

**Chapter 109. Budgeting, Accounting, and Auditing****Subchapter BB. Commissioner's Rules Concerning Financial Exigency****§109.2001. Financial Exigency.**

- (a) Financial exigency means the financial position of a school district as a whole is such that the financial resources of the school district are insufficient to support the district's instructional programs or the school district is unable to finance the full compensation of staff for the current or succeeding fiscal year.
- (b) Financial exigency may be declared by a school district board of trustees under one or more of the following conditions:
  - (1) a decrease of more than 20% in unassigned General Fund balance per student in weighted average daily attendance over the past two years or a projected reduction of 20% compared to the current year;
  - (2) a decline in enrollment by more than 10% over the past 5 years;
  - (3) a reduction of more than 10% in total General Fund total funding per student in weighted average daily attendance over one year or a projected reduction of 10% compared to the current year;
  - (4) a natural disaster or casualty loss defined as damage, destruction, or loss of property resulting from an identifiable event that is sudden, unexpected, or unusual and that requires expenditures for repair or remediation in excess of 15% of the current year General Fund budget;
  - (5) any of the following, or combination of the following, that exceeds 15% of the current year General Fund budget: an unanticipated major expense, including significant repair costs; litigation expenses, excluding lawsuits against the state; or tax refunds; or
  - (6) any other circumstances approved in writing by the commissioner of education.
- (c) The declaration of financial exigency expires at the end of the fiscal year during which the declaration is made unless the school district board of trustees adopts a resolution before the end of the fiscal year declaring continuation of the financial exigency for the following fiscal year.
- (d) Each time the school district board of trustees adopts a resolution or an extension declaring financial exigency, the board must notify the commissioner within 20 calendar days of the adoption. The notice must include the date the resolution was adopted and the reason(s) for the declaration of financial exigency as specified in subsection (b) of this section. The notice must be signed by the board president and superintendent and submitted to the Texas Education Agency.

*Statutory Authority: The provisions of this §109.2001*