

By: Baxter

H.B. No. 1953

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) The commissioner shall proportionately adjust the
11 amount of state aid to which each district is entitled by
12 application of this section so that the total cost to the state of
13 the application of this section does not exceed the total cost to
14 the state of the application of this section as it existed on
15 September 1, 2002, for the state fiscal year beginning on that date.

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

1 cost of education adjustments as provided by Subsection (b).

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

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

8 (1) 50 percent of the district's cost of education
9 adjustment for the 2002-2003 school year; and

10 (2) 50 percent of the district's cost of education
11 adjustment determined under Subsection (b).

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

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

18 (1) 20 percent of the district's cost of education
19 adjustment for the 2002-2003 school year; and

20 (2) 80 percent of the district's cost of education
21 adjustment determined under Subsection (b).

22 SECTION 4. Section 42.302(a), Education Code, is amended to
23 read as follows:

24 (a) Each school district is guaranteed a specified amount
25 per weighted student in state and local funds for each cent of tax
26 effort over that required for the district's local fund assignment
27 up to the maximum level specified in this subchapter. The amount of

1 state support, subject only to the maximum amount under Section
2 42.303, is determined by the formula:

$$3 \quad \text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

4 where:

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

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

10 "WADA" is the number of students in weighted average daily
11 attendance, which is calculated by dividing the sum of the school
12 district's allotments under Subchapters B and C, less any allotment
13 to the district for transportation and[~~7~~] any allotment under
14 Section 42.158, [~~and 50 percent of the adjustment under Section~~
15 ~~42.1027~~] by 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 42.2521, divided by 100; and

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

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

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

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

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