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TEA releases preliminary 2018-2019 financial accountability ratings

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AUSTIN – The Texas Education Agency (TEA) has released preliminary financial accountability ratings for more than 1,100 school districts and charters across the state, with 87 percent earning the highest preliminary rating possible for 2018-2019.

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 FIRST ratings are calculated using 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.

Ratings for 2018-2019 are based on annual financial reports provided to TEA by districts and charters for the 2018 fiscal year. The financial accountability system requires TEA to review the audited financial reports from all districts and charters.

A school district or open-enrollment charter is assigned one of four possible letter grades (A, B, C or F), as well as a coinciding financial management rating (*Superior, Above Standard Achievement, Meets Standard* or *Substandard Achievement*).

For 2018-2019, the preliminary FIRST ratings are as follows:

Preliminary Rating	Districts	Charters	Total	Pct
A – Superior	902	126	1028	87%
B – Above Standard Achievement	72	22	94	8%
C – Meets Standard	35	11	46	4%
F – Substandard Achievement	11	5	16	1%
Total	1020	164	1,184	100%

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

In addition, preliminary FIRST ratings for charter schools operated by a public institution of higher education (IHE) are being assigned for the first time. Based on 7 indicators, IHEs are assigned either a *Pass* or *Fail* rating. For 2018-2019, every public institution of higher education operating a charter school (8) received a preliminary FIRST rating of *Pass*.

For IHEs, there two critical indicators that result in an automatic *Fail* rating should an IHE fail in that specific category – regardless of the 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 September 9, 2019. Following a review of all the submitted appeals, final 2018-2019 school FIRST ratings are expected to be released in October.

If no appeal is submitted to TEA by the district or charter school, the preliminary rating becomes final on the 31st day (September 10, 2019) after preliminary ratings are released.

To review the preliminary 2018-2019 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> (<http://tea.texas.gov/index4.aspx?id=3864>).