

By: Pitts

H.B. No. 3459

Substitute the following for H.B. No. 3459:

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C.S.H.B. No. 3459

A BILL TO BE ENTITLED

AN ACT

1
2 relating to fiscal matters involving certain governmental
3 educational entities, including program compliance monitoring by
4 the Texas Education Agency, funding for regional education service
5 centers, amounts withheld from compensatory education allotments,
6 the public school technology allotment, state aid for certain
7 courses taken in public schools, colleges, and universities, the
8 accounting for the permanent school fund, funding for the higher
9 education fund health insurance coverage provided by the Teacher
10 Retirement System of Texas, and the uses of the Telecommunications
11 Infrastructure Fund.

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

13 SECTION 1. Subchapter B, Chapter 7, Education Code, is
14 amended by adding Section 7.027 to read as follows:

15 Sec. 7.027. LIMITATION ON COMPLIANCE MONITORING. (a)
16 Except as provided by Section 29.001(5), 39.074, or 39.075, the
17 agency may monitor compliance with requirements applicable to a
18 process or program provided by a school district, campus, program,
19 or school granted charters under Chapter 12, including the process
20 described by Subchapter F, Chapter 11, or a program described by
21 Subchapter A, B, C, D, E, F, H, or I, Chapter 29, or Section 38.003,
22 and the use of funds provided for such a program under Subchapter C,
23 Chapter 42, only as necessary to ensure:

24 (1) compliance with federal law and regulations;

1 (2) financial accountability, including compliance
2 with grant requirements; and

3 (3) data integrity for purposes of:

4 (A) the Public Education Information Management
5 System (PEIMS); and

6 (B) accountability under Chapter 39.

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

11 SECTION 2. Section 8.051(d), Education Code, is amended to
12 read as follows:

13 (d) Each regional education service center may ~~[shall]~~
14 maintain core services for purchase by school districts and
15 campuses. The core services are:

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

18 (2) training and assistance in providing each program
19 that qualifies for a funding allotment under Section 42.151,
20 42.152, 42.153, or 42.156;

21 (3) assistance specifically designed for a school
22 district rated academically unacceptable under Section 39.072(a)
23 or a campus whose performance is considered unacceptable based on
24 the indicators adopted under Section 39.051;

25 (4) training and assistance to teachers,
26 administrators, members of district boards of trustees, and members
27 of site-based decision-making committees;

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

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

6 SECTION 3. Section 29.001, Education Code, is amended to
7 read as follows:

8 Sec. 29.001. STATEWIDE PLAN. The agency shall develop, and
9 modify as necessary, a statewide design, consistent with federal
10 law, for the delivery of services to children with disabilities in
11 this state that includes rules for the administration and funding
12 of the special education program so that a free appropriate public
13 education is available to all of those children between the ages of
14 three and 21. The statewide design shall include the provision of
15 services primarily through school districts and shared services
16 arrangements, supplemented by regional education service centers.
17 The agency shall also develop and implement a statewide plan with
18 programmatic content that includes procedures designed to:

19 (1) ensure state compliance with requirements for
20 supplemental federal funding for all state-administered programs
21 involving the delivery of instructional or related services to
22 students with disabilities;

23 (2) facilitate interagency coordination when other
24 state agencies are involved in the delivery of instructional or
25 related services to students with disabilities;

26 (3) periodically assess statewide personnel needs in
27 all areas of specialization related to special education and pursue

1 strategies to meet those needs through a consortium of
2 representatives from regional education service centers, local
3 education agencies, and institutions of higher education and
4 through other available alternatives;

5 (4) ensure that regional education service centers
6 throughout the state maintain a regional support function, which
7 may include direct service delivery and a component designed to
8 facilitate the placement of students with disabilities who cannot
9 be appropriately served in their resident districts;

10 (5) allow the agency to effectively monitor and
11 periodically conduct site visits of all school districts [~~to ensure~~
12 ~~that rules adopted under this section are applied in a consistent~~
13 ~~and uniform manner,~~] to ensure that districts are complying with
14 federal law and regulations and those state laws and rules
15 necessary to carry out federal and state law and regulations
16 relating to special education [7] and to ensure that annual
17 statistical reports filed by the districts and not otherwise
18 available through the Public Education Information Management
19 System under Section 42.006, are accurate and complete;

20 (6) ensure that appropriately trained personnel are
21 involved in the diagnostic and evaluative procedures operating in
22 all districts and that those personnel routinely serve on district
23 admissions, review, and dismissal committees;

24 (7) ensure that an individualized education program
25 for each student with a disability is properly developed,
26 implemented, and maintained in the least restrictive environment
27 that is appropriate to meet the student's educational needs;

1 (8) ensure that, when appropriate, each student with a
2 disability is provided an opportunity to participate in career and
3 technology and physical education classes, in addition to
4 participating in regular or special classes;

5 (9) ensure that each student with a disability is
6 provided necessary related services; and

7 (10) ensure that an individual assigned to act as a
8 surrogate parent for a child with a disability, as provided by 20
9 U.S.C. Section 1415(b) and its subsequent amendments, is required
10 to:

11 (A) complete a training program that complies
12 with minimum standards established by agency rule;

13 (B) visit the child and the child's school;

14 (C) consult with persons involved in the child's
15 education, including teachers, caseworkers, court-appointed
16 volunteers, guardians ad litem, attorneys ad litem, foster parents,
17 and caretakers;

18 (D) review the child's educational records;

19 (E) attend meetings of the child's admission,
20 review, and dismissal committee;

21 (F) exercise independent judgment in pursuing
22 the child's interests; and

23 (G) exercise the child's due process rights under
24 applicable state and federal law.

25 SECTION 4. Sections 29.010(a) and (c), Education Code, are
26 amended to read as follows:

27 (a) The agency shall adopt and implement a comprehensive

1 system for monitoring school district compliance with federal and
2 state law and regulations and state requirements necessary to carry
3 out federal laws and regulations relating to special education.
4 The monitoring system must provide for ongoing analysis of district
5 special education data and of complaints filed with the agency
6 concerning special education services and for inspections of school
7 districts at district facilities. The agency shall use the
8 information obtained through analysis of district data and from the
9 complaints management system to determine the appropriate schedule
10 for and extent of the inspection.

11 (c) The agency shall develop and implement a system of
12 sanctions for school districts whose most recent monitoring visit
13 shows a failure to comply with major requirements of the
14 Individuals with Disabilities Education Act (20 U.S.C. Section 1400
15 et seq.), federal law or regulations, or state [~~statutes, or~~
16 ~~agency~~] requirements necessary to carry out federal law or
17 regulations [~~or state law~~] relating to special education.

18 SECTION 5. Sections 29.062(a) and (e), Education Code, are
19 amended to read as follows:

20 (a) The legislature recognizes that compliance with this
21 subchapter is an imperative public necessity. Therefore, in
22 accordance with the policy of the state, the agency shall evaluate
23 the effectiveness of programs under this subchapter based on the
24 results of assessment instruments, including those required under
25 Subchapter B, Chapter 39. The agency may combine evaluations under
26 this section with federal accountability measures concerning
27 students of limited English proficiency [~~monitor compliance with~~

1 ~~state rules by inspecting each school district and open-enrollment~~
2 ~~charter school on-site at least every three years].~~

3 (e) If a school district or open-enrollment charter school
4 fails to satisfy appropriate standards adopted by the commissioner
5 for purpose of Subsection (a) ~~[or refuses to comply after proper~~
6 ~~notification]~~, the agency shall apply sanctions, which may include
7 the removal of accreditation, loss of foundation school funds, or
8 both.

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

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

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

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

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

1 ~~[(B) pay for training educational personnel~~
2 ~~directly involved in student learning in the appropriate use of~~
3 ~~electronic textbooks and for providing for access to technological~~
4 ~~equipment for instructional use;~~

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

11 (3) ~~[(4)]~~ any amount the board determines should be
12 set aside for emergency purposes caused by unexpected increases in
13 attendance.

14 SECTION 7. Section 31.103(b), Education Code, is amended to
15 read as follows:

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

1 the case of an emergency. As made necessary by available funds, the
2 commissioner shall reduce the additional percentage of attendance
3 for which a district or school may requisition textbooks. The
4 commissioner may, on application of a district or school that is
5 experiencing high enrollment growth, increase the additional
6 percentage of attendance for which the district or school may
7 requisition textbooks.

8 SECTION 8. Subchapter A, Chapter 32, Education Code, is
9 amended by adding Section 32.005 to read as follows:

10 Sec. 32.005. TECHNOLOGY ALLOTMENT. (a) Each school
11 district is entitled to an allotment of \$35 for each student in
12 average daily attendance or a different amount for any year
13 provided by appropriation.

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

15 (1) provide for the purchase by school districts of
16 electronic textbooks or technological equipment that contributes
17 to student learning; and

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

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

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

25 (2) the available school fund; or

26 (3) any other fund that may be used for that purpose
27 and that is identified in the General Appropriations Act as the

1 source of payment of the allotment.

2 SECTION 9. Section 39.023(e), Education Code, is amended to
3 read as follows:

4 (e) Under rules adopted by the State Board of Education,
5 every other year, the agency shall release the questions and answer
6 keys to each assessment instrument administered under Subsection
7 (a), (b), (c), (d), or (l) after the last time the instrument is
8 administered for that [a] school year. To ensure a valid bank of
9 questions for use each year, the agency is not required to release a
10 question that is being field-tested and was not used to compute the
11 student's score on the instrument. The agency shall also release,
12 under board rule, each question that is no longer being
13 field-tested and that was not used to compute a student's score.

14 SECTION 10. Section 39.031(a), Education Code, is amended
15 to read as follows:

16 (a) The cost of preparing, administering, or grading the
17 assessment instruments shall be paid from foundation school fund
18 allotments other than [the] funds allotted under Section 42.152,
19 and each district shall bear the cost in the same manner described
20 for a reduction in allotments under Section 42.253. [~~If a district~~
21 ~~does not receive an allotment under Section 42.152, the~~
22 ~~commissioner shall subtract the cost from the district's other~~
23 ~~foundation school fund allotments.~~]

24 SECTION 11. Section 41.002(a), Education Code, is amended
25 to read as follows:

26 (a) A school district may not have a wealth per student that
27 exceeds \$305,000 or a different amount as provided by

1 appropriation.

2 SECTION 12. Section 42.101, Education Code, is amended to
3 read as follows:

4 Sec. 42.101. BASIC ALLOTMENT. For each student in average
5 daily attendance, not including the time students spend each day in
6 special education programs in an instructional arrangement other
7 than mainstream or career and technology education programs, for
8 which an additional allotment is made under Subchapter C, a
9 district is entitled to an allotment of \$2,537. A different
10 [~~greater~~] amount for any school year may be provided by
11 appropriation.

12 SECTION 13. Section 42.152, Education Code, is amended by
13 amending Subsections (i)-(l), (n), and (p) and adding Subsection
14 (u) to read as follows:

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

27 (j) The commissioner shall coordinate any [~~the~~] funds

1 withheld under Subsection (i) and any other funds available for the
2 program and ~~shall~~ distribute those funds. To receive available
3 funds for the program, a school district must apply to the
4 commissioner. In distributing any funds under this subsection,
5 the ~~The~~ commissioner shall give a preference to the districts
6 that apply that have the highest concentration of at-risk students.
7 For each school year that a school district receives funds under
8 this subsection ~~section~~, the district shall allocate an amount of
9 local funds for school guidance and counseling programs that is
10 equal to or greater than the amount of local funds that the school
11 district allocated for that purpose during the preceding school
12 year.

13 (k) After deducting any ~~the~~ amount withheld under
14 Subsection (i) from the total amount appropriated for the allotment
15 under Subsection (a), the commissioner shall reduce each district's
16 tier one allotments in the same manner described for a reduction in
17 allotments under Section 42.253.

18 (l) From the total amount of funds appropriated for
19 allotments under this section, the commissioner may ~~shall~~, each
20 fiscal year, withhold an ~~the~~ amount not more than ~~of~~ \$2.5
21 million for transfer to the investment capital fund under Section
22 7.024.

23 (n) After deducting any ~~the~~ amount withheld under
24 Subsection (l) from the total amount appropriated for the allotment
25 under Subsection (a), the commissioner shall reduce each district's
26 allotment under Subsection (a) proportionately and shall allocate
27 funds to each district accordingly.

1 (p) The commissioner may ~~[shall]~~

2 [~~(1)~~] withhold, from the total amount of funds
3 appropriated for allotments under this section, an amount not to
4 exceed five percent of the amounts allocated under this section and
5 distribute that amount for [~~sufficient to finance~~] extended year
6 programs under Section 29.082. In distributing any funds under
7 this subsection, the commissioner shall [~~not to exceed five percent~~
8 ~~of the amounts allocated under this section; and~~

9 [~~(2)~~] give priority to applications for extended year
10 programs to districts with high concentrations of educationally
11 disadvantaged students.

12 (u) Notwithstanding the allotments and reductions
13 identified above, the legislature may in the General Appropriations
14 Act reduce the total amount of funding for the compensatory
15 education allotment. After deducting the amount of reduction under
16 this subsection from the total amount computed for the allotment
17 under Subsection (a), the commissioner shall:

18 (1) reduce each district's tier one allotments in the
19 same manner described for a reduction in allotments under Section
20 42.253; and

21 (2) allocate funds to each district accordingly.

22 SECTION 14. Section 42.154(a), Education Code, is amended
23 to read as follows:

24 (a) For each full-time equivalent student in average daily
25 attendance in an approved career and technology education program
26 in grades nine through 12 or in career and technology education
27 programs for students with disabilities in grades seven through 12,

1 a district is entitled to an annual allotment equal to the adjusted
2 basic allotment multiplied by a weight of 1.35 [~~1.37~~].

3 SECTION 15. Section 42.253(b), Education Code, is amended
4 to read as follows:

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

19 SECTION 16. Subchapter E, Chapter 42, Education Code, is
20 amended by adding Section 42.2532 to read as follows:

21 Sec. 42.2532. REDUCTION IN AID FOR COST OF COURSES TAKEN BY
22 CERTAIN STUDENTS AND REMEDIAL COLLEGE COURSES. (a) The
23 commissioner shall reduce a district's tier one allotments by the
24 proportion specified in the General Appropriations Act for the cost
25 of:

26 (1) a course a student is repeating because of the
27 student's failure to meet the minimum attendance requirements for

1 receiving class credit under Section 25.092, unless:

2 (A) the student has first attempted and failed to
3 receive credit by examination for the class under Section 28.023;

4 or

5 (B) the class is required for the student's high
6 school graduation and credit by examination is not available for
7 that class;

8 (2) a course a student is repeating after previously
9 receiving credit for the class; or

10 (3) a developmental course or program in English
11 language arts or mathematics at an institution of higher education,
12 as defined by Section 61.003, that a student who graduated from high
13 school in the district within the preceding two years is required to
14 take under Section 51.306.

15 (b) Subsections (a)(1) and (2) do not apply to a student who
16 is enrolled in a special education program to the extent that this
17 section conflicts with the student's individualized education
18 program developed under Section 29.005.

19 (c) For purposes of Subsection (a)(2), the cost to an
20 institution of higher education of a developmental course or
21 program does not include the amount of tuition and fees the student
22 pays for the course.

23 (d) As soon as practicable after each term or semester, each
24 institution of higher education shall notify the commissioner of
25 higher education of costs to the institution of developmental
26 courses and programs. The commissioner of higher education shall
27 notify the commissioner of education of the amount owed by each

1 school district that is subject to a reduction in funding under
2 Subsection (a)(2). For each student, the notice must identify:

3 (1) the student;

4 (2) the institution of higher education;

5 (3) each remedial course or program provided to the
6 student;

7 (4) the school district from which the student
8 graduated high school; and

9 (5) the amount claimed for the student.

10 (e) If a school district does receive a tier one allotment,
11 the district shall remit to the comptroller for deposit in the
12 foundation school fund an amount equal to the amount that would be
13 deducted.

14 (f) If a school district does not comply with Subsection (e)
15 before the 30th day after the date on which the commissioner
16 notifies the district of the required remittance, the commissioner
17 shall detach property from the school district and annex it to
18 another school district in the manner provided by Subchapter G,
19 Chapter 41. The taxable value of property detached under this
20 subsection may not exceed the value necessary to provide a
21 reduction in state aid under this chapter to the district to which
22 the property is annexed in an amount equal to the amount of costs of
23 developmental courses and programs the district did not remit.
24 This subsection applies to a school district that is not otherwise
25 required to take action under Chapter 41.

26 (g) The commissioner of higher education in consultation
27 with the commissioner of education shall adopt rules necessary for

1 determining the costs to institutions of higher education of
2 developmental courses and programs.

3 SECTION 17. Section 42.259, Education Code, is amended by
4 adding Subsection (g) to read as follows:

5 (g) Notwithstanding Subsections (c)(8) and (d)(3), the
6 payment from the foundation school fund to a category 2 school
7 district or category 3 school district for August 2005 shall be made
8 after September 5, 2005, but not later than September 10, 2005.
9 This subsection expires September 15, 2005.

10 SECTION 18. Section 42.302(a), Education Code, is amended
11 to read as follows:

12 (a) Each school district is guaranteed a specified amount
13 per weighted student in state and local funds for each cent of tax
14 effort over that required for the district's local fund assignment
15 up to the maximum level specified in this subchapter. The amount of
16 state support, subject only to the maximum amount under Section
17 42.303, is determined by the formula:

$$18 \quad \text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

19 where:

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

22 "GL" is the dollar amount guaranteed level of state and local
23 funds per weighted student per cent of tax effort, which is \$27.14
24 or a different [~~greater~~] amount for any year provided by
25 appropriation;

26 "WADA" is the number of students in weighted average daily
27 attendance, which is calculated by dividing the sum of the school

1 district's allotments under Subchapters B and C, less any allotment
2 to the district for transportation, any allotment under Section
3 42.158, and 50 percent of the adjustment under Section 42.102, by
4 the basic allotment for the applicable year;

5 "DTR" is the district enrichment tax rate of the school
6 district, which is determined by subtracting the amounts specified
7 by Subsection (b) from the total amount of maintenance and
8 operations taxes collected by the school district for the
9 applicable school year and dividing the difference by the quotient
10 of the district's taxable value of property as determined under
11 Subchapter M, Chapter 403, Government Code, or, if applicable,
12 under Section 42.2521, divided by 100; and

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

17 SECTION 19. Section 43.001(b), Education Code, is amended
18 to read as follows:

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

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

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

27 (3) all money derived from the lease of land belonging

1 to the permanent school fund;

2 (4) one-fourth of all revenue derived from all state
3 occupation taxes, exclusive of delinquencies and cost of
4 collection;

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

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

9 SECTION 20. Chapter 43, Education Code, is amended by
10 adding Section 43.020 to read as follows:

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

18 SECTION 21. Section 46.033, Education Code, is amended to
19 read as follows:

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

23 (1) the district made payments on the bonds during the
24 2002-2003 [~~2000-2001~~] school year or taxes levied to pay the
25 principal of and interest on the bonds were included in the
26 district's audited debt service collections for that school year;
27 and

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

4 SECTION 22. Section 46.034(c), Education Code, is amended
5 to read as follows:

6 (c) If the amount required to pay the principal of and
7 interest on eligible bonds in a school year is less than the amount
8 of payments made by the district on the bonds during the 2002-2003
9 [~~2000-2001~~] school year or the district's audited debt service
10 collections for that school year, the district may not receive aid
11 in excess of the amount that, when added to the district's local
12 revenue for the school year, equals the amount required to pay the
13 principal of and interest on the bonds.

14 SECTION 23. Section 62.025, Education Code, is amended by
15 amending Subsection (a) and adding Subsections (g) and (h) to read
16 as follows:

17 (a) Except as provided by Subsection (g), not [~~Not~~] later
18 than November 1 of each state fiscal year, the comptroller shall
19 deposit the first \$50 million that comes to the state at the
20 beginning of each state fiscal year and that is not dedicated by
21 other law as follows:

22 (1) except as provided by Subsections (d) and (e), an
23 amount equal to the portion of the total return on all investment
24 assets of the higher education fund in the preceding state fiscal
25 year computed by multiplying that total return by the percentage of
26 the total return on all investment assets of the permanent fund for
27 tobacco education and enforcement that constitutes available

1 earnings as determined by the comptroller under Section 403.1068,
2 Government Code, in that year must be deposited to the credit of the
3 Texas excellence fund established under Subchapter C; and

4 (2) the remaining amount must be deposited to the
5 credit of the higher education fund.

6 (g) The comptroller may not make the deposit required by
7 Subsection (a)(2) in a fiscal year if:

8 (1) as of October 1 of that year, the comptroller
9 estimates that the anticipated state revenue for the following
10 biennium is less than the estimated revenue for the current
11 biennium; or

12 (2) the legislature determines in the General
13 Appropriations Act that the deposit should not be made because of
14 the state's fiscal condition.

15 (h) The comptroller shall make the deposit required by
16 Subsection (a)(1) to the Texas excellence fund not later than
17 November 1 of each fiscal year even if a deposit is not made to the
18 higher education fund under Subsection (a)(2).

19 SECTION 24. Subchapter I, Chapter 88, Education Code, is
20 amended by adding Sections 88.703 and 88.704 to read as follows:

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

26 Sec. 88.704. FEES. The Texas Veterinary Medical Diagnostic
27 Laboratory may charge and collect fees for goods and services the

1 laboratory provides to any person, including a governmental entity.

2 SECTION 25. Section 264.756(a), Family Code, is amended to
3 read as follows:

4 (a) The department shall develop and implement an equitable
5 formula for the funding of local Communities In Schools programs.
6 ~~[The formula may provide for the reduction of funds annually~~
7 ~~contributed by the state to a local program by an amount not more~~
8 ~~than 50 percent of the amount contributed by the state for the first~~
9 ~~year of the program.]~~ The formula must consider the financial
10 resources of individual communities and school districts. ~~[Savings~~
11 ~~accomplished through the implementation of the formula may be used~~
12 ~~to extend services to counties and municipalities currently not~~
13 ~~served by a local program or to extend services to counties and~~
14 ~~municipalities currently served by an existing local program.]~~

15 SECTION 26. Effective September 1, 2003, Section
16 1575.203(a), Insurance Code, as effective June 1, 2003, is amended
17 to read as follows:

18 (a) Each state fiscal year, each active employee shall, as a
19 condition of employment, contribute to the fund an amount equal to
20 0.5 ~~[0.25]~~ percent of the employee's salary.

21 SECTION 27. Effective September 1, 2004, Section
22 1575.203(a), Insurance Code, as effective June 1, 2003, is amended
23 to read as follows:

24 (a) Each state fiscal year, each active employee shall, as a
25 condition of employment, contribute to the fund an amount equal to
26 0.75 ~~[0.25]~~ percent of the employee's salary.

27 SECTION 28. Subchapter E, Chapter 1575, Insurance Code, as

1 effective June 1, 2003, is amended by adding Section 1575.2041 to
2 read as follows:

3 Sec. 1575.2041. SCHOOL DISTRICT CONTRIBUTION. Each state
4 fiscal year, a school district may contribute to the fund the amount
5 specified by the General Appropriations Act for each active
6 employee employed by the district.

7 SECTION 29. Section 1601.104(c), Insurance Code, as
8 effective June 1, 2003, is amended to read as follows:

9 (c) Automatic coverage as described under this section
10 begins on the 90th day after the employee's first date of
11 employment.

12 SECTION 30. Subchapter E, Chapter 1601, Insurance Code, as
13 effective June 1, 2003, is amended by adding Section 1601.2071 to
14 read as follows:

15 Sec. 1601.2071. NEW EMPLOYEE WAITING PERIOD. A system may
16 not contribute an amount to the cost of coverage under this chapter
17 to an employee before the 90th day after the employee's first date
18 of employment.

19 SECTION 31. Article 3.50-7, Insurance Code, is amended by
20 adding Section 7A to read as follows:

21 Sec. 7A. WAITING PERIOD. An employee is not eligible for
22 coverage under the program until the 90th day after the date the
23 employee is employed by a participating entity.

24 SECTION 32. Section 2, Article 3.50-8, Insurance Code, is
25 amended by amending Subsections (a) and (c) and adding Subsection
26 (e) to read as follows:

27 (a) Each year, the trustee shall deliver to each school

1 district, including a school district that is ineligible for state
2 aid under Chapter 42, Education Code, each other educational
3 district that is a member of the Teacher Retirement System of Texas,
4 each participating charter school, and each regional education
5 service center state funds in an amount, as determined by the
6 trustee, equal to:

7 (1) the product of the number of active full-time
8 professional employees, other than administrative professional
9 employees, employed by the district, school, or service center
10 multiplied by \$550 [~~\$1,000~~] or a greater amount as provided by the
11 General Appropriations Act for purposes of this article;

12 (2) the product of the number of active full-time
13 educational support employees employed by the district, school, or
14 service center multiplied by \$300 or a greater amount as provided by
15 the General Appropriations Act for purposes of this article; and

16 (3) the product of the number of active part-time
17 employees employed by the district, school, or service center
18 multiplied by \$200 or a greater amount as provided by the General
19 Appropriations Act for purposes of this article.

20 (c) The trustee shall distribute funds under this article in
21 equal monthly installments. The monthly installments are payable
22 during the first week of the month following the month in which the
23 active employees were employed. The trustee is entitled to recover
24 from a school district, other educational district, participating
25 charter school, or regional education service center any amount
26 distributed under this article to which the district, school, or
27 service center was not entitled.

1 (e) In this section:

2 (1) "Full-time active employee" and "part-time active
3 employee" have the meanings assigned by trustee rules.

4 (2) "Professional employee" means a teacher, nurse,
5 counselor, librarian, or other employee required to be certified or
6 licensed as described by Section 21.003, Education Code.

7 SECTION 33. Article 3.50-8, Insurance Code, is amended by
8 adding Section 2A to read as follows:

9 Sec. 2A. WAITING PERIOD. An employee is not eligible for
10 health coverage or compensation supplementation under this article
11 until the 90th day after the date the employee is employed by a
12 school district, other educational district, participating charter
13 school, or regional education service center.

14 SECTION 34. Section 57.046, Utilities Code, is amended by
15 amending Subsection (a) and adding Subsection (c) to read as
16 follows:

17 (a) The board shall use money in the public schools account
18 to:

19 (1) to the extent directed in the General
20 Appropriations Act, fund the technology allotment under Section
21 32.005, Education Code; and

22 (2) award grants and loans in accordance with this
23 subchapter to fund:

24 (A) [~~(1)~~] equipment for public schools,
25 including computers, printers, computer labs, and video equipment;
26 and

27 (B) [~~(2)~~] intracampus and intercampus wiring to

1 enable those public schools to use the equipment.

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

5 SECTION 35. (a) Sections 8.051(a) and 8.121, Education
6 Code, are repealed.

7 (b) Section 1575.204, Insurance Code, as effective June 1,
8 2003, is repealed.

9 SECTION 36. Effective September 1, 2003, the comptroller of
10 public accounts shall transfer \$42 million from the Texas school
11 employees uniform group coverage trust fund established under
12 Section 8, Article 3.50-7, Insurance Code, to the retired school
13 employees group insurance fund described by Subchapter G, Chapter
14 1575, Insurance Code, as effective June 1, 2003, to compensate the
15 retired school employees group insurance fund for money transferred
16 from that fund under Section 4.01, Chapter 1187, Acts of the 77th
17 Legislature, Regular Session, 2001.

18 SECTION 37. The change in law made by this Act to Section 2,
19 Article 3.50-8, Insurance Code, applies to a monthly installment to
20 be paid on or after September 1, 2003.

21 SECTION 38. This Act takes effect immediately if it
22 receives a vote of two-thirds of all the members elected to each
23 house, as provided by Section 39, Article III, Texas Constitution.
24 If this Act does not receive the vote necessary for immediate
25 effect, this Act takes effect September 1, 2003.