

Office of School Finance

Existing Debt Allotment



Legal References

Texas Education Code, Chapter 46, Subchapter B, Assistance with Payment of Existing Debt

Texas Administrative Code, Title 19, Chapter 61, Subchapter CC, Commissioner's Rules Concerning School Facilities §61.1035, Assistance with Payment of Existing Debt



Background Information

In 1999, the 76th Legislature added Subchapter B to TEC Chapter 46 to create the Existing Debt Allotment (EDA). The EDA operates without applications and has no award cycles, and provides tax rate equalization for local debt service taxes. By providing a guaranteed yield on interest and sinking fund (I&S) taxes levied by school districts to pay the principal of and interest on eligible bonds, the EDA guarantees a specific amount of state and local funds per student for each cent of tax effort up to \$0.29 per \$100 of assessed valuation. House Bill 21 (85th Legislature, First Called Session) amended the TEC, §46.032 by increasing the EDA guaranteed yield from \$35 to the lesser of \$40 per student in average daily attendance (ADA) per penny of I&S taxes levied by school districts to pay the principal of and interest on eligible bonds, or an amount that would result in a \$60 million increase in state aid from the previous yield of \$35. The yield for the 2019 -2020 school year is estimated to be approximately \$38.58.

House Bill 3, 86th Legislature, revised the definition of taxable value of property from preceding to current year values. This change may impact the level of state aid a district receives under the EDA program, based on the funding methodology described above.

Only general obligation bonds are eligible for the EDA. Lease-purchase agreements authorized by Local Government Code, §271.004, are not eligible. Debt service for which the district currently receives assistance through the Instructional Facilities Allotment in accordance with TEC Subchapter A, Chapter 46 is not eligible to receive state assistance. The eligibility of bonds for the EDA is determined by the first payment of debt service in accordance with TEC, §46.033. Refunding bonds as defined by TEC, §46.007 are also eligible for EDA assistance.

The eligibility date for the EDA was amended by the passage of House Bill 3646, 81st Legislature. Section 76 of the bill changed the TEC, §46.033, to provide a permanent roll - forward provision to establish bond eligibility for the EDA. The amendments to the section deleted the eligibility dates in the statute and replaced those dates with references to the last year of the preceding biennium. As a result, bonds that were issued during a biennium, with the first payment made during that biennium, will become automatically eligible for the EDA in the following biennium without the need for legislative action.

School Year	District Count	EDA Eligible Districts	Total EDA State and Local Shares	State Share EDA	Local Share EDA
2001	1034	597	\$1,301,777,870	\$478,807,090	\$822,970,780
2002	1033	641	\$1,622,249,280	\$538,370,170	\$1,083,879,110
2003	1033	698	\$1,549,234,527	\$453,859,239	\$1,095,375,288
2004	1031	711	\$1,867,977,231	\$485,777,319	\$1,382,199,912
2005	1031	709	\$1,842,273,372	\$429,638,817	\$1,412,634,555
2006	1029	732	\$2,167,595,091	\$498,485,135	\$1,669,109,956
2007	1026	725	\$2,187,833,319	\$439,619,538	\$1,748,213,781
2008	1026	775	\$2,557,062,626	\$451,902,366	\$2,105,160,260
2009	1025	773	\$2,579,743,685	\$352,309,511	\$2,227,434,174
2010	1029	796	\$2,823,987,542	\$308,387,712	\$2,515,599,830
2011	1024	794	\$2,830,367,437	\$303,206,227	\$2,527,161,210
2012	1024	813	\$2,968,239,887	\$352,700,245	\$2,615,539,642
2013	1021	808	\$2,975,790,281	\$341,066,064	\$2,634,724,217
2014	1020	827	\$3,211,493,955	\$359,561,308	\$2,851,932,647
2015	1020	815	\$3,220,113,716	\$320,083,970	\$2,900,029,746
2016	1018	849	\$3,418,499,743	\$332,579,458	\$3,085,920,285
2017	1018	839	\$3,359,722,328	\$245,435,262	\$3,114,287,066
2018	1018	852	\$3,476,211,639	\$213,913,315	\$3,262,298,324
2019	1017	835	\$3,611,990,621	\$201,996,285	\$3,409,994,336
2020	1019	853	\$3,654,330,145	\$215,488,717	\$3,438,841,428

 **Contact for More Information**

Jim Moore, (512) 463-9266 or Jim.Moore@tea.texas.gov