

By: Truitt

H.B. No. 717

A BILL TO BE ENTITLED

AN ACT

relating to the cost of education adjustment.

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

SECTION 1. Section 42.102, Education Code, is amended by amending Subsection (b) and adding Subsections (c)-(f) to read as follows:

(b) The commissioner shall determine the cost of education adjustment for each school district based on a statistical analysis conducted by an organization independent from the agency and the Legislative Budget Board that:

(1) isolates the independent effects of uncontrollable factors on the compensation that school districts must pay, including teachers' salaries, benefits paid under Article 3.50-7, Insurance Code, and other benefits, but excluding benefits paid by the state; and

(2) includes variations, determined using the average value for the preceding three years for uncontrollable cost factors, in the characteristics of teachers, teachers' working environments, and the economic and social conditions of the communities in which teachers reside ~~[is the cost of education index adjustment adopted by the foundation school fund budget committee and contained in Chapter 203, Title 19, Texas Administrative Code, as that chapter existed on March 26, 1997].~~

(c) Not later than July 15 of each year, the commissioner

1 shall notify each school district of the district's cost of
2 education adjustment for the following school year.

3 (d) Notwithstanding Subsection (c) and except as provided
4 by Subsection (e), a school district's cost of education adjustment
5 may not be less than the sum of:

6 (1) 80 percent of the district's cost of education
7 adjustment for the 2002-2003 school year; and

8 (2) 20 percent of the district's cost of education
9 adjustment determined under Subsection (b).

10 (e) To the extent that money specifically authorized to be
11 used under this section is available, the commissioner shall adjust
12 the amount of state aid to which each district is entitled by
13 application of this section so that no district receives less than
14 the amount to which the district would be entitled using the
15 district's cost of education adjustment for the 2002-2003 school
16 year.

17 (f) The commissioner shall use the cost of education
18 adjustment determined under Subsection (b) for the 2003-2004,
19 2004-2005, and 2005-2006 school years. Not later than January 1,
20 2005, and each four years thereafter, the commissioner shall
21 contract with an organization independent from the agency and the
22 Legislative Budget Board to conduct an analysis of variations in
23 known resource costs and costs of education beyond the control of a
24 school district and to make recommendations to the commissioner as
25 to methods of adjusting funding under this chapter to reflect
26 variations in resource costs and costs of education. The analysis
27 must include the factors specified by Subsections (b)(1) and (2).

1 The commissioner shall review the recommendations and determine
2 cost of education adjustments as provided by Subsection (b).

3 SECTION 2. Effective September 1, 2004, Section 42.102(d),
4 Education Code, as added by Section 1 of this Act, is amended to
5 read as follows:

6 (d) Notwithstanding Subsection (c) and except as provided
7 by Subsection (e), a school district's cost of education adjustment
8 may not be less than the sum of:

9 (1) 50 percent of the district's cost of education
10 adjustment for the 2002-2003 school year; and

11 (2) 50 percent of the district's cost of education
12 adjustment determined under Subsection (b).

13 SECTION 3. Effective September 1, 2005, Section 42.102(d),
14 Education Code, as added by Section 1 of this Act, is amended to
15 read as follows:

16 (d) Notwithstanding Subsection (c) and except as provided
17 by Subsection (e), a school district's cost of education adjustment
18 may not be less than the sum of:

19 (1) 20 percent of the district's cost of education
20 adjustment for the 2002-2003 school year; and

21 (2) 80 percent of the district's cost of education
22 adjustment determined under Subsection (b).

23 SECTION 4. Section 42.302(a), Education Code, is amended to
24 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 42.303, is determined by the formula:

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

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 \$27.14
10 or a greater amount for any year provided by appropriation;

11 "WADA" is the number of students in weighted average daily
12 attendance, which is calculated by dividing the sum of the school
13 district's allotments under Subchapters B and C, less any allotment
14 to the district for transportation and[~~7~~] any allotment under
15 Section 42.158, [~~and 50 percent of the adjustment under Section~~
16 ~~42.1027~~] by the basic allotment for the applicable year;

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

25 "LR" is the local revenue, which is determined by multiplying
26 "DTR" by the quotient of the district's taxable value of property as
27 determined under Subchapter M, Chapter 403, Government Code, or, if

1 applicable, under Section 42.2521, divided by 100.

2 SECTION 5. Effective September 1, 2006, Section 42.102(d),
3 Education Code, as added by Section 1 of this Act, is repealed.

4 SECTION 6. Sections 42.102 and 42.302, Education Code, as
5 amended by this Act, apply to the computation of funding under
6 Chapter 42, Education Code, beginning September 1, 2003.

7 SECTION 7. As soon as practicable after the effective date
8 of this Act, the commissioner of education shall contract with an
9 organization independent from the Texas Education Agency and the
10 Legislative Budget Board to conduct the analysis required by
11 Section 42.102(b), Education Code, as amended by this Act.

12 SECTION 8. Except as otherwise provided by this Act, this
13 Act takes effect immediately if it receives a vote of two-thirds of
14 all the members elected to each house, as provided by Section 39,
15 Article III, Texas Constitution. If this Act does not receive the
16 vote necessary for immediate effect, except as otherwise provided
17 by this Act, this Act takes effect September 1, 2003.