

AN ACT

relating to fiscal matters involving certain governmental educational entities, including public school finance, program compliance monitoring by the Texas Education Agency, amounts withheld from and the use of compensatory education allotments, the public school technology allotment, the accounting for the permanent school fund, employee benefits provided by certain educational entities, the uses of the telecommunications infrastructure fund, and participation in a multijurisdictional lottery game.

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

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 The following provisions of the Education Code are repealed:

(1) Chapters 41, 42, and 46; and

(2) Section 45.002.

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

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

1 substantially equal to those available to any similar student,
2 notwithstanding varying local economic factors.

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

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

11 (1) the legislature has enacted a school finance
12 system to replace the system established by Chapters 41, 42, 45, and
13 46, Education Code;

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

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

20 SECTION 4. Subchapter B, Chapter 7, Education Code, is
21 amended by adding Section 7.027 to read as follows:

22 Sec. 7.027. LIMITATION ON COMPLIANCE MONITORING. (a)
23 Except as provided by Section 29.001(5), 29.010(a), 39.074, or
24 39.075, the agency may monitor compliance with requirements
25 applicable to a process or program provided by a school district,
26 campus, program, or school granted charters under Chapter 12,
27 including the process described by Subchapter F, Chapter 11, or a

1 program described by Subchapter B, C, D, E, F, H, or I, Chapter 29,
2 Subchapter A, Chapter 37, or Section 38.003, and the use of funds
3 provided for such a program under Subchapter C, Chapter 42, only as
4 necessary to ensure:

5 (1) compliance with federal law and regulations;
6 (2) financial accountability, including compliance
7 with grant requirements; and

8 (3) data integrity for purposes of:

9 (A) the Public Education Information Management
10 System (PEIMS); and

11 (B) accountability under Chapter 39.

12 (b) The board of trustees of a school district or the
13 governing body of an open-enrollment charter school has primary
14 responsibility for ensuring that the district or school complies
15 with all applicable requirements of state educational programs.

16 SECTION 5. Section 11.151, Education Code, is amended by
17 adding Subsection (e) to read as follows:

18 (e) A school district may request the assistance of the
19 attorney general on any legal matter. The district must pay any
20 costs associated with the assistance.

21 SECTION 6. Section 11.164, Education Code, is amended to
22 read as follows:

23 Sec. 11.164. RESTRICTING WRITTEN INFORMATION [~~REPORTS~~].

24 (a) The [~~On an annual basis, the~~] board of trustees of each school
25 district shall limit redundant requests for information and [~~, after~~
26 ~~soliciting recommendations from each campus-level committee and~~
27 ~~the district-level committee, consider~~] the number and length of

1 written reports that a classroom teacher is [~~employees of the~~
2 ~~district are~~] required to prepare. A classroom teacher may not be
3 required to prepare any written information other than:

4 (1) any report concerning the health, safety, or
5 welfare of a student;

6 (2) a report of a student's grade on an assignment or
7 examination;

8 (3) a report of a student's academic progress in a
9 class or course;

10 (4) a report of a student's grades at the end of each
11 grade reporting period;

12 (5) a textbook report;

13 (6) a unit or weekly lesson plan that outlines, in a
14 brief and general manner, the information to be presented during
15 each period at the secondary level or in each subject or topic at
16 the elementary level;

17 (7) an attendance report;

18 (8) any report required for accreditation review;

19 (9) any information required by a school district that
20 relates to a complaint, grievance, or actual or potential
21 litigation and that requires the classroom teacher's involvement;

22 or

23 (10) any information specifically required by law,
24 rule, or regulation.

25 (b) The board of trustees shall review paperwork
26 requirements imposed on classroom teachers and shall transfer to
27 existing noninstructional staff a reporting task that can

1 reasonably be accomplished by that staff.

2 (c) This section does not preclude a school district from
3 collecting essential information, in addition to information
4 specified under Subsection (a), from a classroom teacher on
5 agreement between the classroom teacher and the district.

6 SECTION 7. Section 13.005(a), Education Code, is amended to
7 read as follows:

8 (a) Except as provided by this section or by a local
9 consolidation agreement under Section 13.158, the annexation of all
10 or part of the territory of one district to another is effective on
11 the first July 1 that is more than 30 days after the date of the
12 order or ordinance accomplishing the annexation or of the
13 declaration of the results of an election at which the transfer is
14 approved.

15 SECTION 8. Section 13.152, Education Code, is amended to
16 read as follows:

17 Sec. 13.152. RESOLUTION OR PETITION. Consolidation is
18 initiated in each district proposed to be consolidated by either a
19 resolution adopted by the board of trustees of the ~~[each]~~ district
20 or a petition requesting an election on the question that is signed
21 by the required number of registered voters of the district ~~[each of~~
22 ~~the districts proposed to be consolidated]~~. Each district is not
23 required to use the same method to initiate consolidation.

24 SECTION 9. Section 13.153, Education Code, is amended by
25 amending Subsection (b) and adding Subsection (c) to read as
26 follows:

27 (b) If no local consolidation agreement is submitted under

1 Section 13.158, the [~~The~~] ballot in the election shall be printed to
2 permit voting for or against the proposition: "Consolidation of
3 (name of school districts) into a single school district."

4 (c) If a local consolidation agreement is submitted under
5 Section 13.158, the ballot in the election shall be printed to
6 permit voting for or against the proposition: "Consolidation of
7 (name of school districts) into a single school district under a
8 local consolidation agreement."

9 SECTION 10. Sections 13.155(b) and (c), Education Code, are
10 amended to read as follows:

11 (b) Except as provided by Subsection (c) or by a local
12 consolidation agreement under Section 13.158, the board of trustees
13 of the school district having the greatest membership on the last
14 day of the school year preceding the consolidation serves as the
15 board of trustees of the consolidated district until the next
16 regular election of trustees, at which time the consolidated
17 district shall elect a board of trustees.

18 (c) Except as provided by a local consolidation agreement
19 under Section 13.158, if [~~If~~] the membership on the last day of the
20 school year preceding the consolidation in the district with the
21 largest membership is more than five times that of the other
22 district or districts consolidating with it, the trustees of the
23 district with the largest membership continue to serve for the
24 terms for which they have been elected and only the vacancies, as
25 they occur, are filled from the consolidated district.

26 SECTION 11. Subchapter D, Chapter 13, Education Code, is
27 amended by adding Sections 13.158 and 13.159 to read as follows:

1 Sec. 13.158. LOCAL CONSOLIDATION AGREEMENT. (a) Before
2 issuing an order for an election under Section 13.153, the boards of
3 trustees of the districts to be consolidated may draft a local
4 consolidation agreement to be submitted to the registered voters in
5 each district. An agreement must set out the composition and method
6 of election of the consolidated board of trustees. The identical
7 agreement must be submitted to the registered voters of each
8 district.

9 (b) A local consolidation agreement may provide the
10 following:

11 (1) an effective date that is not more than one year
12 after the date of the consolidation election;

13 (2) a schedule to elect the board of trustees of the
14 consolidated district before or after the effective date of
15 consolidation;

16 (3) that the consolidated district educate particular
17 grades within the boundaries of a district being consolidated;

18 (4) that the consolidated district maintain a specific
19 campus in operation;

20 (5) that if the votes cast in some districts, but not
21 all districts, show a majority voting in favor of the
22 consolidation, the districts receiving a favorable vote may
23 consolidate;

24 (6) that a majority of the votes cast in each district
25 must be in favor of consolidation for there to be a consolidation;

26 or

27 (7) any other provision consistent with state and

1 federal law.

2 (c) Not later than 30 days before a consolidation election
3 is held, the boards of trustees of the districts to be consolidated
4 may amend the local consolidation agreement. After a successful
5 election to consolidate, the local consolidation agreement may not
6 be amended for five years following the effective date of
7 consolidation, unless a shorter period is set out in the agreement.
8 After that time, the agreement may be amended only by unanimous vote
9 of the board of trustees of the district.

10 (d) The commissioner may waive a requirement under this
11 section or Section 13.159 on application of the boards of trustees
12 of all districts proposed for consolidation.

13 Sec. 13.159. PUBLIC INSPECTION AND HEARING. (a) A local
14 consolidation agreement under Section 13.158 must be made available
15 for public inspection during regular business hours at the central
16 administration building of each district for at least 25 days
17 before the consolidation election.

18 (b) Each district shall hold a public hearing to allow
19 interested persons to present comments related to the local
20 consolidation agreement. If the agreement is amended following a
21 public hearing, before the consolidation election each district
22 shall hold another public hearing to consider the amendment.

23 (c) Each district shall provide notice of each public
24 hearing to the public.

25 SECTION 12. Section 21.253, Education Code, is amended to
26 read as follows:

27 Sec. 21.253. REQUEST FOR HEARING. (a) A teacher must file

1 a written request for a hearing under this subchapter with the
2 commissioner not later than the 15th day after the date the teacher
3 receives written notice of the proposed action. The teacher must
4 provide the district with a copy of the request and must provide the
5 commissioner with a copy of the notice.

6 (b) The parties may agree in writing to extend by not more
7 than 10 days the deadline for requesting a hearing.

8 SECTION 13. Sections 21.254(c), (d), and (e), Education
9 Code, are amended to read as follows:

10 (c) If a hearing examiner is not selected by the parties to a
11 pending case under Subsection (e), the [~~The~~] commissioner shall
12 assign a hearing examiner to the [~~a pending~~] case not earlier than
13 the sixth business day and not later than the 10th business day
14 after the date on which the commissioner receives the request for a
15 hearing. When a hearing examiner has been assigned to a case, the
16 commissioner shall immediately notify the parties.

17 (d) The parties may agree to reject a hearing examiner for
18 any reason and either [~~Either~~] party is entitled to reject the
19 assigned hearing examiner for cause. A rejection must be in writing
20 and filed with the commissioner not later than the third day after
21 the date of notification of the hearing examiner's assignment. If
22 the parties agree to reject the hearing examiner or if the
23 commissioner determines that one [~~the~~] party has good cause to
24 reject the hearing examiner, the commissioner shall assign another
25 hearing examiner as provided by Subsection (b). If neither party
26 makes a timely rejection, the assignment is final.

27 (e) After the teacher receives the notice of the proposed

1 action, the parties by agreement may select a hearing examiner from
 2 the list maintained by the commissioner under Subsection (a) or a
 3 person who is not certified to serve as a hearing examiner. A
 4 person who is not a certified hearing examiner may be selected only
 5 if the person is [~~under this subsection must be~~] licensed to
 6 practice law in this state. If the parties agree on a hearing
 7 examiner, the parties shall, before the date the commissioner is
 8 permitted to assign a hearing examiner, notify the commissioner in
 9 writing of the agreement, including [~~before the teacher files a~~
 10 ~~request for hearing under Section 21.253, the request shall~~
 11 ~~include~~] the name of the hearing examiner selected. [~~If the parties~~
 12 ~~agree on a hearing examiner after the teacher files the request for~~
 13 ~~hearing, the teacher shall promptly notify the commissioner in~~
 14 ~~writing of the name of the hearing examiner.~~]

15 SECTION 14. Sections 21.257(a) and (c), Education Code, are
 16 amended to read as follows:

17 (a) Not later than the 60th [~~45th~~] day after the date on
 18 which the commissioner receives a teacher's written request for a
 19 hearing, the hearing examiner shall complete the hearing and make a
 20 written recommendation that:

21 (1) includes proposed findings of fact and conclusions
 22 of law; and

23 (2) may include a proposal for granting relief.

24 (c) The parties may agree in writing to extend by not more
 25 than 45 days [~~waive~~] the right to a recommendation by the date
 26 prescribed by Subsection (a). A hearing under this section may not
 27 be held on a Saturday, Sunday, or a state or federal holiday, unless

1 all parties agree.

2 SECTION 15. Subchapter G, Chapter 21, Education Code, is
3 amended by adding Section 21.3041 to read as follows:

4 Sec. 21.3041. REHEARING BY COMMISSIONER. (a) Not later
5 than the 20th day after the date the party or the party's
6 representative receives notice of the commissioner's decision
7 under Section 21.304, the party may file a request for rehearing.

8 (b) A request for rehearing is not required for a party to
9 appeal the commissioner's decision under Section 21.307.

10 (c) A request for rehearing is denied by operation of law if
11 the commissioner does not issue an order before the 45th day after
12 the date the party or the party's representative receives notice of
13 the commissioner's decision.

14 SECTION 16. Section 21.307(b), Education Code, is amended
15 to read as follows:

16 (b) An appeal under this section must be perfected not later
17 than the 30th day after:

18 (1) the date the party or the party's representative
19 receives ~~received~~ notice of the commissioner's decision or the
20 date on which the decision of the board of trustees is ~~was~~
21 affirmed by operation of law if the commissioner ~~failed~~ fails ~~failed~~ to
22 issue a decision within the required period; or

23 (2) if a request for rehearing is filed under Section
24 21.3041, the date on which the request is denied by order of the
25 commissioner or by operation of law under Section 21.3041(c). [A
26 motion for rehearing is not required for the party to appeal.]

27 SECTION 17. Subchapter I, Chapter 21, Education Code, is

1 amended by adding Section 21.413 to read as follows:

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

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

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

24 (d) The commissioner shall establish the reimbursement
25 program for implementation beginning not later than the 2005-2006
26 school year. The commissioner may implement the reimbursement
27 program only if funds are specifically appropriated by the

1 legislature for the program or if the commissioner identifies
2 available funds, other than general revenue funds, that may be used
3 for the program.

4 SECTION 18. Subchapter A, Chapter 29, Education Code, is
5 amended by adding Section 29.0161 to read as follows:

6 Sec. 29.0161. CONTRACT WITH STATE OFFICE OF ADMINISTRATIVE
7 HEARINGS FOR SPECIAL EDUCATION DUE PROCESS HEARINGS. Not later
8 than December 1, 2003, the agency and the State Office of
9 Administrative Hearings shall jointly determine whether it would be
10 cost-effective for the agency to enter an interagency contract with
11 the office under which the office would conduct all or part of the
12 agency's special education due process hearings under 20 U.S.C.
13 Section 1415 and its subsequent amendments.

14 SECTION 19. Sections 29.062(a) and (e), Education Code, are
15 amended to read as follows:

16 (a) The legislature recognizes that compliance with this
17 subchapter is an imperative public necessity. Therefore, in
18 accordance with the policy of the state, the agency shall evaluate
19 the effectiveness of programs under this subchapter based on the
20 academic excellence indicators adopted under Section 39.051(a),
21 including the results of assessment instruments. The agency may
22 combine evaluations under this section with federal accountability
23 measures concerning students of limited English proficiency
24 ~~[monitor compliance with state rules by inspecting each school~~
25 ~~district and open-enrollment charter school on-site at least every~~
26 ~~three years]~~.

27 (e) If a school district or open-enrollment charter school

1 fails to satisfy appropriate standards adopted by the commissioner
2 for purposes of Subsection (a) [~~or refuses to comply after proper~~
3 ~~notification~~], the agency shall apply sanctions, which may include
4 the removal of accreditation, loss of foundation school funds, or
5 both.

6 SECTION 20. Section 31.021(b), Education Code, is amended
7 to read as follows:

8 (b) The State Board of Education shall annually set aside
9 out of the available school fund of the state an amount sufficient
10 for the board, school districts, and open-enrollment charter
11 schools to purchase and distribute the necessary textbooks for the
12 use of the students of this state for the following school year.
13 The board shall determine the amount of the available school fund to
14 set aside for the state textbook fund based on:

15 (1) a report by the commissioner issued on July 1 or,
16 if that date is a Saturday or Sunday, on the following Monday,
17 stating the amount of unobligated money in the fund;

18 (2) [~~a requirement to provide an allotment to be~~
19 ~~distributed to each district equal to \$30 per student in average~~
20 ~~daily attendance, or a greater amount for any year provided by~~
21 ~~appropriation, to be used only to:~~

22 [~~(A) provide for the purchase by school districts~~
23 ~~of electronic textbooks or technological equipment that~~
24 ~~contributes to student learning; and~~

25 [~~(B) pay for training educational personnel~~
26 ~~directly involved in student learning in the appropriate use of~~
27 ~~electronic textbooks and for providing for access to technological~~

1 ~~equipment for instructional use;~~

2 ~~(3)~~ the commissioner's estimate, based on textbooks
3 selected under Section 31.101 and on attendance reports submitted
4 under Section 31.103 by school districts and open-enrollment
5 charter schools, of the amount of funds, in addition to funds
6 reported under Subdivision (1), that will be necessary for purchase
7 and distribution of textbooks for the following school year; and

8 (3) ~~(4)~~ any amount the board determines should be
9 set aside for emergency purposes caused by unexpected increases in
10 attendance.

11 SECTION 21. Section 31.103(b), Education Code, is amended
12 to read as follows:

13 (b) A requisition for textbooks for the following school
14 year shall be based on the maximum attendance reports under
15 Subsection (a), plus an additional 10 percent, except as otherwise
16 provided. A school district or open-enrollment charter school
17 shall make a requisition for a textbook on the conforming or
18 nonconforming list through the commissioner to the state depository
19 designated by the publisher or as provided by State Board of
20 Education rule, as applicable, not later than June 1 of each year.
21 The designated state depository or, if the publisher or
22 manufacturer does not have a designated textbook depository in this
23 state under Section 31.151(a)(6)(B), the publisher or manufacturer
24 shall fill a requisition approved by the agency at any other time in
25 the case of an emergency. As made necessary by available funds, the
26 commissioner shall reduce the additional percentage of attendance
27 for which a district or school may requisition textbooks. The

1 commissioner may, on application of a district or school that is
2 experiencing high enrollment growth, increase the additional
3 percentage of attendance for which the district or school may
4 requisition textbooks.

5 SECTION 22. Subchapter A, Chapter 32, Education Code, is
6 amended by adding Section 32.005 to read as follows:

7 Sec. 32.005. TECHNOLOGY ALLOTMENT. (a) Each school
8 district is entitled to an allotment of \$30 for each student in
9 average daily attendance or a different amount for any year
10 provided by appropriation.

11 (b) An allotment under this section may be used only to:

12 (1) provide for the purchase by school districts of
13 electronic textbooks or technological equipment that contributes
14 to student learning; and

15 (2) pay for training educational personnel directly
16 involved in student learning in the appropriate use of electronic
17 textbooks and for providing for access to technological equipment
18 for instructional use.

19 (c) The allotment under this section may be paid from:

20 (1) the telecommunications infrastructure fund under
21 Subchapter C, Chapter 57, Utilities Code;

22 (2) the available school fund; or

23 (3) any other fund that may be used for that purpose
24 and that is identified in the General Appropriations Act as the
25 source of payment of the allotment.

26 SECTION 23. Section 32.033(a), Education Code, is amended
27 to read as follows:

1 (a) The agency, in coordination with institutions of higher
2 education and other public or private entities, may [~~shall~~]
3 maintain and expand, as needed, the telecommunications
4 capabilities of school districts and regional education service
5 centers. The agency shall design and implement a
6 telecommunications system for distance learning throughout the
7 state.

8 SECTION 24. Section 34.007(b), Education Code, is amended
9 to read as follows:

10 (b) In establishing and operating the transportation
11 system, the county or school district board:

12 (1) shall employ school bus drivers certified in
13 accordance with standards and qualifications adopted by the
14 Department of Public Safety; and

15 (2) may allow a parent to designate one of the
16 following locations [~~a child care facility, as defined by Section~~
17 ~~42.002, Human Resources Code,~~] instead of the child's residence as
18 the regular location for purposes of obtaining transportation under
19 the system to and from the child's school, if the location is on an
20 approved route:

21 (A) a child-care facility, as defined by Section
22 42.002, Human Resources Code; or

23 (B) the residence of a grandparent of the child.

24 SECTION 25. Section 39.023(e), Education Code, is amended
25 to read as follows:

26 (e) Under rules adopted by the State Board of Education,
27 every other year, the agency shall release the questions and answer

1 keys to each assessment instrument administered under Subsection
2 (a), (b), (c), (d), or (l) after the last time the instrument is
3 administered for that ~~[a]~~ school year. To ensure a valid bank of
4 questions for use each year, the agency is not required to release a
5 question that is being field-tested and was not used to compute the
6 student's score on the instrument. The agency shall also release,
7 under board rule, each question that is no longer being
8 field-tested and that was not used to compute a student's score.

9 SECTION 26. Section 39.051(f), Education Code, is amended
10 to read as follows:

11 (f) The ~~[Beginning with the 2002-2003 school year, the]~~
12 indicator under Subsection (b)(1) must include the results of
13 assessment instruments required under Section 39.023(b). ~~[These~~
14 ~~results may not be aggregated by grade level or subject area.]~~

15 SECTION 27. Sections 39.055(a) and (e), Education Code, are
16 amended to read as follows:

17 (a) The commissioner shall develop a process for auditing
18 school district dropout records electronically. The commissioner
19 shall also develop a system and standards for review of the audit or
20 use systems already available at the agency. The system must be
21 designed to identify districts that are at high risk of having
22 inaccurate dropout records and that, as a result, require on-site
23 monitoring of dropout records. If the electronic audit of a
24 district's dropout records indicates that a district is not at high
25 risk of having inaccurate dropout records, the district may not be
26 subject to on-site monitoring under this subsection. If the
27 risk-based system indicates that a district is at high risk of

1 having inaccurate dropout records, the district is entitled to an
2 opportunity to respond to the commissioner's determination before
3 on-site monitoring may be conducted. The district must respond not
4 later than the 30th day after the date the commissioner notifies the
5 district of the commissioner's determination. If the district's
6 response does not change the commissioner's determination that the
7 district is at high risk of having inaccurate dropout records or if
8 the district does not respond in a timely manner, the commissioner
9 shall order agency staff to conduct on-site monitoring of the
10 ~~[board of trustees of each school district shall have the]~~
11 ~~district's dropout records [audited annually at district expense by~~
12 ~~a public accountant or certified public accountant who:~~

13 ~~[(1) is certified or registered, as appropriate, and~~
14 ~~licensed under Chapter 901, Occupations Code,~~

15 ~~[(2) has successfully completed training provided by~~
16 ~~the agency in auditing school dropout records, and~~

17 ~~[(3) is not an employee of the district].~~

18 (e) ~~[The agency shall review each report of an audit of~~
19 ~~dropout records.]~~ The commissioner shall notify the board of
20 trustees of a school district of any objection the commissioner has
21 to the district's dropout data ~~[report]~~, any violation of sound
22 accounting practices or of a law or rule revealed by the data
23 ~~[report]~~, or any recommendation by the commissioner concerning the
24 data ~~[report]~~. If the data reflect ~~[report reflects]~~ that a penal
25 law has been violated, the commissioner shall notify the county
26 attorney, district attorney, or criminal district attorney, as
27 appropriate, and the attorney general. The commissioner is

1 entitled to access to all district records the commissioner
2 considers necessary or appropriate for the review, analysis, or
3 approval of district dropout data [~~a report~~].

4 SECTION 28. (a) Sections 41.0021(a) and (e), Education
5 Code, are amended to read as follows:

6 (a) Notwithstanding Section 41.002, for the [~~2001-2002,~~
7 ~~2002-2003, and~~] 2003-2004 school year [years], a school district
8 that in the 1999-2000 school year did not offer each grade level
9 from kindergarten through 12 may elect to have its wealth per
10 student determined under this section.

11 (e) This section expires September 1, 2004.

12 (b) This section prevails over any other Act of the 78th
13 Legislature, Regular Session, 2003, amending Section 41.0021(a) or
14 (e), Education Code.

15 SECTION 29. Section 41.033, Education Code, is amended to
16 read as follows:

17 Sec. 41.033. GOVERNANCE PLAN. (a) The agreement among the
18 consolidating districts may include a governance plan designed to
19 preserve community-based and site-based decision making within the
20 consolidated district, including the delegation of specific powers
21 of the governing board of the district other than the power to levy
22 taxes, including a provision authorized by Section 13.158(b).

23 (b) The governance plan may provide for a transitional board
24 of trustees during the first year after consolidation, but
25 beginning with the next year the board of trustees must be elected
26 from within the boundaries of the consolidated district [~~from~~
27 ~~single member districts drawn in accordance with the procedures~~

1 ~~provided by Section 11.052].~~ If the consolidating districts elect
2 trustees from single-member districts, the consolidated district
3 must adopt a plan to elect its board of trustees from single-member
4 districts.

5 SECTION 30. Section 42.152, Education Code, is amended by
6 amending Subsections (c), (q), and (r) and adding Subsections
7 (q-1)-(q-4), (u), and (v) to read as follows:

8 (c) Funds allocated under this section shall be used [~~only~~]
9 to fund supplemental programs and services designed to eliminate
10 any disparity in performance on assessment instruments
11 administered under Subchapter B, Chapter 39, or disparity in the
12 rates of high school completion between students at risk of
13 dropping out of school, as defined by Section 29.081, and all other
14 students. Specifically, the funds, other than an indirect cost
15 allotment established under State Board of Education rule, which
16 may not exceed 15 percent, may be used [~~only~~] to meet the costs of
17 providing a compensatory, intensive, or accelerated instruction
18 program under Section 29.081 or an alternative education program
19 established under Section 37.008 or to support a program eligible
20 under Title I of the Elementary and Secondary Education Act of 1965,
21 as provided by Pub. L. No. 103-382 and its subsequent amendments,
22 and by federal regulations implementing that Act, at a campus at
23 which at least 40 [~~50~~] percent of the students are educationally
24 disadvantaged. In meeting the costs of providing a compensatory,
25 intensive, or accelerated instruction program under Section
26 29.081, a district's compensatory education allotment shall [~~may~~]
27 be used [~~only~~] for costs supplementary to the regular education

1 program, such as costs for program and student evaluation,
2 instructional materials and equipment and other supplies required
3 for quality instruction, supplemental staff expenses, salary for
4 teachers of at-risk students, smaller class size, and
5 individualized instruction. A home-rule school district or an
6 open-enrollment charter school must use funds allocated under
7 Subsection (a) for a purpose authorized in this subsection but is
8 not otherwise subject to Subchapter C, Chapter 29. Notwithstanding
9 any other provisions of this section:

10 (1) to ensure that a sufficient amount of the funds
11 allotted under this section are available to supplement
12 instructional programs and services, no more than 18 percent of the
13 funds allotted under this section may be used to fund disciplinary
14 alternative education programs established under Section 37.008;
15 ~~and~~

16 (2) the commissioner may waive the limitations of
17 Subdivision (1) upon an annual petition, by a district's board and a
18 district's site-based decision making committee, presenting the
19 reason for the need to spend supplemental compensatory education
20 funds on disciplinary alternative education programs under Section
21 37.008, provided that:

22 (A) the ~~the~~ district ~~shall~~ in its petition
23 reports ~~report~~ the number of students in each grade level, by
24 demographic subgroup, not making satisfactory progress under the
25 state's assessment system; and

26 (B) the ~~the~~ commissioner makes the ~~will make~~
27 ~~this~~ waiver request information available annually to the public

1 on the agency's website; and

2 (3) for purposes of this subsection, a program
3 specifically designed to serve students at risk of dropping out of
4 school, as defined by Section 29.081, is considered to be a program
5 supplemental to the regular education program, and a district may
6 use its compensatory education allotment for such a program.

7 (q) The State Board of Education, with the assistance of the
8 state auditor and the comptroller, shall develop and implement by
9 rule [a] reporting and auditing systems [~~system~~] for district and
10 campus expenditures of compensatory education funds to ensure that
11 compensatory education funds, other than the indirect cost
12 allotment, are spent only to supplement the regular education
13 program as required by Subsection (c). The reporting requirements
14 shall be managed electronically to minimize local administrative
15 costs. A district shall submit the report required by this
16 subsection not later than the 150th day after the last day
17 permissible for resubmission of information required under Section
18 42.006.

19 (q-1) The commissioner shall develop a system to identify
20 school districts that are at high risk of having used compensatory
21 education funds other than in compliance with Subsection (c) or of
22 having inadequately reported compensatory education expenditures.
23 If a review of the report submitted under Subsection (q), using the
24 risk-based system, indicates that a district is not at high risk of
25 having misused compensatory education funds or of having
26 inadequately reported compensatory education expenditures, the
27 district may not be required to perform a local audit of

1 compensatory education expenditures and is not subject to on-site
2 monitoring under this section.

3 (q-2) If a review of the report submitted under Subsection
4 (q), using the risk-based system, indicates that a district is at
5 high risk of having misused compensatory education funds, the
6 commissioner shall notify the district of that determination. The
7 district must respond to the commissioner not later than the 30th
8 day after the date the commissioner notifies the district of the
9 commissioner's determination. If the district's response does not
10 change the commissioner's determination that the district is at
11 high risk of having misused compensatory education funds or if the
12 district does not respond in a timely manner, the commissioner
13 shall:

14 (1) require the district to conduct a local audit of
15 compensatory education expenditures for the current or preceding
16 school year;

17 (2) order agency staff to conduct on-site monitoring
18 of the district's compensatory education expenditures; or

19 (3) both require a local audit and order on-site
20 monitoring.

21 (q-3) If a review of the report submitted under Subsection
22 (q), using the risk-based system, indicates that a district is at
23 high risk of having inadequately reported compensatory education
24 expenditures, the commissioner may require agency staff to assist
25 the district in following the proper reporting methods or amending
26 a district or campus improvement plan under Subchapter F, Chapter
27 11. If the district does not take appropriate corrective action

1 before the 45th day after the date the agency staff notifies the
2 district of the action the district is expected to take, the
3 commissioner may:

4 (1) require the district to conduct a local audit of
5 the district's compensatory education expenditures; or

6 (2) order agency staff to conduct on-site monitoring
7 of the district's compensatory education expenditures.

8 (q-4) The commissioner, in the year following a local ~~[an]~~
9 audit of compensatory education expenditures, shall withhold from a
10 district's foundation school fund payment an amount equal to the
11 amount of compensatory education funds the agency determines were
12 not used in compliance with Subsection (c). The commissioner shall
13 release to a district funds withheld under this subsection when the
14 district provides to the commissioner a detailed plan to spend
15 those funds in compliance with Subsection (c).

16 (r) The commissioner shall grant a one-year exemption from
17 the requirements of Subsections (q)-(q-4) ~~[Subsection (g)]~~ to a
18 school district in which the group of students who have failed to
19 perform satisfactorily in the preceding school year on an
20 assessment instrument required under Section 39.023(a), (c), or (l)
21 subsequently performs on those assessment instruments at a level
22 that meets or exceeds a level prescribed by commissioner rule. Each
23 year the commissioner, based on the most recent information
24 available, shall determine if a school district is entitled to an
25 exemption for the following school year and notify the district of
26 that determination.

27 (u) For the 2003-2004 and 2004-2005 school years,

1 notwithstanding the allotments and reductions otherwise required
2 or permitted by this section or Section 39.031, the legislature may
3 in the General Appropriations Act reduce the total amount of
4 funding for the compensatory education allotment by not more than
5 the sum of all of the changes, made to programs funded through
6 deductions to the compensatory education allotment to which a
7 district is otherwise entitled under Subsection (a), under H.B. No.
8 1, Acts of the 78th Legislature, Regular Session, 2003. After
9 deducting the amount of a reduction made as provided by this
10 subsection from the total amount computed for the allotment under
11 Subsection (a), the commissioner shall:

12 (1) reduce each district's tier one allotments in the
13 same manner described for a reduction in allotments under Section
14 42.253; and

15 (2) allocate funds to each district accordingly.

16 (v) This subsection and Subsection (u) expire on September
17 1, 2005.

18 SECTION 31. Section 42.154(a), Education Code, is amended
19 to read as follows:

20 (a) For each full-time equivalent student in average daily
21 attendance in an approved career and technology education program
22 in grades nine through 12 or in career and technology education
23 programs for students with disabilities in grades seven through 12,
24 a district is entitled to an annual allotment equal to the adjusted
25 basic allotment multiplied by a weight of 1.35 [~~1.37~~].

26 SECTION 32. Section 42.155(k), Education Code, is amended
27 to read as follows:

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

10 SECTION 33. Subchapter E, Chapter 42, Education Code, is
11 amended by adding Section 42.2517 to read as follows:

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

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

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

23 (b) If the amount available under Subsection (a) is not
24 sufficient to provide funding based on the cost of education index
25 adjusted under Subsection (a)(1), the commissioner shall rank
26 districts by the increase in the cost of education adjustment
27 applicable to each district under this section and shall provide

1 funding under this section to districts in descending order of the
2 amount of increase in the cost of education adjustment applicable
3 to districts under this section, beginning with the district that
4 has the greatest increase in the cost of education adjustment,
5 until no funds are available for purposes of this section.

6 SECTION 34. Section 42.253(b), Education Code, is amended
7 to read as follows:

8 (b) Except as provided by this subsection, the commissioner
9 shall base the determinations under Subsection (a) on the estimates
10 provided to the legislature under Section 42.254, or, if the
11 General Appropriations Act provides estimates for that purpose, on
12 the estimates provided under that Act, for each school district for
13 each school year. The commissioner shall reduce the entitlement of
14 each district that has a final taxable value of property for the
15 second year of a state fiscal biennium that is higher than the
16 estimate under Section 42.254 or the General Appropriations Act, as
17 applicable. A reduction under this subsection may not reduce the
18 district's entitlement below the amount to which it is entitled at
19 its actual taxable value of property. [~~The sum of the reductions~~
20 ~~under this subsection may not be greater than the amount necessary~~
21 ~~to fully fund the entitlement of each district.~~]

22 SECTION 35. Sections 42.259(c), (d), and (f), Education
23 Code, are amended to read as follows:

24 (c) Payments from the foundation school fund to each
25 category 2 school district shall be made as follows:

26 (1) 22 percent of the yearly entitlement of the
27 district shall be paid in an installment to be made on or before the

1 25th day of September of a fiscal year;

2 (2) 18 percent of the yearly entitlement of the
3 district shall be paid in an installment to be made on or before the
4 25th day of October;

5 (3) 9.5 percent of the yearly entitlement of the
6 district shall be paid in an installment to be made on or before the
7 25th day of November;

8 (4) 7.5 percent of the yearly entitlement of the
9 district shall be paid in an installment to be made on or before the
10 25th day of April;

11 (5) five percent of the yearly entitlement of the
12 district shall be paid in an installment to be made on or before the
13 25th day of May;

14 (6) 10 percent of the yearly entitlement of the
15 district shall be paid in an installment to be made on or before the
16 25th day of June;

17 (7) 13 percent of the yearly entitlement of the
18 district shall be paid in an installment to be made on or before the
19 25th day of July; and

20 (8) 15 percent of the yearly entitlement of the
21 district shall be paid in an installment to be made after the fifth
22 day of September and not later than the 10th day of September of the
23 calendar year following the calendar year of the payment made under
24 Subdivision (1) [~~on or before the 25th day of August~~].

25 (d) Payments from the foundation school fund to each
26 category 3 school district shall be made as follows:

27 (1) 45 percent of the yearly entitlement of the

1 district shall be paid in an installment to be made on or before the
2 25th day of September of a fiscal year;

3 (2) 35 percent of the yearly entitlement of the
4 district shall be paid in an installment to be made on or before the
5 25th day of October; and

6 (3) 20 percent of the yearly entitlement of the
7 district shall be paid in an installment to be made after the fifth
8 day of September and not later than the 10th day of September of the
9 calendar year following the calendar year of the payment made under
10 Subdivision (1) [~~on or before the 25th day of August~~].

11 (f) Except as provided by Subsection (c)(8) or (d)(3), any
12 [~~Any~~] previously unpaid additional funds from prior years owed to a
13 district shall be paid to the district together with the September
14 payment of the current year entitlement.

15 SECTION 36. Section 43.001(b), Education Code, is amended
16 to read as follows:

17 (b) The available school fund, which shall be apportioned
18 annually to each county according to its scholastic population,
19 consists of:

20 (1) the interest and dividends arising from any
21 securities or funds belonging to the permanent school fund, as
22 determined in accordance with the accrual basis of accounting;

23 (2) all interest derivable from the proceeds of the
24 sale of land set apart for the permanent school fund;

25 (3) all money derived from the lease of land belonging
26 to the permanent school fund;

27 (4) one-fourth of all revenue derived from all state

1 occupation taxes, exclusive of delinquencies and cost of
2 collection;

3 (5) one-fourth of revenue derived from state gasoline
4 and special fuels excise taxes as provided by law; and

5 (6) all other appropriations to the available school
6 fund made by the legislature for public school purposes.

7 SECTION 37. Chapter 43, Education Code, is amended by
8 adding Section 43.020 to read as follows:

9 Sec. 43.020. TREATMENT OF ACCRUED INCOME. All interest and
10 dividends accruing from the investments of the permanent school
11 fund shall be deposited to the credit of the available school fund
12 in accordance with the accrual basis of accounting. Funds
13 recognized under this section are considered part of the available
14 school fund and may be appropriated as provided by Section 5,
15 Article VII, Texas Constitution.

16 SECTION 38. Section 44.031(a), Education Code, is amended
17 to read as follows:

18 (a) Except as provided by this subchapter, all school
19 district contracts, except contracts for the purchase of produce or
20 vehicle fuel, valued at \$25,000 or more in the aggregate for each
21 12-month period shall be made by the method, of the following
22 methods, that provides the best value for the district:

23 (1) competitive bidding;

24 (2) competitive sealed proposals;

25 (3) a request for proposals, for services other than
26 construction services;

27 (4) a catalogue purchase as provided by Subchapter B,

1 Chapter 2157, Government Code;

2 (5) an interlocal contract;

3 (6) a design/build contract;

4 (7) a contract to construct, rehabilitate, alter, or
5 repair facilities that involves using a construction manager;

6 (8) a job order contract for the minor construction,
7 repair, rehabilitation, or alteration of a facility; ~~or~~

8 (9) the reverse auction procedure as defined by
9 Section 2155.062(d), Government Code; or

10 (10) the formation of a political subdivision
11 corporation under Section 304.001, Local Government Code.

12 SECTION 39. Section 45.201(4), Education Code, is amended
13 to read as follows:

14 (4) "Approved securities" means:

15 (A) bonds of this state or any agency or
16 political subdivision of this state;

17 (B) all evidences of indebtedness legally issued
18 by the board of trustees of the depositing school district;

19 (C) all debt securities that are a direct
20 obligation of the treasury of the United States;

21 (D) other obligations, including ~~[all debt~~
22 ~~securities, except]~~ reducing principal balance securities, the
23 principal and interest of which are unconditionally guaranteed or
24 insured by, or backed ~~[in the event of default]~~ by the full faith
25 and credit of, this state or the United States or their respective
26 agencies and instrumentalities; and

27 (E) those securities provided for by Article 842,

1 Revised Statutes, and Section 1, Chapter 160, General Laws, Acts of
2 the 43rd Legislature, 1933 (Article 842a, Vernon's Texas Civil
3 Statutes).

4 SECTION 40. Section 46.033, Education Code, is amended to
5 read as follows:

6 Sec. 46.033. ELIGIBLE BONDS. Bonds, including bonds issued
7 under Section 45.006, are eligible to be paid with state and local
8 funds under this subchapter if:

9 (1) the district made payments on the bonds during the
10 2002-2003 [~~2000-2001~~] school year or taxes levied to pay the
11 principal of and interest on the bonds were included in the
12 district's audited debt service collections for that school year;
13 and

14 (2) the district does not receive state assistance
15 under Subchapter A for payment of the principal and interest on the
16 bonds.

17 SECTION 41. Section 46.034, Education Code, is amended by
18 amending Subsection (c) and adding Subsections (d) and (e) to read
19 as follows:

20 (c) If the amount required to pay the principal of and
21 interest on eligible bonds in a school year is less than the amount
22 of payments made by the district on the bonds during the 2002-2003
23 [~~2000-2001~~] school year or the district's audited debt service
24 collections for that school year, the district may not receive aid
25 in excess of the amount that, when added to the district's local
26 revenue for the school year, equals the amount required to pay the
27 principal of and interest on the bonds.

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

14 (e) Subsection (d) and this subsection expire September 1,
15 2005.

16 SECTION 42. Subchapter I, Chapter 88, Education Code, is
17 amended by adding Sections 88.703 and 88.704 to read as follows:

18 Sec. 88.703. SUNSET PROVISION. The Texas Veterinary
19 Medical Diagnostic Laboratory is subject to Chapter 325, Government
20 Code (Texas Sunset Act). Unless continued in existence as provided
21 by that chapter, the laboratory is abolished and this subchapter
22 expires September 1, 2007.

23 Sec. 88.704. FEES. The Texas Veterinary Medical
24 Diagnostic Laboratory may charge and collect fees for goods and
25 services the laboratory provides to any person, including a
26 governmental entity.

27 SECTION 43. Section 822.001, Government Code, is amended by

1 adding Subsections (c), (d), (e), and (f) to read as follows:

2 (c) Membership in the retirement system begins on the 91st
3 day after the first day a person is employed.

4 (d) A person who is reemployed after withdrawing
5 contributions for previous service credit begins membership on the
6 91st day after the first day the person is reemployed.

7 (e) Notwithstanding any other provision of law, a member may
8 establish credit only as provided by Section 823.406 for service
9 performed during the 90-day waiting period provided by Subsection
10 (c) or (d).

11 (f) Subsections (c), (d), and (e) and this subsection expire
12 September 1, 2005.

13 SECTION 44. Section 823.002, Government Code, is amended to
14 read as follows:

15 Sec. 823.002. SERVICE CREDITABLE IN A YEAR. (a) The board
16 of trustees by rule shall determine how much service in any year is
17 equivalent to one year of service credit, but in no case may all of a
18 person's service in one school year be creditable as more than one
19 year of service. Service that has been credited by the retirement
20 system on annual statements for a period of five or more years may
21 not be deleted or corrected because of an error in crediting unless
22 the error concerns three or more years of service credit or was
23 caused by fraud.

24 (b) The rules adopted by the board of trustees under
25 Subsection (a) must provide that the 90-day waiting periods
26 described by Sections 822.001(c) and (d) be applied with regard to
27 contributions during a member's first year of service under either

1 of those subsections in a manner that, to the greatest extent
2 possible, minimizes the cost to the retirement system. This
3 subsection expires September 1, 2005.

4 SECTION 45. Subchapter E, Chapter 823, Government Code, is
5 amended by adding Section 823.406 to read as follows:

6 Sec. 823.406. CREDIT PURCHASE OPTION FOR CERTAIN SERVICE.

7 (a) A member may establish membership service credit under this
8 section only for service performed during a 90-day waiting period
9 to become a member after beginning employment.

10 (b) A member may establish service credit under this section
11 by depositing with the retirement system, for each month of service
12 credit, the actuarial present value, at the time of deposit, of the
13 additional standard retirement annuity benefits that would be
14 attributable to the purchase of the service credit under this
15 section, based on rates and tables recommended by the retirement
16 system's actuary and adopted by the board of trustees.

17 (c) After a member makes the deposits required by this
18 section, the retirement system shall grant the member one month of
19 equivalent membership service credit for each month of credit
20 approved.

21 (d) The retirement system shall deposit the amount of the
22 actuarial present value of the service credit purchased in the
23 member's individual account in the employees saving account.

24 (e) The board of trustees may adopt rules to administer this
25 section.

26 SECTION 46. Section 2257.022, Government Code, is amended
27 to read as follows:

1 Sec. 2257.022. AMOUNT OF COLLATERAL. (a) Except as
2 provided by Subsection (b), the [~~The~~] total value of eligible
3 security to secure a deposit of public funds must be in an amount
4 not less than the amount of the deposit of public funds:

5 (1) increased by the amount of any accrued interest;
6 and

7 (2) reduced to the extent that the United States or an
8 instrumentality of the United States insures the deposit.

9 (b) The total value of eligible security described by
10 Section 45.201(4)(D), Education Code, to secure a deposit of public
11 funds of a school district must be in an amount not less than 110
12 percent of the amount of the deposit as determined under Subsection
13 (a). The total market value of the eligible security must be
14 reported at least once each month to the school district.

15 (c) The value of a surety bond is its face value.

16 (d) [~~(c)~~] The value of an investment security is its market
17 value.

18 SECTION 47. Section 1575.002, Insurance Code, as effective
19 June 1, 2003, is amended to conform to Section 3.03, Chapter 1187,
20 Acts of the 77th Legislature, Regular Session, 2001, and to conform
21 more closely to the source law from which the section was derived,
22 and further amended to read as follows:

23 Sec. 1575.002. GENERAL DEFINITIONS. In this chapter:

24 (1) "Active employee" means a contributing member of
25 the Teacher Retirement System of Texas [~~an employee as defined by~~
26 ~~Section 821.001, Government Code,~~] who:

27 (A) is employed by a public school [~~a member of~~

1 ~~the system~~]; and

2 (B) is not entitled to coverage under a plan
3 provided under Chapter 1551 or 1601.

4 (2) ~~["Board of trustees" means the board of trustees
5 of the Teacher Retirement System of Texas.~~

6 ~~(3)~~ "Carrier" means an insurance company or hospital
7 service corporation authorized by the department under this code or
8 another insurance law of this state to provide any of the insurance
9 coverages, benefits, or services provided by this chapter.

10 (3) ~~(4)~~ "Fund" means the retired ~~[Texas public]~~
11 school employees group insurance fund.

12 (4) ~~(5)~~ "Group program" means the Texas Public
13 School Employees Group Insurance Program authorized by this
14 chapter.

15 (5) ~~(6)~~ "Health benefit plan" means a group
16 insurance policy, contract, or certificate, medical or hospital
17 service agreement, membership or subscription contract, salary
18 continuation plan, or similar group arrangement to provide health
19 care services or to pay or reimburse expenses of health care
20 services.

21 (6) "Public school" means:

22 (A) a school district;

23 (B) another educational district whose employees
24 are members of the Teacher Retirement System of Texas;

25 (C) a regional education service center
26 established under Chapter 8, Education Code; or

27 (D) an open-enrollment charter school

1 established under Subchapter D, Chapter 12, Education Code.

2 (7) "Trustee" [~~"System"~~] means the Teacher Retirement
3 System of Texas.

4 SECTION 48. Section 1575.004, Insurance Code, as effective
5 June 1, 2003, is amended to read as follows:

6 Sec. 1575.004. DEFINITION OF RETIREE. In this chapter,
7 "retiree" means:

8 (1) an individual not eligible for coverage under a
9 plan provided under Chapter 1551 or 1601 who:

10 (A) is at least 65 years of age and has taken a
11 service retirement under the Teacher Retirement System of Texas
12 [~~system~~] with at least 10 years of service credit in the system for
13 actual service in public schools in this state; or

14 (B) has taken a service retirement under the
15 Teacher Retirement System of Texas and who has at least 10 years of
16 service credit for actual public service in the public schools in
17 this state or has at least five years of service credit for actual
18 public service in the public schools in this state and has five
19 years of military service credited in the Teacher Retirement System
20 of Texas, and the sum of the individual's age and amount of service
21 credit earned for service in the public schools of this state equals
22 or exceeds the number 80 [~~and~~

23 [~~(B) is not eligible for coverage under a plan~~
24 ~~provided under Chapter 1551 or 1601~~]; or

25 (2) an individual who:

26 (A) has taken a disability retirement under the
27 Teacher Retirement System of Texas [~~system~~]; and

1 (B) is entitled to receive monthly benefits from
2 the Teacher Retirement System of Texas [~~system~~].

3 SECTION 49. (a) Section 1575.153, Insurance Code, as
4 effective June 1, 2003, is amended to conform to Section 3.10,
5 Chapter 1187, Acts of the 77th Legislature, Regular Session, 2001,
6 and further amended to read as follows:

7 Sec. 1575.153. [~~AUTOMATIC~~] BASIC COVERAGE. A retiree [~~or~~
8 ~~active employee of a participating school district~~] who applies for
9 coverage during an enrollment period may not be denied coverage in a
10 basic plan provided under this chapter unless the trustee [~~board of~~
11 ~~trustees~~] finds under Subchapter K that the retiree [~~individual~~]
12 defrauded or attempted to defraud the group program.

13 (b) Section 3.10, Chapter 1187, Acts of the 77th
14 Legislature, Regular Session, 2001, is repealed.

15 SECTION 50. Subchapter D, Chapter 1575, Insurance Code, as
16 effective June 1, 2003, is amended by adding Sections 1575.161,
17 1575.162, and 1575.163 to read as follows:

18 Sec. 1575.161. OPEN ENROLLMENT; ADDITIONAL ENROLLMENT
19 PERIODS. (a) A retiree eligible for coverage under the group
20 program may select any coverage provided under this chapter for
21 which the person is otherwise eligible:

22 (1) on the date that the person retires; and
23 (2) during any open enrollment periods for retirees
24 set by the trustee by rule.

25 (b) In addition to the enrollment periods authorized under
26 Subsection (a), a retiree who:

27 (1) is enrolled in the group program as of August 31,

1 2004, and who is 65 years of age or older on that date may select
2 coverage as described by Subsections (c) and (d) on September 1,
3 2004; or

4 (2) enrolls in the group program on or after
5 September 1, 2004, and who is 65 years of age or older on or after
6 that date may select coverage as described in Subsections (c) and
7 (d) on the date that the retiree is 65 years of age.

8 (c) If a retiree described by Subsection (b) is not covered
9 by the Medicare program, the retiree may enroll in the next-higher
10 coverage tier under the group program and may add dependent
11 coverage in that same coverage tier.

12 (d) If a retiree described by Subsection (b) is covered by
13 the Medicare program, the retiree may enroll in any coverage tier
14 under the group program and may add dependent coverage in that same
15 coverage tier.

16 (e) This section does not affect the right of a retiree
17 enrolled in a coverage tier under the group program to select a
18 lower level of coverage at any time.

19 Sec. 1575.162. SPECIAL ENROLLMENTS. This chapter does not
20 limit the ability of an individual to enroll in the group program if
21 the individual:

22 (1) experiences a special enrollment event as provided
23 by the Health Insurance Portability and Accountability Act of 1996
24 (Pub. L. No. 104-191, 110 Stat. 1936 (1996)), as amended; and

25 (2) is otherwise eligible to enroll in the group
26 program.

27 Sec. 1575.163. LIMITATIONS. The Teacher Retirement System

1 of Texas, as trustee, may not contract for or provide a health
2 benefit plan that excludes from participation in the network a
3 general hospital that:

4 (1) is located in within the geographical service area
5 or areas of the health coverage plan that includes a county that:

6 (A) has a population of at least 100,000 and not
7 more than 175,000; and

8 (B) is located in the Texas-Louisiana border
9 region, as that term is defined in Section 2056.002(e), Government
10 Code; and

11 (2) agrees to provide medical and health care services
12 under the plan subject to the same terms and conditions as other
13 hospital providers under the plan.

14 SECTION 51. Section 1575.201, Insurance Code, as effective
15 June 1, 2003, is amended to read as follows:

16 Sec. 1575.201. ADDITIONAL STATE CONTRIBUTIONS; CERTAIN
17 CONTRIBUTIONS. (a) The state through the trustee [~~system~~] shall
18 contribute from money in the fund:

19 (1) the total cost of the basic plan covering each
20 participating retiree; and

21 (2) for each participating dependent, surviving
22 spouse, and surviving dependent child, the amount prescribed by the
23 General Appropriations Act to cover part of the cost of the basic
24 plan covering the dependent, surviving spouse, and surviving
25 dependent child.

26 (b) The trustee shall collect the amount of premium required
27 for basic coverage under the group program that exceeds the amount

1 contributed by the state for those individuals described by
2 Subsection (a)(2).

3 SECTION 52. Section 1575.202(a), Insurance Code, is amended
4 to read as follows:

5 (a) Each state fiscal year, the state shall contribute to
6 the fund an amount equal to one [~~0.5~~] percent of the salary of each
7 active employee.

8 SECTION 53. Section 1575.203(a), Insurance Code, as
9 effective June 1, 2003, is amended to read as follows:

10 (a) Each state fiscal year, each active employee shall, as a
11 condition of employment, contribute to the fund an amount equal to
12 0.5 [~~0.25~~] percent of the employee's salary.

13 SECTION 54. Section 1575.204, Insurance Code, as effective
14 June 1, 2003, is amended to read as follows:

15 Sec. 1575.204. PUBLIC SCHOOL CONTRIBUTION [~~RATIO OF STATE~~
16 ~~AND ACTIVE EMPLOYEE CONTRIBUTIONS~~]. Each state fiscal year, each
17 public school shall contribute to the fund the amount prescribed by
18 the General Appropriations Act, which may not be less than 0.25
19 percent or greater than 0.75 percent of the salary of each active
20 employee of the public school. The public school shall make the
21 contributions on a monthly basis and as otherwise prescribed by the
22 trustee [~~If the amount of state and active employee contributions~~
23 ~~to the fund is raised by the legislature above the percentages~~
24 ~~provided by Sections 1575.202 and 1575.203 to provide adequate~~
25 ~~funding for the group program, the ratio between the state's~~
26 ~~contribution and the active employees' contributions must be~~
27 ~~maintained at two to one].~~

1 SECTION 55. Subchapter E, Chapter 1575, Insurance Code, as
2 effective June 1, 2003, is amended by adding Sections 1575.211 and
3 1575.212 to read as follows:

4 Sec. 1575.211. COST SHARING. (a) The total costs for the
5 operation of the group program shall be shared among the state, the
6 public schools, the active employees, and the retirees in the
7 manner prescribed by the General Appropriations Act.

8 (b) In determining the allocation of total costs under this
9 section, the state shall pay not more than 55 percent of the total
10 costs, retirees shall pay at least 30 percent of the total costs,
11 and the balance shall be paid by active employees and public
12 schools.

13 Sec. 1575.212. PAYMENT BY RETIREES; RANGES. (a) The
14 trustee by rule shall establish ranges for payment of the share of
15 total costs allocated under Section 1575.211 to retirees, with
16 different levels for:

17 (1) retirees who are not eligible to participate in
18 Part A of the Medicare program;

19 (2) retirees who are eligible for participation but
20 are not participating in Part A of the Medicare program; and

21 (3) retirees who are eligible for participation in the
22 Medicare program and are participating in Part A of the Medicare
23 program.

24 (b) In establishing ranges for payment of the share of total
25 costs allocated under Section 1575.211 to retirees, the trustee may
26 consider the years of service credit accrued by a retiree and may
27 reward those retirees with more years of service credit.

1 SECTION 56. Subchapter E, Chapter 3, Insurance Code, is
2 amended by adding Article 3.50-7A to read as follows:

3 Art. 3.50-7A. LIMITATIONS APPLICABLE TO TEXAS SCHOOL
4 EMPLOYEES UNIFORM GROUP COVERAGE PROGRAM. (a) This article
5 applies only to the uniform group coverage program established
6 under Article 3.50-7 of this code. A term used in this article has
7 the meaning assigned by Section 2, Article 3.50-7, of this code.

8 (b) The Teacher Retirement System of Texas, as trustee, may
9 not contract for or provide a health coverage plan that excludes
10 from participation in the network a general hospital that:

11 (1) is located in within the geographical service area
12 or areas of the health coverage plan that includes a county that:

13 (A) has a population of at least 100,000 and not
14 more than 175,000; and

15 (B) is located in the Texas-Louisiana border
16 region, as that term is defined in Section 2056.002(e), Government
17 Code; and

18 (2) agrees to provide medical and health care services
19 under the plan subject to the same terms and conditions as other
20 hospital providers under the plan.

21 SECTION 57. Section 2, Article 3.50-8, Insurance Code, is
22 amended by amending Subsection (a) and adding Subsections (a-1),
23 (e), (f), and (g) to read as follows:

24 (a) Each year, the trustee shall deliver to each school
25 district, including a school district that is ineligible for state
26 aid under Chapter 42, Education Code, each other educational
27 district that is a member of the Teacher Retirement System of Texas,

1 each participating charter school, and each regional education
2 service center state funds in an amount, as determined by the
3 trustee, equal to:

4 (1) the product of the number of full-time active
5 employees employed by the district, school, or service center,
6 other than in the capacity of professional staff, multiplied by
7 \$500 [~~\$1,000~~] or a greater amount as provided by the General
8 Appropriations Act for purposes of this article; and

9 (2) the product of the number of part-time active
10 employees employed by the district, school, or service center,
11 other than in the capacity of professional staff, multiplied by
12 \$250 or a greater amount as provided by the General Appropriations
13 Act for purposes of this article.

14 (a-1) Notwithstanding any other provision of this article
15 or other law, on or after September 1, 2005, each year, the trustee
16 shall deliver to each school district, including a school district
17 that is ineligible for state aid under Chapter 42, Education Code,
18 each other educational district that is a member of the Teacher
19 Retirement System of Texas, each participating charter school, and
20 each regional education service center state funds in an amount, as
21 determined by the trustee, equal to the product of the number of
22 active employees employed by the district, school, or service
23 center multiplied by \$1,000 or a greater amount as provided by the
24 General Appropriations Act for purposes of this article.

25 (e) A member of the professional staff of a district,
26 charter school, or service center described by Subsection (a) of
27 this section is not eligible to receive state funds under

1 Subsection (a) of this section.

2 (f) For purposes of this section, a member of the
3 professional staff of a district, charter school, or service center
4 described by Subsection (a) of this section has the meaning defined
5 by rule by the trustee.

6 (g) An employee is not eligible to receive a state
7 contribution under this article until the 90th day after the date
8 the employee is employed by an entity described by Section 1(2)(A)
9 of this article.

10 SECTION 58. Section 304.001(a), Local Government Code, is
11 amended to read as follows:

12 (a) In this chapter, "political subdivision" means a
13 county, municipality, school district, hospital district, or any
14 other political subdivision receiving electric service from an
15 entity that has implemented customer choice as defined in Section
16 31.002, Utilities Code.

17 SECTION 59. Section 57.046, Utilities Code, is amended by
18 amending Subsection (a) and adding Subsections (c) and (d) to read
19 as follows:

20 (a) The board shall use money in the public schools account
21 to:

22 (1) to the extent directed in the General
23 Appropriations Act, fund the technology allotment under Section
24 32.005, Education Code; and

25 (2) award grants and loans in accordance with this
26 subchapter to fund:

27 (A) [~~(1)~~] equipment for public schools,

1 including computers, printers, computer labs, and video equipment;
2 and

3 (B) [~~2~~] intracampus and intercampus wiring to
4 enable those public schools to use the equipment.

5 (c) Section 57.047(d) does not apply to the use of money in
6 the public schools account for the purpose specified by Subsection
7 (a)(1).

8 (d) In addition to the purposes for which the qualifying
9 entities account may be used, the board may use money in the account
10 to award grants to the Health and Human Services Commission for
11 technology initiatives of the commission.

12 SECTION 60. Sections 57.048(c) and (d), Utilities Code, are
13 amended to read as follows:

14 (c) The total amount deposited to the credit of the fund,
15 excluding interest and loan repayments, may not exceed \$1.75 [~~\$1.5~~]
16 billion. Not later than August 31 of each year, the comptroller
17 shall determine the total amount, excluding interest and loan
18 repayments, that has been deposited to the credit of the fund during
19 that fiscal year and the preceding fiscal years. If the comptroller
20 determines that a total of \$1.5 [~~\$1.2~~] billion or more, excluding
21 interest and loan repayments, has been deposited to the credit of
22 the fund, the comptroller shall impose the assessment during the
23 next fiscal year at a rate that the comptroller estimates is
24 sufficient to produce the amount necessary to result in the deposit
25 in the fund of a total of not more than \$1.75 [~~\$1.5~~] billion,
26 excluding interest and loan repayments.

27 (d) The comptroller may not collect the assessment during a

1 fiscal year if the comptroller determines after the yearly review
2 that the total amount deposited to the credit of the fund during
3 that fiscal year and the preceding fiscal years is \$1.74 [~~\$1.49~~]
4 billion or more, excluding interest and loan repayments, and it is
5 not possible to impose the assessment during the next fiscal year at
6 a practical rate without collecting more than a total of \$1.75
7 [~~\$1.5~~] billion, excluding interest and loan repayments.

8 SECTION 61. The following laws are repealed:

- 9 (1) Sections 39.055(b), (c), and (d) and 53.47(k),
10 Education Code;
11 (2) Section 823.401(h), Government Code; and
12 (3) Section 1575.154, Insurance Code, as effective
13 June 1, 2003.

14 SECTION 62. Effective September 1, 2003, the comptroller of
15 public accounts shall transfer \$42 million from the Texas school
16 employees uniform group coverage trust fund established under
17 Section 8, Article 3.50-7, Insurance Code, to the retired school
18 employees group insurance fund described by Subchapter G, Chapter
19 1575, Insurance Code, as effective June 1, 2003, to compensate the
20 retired school employees group insurance fund for money transferred
21 from that fund under Section 4.01, Chapter 1187, Acts of the 77th
22 Legislature, Regular Session, 2001.

23 SECTION 63. (a) The comptroller shall contract with a
24 consultant for a comprehensive audit of regional education service
25 centers in this state. The audit must include:

- 26 (1) a detailed analysis of all services provided by
27 regional education service centers that identifies, for each

1 service provided:

2 (A) the percentage of school districts receiving
3 the service;

4 (B) the costs to the regional education service
5 centers of providing the service;

6 (C) the charges imposed on school districts by
7 the regional education service centers for providing the service;
8 and

9 (D) the difference between the amount determined
10 under Paragraph (B) of this subdivision and the amount determined
11 under Paragraph (C) of this subdivision;

12 (2) an evaluation of whether any services provided by
13 a regional education service center could be provided at a lower
14 cost by an alternative service provider, as determined based on a
15 survey of potential alternative service providers;

16 (3) an analysis of the governance structures of
17 regional education service centers;

18 (4) a review of the financial condition of regional
19 education service centers and their current funding sources to
20 determine the adequacy of state appropriations to regional
21 education service centers and whether those appropriations should
22 continue to be made;

23 (5) a review of the number and geographic distribution
24 of regional education service centers;

25 (6) a review of the institutional structure of
26 regional education service centers, with consideration of whether a
27 separate system of Texas Education Agency field offices would be

1 appropriate or whether any regional education service center
2 functions should be transferred to Texas Education Agency
3 facilities; and

4 (7) an analysis of the support functions of regional
5 education service centers to determine whether support
6 requirements could be decreased through business processes or
7 application redesigns.

8 (b) Costs of the audit required by Subsection (a) of this
9 section shall be paid using amounts appropriated for the fiscal
10 biennium ending August 31, 2005, to regional education service
11 centers or to the Texas Education Agency for the costs of services
12 provided by regional education service centers, not to exceed a
13 total amount of \$750,000.

14 (c) Not later than June 1, 2004, the comptroller shall
15 submit a report to the legislature concerning the results of the
16 audit required by Subsection (a) of this section.

17 SECTION 64. Section 11.164, Education Code, as amended by
18 this Act, applies beginning with the 2003-2004 school year.

19 SECTION 65. The changes in law made by this Act to
20 Subsection (a), Section 13.005, Education Code, Subsections (b) and
21 (c), Section 13.155, Education Code, and Section 41.033, Education
22 Code, apply only to a school district consolidation with an
23 effective date on or after the effective date of this Act. A school
24 district consolidation with an effective date before the effective
25 date of this Act is covered by the law in effect on the effective
26 date of the district's consolidation, and the former law is
27 continued in effect for that purpose.

1 SECTION 66. Subchapter F, Chapter 21, Education Code, as
2 amended by this Act, applies only to a hearing before a hearing
3 examiner under that subchapter for which a teacher makes a written
4 request on or after September 1, 2003. A hearing under Subchapter
5 F, Chapter 21, Education Code, for which a teacher made a written
6 request before September 1, 2003, is governed by the law in effect
7 on the date the teacher requests the hearing, and the former law is
8 continued in effect for that purpose.

9 SECTION 67. (a) The repeal by Section 1 of this Act of
10 Section 45.002, Education Code, does not impair any obligation
11 created by the issuance or execution of any lawful agreement or
12 evidence of indebtedness before September 1, 2004, that matures
13 after that date and that is payable from the levy and collection of
14 a maintenance tax under that section or another law, and an
15 independent school district may, on and after September 1, 2004,
16 levy, assess, and collect a maintenance tax, at a rate not greater
17 than the rate required to pay such obligations but only for so long
18 as those obligations remain outstanding and unpaid.

19 (b) Notwithstanding the repeal by Section 1 of this Act of
20 Chapters 41, 42, and 46, Education Code, and Section 45.002,
21 Education Code, a school district that, before September 1, 2004,
22 issues bonds, notes, or other evidences of indebtedness under
23 Chapter 45, Education Code, or other applicable law or enters into a
24 lease-purchase agreement under Subchapter A, Chapter 271, Local
25 Government Code, may continue, before, on, and after September 1,
26 2004, to receive state assistance with respect to such payments to
27 the same extent the district would have been entitled to receive the

1 assistance under Chapter 42 or 46, Education Code, as those
2 chapters existed before repeal by this Act, and the former law is
3 continued in effect for that purpose. The commissioner of
4 education may adopt rules to implement this subsection.

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

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

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

17 (d) Before September 1, 2004, the commissioner of education
18 may not refuse to grant assistance to a school district under
19 Chapter 42 or 46, Education Code, in connection with public
20 securities, lease-purchase agreements, credit agreements, or other
21 obligations, including those described by Subchapter A, Chapter
22 271, Local Government Code, on the basis that the district's
23 authority to levy a maintenance tax is repealed effective September
24 1, 2004.

25 SECTION 68. Notwithstanding any conflicting provision of
26 H.B. No. 1, Acts of the 78th Legislature, Regular Session, 2003, the
27 guaranteed level of state and local funds per weighted student per

1 cent of tax effort is \$27.14. This section does not affect a school
2 district's entitlement to any additional revenue under H.B. No. 1,
3 Acts of the 78th Legislature, Regular Session, 2003.

4 SECTION 69. Of the amounts appropriated by H.B. No. 1, Acts
5 of the 78th Legislature, Regular Session, 2003, to the Texas
6 Education Agency under Strategy A.1.2, FSP - Equalized Facilities,
7 for purposes of the existing debt assistance program under
8 Subchapter B, Chapter 46, Education Code, the commissioner of
9 education may, in the fiscal year ending August 31, 2005, use an
10 amount not to exceed \$20 million for purposes of the instructional
11 facilities allotment under Subchapter A, Chapter 46, Education
12 Code.

13 SECTION 70. The commissioner of education shall adopt rules
14 and establish the classroom supply reimbursement program as
15 required by Section 21.413, Education Code, as added by this Act,
16 not later than August 1, 2005.

17 SECTION 71. Notwithstanding Section 39.182, Education
18 Code:

19 (1) the Texas Education Agency is not required to
20 prepare and deliver a report under that section before December 1,
21 2003, that covers the 2002-2003 school year; and

22 (2) as determined by the commissioner of education,
23 the report required to be delivered not later than December 1, 2004,
24 by the Texas Education Agency under that section may include
25 information from the 2002-2003 school year.

26 SECTION 72. Section 42.152(c), Education Code, as amended
27 by this Act, applies to the use of compensatory education funds

1 allotted under Chapter 42, Education Code, for any school year,
2 including a school year before September 1, 2003.

3 SECTION 73. Section 822.001, Government Code, as amended by
4 this Act, and Section 823.406, Government Code, as added by this
5 Act, apply only to a person who is first employed on or after the
6 effective date of this Act and to a former employee who has
7 withdrawn retirement contributions under Section 822.003,
8 Government Code, and is reemployed on or after the effective date of
9 this Act.

10 SECTION 74. The requirements of Subsection (b), Section
11 823.002, Government Code, as added by this Act, apply to persons
12 whose employment begins on or after the effective date of this Act.
13 The board of trustees of the Teacher Retirement System of Texas
14 shall adopt rules implementing the requirements of that subsection
15 as soon as practicable after the effective date of this Act.

16 SECTION 75. The change in law made by this Act to Section 2,
17 Article 3.50-8, Insurance Code, applies to a monthly installment to
18 be paid on or after September 1, 2003.

19 SECTION 76. Notwithstanding Article 3.50-8, Insurance
20 Code, the state shall pay the state contribution for active
21 employee health coverage or supplemental compensation authorized
22 under Section 2, Article 3.50-8, Insurance Code, for the last month
23 of state fiscal year 2005 not earlier than the first day of the
24 first month of state fiscal year 2006.

25 SECTION 77. (a) Except as otherwise provided by this Act,
26 this Act takes effect September 1, 2003.

27 (b) Sections 20, 22, 36, 37, 59, and 60 of this Act take

1 effect immediately if this Act receives a vote of two-thirds of all
2 the members elected to each house, as provided by Section 39,
3 Article III, Texas Constitution. If this Act does not receive the
4 vote necessary for immediate effect, Sections 20, 22, 36, 37, 59,
5 and 60 of this Act take effect September 1, 2003.

6 SECTION 78. Chapter 466, Government Code, is amended by
7 adding Subchapter J to read as follows:

8 SUBCHAPTER J. PARTICIPATION IN MULTI JURISDICTION

9 LOTTERY GAME

10 Sec. 466.451. MULTI JURISDICTION AGREEMENT AUTHORIZED. The
11 commission may enter into a written agreement with the appropriate
12 officials of one or more other states or other jurisdictions,
13 including foreign countries, to participate in the operation,
14 marketing, and promotion of a multijurisdiction lottery game or
15 games. The commission may adopt rules relating to a
16 multijurisdiction lottery game or games.

17 Sec. 466.452. REVENUE FROM MULTI JURISDICTION LOTTERY. (a)
18 Except as provided by this section, revenue received from the sale
19 of tickets in this state for a multijurisdiction lottery game is
20 subject to Subchapter H.

21 (b) The commission may deposit a portion of the revenue
22 received from the sale of multijurisdiction lottery game tickets in
23 this state into a fund shared with other parties to an agreement
24 under this subchapter for the payment of prizes awarded in
25 multijurisdiction lottery games in which the commission
26 participates. The commission may retain that revenue in the fund
27 for as long as necessary to pay prizes claimed during the period

1 designated for claiming a prize in the multijurisdiction lottery
2 game.

3 Sec. 466.453. PAYMENT OF COSTS AUTHORIZED. The commission
4 may share in the payment of costs associated with participating in
5 multijurisdiction lottery games.

6 SECTION 79. (a) As soon as practicable after the effective
7 date of this Act, the Texas Lottery Commission shall adopt the rules
8 necessary to implement multijurisdiction lottery games in
9 accordance with Subchapter J, Chapter 466, Government Code, as
10 added by this Act.

11 (b) The Texas Lottery Commission may adopt an emergency rule
12 under Subsection (a) of this section without prior notice or
13 hearing, or with any abbreviated notice and hearing as the
14 commission finds practicable, for the implementation of the change
15 in law made by Subchapter J, for multijurisdiction lottery games,
16 Chapter 466, Government Code. Section 2001.034, Government Code,
17 does not apply to an emergency rule adopted under this section.

18 (c) Notwithstanding any law to the contrary, including any
19 law enacted during the 78th Legislature, Regular Session, 2003, to
20 promptly implement Subchapter J, Chapter 466, Government Code, as
21 added by this Act, a contract for the acquisition or provision of
22 facilities, supplies, equipment, materials, or services related to
23 the initial operation of multijurisdiction lottery games under
24 these subchapters is not subject to:

25 (1) Subtitle D, Title 10, Government Code;

26 (2) Section 466.101, Government Code;

27 (3) Chapter 2161, Government Code; or

1 (4) any competitive bidding requirements or contract
2 requirements provided by any other law or by rules of the Texas
3 Lottery Commission.

President of the Senate

Speaker of the House

I certify that H.B. No. 3459 was passed by the House on May 10, 2003, by the following vote: Yeas 131, Nays 0, 1 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 3459 on May 29, 2003, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 3459 on June 1, 2003, by the following vote: Yeas 105, Nays 38, 2 present, not voting; and that the House adopted H.C.R. No. 302 authorizing certain corrections in H.B. No. 3459 on June 2, 2003, by a non-record vote.

Chief Clerk of the House

H.B. No. 3459

I certify that H.B. No. 3459 was passed by the Senate, with amendments, on May 27, 2003, by the following vote: Yeas 29, Nays 2; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 3459 on June 1, 2003, by the following vote: Yeas 22, Nays 8; and that the Senate adopted H.C.R. No. 302 authorizing certain corrections in H.B. No. 3459 on June 2, 2003, by a viva-voce vote.

Secretary of the Senate

APPROVED: _____

Date

Governor