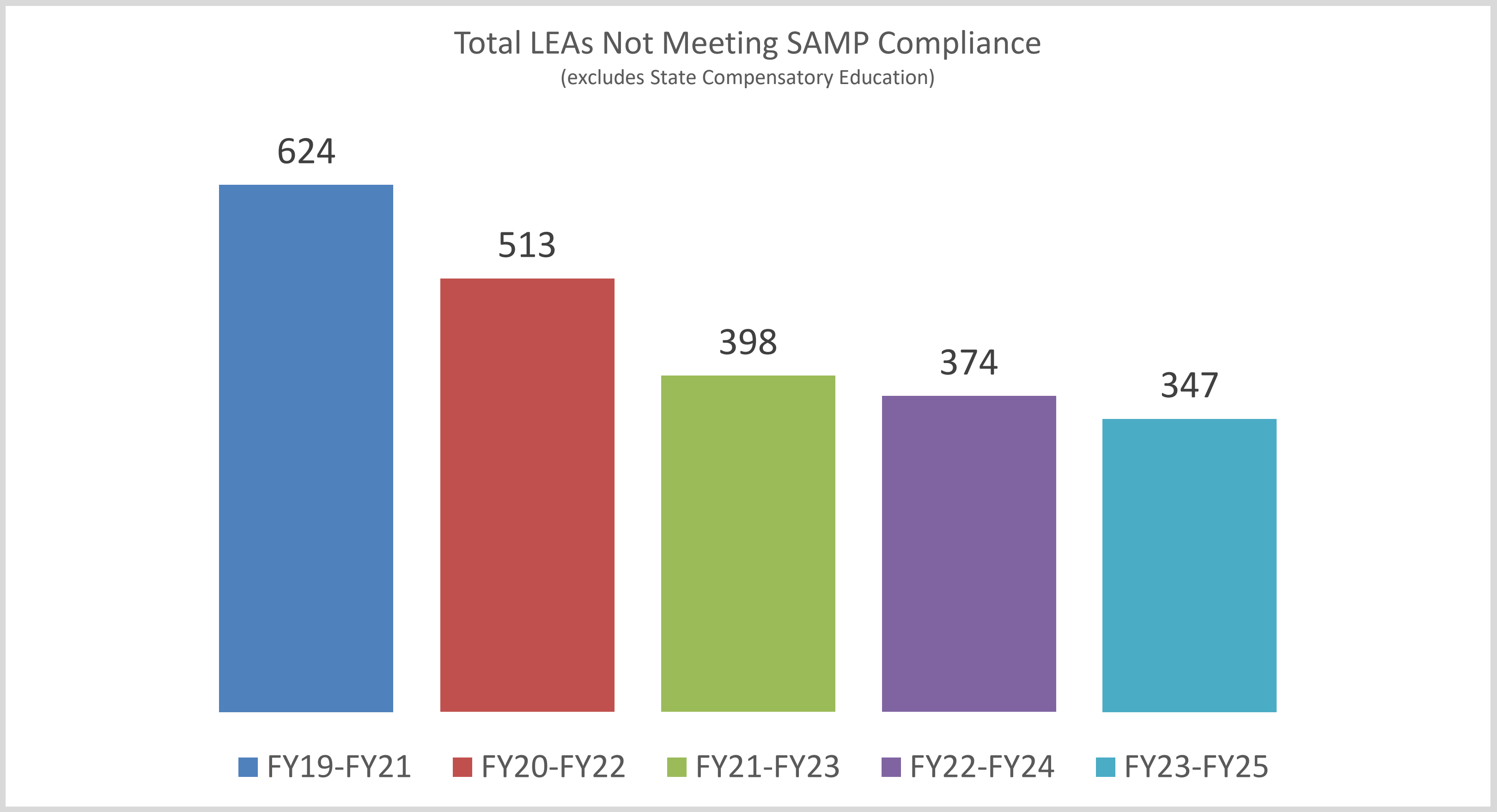
Step 2

The TEA notifies LEAs via emailed letter that they have underutilized funds and should come into compliance with mandated supplemental state allotment expenditure spending requirements.

Step 3

Based on the level of underutilization, the TEA may ask the LEA to make up the difference in the following year, require corrective action plans, and/or conduct further monitoring review activities to see LEA statutory compliance.

Statewide SAMP Compliance



SAMP Noncompliance Letter

Texas Education Agency

Texas Education Agency Commissioner Mike Morath

1701 North Congress Avenue • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • tea.texas.gov

[Date TBD]

«CFO_First_Name» «CFO_Last_Name», Chief Financial Officer
«District_Name»
«Street_Address»
«City», «State» «Zip»

RESPONSE REQUIRED

Dear «CFO_Salutation_Title» «CFO_Last_Name»,

The purpose of this letter is to inform you that the Financial Compliance Division at the Texas Education Agency (TEA) has reviewed the supplemental state allotment program compliance of «District_Name» for fiscal years ending 2023, 2024, and 2025, in accordance with the Texas Education Codes §48.104(l-o), §48.105(c-e), and §48.272(e), and the Financial Accountability System Resource Guide (FASRG). Based on our analysis, your LEA did not meet the required spending thresholds, as detailed below.

The state allotment monitoring program (SAMP) review is designed to ensure compliance and accountability in supplemental allotment program funding for Local Education Agencies (LEAs). The monitoring program's risk assessment process is based on a three-year running average calculation over a period of three consecutive fiscal years of LEAs' financial data reported in the Foundation School Program (FSP) System and the mid-year Public Education Information Management System (PEIMS) allocated expenditure reporting. Additionally, TEA will integrate the general fund with ESSER fund codes 266, 281, 282, and 283 in compliance calculations for fiscal years 2020 through 2025. The inclusion of ESSER funds is for state compliance requirements only and does not apply to federal fiscal compliance requirements.

The TEA acknowledges that certain expenditures may not be reflected as direct costs but can be considered allowable under specific circumstances, such as costs coded to 6600 and function 81 for constructing a new Career and Technology programs facility. You may provide additional information regarding these costs if desired; however, a response is not required at this time.

TEA used the following fiscal years and near final summary of finance (NF SOF) runs in this compliance testing.

2024-2025 Run ID 45913
2023-2024 Run ID 44055
2022-2023 Run ID 41495*

* If run ID 41495 is not posted on an LEA's SOF webpage, the LEA can access the data online using this link: 2022-2023 SOF. On the spreadsheet, use the Tab named "outputs_dpe" and the Columns noted below.

- State Compensatory Education – Column CK (SCE_BLOCK_GRANT)
- Bilingual Education Allotment – Column O (BIL_BLOCK_GRANT)
- Gifted and Talented – Column BF (GT_BLOCK_GRANT)
- Special Education – Column CS (SPECED_BLOCK_GRANT)
- CTE – Column EL (VOCED_BLOCK_GRANT)
- Dyslexia – Column AG (DYSLEXIA_ALLOT)
- Early Education – Column AJ (EARLY_ED_ALLOT)
- CCMR – sum of Column W (CCMR_OUTCOMES_ALLOT)

The review process revealed that your LEA did not fulfill the spending requirements in one or more of the supplemental state allotment programs, as detailed below.

Analysis for Fiscal Years 2023–2025 (includes ESSER codes 266, 281, 282, and 283, if applicable)

Program Intent Code (PIC)	PIC xx	PIC xx	PIC xx
Supplemental State Allotment Area	Allotment program name	Additional program (if needed)	Additional program (if needed)
Required Level of Spending	xx%	xx%	xx%
2023–2025 Summary of Finance (average)			
2023–2025 PEIMS Expenditures (average)			
2023–2025 Percent of funds Expended (average)			
Remaining Amount needed to spend for Compliance			

Response Required

In addition to not meeting compliance during the current SAMP review cycle, your organization was identified in previous reviews for noncompliance with state allotment program spending requirements. The TEA is requesting submission of a corrective action plan for the following allotment program(s) where deficiencies occurred:

- Insert allotment program name(s)

Please submit your corrective action plan to the Financial Compliance Division at StateAllotmentPrograms@tea.texas.gov **within 30 calendar days** from the date of this letter. The corrective action plan should include the following:

- An explanation of the factors that contributed to the identified noncompliance,
- A description of how prior-year expenditure shortfalls will be addressed,
- Strategies to strengthen monitoring and oversight of allotment program spending compliance, and
- Strategies to increase allowable expenditures in the current fiscal year and future years to ensure sustained compliance.

To address the identified minimum spending deficiency, the LEA is required to adjust spending practices to ensure that state allotment funds are used as intended to provide educational supports to eligible students and are fully documented for compliance purposes. Ideally, funds should be allocated in the current year to address shortfalls from previous years. While achieving full compliance within a single year may be challenging, effective budgeting and planning are essential to realigning financial practices. TEA expects to see an increase in spending above 55 percent or 100 percent, depending on the specific allotment programs that experienced deficits, beginning in the next fiscal year to reduce outstanding shortfalls.

Throughout the year, LEAs are encouraged to monitor spending compliance on a monthly basis. This includes reviewing state allotment program amounts reported in the Summary of Finances (SOF) and making necessary adjustments. If spending requirements are not met, staff should investigate potential coding errors and identify additional allowable uses for allotment program funds. This proactive approach will provide sufficient time to make adjustments before fiscal year-end.

As a reminder, LEAs are required to establish and maintain documented policies and procedures for all supplemental state allotment programs, as specified in the Financial Accountability System Resource Guide (FASRG), Module 4, Section 4.6.5. These policies and procedures must be in place for review by your external auditor during the annual financial audit.

The TEA will continue to monitor compliance with state allotment spending requirements annually. For more information and to access the Frequently Asked Questions (FAQ) document regarding the state allotment programs, please visit the State Allotment Programs page on the TEA website.

We thank you for your commitment to supporting student success. Please contact AUDITOR'S NAME at ###-###-#### or AUDITOR'S EMAIL ADDRESS with any questions.

Sincerely,

Peggy Watts
Manager, Financial Compliance Division
Texas Education Agency

cc: «SUP_First_Name» «SUP_Last_Name», Superintendent, «District_Name»

State Allotment Variance Report Example

TASBO has a state allotment spending compliance tool available on their website:

https://www.tasbo.org/resources/state-allotment-spending-compliance-tool

Not an official TEA calculation.

Enter CDN=> #N/A

tasbo

Program Intent Code (PIC)	PIC 21	PIC 22	PIC 23, 33	PIC 24, 26, 28, 29, 30, 34	PIC 25, 35	PIC 36	PIC 37, 43	PIC 38
Supplemental State Allotment Area	Gifted and Talented	Career and Technology Education	Special Education	Compensatory Education	Bilingual Education	Early Education	Dyslexia	College, Career and Military Readiness
Required Level of Spending	100%	55%	55%	55%	55%	100%	100%	55%
2020								
Summary of Finance	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
TSDS/PEIMS Report	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Actual percent of funds expended	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2021								
Summary of Finance	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
TSDS/PEIMS Report	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Actual percent of funds expended	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2022								
Summary of Finance	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
TSDS/PEIMS Report	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Actual percent of funds expended	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2023								
Summary of Finance	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
TSDS/PEIMS Report	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Actual percent of funds expended	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2024								
Summary of Finance								
TSDS/PEIMS Report								
Actual percent of funds expended	0%	0%	0%	0%	0%	0%	0%	0%
	COMPLIANCE							
2020-2022 In compliance True or False?	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2020-2022 Summary of Finance 3 year average	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2020-2022 Actual Expediture 3 year average	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2020-2022 Percent of funds expended 3 year average	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2020-2022 Amount of expenditure needed to be in compliance	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2021-2023 In compliance True or False?	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2021-2023 Summary of Finance 3 year average	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2021-2023 Actual Expediture 3 year average	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2021-2023 Percent of funds expended 3 year average	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2021-2023 Amount of expenditure needed to be in compliance	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2022-2024 In compliance True or False?	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2022-2024 Summary of Finance 3 year average	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2022-2024 Actual Expediture 3 year average	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2022-2024 Percent of funds expended 3 year average	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
2022-2024 Amount of expenditure needed to be in compliance	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A

Texas Education Agency

Supplemental State Allotment Programs

55% spending requirement:

- Special Education – PIC 23, 33
- ~~Compensatory Education – PIC 24, 26, 28, 29, 30~~
- Bilingual Education Allotment – PIC 25
- Career Technology Education – PIC 22
- College, Career, and Military Readiness Outcome Bonus – PIC 38

100% spending requirement:

- Early Education Allotment – PIC 36
- Dyslexia Allotment – PIC 37, 43
- Gifted and Talented – PIC 21

Other Helpful Tips

- The main reasons why LEAs are not meeting spending compliance with the state allotment programs are:
  - They are not spending the money, or
  - They are coding those costs to the wrong code(s). This could be the incorrect fund code (Districts), net assets code (Charters), or the wrong program intent code (PIC).
- If a school is using the wrong code, they can make changes in the current year and going forward; however, they cannot change prior years.
- TEA has a policy of using *specific* near-final (NF) SOF runs because of adjustments the state makes during the settle-up process in September. If the NF SOF used for PIC compliance shows the district is not compliant but the Final SOF later the following April yields compliant results, TEA does *not* change their calculation to the Final SOF.
- TEA uses expenditure data from Mid-year PEIMS reports (actual amounts) in our testing compliance calculation, so the current fiscal year's data (i.e., FY 2025) will not be included in our state allotment monitoring program (SAMP) testing until next year when we will do a 3-year average of FY2023, FY2024, and FY2025.

State Auditor’s Office Audit Results

Recommendations

The Agency should strengthen its monitoring processes by:

- Implementing a process to determine when to require corrective action plans and perform further monitoring for school districts out of compliance with CTE spending requirements.
- Updating its policy to include steps the Agency should take to ensure that school districts resolve financial audit report findings as required by Texas Administrative Code, Title 19, Section 109.23(c).

Financial Integrity Rating System of Texas (FIRST) Updates

Five-year review of FIRST Result

Ratings	Final 24-25				Final 23-24				Final 22-23				Final 21-22				Final 20-21			
	ISDs		Charters		ISDs		Charters		ISDs		Charters		ISDs		Charters		ISDs		Charters	
	Count		Count		Count		Count		Count		Count		Count		Count		Count		Count	
A = Superior Achievement	866	85%	103	60%	876	86%	114	65%	919	90%	127	73%	890	87%	129	74%	856	84%	104	61%
B = Above Standard Achievement	84	8%	37	22%	79	8%	37	21%	50	5%	30	17%	87	9%	27	15%	111	11%	44	26%
C = Meets Standard Achievement	50	5%	24	14%	50	5%	15	9%	41	4%	14	8%	36	4%	10	6%	42	4%	17	10%
F = Substandard Achievement	18	2%	8	5%	12	1%	10	6%	8	1%	3	2%	6	1%	9	5%	11	1%	6	3%
Total	1,018		172		1,017		176		1,018		174		1,019		175		1,020		171	

School FIRST and Charter FIRST

- **Indicator 1** – *Was the complete annual financial report (AFR) and data submitted to TEA on or before **February 27, 2026**?*
  - Due date for the FY 2025 audit and data feed is revised.
  - Change is only for the 2025-2026 rating year.

Upcoming FY26 AFR Due Dates:

- **June 30 YE – due Nov. 27, 2026**
- **August 31 YE – due Jan. 28, 2027**

- **Indicator 10** – *Did the school district or charter school average less than a 10% variance (90%-110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?*
  - Will be re-instated.

Charter FIRST

Paused for 2025-2026 rating year

- **Indicator 12** – *Was the debt service coverage ratio sufficient to meet the required debt service?*
  - Debt service coverage ratio calculation is revised.
  - Function code 71 is used as debt service in the numerator instead of interest and payments on principal.

[(A - B) + C + D] / (E + F) = G, where,

A = Total Revenues
B = Total Expenses
C = Depreciation (Statement of Cash Flows)
D = Debt Service (Function Code 71, Statement of Activities)
E = Payments on Principal and Other Long-term Debt (Statement of Cash Flows)
F = Interest Payments (Statement of Cash Flows)
G = Debt Service Coverage Ratio

Charter FIRST

- **Indicator 14** - *Was the charter school's administrative cost ratio equal to or less than the threshold ratio?*
  - Revised administrative cost ratio and thresholds effective for 2025-2026 rating year.
  - Ratio will be based on total expenses instead of instructional costs.

A / B , where,

A = Sum of amounts for function codes 21 and 41
B = Total Expenses
*Includes object codes 61XX-64XX, except 6144, in fund codes 199, 420, 266, 281, 282, and 283

Charter FIRST

Effective beginning with 2026-2027 rating year

- **Indicator 16** will be scored based on ADA size using biennial ADA projections instead of annual estimates.

Was the charter school's actual average daily attendance (ADA) within the allotted range of the charter school's biennial ADA projection submitted to TEA by the charter school? If the charter school did not submit ADA projections to TEA, it must certify TEA's projections to pass this indicator.

ADA Size	5 Points	0 Points
≥ 5,000	≤ 0.05	> 0.05
1,000 to < 5,000	≤ 0.07	> 0.07
500 to < 1,000	≤ 0.10	> 0.10
< 500	≤ 0.20	> 0.20

School FIRST

- **Indicator 5** is revised to include premiums on CABs with accreted interest.

*Was the total net position in the governmental activities column in the Statement of Net Position (net of accretion of interest **and premiums** for capital appreciation bonds, net pension liability, and other post-employment benefits) greater than zero?*

(If it is not, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement, unless the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership. If the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)

School FIRST

- Recapture (Excess Local Revenue) will be excluded from calculations for several indicators based on fiscal year-end.

Indicator		FYE June 30	FYE August 31
6	Average change in fund balance	✓	✓
7 (Cash)	Cash on hand	✓	
7 (Expenditures)	Cash on hand	✓	✓
8	Current Assets to Current Liabilities	✓	
9	Revenues to Expenditures	✓	✓
11	Long-term Liabilities to Total Assets	✓	
13	Administrative Cost Ratio	✓	✓

Effective for fiscal year 2025, rating year 2025-2026.

School FIRST

- **Indicator 13** – *Was the school district's administrative cost ratio equal to or less than the threshold ratio?*
  - Revised administrative cost ratio and thresholds effective for 2025-2026 rating year.
  - Ratio will be based on total expenditures instead of instructional costs.

A / (B - C) , where,

A = Sum of amounts for function codes 21 and 41
B = Total Expenditures
C = Excess Local Revenue Expenditure (Function Code 91)
*Includes object codes 61XX-64XX, except 6144, in fund codes 199, 266, 281, 282, and 283

Effective beginning with 2026-2027 rating year

- Thresholds for **Indicator 15** will be adjusted per ADA size.

Was the school district's actual average daily attendance (ADA) within the allotted range of the district's biennial ADA projection submitted to TEA by the school district? If the school district did not submit ADA projections to TEA, it must certify TEA's projections to pass this indicator.

ADA Size	5 Points	0 Points
≥ 10,000	≤ 0.05	> 0.05
5,000 to < 10,000	≤ 0.07	> 0.07
1,000 to < 5,000	≤ 0.09	> 0.09
500 to < 1,000	≤ 0.11	> 0.11
< 500	≤ 0.15	> 0.15
Sparse	≤ 0.20	> 0.20

Teacher Retention Allotment

House Bill 2 - TRA

[TAA June 12 TRA & SSRA]

- Teacher Retention Allotment
- For school systems with 5,000 or fewer enrolled students:
  - $4,000 for each classroom teacher with at least 3 years and less than 5 years of experience.
  - $8,000 for each classroom teacher with five or more years of experience.
- For school systems with more than 5,000 enrolled students:
  - $2,500 for each classroom teacher with at least 3 years and less than 5 years of experience.
  - $5,000 for each classroom teacher with five or more years of experience.

New PEIMS Data Elements for TRA (2025–2026)

Texas Education Agency

FAQ for TRA and SSRA

- **1. E3129 – YearsTRATeachingExperience**
- **Purpose**: Captures the number of years a teacher has served specifically as a *classroom teacher* for TRA eligibility purposes.
- **Function**:
  - Used to determine whether a teacher has completed the required **3 or 5 years** of classroom teaching experience.
  - This is distinct from general years of service and focuses only on qualifying classroom teaching roles.
- **Reporting**: Must be submitted in the **PEIMS Fall Submission** for each teacher coded as a classroom teacher (StaffClassification = 087).
- **2. E3130 – LEADeterminedTRAEligibility**
- **Purpose**: A **Boolean indicator** (true/false) that flags whether a teacher is eligible for TRA in the current year.
- **Function**:
  - Temporarily used to validate eligibility due to inconsistencies in reporting **MonthlyMinutes (E1057)**, such as inclusion of planning periods.
  - Will be replaced in the future by TEA-calculated eligibility once data reporting issues are resolved.
- **Reporting**: Must be set to **true** for teachers who meet the TRA eligibility criteria based on local education agency (LEA) determination.

Texas Education Code (TEC), Sec. 48.158, Summary

- **Use of Funds for the 2025-2026 School Year:**
  - During the 2025–2026 school year, districts must use the allotment in one of two ways:
    - Provide a salary increase for each qualifying teacher at least equal to the district's per-teacher allotment amount when compared to the teacher's 2024–2025 salary, or
    - If seeking designation as an enhanced teacher incentive allotment system, allocate the funds through performance-based salary increases.

    The statute also clarifies that salary increases provided in 2025–2026 under this authority do not violate constitutional restrictions on mid-year compensation changes.
- **Use of Funds Beginning in 2026-2027:**
  - For the 2026–2027 school year and beyond, districts must:
    - Maintain the salary increases established under the prior year's requirements, and
    - Use any additional funding generated under this statute exclusively for compensating classroom teachers with at least three years of experience.

    Districts formally designated as enhanced teacher incentive allotment systems may instead distribute compensation pursuant to their approved local compensation plan.

How will TEA audit?

TEA Texas Education Agency

TRA Reviews will be incorporated into existing audit processes, including student attendance and fiscal management reviews.

- TEA may request:
  - Payroll detail reports or pay stubs for selected teachers and potentially other staff (e.g., aides, coaches).
  - Compensation Plans
  - HR documentation supporting years of service.
  - Classroom Schedules

**TEA will review year-over-year variance reports to analyze changes in the number of eligible teachers for schools.

- The audit focus will be to determine:
  - Teacher eligibility for TRA
  - Correct allotment amounts
  - Whether funds were distributed appropriately
  - Whether TRA is reflected in district salary schedules

Checklist for Schools

- Publish Compensation Plan on website showing TRA increase
- Verify Teacher Eligibility
  - Classroom Teacher (087)
  - Years of TRA Teaching Experience
  - TRA Eligibility Indicator
  - 4+ hours instruction
- Confirm TRA Payment Accuracy
  - Correct payment amounts
  - <u>Only</u> eligible teachers are included
  - Payroll evidence is comprehensible
- Review Financial Coding & Ledger
  - Correct fund coding
  - SOF reconciliation

Checklist for Schools (cont.)

- PEIMS Reporting
  - Confirm:
    - Only 087 records are included
    - E3129 (YearsTRATeachingExperience) is completed correctly
    - E3130 (LEADeterminedTRAEligibility) is marked True/False
  - Correction documentation is maintained
- Guidance & Communication
  - Update Local Procedures
  - Implement staff communication
- Record Retention
  - Maintain 5-7 years
  - Keep organized documentation

Common Issues

Misclassification (non-087 coded as classroom or vice versa)

Overstated E3129

E3130 used without adequate local documentation

Incorrect district size

Salary schedules not updated

Supplanting if TRA portion paid with federal funds

FAQs

89thlege-hb2-faq-teacher-compensation.pdf

TEA Texas Education Agency

- **How are mid-year hires, position transfers, a less experienced teacher leaving and a more experienced one being put in their place or vice versa handled?**
  - Only Fall PEIMS information will be used for TRA. Anything that happens during the year will not be reflected in allotment until the following year.

- **Why would TEA request a pay stub?**
  - If salary schedules do not include a separate column for TRA, is there a detail line on the pay stub showing the allotment?

- **My district has erroneously coded or paid (stipend was part of base salary) teachers in the past. Will this flag an audit with TEA if it is corrected now?**
  - Maybe, but the district just needs to retain documentation to show the error and how it was corrected.

- **Can staff paid from federal grants be split funded for TRA?**
  - No. Schools must pay the TRA portion with state and local funds to avoid creating a non-compliant supplanting situation. Any questions on funding federal staff at your school system should be directed to Cory Green (cory.green@tea.texas.gov) and Nick Davis (nick.davis@tea.texas.gov).

Data Corrections

To correct the data, please see below for the process steps:

Log in to TSDS PEIMS, select the correct School Year, Submission, and Instance (Accepted and Working).

1. **Generate reports from the Accepted Submission** showing inaccurate or incomplete data.
2. Promote, validate, and verify updated data in the Working Submission.
3. **Generate matching reports from the Working Submission** showing accurate data. Only send reports displaying corrected data. Please send the same reports as generated for the Accepted Submission.
4. **The Superintendent shall submit an email with a signed letter and the reports** attached to Terri Hanson, Associate Commissioner, Customer Relationship Management and Data Standards Department, Office of Information Technology: terri.hanson@tea.texas.gov. The email should include the following:
   1. Description of the error
   2. Explanation of why it occurred
   3. School system's plan to prevent recurrence
   4. PEIMS PDM Reports with corrected data

Note: For assistance with any step or the overall process, contact your ESC PEIMS Champion.

Going Forward: FY 2026-27 and Beyond

For FY 2026–2027 and future years, school systems should:

- **Maintain the TRA salary increases established for eligible teachers.**
  - The increase should continue to be reflected in the district's compensation plan or salary schedule.
- **Continue paying teachers who remain eligible.**
  - Teachers who qualified in the prior year should continue to generate and receive the applicable TRA amount, assuming they remain in an eligible classroom teacher role.
- **Add newly eligible teachers based on their current years of classroom teaching experience.**
  - New eligible teachers receive the applicable allotment amount based on whether they meet the 3-to-less-than-5-year tier or the 5-or-more-year tier.
- **Do not stack the allotment year over year.**
  - TRA is **not additive**. For example, a teacher who receives the $5,000 amount does not receive another $5,000 each year. The district maintains the salary increase rather than adding the same amount again annually.
- **Use the 2024–2025 salary as the baseline for the required increase.**
  - The key comparison is the increase from the teacher's 2024–2025 salary, not a new increase layered on top of the 2025–2026 salary each year.

Texas Education Agency

Six-Weeks Attendance Reporting

Six-Weeks Attendance Reporting Timeline (SY 2026-2027)

Additional correspondence in the 9/18/2025 TAA Letter

School Year 2026–2027			
Due Date	**Reporting Period(s)**	**PEIMS Notes**	**SOF Reports Notes**
10/09/2026 (2nd Friday in October)	**1st Six Weeks Attendance**	2 weeks after the latest EndDate in the First Six Weeks (1) ReportingPeriod (C130) as reported in the ReportingPeriodExt Entity	Incorporate ~**11/10/2026** **LPE and DPE**
12/04/2026 (1st Friday in December)	**2nd Six Weeks Attendance**	2 weeks after the latest EndDate in the Second Six Weeks (2) ReportingPeriod (C130) as reported in the ReportingPeriodExt Entity	Incorporate ~**1/10/2027** **LPE and DPE**
01/29/2027 (Last Friday in January)	**3rd Six Weeks Attendance**	2 weeks after the latest EndDate in the Third Six Weeks (3) ReportingPeriod (C130) as reported in the ReportingPeriodExt Entity	Incorporate ~**3/10/2027** **LPE and DPE**
03/19/2027 (3rd Friday in March)	**4th Six Weeks Attendance**	2 weeks after the latest EndDate in the Fourth Six Weeks (4) ReportingPeriod (C130) as reported in the ReportingPeriodExt Entity	Incorporate ~**4/10/2027** **LPE and DPE**
05/14/2027 (2nd Friday in May)	**5th Six Weeks Attendance**	2 weeks after the latest EndDate in the Fifth Six Weeks (5) ReportingPeriod (C130) as reported in the ReportingPeriodExt Entity	Incorporate ~**6/10/2027** **LPE and DPE**
06/17/2027 **07/15/2027**	**1st – 6th Six Weeks Attendance**	**Summer Submission:** 06/17/2027 **Summer Resubmission:** 07/15/2027	Incorporate **9/1/2027** as part of near-final settle up

* This information is subject to change and will be communicated to LEAs prior to adjustments being made.

Six-Weeks Attendance Reporting Funding Implications

- **Periodic SOF report incorporation of six-week attendance data will impact LEA cashflow!**
- This change in attendance reporting aims to reduce the variance in FSP entitlements and LEA cashflow between the beginning of the fiscal year estimates (LPE) and the end of the year near-final settle up (DPE).
- Recapture Districts:
  - Those choosing to remit seven equal monthly payments based on their published Option 3 Payment Schedule Report.
  - Those choosing to remit one lump-sum recapture payment by August 15 may submit the lesser of their Option 3 Payment Schedule Report amount or the Recapture Payment Ledger balance in August 2026.

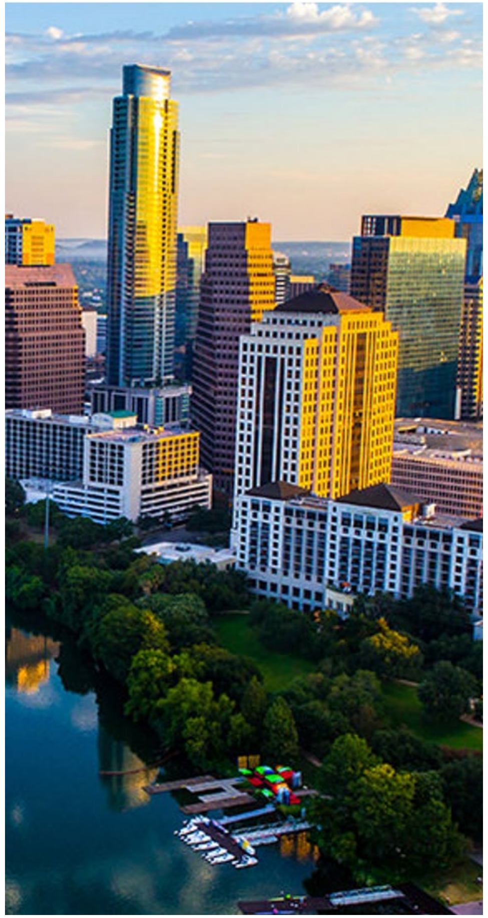
Six-Weeks Attendance Reporting Guidance

- Implement a process that ensures administrative staff and data experts **collaboratively review** attendance data for accuracy and completeness before submitting to TEA.
    - Get your PEIMS Coordinators, Superintendents, Program Directors, and CFOs/business managers involved.
    - Review current-year attendance data against enrollment figures and compare it to prior-year attendance to identify local trends and assess the reasonableness of the data.
    - Errors, validations, and reports **should** be reviewed regularly.

Six-Weeks Attendance Reporting Guidance

- Once attendance data is submitted through the PEIMS Six Weeks Attendance Submission to TEA, <u>the data will not change</u>.
  - Need to wait until applicable revisions are made during the PEIMS Summer Submission.
  - Will not be incorporated until near-final settle up in the September.
- **Regularly run local state aid templates to determine and prepare for impacts to cashflow.**
  - Review FSP payment schedules.
  - Make necessary budget adjustments during the school year.

Thank you



- Ashley Wilke, Financial Analyst IV
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- Ashley.Wilke@tea.texas.gov
- Financial Compliance Division