

By: Bucy

H.B. No. 348

A BILL TO BE ENTITLED

AN ACT

relating to the use of average enrollment for purposes of the public school finance system.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 48.005, Education Code, is amended to read as follows:

Sec. 48.005. AVERAGE ENROLLMENT [~~DAILY ATTENDANCE~~]. (a) In this chapter, average enrollment [~~daily attendance~~] is:

(1) the average number of students enrolled in the school district during a school year [~~quotient of the sum of attendance for each day of the minimum number of days of instruction as described under Section 25.081(a) divided by the minimum number of days of instruction,~~

~~[(2) for a district that operates under a flexible year program under Section 29.0821, the quotient of the sum of attendance for each actual day of instruction as permitted by Section 29.0821(b)(1) divided by the number of actual days of instruction as permitted by Section 29.0821(b)(1),~~

~~[(3) for a district that operates under a flexible school day program under Section 29.0822, the average daily attendance as calculated by the commissioner in accordance with Sections 29.0822(d) and (d-1)]; or~~

(2) [~~(4)~~] for a district that operates a half-day program or a full-day program under Section 29.153(c), one-half of

1 the average enrollment [~~daily attendance~~] calculated under
2 Subdivision (1).

3 (b) A school district that experiences a decline of two
4 percent or more in average enrollment [~~daily attendance~~] shall be
5 funded on the basis of:

6 (1) the actual average enrollment [~~daily attendance~~]
7 of the preceding school year, if the decline is the result of the
8 closing or reduction in personnel of a military base; or

9 (2) subject to Subsection (e), an average enrollment
10 [~~daily attendance~~] not to exceed 98 percent of the actual average
11 enrollment [~~daily attendance~~] of the preceding school year, if the
12 decline is not the result of the closing or reduction in personnel
13 of a military base.

14 (c) The commissioner shall adjust the average enrollment
15 [~~daily attendance~~] of a school district that has a significant
16 percentage of students who are migratory children as defined by 20
17 U.S.C. Section 6399.

18 (d) The commissioner may adjust the average enrollment
19 [~~daily attendance~~] of a school district in which a disaster, flood,
20 extreme weather condition, fuel curtailment, or other calamity has
21 a significant effect on the district's enrollment [~~attendance~~]. In
22 addition to providing the adjustment for the amount of
23 instructional days during the semester in which the calamity first
24 occurred, an adjustment under this section may only be provided
25 based on a particular calamity for an additional amount of
26 instructional days equivalent to one school year. The commissioner
27 may divide the adjustment between two consecutive school years.

1 (e) For each school year, the commissioner shall adjust the
2 average enrollment [~~daily attendance~~] of school districts that are
3 entitled to funding on the basis of an adjusted average enrollment
4 [~~daily attendance~~] under Subsection (b)(2) so that:

5 (1) all districts are funded on the basis of the same
6 percentage of the preceding year's actual average enrollment [~~daily~~
7 ~~attendance~~]; and

8 (2) the total cost to the state does not exceed the
9 amount specifically appropriated for that year for purposes of
10 Subsection (b)(2).

11 (f) An open-enrollment charter school is not entitled to
12 funding based on an adjustment under Subsection (b)(2).

13 (g) If a student may receive course credit toward the
14 student's high school academic requirements and toward the
15 student's higher education academic requirements for a single
16 course, including a course provided under Section 28.009 by a
17 public institution of higher education, the time during which the
18 student attends the course shall be counted as part of the minimum
19 number of instructional hours required for a student to be
20 considered a full-time student in average enrollment [~~daily~~
21 ~~attendance~~] for purposes of this section.

22 [~~(g-1) The commissioner shall adopt rules to calculate~~
23 ~~average daily attendance for students participating in a blended~~
24 ~~learning program in which classroom instruction is supplemented~~
25 ~~with applied workforce learning opportunities, including~~
26 ~~participation of students in internships, externships, and~~
27 ~~apprenticeships.~~]

1 (h) Time [~~Subject to rules adopted by the commissioner under~~
2 ~~Section 48.007(b), time~~] that a student participates in an
3 off-campus instructional program provided by an entity other than a
4 school district or open-enrollment charter school and approved by
5 the commissioner in accordance with commissioner rule [~~under~~
6 ~~Section 48.007(a)~~] shall be counted as part of the minimum number of
7 instructional hours required for a student to be considered a
8 full-time student in average enrollment [~~daily attendance~~] for
9 purposes of this section.

10 (h-1) Subject to rules adopted by the commissioner under
11 Section 48.007(b), time that a student participates in a course or
12 program provided under Section 48.0071(b) shall be counted as part
13 of the minimum number of instructional hours required for a student
14 to be considered a full-time student in average daily attendance
15 for purposes of this section. This subsection expires September 1,
16 2023.

17 (i) A district or a charter school operating under Chapter
18 12 that operates a prekindergarten program is eligible to receive
19 one-half of average enrollment [~~daily attendance~~] under Subsection
20 (a) if the district's or charter school's prekindergarten program
21 provides at least 32,400 minutes of instructional time to students.

22 (j) A district or charter school is eligible to earn full
23 average enrollment [~~daily attendance~~] under Subsection (a) if the
24 district or school provides at least 43,200 minutes of
25 instructional time to students enrolled in:

26 (1) a dropout recovery school or program operating
27 under Section 12.1141(c) or Section 39.0548;

1 (2) an alternative education program operating under
2 Section 37.008;

3 (3) a school program located at a day treatment
4 facility, residential treatment facility, psychiatric hospital, or
5 medical hospital;

6 (4) a school program offered at a correctional
7 facility; or

8 (5) a school operating under Subchapter G, Chapter 12.

9 (k) A charter school operating under a charter granted under
10 Chapter 12 before January 1, 2015, is eligible to earn full average
11 enrollment [~~daily attendance~~] under Subsection (a), as that
12 subsection existed immediately before January 1, 2015, for:

13 (1) all campuses of the charter school operating
14 before January 1, 2015; and

15 (2) any campus or site expansion approved on or after
16 January 1, 2015, provided that the charter school received an
17 academic accountability performance rating of C or higher, and the
18 campus or site expansion is approved by the commissioner.

19 (1) A school district campus or charter school described by
20 Subsection (j) may operate more than one program and be eligible for
21 full average enrollment [~~daily attendance~~] for each program if the
22 programs operated by the district campus or charter school satisfy
23 all applicable state and federal requirements.

24 (m) The commissioner shall adopt rules necessary to
25 implement this section, including rules that:

26 (1) determine the method to calculate the average
27 number of students enrolled in a school district during a school

1 year;

2 (2) establish the minimum amount of instructional time
3 per day that allows a school district or charter school to be
4 eligible for full average enrollment [~~daily attendance~~], which may
5 differ based on the instructional program offered by the district
6 or charter school;

7 (3) [~~(2)~~] establish the requirements necessary for a
8 school district or charter school to be eligible for one-half of
9 average enrollment [~~daily attendance~~], which may differ based on
10 the instructional program offered by the district or charter
11 school;

12 (4) [~~(3)~~] proportionally reduce the average
13 enrollment [~~daily attendance~~] for a school district if any campus
14 or instructional program in the district provides fewer than the
15 required minimum minutes of instruction to students; and

16 (5) [~~(4)~~] allow a grade or course repeated under
17 Section [28.02124](#) to qualify for average enrollment [~~daily~~
18 ~~attendance~~] even if the student previously passed or earned credit
19 for the grade or course, if the grade or course would otherwise be
20 eligible.

21 (m-1) Except for students enrolled in programs or courses
22 offered under Chapter [30A](#) or Section [48.053](#), a school district or
23 open-enrollment charter school may not count for purposes of
24 calculating the district's or school's average daily attendance a
25 student who received virtual or remote instruction for a majority
26 of the instructional days during the preceding school year if the
27 student:

1 (1) did not achieve satisfactory performance or higher
2 or the equivalent in the preceding school year on:

3 (A) each assessment instrument administered to
4 the student under Section 39.023 or 39.025; or

5 (B) if the student was not administered an
6 assessment instrument that was required to be administered to the
7 student under Section 39.023 or 39.025 during the preceding school
8 year, an assessment instrument designed to show grade-level
9 proficiency in the essential knowledge and skills identified under
10 Section 28.002 by the State Board of Education for the student's
11 grade level;

12 (2) had a number of unexcused absences that exceeds 10
13 percent of the number of instructional days in the preceding school
14 year; or

15 (3) did not earn a grade of C or higher or the
16 equivalent in each of the foundation curriculum courses taken
17 virtually or remotely in the preceding school year.

18 (m-2) Subsection (m-1) and this subsection expire September
19 1, 2023.

20 (n) The rules adopted under Subsection (m)(1) must include a
21 requirement that the agency use a school district's total
22 enrollment on the first day of each semester for purposes of
23 estimating the district's average enrollment for that school year.

24 (o) To assist school districts in implementing this section
25 as amended by H.B. 2442, Acts of the 85th Legislature, Regular
26 Session, 2017, the commissioner may waive a requirement of this
27 section or adopt rules to implement this section.

1 SECTION 2. Section 7.062(a), Education Code, is amended to
2 read as follows:

3 (a) In this section, "wealth per student" means a school
4 district's taxable value of property as determined under Subchapter
5 M, Chapter 403, Government Code, or, if applicable, Section 48.258,
6 divided by the district's average enrollment [~~daily attendance~~] as
7 determined under Section 48.005.

8 SECTION 3. Section 11.052(f), Education Code, is amended to
9 read as follows:

10 (f) If single-member trustee districts are adopted or
11 approved as provided by this section, the board shall divide the
12 school district into the appropriate number of trustee districts,
13 based on the number of members of the board that are to be elected
14 from single-member trustee districts, and shall number each trustee
15 district. The trustee districts must be compact and contiguous and
16 must be as nearly as practicable of equal population. In a district
17 with 150,000 or more students in average enrollment [~~daily
18 attendance~~], the boundary of a trustee district may not cross a
19 county election precinct boundary except at a point at which the
20 boundary of the school district crosses the county election
21 precinct boundary. Trustee districts must be drawn not later than
22 the 90th day before the date of the first election of trustees from
23 those districts.

24 SECTION 4. Sections 12.106(a), (a-2), and (d), Education
25 Code, are amended to read as follows:

26 (a) A charter holder is entitled to receive for the
27 open-enrollment charter school funding under Chapter 48 equal to

1 the amount of funding per student in weighted average enrollment
2 [~~daily attendance~~], excluding the adjustment under Section 48.052,
3 the funding under Sections 48.101, 48.110, 48.111, and 48.112, and
4 enrichment funding under Section 48.202(a), to which the charter
5 holder would be entitled for the school under Chapter 48 if the
6 school were a school district without a tier one local share for
7 purposes of Section 48.266.

8 (a-2) In addition to the funding provided by Subsection (a),
9 a charter holder is entitled to receive for the open-enrollment
10 charter school an allotment per student in average enrollment
11 [~~daily attendance~~] in an amount equal to the difference between:

12 (1) the product of:

13 (A) the quotient of:

14 (i) the total amount of funding provided to
15 eligible school districts under Section 48.101(b) or (c); and

16 (ii) the total number of students in
17 average enrollment [~~daily attendance~~] in school districts that
18 receive an allotment under Section 48.101(b) or (c); and

19 (B) the sum of one and the quotient of:

20 (i) the total number of students in average
21 enrollment [~~daily attendance~~] in school districts that receive an
22 allotment under Section 48.101(b) or (c); and

23 (ii) the total number of students in
24 average enrollment [~~daily attendance~~] in school districts
25 statewide; and

26 (2) \$125.

27 (d) Subject to Subsection (e), in addition to other amounts

1 provided by this section, a charter holder is entitled to receive,
2 for the open-enrollment charter school, funding per student in
3 average enrollment [~~daily attendance~~] in an amount equal to the
4 guaranteed level of state and local funds per student per cent of
5 tax effort under Section 46.032(a) multiplied by the lesser of:

6 (1) the state average interest and sinking fund tax
7 rate imposed by school districts for the current year; or

8 (2) a rate that would result in a total amount to which
9 charter schools are entitled under this subsection for the current
10 year equal to \$60 million.

11 SECTION 5. Sections 12.263(a), (b), and (c), Education
12 Code, as effective September 1, 2023, are amended to read as
13 follows:

14 (a) Except as otherwise provided by this section, funding
15 for an adult education program operated under a charter granted
16 under this subchapter is an amount per participant through the
17 Foundation School Program equal to the amount of state funding per
18 student in weighted average enrollment [~~daily attendance~~] that
19 would be allocated under the Foundation School Program for the
20 student's enrollment [~~attendance~~] at an open-enrollment charter
21 school in accordance with Section 12.106.

22 (b) For purposes of determining the average enrollment
23 [~~daily attendance~~] of an adult education program operated under a
24 charter granted under this subchapter, a student is considered to
25 be in average enrollment [~~daily attendance, with a 100 percent~~
26 ~~attendance rate,~~] for:

27 (1) all of the instructional days of the school year,

1 if the student is enrolled for at least 75 percent of the school
2 year;

3 (2) half of the instructional days of the school year,
4 if the student is enrolled for at least 50 percent but less than 75
5 percent of the school year;

6 (3) a quarter of the instructional days of the school
7 year, if the student is enrolled for at least 25 percent but less
8 than 50 percent of the school year; or

9 (4) one-tenth of the instructional days of the school
10 year, if the student is enrolled for at least 10 percent but less
11 than 25 percent of the school year.

12 (c) A student enrolled in an adult education program
13 operated under a charter granted under this subchapter for less
14 than 10 percent of a school year may not be counted toward the adult
15 education program's average enrollment [~~daily attendance~~] for that
16 school year.

17 SECTION 6. Section 13.051(c), Education Code, is amended to
18 read as follows:

19 (c) Territory that does not have residents may be detached
20 from a school district and annexed to another school district if:

21 (1) the total taxable value of the property in the
22 territory according to the most recent certified appraisal roll for
23 each school district is not greater than:

24 (A) five percent of the district's taxable value
25 of all property in that district as determined under Subchapter M,
26 Chapter 403, Government Code; and

27 (B) \$5,000 property value per student in average

1 enrollment [~~daily attendance~~] as determined under Section 48.005;
2 and

3 (2) the school district from which the property will
4 be detached does not own any real property located in the territory.

5 SECTION 7. Section 13.102, Education Code, is amended to
6 read as follows:

7 Sec. 13.102. MINIMUM AREA AND ENROLLMENT [~~ATTENDANCE~~]
8 REQUIREMENTS. A new district may not be created with an area of
9 less than nine square miles or fewer than 8,000 students in average
10 enrollment [~~daily attendance~~], and a district may not be reduced to
11 an area of less than nine square miles or fewer than 8,000 students
12 in average enrollment [~~daily attendance~~].

13 SECTION 8. Section 13.283, Education Code, is amended to
14 read as follows:

15 Sec. 13.283. PAYMENTS REDUCED. The incentive aid payments
16 shall be reduced in direct proportion to any reduction in the
17 average enrollment [~~daily attendance~~] as determined under Section
18 48.005 of the reorganized school district for the preceding year.

19 SECTION 9. Section 19.009(d-2), Education Code, is amended
20 to read as follows:

21 (d-2) Beginning with the 2009-2010 school year, the
22 district shall increase the monthly salary of each classroom
23 teacher, full-time speech pathologist, full-time librarian,
24 full-time school counselor certified under Subchapter B, Chapter
25 21, and full-time school nurse employed by the district by the
26 greater of:

27 (1) \$80; or

1 (2) the maximum uniform amount that, when combined
2 with any resulting increases in the amount of contributions made by
3 the district for social security coverage for the specified
4 employees or by the district on behalf of the specified employees
5 under Section 825.405, Government Code, may be provided using an
6 amount equal to the product of \$60 multiplied by the number of
7 students in weighted average enrollment [~~daily attendance~~] in the
8 district during the 2009-2010 school year.

9 SECTION 10. Section 25.038, Education Code, is amended to
10 read as follows:

11 Sec. 25.038. TUITION FEE FOR TRANSFER STUDENTS. The
12 receiving school district may charge a tuition fee to the extent
13 that the district's actual expenditure per student in average
14 enrollment [~~daily attendance~~], as determined by its board of
15 trustees, exceeds the sum the district benefits from state aid
16 sources as provided by Section 25.037. However, unless a tuition
17 fee is prescribed and set out in a transfer agreement before its
18 execution by the parties, an increase in tuition charge may not be
19 made for the year of that transfer that exceeds the tuition charge,
20 if any, of the preceding school year.

21 SECTION 11. Section 25.045(c), Education Code, is amended
22 to read as follows:

23 (c) A student who transfers to another school district under
24 this section may not be charged tuition. The student is included in
25 the average enrollment [~~daily attendance~~] of the district in which
26 the student attends school.

27 SECTION 12. Sections 25.081(e) and (f), Education Code, are

1 amended to read as follows:

2 (e) A school district or education program is exempt from
3 the minimum minutes of operation requirement if the district's or
4 program's average enrollment [~~daily attendance~~] is calculated
5 under Section 48.005(j).

6 (f) The commissioner may proportionally reduce the amount
7 of funding a district receives under Chapter 46, 48, or 49 and the
8 average enrollment [~~daily attendance~~] calculation for the district
9 if the district operates on a calendar that provides fewer minutes
10 of operation than required under Subsection (a).

11 SECTION 13. Section 25.087(d), Education Code, is amended
12 to read as follows:

13 (d) A student whose absence is excused under Subsection (b),
14 (b-1), (b-2), (b-4), (b-5), (b-7), or (c) may not be penalized for
15 that absence and shall be counted as if the student attended school
16 for purposes of funding under Chapter 48 [~~calculating the average~~
17 ~~daily attendance of students in the school district~~]. A student
18 whose absence is excused under Subsection (b), (b-1), (b-2), (b-4),
19 (b-5), (b-7), or (c) shall be allowed a reasonable time to make up
20 school work missed on those days. If the student satisfactorily
21 completes the school work, the day of absence shall be counted as a
22 day of compulsory attendance.

23 SECTION 14. Section 25.111, Education Code, is amended to
24 read as follows:

25 Sec. 25.111. STUDENT/TEACHER RATIOS. Except as provided by
26 Section 25.112, each school district must employ a sufficient
27 number of teachers certified under Subchapter B, Chapter 21, to

1 maintain an average ratio of not less than one teacher for each 20
2 students in average enrollment [~~daily attendance~~].

3 SECTION 15. Sections 25.112(a) and (b), Education Code, are
4 amended to read as follows:

5 (a) Except as otherwise authorized by this section, a school
6 district may not enroll more than 22 students in a prekindergarten,
7 kindergarten, first, second, third, or fourth grade class. That
8 limitation does not apply during:

9 (1) any 12-week period of the school year selected by
10 the district, in the case of a district whose average enrollment
11 [~~daily attendance~~] is adjusted under Section 48.005(c); or

12 (2) the last 12 weeks of any school year in the case of
13 any other district.

14 (b) Not later than the 30th day after the first day of the
15 12-week period for which a district whose average enrollment [~~daily~~
16 ~~attendance~~] is adjusted under Section 48.005(c) is claiming an
17 exemption under Subsection (a), the district shall notify the
18 commissioner in writing that the district is claiming an exemption
19 for the period stated in the notice.

20 SECTION 16. Section 29.008(b), Education Code, is amended
21 to read as follows:

22 (b) Except as provided by Subsection (c), costs of an
23 approved contract for residential placement may be paid from a
24 combination of federal, state, and local funds. The local share of
25 the total contract cost for each student is that portion of the
26 local tax effort that exceeds the district's local fund assignment
27 under Section 48.256, divided by the average enrollment [~~daily~~

1 ~~attendance]~~ in the district. If the contract involves a private
2 facility, the state share of the total contract cost is that amount
3 remaining after subtracting the local share. If the contract
4 involves a public facility, the state share is that amount
5 remaining after subtracting the local share from the portion of the
6 contract that involves the costs of instructional and related
7 services. For purposes of this subsection, "local tax effort"
8 means the total amount of money generated by taxes imposed for debt
9 service and maintenance and operation less any amounts paid into a
10 tax increment fund under Chapter 311, Tax Code.

11 SECTION 17. Section 29.014(b), Education Code, is amended
12 to read as follows:

13 (b) A school district to which this section applies may
14 operate an extended year program for a period not to exceed 45 days.
15 ~~[The district's average daily attendance shall be computed for the~~
16 ~~regular school year plus the extended year.]~~

17 SECTION 18. Section 29.081(f), Education Code, is amended
18 to read as follows:

19 (f) The commissioner shall include students enrolled in
20 ~~[attendance in]~~ a program under Subsection (e) in the computation
21 of the district's average enrollment ~~[daily attendance]~~ for funding
22 purposes.

23 SECTION 19. Section 29.0822(d), Education Code, is amended
24 to read as follows:

25 (d) The commissioner may adopt rules for the administration
26 of this section, including rules establishing application
27 requirements. ~~[Subject to Subsection (d-1), the commissioner shall~~

1 ~~calculate average daily attendance for students served under this~~
2 ~~section. The commissioner shall allow accumulations of hours of~~
3 ~~instruction for students whose schedule would not otherwise allow~~
4 ~~full state funding. Funding under this subsection shall be~~
5 ~~determined based on the number of instructional days in the school~~
6 ~~district calendar and a seven-hour school day, but attendance may~~
7 ~~be cumulated over a school year, including any summer or vacation~~
8 ~~session. The attendance of students who accumulate less than the~~
9 ~~number of attendance hours required under this subsection shall be~~
10 ~~proportionately reduced for funding purposes. The commissioner~~
11 ~~may:~~

12 ~~[(1) set maximum funding amounts for an individual~~
13 ~~course under this section; and~~

14 ~~[(2) limit funding for the attendance of a student~~
15 ~~described by Subsection (a)(3) in a course under this section to~~
16 ~~funding only for the attendance necessary for the student to earn~~
17 ~~class credit that, as a result of attendance requirements under~~
18 ~~Section 25.092, the student would not otherwise be able to receive~~
19 ~~without retaking the class.]~~

20 SECTION 20. Section 29.184(b), Education Code, is amended
21 to read as follows:

22 (b) A student who attends career and technology classes at
23 another school under a contract authorized by Subsection (a) is
24 included in the average enrollment [~~daily attendance~~] of the
25 district in which the student is regularly enrolled.

26 SECTION 21. Sections 29.203(a) and (c), Education Code, are
27 amended to read as follows:

1 (a) A student who under this subchapter uses a public
2 education grant to attend a public school in a school district other
3 than the district in which the student resides is included in the
4 average enrollment [~~daily attendance~~] of the district in which the
5 student attends school.

6 (c) A school district is entitled to additional facilities
7 assistance under Section 48.301 if the district agrees to:

8 (1) accept a number of students using public education
9 grants that is at least one percent of the district's average
10 enrollment [~~daily attendance~~] for the preceding school year; and

11 (2) provide services to each student until the student
12 either voluntarily decides to attend a school in a different
13 district or graduates from high school.

14 SECTION 22. Section 29.403(b), Education Code, is amended
15 to read as follows:

16 (b) A student who is enrolled in a program under this
17 subchapter is included in determining the average enrollment [~~daily
18 attendance~~] under Section 48.005 of the partnering school district.

19 SECTION 23. Section 29.457(a), Education Code, is amended
20 to read as follows:

21 (a) In addition to other funding to which a school district
22 is entitled under this code, each district in which alleged
23 offender residents attend school is entitled to an annual allotment
24 of \$5,100 for each resident in average enrollment [~~daily
25 attendance~~] or a different amount for any year provided by
26 appropriation.

27 SECTION 24. Section 30.003(b), Education Code, is amended

1 to read as follows:

2 (b) If the student is admitted to the school for a full-time
3 program for the equivalent of two long semesters, the district's
4 share of the cost is an amount equal to the dollar amount of
5 maintenance and debt service taxes imposed by the district for that
6 year divided by the district's average enrollment [~~daily~~
7 ~~attendance~~] for the preceding year.

8 SECTION 25. Section 30.102(a), Education Code, is amended
9 to read as follows:

10 (a) The Texas Juvenile Justice Department is entitled to
11 receive the state available school fund apportionment based on the
12 average enrollment [~~daily attendance~~] in the department's
13 educational programs of students who are at least three years of age
14 and not older than 21 years of age.

15 SECTION 26. Section 30A.151(f), Education Code, is amended
16 to read as follows:

17 (f) For a full-time electronic course program offered
18 through the state virtual school network for a grade level at or
19 above grade level three but not above grade level eight, a school
20 district or open-enrollment charter school is entitled to receive
21 federal, state, and local funding for a student enrolled in the
22 program in an amount equal to the funding the district or school
23 would otherwise receive for a student enrolled in the district or
24 school. [~~The district or school may calculate the average daily~~
25 ~~attendance of a student enrolled in the program based on:~~

26 [~~(1) hours of contact with the student,~~

27 [~~(2) the student's successful completion of a course,~~

1 or

2 [~~3) a method approved by the commissioner.~~]

3 SECTION 27. Section 33.157, Education Code, is amended to
4 read as follows:

5 Sec. 33.157. PARTICIPATION IN PROGRAM. An elementary or
6 secondary school receiving funding under Section 33.156 shall
7 participate in a local Communities In Schools program if the number
8 of students enrolled in the school who are at risk of dropping out
9 of school is equal to at least 10 percent of the number of students
10 in average enrollment [~~daily attendance~~] at the school, as
11 determined by the agency.

12 SECTION 28. Section 37.0061, Education Code, is amended to
13 read as follows:

14 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
15 JUVENILE RESIDENTIAL FACILITIES. A school district that provides
16 education services to pre-adjudicated and post-adjudicated
17 students who are confined by court order in a juvenile residential
18 facility operated by a juvenile board is entitled to count such
19 students in the district's average enrollment [~~daily attendance~~]
20 for purposes of receipt of state funds under the Foundation School
21 Program. If the district has a local revenue level greater than the
22 guaranteed local revenue level but less than the level established
23 under Section 48.257, the district in which the student is enrolled
24 on the date a court orders the student to be confined to a juvenile
25 residential facility shall transfer to the district providing
26 education services an amount equal to the difference between the
27 average Foundation School Program costs per student of the district

1 providing education services and the sum of the state aid and the
2 money from the available school fund received by the district that
3 is attributable to the student for the portion of the school year
4 for which the district provides education services to the student.

5 SECTION 29. Section 37.008(f), Education Code, is amended
6 to read as follows:

7 (f) A student removed to a disciplinary alternative
8 education program is counted in computing the average enrollment
9 [~~daily attendance~~] of students in the district [~~for the student's~~
10 ~~time in actual attendance in the program~~].

11 SECTION 30. Section 37.011(a-4), Education Code, is amended
12 to read as follows:

13 (a-4) A school district located in a county considered to be
14 a county with a population of 125,000 or less under Subsection (a-3)
15 shall provide educational services to a student who is expelled
16 from school under this chapter. The district is entitled to count
17 the student in the district's average enrollment [~~daily attendance~~]
18 for purposes of receipt of state funds under the Foundation School
19 Program. An educational placement under this section may include:

20 (1) the district's disciplinary alternative education
21 program; or

22 (2) a contracted placement with:

23 (A) another school district;

24 (B) an open-enrollment charter school;

25 (C) an institution of higher education;

26 (D) an adult literacy council; or

27 (E) a community organization that can provide an

1 educational program that allows the student to complete the credits
2 required for high school graduation.

3 SECTION 31. Sections 39.027(c) and (f), Education Code, are
4 amended to read as follows:

5 (c) The commissioner shall develop and adopt a process for
6 reviewing the exemption process of a school district or shared
7 services arrangement that gives an exemption under Subsection
8 (a)(1) as follows:

9 (1) to more than five percent of the students in the
10 special education program, in the case of a district or shared
11 services arrangement with an average enrollment [~~daily attendance~~]
12 of at least 1,600;

13 (2) to more than 10 percent of the students in the
14 special education program, in the case of a district or shared
15 services arrangement with an average enrollment [~~daily attendance~~]
16 of at least 190 and not more than 1,599; or

17 (3) to the greater of more than 10 percent of the
18 students in the special education program or to at least five
19 students in the special education program, in the case of a district
20 or shared services arrangement with an average enrollment [~~daily
21 attendance~~] of not more than 189.

22 (f) In this section, "average enrollment [~~daily
23 attendance~~]" is computed in the manner provided by Section 48.005.

24 SECTION 32. Section 39.053(g-1), Education Code, is amended
25 to read as follows:

26 (g-1) In computing dropout and completion rates such as high
27 school graduation rates under Subsection (c)(1)(B)(ix), the

1 commissioner shall exclude:

2 (1) students who are ordered by a court to attend a
3 high school equivalency certificate program but who have not yet
4 earned a high school equivalency certificate;

5 (2) students who were previously reported to the state
6 as dropouts, including a student who is reported as a dropout,
7 reenrolls, and drops out again, regardless of the number of times of
8 reenrollment and dropping out;

9 (3) students in attendance who are not in membership
10 for purposes of average enrollment [~~daily attendance~~];

11 (4) students whose initial enrollment in a school in
12 the United States in grades 7 through 12 was as an unschooled asylee
13 or refugee as defined by Section 39.027(a-1);

14 (5) students who are detained at a county
15 pre-adjudication or post-adjudication juvenile detention facility
16 and:

17 (A) in the district exclusively as a function of
18 having been detained at the facility but are otherwise not students
19 of the district in which the facility is located; or

20 (B) provided services by an open-enrollment
21 charter school exclusively as the result of having been detained at
22 the facility;

23 (6) students who are incarcerated in state jails and
24 federal penitentiaries as adults and as persons certified to stand
25 trial as adults; and

26 (7) students who have suffered a condition, injury, or
27 illness that requires substantial medical care and leaves the

1 student:

2 (A) unable to attend school; and

3 (B) assigned to a medical or residential
4 treatment facility.

5 SECTION 33. Section 39.262(a), Education Code, is amended
6 to read as follows:

7 (a) The governor may present a financial award to the
8 schools or districts that the commissioner determines have
9 demonstrated the highest levels of sustained success or the
10 greatest improvement in achieving the education goals. For each
11 student in average enrollment [~~daily attendance~~], each of those
12 schools or districts is entitled to an amount set for the award for
13 which the school or district is selected by the commissioner,
14 subject to any limitation set by the commissioner on the total
15 amount that may be awarded to a school or district.

16 SECTION 34. Section 43.001(c), Education Code, is amended
17 to read as follows:

18 (c) The term "scholastic population" in Subsection (b) or
19 any other law governing the apportionment, distribution, and
20 transfer of the available school fund means all students of school
21 age [~~enrolled~~] in average enrollment [~~daily attendance~~] the
22 preceding school year in the public elementary and high school
23 grades of school districts within or under the jurisdiction of a
24 county of this state.

25 SECTION 35. Section 44.004(c), Education Code, is amended
26 to read as follows:

27 (c) The notice of public meeting to discuss and adopt the

1 budget and the proposed tax rate may not be smaller than one-quarter
2 page of a standard-size or a tabloid-size newspaper, and the
3 headline on the notice must be in 18-point or larger type. Subject
4 to Subsection (d), the notice must:

5 (1) contain a statement in the following form:

6 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

7 "The (name of school district) will hold a public meeting at
8 (time, date, year) in (name of room, building, physical location,
9 city, state). The purpose of this meeting is to discuss the school
10 district's budget that will determine the tax rate that will be
11 adopted. Public participation in the discussion is invited." The
12 statement of the purpose of the meeting must be in bold type. In
13 reduced type, the notice must state: "The tax rate that is
14 ultimately adopted at this meeting or at a separate meeting at a
15 later date may not exceed the proposed rate shown below unless the
16 district publishes a revised notice containing the same information
17 and comparisons set out below and holds another public meeting to
18 discuss the revised notice." In addition, in reduced type, the
19 notice must state: "Visit Texas.gov/PropertyTaxes to find a link to
20 your local property tax database on which you can easily access
21 information regarding your property taxes, including information
22 about proposed tax rates and scheduled public hearings of each
23 entity that taxes your property.";

24 (2) contain a section entitled "Comparison of Proposed
25 Budget with Last Year's Budget," which must show the difference,
26 expressed as a percent increase or decrease, as applicable, in the
27 amounts budgeted for the preceding fiscal year and the amount

1 budgeted for the fiscal year that begins in the current tax year for
2 each of the following:

3 (A) maintenance and operations;

4 (B) debt service; and

5 (C) total expenditures;

6 (3) contain a section entitled "Total Appraised Value
7 and Total Taxable Value," which must show the total appraised value
8 and the total taxable value of all property and the total appraised
9 value and the total taxable value of new property taxable by the
10 district in the preceding tax year and the current tax year as
11 calculated under Section 26.04, Tax Code;

12 (4) contain a statement of the total amount of the
13 outstanding and unpaid bonded indebtedness of the school district;

14 (5) contain a section entitled "Comparison of Proposed
15 Rates with Last Year's Rates," which must:

16 (A) show in rows the tax rates described by
17 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of
18 property, for columns entitled "Maintenance & Operations,"
19 "Interest & Sinking Fund," and "Total," which is the sum of
20 "Maintenance & Operations" and "Interest & Sinking Fund":

21 (i) the school district's "Last Year's
22 Rate";

23 (ii) the "Rate to Maintain Same Level of
24 Maintenance & Operations Revenue & Pay Debt Service," which:

25 (a) in the case of "Maintenance &
26 Operations," is the tax rate that, when applied to the current
27 taxable value for the district, as certified by the chief appraiser

1 under Section 26.01, Tax Code, and as adjusted to reflect changes
2 made by the chief appraiser as of the time the notice is prepared,
3 would impose taxes in an amount that, when added to state funds to
4 be distributed to the district under Chapter 48, would provide the
5 same amount of maintenance and operations taxes and state funds
6 distributed under Chapter 48 per student in average enrollment
7 [~~daily attendance~~] for the applicable school year that was
8 available to the district in the preceding school year; and

9 (b) in the case of "Interest & Sinking
10 Fund," is the tax rate that, when applied to the current taxable
11 value for the district, as certified by the chief appraiser under
12 Section 26.01, Tax Code, and as adjusted to reflect changes made by
13 the chief appraiser as of the time the notice is prepared, and when
14 multiplied by the district's anticipated collection rate, would
15 impose taxes in an amount that, when added to state funds to be
16 distributed to the district under Chapter 46 and any excess taxes
17 collected to service the district's debt during the preceding tax
18 year but not used for that purpose during that year, would provide
19 the amount required to service the district's debt; and

20 (iii) the "Proposed Rate";

21 (B) contain fourth and fifth columns aligned with
22 the columns required by Paragraph (A) that show, for each row
23 required by Paragraph (A):

24 (i) the "Local Revenue per Student," which
25 is computed by multiplying the district's total taxable value of
26 property, as certified by the chief appraiser for the applicable
27 school year under Section 26.01, Tax Code, and as adjusted to

1 reflect changes made by the chief appraiser as of the time the
2 notice is prepared, by the total tax rate, and dividing the product
3 by the number of students in average enrollment [~~daily attendance~~]
4 in the district for the applicable school year; and

5 (ii) the "State Revenue per Student," which
6 is computed by determining the amount of state aid received or to be
7 received by the district under Chapters 43, 46, and 48 and dividing
8 that amount by the number of students in average enrollment [~~daily
9 attendance~~] in the district for the applicable school year; and

10 (C) contain an asterisk after each calculation
11 for "Interest & Sinking Fund" and a footnote to the section that, in
12 reduced type, states "The Interest & Sinking Fund tax revenue is
13 used to pay for bonded indebtedness on construction, equipment, or
14 both. The bonds, and the tax rate necessary to pay those bonds, were
15 approved by the voters of this district.";

16 (6) contain a section entitled "Comparison of Proposed
17 Levy with Last Year's Levy on Average Residence," which must:

18 (A) show in rows the information described by
19 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns
20 entitled "Last Year" and "This Year":

21 (i) "Average Market Value of Residences,"
22 determined using the same group of residences for each year;

23 (ii) "Average Taxable Value of Residences,"
24 determined after taking into account the limitation on the
25 appraised value of residences under Section 23.23, Tax Code, and
26 after subtracting all homestead exemptions applicable in each year,
27 other than exemptions available only to disabled persons or persons

1 65 years of age or older or their surviving spouses, and using the
2 same group of residences for each year;

3 (iii) "Last Year's Rate Versus Proposed
4 Rate per \$100 Value"; and

5 (iv) "Taxes Due on Average Residence,"
6 determined using the same group of residences for each year; and

7 (B) contain the following information: "Increase
8 (Decrease) in Taxes" expressed in dollars and cents, which is
9 computed by subtracting the "Taxes Due on Average Residence" for
10 the preceding tax year from the "Taxes Due on Average Residence" for
11 the current tax year;

12 (7) contain the following statement in bold print:
13 "Under state law, the dollar amount of school taxes imposed on the
14 residence of a person 65 years of age or older or of the surviving
15 spouse of such a person, if the surviving spouse was 55 years of age
16 or older when the person died, may not be increased above the amount
17 paid in the first year after the person turned 65, regardless of
18 changes in tax rate or property value.";

19 (8) contain the following statement in bold print:
20 "Notice of Voter-Approval Rate: The highest tax rate the district
21 can adopt before requiring voter approval at an election is (the
22 school district voter-approval rate determined under Section
23 [26.08](#), Tax Code). This election will be automatically held if the
24 district adopts a rate in excess of the voter-approval rate of (the
25 school district voter-approval rate)."; and

26 (9) contain a section entitled "Fund Balances," which
27 must include the estimated amount of interest and sinking fund

1 balances and the estimated amount of maintenance and operation or
2 general fund balances remaining at the end of the current fiscal
3 year that are not encumbered with or by corresponding debt
4 obligation, less estimated funds necessary for the operation of the
5 district before the receipt of the first payment under Chapter 48 in
6 the succeeding school year.

7 SECTION 36. Sections 45.0011(a), (d), and (e), Education
8 Code, are amended to read as follows:

9 (a) This section applies only to an independent school
10 district that, at the time of the issuance of obligations and
11 execution of credit agreements under this section, has:

12 (1) at least 2,000 students in average enrollment
13 [~~daily attendance~~]; or

14 (2) a combined aggregate principal amount of at least
15 \$50 million of outstanding bonds and voted but unissued bonds.

16 (d) A district may not issue bonds to which this section
17 applies in an amount greater than the greater of:

18 (1) 25 percent of the sum of:

19 (A) the aggregate principal amount of all
20 district debt payable from ad valorem taxes that is outstanding at
21 the time the bonds are issued; and

22 (B) the aggregate principal amount of all bonds
23 payable from ad valorem taxes that have been authorized but not
24 issued;

25 (2) \$25 million, in a district that has at least 3,500
26 but not more than 15,000 students in average enrollment [~~daily~~
27 ~~attendance~~]; or

1 (3) \$50 million, in a district that has more than
2 15,000 students in average enrollment [~~daily attendance~~].

3 (e) In this section, average enrollment [~~daily attendance~~]
4 is determined in the manner provided by Section 48.005.

5 SECTION 37. Section 45.006(a), Education Code, is amended
6 to read as follows:

7 (a) This section applies only to a school district that:

8 (1) has an average enrollment [~~daily attendance~~] of
9 less than 10,000; and

10 (2) is located in whole or part in a municipality with
11 a population of less than 25,000 that is located in a county with a
12 population of 200,000 or more bordering another county with a
13 population of 2.8 million or more.

14 SECTION 38. Section 45.105(d), Education Code, is amended
15 to read as follows:

16 (d) An independent school district that has in its limits a
17 municipality with a population of 150,000 or more or that contains
18 at least 170 square miles, has \$850 million or more assessed value
19 of taxable property on the most recent approved tax roll and has a
20 growth in average enrollment [~~daily attendance~~] of 11 percent or
21 more for each of the preceding five years as determined by the
22 agency may, in buying school sites or additions to school sites and
23 in building school buildings, issue and deliver negotiable or
24 nonnegotiable notes representing all or part of the cost to the
25 school district of the land or building. The district may secure
26 the notes by a vendor's lien or deed of trust lien against the land
27 or building. By resolution or order of the governing body made at

1 or before the delivery of the notes, the district may set aside and
 2 appropriate as a trust fund, and the sole and only fund, for the
 3 payment of the principal of and interest on the notes that part of
 4 the local school funds, levied and collected by the school district
 5 in that year or subsequent years, as the governing body determines.
 6 The aggregate amount of local school funds set aside in or for any
 7 subsequent year for the retirement of the notes may not exceed, in
 8 any one subsequent year, 10 percent of the local school funds
 9 collected during that year. The district may issue the notes only
 10 if approved by majority vote of the qualified voters voting in an
 11 election conducted in the manner provided by Section 45.003 for
 12 approval of bonds.

13 SECTION 39. Section 46.003(a), Education Code, is amended
 14 to read as follows:

15 (a) For each year, except as provided by Sections 46.005 and
 16 46.006, a school district is guaranteed a specified amount per
 17 student in state and local funds for each cent of tax effort, up to
 18 the maximum rate under Subsection (b), to pay the principal of and
 19 interest on eligible bonds issued to construct, acquire, renovate,
 20 or improve an instructional facility. The amount of state support
 21 is determined by the formula:

$$22 \quad \text{FYA} = (\text{FYL} \times \text{AE} [\text{ADA}] \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

23 where:

24 "FYA" is the guaranteed facilities yield amount of state
 25 funds allocated to the district for the year;

26 "FYL" is the dollar amount guaranteed level of state and
 27 local funds per student per cent of tax effort, which is \$35 or a

1 greater amount for any year provided by appropriation;

2 "AE" [~~"ADA"~~] is the greater of the number of students in
3 average enrollment [~~daily attendance~~], as determined under Section
4 48.005, in the district or 400;

5 "BTR" is the district's bond tax rate for the current year,
6 which is determined by dividing the amount budgeted by the district
7 for payment of eligible bonds by the quotient of the district's
8 taxable value of property as determined under Subchapter M, Chapter
9 403, Government Code, or, if applicable, Section 48.258, divided by
10 100; and

11 "DPV" is the district's taxable value of property as
12 determined under Subchapter M, Chapter 403, Government Code, or, if
13 applicable, Section 48.258.

14 SECTION 40. Section 46.005, Education Code, is amended to
15 read as follows:

16 Sec. 46.005. LIMITATION ON GUARANTEED AMOUNT. The
17 guaranteed amount of state and local funds for a new project that a
18 district may be awarded in any state fiscal biennium under Section
19 46.003 for a school district may not exceed the lesser of:

20 (1) the amount the actual debt service payments the
21 district makes in the biennium in which the bonds are issued; or

22 (2) the greater of:

23 (A) \$100,000; or

24 (B) the product of the number of students in
25 average enrollment [~~daily attendance~~] in the district multiplied by
26 \$250.

27 SECTION 41. Section 46.006(g), Education Code, is amended

1 to read as follows:

2 (g) In this section, "wealth per student" means a school
3 district's taxable value of property as determined under Subchapter
4 M, Chapter 403, Government Code, or, if applicable, Section 48.258,
5 divided by the district's average enrollment [~~daily attendance~~] as
6 determined under Section 48.005.

7 SECTION 42. Section 46.032(a), Education Code, is amended
8 to read as follows:

9 (a) Each school district is guaranteed a specified amount
10 per student in state and local funds for each cent of tax effort to
11 pay the principal of and interest on eligible bonds. The amount of
12 state support, subject only to the maximum amount under Section
13 46.034, is determined by the formula:

$$14 \quad EDA = (EDGL \times \underline{AE} [\del{ADA}] \times EDTR \times 100) - (EDTR \times (DPV/100))$$

15 where:

16 "EDA" is the amount of state funds to be allocated to the
17 district for assistance with existing debt;

18 "EDGL" is the dollar amount guaranteed level of state and
19 local funds per student per cent of tax effort, which is the lesser
20 of:

21 (1) \$40 or a greater amount for any year provided by
22 appropriation; or

23 (2) the amount that would result in a total additional
24 amount of state funds under this subchapter for the current year
25 equal to \$60 million in excess of the state funds to which school
26 districts would have been entitled under this section if the
27 guaranteed level amount were \$35;

1 "AE" [~~"ADA"~~] is the number of students in average enrollment
2 [~~daily attendance~~], as determined under Section 48.005, in the
3 district;

4 "EDTR" is the existing debt tax rate of the district, which is
5 determined by dividing the amount budgeted by the district for
6 payment of eligible bonds by the quotient of the district's taxable
7 value of property as determined under Subchapter M, Chapter 403,
8 Government Code, or, if applicable, under Section 48.258, divided
9 by 100; and

10 "DPV" is the district's taxable value of property as
11 determined under Subchapter M, Chapter 403, Government Code, or, if
12 applicable, under Section 48.258.

13 SECTION 43. Sections 48.0051(a) and (b), Education Code,
14 are amended to read as follows:

15 (a) The [~~Subject to Subsection (a-1), the~~] commissioner
16 shall adjust the average enrollment [~~daily attendance~~] of a school
17 district or open-enrollment charter school under Section 48.005 in
18 the manner provided by Subsection (b) if the district or school:

19 (1) provides the minimum number of minutes of
20 operational and instructional time required under Section 25.081
21 and commissioner rules adopted under that section over at least 180
22 days of instruction; and

23 (2) offers an additional 30 days of half-day
24 instruction for students enrolled in prekindergarten through fifth
25 grade.

26 (b) For a school district or open-enrollment charter school
27 described by Subsection (a), the commissioner shall increase the

1 average enrollment [~~daily attendance~~] of the district or school
2 under Section 48.005 by the amount equal to one-sixth [~~that results~~
3 ~~from the quotient~~] of the enrollment [~~sum of attendance~~] by
4 students described by Subsection (a)(2) in [~~for each of~~] the 30
5 additional instructional days of half-day instruction [~~that are~~
6 ~~provided divided by 180~~].

7 SECTION 44. Section 48.006, Education Code, is amended to
8 read as follows:

9 Sec. 48.006. AVERAGE ENROLLMENT [~~DAILY ATTENDANCE~~] FOR
10 DISTRICTS IN DISASTER AREA. (a) The commissioner may adjust the
11 average enrollment [~~daily attendance~~] of a school district all or
12 part of which is located in an area declared a disaster area by the
13 governor under Chapter 418, Government Code, if the district
14 experiences a decline in average enrollment [~~daily attendance~~] that
15 is reasonably attributable to the impact of the disaster.

16 (b) The adjustment must be sufficient to ensure that the
17 district receives funding comparable to the funding that the
18 district would have received if the decline in average enrollment
19 [~~daily attendance~~] reasonably attributable to the impact of the
20 disaster had not occurred.

21 (c) The commissioner may make the adjustment under this
22 section for the two-year period following the date of the
23 governor's initial proclamation or executive order declaring the
24 state of disaster.

25 (d) Section 48.005(b)(2) does not apply to a district that
26 receives an adjustment under this section.

27 (e) A district that receives an adjustment under this

1 section may not receive any additional adjustment under Section
2 48.005(d) for the decline in average enrollment [~~daily attendance~~]
3 on which the adjustment under this section is based.

4 (f) For purposes of this title, a district's adjusted
5 average enrollment [~~daily attendance~~] under this section is
6 considered to be the district's average enrollment [~~daily
7 attendance~~] as determined under Section 48.005.

8 SECTION 45. Sections 48.010(a) and (b), Education Code, are
9 amended to read as follows:

10 (a) Not later than July 1 of each year, the commissioner
11 shall determine for each school district whether the estimated
12 amount of state and local funding per student in weighted average
13 enrollment [~~daily attendance~~] to be provided to the district under
14 the Foundation School Program for maintenance and operations for
15 the following school year is less than the amount provided to the
16 district for the 2010-2011 school year. If the amount estimated to
17 be provided is less, the commissioner shall certify the percentage
18 decrease in funding to be provided to the district.

19 (b) In making the determinations regarding funding levels
20 required by Subsection (a), the commissioner shall:

21 (1) make adjustments as necessary to reflect changes
22 in a school district's maintenance and operations tax rate;

23 (2) for a district required to reduce its local
24 revenue level under Section 48.257, base the determinations on the
25 district's net funding levels after deducting any amounts required
26 to be expended by the district to comply with Chapter 49; and

27 (3) determine a district's weighted average enrollment

1 [~~daily attendance~~] in accordance with this chapter as it existed on
2 January 1, 2011.

3 SECTION 46. Sections 48.051(a) and (c), Education Code, are
4 amended to read as follows:

5 (a) For each student in average enrollment [~~daily~~
6 ~~attendance~~], not including the time students spend each day in
7 special education programs in an instructional arrangement other
8 than mainstream or career and technology education programs, for
9 which an additional allotment is made under Subchapter C, a
10 district is entitled to an allotment equal to the lesser of \$6,160
11 or the amount that results from the following formula:

$$A = \$6,160 \times TR/MCR$$

12 where:

13 "A" is the allotment to which a district is entitled;

14 "TR" is the district's tier one maintenance and operations
15 tax rate, as provided by Section 45.0032; and

16 "MCR" is the district's maximum compressed tax rate, as
17 determined under Section 48.2551.

18 (c) During any school year for which the maximum amount of
19 the basic allotment provided under Subsection (a) or (b) is greater
20 than the maximum amount provided for the preceding school year, a
21 school district must use at least 30 percent of the amount, if the
22 amount is greater than zero, that equals the product of the average
23 enrollment [~~daily attendance~~] of the district multiplied by the
24 amount of the difference between the district's funding under this
25 chapter per student in average enrollment [~~daily attendance~~] for
26 the current school year and the preceding school year to provide
27

1 compensation increases to full-time district employees other than
2 administrators as follows:

3 (1) 75 percent must be used to increase the
4 compensation paid to classroom teachers, full-time librarians,
5 full-time school counselors certified under Subchapter B, Chapter
6 21, and full-time school nurses, prioritizing differentiated
7 compensation for classroom teachers with more than five years of
8 experience; and

9 (2) 25 percent may be used as determined by the
10 district to increase compensation paid to full-time district
11 employees.

12 SECTION 47. Sections 48.052(a) and (c), Education Code, are
13 amended to read as follows:

14 (a) Notwithstanding Section 48.051, a school district that
15 has fewer than 130 students in average enrollment [~~daily~~
16 ~~attendance~~] shall be provided a basic allotment on the basis of 130
17 students in average enrollment [~~daily attendance~~] if it offers a
18 kindergarten through grade 12 program and has preceding or current
19 year's average enrollment [~~daily attendance~~] of at least 90
20 students or is 30 miles or more by bus route from the nearest high
21 school district. A district offering a kindergarten through grade 8
22 program whose preceding or current year's average enrollment [~~daily~~
23 ~~attendance~~] was at least 50 students or which is 30 miles or more by
24 bus route from the nearest high school district shall be provided a
25 basic allotment on the basis of 75 students in average enrollment
26 [~~daily attendance~~]. An average enrollment [~~daily attendance~~] of 60
27 students shall be the basis of providing the basic allotment if a

1 district offers a kindergarten through grade 6 program and has
2 preceding or current year's average enrollment [~~daily attendance~~]
3 of at least 40 students or is 30 miles or more by bus route from the
4 nearest high school district.

5 (c) Notwithstanding Subsection (a) or Section 48.051, a
6 school district to which this subsection applies, as provided by
7 Subsection (b), that has fewer than 130 students in average
8 enrollment [~~daily attendance~~] shall be provided a basic allotment
9 on the basis of 130 students in average enrollment [~~daily~~
10 ~~attendance~~] if it offers a kindergarten through grade four program
11 and has preceding or current year's average enrollment [~~daily~~
12 ~~attendance~~] of at least 75 students or is 30 miles or more by bus
13 route from the nearest high school district.

14 SECTION 48. Section 48.101, Education Code, is amended to
15 read as follows:

16 Sec. 48.101. SMALL AND MID-SIZED DISTRICT ALLOTMENT. (a)
17 Small and mid-sized districts are entitled to an annual allotment
18 in accordance with this section. In this section:

19 (1) "AA" is the district's annual allotment per
20 student in average enrollment [~~daily attendance~~];

21 (2) "AE" [~~"ADA"~~] is the number of students in average
22 enrollment [~~daily attendance~~] for which the district is entitled to
23 an allotment under Section 48.051; and

24 (3) "BA" is the basic allotment determined under
25 Section 48.051.

26 (b) A school district that has fewer than 1,600 students in
27 average enrollment [~~daily attendance~~] is entitled to an annual

1 allotment for each student in average enrollment [~~daily attendance~~]
 2 based on the following formula:

$$3 \quad AA = ((1,600 - \underline{AE} [\underline{ADA}]) \times .0004) \times BA$$

4 (c) A school district that offers a kindergarten through
 5 grade 12 program and has less than 5,000 students in average
 6 enrollment [~~daily attendance~~] is entitled to an annual allotment
 7 for each student in average enrollment [~~daily attendance~~] based on
 8 the formula, of the following formulas, that results in the
 9 greatest annual allotment:

10 (1) the formula in Subsection (b), if the district is
 11 eligible for that formula; or

$$12 \quad (2) \quad AA = ((5,000 - \underline{AE} [\underline{ADA}]) \times .000025) \times BA.$$

13 (d) Instead of the allotment under Subsection (b) or (c)(1),
 14 a school district that has fewer than 300 students in average
 15 enrollment [~~daily attendance~~] and is the only school district
 16 located in and operating in a county is entitled to an annual
 17 allotment for each student in average enrollment [~~daily attendance~~]
 18 based on the following formula:

$$19 \quad AA = ((1,600 - \underline{AE} [\underline{ADA}]) \times .00047) \times BA$$

20 SECTION 49. Sections 48.102(a) and (j), Education Code, are
 21 amended to read as follows:

22 (a) For each student in average enrollment [~~daily~~
 23 ~~attendance~~] in a special education program under Subchapter A,
 24 Chapter 29, in a mainstream instructional arrangement, a school
 25 district is entitled to an annual allotment equal to the basic
 26 allotment, or, if applicable, the sum of the basic allotment and the
 27 allotment under Section 48.101 to which the district is entitled,

1 multiplied by 1.15. For each full-time equivalent student in
2 average enrollment [~~daily attendance~~] in a special education
3 program under Subchapter A, Chapter 29, in an instructional
4 arrangement other than a mainstream instructional arrangement, a
5 district is entitled to an annual allotment equal to the basic
6 allotment, or, if applicable, the sum of the basic allotment and the
7 allotment under Section 48.101 to which the district is entitled,
8 multiplied by a weight determined according to instructional
9 arrangement as follows:

10	Homebound	5.0
11	Hospital class	3.0
12	Speech therapy	5.0
13	Resource room	3.0
14	Self-contained, mild and moderate,	
15	regular campus	3.0
16	Self-contained, severe, regular campus	3.0
17	Off home campus	2.7
18	Nonpublic day school	1.7
19	Vocational adjustment class	2.3

20 (j) A school district that provides an extended year program
21 required by federal law for special education students who may
22 regress is entitled to receive funds in an amount equal to 75
23 percent, or a lesser percentage determined by the commissioner, of
24 the basic allotment, or, if applicable, the sum of the basic
25 allotment and the allotment under Section 48.101 to which the
26 district is entitled for each full-time equivalent student in
27 average enrollment [~~daily attendance~~], multiplied by the amount

1 designated for the student's instructional arrangement under this
2 section[~~, for each day the program is provided divided by the number~~
3 ~~of days in the minimum school year~~]. The total amount of state
4 funding for extended year services under this section may not
5 exceed \$10 million per year. A school district may use funds
6 received under this section only in providing an extended year
7 program.

8 SECTION 50. Section 48.105(a), Education Code, is amended
9 to read as follows:

10 (a) For each student in average enrollment [~~daily~~
11 ~~attendance~~] in a bilingual education or special language program
12 under Subchapter B, Chapter 29, a district is entitled to an annual
13 allotment equal to the basic allotment multiplied by:

14 (1) for an emergent bilingual student, as defined by
15 Section 29.052:

16 (A) 0.1; or

17 (B) 0.15 if the student is in a bilingual
18 education program using a dual language immersion/one-way or
19 two-way program model; and

20 (2) for a student not described by Subdivision (1),
21 0.05 if the student is in a bilingual education program using a dual
22 language immersion/two-way program model.

23 SECTION 51. Sections 48.106(a) and (a-1), Education Code,
24 are amended to read as follows:

25 (a) For each full-time equivalent student in average
26 enrollment [~~daily attendance~~] in an approved career and technology
27 education program in grades 7 through 12, a district is entitled to

1 an annual allotment equal to the basic allotment, or, if
2 applicable, the sum of the basic allotment and the allotment under
3 Section 48.101 to which the district is entitled, multiplied by:

4 (1) 1.1 for a full-time equivalent student in career
5 and technology education courses not in an approved program of
6 study;

7 (2) 1.28 for a full-time equivalent student in levels
8 one and two career and technology education courses in an approved
9 program of study, as identified by the agency; and

10 (3) 1.47 for a full-time equivalent student in levels
11 three and four career and technology education courses in an
12 approved program of study, as identified by the agency.

13 (a-1) In addition to the amounts under Subsection (a), for
14 each student in average enrollment [~~daily attendance~~], a district
15 is entitled to \$50 for each of the following in which the student is
16 enrolled:

17 (1) a campus designated as a P-TECH school under
18 Section 29.556; or

19 (2) a campus that is a member of the New Tech Network
20 and that focuses on project-based learning and work-based
21 education.

22 SECTION 52. Section 48.107(a), Education Code, is amended
23 to read as follows:

24 (a) Except as provided by Subsection (b), for each student
25 in average enrollment [~~daily attendance~~] who is using a public
26 education grant under Subchapter G, Chapter 29, to attend school in
27 a district other than the district in which the student resides, the

1 district in which the student attends school is entitled to an
2 annual allotment equal to the basic allotment multiplied by a
3 weight of 0.1.

4 SECTION 53. Section 48.108(a), Education Code, is amended
5 to read as follows:

6 (a) For each student in average enrollment [~~daily~~
7 ~~attendance~~] in kindergarten through third grade, a school district
8 is entitled to an annual allotment equal to the basic allotment
9 multiplied by 0.1 if the student is:

- 10 (1) educationally disadvantaged; or
11 (2) an emergent bilingual student, as defined by
12 Section 29.052, and is in a bilingual education or special language
13 program under Subchapter B, Chapter 29.

14 SECTION 54. Section 48.109(c), Education Code, is amended
15 to read as follows:

16 (c) Not more than five percent of a district's students in
17 average enrollment [~~daily attendance~~] are eligible for funding
18 under this section.

19 SECTION 55. Section 48.115(a), Education Code, is amended
20 to read as follows:

21 (a) From funds appropriated for that purpose, the
22 commissioner shall provide to a school district an annual allotment
23 in the amount provided by appropriation for each student in average
24 enrollment [~~daily attendance~~].

25 SECTION 56. Sections 48.152(d) and (e), Education Code, are
26 amended to read as follows:

27 (d) For the first school year in which students attend a new

1 instructional facility, a school district is entitled to an
2 allotment of \$1,000 for each student in average enrollment [~~daily~~
3 ~~attendance~~] at the facility. For the second school year in which
4 students attend that instructional facility, a school district is
5 entitled to an allotment of \$1,000 for each additional student in
6 average enrollment [~~daily attendance~~] at the facility.

7 (e) For purposes of this section, the number of additional
8 students in average enrollment [~~daily attendance~~] at a facility is
9 the difference between the number of students in average enrollment
10 [~~daily attendance~~] in the current year at that facility and the
11 number of students in average enrollment [~~daily attendance~~] at that
12 facility in the preceding year.

13 SECTION 57. Section 48.153, Education Code, is amended to
14 read as follows:

15 Sec. 48.153. DROPOUT RECOVERY SCHOOL AND RESIDENTIAL
16 PLACEMENT FACILITY ALLOTMENT. A school district or open-enrollment
17 charter school is entitled to \$275 for each student in average
18 enrollment [~~daily attendance~~] who:

- 19 (1) resides in a residential placement facility; or
20 (2) is at a district or school or a campus of the
21 district or school that is designated as a dropout recovery school
22 under Section 39.0548.

23 SECTION 58. Section 48.202(a), Education Code, is amended
24 to read as follows:

25 (a) Each school district is guaranteed a specified amount
26 per weighted student in state and local funds for each cent of tax
27 effort over that required for the district's local fund assignment

1 up to the maximum level specified in this subchapter. The amount of
 2 state support, subject only to the maximum amount under Section
 3 [48.203](#), is determined by the formula:

$$4 \quad \text{GYA} = (\text{GL} \times \text{WAE} [\text{WADA}] \times \text{DTR} \times 100) - \text{LR}$$

5 where:

6 "GYA" is the guaranteed yield amount of state funds to be
 7 allocated to the district;

8 "GL" is the dollar amount guaranteed level of state and local
 9 funds per weighted student per cent of tax effort, which is an
 10 amount described by Subsection (a-1) or a greater amount for any
 11 year provided by appropriation;

12 "WAE" [~~"WADA"~~] is the number of students in weighted average
 13 enrollment [~~daily attendance~~], which is calculated by dividing the
 14 sum of the school district's allotments under Subchapters B and C by
 15 the basic allotment for the applicable year;

16 "DTR" is the district enrichment tax rate of the school
 17 district, which is determined by subtracting the amounts specified
 18 by Subsection (b) from the total amount of maintenance and
 19 operations taxes collected by the school district for the
 20 applicable school year and dividing the difference by the quotient
 21 of the district's taxable value of property as determined under
 22 Subchapter M, Chapter [403](#), Government Code, or, if applicable,
 23 under Section [48.258](#) or by the quotient of the value of "DPV" as
 24 determined under Section [48.256](#)(d) if that subsection applies to
 25 the district, divided by 100; and

26 "LR" is the local revenue, which is determined by multiplying
 27 "DTR" by the quotient of the district's taxable value of property as

1 determined under Subchapter M, Chapter 403, Government Code, or, if
2 applicable, under Section 48.258 or by the quotient of the value of
3 "DPV" as determined under Section 48.256(d) if that subsection
4 applies to the district, divided by 100.

5 SECTION 59. Section 48.252(b), Education Code, is amended
6 to read as follows:

7 (b) Notwithstanding any other provision of this chapter or
8 Chapter 49, a school district subject to this section is entitled to
9 receive for each student in average enrollment [~~daily attendance~~]
10 at the campus or program described by Subsection (a) an amount
11 equivalent to the difference, if the difference results in
12 increased funding, between:

- 13 (1) the amount described by Section 12.106; and
14 (2) the amount to which the district would be entitled
15 under this chapter.

16 SECTION 60. Section 48.2642(a), Education Code, is amended
17 to read as follows:

18 (a) Notwithstanding any other provision of this chapter,
19 the commissioner shall count toward a school district's or
20 open-enrollment charter school's average enrollment [~~daily
21 attendance~~] under Section 48.005 each student who graduates early
22 from high school in the district or school under the Texas First
23 Early High School Completion Program established under Section
24 28.0253 for the period in which the student is enrolled at an
25 eligible institution using state credit awarded under the Texas
26 First Scholarship Program established under Subchapter K-1,
27 Chapter 56, based on a 100 percent attendance rate.

1 SECTION 61. Section 48.273(a)(4), Education Code, is
2 amended to read as follows:

3 (4) "Wealth per student" means the taxable property
4 values reported by the comptroller to the commissioner under
5 Section 48.256 divided by the number of students in average
6 enrollment [~~daily attendance~~].

7 SECTION 62. Section 48.277(a), Education Code, is amended
8 to read as follows:

9 (a) A school district or open-enrollment charter school is
10 entitled to receive an annual allotment for each student in average
11 enrollment [~~daily attendance~~] in the amount equal to the
12 difference, if the difference is greater than zero, that results
13 from subtracting the total maintenance and operations revenue per
14 student in average enrollment [~~daily attendance~~] for the current
15 school year from the lesser of:

16 (1) 103 percent of the district's or school's total
17 maintenance and operations revenue per student in average
18 enrollment [~~daily attendance~~] for the 2019-2020 school year that
19 the district or school would have received under former Chapters 41
20 and 42, as those chapters existed on January 1, 2019; or

21 (2) 128 percent of the statewide average amount of
22 maintenance and operations revenue per student in average
23 enrollment [~~daily attendance~~] that would have been provided for the
24 2019-2020 school year under former Chapters 41 and 42, as those
25 chapters existed on January 1, 2019.

26 SECTION 63. Section 49.001(2), Education Code, is amended
27 to read as follows:

1 (2) "Weighted average enrollment [~~daily attendance~~]"
2 has the meaning assigned by Section 48.202.

3 SECTION 64. Section 49.002, Education Code, is amended to
4 read as follows:

5 Sec. 49.002. OPTIONS TO REDUCE LOCAL REVENUE LEVEL. A
6 district with a local revenue level in excess of entitlement may
7 take any combination of the following actions to reduce the
8 district's revenue level:

9 (1) consolidation with another district as provided by
10 Subchapter B;

11 (2) detachment of territory as provided by Subchapter
12 C;

13 (3) purchase of average enrollment [~~daily attendance~~]
14 credit as provided by Subchapter D;

15 (4) education of nonresident students as provided by
16 Subchapter E; or

17 (5) tax base consolidation with another district as
18 provided by Subchapter F.

19 SECTION 65. Section 49.003, Education Code, is amended to
20 read as follows:

21 Sec. 49.003. INCLUSION OF ENROLLMENT [~~ATTENDANCE~~] CREDIT
22 AND NONRESIDENTS IN WEIGHTED AVERAGE ENROLLMENT [~~DAILY~~
23 ~~ATTENDANCE~~]. In determining whether a school district has a local
24 revenue level in excess of entitlement, the commissioner shall use:

25 (1) the district's final weighted average enrollment
26 [~~daily attendance~~]; and

27 (2) the amount of enrollment [~~attendance~~] credit a

1 district purchases under Subchapter D or the number of nonresident
2 students a district educates under Subchapter E for a school year.

3 SECTION 66. The heading to Subchapter D, Chapter 49,
4 Education Code, is amended to read as follows:

5 SUBCHAPTER D. PURCHASE OF ENROLLMENT [~~ATTENDANCE~~] CREDIT

6 SECTION 67. Section 49.151, Education Code, is amended to
7 read as follows:

8 Sec. 49.151. AGREEMENT. A school district with a local
9 revenue level in excess of entitlement may execute an agreement
10 with the commissioner to purchase enrollment [~~attendance~~] credit in
11 an amount sufficient, in combination with any other actions taken
12 under this chapter, to reduce the district's local revenue level to
13 a level that is equal to or less than the level established under
14 Section 48.257.

15 SECTION 68. Section 49.153(c), Education Code, is amended
16 to read as follows:

17 (c) The cost of enrollment [~~attendance~~] credit for a school
18 district is computed using the final tax collections of the
19 district.

20 SECTION 69. Section 49.156(b), Education Code, is amended
21 to read as follows:

22 (b) The ballot shall be printed to permit voting for or
23 against the proposition: "Authorizing the board of trustees of
24 _____ School District to purchase enrollment [~~attendance~~]
25 credit from the state with local tax revenues."

26 SECTION 70. Section 49.157, Education Code, is amended to
27 read as follows:

1 Sec. 49.157. CREDIT FOR APPRAISAL COSTS. The total amount
2 required under Section 49.153 for a district to purchase enrollment
3 [~~attendance~~] credit under this subchapter for any school year is
4 reduced by an amount equal to the product of the district's total
5 costs under Section 6.06, Tax Code, for the appraisal district or
6 districts in which it participates multiplied by a percentage that
7 is computed by dividing the total amount required under Section
8 49.153 by the total amount of taxes imposed in the district for that
9 year less any amounts paid into a tax increment fund under Chapter
10 311, Tax Code.

11 SECTION 71. Section 49.158(a), Education Code, is amended
12 to read as follows:

13 (a) Sections 49.154 and 49.157 apply only to a district
14 that:

15 (1) executes an agreement to purchase enrollment
16 [~~attendance~~] credit necessary to reduce the district's local
17 revenue level to the level established under Section 48.257;

18 (2) executes an agreement to purchase enrollment
19 [~~attendance~~] credit and an agreement under Subchapter E to contract
20 for the education of nonresident students who transfer to and are
21 educated in the district but who are not charged tuition; or

22 (3) executes an agreement under Subchapter E to
23 contract for the education of nonresident students:

24 (A) to an extent that does not provide more than
25 10 percent of the reduction in local revenue required for the
26 district to achieve a local revenue level that is equal to or less
27 than the level established under Section 48.257; and

1 (B) under which all revenue paid by the district
2 to other districts, in excess of the reduction in state aid that
3 results from counting the weighted average enrollment [~~daily~~
4 ~~attendance~~] of the students served in the contracting district, is
5 required to be used for funding a consortium of at least three
6 districts in a county with a population of less than 40,000 that is
7 formed to support a technology initiative.

8 SECTION 72. Section 49.201, Education Code, is amended to
9 read as follows:

10 Sec. 49.201. AGREEMENT. The board of trustees of a district
11 with a local revenue level in excess of entitlement may execute an
12 agreement to educate the students of another district in a number
13 that, when the weighted average enrollment [~~daily attendance~~] of
14 the students served is added to the weighted average enrollment
15 [~~daily attendance~~] of the contracting district, is sufficient, in
16 combination with any other actions taken under this chapter, to
17 reduce the district's local revenue level to a level that is equal
18 to or less than the level established under Section 48.257. The
19 agreement is not effective unless the commissioner certifies that
20 the transfer of weighted average enrollment [~~daily attendance~~] will
21 not result in any of the contracting districts' local revenue level
22 being greater than the level established under Section 48.257 and
23 that the agreement requires an expenditure per student in weighted
24 average enrollment [~~daily attendance~~] that is at least equal to the
25 amount per student in weighted average enrollment [~~daily~~
26 ~~attendance~~] required under Section 49.153.

27 SECTION 73. Section 49.203, Education Code, is amended to

1 read as follows:

2 Sec. 49.203. WEIGHTED AVERAGE ENROLLMENT [~~WADA~~] COUNT. For
3 purposes of Chapter 48, students served under an agreement under
4 this subchapter are counted only in the weighted average enrollment
5 [~~daily attendance~~] of the district providing the services, except
6 that students served under an agreement authorized by Section
7 49.205 are counted in a manner determined by the commissioner.

8 SECTION 74. Section 49.205(b), Education Code, is amended
9 to read as follows:

10 (b) The agreement is not effective unless the commissioner
11 certifies that:

12 (1) implementation of the agreement will not result in
13 any of the affected districts' local revenue level being greater
14 than the level established under Section 48.257; and

15 (2) the agreement requires the district with a local
16 revenue level in excess of entitlement to make expenditures
17 benefiting students from other districts in an amount at least
18 equal to the amount that would be required for the district to
19 purchase enrollment [~~attendance~~] credit under Subchapter D
20 necessary, in combination with any other actions taken under this
21 chapter other than an action under this section, to reduce the
22 district's local revenue level to a level that is equal to or less
23 than the level established under Section 48.257.

24 SECTION 75. Section 49.257(b), Education Code, is amended
25 to read as follows:

26 (b) Each component district shall bear a share of the costs
27 of assessing and collecting taxes in proportion to the component

1 district's share of weighted average enrollment [~~daily attendance~~]
2 in the consolidated taxing district.

3 SECTION 76. Section 49.258, Education Code, is amended to
4 read as follows:

5 Sec. 49.258. REVENUE DISTRIBUTION. The consolidated taxing
6 district shall distribute maintenance tax revenue to the component
7 districts on the basis of the number of students in weighted average
8 enrollment [~~daily attendance~~] in the component districts.

9 SECTION 77. Sections 49.305(c) and (d), Education Code, are
10 amended to read as follows:

11 (c) If the detachment of whole parcels or items of property
12 as provided by Subsection (a) would result in a district's local
13 revenue level that is less than the level established under Section
14 48.257 by more than the product of \$10,000 multiplied by weighted
15 average enrollment [~~daily attendance~~], the commissioner may not
16 detach the last parcel or item of property and shall detach the next
17 one or more parcels or items of property in descending order of
18 taxable value that would result in the school district having a
19 local revenue level that is equal to or less than the level
20 established under Section 48.257 by not more than the product of
21 \$10,000 multiplied by weighted average enrollment [~~daily~~
22 ~~attendance~~].

23 (d) Notwithstanding Subsections (a), (b), and (c), the
24 commissioner may detach only a portion of a parcel or item of
25 property if:

26 (1) it is not possible under this subchapter to reduce
27 the district's local revenue level to a level that is equal to or

1 less than the level established under Section 48.257 unless some or
2 all of the parcel or item of property is detached and the detachment
3 of the whole parcel or item would result in the district from which
4 it is detached having a local revenue level that is less than the
5 level established under Section 48.257 by more than the product of
6 \$10,000 multiplied by weighted average enrollment [~~daily~~
7 ~~attendance~~]; or

8 (2) the commissioner determines that a partial
9 detachment of that parcel or item of property is preferable to the
10 detachment of one or more other parcels or items having a lower
11 taxable value in order to minimize the number of parcels or items of
12 property to be detached consistent with the purposes of this
13 chapter.

14 SECTION 78. Section 49.306(i), Education Code, is amended
15 to read as follows:

16 (i) The commissioner may order the annexation of a portion
17 of a parcel or item of property, including a portion of property
18 treated as a whole parcel or item under Subsection (h), if:

19 (1) the annexation of the whole parcel or item would
20 result in the district eligible to receive it in the appropriate
21 priority order provided by this section having a local revenue
22 level greater than the amount by which the product of \$10,000
23 multiplied by weighted average enrollment [~~daily attendance~~]
24 exceeds the taxable value of property necessary to generate
25 maintenance and operations tax revenue in the amount equal to the
26 district's entitlement under Section 48.202(a-1)(2); or

27 (2) the commissioner determines that annexation of

1 portions of the parcel or item would reduce disparities in district
2 taxable values of property necessary to generate maintenance and
3 operations tax revenue in the amount equal to a district's
4 entitlement under Section 48.202(a-1)(2) more efficiently than
5 would be possible if the parcel or item were annexed as a whole.

6 SECTION 79. Section 49.311, Education Code, is amended to
7 read as follows:

8 Sec. 49.311. STUDENT ATTENDANCE. A student who is a
9 resident of real property detached from a school district may
10 choose to attend school in that district or in the district to which
11 the property is annexed. For purposes of determining average
12 enrollment [~~daily attendance~~] under Section 48.005, the student
13 shall be counted in the district to which the property is annexed.
14 If the student chooses to attend school in the district from which
15 the property is detached, the state shall withhold any foundation
16 school funds from the district to which the property is annexed and
17 shall allocate to the district in which the student is attending
18 school those funds and the amount of funds equal to the difference
19 between the state funds the district is receiving for the student
20 and the district's cost in educating the student.

21 SECTION 80. Section 49.354(e), Education Code, is amended
22 to read as follows:

23 (e) A restored district's proportionate share of fund
24 balances, personal property, or indebtedness is equal to the
25 proportion that the number of students in average enrollment [~~daily
26 attendance~~] in the restored district bears to the number of
27 students in average enrollment [~~daily attendance~~] in the

1 consolidated district.

2 SECTION 81. Section 403.104(d), Government Code, is amended
3 to read as follows:

4 (d) The proportionate share of an independent school
5 district is determined by multiplying the total amount of the
6 payment available for distribution to school districts by the ratio
7 that the average number of ~~[daily attendance for]~~ students who
8 reside in the county and are enrolled in ~~[who attend]~~ that school
9 district bears to the average number of ~~[daily attendance for]~~ all
10 students who reside in the county and are enrolled in ~~[who attend]~~
11 any independent school district. However, if there are fewer than
12 10 independent school districts located in whole or part in the
13 county and if an independent school district would receive under
14 this formula less than 10 percent of the total payment available for
15 distribution to independent school districts, the school
16 district's share shall be increased to 10 percent of the total
17 payment and the shares of the school districts that would receive
18 more than 10 percent under the formula shall be reduced
19 proportionately, but not to an amount less than 10 percent of the
20 total payment. ~~[Each independent school district shall develop a
21 reasonable method for determining the average daily attendance for
22 students who reside in the county and who attend the school
23 district.]~~

24 SECTION 82. Section 1371.001(4), Government Code, is
25 amended to read as follows:

26 (4) "Issuer" means:

27 (A) a home-rule municipality that:

1 (i) adopted its charter under Section 5,
2 Article XI, Texas Constitution;

3 (ii) has a population of 50,000 or more; and

4 (iii) has outstanding long-term
5 indebtedness that is rated by a nationally recognized rating agency
6 for municipal securities in one of the four highest rating
7 categories for a long-term obligation;

8 (B) a conservation and reclamation district
9 created and organized as a river authority under Section 52,
10 Article III, or Section 59, Article XVI, Texas Constitution;

11 (C) a joint powers agency organized and operating
12 under Chapter 163, Utilities Code;

13 (D) a metropolitan rapid transit authority,
14 regional transportation authority, or coordinated county
15 transportation authority created, organized, or operating under
16 Chapter 451, 452, or 460, Transportation Code;

17 (E) a conservation and reclamation district
18 organized or operating as a navigation district under Section 52,
19 Article III, or Section 59, Article XVI, Texas Constitution;

20 (F) a district organized or operating under
21 Section 59, Article XVI, Texas Constitution, that has all or part of
22 two or more municipalities within its boundaries;

23 (G) a state agency, including a state institution
24 of higher education;

25 (H) a hospital authority created or operating
26 under Chapter 262 or 264, Health and Safety Code, in a county that:

27 (i) has a population of more than 3.3

1 million; or

2 (ii) is included, in whole or in part, in a
3 standard metropolitan statistical area of this state that includes
4 a county with a population of more than 2.2 million;

5 (I) a hospital district in a county that has a
6 population of more than two million;

7 (J) a nonprofit corporation organized to
8 exercise the powers of a higher education loan authority under
9 Section 53B.47(e), Education Code;

10 (K) a county:

11 (i) that has a population of 3.3 million or
12 more; or

13 (ii) that, on the date of issuance of
14 obligations under this chapter, has authorized, outstanding, or any
15 combination of authorized and outstanding, indebtedness of at least
16 \$100 million secured by and payable from the county's ad valorem
17 taxes and the authorized long-term indebtedness of which is rated
18 by a nationally recognized rating agency of securities issued by
19 local governments in one of the four highest rating categories for a
20 long-term obligation;

21 (L) an independent school district that has an
22 average enrollment [~~daily attendance~~] of 50,000 or more as
23 determined under Section 48.005, Education Code;

24 (M) a municipality or county operating under
25 Chapter 334, Local Government Code;

26 (N) a district created under Chapter 335, Local
27 Government Code;

1 (O) a junior college district that has a total
2 headcount enrollment of 40,000 or more based on enrollment in the
3 most recent regular semester; or

4 (P) an issuer, as defined by Section 1201.002,
5 that has:

6 (i) a principal amount of at least \$100
7 million in outstanding long-term indebtedness, in long-term
8 indebtedness proposed to be issued, or in a combination of
9 outstanding or proposed long-term indebtedness; and

10 (ii) some amount of long-term indebtedness
11 outstanding or proposed to be issued that is rated in one of the
12 four highest rating categories for long-term debt instruments by a
13 nationally recognized rating agency for municipal securities,
14 without regard to the effect of any credit agreement or other form
15 of credit enhancement entered into in connection with the
16 obligation.

17 SECTION 83. Section 1431.001(3), Government Code, is
18 amended to read as follows:

19 (3) "Eligible school district" means an independent
20 school district that has an average enrollment [~~daily attendance~~]
21 of 190,000 or more as determined under Section 48.005, Education
22 Code.

23 SECTION 84. Section 325.011(a), Local Government Code, is
24 amended to read as follows:

25 (a) The district is governed by a board of directors
26 composed of five members, with two directors appointed by the
27 commissioners court of the county, two directors appointed by the

1 governing body of the municipality having the largest population in
2 the county, and one director appointed by the governing body of the
3 school district with the largest number of students in average
4 enrollment [~~daily attendance~~] in the county. The board shall
5 manage the district and administer this chapter.

6 SECTION 85. Section 313.027(i), Tax Code, is amended to
7 read as follows:

8 (i) A person and the school district may not enter into an
9 agreement under which the person agrees to provide supplemental
10 payments to a school district or any other entity on behalf of a
11 school district in an amount that exceeds an amount equal to the
12 greater of \$100 per student per year in average enrollment [~~daily~~
13 ~~attendance~~], as defined by Section 48.005, Education Code, or
14 \$50,000 per year, or for a period that exceeds the period beginning
15 with the period described by Section 313.021(4) and ending December
16 31 of the third tax year after the date the person's eligibility for
17 a limitation under this chapter expires. This limit does not apply
18 to amounts described by Subsection (f)(1) or (2).

19 SECTION 86. Section 1, Article 2688d, Vernon's Texas Civil
20 Statutes, is amended to read as follows:

21 Section 1. In all counties of the State where, according to
22 the preceding annual statistical report of the schools said county
23 has not more than four (4) school districts, with one (1) of such
24 districts comprising more than half of the county and having more
25 than two thousand (2,000) pupils in average enrollment [~~daily~~
26 ~~attendance~~] in the one (1) district alone, and such district having
27 an assessed valuation of more than Twenty Million Dollars

1 (\$20,000,000) and where there is only one (1) common school
2 district in such county with an average enrollment [~~daily~~
3 ~~attendance~~] of less than sixteen (16), the office of county
4 superintendent is hereby abolished, to be effective at the end of
5 the term of the incumbent county superintendent, as is now provided
6 by law.

7 SECTION 87. The following provisions of the Education Code
8 are repealed:

- 9 (1) Section [29.0822\(d-1\)](#); and
10 (2) Section [48.007](#).

11 SECTION 88. This Act takes effect September 1, 2023.