

By: Madden

H.B. No. 2755

A BILL TO BE ENTITLED

AN ACT

relating to public school finance.

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

SECTION 1. Section 41.001(3), Education Code, is amended to read as follows:

(3) "Weighted average daily attendance" has the meaning assigned by Section 41.0011 ~~[42.302]~~.

SECTION 2. Subchapter A, Chapter 41, Education Code, is amended by adding Section 41.0011 to read as follows:

Sec. 41.0011. COMPUTATION OF WEIGHTED AVERAGE DAILY ATTENDANCE. For purposes of this chapter, weighted average daily attendance is computed by dividing the amount of the district's estimated adjusted basic program under Subchapter B, Chapter 42, using the estimate of enrollment under Section 42.254, by the guaranteed level of state and local funds per weighted student per cent of tax effort provided by Section 42.101.

SECTION 3. Section 41.0021(c), Education Code, is amended to read as follows:

(c) The commissioner shall:

(1) ~~[compute the wealth per student levels under this section using weighted average daily attendance as defined by Section 42.302,~~

~~(2)]~~ notify each school district that is eligible to have its wealth per student computed under this section; and

1 (2) [~~(3)~~] establish a date by which a district must
2 elect to have its wealth per student computed under this section.

3 SECTION 4. Section 41.006(a), Education Code, is amended
4 to read as follows:

5 (a) The commissioner may adopt rules necessary for the
6 implementation of this chapter. The rules may provide for the
7 commissioner to make necessary adjustments to the provisions of
8 Chapter 42, including providing for the commissioner to make an
9 adjustment in the guaranteed yield amount under Section 42.101 or
10 the limitation on the district tax rate under Section 42.102(a)
11 ~~[funding element established by Section 42.302]~~, at the earliest
12 date practicable, to the amount the commissioner believes, taking
13 into consideration options exercised by school districts under this
14 chapter and estimates of student enrollments, will match
15 appropriation levels.

16 SECTION 5. Section 41.034(a), Education Code, is amended
17 to read as follows:

18 (a) For the first and second school years after creation of
19 a consolidated district under this subchapter, the commissioner
20 shall adjust allotments to the consolidated district to the extent
21 necessary to preserve the effects of an adjustment under Section
22 ~~[42.102]~~ 42.103, 42.104, or 42.105 to which either of the
23 consolidating districts would have been entitled but for the
24 consolidation.

25 SECTION 6. Section 41.061, Education Code, is amended to
26 read as follows:

27 Sec. 41.061. AGREEMENT. (a) By agreement of the governing

boards of two school districts, territory may be detached from one of the districts and annexed to the other district if, after the action, ~~[÷~~

~~[(1)]~~ the wealth per student of each ~~[the]~~ district ~~[from which territory is detached]~~ is equal to or less than the equalized wealth level ~~[÷ and~~

~~[(2) the wealth per student of the district to which territory is annexed is not greater than the greatest level for which funds are provided under Subchapter F, Chapter 42].~~

(b) The agreement is not effective unless the commissioner certifies that, after all actions taken under this chapter, the wealth per student of each district involved will be equal to or less than the equalized wealth ~~[applicable]~~ level ~~[permitted by Subsection (a)]~~.

SECTION 7. Section 41.093(b), Education Code, is amended to read as follows:

(b) For purposes of this section, a school district's maintenance and operations tax revenue does not include:

(1) any revenue generated by a maintenance and operations tax rate greater than \$_____ for each \$100 of valuation of taxable property; or

(2) any amounts paid into a tax increment fund under Chapter 311, Tax Code.

SECTION 8. Section 41.097(a), Education Code, is amended to read as follows:

(a) The total amount required under Section 41.093 for a district to purchase attendance credits under this subchapter for

1 any school year is reduced by an amount equal to the product of the
2 district's costs under Section 6.06, Tax Code, for the central
3 appraisal district in which it participates multiplied by a
4 percentage that is computed by dividing the total amount required
5 under Section 41.093 by the total amount of taxes imposed in the
6 district for that year less:

7 (1) any revenue generated by a maintenance and
8 operations tax rate greater than \$_____ for each \$100 valuation of
9 taxable property; or

10 (2) any amounts paid into a tax increment fund under
11 Chapter 311, Tax Code.

12 SECTION 9. Section 41.157(d), Education Code, is amended
13 to read as follows:

14 (d) Notwithstanding Section 45.003, the consolidated taxing
15 district may levy, assess, and collect a maintenance tax for the
16 benefit of the component districts at a rate that exceeds \$_____
17 [~~\$1.50~~] per \$100 valuation of taxable property to the extent
18 necessary to pay contracted obligations on the lease purchase of
19 permanent improvements to real property entered into on or before
20 May 12, 1993. The proposition to impose taxes at the necessary rate
21 must be submitted to the voters in the manner provided by Section
22 45.003.

23 SECTION 10. Section 41.159(b), Education Code, is amended
24 to read as follows:

25 (b) A component district levying an ad valorem tax under
26 this section or Section 41.160(b)(1) is entitled to the guaranteed
27 yield provided by Subchapter B or G [~~F~~], Chapter 42, as applicable,

for that portion of its tax rate that, when added to the maintenance tax levied by the consolidated taxing unit, does not exceed the limitation provided by Section 42.102 or 42.353 ~~[42.303]~~.

SECTION 11. Sections 41.206(a), (f), (g), and (i), Education Code, are amended to read as follows:

(a) The commissioner shall annex property detached under Section 41.205 to school districts eligible for annexation in accordance with this section. A school district is eligible for annexation of property to it under this subchapter only if, before any detachments or annexations are made in a year, the district's wealth per student is less than the equalized wealth level ~~[greatest level for which funds are provided under Subchapter F, Chapter 42]~~.

(f) If only one school district is eligible to annex property detached from a school district within a priority group established by Subsections (d) and (e), the commissioner shall annex property to that district until it reaches the equalized wealth level ~~[a wealth per student equal]~~ as nearly as possible ~~[to the greatest level for which funds are provided under Subchapter F, Chapter 42]~~ by annexing whole parcels or items of property. Any remaining detached property shall be annexed to eligible school districts in the next priority group as provided by this section.

(g) If more than one school district is eligible to annex property detached from a school district within a priority group established by Subsections (d) and (e), the commissioner shall first annex property to the district within the priority group to which could be annexed the most taxable value of property without

1 increasing its wealth per student above the equalized wealth level
2 ~~[greatest level for which funds are provided under Subchapter F,~~
3 ~~Chapter 42]~~, until that district reaches the equalized wealth level
4 ~~[a wealth per student equal]~~ as nearly as possible ~~[to the greatest~~
5 ~~level for which funds are provided under Subchapter F, Chapter 42,~~
6 by annexing whole parcels or items of property. Then any additional
7 detached property shall be annexed in the same manner to other
8 eligible school districts in the same priority group in descending
9 order of capacity to receive taxable value of annexed property
10 without increasing the district's wealth per student above the
11 equalized wealth ~~[greatest]~~ level ~~[for which funds are provided~~
12 ~~under Subchapter F, Chapter 42]~~. If every school district in a
13 priority group reaches the equalized wealth level ~~[a wealth per~~
14 ~~student equal to the greatest level for which funds are provided~~
15 ~~under Subchapter F, Chapter 42,~~] as nearly as possible, the
16 remaining detached property shall be annexed to school districts in
17 the next priority group in the manner provided by this section.

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

21 (1) the annexation of the whole parcel or item would
22 result in the district eligible to receive it in the appropriate
23 priority order provided by this section having a wealth per student
24 greater than the equalized wealth level ~~[\$10,000 more than the~~
25 ~~greatest level for which funds are provided under Subchapter F,~~
26 ~~Chapter 42]~~; or

27 (2) the commissioner determines that annexation of

portions of the parcel or item would reduce disparities in district wealth per student more efficiently than would be possible if the parcel or item were annexed as a whole.

SECTION 12. Section 41.257, Education Code, is amended to read as follows:

Sec. 41.257. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS AND TRANSPORTATION ALLOTMENT. The budget of the consolidated district must apply the benefit of the adjustment or allotment to the schools of the consolidating district to which Section 42.104 or ~~[42.103,]~~ 42.105~~[,]~~ or Subchapter H, Chapter 42, ~~[42.155]~~ would have applied in the event that the consolidated district still qualifies as a small or sparse district.

SECTION 13. Section 42.002, Education Code, is amended to read as follows:

Sec. 42.002. PURPOSES OF FOUNDATION SCHOOL PROGRAM. (a) The purposes of the Foundation School Program set forth in this chapter are to guarantee that each school district in the state has:

(1) adequate resources to provide each eligible student an ~~a basic~~ instructional program and facilities suitable to the student's educational needs; and

(2) access to a substantially equalized program of financing ~~[in excess of basic costs]~~ for certain services, as provided by this chapter.

(b) The Foundation School Program consists of:

(1) a basic program tier ~~[two tiers]~~ that provides ~~[in combination provide]~~ for ~~[+]~~

~~[(A)]~~ sufficient financing for all school

districts to provide a basic program of education that is rated recognized [~~academically acceptable~~] or higher under Section 39.072 and meets other applicable legal standards; [~~and~~]

(2) an enrichment tier to guarantee [~~(B)~~] substantially equal access to funds to provide an enriched program; and

(3) [~~(2)~~] a facilities component as provided by Chapter 46.

SECTION 14. Section 42.007(c), Education Code, is amended to read as follows:

(c) The funding elements must include:

(1) an amount [~~a basic allotment~~] for the purposes of Section 42.101 that [~~, when combined with the guaranteed yield component provided by Subchapter F,~~] represents the cost per student of a regular education program that is rated recognized or higher under Section 39.072 and meets all other mandates of law and regulation;

(2) adjustments designed to reflect the variation in known resource costs and costs of education beyond the control of school districts;

(3) appropriate program cost differentials and other funding elements for the programs required by Subchapters A-D, F, and G, Chapter 29 [~~authorized under Subchapter C~~], with the program funding level expressed as dollar amounts and as weights applied to the guaranteed level of state and local funds per student [~~adjusted basic allotment~~] for the appropriate year;

(4) the maximum guaranteed level of qualified state

1 and local funds per student for the purposes of Subchapter G [~~F~~];

2 (5) the enrichment [~~and facilities~~] tax rate under
3 Subchapter G [~~F~~]; and

4 (6) [~~the computation of students in weighted average~~
5 ~~daily attendance under Section 42.302, and~~

6 [~~(7)~~] the amount to be appropriated for the school
7 facilities assistance program under Chapter 46.

8 SECTION 15. The heading to Subchapter B, Chapter 42,
9 Education Code, is amended to read as follows:

10 SUBCHAPTER B. BASIC PROGRAM (TIER ONE) [~~ENTITLEMENT~~]

11 SECTION 16. Section 42.101, Education Code, is amended to
12 read as follows:

13 Sec. 42.101. BASIC PROGRAM. (a) Each school district is
14 guaranteed a specified amount per weighted student in state and
15 local funds for each cent of tax effort up to the maximum level
16 specified in this subchapter. Except as provided by Subchapter C,
17 funds allocated under this section may be used for any legal
18 purpose. The amount of state and local funds for each educational
19 program is determined by the formula:

$$\text{GYA} = \text{GL} \times \text{S} \times \text{W} \times \text{DTR} \times 100$$

20 where:

21 "GYA" is the guaranteed yield amount of state and local funds
22 to be allocated to the district;

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

26 "S" is the number of students in average daily attendance,
27

1 number of full-time equivalent students, or number of students
2 enrolled, as appropriate, in the educational program for which the
3 computation is made;

4 "W" is the weight for the educational program, as provided by
5 Subsection (b); and

6 "DTR" is the district tax rate of the school district, which
7 is determined by dividing the total amount of taxes collected by the
8 school district for the applicable school year, determined as
9 provided by Section 42.102, by the quotient of the district's
10 taxable value of property as determined under Subchapter M, Chapter
11 403, Government Code, or, if applicable, Section 42.2521, divided
12 by 100.

13 (b) The weights are:

14 (1) 1.0 for a student in average daily attendance, not
15 including time the student spends each day in a special education
16 program in an instructional arrangement other than mainstream or in
17 a career and technology education program;

18 (2) 1.1 for a student in a special education program in
19 a mainstream instructional arrangement;

20 (3) 5.0 for a full-time equivalent student in a
21 special education program in a homebound instructional
22 arrangement;

23 (4) 3.0 for a full-time equivalent student in a
24 special education program in a hospital class instructional
25 arrangement;

26 (5) 5.0 for a full-time equivalent student in a
27 special education program in a speech therapy instructional

1 arrangement;

2 (6) 3.0 for a full-time equivalent student in a
3 special education program in a resource room instructional
4 arrangement;

5 (7) 3.0 for a full-time equivalent student in a
6 special education program in a self-contained, mild and moderate,
7 regular campus instructional arrangement;

8 (8) 3.0 for a full-time equivalent student in a
9 special education program in a self-contained, severe, regular
10 campus instructional arrangement;

11 (9) 2.7 for a full-time equivalent student in a
12 special education program in an off home campus instructional
13 arrangement;

14 (10) 1.7 for a full-time equivalent student in a
15 special education program in a nonpublic day school;

16 (11) 2.3 for a full-time equivalent student in a
17 special education program vocational adjustment class;

18 (12) 4.0 for a student in a special education program
19 who resides in a residential care and treatment facility, other
20 than a state school, whose parent or guardian does not reside in the
21 district and who receives educational services from a local school
22 district;

23 (13) 2.8 for a student in a special education program
24 who resides in a state school;

25 (14) 0.2 for a student who is educationally
26 disadvantaged or who is a student who does not have a disability and
27 resides in a residential placement facility in a district in which

1 the student's parent or guardian does not reside;

2 (15) 2.41 for a full-time equivalent student who is in
3 a remedial and support program under Section 29.081 because the
4 student is pregnant;

5 (16) 0.1 for a student who is in a bilingual education
6 or special language program under Subchapter B, Chapter 29;

7 (17) 1.37 for a full-time equivalent student in an
8 approved career and technology education program in grades nine
9 through 12 or in a career and technology program for students with
10 disabilities in grades seven through 12;

11 (18) 0.12 for a student in a program for gifted and
12 talented students that the district certifies to the commissioner
13 as complying with Subchapter D, Chapter 29; and

14 (19) except as provided by Subsection (d), 0.1 for a
15 student in average daily attendance who is using a public education
16 grant under Subchapter G, Chapter 29, to attend school in a district
17 other than the district in which the student resides.

18 (c) A district's basic program is equal to the sum of the
19 guaranteed yield amounts for each educational program for which the
20 district receives an allocation.

21 (d) The total number of weights under Subsection (b)(19) to
22 which a district is entitled may not exceed the number by which the
23 number of students using public education grants to attend school
24 in the district exceeds the number of students who reside in the
25 district and use public education grants to attend school in
26 another district.

27 (e) In this section:

1 (1) "Career and technology education program" means a
2 program under Subchapter F, Chapter 29.

3 (2) "Full-time equivalent student" means 30 hours of
4 contact a week between a student and program personnel.

5 (3) "Special education program" means a program under
6 Subchapter A, Chapter 29.

7 Sec. 42.102. DISTRICT TAX RATE. (a) The district tax rate
8 ("DTR") under Section 42.101 may not:

9 (1) be less than \$_____ per \$100 taxable value of
10 property; or

11 (2) be greater than \$_____ per \$100 taxable value of
12 property or a greater amount provided for any year by
13 appropriation.

14 (b) In computing the district tax rate of a school district,
15 the total amount of maintenance and operations taxes collected by
16 the school district does not include the amount of:

17 (1) taxes with respect to which the district receives
18 state assistance under Subchapter G or Chapter 46; or

19 (2) taxes paid into a tax increment fund under Chapter
20 311, Tax Code.

21 (c) For purposes of this section:

22 (1) school district taxes for which credit is granted
23 under Section 31.035, 31.036, or 31.037, Tax Code, or under
24 Subchapter D, Chapter 313, Tax Code, are considered taxes collected
25 by the school district as if the taxes were paid when the credit for
26 the taxes was granted; and

27 (2) the total amount of taxes collected for an

applicable school year by a school district with alternate tax dates, as authorized by Section 26.135, Tax Code, is the amount of taxes collected on or after January 1 of the year in which the school year begins and not later than December 31 of the same year
~~[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 \$2,537. A greater amount for any school year may be provided by appropriation].~~

SECTION 17. Sections 42.102 and 42.103, Education Code, are renumbered as Sections 42.103 and 42.104, respectively, and amended to read as follows:

Sec. 42.103 ~~[42.102]~~. COST OF EDUCATION ADJUSTMENT. (a) The basic program ~~[allotment]~~ for each district is adjusted to reflect the geographic variation in known resource costs and costs of education due to factors beyond the control of the school district.

(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

1 paid by the state; and

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

10 (c) Not later than July 15 of each year, the commissioner
11 shall notify each school district of the district's cost of
12 education adjustment for the following school year.

13 (d) Notwithstanding Subsection (c), in accordance with a
14 determination of the commissioner, a school district's cost of
15 education adjustment may not be less than the district's cost of
16 education adjustment for the 2002-2003 school year.

17 (e) 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).

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

Sec. 42.104 [~~42.103~~]. SMALL AND MID-SIZED DISTRICT ADJUSTMENT. (a) The basic program [~~allotment~~] for certain small and mid-sized districts is adjusted in accordance with this section. In this section:

(1) "AP" [~~"AA"~~] is the district's adjusted program [~~allotment per student~~];

(2) "ADA" is the number of students in average daily attendance for which the district is entitled to state funds [~~an allotment~~] under Section 42.101; and

(3) "ABP" [~~"ABA"~~] is the adjusted basic program [~~allotment~~] determined under Section 42.103 [~~42.102~~].

(b) The basic program [~~allotment~~] of a school district that contains at least 300 square miles and has not more than 1,600 students in average daily attendance is adjusted by applying the formula:

$$\underline{AP} \text{ } [\underline{AA}] = (1 + ((1,600 - ADA) \times .0004)) \times \underline{ABP} \text{ } [\underline{ABA}]$$

(c) The basic program [~~allotment~~] of a school district that contains less than 300 square miles and has not more than 1,600 students in average daily attendance is adjusted by applying the formula:

$$\underline{AP} \text{ } [\underline{AA}] = (1 + ((1,600 - ADA) \times .00025)) \times \underline{ABP} \text{ } [\underline{ABA}]$$

(d) The basic program [~~allotment~~] of a school district that offers a kindergarten through grade 12 program and has less than 5,000 students in average daily attendance is adjusted by applying the formula, of the following formulas, that results in the

1 greatest adjusted allotment:

2 (1) the formula in Subsection (b) or (c) for which the
3 district is eligible; or

4 (2) \underline{AP} [~~AA~~] = (1 + ((5,000 - ADA) X .000025)) X \underline{ABP}
5 [~~ABA~~].

6 (e) The commissioner may make the adjustment authorized by
7 Subsection (d)(2) [~~(d)(3)~~] only if the district's wealth per
8 student does not exceed the equalized wealth level under Section
9 41.002. For purposes of this subsection, a district's wealth per
10 student is determined in the manner provided by Section 41.001,
11 except that the adjustment provided by Subsection (d)(2) [~~(d)(3)~~]
12 is not used in computing the number of students in weighted average
13 daily attendance.

14 SECTION 18. Section 42.105, Education Code, is amended to
15 read as follows:

16 Sec. 42.105. SPARSITY ADJUSTMENT. Notwithstanding
17 Sections 42.101, [~~42.102, and~~] 42.103, and 42.104, a school
18 district that has fewer than 130 students in average daily
19 attendance shall be provided an adjusted basic program [~~allotment~~]
20 on the basis of 130 students in average daily attendance if it
21 offers a kindergarten through grade 12 program and has preceding or
22 current year's average daily attendance of at least 90 students or
23 is 30 miles or more by bus route from the nearest high school
24 district. A district offering a kindergarten through grade 8
25 program whose preceding or current year's average daily attendance
26 was at least 50 students or which is 30 miles or more by bus route
27 from the nearest high school district shall be provided an adjusted

1 basic program [~~allotment~~] on the basis of 75 students in average
2 daily attendance. An average daily attendance of 60 students shall
3 be the basis of providing the adjusted basic program [~~allotment~~] if
4 a district offers a kindergarten through grade 6 program and has
5 preceding or current year's average daily attendance of at least 40
6 students or is 30 miles or more by bus route from the nearest high
7 school district.

8 SECTION 19. Subchapter B, Chapter 42, Education Code, is
9 amended by adding Section 42.107 to read as follows:

10 Sec. 42.107. COMPUTATION OF AID FOR CERTAIN DISTRICTS OR AT
11 STATE SCHOOL. State assistance under this chapter for a school
12 district located on a federal military installation or at Moody
13 State School is computed using the average maintenance and
14 operations tax rate of school districts in the county, as
15 determined by the commissioner.

16 SECTION 20. The heading to Subchapter C, Chapter 42,
17 Education Code, is amended to read as follows:

18 SUBCHAPTER C. CONDITIONS APPLICABLE TO FUNDING BASED ON
19 WEIGHTS [~~SPECIAL ALLOTMENTS~~]

20 SECTION 21. The heading to Section 42.151, Education Code,
21 is amended to read as follows:

22 Sec. 42.151. SPECIAL EDUCATION PROGRAMS.

23 SECTION 22. Sections 42.151(c)-(e), (h), and (j)-(l) are
24 amended to read as follows:

25 (c) For funding purposes, the number of contact hours
26 credited per day for each special education student in the off home
27 campus instructional arrangement may not exceed the contact hours

credited per day for the multidistrict class instructional arrangement in the 1992-1993 school year.

(d) For funding purposes, the number of contact hours credited per day for each special education student in the resource room; self-contained, mild and moderate; and self-contained, severe, instructional arrangements may not exceed the average of the statewide total contact hours credited per day for those three instructional arrangements in the 1992-1993 school year.

(e) The State Board of Education by rule shall prescribe the qualifications a special education ~~an~~ instructional arrangement must meet in order to be funded as a particular instructional arrangement under this chapter ~~[section]~~. In prescribing the qualifications that a mainstream instructional arrangement must meet, the board shall establish requirements that students with disabilities and their teachers receive the direct, indirect, and support services that are necessary to enrich the regular classroom and enable student success.

(h) Funds allocated under this chapter for special education programs ~~[section]~~, other than an indirect cost allotment established under State Board of Education rule, must be used in the special education program under Subchapter A, Chapter 29.

(j) A school district that maintains for two successive years a ratio of full-time equivalent special education students placed in partially or totally self-contained classrooms to the number of full-time equivalent students placed in resource room or mainstream instructional arrangements that is 25 percent higher than the statewide average ratio shall be reviewed by the agency to

1 determine the appropriateness of student placement. The
2 commissioner may reduce the guaranteed yield amounts for special
3 education [~~allotment the district receives~~] to the level to which
4 the district would be entitled if the district's ratio was not more
5 than 25 percent higher than the statewide average ratio.

6 (k) A school district that provides an extended year program
7 required by federal law for special education students who may
8 regress is entitled to receive funds in an amount equal to 75
9 percent, or a lesser percentage determined by the commissioner, of
10 the dollar amount guaranteed level of state and local funds per
11 student per cent of tax effort [~~adjusted basic allotment or~~
12 ~~adjusted allotment, as applicable~~], for each full-time equivalent
13 student in average daily attendance, multiplied by the amount
14 designated for the student's instructional arrangement under
15 Section 42.101(b) [~~this section~~], for each day the program is
16 provided divided by the number of days in the minimum school year.
17 For purposes of this subsection, the dollar amount guaranteed level
18 of state and local funds per student per cent of tax effort is
19 adjusted in the same manner as a district's basic program under
20 Sections 42.103-42.105. The total amount of state funding for
21 extended year services under this section may not exceed \$10
22 million per year. A school district may use funds received under
23 this section only in providing an extended year program.

24 (l) From the total amount of funds appropriated for special
25 education under this chapter [~~section~~], the commissioner shall
26 withhold an amount specified in the General Appropriations Act, and
27 distribute that amount to school districts for programs under

1 Section 29.014. The program established under that section is
2 required only in school districts in which the program is financed
3 by funds distributed under this subsection and any other funds
4 available for the program. After deducting the amount withheld
5 under this subsection from the total amount appropriated for
6 special education, the commissioner shall reduce each district's
7 allocation [~~allotment~~] proportionately [~~and shall allocate funds~~
8 ~~to each district accordingly~~].

9 SECTION 23. The heading to Section 42.152, Education Code,
10 is amended to read as follows:

11 Sec. 42.152. COMPENSATORY EDUCATION PROGRAMS [~~ALLOTMENT~~].

12 SECTION 24. Sections 42.152(b), (c), (e), (f), (h), (i),
13 (k)-(r), and (t), Education Code, are amended to read as follows:

14 (b) For purposes of Section 42.101(b)(14) [~~this section~~],
15 the number of educationally disadvantaged students is determined:

16 (1) by averaging the best six months' enrollment in the
17 national school lunch program of free or reduced-price lunches for
18 the preceding school year; or

19 (2) in the manner provided by commissioner rule, if no
20 campus in the district participated in the national school lunch
21 program of free or reduced-price lunches during the preceding
22 school year.

23 (c) Funds allocated under Sections 42.101(b)(14) and (15)
24 [~~this section~~] shall be used only to fund supplemental programs and
25 services designed to eliminate any disparity in performance on
26 assessment instruments administered under Subchapter B, Chapter
27 39, or disparity in the rates of high school completion between

1 students at risk of dropping out of school, as defined by Section
2 29.081, and all other students. Specifically, the funds, other
3 than an indirect cost allotment established under State Board of
4 Education rule, which may not exceed 15 percent, may be used only to
5 meet the costs of providing a compensatory, intensive, or
6 accelerated instruction program under Section 29.081 or an
7 alternative education program established under Section 37.008 or
8 to support a program eligible under Title I of the Elementary and
9 Secondary Education Act of 1965, as provided by Pub. L. No. 103-382
10 and its subsequent amendments, and by federal regulations
11 implementing that Act, at a campus at which at least 50 percent of
12 the students are educationally disadvantaged. In meeting the costs
13 of providing a compensatory, intensive, or accelerated instruction
14 program under Section 29.081, funds allocated under Sections
15 42.101(b)(14) and (15) [~~a district's compensatory education~~
16 ~~allotment~~] may be used only for costs supplementary to the regular
17 education program, such as costs for program and student
18 evaluation, instructional materials and equipment and other
19 supplies required for quality instruction, supplemental staff
20 expenses, salary for teachers of at-risk students, smaller class
21 size, and individualized instruction. A home-rule school district
22 or an open-enrollment charter school must use funds allocated under
23 Sections 42.101(b)(14) and (15) [~~Subsection (a)~~] for a purpose
24 authorized in this subsection but is not otherwise subject to
25 Subchapter C, Chapter 29. Notwithstanding any other provisions of
26 this section:

27 (1) to ensure that a sufficient amount of the funds

1 allocated [~~allotted~~] under Sections 42.101(b)(14) and (15) [~~this~~
2 ~~section~~] are available to supplement instructional programs and
3 services, no more than 18 percent of the funds allocated [~~allotted~~]
4 under Sections 42.101(b)(14) and (15) [~~this section~~] may be used to
5 fund disciplinary alternative education programs established under
6 Section 37.008; and

7 (2) the commissioner may waive the limitations of
8 Subdivision (1) upon an annual petition, by a district's board and a
9 district's site-based decision making committee, presenting the
10 reason for the need to spend supplemental compensatory education
11 funds on disciplinary alternative education programs under Section
12 37.008. The district shall in its petition report the number of
13 students in each grade level, by demographic subgroup, not making
14 satisfactory progress under the state's assessment system. The
15 commissioner will make this waiver request information available
16 annually to the public on the agency's website.

17 (e) The commissioner may:

18 (1) retain a portion of the total amount allocated
19 [~~allotted~~] under Sections 42.101(b)(14) and (15) [~~Subsection (a)~~]
20 that the commissioner considers appropriate to finance intensive
21 accelerated instruction programs and study guides provided under
22 Sections 39.024(b) and (c); and

23 (2) reduce each district's allocations under Sections
24 42.101(b)(14) and (15) [~~tier one allotments~~] in the same manner
25 described for a reduction [~~in allotments~~] under Section 42.253.

26 (f) From the total amount of funds appropriated for
27 allocations [~~allotments~~] under Sections 42.101(b)(14) and (15)

1 ~~[this section]~~, the commissioner shall, each fiscal year, withhold
 2 an amount to be determined by the commissioner, but not less than
 3 \$10,000,000, and distribute that amount for programs under Section
 4 29.085. In distributing those funds, preference shall be given to a
 5 school district that received funds for a program under Section
 6 29.085 for the preceding school year. The program established
 7 under that section is required only in school districts in which the
 8 program is financed by funds distributed under this section and any
 9 other funds available for the program.

10 (h) After deducting the amount withheld under Subsection
 11 (f) from the total amount appropriated for allocations ~~[the~~
 12 ~~allotment]~~ under Sections 42.101(b)(14) and (15) ~~[Subsection (a)]~~,
 13 the commissioner shall reduce each district's allocations under
 14 Sections 42.101(b)(14) and (15) ~~[tier one allotments]~~ in the same
 15 manner described for a reduction ~~[in allotments]~~ under Section
 16 42.253 ~~[and shall allocate funds to each district accordingly]~~.

17 (i) From the total amount of funds appropriated for
 18 allocations ~~[allotments]~~ under Sections 42.101(b)(14) and (15)
 19 ~~[this section]~~, the commissioner shall, each fiscal year, withhold
 20 \$7,500,000 or a greater amount as determined in the General
 21 Appropriations Act and distribute that amount for programs under
 22 Subchapter A, Chapter 33. A program established under that
 23 subchapter is required only in school districts in which the
 24 program is financed by funds distributed under this section or
 25 other funds distributed by the commissioner for a program under
 26 that subchapter. In distributing those funds, preference shall be
 27 given to a school district that received funds for a program under

1 this subsection for the preceding school year.

2 (k) After deducting the amount withheld under Subsection
 3 (i) from the total amount appropriated for allocations [~~the~~
 4 ~~allotment~~] under Sections 42.101(b)(14) and (15) [~~Subsection (a)~~],
 5 the commissioner shall reduce each district's allocations under
 6 Sections 42.101(b)(14) and (15) [~~tier one allotments~~] in the same
 7 manner described for a reduction [~~in allotments~~] under Section
 8 42.253.

9 (l) From the total amount of funds appropriated for
 10 allocations [~~allotments~~] under Sections 42.101(b)(14) and (15)
 11 [~~this section~~], the commissioner shall, each fiscal year, withhold
 12 the amount of \$2.5 million for transfer to the investment capital
 13 fund under Section 7.024.

14 (m) From the total amount of funds appropriated for
 15 allocations [~~allotments~~] under Sections 42.101(b)(14) and (15)
 16 [~~this section~~], the commissioner may withhold an amount not
 17 exceeding \$1 million each fiscal year and distribute the funds to
 18 school districts that incur unanticipated expenditures resulting
 19 from a significant increase in the enrollment of students who do not
 20 have disabilities and who reside in residential placement
 21 facilities.

22 (n) After deducting the amount withheld under Subsection
 23 (l) from the total amount appropriated for allocations [~~the~~
 24 ~~allotment~~] under Sections 42.101(b)(14) and (15) [~~Subsection (a)~~],
 25 the commissioner shall reduce each district's allocation
 26 [~~allotment~~] under Sections 42.101(b)(14) and (15) [~~Subsection (a)~~]
 27 proportionately [~~and shall allocate funds to each district~~]

1 ~~accordingly~~].

2 (o) After deducting the amount withheld under Subsection
3 (m) from the total amount appropriated for allocations [~~the~~
4 ~~allotment~~] under Sections 42.101(b)(14) and (15) [~~Subsection (a)~~],
5 the commissioner shall reduce each district's allocation
6 [~~allotment~~] under Sections 42.101(b)(14) and (15) [~~Subsection (a)~~]
7 proportionately.

8 (p) The commissioner shall:

9 (1) withhold, from the total amount of funds
10 appropriated for allocations [~~allotments~~] under Sections
11 42.101(b)(14) and (15) [~~this section~~], an amount sufficient to
12 finance extended year programs under Section 29.082 not to exceed
13 five percent of the amounts allocated under this section; and

14 (2) give priority to applications for extended year
15 programs to districts with high concentrations of educationally
16 disadvantaged students.

17 (q) The State Board of Education, with the assistance of the
18 state auditor and the comptroller, shall develop and implement by
19 rule a reporting and auditing system for district and campus
20 expenditures of [~~compensatory education~~] funds allocated under
21 Sections 42.101(b)(14) and (15) to ensure that those [~~compensatory~~
22 ~~education~~] funds, other than the indirect cost allotment, are spent
23 only to supplement the regular program. The commissioner, in the
24 year following an audit of compensatory education expenditures,
25 shall withhold from a district's foundation school fund payment an
26 amount equal to the amount of [~~compensatory education~~] funds
27 allocated under Sections 42.101(b)(14) and (15) the agency

determines were not used in compliance with Subsection (c). The commissioner shall release to a district funds withheld under this subsection when the district provides to the commissioner a detailed plan to spend those funds in compliance with Subsection (c).

(r) The commissioner shall grant a one-year exemption from the requirements of Subsection (q) ~~[(g)]~~ to a school district in which the group of students who have failed to perform satisfactorily in the preceding school year on an assessment instrument required under Section 39.023(a), (c), or (l) subsequently performs on those assessment instruments at a level that meets or exceeds a level prescribed by commissioner rule. Each year the commissioner, based on the most recent information available, shall determine if a school district is entitled to an exemption for the following school year and notify the district of that determination.

(t) A reduction made under this section or the General Appropriations Act in the allocation ~~[allotment]~~ under Sections 42.101(b)(14) and (15) ~~[this section]~~ does not affect the computation of students in weighted average daily attendance under Section 41.0011 ~~[for purposes of Subchapter F]~~.

SECTION 25. The heading to Section 42.153, Education Code, is amended to read as follows:

Sec. 42.153. BILINGUAL EDUCATION PROGRAMS ~~[ALLOTMENT]~~.

SECTION 26. Section 42.153(b), Education Code, is amended to read as follows:

(b) Funds allocated under this chapter for bilingual

1 education or special language programs ~~[section]~~, other than an
 2 indirect cost allotment established under State Board of Education
 3 rule, must be used in providing bilingual education or special
 4 language programs under Subchapter B, Chapter 29, and must be
 5 accounted for under existing agency reporting and auditing
 6 procedures.

7 SECTION 27. The heading to Section 42.154, Education Code,
 8 is amended to read as follows:

9 Sec. 42.154. CAREER AND TECHNOLOGY EDUCATION PROGRAMS
 10 ~~[ALLOTMENT]~~.

11 SECTION 28. Sections 42.154(c) and (e), Education Code, are
 12 amended to read as follows:

13 (c) Funds allocated under this chapter for career and
 14 technology education ~~[section]~~, other than an indirect cost
 15 allotment established under State Board of Education rule, must be
 16 used in providing career and technology education programs in
 17 grades nine through 12 or career and technology education programs
 18 for students with disabilities in grades seven through 12 under
 19 Sections 29.182, 29.183, and 29.184.

20 (e) Out of the total amount appropriated for allocations
 21 ~~[statewide allotment]~~ for career and technology education under
 22 Section 42.101(b)(17) ~~[this section]~~, the commissioner shall set
 23 aside an amount specified in the General Appropriations Act, which
 24 may not exceed ~~[an amount equal to]~~ one percent of the total amount
 25 appropriated, to support regional career and technology education
 26 planning. After deducting the amount set aside under this
 27 subsection from the total amount appropriated for allocations for

career and technology education under Section 42.101(b)(17) [~~this section~~], the commissioner shall reduce each district's allocations under Section 42.101(b)(17) [~~tier one allotments~~] in the same manner described for a reduction [~~in allotments~~] under Section 42.253.

SECTION 29. Section 42.155, Education Code, is redesignated as Subchapter H, Chapter 42, Education Code, and amended to read as follows:

SUBCHAPTER H. TRANSPORTATION ALLOTMENT

Sec. 42.401 [~~42.155~~]. TRANSPORTATION ALLOTMENT.

(a) Except as provided by Subsection (b), each [~~Each~~] district or county operating a transportation system is entitled to allotments for transportation costs as provided by this subchapter [~~section~~].

(b) A district with a wealth per student that exceeds the equalized wealth level is not entitled to an allotment under this subchapter. In this subsection, "equalized wealth level" and "wealth per student" have the meanings assigned by Section 41.001.

Sec. 42.402. DEFINITIONS. In [~~(b) As used in~~] this subchapter [~~section~~]:

(1) "Regular eligible student" means a student who resides two or more miles from the student's campus of regular attendance, measured along the shortest route that may be traveled on public roads, and who is not classified as a student eligible for special education services.

(2) "Eligible special education student" means a student who is eligible for special education services under Section 29.003 and who would be unable to attend classes without

special transportation services.

(3) "Linear density" means the average number of regular eligible students transported daily, divided by the approved daily route miles traveled by the respective transportation system.

Sec. 42.403. REGULAR TRANSPORTATION ALLOTMENT.

(a) ~~(e)~~ Each district or county operating a regular transportation system is entitled to an allotment based on the daily cost per regular eligible student of operating and maintaining the regular transportation system and the linear density of that system.

(b) In determining the cost, the commissioner shall give consideration to factors affecting the actual cost of providing these transportation services in each district or county. The average actual cost is to be computed by the commissioner and included for consideration by the legislature in the General Appropriations Act.

(c) The allotment per mile of approved route may not exceed the amount set by appropriation.

Sec. 42.404. HAZARDOUS CONDITIONS TRANSPORTATION

ALLOTMENT. (a) ~~(d)~~ A district or county may apply for and on approval of the commissioner receive an additional amount of up to 10 percent of its regular transportation allotment to be used for the transportation of children living within two miles of the school they attend who would be subject to hazardous traffic conditions if they walked to school.

(b) Each board of trustees shall provide to the commissioner

the definition of hazardous conditions applicable to that district and shall identify the specific hazardous areas for which the allotment [~~allocation~~] is requested. A hazardous condition exists where no walkway is provided and children must walk along or cross a freeway or expressway, an underpass, an overpass or a bridge, an uncontrolled major traffic artery, an industrial or commercial area, or another comparable condition.

Sec. 42.405. PRIVATE OR COMMERCIAL TRANSPORTATION ALLOTMENT. (a) [~~(e)~~] The commissioner may grant an amount set by appropriation for private or commercial transportation for eligible students from isolated areas. The need for this type of transportation grant shall be determined on an individual basis and the amount granted shall not exceed the actual cost.

(b) The grants may be made only in extreme hardship cases. A grant may not be made if the students live within two miles of an approved school bus route.

Sec. 42.406. TRANSPORTATION OF CAREER AND TECHNOLOGY EDUCATION STUDENTS. [~~(f)~~] The cost of transporting career and technology education students from one campus to another inside a district or from a sending district to another secondary public school for a career and technology program or an area career and technology school or to an approved post-secondary institution under a contract for instruction approved by the agency shall be reimbursed based on the number of actual miles traveled times the district's official extracurricular travel per mile rate as set by the board of trustees and approved by the agency.

Sec. 42.407. TRANSPORTATION OF SPECIAL EDUCATION STUDENTS.

(a) ~~[(g)]~~ A school district or county that provides special transportation services for eligible special education students is entitled to a state allotment ~~[allocation]~~ paid on a previous year's cost-per-mile basis. The maximum rate per mile allowable shall be set by appropriation based on data gathered from the first year of each preceding biennium.

(b) Districts may use a portion of their support allocation to pay transportation costs, if necessary. The commissioner may grant an amount set by appropriation for private transportation to reimburse parents or their agents for transporting eligible special education students. The mileage allowed shall be computed along the shortest public road from the student's home to school and back, morning and afternoon. The need for this type transportation shall be determined on an individual basis and shall be approved only in extreme hardship cases.

Sec. 42.408. USE OF TRANSPORTATION ALLOTMENTS.

~~[(h)]~~ Funds allotted under this subchapter ~~[section]~~ must be used in providing transportation services.

Sec. 42.409. DETERMINATION OF TRANSPORTATION ALLOTMENTS OF DISTRICT BELONGING TO COUNTY TRANSPORTATION SYSTEM. ~~[(i)]~~ In the case of a district belonging to a county transportation system, the district's transportation allotment for purposes of determining a district's foundation school program allocations is determined on the basis of the number of approved daily route miles in the district multiplied by the allotment per mile to which the county transportation system is entitled.

Sec. 42.410. TRANSPORTATION ALLOTMENT FOR TEXAS SCHOOL FOR

1 THE DEAF. [~~(j)~~] The Texas School for the Deaf is entitled to an
2 allotment under this subchapter [~~section~~]. The commissioner shall
3 determine the appropriate allotment.

4 Sec. 42.411. TRANSPORTATION TO CHILD-CARE FACILITIES.

5 [~~(k)~~] Notwithstanding any other provision of this subchapter
6 [~~section~~], the commissioner may not reduce the allotment to which a
7 district or county is entitled under this subchapter [~~section~~]
8 because the district or county provides transportation for an
9 eligible student to and from a child-care facility, as defined by
10 Section 42.002, Human Resources Code, instead of the student's
11 residence, as authorized by Section 34.007, if the transportation
12 is provided within the approved routes of the district or county for
13 the school the student attends.

14 SECTION 30. The heading to Section 42.156, Education Code,
15 is amended to read as follows:

16 Sec. 42.156. GIFTED AND TALENTED STUDENT PROGRAMS
17 [~~ALLOTMENT~~].

18 SECTION 31. Sections 42.156(b), (c), and (f), Education
19 Code, are amended to read as follows:

20 (b) Funds allocated under this chapter for gifted and
21 talented student programs [~~section~~], other than the amount that
22 represents the program's share of general administrative costs,
23 must be used in providing programs for gifted and talented students
24 under Subchapter D, Chapter 29, including programs sanctioned by
25 International Baccalaureate and Advanced Placement, or in
26 developing programs for gifted and talented students. Each
27 district must account for the expenditure of state funds as

provided by rule of the State Board of Education. If by the end of the 12th month after receiving an allocation [~~allotment~~] for developing a program a district has failed to implement a program, the district must refund the amount of the allocation [~~allotment~~] to the agency within 30 days.

(c) Not more than five percent of a district's students in average daily attendance are eligible for funding under this chapter for attendance in a gifted and talented student program [~~section~~].

(f) After each district has received allocated [~~allotted~~] funds for this program, the State Board of Education may use up to \$500,000 of the funds allocated under Section 42.101(b)(18) [~~this section~~] for programs such as MATHCOUNTS, Future Problem Solving, Odyssey of the Mind, and Academic Decathlon, as long as these funds are used to train personnel and provide program services. To be eligible for funding under this subsection, a program must be determined by the State Board of Education to provide services that are effective and consistent with the state plan for gifted and talented education.

SECTION 32. Section 42.158, Education Code, is redesignated as Subchapter I, Chapter 42, Education Code, and amended to read as follows:

SUBCHAPTER I. NEW INSTRUCTIONAL FACILITY ALLOTMENT

Sec. 42.451. DEFINITION. In this subchapter, "instructional facility" has the meaning assigned by Section 46.001.

Sec. 42.452 [~~42.158~~]. NEW INSTRUCTIONAL FACILITY ALLOTMENT.

1 (a) A school district is entitled to an additional allotment as
2 provided by this subchapter [~~section~~] for operational expenses
3 associated with opening a new instructional facility.

4 (b) For the first school year in which students attend a new
5 instructional facility, a school district is entitled to an
6 allotment of \$250 for each student in average daily attendance at
7 the facility. For the second school year in which students attend
8 that instructional facility, a school district is entitled to an
9 allotment of \$250 for each additional student in average daily
10 attendance at the facility.

11 Sec. 42.453. COMPUTATION OF ADDITIONAL STUDENTS. [~~(c)~~]
12 For purposes of this subchapter [~~section~~], the number of additional
13 students in average daily attendance at a facility is the
14 difference between the number of students in average daily
15 attendance in the current year at that facility and the number of
16 students in average daily attendance at that facility in the
17 preceding year.

18 Sec. 42.454. LIMITATION ON ALLOTMENTS. (a) [~~(d)~~] The
19 amount appropriated for allotments under this subchapter [~~section~~]
20 may not exceed \$25 million in a school year.

21 (b) If the total amount of allotments to which districts are
22 entitled under this subchapter [~~section~~] for a school year exceeds
23 the amount appropriated for allotments under this subchapter
24 [~~section~~], the commissioner shall reduce each district's allotment
25 under this subchapter [~~section~~] in the manner provided by Section
26 42.253(h).

27 Sec. 42.455. ELIGIBILITY FOR ALLOTMENT; REDUCTION IN COST

1 OF ATTENDANCE CREDITS. (a) A school district that is otherwise
 2 ineligible for state aid under this chapter is entitled to receive
 3 allotments under this subchapter.

4 (b) [(e)] A school district that is required to take action
 5 under Chapter 41 to reduce its wealth per student to the equalized
 6 wealth level is entitled to a credit, in the amount of the
 7 allotments to which the district is entitled under this subchapter
 8 ~~[section]~~, against the total amount required under Section 41.093
 9 for the district to purchase attendance credits.

10 Sec. 42.456. RULES. ~~[A school district that is otherwise~~
 11 ~~ineligible for state aid under this chapter is entitled to receive~~
 12 ~~allotments under this section.~~

13 ~~[(f)]~~ The commissioner may adopt rules necessary to
 14 implement this subchapter ~~[section]~~.

15 ~~[(g) In this section, "instructional facility" has the~~
 16 ~~meaning assigned by Section 46.001.]~~

17 SECTION 33. Section 42.251, Education Code, is amended to
 18 read as follows:

19 Sec. 42.251. FINANCING; GENERAL RULE. (a) The sum of the
 20 adjusted basic program ~~[allotment]~~ under Subchapter B and the
 21 transportation and new instructional facility ~~[special]~~ allotments
 22 under Subchapters H and I ~~[Subchapter C]~~, computed in accordance
 23 with this chapter, constitute the tier one allotments. The sum of
 24 the tier one allotments and the enrichment tier ~~[guaranteed yield]~~
 25 allotments under Subchapter G ~~[F]~~, computed in accordance with this
 26 chapter, constitute the total cost of the Foundation School
 27 Program.

(b) The program shall be financed by:

(1) ad valorem tax revenue generated by an equalized
[uniform] school district effort;

~~(2) [ad valorem tax revenue generated by local school
district effort in excess of the equalized uniform school district
effort,~~

~~[(3)]~~ state available school funds distributed in
accordance with law; ~~[and]~~

(3) ~~[(4)]~~ state funds appropriated for the purposes of
public school education and allocated to each district in an amount
sufficient to finance the cost of each district's Foundation School
Program not covered by other funds specified in this subsection;
and

(4) federal funds for purposes of primary and
secondary education other than funds that must be used for a
specific program or purpose.

SECTION 34. Section 42.2512(a), Education Code, is amended
to read as follows:

(a) A school district, including a school district that is
otherwise ineligible for state aid under this chapter, 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 \$3,000
multiplied by the number of classroom teachers, full-time
librarians, full-time counselors certified under Subchapter B,
Chapter 21, and full-time school nurses employed by the district
and entitled to a minimum salary under Section 21.402; and

(2) an amount equal to 80 percent of the sum of:

(A) the amount of additional funds to which the district is entitled due to the increase [~~increases~~] made by Chapter 396 [~~S.B. No. 4~~], Acts of the 76th Legislature, Regular Session, 1999, to[+]

[~~(A)~~] the equalized wealth level under Section 41.002; and

(B) the amount the district would have been entitled to due to the increases made by Chapter 396, Acts of the 76th Legislature, Regular Session, 1999, to the basic allotment under former Section 42.101[+] and

[~~(C)~~] the guaranteed level of state and local funds per weighted student per cent of tax effort under former Section 42.302, if those funding elements were still in effect.

SECTION 35. Section 42.2514(b), Education Code, is amended to read as follows:

(b) For each school year, a school district, including a school district that is otherwise ineligible for state aid under this chapter, or a participating charter school is entitled to state aid in an amount, as determined by the commissioner, equal to the difference, if any, between:

(1) the amount determined by multiplying the amount of \$900 or the amount specified in the General Appropriations Act for that year for purposes of the state contribution under Section 9, Article 3.50-7, Insurance Code, by the number of district or school employees who participate in a group health coverage plan provided by or through the district or school; and

(2) an amount equal to 75 percent of the sum of:

(A) the amount of [~~+~~

~~[(A)]~~ additional funds to which the district [~~or~~
~~school~~] is entitled due to the increase made by Chapter 1187 [H.B.
No. 3343], Acts of the 77th Legislature, Regular Session, 2001, to
[~~+~~

~~[(i)]~~ the equalized wealth level under
Section 41.002; and

(B) the amount the district or school would have
been entitled to due to the increase made by Chapter 1187, Acts of
the 77th Legislature, Regular Session, 2001, to

~~[(ii)]~~ the guaranteed level of state and
local funds per weighted student per cent of tax effort under former
Section 42.302, if that funding element were still in effect [~~+~~
~~or~~

~~[(B)] additional state aid to which the district~~
~~is entitled under Section 42.2513].~~

SECTION 36. Sections 42.252(a) and (b), Education Code,
are amended to read as follows:

(a) Each school district's local share of the Foundation
School Program is determined by the following formula:

$$\underline{LS} [\underline{LFA}] = \underline{DTR} [\underline{TR}] \times \text{DPV}$$

where:

"LS" [~~"LFA"~~] is the school district's tier one local share;

"DTR" [~~"TR"~~] is the district's [a] tax rate used in computing
the district's basic program under Section 42.101 [~~which for each~~
~~hundred dollars of valuation is an effective tax rate of \$0.86]~~; and

"DPV" is the taxable value of property in the school district

1 for the preceding tax year determined under Subchapter M, Chapter
2 403, Government Code, divided by 100.

3 (b) The commissioner shall adjust the values reported in the
4 official report of the comptroller as required by Section 5.09(a),
5 Tax Code, to reflect reductions in taxable value of property
6 resulting from natural or economic disaster after January 1 in the
7 year in which the valuations are determined. The decision of the
8 commissioner is final. An adjustment does not affect the local
9 share ~~[fund assignment]~~ of any other school district.

10 SECTION 37. Sections 42.253(a) and (c), Education Code,
11 are amended to read as follows:

12 (a) For each school year the commissioner shall determine:

13 (1) the amount of money to which a school district is
14 entitled under Subchapters B, H, and I ~~[C]~~;

15 (2) ~~[the amount of money to which a school district is~~
16 ~~entitled under Subchapter F,~~

17 ~~[(3)]~~ the amount of money allocated to the district
18 from the available school fund;

19 (3) ~~[(4)]~~ the amount of each district's tier one local
20 share under Section 42.252; and

21 (4) the amount of federal funds for purposes of
22 primary and secondary education to which a school district is
23 entitled, other than funds that must be used for a specific program
24 or purpose ~~[(5) the amount of each district's tier two local share~~
25 ~~under Section 42.302]~~.

26 (c) Each school district is entitled to an amount equal to
27 the difference for that district between the amount determined

1 under Subsection ~~[sum of Subsections]~~ (a)(1) ~~[and (a)(2)]~~ and the
2 sum of Subsections (a)(2), (a)(3), and (a)(4) ~~[, and (a)(5)]~~.

3 SECTION 38. Section 42.257(b), Education Code, is amended
4 to read as follows:

5 (b) If the district would have received a greater amount
6 from the foundation school fund for the applicable school year
7 using the adjusted value, the commissioner shall add the difference
8 to subsequent distributions to the district from the foundation
9 school fund. An adjustment does not affect the local share ~~[fund~~
10 ~~assignment]~~ of any other district.

11 SECTION 39. Section 42.260(b), Education Code, is amended
12 to read as follows:

13 (b) For each year, the commissioner shall certify to each
14 school district or participating charter school the amount of:

15 (1) additional funds to which the district or school
16 is entitled due to the increase made by Chapter 1187 ~~[H.B. No.~~
17 ~~3343]~~, Acts of the 77th Legislature, Regular Session, 2001, to ~~[+~~

18 ~~[(A)]~~ the equalized wealth level under Section
19 41.002; and

20 (2) additional funds to which the district would have
21 been entitled due to the increase made by Chapter 1187, Acts of the
22 77th Legislature, Regular Session, 2001, to ~~[or~~

23 ~~[(B)]~~ the guaranteed level of state and local
24 funds per weighted student per cent of tax effort under former
25 Section 42.302, if that funding element were still in effect ~~[, or~~

26 ~~[(2) additional state aid to which the district or~~
27 ~~school is entitled under Section 42.2513]~~.

SECTION 40. Chapter 42, Education Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. ENRICHMENT GUARANTEED YIELD

Sec. 42.351. PURPOSE. The purpose of the enrichment guaranteed yield component of the Foundation School Program is to provide each school district with the opportunity to supplement the basic program at a level of its own choice. An allotment under this subchapter may be used for any legal purpose, including capital outlay and debt service.

Sec. 42.352. ALLOTMENT. Each school district is guaranteed a specified amount per student in state and local funds for each cent of tax effort over the maximum rate for which a district is guaranteed state and local funds under Section 42.101 up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 42.353, is determined by the formula:

$$\text{EGYA} = (\text{EGL} \times \text{ADA} \times \text{DETR} \times 100) - \text{LR}$$

where:

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

"EGL" is the dollar amount guaranteed level of state and local enrichment funds per student per cent of tax effort, which is \$___ or a greater amount for any year provided by appropriation;

"ADA" is the number of students in average daily attendance;

"DETR" is the district enrichment tax rate of the school district, which is determined by dividing the total amount of enrichment taxes collected by the school district for the

1 applicable school year, determined as provided by Section 42.353,
2 by the district's taxable value of property as determined under
3 Subchapter M, Chapter 403, Government Code, or, if applicable,
4 under Section 42.2521, divided by 100; and

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

9 Sec. 42.353. DISTRICT ENRICHMENT TAX RATE. (a) The
10 district enrichment tax rate ("DETR") under Section 42.352 may not
11 exceed \$_____ per \$100 of valuation.

12 (b) In computing the district enrichment tax rate of a
13 school district, the total amount of enrichment taxes collected by
14 the school district does not include the amount of:

15 (1) taxes with respect to which the district receives
16 state assistance under Subchapter B or Chapter 46; or

17 (2) taxes paid into a tax increment fund under Chapter
18 311, Tax Code.

19 (c) For purposes of this section:

20 (1) school district taxes for which credit is granted
21 under Section 31.035, 31.036, or 31.037, Tax Code, or under
22 Subchapter D, Chapter 313, Tax Code, are considered taxes collected
23 by the school district as if the taxes were paid when the credit for
24 the taxes was granted; and

25 (2) the total amount of taxes collected for an
26 applicable school year by a school district with alternate tax
27 dates, as authorized by Section 26.135, Tax Code, is the amount of

taxes collected on or after January 1 of the year in which the school year begins and not later than December 31 of the same year.

Sec. 42.354. DISTRIBUTION OF SUPPLEMENTAL GUARANTEED YIELD. (a) For each school year the commissioner shall determine the guaranteed yield amount of state funds to which a school district is entitled under Section 42.352.

(b) Except as provided by this subsection, the commissioner shall base the determination under Subsection (a) on the estimates provided to the legislature under Section 42.254 for each school district for each school year. The commissioner shall reduce the entitlement of each district that has a final taxable value of property for the second year of a state fiscal biennium that is higher than the estimate under Section 42.254. A reduction under this subsection may not reduce the district's entitlement below the amount to which it is entitled at its actual taxable value of property. The sum of the reductions under this subsection may not be greater than the amount necessary to fully fund the entitlement of each district.

(c) The commissioner shall approve warrants to each school district equaling the amount of its entitlement as determined under Subsection (a) except as provided by this section. Warrants for all money spent according to this chapter shall be approved and transmitted as provided by Subchapter E. The total amount of the warrants issued under this section may not exceed the total amount appropriated for purposes of the supplemental guaranteed yield for that fiscal year.

(d) If the total amount of state funds allocated to

1 districts under this subchapter for a fiscal year exceeds the
2 amount appropriated for that year and there are not funds available
3 under Subsection (f), the commissioner shall reduce the total
4 amount of state funds allocated to each district by an amount
5 determined by a method under which the application of the same
6 number of cents of increase in tax rate in all districts applied to
7 the taxable value of property of each district for purposes of
8 maintenance and operations, as determined under Section
9 403.302(d), Government Code, results in a total levy equal to the
10 total reduction. The following fiscal year, a district's
11 entitlement under this section is increased by an amount equal to
12 the reduction made under this subsection.

13 (e) Not later than March 1 each year, the commissioner shall
14 determine the actual amount of state funds to which each school
15 district is entitled under this subchapter for the current school
16 year and shall compare that amount with the amount of the warrants
17 issued to the district under this section for that year. If the
18 amount of the warrants differs from the amount to which a district
19 is entitled because of variations in the district's tax rate,
20 student enrollment, or taxable value of property, the commissioner
21 shall adjust the district's entitlement for the next fiscal year
22 accordingly.

23 (f) The legislature may appropriate funds necessary for
24 increases under Subsection (e) from funds that the comptroller, at
25 any time during the fiscal year, finds are available.

26 SECTION 41. Section 8.051(d), Education Code, is amended to
27 read as follows:

1 (d) Each regional education service center shall maintain
2 core services for purchase by school districts and campuses. The
3 core services are:

4 (1) training and assistance in teaching each subject
5 area assessed under Section 39.023;

6 (2) training and assistance in providing each program
7 described by ~~[that qualifies for a funding allotment under]~~ Section
8 42.151, 42.152, 42.153, or 42.156;

9 (3) assistance specifically designed for a school
10 district rated academically unacceptable under Section 39.072(a)
11 or a campus whose performance is considered unacceptable based on
12 the indicators adopted under Section 39.051;

13 (4) training and assistance to teachers,
14 administrators, members of district boards of trustees, and members
15 of site-based decision-making committees;

16 (5) assistance specifically designed for a school
17 district that is considered out of compliance with state or federal
18 special education requirements, based on the agency's most recent
19 compliance review of the district's special education programs; and

20 (6) assistance in complying with state laws and rules.

21 SECTION 42. Section 11.158(a), Education Code, is amended
22 to read as follows:

23 (a) The board of trustees of an independent school district
24 may require payment of:

25 (1) a fee for materials used in any program in which
26 the resultant product in excess of minimum requirements becomes, at
27 the student's option, the personal property of the student, if the

1 fee does not exceed the cost of materials;

2 (2) membership dues in student organizations or clubs
3 and admission fees or charges for attending extracurricular
4 activities, if membership or attendance is voluntary;

5 (3) a security deposit for the return of materials,
6 supplies, or equipment;

7 (4) a fee for personal physical education and athletic
8 equipment and apparel, although any student may provide the
9 student's own equipment or apparel if it meets reasonable
10 requirements and standards relating to health and safety
11 established by the board;

12 (5) a fee for items of personal use or products that a
13 student may purchase at the student's option, such as student
14 publications, class rings, annuals, and graduation announcements;

15 (6) a fee specifically permitted by any other statute;

16 (7) a fee for an authorized voluntary student health
17 and accident benefit plan;

18 (8) a reasonable fee, not to exceed the actual annual
19 maintenance cost, for the use of musical instruments and uniforms
20 owned or rented by the district;

21 (9) a fee for items of personal apparel that become the
22 property of the student and that are used in extracurricular
23 activities;

24 (10) a parking fee or a fee for an identification card;

25 (11) a fee for a driver training course, not to exceed
26 the actual district cost per student in the program for the current
27 school year;

1 (12) a fee for a course offered for credit that
2 requires the use of facilities not available on the school premises
3 or the employment of an educator who is not part of the school's
4 regular staff, if participation in the course is at the student's
5 option;

6 (13) a fee for a course offered during summer school,
7 except that the board may charge a fee for a course required for
8 graduation only if the course is also offered without a fee during
9 the regular school year;

10 (14) a reasonable fee for transportation of a student
11 who lives within two miles of the school the student attends to and
12 from that school, except that the board may not charge a fee for
13 transportation for which the school district receives funds under
14 Section 42.404 [~~42.155(d)~~]; or

15 (15) a reasonable fee, not to exceed \$50, for costs
16 associated with an educational program offered outside of regular
17 school hours through which a student who was absent from class
18 receives instruction voluntarily for the purpose of making up the
19 missed instruction and meeting the level of attendance required
20 under Section 25.092.

21 SECTION 43. Section 12.106(a), Education Code, is amended
22 to read as follows:

23 (a) A charter holder is entitled to receive for the
24 open-enrollment charter school funding under Chapter 42 as if the
25 school were a school district without a tier one local share for
26 purposes of Section 42.253 and without any local revenue ("LR") for
27 purposes of Section 42.352 [~~42.302~~]. In determining funding for an

open-enrollment charter school, adjustments under Sections [42.102,] 42.103, 42.104, and 42.105, the district tax rate ("DTR") under Section 42.101, and the district enrichment tax rate ("DETR") [~~("DTR")~~] under Section 42.352 [~~42.302~~] are based on the average adjustment and average district [~~enrichment~~] tax rates [~~rate~~] for the state.

SECTION 44. Section 13.054(f), Education Code, is amended to read as follows:

(f) For five years beginning with the school year in which the annexation occurs, the commissioner shall annually adjust the local share [~~fund assignment~~] of a district to which territory is annexed under this section by multiplying the enlarged district's local share [~~fund assignment~~] computed under Section 42.252 by a fraction, the numerator of which is the number of students residing in the district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the annexation.

SECTION 45. Sections 21.402(a), (b), and (c), Education Code, are amended to read as follows:

(a) Except as provided by Subsection (d), (e), or (f), a school district must pay each classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse not less than the minimum monthly salary, based on the employee's level of experience, determined by the following formula:

$$MS = SF \times FS$$

where:

"MS" is the minimum monthly salary;

"SF" is the applicable salary factor specified by Subsection (c); and

"FS" is the amount, as determined by the commissioner under Subsection (b), of state and local funds per ~~[weighted]~~ student available to a district eligible to receive state assistance under Section 42.101 ~~[42.302]~~ with a district ~~[an enrichment]~~ tax rate, as defined by Section 42.101 ~~[42.302]~~, equal to the maximum rate authorized under Section 42.102 ~~[42.303, except that the amount of state and local funds per weighted student does not include the amount attributable to the increase in the guaranteed level made by H.B. No. 3343, Acts of the 77th Legislature, Regular Session, 2001]~~.

(b) Not later than June 1 of each year, the commissioner shall determine the amount of state and local funds per ~~[weighted]~~ student available, for purposes of Subsection (a), to a district described by that subsection for the following school year.

(c) The salary factors per step are as follows:

Years Experience	0	1	2
Salary Factor	<u>[-.5656]</u>	<u>[-.5790]</u>	<u>[-.5924]</u>
Years Experience	3	4	5
Salary Factor	<u>[-.6058]</u>	<u>[-.6340]</u>	<u>[-.6623]</u>
Years Experience	6	7	8
Salary Factor	<u>[-.6906]</u>	<u>[-.7168]</u>	<u>[-.7416]</u>
Years Experience	9	10	11
Salary Factor	<u>[-.7651]</u>	<u>[-.7872]</u>	<u>[-.8082]</u>
Years Experience	12	13	14
Salary Factor	<u>[-.8281]</u>	<u>[-.8467]</u>	<u>[-.8645]</u>
Years Experience	15	16	17
Salary Factor	<u>[-.8811]</u>	<u>[-.8970]</u>	<u>[-.9119]</u>

1	Years Experience	18	19	20
2				and over
3	Salary Factor	<u> </u> [.9260]	<u> </u> [.9394]	.9520

4 SECTION 46. Section 29.002, Education Code, is amended to
5 read as follows:

6 Sec. 29.002. DEFINITION. In this subchapter, "special
7 services" means:

8 (1) special education instruction, which may be
9 provided by professional and supported by paraprofessional
10 personnel in the regular classroom or in an instructional
11 arrangement described by Sections 42.101(b)(2)-(13) [~~Section~~
12 ~~42.151~~]; and

13 (2) related services, which are developmental,
14 corrective, supportive, or evaluative services, not instructional
15 in nature, that may be required for the student to benefit from
16 special education instruction and for implementation of a student's
17 individualized education program.

18 SECTION 47. Section 29.008(b), Education Code, is amended
19 to read as follows:

20 (b) Except as provided by Subsection (c), costs of an
21 approved contract for residential placement may be paid from a
22 combination of federal, state, and local funds. The local share
23 under this section of the total contract cost for each student is
24 that portion of the local tax effort that exceeds the district's
25 local share [~~fund assignment~~] under Section 42.252, divided by the
26 average daily attendance in the district. If the contract involves
27 a private facility, the state share of the total contract cost is
28 that amount remaining after subtracting the local share under this

section. If the contract involves a public facility, the state share is that amount remaining after subtracting the local share under this section from the portion of the contract that involves the costs of instructional and related services. For purposes of this subsection, "local tax effort" means the total amount of money generated by taxes imposed for debt service and maintenance and operation less any amounts paid into a tax increment fund under Chapter 311, Tax Code.

SECTION 48. Section 29.014(d), Education Code, is amended to read as follows:

(d) The guaranteed level of state and local funds per student [~~basic allotment~~] for a student enrolled in a district to which this section applies is adjusted by:

(1) the cost of education adjustment under Section 42.103 [~~42.102~~] for the school district in which the district is geographically located; and

(2) the weight for a homebound student under Section 42.101(b)(3) [~~42.151(a)~~].

SECTION 49. Section 29.082(a), Education Code, is amended to read as follows:

(a) A school district may set aside an amount from the district's allocations [~~allotment~~] under Sections 42.101(b)(14) and (15) [~~Section 42.152~~] or may apply to the agency for funding of an extended year program for a period not to exceed 30 instructional days for students in kindergarten through grade 8 who are identified as likely not to be promoted to the next grade level for the succeeding school year.

1 SECTION 50. Section 29.203(b), Education Code, is amended
2 to read as follows:

3 (b) A school district is entitled to the allocation
4 ~~[allotment]~~ provided by Section 42.101(b)(19) ~~[42.157]~~ for each
5 eligible student using a public education grant. ~~[If the district~~
6 ~~has a wealth per student greater than the guaranteed wealth level~~
7 ~~but less than the equalized wealth level, a school district is~~
8 ~~entitled under rules adopted by the commissioner to additional~~
9 ~~state aid in an amount equal to the difference between the cost to~~
10 ~~the district of providing services to a student using a public~~
11 ~~education grant and the sum of the state aid received because of the~~
12 ~~allotment under Section 42.157 and money from the available school~~
13 ~~fund attributable to the student.]~~

14 SECTION 51. Section 34.002(c), Education Code, is amended
15 to read as follows:

16 (c) A school district that fails or refuses to meet the
17 safety standards for school buses established under this section is
18 ineligible to share in the transportation allotment under
19 Subchapter H, Chapter 42, ~~[Section 42.155]~~ until the first
20 anniversary of the date the district begins complying with the
21 safety standards.

22 SECTION 52. Section 39.024(c), Education Code, is amended
23 to read as follows:

24 (c) The agency shall develop study guides for the assessment
25 instruments administered under Sections 39.023(a), ~~[and]~~ (c), and
26 (1). To assist parents in providing assistance during the period
27 that school is recessed for summer, each school district shall

1 distribute the study guides to parents of students who do not
 2 perform satisfactorily on one or more parts of an assessment
 3 instrument administered under this subchapter. ~~[The commissioner~~
 4 ~~shall retain a portion of the total amount of funds allotted under~~
 5 ~~Section 42.152(a) that the commissioner considers appropriate to~~
 6 ~~finance the development and distribution of the study guides and~~
 7 ~~shall reduce each district's allotment proportionately.]~~

8 SECTION 53. Section 39.031(a), Education Code, is amended
 9 to read as follows:

10 (a) The cost of preparing, administering, or grading the
 11 assessment instruments shall be paid from the funds allocated
 12 ~~[allotted]~~ under Sections 42.101(b)(14) and (15) ~~[Section 42.152]~~,
 13 and each district shall bear the cost in the same manner described
 14 for a reduction ~~[in allotments]~~ under Section 42.253. If a district
 15 does not receive an allocation ~~[allotment]~~ under Section
 16 42.101(b)(14) or (15) ~~[42.152]~~, the commissioner shall subtract the
 17 cost from the district's other foundation school fund allocations
 18 ~~[allotments]~~.

19 SECTION 54. Section 45.003(d), Education Code, is amended
 20 to read as follows:

21 (d) A proposition submitted to authorize the levy of
 22 maintenance taxes must include the question of whether the
 23 governing board or commissioners court may levy, assess, and
 24 collect annual ad valorem taxes for the further maintenance of
 25 public schools, at a rate not to exceed the rate, which may be not
 26 more than \$ ~~[\$1.50]~~ on the \$100 valuation of taxable property in
 27 the district, stated in the proposition.

1 SECTION 55. Section 45.006(b), Education Code, is amended
2 to read as follows:

3 (b) Notwithstanding Section 45.003, a school district may
4 levy, assess, and collect maintenance taxes at a rate that exceeds
5 \$_____ [~~\$1.50~~] per \$100 valuation of taxable property if:

6 (1) additional ad valorem taxes are necessary to pay a
7 debt of the district that:

8 (A) resulted from the rendition of a judgment
9 against the district before May 1, 1995;

10 (B) is greater than \$5 million;

11 (C) decreases a property owner's ad valorem tax
12 liability;

13 (D) requires the district to refund to the
14 property owner the difference between the amount of taxes paid by
15 the property owner and the amount of taxes for which the property
16 owner is liable; and

17 (E) is payable according to the judgment in more
18 than one of the district's fiscal years; and

19 (2) the additional taxes are approved by the voters of
20 the district at an election held for that purpose.

21 SECTION 56. Sections 46.012 and 46.036, Education Code, as
22 added by Chapter 1156, Acts of the 77th Legislature, Regular
23 Session, 2001, are amended to read as follows:

24 Sec. 46.012. MULTIPLE ALLOTMENTS PROHIBITED. A school
25 district is not entitled to state assistance under this subchapter
26 based on taxes with respect to which the district receives state
27 assistance under [~~Subchapter F,~~] Chapter 42.

1 Sec. 46.036. MULTIPLE ALLOTMENTS PROHIBITED. A school
2 district is not entitled to state assistance under this subchapter
3 based on taxes with respect to which the district receives state
4 assistance under [~~Subchapter F,~~] Chapter 42.

5 SECTION 57. Section 56.208(b), Education Code, is amended
6 to read as follows:

7 (b) The commissioner of education shall reduce the total
8 annual amount of foundation school fund payments made to a school
9 district by an amount equal to $F \times A$, where:

10 (1) "F" is the lesser of one or the quotient of the
11 district's tier one local share for the preceding school year under
12 Section 42.252 divided by the amount of money to which the district
13 was entitled under Subchapter [~~Subchapters~~] B [~~and C~~], Chapter 42,
14 for the preceding school year; and

15 (2) "A" is the amount of state tuition credits under
16 this subchapter applied by institutions of higher education on
17 behalf of eligible persons who graduated from the district that has
18 not been used to compute a previous reduction under this
19 subsection.

20 SECTION 58. Section 87.208, Education Code, is amended to
21 read as follows:

22 Sec. 87.208. SEABORNE CONSERVATION CORPS. If the board of
23 regents of The Texas A&M University System administers a program
24 that is substantially similar to the Seaborne Conservation Corps as
25 it was administered by the board during the 1998-1999 school year,
26 the program is entitled, for each student enrolled, to allocations
27 [~~allotments~~] from the Foundation School Program under Chapter 42 as

1 if the program were a school district, except that the program has a
2 local share applied that is equivalent to the local share [~~fund~~
3 ~~assignment~~] of the school district in which the principal
4 facilities of the program are located.

5 SECTION 59. Section 96.707(k), Education Code, is amended
6 to read as follows:

7 (k) For each student enrolled in the academy, the academy is
8 entitled to allocations [~~allotments~~] from the Foundation School
9 Program under Chapter 42 as if the academy were a school district,
10 except that the academy has a local share applied that is equivalent
11 to the tier one local share [~~fund-assignment~~] of the Beaumont
12 Independent School District.

13 SECTION 60. Section 105.301(e), Education Code, is amended
14 to read as follows:

15 (e) The academy is not subject to the provisions of this
16 code, or to the rules of the Texas Education Agency, regulating
17 public schools, except that:

18 (1) professional employees of the academy are entitled
19 to the limited liability of an employee under Section 22.051 or
20 22.052;

21 (2) a student's attendance at the academy satisfies
22 compulsory school attendance requirements; and

23 (3) for each student enrolled, the academy is entitled
24 to allocations [~~allotments~~] from the foundation school program
25 under Chapter 42 as if the academy were a school district, except
26 that the academy has a local share applied that is equivalent to the
27 tier one local share [~~fund-assignment~~] of the Denton Independent

1 School District.

2 SECTION 61. Section 317.005(f), Government Code, is
3 amended to read as follows:

4 (f) The governor or board may adopt an order under this
5 section withholding or transferring any portion of the total amount
6 appropriated to finance the foundation school program for a fiscal
7 year. The governor or board may not adopt such an order if it would
8 result in an allocation of money between particular programs or
9 statutory allotments under the foundation school program contrary
10 to the statutory proration formula provided by Section 42.253(h),
11 Education Code. The governor or board may transfer an amount to the
12 total amount appropriated to finance the foundation school program
13 for a fiscal year and may increase the guaranteed level of state and
14 local funds per student [~~basic allotment~~]. The governor or board
15 may adjust allocations of amounts between particular programs or
16 statutory allocations [~~allotments~~] under the foundation school
17 program only for the purpose of conforming the allocations to
18 actual student [~~pupil~~] enrollments or attendance.

19 SECTION 62. Section 2175.304(c), Government Code, is
20 amended to read as follows:

21 (c) The procedures established under Subsection (b) must
22 give preference to transferring the property directly to a public
23 school or school district before disposing of the property in
24 another manner. If more than one public school or school district
25 seeks to acquire the same property on substantially the same terms,
26 the system, institution, or agency shall give preference to a
27 public school that is considered low-performing by the commissioner

1 of education or to a school district that has a taxable wealth per
2 student that entitles the district to an allotment of state funds
3 under Section 42.253(c) [~~Subchapter F, Chapter 42~~], Education Code.

4 SECTION 63. Section 26.08, Tax Code, is amended by adding
5 Subsection (n) to read as follows:

6 (n) In this section, "weighted average daily attendance" is
7 computed in the manner provided by Section 41.0011, Education Code.

8 SECTION 64. The following provisions of the Education Code
9 are repealed:

10 (1) Sections 29.203(c) and (g)(2), 42.104, 42.151(a),
11 (b), and (f), 42.152(a), 42.153(a), 42.154(a) and (b), 42.156(a),
12 (d), and (e), 42.157, 42.252(d), 42.253(1), and 42.4101;

13 (2) Subchapter F, Chapter 42; and

14 (3) Subchapter G, Chapter 42, as added by Chapter 260,
15 Acts of the 74th Legislature, Regular Session, 1995.

16 SECTION 65. This Act takes effect September 1, 2003.