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# TEA releases preliminary 2015-2016 financial accountability ratings

AUSTIN – The Texas Education Agency (TEA) has released preliminary financial accountability ratings for approximately 1,200 school districts and charters across the state, with almost 98 percent of all Texas school districts and charters earning the highest preliminary rating possible for 2015-2016.

Created by the 77th Texas Legislature in 2001, the School Financial Integrity Rating System of Texas (FIRST) is designed to encourage public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes.

The 2015-2016 ratings are based on annual financial reports provided to TEA by districts and charters from the 2015 fiscal year. The financial accountability system requires TEA to review the audited financial reports from all districts and charters.

The FIRST ratings are based on 15 financial indicators, such as administrative cost expenditures; the accuracy of a district or charter’s financial information submitted to TEA; and any financial vulnerabilities or material weaknesses in internal controls as determined by an external auditor.

Based on the submitted information, a school district or charter is assigned one of four possible letter grades (A, B, C or F), as well as a coinciding financial management ratings – Superior, Above Standard Achievement, Meets Standard or Substandard Achievement. In 2015-2016, no district or charter received a Meets Standard (C) rating.

For 2015-2016, the preliminary FIRST ratings are as follows:

| Preliminary Rating             | Districts | %       | Charters | %       | Total | %       |
|--------------------------------|-----------|---------|----------|---------|-------|---------|
| Superior (A)                   | 1,002     | 97.95%  | 160      | 91.95%  | 1,162 | 97.08%  |
| Above Standard Achievement (B) | 17        | 1.66%   | 10       | 5.75%   | 27    | 2.25%   |
| Substandard Achievement (F)    | 4         | 0.39%   | 4        | 2.30%   | 8     | .67%    |
| Total                          | 1,023     | 100.00% | 174      | 100.00% | 1,197 | 100.00% |

There are five critical indicators that result in an automatic Substandard Achievement (F) rating should a school district or charter fail in that specific category – regardless of overall score.

All school districts and charters are required to report information and financial accountability ratings to parents and taxpayers. In addition, districts and charters must hold a public discussion or hearing regarding its financial report.

TEA has formally notified school districts and charters of their preliminary FIRST rating. Any district or charter wishing to appeal its rating must submit a written appeal, with supporting evidence, to TEA by Sept. 8, 2016. Following a review of all the submitted appeals, final 2015-2016 school FIRST ratings are expected to be released in October.

To review the preliminary 2015-2016 FIRST ratings for all districts and charters (plus view final FIRST ratings from previous years), visit the TEA website at <http://tea.texas.gov/index4.aspx?id=3864>.

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