Amend **CSHB 5** as follows:

(1) On page 1, strike lines 4-24, on page 2, strike lines 1 through 8, and substitute the following:

SECTION 1. Effective September 1, 2003, Section 41.002(a), Education Code, is amended to read as follows:

(a) A school district may not have a wealth per student that exceeds $310,000 [$305,000].

SECTION 2. Effective September 1, 2004, Section 41.002(a), Education Code, is amended to read as follows:

(a) A school district may not have a wealth per student that exceeds $315,000 [$305,000].

SECTION 3. Effective September 1, 2003, Section 42.101, Education Code, is amended to read as follows:

Sec. 42.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment of $2570 [$2537]. A greater amount for any school year may be provided by appropriation.

SECTION 4. Subchapter D, Chapter 42, Education Code, is amended by adding Sections 42.2516, 42.2517, and 42.226 to read as follows:

Sec. 42.2516. ADDITIONAL STATE AID FOR EMPLOYEE HEALTH COVERAGE OR COMPENSATION SUPPLEMENTATION. (a) A school district, including a school district that is otherwise ineligible for state aid under this chapter, or a participating open-enrollment charter school, as defined by Section 1, Article 3.50-8, Insurance Code, is entitled to state aid in an amount, as determined by the commissioner, equal to the difference, if any, between:

(1) an amount equal to the product of the number of employees employed by the district or school and entitled to a health care or compensation supplementation under Article 3.50-8, Insurance Code, multiplied by the difference between $1,000 and the amount appropriated per employee to the Teacher Retirement System of Texas for purposes of Article 3.50-8, Insurance Code; and

(2) an amount equal to 65 percent of the amount of

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additional funds to which the district or school is entitled due to the increases made by **HB 5,** Acts of the 78th Legislature, Regular Session, 2003, to:

(A) the equalized wealth level under Section 41.002;

(B) the basic allotment under Section 42.101; and

(C) the guaranteed level of state and local funds per weighted student per cent of tax effort under Section 42.302.

(b) A determination by the commissioner under this section is final and may not be appealed.

(c) The commissioner may adopt rules to implement this section.

Sec. 42.2517. Notwithstanding any other provision of this Code, the total additional funds to which the district or school is entitled for the 2003-2004 school year or for the 2004-2005 school year under Section 42.2516 as added by **HB 5,** Acts of the 78th Legislature, Regular Session, 2003, and due to the increases made by **HB 5,** Acts of the 78th Legislature, Regular Session, 2003, to the equalized wealth level under Section 41.002, the basic allotment under Section 42.101, and the guaranteed level of state and local funds per weighted student per cent of tax effort under Section 42.302, may not exceed $300 per student in average daily attendance per year.

Sec. 42.261. USE OF CERTAIN FUNDS. (a) In this section, "participating charter school" has the meaning assigned by Section 1, Article 3.50-8, Insurance Code.

(b) Notwithstanding any other provision of this code, a school district or participating charter school may use the amount of funds determined by multiplying the number of district or school employees who are eligible under Article 3.50-8, Insurance Code, by the difference between $1,000 and the amount appropriated per employee to the Teacher Retirement System of Texas for purposes of Article 3.50-8, Insurance Code, only as provided by Article 3.50-8, Insurance Code, for district or school employees.

(2) On page 3, between lines 2 and 3, insert the following new sections, appropriately numbered:

SECTION _____. Effective September 1, 2003, Section

42.302(a), Education Code, is amended to read as follows:

(a) Each school district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the district's local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 42.303, is determined by the formula:

$$GYA = (GL \times WADA \times DTR \times 100) - LR$$

where:

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

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is $28.42 [$27̶1̶4̶] or a greater amount for any year provided by appropriation;

"WADA" is the number of students in weighted average daily attendance, which is calculated by dividing the sum of the school district's allotments under Subchapters B and C, less any allotment to the district for transportation, any allotment under Section 42.158, and 50 percent of the adjustment under Section 42.102, by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the school district, which is determined by subtracting the amounts specified by Subsection (b) from the total amount of maintenance and operations taxes collected by the school district for the applicable school year and dividing the difference by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 42.2521, divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 42.2521, divided by 100.

SECTION _____.   Effective September 1, 2004, Section 42.302(a), Education Code, is amended to read as follows:

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

up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 42.303, is determined by the formula:

$$GYA = (GL \times WADA \times DTR \times 100) - LR$$

where:

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

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is $28.48 [$27.14] or a greater amount for any year provided by appropriation;

"WADA" is the number of students in weighted average daily attendance, which is calculated by dividing the sum of the school district's allotments under Subchapters B and C, less any allotment to the district for transportation, any allotment under Section 42.158, and 50 percent of the adjustment under Section 42.102, by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the school district, which is determined by subtracting the amounts specified by Subsection (b) from the total amount of maintenance and operations taxes collected by the school district for the applicable school year and dividing the difference by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 42.2521, divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 42.2521, divided by 100.