

Amend CSHB 3459 as follows:

(1) On page 1, between lines 12 and 13, insert the following:

SECTION 1. The following provisions of the Education Code are repealed:

- (1) Chapters 41, 42, and 46; and
- (2) Section 45.002.

SECTION 2. Chapter 4, Education Code, is amended by adding Section 4.003 to read as follows:

Sec. 4.003. STATE RESPONSIBILITY FOR PROVISION OF PUBLIC EDUCATION. (a) It is the policy of this state that the provision of public education is a state responsibility and that a thorough and efficient system be provided and substantially financed through state revenue sources so that each student enrolled in the public school system shall have access to programs and services that are appropriate to the student's educational needs and that are substantially equal to those available to any similar student, notwithstanding varying local economic factors.

(b) The public school finance system of this state shall adhere to a standard of neutrality that provides for substantially equal access to similar revenue per student at similar tax effort, considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences.

(c) It is the policy of this state that not later than September 1, 2007, the legislature shall provide state funding in an amount that constitutes at least 50 percent of the cost of maintaining and operating the public school system.

SECTION 3. Sections 1 and 2 of this Act take effect September 1, 2004, but only if, before that date:

(1) the legislature has enacted a school finance system to replace the system established by Chapters 41, 42, 45, and 46, Education Code;

(2) the Act enacting a school finance system in compliance with Subdivision (1) of this subsection affirmatively states that the system is a comprehensive school finance system for the entire state; and

(3) the school finance system enacted in compliance with Subdivision (1) of this subsection has become law.

(2) On page 3, between lines 5 and 6, insert the following new section, appropriately numbered:

SECTION \_\_\_\_\_. Subchapter I, Chapter 21, Education Code, is amended by adding Section 21.413 to read as follows:

Sec. 21.413. CLASSROOM SUPPLY REIMBURSEMENT PROGRAM. (a) The commissioner shall establish a reimbursement program under which the commissioner provides funds to a school district for the purpose of reimbursing classroom teachers in the district who expend personal funds on classroom supplies. A school district must match any funds provided to the district under the reimbursement program with local funds to be used for the same purpose.

(b) The commissioner shall adopt rules for the local allocation of funds provided to a school district under the reimbursement program. A school district shall allow each classroom teacher in the district who is reimbursed under the reimbursement program to use the funds in the teacher's discretion, except that the funds must be used for the benefit of the district's students. A school district may not use funds received under the reimbursement program to replace local funds used by the district for the same purpose.

(c) The commissioner shall identify state and federal funds available for use under the reimbursement program, including funds subject to the Education Flexibility Partnership Act of 1999 (20 U.S.C. Section 5891a et seq.), and its subsequent amendments, as well as consolidated administrative funds.

(d) The commissioner shall establish the reimbursement program for implementation beginning not later than the 2005-2006 school year. The commissioner may implement the reimbursement program only if funds are specifically appropriated by the legislature for the program or if the commissioner identifies available funds, other than general revenue funds, that may be used for the program.

(3) On page 11, between lines 1 and 2, insert the following new section, appropriately numbered:

SECTION \_\_\_\_\_. Sections 41.0021(a) and (e), Education Code, are amended to read as follows:

(a) Notwithstanding Section 41.002, for the [~~2001-2002, 2002-2003, and~~] 2003-2004 and 2004-2005 school years, a school district that in the 1999-2000 school year did not offer each grade level from kindergarten through 12 may elect to have its wealth per student determined under this section.

(e) This section expires September 1, 2005 [~~2004~~].

(4) On page 14, between lines 2 and 3, insert the following new sections, appropriately numbered:

SECTION \_\_\_\_\_. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2516 to read as follows:

Sec. 42.2516. ADDITIONAL AID FOR 2003-2004 AND 2004-2005 SCHOOL YEARS. (a) For the 2003-2004 and 2004-2005 school years, in addition to any other state aid to which a school district is entitled under this chapter, a district is entitled to an amount equal to the product of the number of students in average daily attendance in the district multiplied by \$150.

(b) A school district that is otherwise ineligible for state aid under this chapter is entitled to state aid under this section. A school district that is required to take action under Chapter 41 to reduce its wealth per student to the equalized wealth level is entitled to:

(1) a credit, in the amount of the state aid to which the district is entitled under this section, against the total amount required under Section 41.093 for the district to purchase attendance credits; and

(2) if the amount of state aid to which the district is entitled under this section exceeds the total amount required under Section 41.093 for the district to purchase sufficient attendance credits to reduce its wealth per student to the equalized wealth level, state aid in an amount equal to the difference between the state aid to which the district is entitled under this section and the credit applied under Subdivision (1).

(c) In addition to any aid established by Subsection (a), for the 2003-2004 and 2004-2005 school years, a school district with less than 5,000 students in average daily attendance and a

wealth per student that does not exceed the equalized wealth level under Section 41.002 is also entitled to additional funding determined as follows: Multiply 0.65 times the amount calculated when \$150 times the district's average daily attendance is subtracted from \$112 times the district's weighted average daily attendance.

(d) This subsection applies only to a current employee of a school district who is entitled to the minimum salary under Section 21.402, who was employed by that district during the 2002-2003 school year, and who received funds under Article 3.50-8, Insurance Code, during the 2002-2003 school year. For the 2003-2004 school year, a school district shall ensure that each employee to whom this subsection applies and who is employed by the district receives the difference, if any, between \$1,000 and the amount per employee that the district receives under other law for purposes of Article 3.50-8, Insurance Code, for employees to whom this subsection applies. A district employee may not bring a cause of action against a district under this subsection on the basis of the amount paid to the employee under this subsection if the employee's total salary for the 2003-2004 school year, including amounts paid for purposes of Article 3.50-8, Insurance Code, is equal to or greater than the employee's base salary for the 2002-2003 school year, including any career ladder supplement, plus any money paid to or used on behalf of the employee under Article 3.50-8, Insurance Code.

(e) This section expires September 1, 2005.

SECTION \_\_\_\_\_. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2517 to read as follows:

Sec. 42.2517. EXCESS FUNDS FOR COST OF EDUCATION ADJUSTMENT. (a) If the commissioner determines that the amount appropriated for purposes of the Foundation School Program exceeds the amount to which school districts are entitled under this chapter, the commissioner may:

(1) adjust each district's cost of education adjustment under Section 42.102 to reflect current uncontrollable variations in the cost of education, particularly the cost of providing salaries and benefits to classroom teachers; and

(2) provide funding under this chapter based on the cost of education index adjusted under Subdivision (1).

(b) If the amount available under Subsection (a) is not sufficient to provide funding based on the cost of education index adjusted under Subsection (a)(1), the commissioner shall rank districts by the increase in the cost of education adjustment applicable to each district under this section and shall provide funding under this section to districts in descending order of the amount of increase in the cost of education adjustment applicable to districts under this section, beginning with the district that has the greatest increase in the cost of education adjustment, until no funds are available for purposes of this section.

(5) On page 20, strike lines 4 and 5 and substitute the following:

SECTION \_\_\_\_ . Section 46.034, Education Code, is amended by amending Subsection (c) and adding Subsections (d) and (e) to read as follows:

(6) On page 20, between lines 13 and 14, insert the following:

(d) Notwithstanding any other provision of this chapter, if the appropriation to support newly eligible bonds for the 2003-2004 school year and the 2004-2005 school year is not sufficient to provide the state aid that school districts are entitled to under Section 46.032, the commissioner is directed to reduce the \$35 guaranteed level of state and local support per student per cent of tax effort for newly eligible debt only to the level necessary to fund the sum of the allotments within the appropriated amount. The guaranteed level for eligible debt through the 2000-2001 school year is not affected by this adjustment. The commissioner shall make this determination as soon as practicable, prior to the beginning of the school year. The decision of the commissioner is final and may not be appealed.

(e) Section 46.034(d) and this subsection expire September 1, 2005.

(7) On page 26, between lines 17 and 18, insert the following new sections, appropriately numbered:

SECTION \_\_\_\_ . (a) The repeal by Section 1 of this Act of

Section 45.002, Education Code, does not impair any obligation created by the issuance or execution of any lawful agreement or evidence of indebtedness before September 1, 2004, that matures after that date and that is payable from the levy and collection of a maintenance tax under that section or another law, and an independent school district may, on and after September 1, 2004, levy, assess, and collect a maintenance tax, at a rate not greater than the rate required to pay such obligations but only for so long as those obligations remain outstanding and unpaid.

(b) Notwithstanding the repeal by Section 1 of this Act of Chapters 41, 42, and 46, Education Code, and Section 45.002, Education Code, a school district that, before September 1, 2004, issues bonds, notes, or other evidences of indebtedness under Chapter 45, Education Code, or other applicable law or enters into a lease-purchase agreement under Subchapter A, Chapter 271, Local Government Code, may continue, before, on, and after September 1, 2004, to receive state assistance with respect to such payments to the same extent the district would have been entitled to receive the assistance under Chapter 42 or 46, Education Code, as those chapters existed before repeal by this Act, and the former law is continued in effect for that purpose. The commissioner of education may adopt rules to implement this subsection.

(c) The repeal by Section 1 of this Act of Chapters 41, 42, and 46, Education Code, and Section 45.002, Education Code, does not limit, modify, or eliminate the authority of a school district to:

(1) issue or execute bonds, public securities, or other obligations under Chapter 45, Education Code, or other law, either before, on, or after September 1, 2004; or

(2) levy, assess, and collect, before, on, or after September 1, 2004, ad valorem taxes at the full rate and in the full amount authorized by Section 45.002, Education Code, and necessary to pay the bonds, public securities, or other obligations when due and payable.

(d) Before September 1, 2004, the commissioner of education may not refuse to grant assistance to a school district under Chapter 42 or 46, Education Code, in connection with public

securities, lease-purchase agreements, credit agreements, or other obligations, including those described by Subchapter A, Chapter 271, Local Government Code, on the basis that the district's authority to levy a maintenance tax is repealed effective September 1, 2004.

SECTION \_\_\_\_\_. The commissioner of education shall adopt rules and establish the classroom supply reimbursement program as required by Section 21.413, Education Code, as added by this Act, not later than August 1, 2005.

(8) Strike page 26, lines 21-25, and substitute the following:

SECTION \_\_\_\_\_. Except as otherwise provided by this Act, this Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003, except as otherwise provided by this Act.

(9) Renumber the sections of the bill accordingly.