To qualify for state assistance under the IFA program, a district must issue debt for qualified instructional facilities. Specifically, a district must

- issue eligible debt. Only the following types of debt qualify:
  - o   the Texas Education Code (TEC), Chapter 45, Subchapter A
  - o   the TEC, §46.007
  - o lease-purchase agreements as authorized by the Local Government Code, §271.004
- make payments on eligible debt for at least eight years:
  - o A bond must have a weighted average maturity of at least eight years
  - o A lease-purchase contract must have a term of at least eight years
- submit the application for IFA assistance *after* voters have given authority through either
  - o a successful bond election, for bond debt
  - o the expiration of the 60-day notice period, for a lease-purchase contract. If voters have called for a referendum, the referendum must take place before the application is submitted
- submit the application for assistance *before*
  - o the district prices/sells the bonds, for bond debt
  - o the board trustees pass an order authorizing the lease-purchase contract, for a lease-purchase contract
- levy and collect sufficient taxes to cover the local share of the IFA program allotment:
  - o A district must set an I&S tax rate that generates sufficient tax revenue to cover the local share for bond debt
  - o A district must levy sufficient M&O taxes to cover the local share for a lease-purchase contract

The IFA program covers

The limitation on assistance is determined by comparing   size factor with its debt service payments:

1. Size factor = ADA x $250 (or $100,000, whichever is greater)
2. Highest annual debt service = the highest debt service payment due within the biennium in which the application is being made
3. Limitation on assistance = lesser of size factor or highest annual debt service payment of biennium

Once the limitation on assistance is determined, the amount of assistance is calculated by determining the amount needed to guarantee a yield of $35 per unweighted ADA per penny of tax effort.

Example: District ABC has property values of $100,000,000; ADA of 1,000; and annual debt service payments of $100,000.

- Taxable property value = $100,000,000 property value ÷ $100 assessed valuation = $1,000,000
- Tax yield per penny = $1,000,000 taxable property value x 0.01 = $10,000
- Tax yield per penny per student = $10,000 ÷ 1,000 ADA = $10.00 local revenue
- State aid per penny = $35.00 guaranteed yield $10.00 local revenue = $25.00 state aid
- Percentage debt service assistance paid as state aid = ($25 ÷ $35) x 1 = 71.43%
- Amount of IFA state assistance = $100,000 annual debt service x 71.43% state share = $71,429
- Amount of IFA local share = $100,000 annual debt service $71,429 state share = $28,571

Your district must levy and collect sufficient taxes to meet the local share requirement for the IFA program. If your district has an eligible lease-purchase agreement, tax collections for the local share of the IFA program will be excluded from tax collections used to determine state aid for Tier II (Chapter 42). If your district has eligible bonded debt, the local share of the IFA will be deducted from I&S tax collections for Existing Debt Allotment (EDA) calculation purposes. Once your district has accepted funding under the IFA program, it may not collect state aid under Tier II or the EDA program for the local share of eligible debt at any time in the future.

Example: District ABC (described above) receives $1,100,000 in tax collections.

Annual debt service = $100,000; the state share of the IFA amount = $71,429; and the local share of the IFA amount = $28,571.

$1,100,000 (tax collections)
less $28,571 (local share IFA)
= $1,071,429 (tax collections considered for Tier II or EDA)