Amend **HB 2** as follows:

(1)   On page 17, between lines 10 and 11, insert the following:

(c) Subject to Subsection (d), the commissioner shall reduce each district's or county's allotment under this section proportionately to the extent necessary to permit the commissioner to fund:

(1) amounts provided to school districts in accordance with 42.301(d);

(2) the amount by which the adjustments provided to school districts under Section 42.302(b) exceeds the amount of adjustments that would be provided under that section using a factor of .0004;

(3) the amount by which the adjustments provided to school districts under Section 42.302(c) exceeds the amount of adjustments that would be provided under that section using a factor of .00025;

(4) the amount by which the adjustments provided to school districts under Section 42.302(d) exceeds the amount of adjustments that would be provided under that section using a factor of .000025; and

(5) amounts provided to school districts in accordance with Subsection 42.302(e).

(d)   In prorating allotments under Subsection (c), the commissioner shall ensure that each district or county receives an allotment that reflects at least the reimbursement rate provided to the district or county during the 2004-2005 school year.

(2)   On page 22, between lines 16 and 17, insert the following:

(d) If the index value provided by this section for a school district is less than the index value used to calculate the cost of education adjustment for that school district during the previous school year, the district's adjustment shall be computed using the index applied during the previous school year.

(3)   On page 23, line 9, strike "_.0004_" and substitute

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".000424".

      (4) On page 23, between lines 9 and 10, insert the following:

      (b-1) Notwithstanding Subsection (b), for the 2005-2006 school year the sum of the total accreditation allotments and any special student allotments under Subchapter C of a school district that contains at least 300 square miles and has not more than 1,600 students in average daily attendance is adjusted by applying the formula:

$$A = ((1,600 - ADA) \times .000416) \times SA$$

      (5) On page 23, line 15, strike ".00025" and substitute ".000265".

      (6) On page 23, between lines 15 and 16, insert the following:

      (c-1) Notwithstanding Subsection (c), for the 2005-2006 school year the sum of the total accreditation allotments and any special student allotments under Subchapter C of a school district that contains less than 300 square miles and has not more than 1,600 students in average daily attendance is adjusted by applying the formula:

$$A = ((1,600 - ADA) \times .000260) \times SA$$

      (7) On page 23, line 24, strike ".000025" and substitute ".0000265".

      (8) On page 23, between lines 24 and 25, insert the following:

      (d-1) Notwithstanding Subsection (d), for the 2005-2006 school year the sum of the total accreditation allotments and any special student allotments under Subchapter C of a school district that offers a kindergarten through grade 12 program and has less than 5,000 students in average daily attendance is adjusted by applying the formula, of the following formulas, that results in the greatest adjusted allotment:

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

      (2) $A = ((5,000 - ADA) \times .0000260) \times SA$

      (9) On page 23, between lines 24 and 25, insert the following:

      (e) In addition to the adjustment otherwise provided by this

section, the commissioner shall, in accordance with rules adopted by the commissioner, provide an additional adjustment for each school district that is located in a county with a population of less than 5,000 and that contains a majority of the territory in the county. To fund the adjustment provided by this subsection, the commissioner shall withhold the amount of $3 million each fiscal year from amounts appropriated for the Foundation School Program.

(f) Subsections (b-1), (c-1), (d-1), and this subsection expire September 1, 2006.