

By: Hochberg

H.B. No. 83

A BILL TO BE ENTITLED

AN ACT

relating to public school finance matters; making an appropriation.

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

SECTION 1. Section 42.005(a), Education Code, is amended to read as follows:

(a) In this chapter, average daily attendance is:

(1) the quotient of the sum of attendance for each day of the minimum number of days of instruction as described under Section 25.081(a) divided by the minimum number of days of instruction; ~~or~~

(2) for a district that operates under a flexible year program under Section 29.0821, the quotient of the sum of attendance for each actual day of instruction as permitted by Section 29.0821(b)(1) divided by the number of actual days of instruction as permitted by Section 29.0821(b)(1); or

(3) for a district that operates under a flexible school day program under Section 29.0822, the sum of:

(A) average daily attendance as determined under Subdivision (1), for students who are not served under Section 29.0822; and

(B) the average daily attendance as calculated by the commissioner in accordance with Section 29.0822(d), for students served under Section 29.0822.

SECTION 2. Section 42.101, Education Code, is amended to

1 read as follows:

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

9 SECTION 3. Section 42.152, Education Code, is amended by
10 amending Subsections (a) and (t) and adding Subsection (c-3) to
11 read as follows:

12 (a) For each student who is educationally disadvantaged or
13 who is a student who does not have a disability and resides in a
14 residential placement facility in a district in which the student's
15 parent or legal guardian does not reside, a district is entitled to
16 an annual allotment equal to the adjusted basic allotment
17 multiplied by 0.25 [~~0.2~~], and by 2.41 for each full-time equivalent
18 student who is in a remedial and support program under Section
19 29.081 because the student is pregnant.

20 (c-3) Notwithstanding Subsection (c), a school district may
21 use funds allocated under this section to provide Saturday classes
22 for third grade students who fail to perform satisfactorily on an
23 assessment instrument administered under Section 39.023.

24 (b) A reduction made under this section, Section 39.031, or
25 the General Appropriations Act in the allotment under this section
26 does not affect the computation of students in weighted average
27 daily attendance for purposes of Subchapter F. The reduction in the

1 allotment under this section shall be applied in the same manner to
2 districts that receive state aid under this chapter and to
3 districts that make payments under Chapter 41.

4 SECTION 4. Section 42.153(a), Education Code, is amended to
5 read as follows:

6 (a) For each student in average daily attendance in a
7 bilingual education or special language program under Subchapter B,
8 Chapter 29, a district is entitled to an annual allotment equal to
9 the adjusted basic allotment multiplied by 0.15 [~~0.1~~].

10 SECTION 5. Section 42.154(a), Education Code, is amended to
11 read as follows:

12 (a) For each full-time equivalent student in average daily
13 attendance in an approved career and technology education program
14 in grades [~~nine through 12 or in career and technology education~~
15 ~~programs for students with disabilities in grades~~] seven through
16 12, a district is entitled to an annual allotment equal to the
17 adjusted basic allotment multiplied by a weight of 1.35.

18 SECTION 6. Section 42.155, Education Code, is amended by
19 adding Subsection (1) to read as follows:

20 (1) Beginning with the 2006-2007 school year, the allotment
21 per mile of approved route shall be at least 35 percent higher than
22 the allotment per mile of approved route for the 2005-2006 school
23 year.

24 SECTION 7. Section 42.2512(a), Education Code, is amended
25 to read as follows:

26 (a) A school district, including a school district that is
27 otherwise ineligible for state aid under this chapter, is entitled

1 to state aid in an amount, as determined by the commissioner, equal
2 to the difference, if any, between:

3 (1) an amount equal to the product of \$_____ [~~\$3,000~~]
4 multiplied by the number of classroom teachers, full-time
5 librarians, full-time counselors certified under Subchapter B,
6 Chapter 21, and full-time school nurses employed by the district
7 and entitled to a minimum salary under Section 21.402; and

8 (2) an amount equal to 80 percent of the amount of
9 additional funds to which the district is entitled due to the
10 increases made by H.B. No. _____, Acts of the 79th Legislature, 3rd
11 Called Session, 2006 [~~S.B. No. 4, Acts of the 76th Legislature,~~
12 ~~Regular Session, 1999~~], to:

13 (A) the equalized wealth level under Section
14 41.002;

15 (B) the basic allotment under Section 42.101; and

16 (C) the guaranteed level of state and local funds
17 per weighted student per cent of tax effort under Section 42.302.

18 SECTION 8. Subchapter E, Chapter 42, Education Code, is
19 amended by adding Section 42.2513 to read as follows:

20 Sec. 42.2513. ADDITIONAL TRANSITIONAL AID. (a)
21 Notwithstanding any other provision of this chapter or Chapter 41,
22 a school district that imposes a maintenance and operations tax
23 rate of at least \$_____ per \$100 valuation of taxable property is
24 entitled to the amount of state revenue necessary to maintain state
25 and local revenue per student in weighted average daily attendance
26 in the amount equal to the sum of:

27 (1) the amount of state and local revenue per student

1 in weighted average daily attendance for the maintenance and
2 operation of the district to which the district would have been
3 entitled for the 2006-2007 school year under this chapter, as this
4 chapter existed on January 1, 2006, or, if the district would have
5 been subject to Chapter 41 as that chapter existed on January 1,
6 2006, the amount to which the district would have been entitled
7 under that chapter, based on the funding elements in effect for the
8 2004-2005 school year and including any amounts described by Rider
9 82, page III-23, Chapter 1330, Acts of the 78th Legislature,
10 Regular Session, 2003 (the General Appropriations Act); and

11 (2) an amount equal to three percent of the amount
12 described by Subdivision (1).

13 (b) The commissioner shall determine the amount of state
14 funds to which a school district is entitled under this section.
15 The commissioner's determination is final and may not be appealed.

16 SECTION 9. Section 42.252(a), Education Code, is amended to
17 read as follows:

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

$$\text{LFA} = \text{TR} \times \text{DPV}$$

21 where:

22 "LFA" is the school district's local share;

23 "TR" is a tax rate which when multiplied by the ratio of the
24 actual taxable value of the property in the district for the current
25 tax year divided by the taxable value of property in the district
26 for the preceding tax year as determined under Subchapter M,
27 Chapter 403, Government Code, raises \$0.86 for each hundred dollars

1 of valuation [~~is an effective tax rate of \$0.86~~]; and

2 "DPV" is the taxable value of property in the school district
3 for the preceding tax year determined under Subchapter M, Chapter
4 403, Government Code.

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

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

$$13 \text{ GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

14 where:

15 "GYA" is the guaranteed yield amount of state funds to be
16 allocated to the district;

17 "GL" is the dollar amount guaranteed level of state and local
18 funds per weighted student per cent of tax effort, which is an
19 amount equal to the quotient of the basic allotment under Section
20 42.101 divided by 86 [~~\$27.14~~] or a greater amount for any year
21 provided by appropriation;

22 "WADA" is the number of students in weighted average daily
23 attendance, which is calculated by dividing the sum of the school
24 district's allotments under Subchapters B and C, less any allotment
25 to the district for transportation and[~~7~~] any allotment under
26 Section 42.158, [~~and 50 percent of the adjustment under Section~~
27 ~~42.102~~] by the basic allotment for the applicable year;

1 "DTR" is the district enrichment tax rate of the school
2 district, which is determined by multiplying the district's adopted
3 maintenance and operations tax rate by the ratio of the actual
4 taxable value of the property in the district for the current tax
5 year divided by the taxable value of property in the district for
6 the preceding year as determined under Subchapter M, Chapter 403,
7 Government Code, and subtracting the district's tax rate ("TR") as
8 calculated under Section 42.252(a) [~~subtracting the amounts~~
9 ~~specified by Subsection (b) from the total amount of maintenance~~
10 ~~and operations taxes collected by the school district for the~~
11 ~~applicable school year and dividing the difference by the quotient~~
12 ~~of the district's taxable value of property as determined under~~
13 ~~Subchapter M, Chapter 403, Government Code, or, if applicable,~~
14 ~~under Section 42.2521, divided by 100]; and~~

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

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

21 (a) A school district may not have a wealth per student that
22 exceeds the product of the amount of the guaranteed level of state
23 and local funds per weighted student per cent of tax effort under
24 Section 42.302 multiplied by 10,000 [~~\$305,000~~].

25 SECTION 12. Section 12.106(a), Education Code, is amended
26 to read as follows:

27 (a) A charter holder is entitled to receive for the

1 open-enrollment charter school funding under Chapter 42 as if the
2 school were a school district without a tier one local share for
3 purposes of Section 42.253 and without any local revenue ("LR") for
4 purposes of Section 42.302. In determining funding for an
5 open-enrollment charter school, adjustments under Sections 42.102,
6 42.103, 42.104, and 42.105 and the district enrichment tax rate
7 ("DTR") under Section 42.302 are based on the average adjustment
8 and average district enrichment tax rate for the state, as
9 estimated at the beginning of the school year, and provided that the
10 amount of state funding for each student is not subject to
11 adjustment after the beginning of the school year due to changes in
12 property value or collection rates for the state.

13 SECTION 13. Section 26.08, Tax Code, is amended by adding
14 Subsections (a-1)-(a-3) and amending Subsections (i) and (k) to
15 read as follows:

16 (a-1) Except as provided by Subsection (a-2), for the 2006
17 tax year, a school district may not impose a tax for the maintenance
18 and operations of the district that exceeds the greater of:

19 (1) the rate equal to _____ percent of the rate adopted
20 by the district for maintenance and operations for the 2005 tax
21 year; or

22 (2) the rate necessary to ensure that the district
23 receives the amount of revenue described by Sections 42.2513(a)(1)
24 and (2), Education Code, provided that the rate may not exceed \$_____
25 per \$100 valuation of taxable property.

26 (a-2) Notwithstanding any other provision of law, for the
27 2006 tax year, a school district permitted by special law on January

1 1, 2006, to impose an ad valorem tax for maintenance and operations
2 at a rate greater than \$1.50 per \$100 valuation of taxable property
3 in the district may continue to impose a tax for the maintenance and
4 operations of the district at a rate not to exceed the rate that is
5 \$_____ less than the rate adopted by the district for maintenance and
6 operations for the 2005 tax year.

7 (a-3) Subsections (a-1) and (a-2) and this subsection
8 expire January 1, 2007.

9 (i) For purposes of this section, the rollback tax rate of a
10 school district is the sum of:

11 (1) the tax rate that, applied to the current total
12 value for the district, would impose taxes in an amount that, when
13 added to state funds that would be distributed to the district under
14 Chapter 42, Education Code, for the school year beginning in the
15 current tax year using that tax rate, would provide the same amount
16 of state funds distributed under Chapter 42 and maintenance and
17 operations taxes of the district per student in weighted average
18 daily attendance for that school year that would have been
19 available to the district in the preceding year if the funding
20 elements for Chapters 41 and 42, Education Code, for the current
21 year had been in effect for the preceding year;

22 (2) the rate of \$_____ [~~\$0.06~~] per \$100 of taxable
23 value; and

24 (3) the district's current debt rate.

25 (k) For purposes of this section, for the [~~2003, 2004,~~
26 ~~2005,~~] 2006, 2007, or 2008 tax year, for a school district that is
27 entitled to state funds under Sections 1581.1015(c), (d), (e), and

1 (f) [~~Section 4(a-1), (a-2), (a-3), (a-4), (a-5), or (a-6), Article~~
2 ~~3.50-9~~], Insurance Code, the rollback tax rate of the district is
3 the sum of:

4 (1) the tax rate that, applied to the current total
5 value for the district, would impose taxes in an amount that, when
6 added to state funds that would be distributed to the district under
7 Chapter 42, Education Code, for the school year beginning in the
8 current tax year using that tax rate, would provide the same amount
9 of state funds distributed under Chapter 42 and maintenance and
10 operations taxes of the district per student in weighted average
11 daily attendance for that school year that would have been
12 available to the district in the preceding year if the funding
13 elements for Chapters 41 and 42, Education Code, for the current
14 year had been in effect for the preceding year;

15 (2) the tax rate that, applied to the current total
16 value for the district, would impose taxes in the amount that, when
17 added to state funds that would be distributed to the district under
18 Chapter 42, Education Code, for the school year beginning in the
19 current tax year using that tax rate, permits the district to comply
20 with Section 1581.052 [~~3, Article 3.50-9~~], Insurance Code;

21 (3) the rate of \$ [~~\$0.06~~] per \$100 of taxable
22 value; and

23 (4) the district's current debt rate.

24 SECTION 14. Section 311.013, Tax Code, is amended by adding
25 Subsection (n) to read as follows:

26 (n) This subsection applies only to a reinvestment zone
27 created before January 1, 2006, for which a school district entered

1 into an agreement before that date to pay a portion of the tax
2 increment produced by the school district into the tax increment
3 fund established for the zone. In addition to the amount the school
4 district is otherwise required to pay into the tax increment fund
5 each year, the comptroller shall pay into the fund from any
6 available source an additional amount. The additional amount is
7 the amount by which the amount the district would have been required
8 to pay into the fund for the current year under the agreement if the
9 district levied taxes at the district's 2005 tax rate exceeds the
10 amount the district is otherwise required to pay into the fund for
11 the current year. This subsection ceases to apply to the
12 reinvestment zone on the earlier of the dates specified by Sections
13 311.017(a)(1) and (2) for the reinvestment zone.

14 SECTION 15. Section 42.102, Subchapter B, Chapter 42,
15 Education Code is amended by amending Subsection (b) and by adding
16 Subsections (b-1), (b-2), (c), (c-1) and (c-2) to read as follows:

17 (b) The Legislative Budget Board shall adopt a cost of
18 education index based on a statistical analysis conducted on a
19 revenue neutral basis that is designed to isolate the independent
20 effects of uncontrollable factors on the compensation that school
21 districts must pay, including teacher salaries and other benefits.
22 The analysis must include, at a minimum, variations in teacher
23 characteristics, teacher work environments, and the economic and
24 social conditions of the communities in which teachers reside [~~The~~
25 ~~cost of education adjustment is the cost of education index~~
26 ~~adjustment adopted by the foundation school fund budget committee~~
27 ~~and contained in Chapter 203, Title 19, Texas Administrative Code,~~

1 ~~as that chapter existed on March 26, 1997]~~.

2 (b-1) In this subsection, "teacher fixed effects index"
3 means the teacher fixed effects index detailed in the 2004 report
4 commissioned by the Joint Select Committee on Public School Finance
5 of the 78th Legislature. Notwithstanding Subsection (a), the cost
6 of education index for purposes of that subsection for the
7 following school years is determined using the teacher fixed
8 effects index in the following manner:

9 (1) for the 2006-2007 school year, the index shall be
10 computed giving a weight of 25 percent to the teacher fixed effects
11 index and a weight of 75 percent to the index used to determine a
12 school district's adjustment for the 2005-2006 school year;

13 (2) for the 2007-2008 school year, the index shall be
14 computed giving a weight of 50 percent to the teacher fixed effects
15 index and a weight of 50 percent to the index used to determine a
16 school district's adjustment for the 2005-2006 school year;

17 (3) for the 2008-2009 school year, the index shall be
18 computed giving a weight of 75 percent to the teacher fixed effects
19 index and a weight of 25 percent to the index used to determine a
20 school district's adjustment for the 2005-2006 school year; and

21 (4) for the 2009-2010 and 2010-2011 school years, the
22 cost of education index for purposes of Subsection (a) is the
23 teacher fixed effects index.

24 (b-2) All information relating to the computation and
25 adoption of the cost of education index under this section,
26 including underlying data, assumptions, and computations used in
27 the development of the index, is public information.

1 (c) The Legislative Budget Board shall biennially update
2 the cost of education index required by this section. The
3 Legislative Budget Board shall submit the updated index to the
4 legislature not later than December 1 of each even-numbered year.

5 (c-1) The Legislative Budget Board shall submit the initial
6 update required by Subsection (c) not later than December 1, 2010.

7 (c-2) Subsections (b-1) and (c-1) and this subsection
8 expire September 1, 2011.

9 SECTION 16. Section 11.13(b), Tax Code, is amended to read
10 as follows:

11 (b) An adult is entitled to exemption from taxation by a
12 school district of \$45,000 [~~\$15,000~~] of the appraised value of the
13 adult's residence homestead, except that only \$5,000 [~~\$10,000~~] of
14 the exemption applies [~~does not apply~~] to an entity operating under
15 former Chapter 17, 18, 25, 26, 27, or 28, Education Code, as those
16 chapters existed on May 1, 1995, as permitted by Section 11.301,
17 Education Code.

18 SECTION 17. Section 11.26(a), Tax Code, is amended to read
19 as follows:

20 (a) The tax officials shall appraise the property to which
21 this section applies and calculate taxes as on other property, but
22 if the tax so calculated exceeds the limitation imposed by this
23 section, the tax imposed is the amount of the tax as limited by this
24 section, except as otherwise provided by this section. A school
25 district may not increase the total annual amount of ad valorem tax
26 it imposes on the residence homestead of an individual 65 years of
27 age or older or on the residence homestead of an individual who is

1 disabled, as defined by Section 11.13, above the amount of the tax
2 it imposed in the first tax year in which the individual qualified
3 that residence homestead for the applicable exemption provided by
4 Section 11.13(c) for an individual who is 65 years of age or older
5 or is disabled. If the individual qualified that residence
6 homestead for the exemption after the beginning of that first year
7 and the residence homestead remains eligible for the same exemption
8 for the next year, and if the school district taxes imposed on the
9 residence homestead in the next year are less than the amount of
10 taxes imposed in that first year, a school district may not
11 subsequently increase the total annual amount of ad valorem taxes
12 it imposes on the residence homestead above the amount it imposed in
13 the year immediately following the first year for which the
14 individual qualified that residence homestead for the same
15 exemption, except as provided by Subsection (b). If the first tax
16 year the individual qualified the residence homestead for the
17 exemption provided by Section 11.13(c) for individuals 65 years of
18 age or older or disabled was a tax year before the 2006 [~~1997~~] tax
19 year, the amount of the limitation provided by this section is the
20 amount of tax the school district imposed for the 2005 [~~1996~~] tax
21 year less an amount equal to the amount determined by multiplying
22 \$30,000 [~~\$10,000~~] times the tax rate of the school district for the
23 2006 [~~1997~~] tax year, plus any 2006 [~~1997~~] tax attributable to
24 improvements made in 2005 [~~1996~~], other than improvements made to
25 comply with governmental regulations or repairs.

26 SECTION 18. Section 42.2511(a), Education Code, is amended
27 to read as follows:

1 (a) Notwithstanding any other provision of this chapter, a
2 school district is entitled to additional state aid to the extent
3 that state aid under this chapter based on the determination of the
4 school district's taxable value of property as provided under
5 Subchapter M, Chapter 403, Government Code, does not fully
6 compensate the district for ad valorem tax revenue lost due to:

7 (1) the increase in the homestead exemption under
8 Section 1-b(c), Article VIII, Texas Constitution, as proposed by
9 H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as
10 proposed by the joint resolution to amend that section adopted by
11 the 79th Legislature, 3rd Called Session, 2006; and

12 (2) the additional limitation on tax increases under
13 Section 1-b(d), Article VIII, Texas Constitution, as proposed by
14 H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as
15 proposed by the joint resolution to amend that section adopted by
16 the 79th Legislature, 3rd Called Session, 2006.

17 SECTION 19. Section 403.302(j), Government Code, is amended
18 to read as follows:

19 (j) For purposes of Section 42.2511, Education Code, the
20 comptroller shall certify to the commissioner of education:

21 (1) a final value for each school district computed on
22 a residence homestead exemption under Section 1-b(c), Article VIII,
23 Texas Constitution, of \$5,000; ~~and~~

24 (2) a final value for each school district computed
25 on:

26 (A) a residence homestead exemption under
27 Section 1-b(c), Article VIII, Texas Constitution, of \$15,000; and

1 (B) the effect of the additional limitation on
2 tax increases under Section 1-b(d), Article VIII, Texas
3 Constitution, as proposed by H.J.R. No. 4, 75th Legislature,
4 Regular Session, 1997; and

5 (3) a final value for each school district computed
6 on:

7 (A) a residence homestead exemption under
8 Section 1-b(c), Article VIII, Texas Constitution, of \$45,000; and

9 (B) the effect of the additional limitation on
10 tax increases under Section 1-b(d), Article VIII, Texas
11 Constitution, as proposed by the joint resolution to amend that
12 section adopted by the 79th Legislature, 3rd Called Session, 2006.

13 SECTION 20. Section 21.402, Education Code, is amended by
14 amending Subsections (a) and (d) and adding Subsections (c-1),
15 (c-2), and (c-3), to read as follows:

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

$$MS = SF \times FS$$

22 where:

23 "MS" is the minimum monthly salary;

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

26 "FS" is the amount, as determined by the commissioner under
27

1 Subsection (b), of state and local funds per weighted student
2 available to a district eligible to receive state assistance under
3 Section 42.302 with an enrichment tax rate, as defined by Section
4 42.302, equal to the maximum rate authorized under Section 42.303,
5 except that the amount of state and local funds per weighted student
6 does not include the amount attributable to the increase in the
7 guaranteed level made by Chapter 1187 [H.B. No. 3343], Acts of the
8 77th Legislature, Regular Session, 2001, and by H.B. No. , Acts of
9 the 79th Legislature, 3rd Called Session, 2006.

10 (c-1) Not later than June 1, 2007, the commissioner shall
11 adjust the factors described by Subsection (c) so that the minimum
12 monthly salary calculated under Subsection (a) is \$_____ greater
13 than the minimum monthly salary that the formula would have
14 otherwise generated.

15 (c-2) Notwithstanding Subsection (a), for the 2006-2007
16 school year, a classroom teacher, full-time librarian, full-time
17 counselor certified under Subchapter B, or full-time school nurse
18 is entitled to a monthly salary that is at least equal to the sum of:

19 (1) the monthly salary the employee would have
20 received for the 2006-2007 school year under the district's salary
21 schedule or other compensation system, including any local
22 supplement and any money representing a career ladder supplement
23 the employee would have received in the 2006-2007 school year; and

24 (2) \$_____

25 (c-3) Subsection (c-2) and this subsection expire September
26 1, 2007.

27 (d) A classroom teacher, full-time librarian, full-time

1 counselor certified under Subchapter B, or full-time school nurse
2 employed by a school district in the 2006-2007 [~~2000-2001~~] school
3 year is, as long as the employee is employed by the same district,
4 entitled to a salary that is at least equal to the salary the
5 employee received for the 2006-2007 [~~2000-2001~~] school year.

6 SECTION 21. Subchapter I, Chapter 21, Education Code, is
7 amended by adding Section 21.4021 to read as follows:

8 Sec. 21.4021. ADDITIONAL COMPENSATION. In addition to the
9 amounts specified under Section 21.402, each school district shall
10 spend an amount equal to the product of \$_____ multiplied by the
11 number of classroom teachers, full-time librarians, full-time
12 counselors certified under Subchapter B, and full-time school
13 nurses employed by the district and entitled to a minimum salary
14 under Section 21.402 on:

15 (1) additional across-the-board salary increases for
16 all employees subject to the minimum salary schedule; or

17 (2) additional stipends, in amounts determined by the
18 district, to encourage successful classroom teachers who hold
19 appropriate certificates issued as provided by Subchapter B and
20 have at least three years of classroom experience to:

21 (A) teach or serve as a mentor or master teacher
22 at a campus that is considered low-performing under Section 39.132;

23 (B) teach or serve as a mentor or master teacher
24 at a campus or in a program where at least 70 percent of the students
25 are educationally disadvantaged;

26 (C) serve as a mentor or master teacher in a
27 subject in which the teacher is certified and which is designated by

1 the commissioner as a critical shortage area; or

2 (D) teach or serve in a program that is designed
3 to provide highly qualified teachers to students who are at risk of
4 failing or dropping out of school.

5 SECTION 22. Subchapter C, Chapter 29, Education Code, is
6 amended by adding Section 29.0822 to read as follows:

7 Sec. 29.0822. OPTIONAL FLEXIBLE SCHOOL DAY PROGRAM.(a)
8 Notwithstanding Section 25.081 or 25.082(a), a school district may
9 provide a flexible school day program for students in grades nine
10 through 12 who have dropped out of school or for students at risk of
11 dropping out of school. As used in this subsection "students at
12 risk of dropping out of school" has the meaning assigned by Section
13 29.081.

14 (b) To enable a school district to provide a program under
15 this section that meets the needs of students described by
16 Subsection (a), a school district may:

17 (1) provide flexibility in the number of hours each
18 day a student attends;

19 (2) provide flexibility in the number of days each
20 week a student attends; or

21 (3) allow a student to enroll in less or more than a
22 full course load.

23 (c) A course offered in a program under this section must
24 provide for at least the same number of instructional hours as
25 required for a course offered in a program that meets the required
26 minimum number of instructional days under Section 25.081 and the
27 required length of school day under Section 25.082(a).

1 (d) The commissioner may adopt rules for the administration
2 of this section. The commissioner shall calculate average daily
3 attendance for students served under this section. The
4 commissioner shall allow accumulations of hours of instruction for
5 students whose schedule would not otherwise allow full state
6 funding. Funding under this subsection shall be determined based
7 on the number of instructional days in the district calendar and a
8 seven-hour school day, but attendance may be cumulated over a
9 school year, inclusive of any summer or vacation sessions. The
10 attendance of students who accumulate less than the number of
11 attendance hours required under this subsection shall be
12 proportionately reduced for funding purposes. The commissioner may
13 set maximum funding amounts for an individual course under this
14 section.

15 SECTION 23. Section 32.005 (a), Education Code, is amended
16 to read as follows:

17 (a) Each school district is entitled to an allotment of
18 \$_____ [~~\$30~~] for each student in average daily attendance or a
19 different amount for any year provided by appropriation.

20 SECTION 24. Section 22.103, Education Code, as added by
21 Chapter 1359, Acts of the 79th Legislature, Regular Session, 2005,
22 is amended to read as follows:

23 Sec. 22.103. DISTRIBUTION BY AGENCY. Each [~~Subject to the~~
24 ~~availability of funds, each~~] month the agency shall deliver to each
25 district, including a district that is ineligible for state aid
26 under Chapter 42, each other educational district that is a member
27 of the Teacher Retirement System of Texas, each participating

1 charter school, and each regional education service center state
2 funds in an amount, as determined by the agency, equal to the
3 product of the number of employees employed by the district,
4 school, or service center multiplied by \$1,000, or by a greater
5 ~~[the]~~ amount specified in the General Appropriations Act for
6 purposes of this subchapter, and divided by 12. The agency shall
7 distribute funding to only one entity for employees who are
8 employed by more than one entity listed in this section.

9 SECTION 25. Sections 22.103-22.110, Education Code, as
10 added by Chapter 899, Acts of the 79th Legislature, Regular
11 Session, 2005, are repealed.

12 SECTION 26. In addition to amounts previously appropriated
13 for the state fiscal biennium ending August 31, 2007, \$_____ is
14 appropriated to the Texas Education Agency out of the general
15 revenue fund for the following purposes:

- 16 (1) \$_____ to implement the provisions of this bill;
- 17 (2) \$_____ for the purpose of new issuances under the
18 Instructional Facilities Allotment;
- 19 (3) \$_____ to the Teacher Retirement Fund to reduce
20 actuarial shortfalls in the fund;
- 21 (4) \$_____ for Pension Contribution;
- 22 (5) \$_____ for Pension Benefit Restoration;
- 23 (6) \$_____ for Retired school Employee Health Care;
- 24 (7) \$_____ to restore funding and expand pre-K
25 programs;
- 26 (8) \$_____ to restore funding for Master Reading &
27 Math Teacher Program;

1 (9) \$_____ to restore funding for the Reading, Math &
2 Science Initiative;

3 (10) \$_____ to restore funding for the After School
4 Initiative;

5 (11) \$_____ to restore funding for Disciplinary
6 Alternative Education Programs;

7 (12) \$_____ to restore funding for Extended Year
8 Programs;

9 (13) \$_____ to restore funding for the High School
10 Initiative;

11 (14) \$_____ to restore funding for the Student Success
12 Initiative;

13 (15) \$_____ to restore funding for the Advanced
14 Placement Incentive Program;

15 (16) \$_____ to fund textbooks already purchased;

16 (17) \$_____ for purchase of textbooks deferred from
17 Proclamation 2002.

18 SECTION 27. (a) Except where otherwise provided by this
19 Act, this Act applies beginning with the 2006-2007 school year.

20 (b) The changes in law made by this Act relating to the
21 maintenance and operations tax rate of a school district take
22 effect beginning with the 2006 tax year.

23 (c) If before the effective date of this Act, the governing
24 body of a school district adopted an ad valorem tax rate for the
25 district for the 2006 tax year under the law in effect immediately
26 before the effective date of this Act, and the adopted ad valorem
27 tax rate included a rate for maintenance and operations expenses

1 that is greater than the maximum maintenance and operations tax
2 rate for the 2006 tax year permitted under this Act:

3 (1) on the effective date of this Act, the ad valorem
4 tax rate adopted for the district is invalidated; and

5 (2) the governing body shall adopt an ad valorem tax
6 rate for the 2006 tax year in accordance with the changes in law
7 made by this Act.

8 (d) If tax bills for the 2006 tax year were sent by the tax
9 assessor for a school district pursuant to a tax rate invalidated
10 under Subsection (b) (1) of this section, the tax assessor for the
11 school district shall prepare and mail a new tax bill for the 2006
12 tax year to each taxpayer of the district in the manner required by
13 Chapter 31, Tax Code. If a taxpayer pays the taxes for the 2006 tax
14 year pursuant to a tax rate invalidated under Subsection (b) (1) of
15 this section, the school district shall refund any difference
16 between the tax paid and the tax due at the rate adopted under
17 Subsection (b) (2) of this section.

18 (e) If this Act is passed by the legislature without
19 receiving a vote of two-thirds of all the members elected to each
20 house, any action taken before the effective date of this Act in
21 preparation for the implementation of the changes in law made by
22 this Act, including adoption of a maintenance and operations tax
23 rate, by an officer or employee or the governing body of a school
24 district that the officer, employee, or governing body determines
25 is necessary or appropriate and that the officer, employee, or
26 governing body would have been authorized to take had this Act been
27 in effect at the time of the action is validated as of the effective

1 date of this Act. Any public notice required by Chapter 26, Tax
2 Code, or Chapter 44, Education Code, given before the effective
3 date of this Act that includes an additional statement that the tax
4 rate for the school district will be adopted in accordance with the
5 changes in law made by this Act is validated as of the effective
6 date of this Act.

7 SECTION 28. (a) Except where otherwise provided by this
8 Act, this Act takes effect immediately if it receives a vote of
9 two-thirds of all the members elected to each house, as provided by
10 Section 39, Article III, Texas Constitution. If this Act does not
11 receive the vote necessary for immediate effect, this Act takes
12 effect on the 91st day after the last day of the legislative
13 session.

14 (b) Sections 16 through 19 take effect January 1, 2007, but
15 only if the constitutional amendment proposed by the 79th
16 Legislature, 3rd Called Session, 2006, increasing the amount of the
17 school district residence homestead property tax exemption to
18 \$45,000 and providing for a corresponding adjustment of the
19 limitation on school taxes on residence homesteads of elderly and
20 disabled persons is approved by the voters. If that amendment is
21 not approved by the voters, these sections have no effect.