Figure: 19 TAC §109.1101(d)(1)

Financial Solvency Review Methodology

Critical Indicators for School Districts	Determination of Category Flags	Final Determination of School Districts to Review for Potential Financial Insolvency
Student-to-Staff Ratio Outside the Norm or Declining		• Any district with 3 or more flags • Any district with 2 or more flags and a fund balance less than 12.5% (1½ months) of the district's general fund expenditures • Any district with the fund balance flag and one other flag • Any district with a fund balance less than 1% of general fund expenditures
-If WADA-to-all-staff ratio less than 85% of mean ratio for group	Any yes causes a "Yes" flag for this category	
-If WADA-to-all-staff ratio declined by more than 7% from prior year		
-If enrollment-to-teacher ratio less than 85% of mean ratio for group		
-If enrollment-to-teacher ratio declined by more than 7% from prior year		
General Fund Expenditures Exceeding Revenues		
-If expenditures exceed revenues by more than 6%	Any yes causes a "Yes" flag for this category	
-If expenditures exceed revenues by more than 4% and exceeded revenues by more than 3% in the prior year		
-If expenditures exceed revenues by any amount *and* the district has a prior year end-of-year fund balance that has declined from the year before and that is less than 4% of the district's general fund expenditures		
Actual Expenditures Consistently Exceeding Budgeted Expenditures (Inability to Stay Within Budget)		
-If actual expenditures exceeded budgeted expenditures by more than 10% in the prior year	Any yes causes a "Yes" flag for this category	
-If actual expenditures exceeded budgeted expenditures by more than 6% in the prior year and actual expenditures exceeded budgeted expenditures by more than 4% two years prior		
Declining or Low General Fund Unreserved* Fund Balance		
-If the prior year end-of-year fund balance has declined from the year before and the fund balance is less than 6.25% of the district's general fund expenditures	Any yes causes a "Yes" flag for this category	
-If the prior year end-of-year fund balance has declined from the year before by more than 25% and the fund balance is less than 12.5% (1½ months) of the district's general fund expenditures		
-If the prior year end-of-year fund balance is less than 1% of the district's general fund expenditures		

**The term "unreserved" will be replaced by the term "assigned and unassigned," effective beginning with fiscal year 2010–2011 data.*

Figure: 19 TAC §109.1101(d)(1)

Financial Solvency Review Methodology

Critical Indicators for Open-Enrollment Charter Schools	**Determination of Category Flags**	**Final Determination of Charter Schools to Review for Potential Financial Insolvency**
Student-to-Staff Ratio Outside the Norm or Declining		• Any charter school with the net working capital balance flag and at least one other flag • Any charter school with a net working capital balance less than 1% of expenditures
-If WADA-to-all-staff ratio less than 70% of mean ratio for group	Any yes causes a "Yes" flag for this category	
-If WADA-to-all-staff ratio is less than mean ratio for group and WADA-to-all-staff ratio declined by more than 10% from prior year		
General Fund Expenditures Exceeding Revenues		
-If expenditures** exceed revenues by more than 8%	Any yes causes a "Yes" flag for this category	
-If expenditures exceed revenues by more than 6% and exceeded revenues by more than 4% in the prior year		
-If expenditures exceed revenues by more than 5% *and* the charter school has a prior year end-of-year net working capital balance* that has declined from the year before by more than 20% and that is less than 4% of general fund expenditures for the charter school		
Declining or Low Net Working Capital Balance*		
-If the prior year end-of-year net working capital balance has declined from the year before by more than 50% and the net working capital balance is less than 6% of the general fund expenditures for the charter school	Any yes causes a "Yes" flag for this category	
-If the prior year end-of-year net working capital balance is less than 1% of the general fund expenditures for the charter school		

** The net working capital balance (equivalent to a school district's general fund unreserved*** fund balance) is defined as current assets minus current liabilities.*

*** For charter schools, general fund expenditures do not include depreciation expenses.*

**** The term "unreserved" will be replaced by the term "assigned and unassigned," effective beginning with fiscal year 2010–2011 data.*

Figure: 19 TAC §109.1101(d)(1)

Financial Solvency Review Methodology

School District Mean Student-to-Staff Ratios

Group (Number of WADA or Enrolled Students)	Mean WADA-to-All-Staff Ratio	85% of Mean WADA-to-All-Staff Ratio	Mean Enrollment-to-Teacher Ratio	85% of Mean Enrollment-to-Teacher Ratio
Under 100	11.71	9.95	8.39	7.13
100 to 249	11.55	9.82	9.48	8.06
250 to 499	11.97	10.18	10.73	9.12
500 to 999	12.35	10.50	11.48	9.76
1,000 to 1,599	11.93	10.14	12.45	10.58
1,600 to 2,999	11.83	10.06	13.52	11.50
3,000 to 4,999	12.05	10.24	14.29	12.15
5,000 to 9,999	12.24	10.40	14.80	12.58
10,000 to 24,999	12.60	10.71	14.88	12.65
25,000 to 49,999	12.75	10.83	15.01	12.76
50,000 and Over	12.99	11.04	15.06	12.80

Charter School Mean Student-to-Staff Ratios

Group (Number of WADA)	Mean WADA-to-All-Staff Ratio	85% of Mean WADA-to-All-Staff Ratio
Under 100	12.87	10.94
100 to 249	12.93	10.99
250 to 499	14.25	12.11
500 to 999	15.16	12.89
1,000 to 1,599	14.92	12.68
1,600 to 2,999	15.56	13.22
3,000 to 4,999	16.32	13.87
5,000 to 9,999	16.96	14.42