

Amend **CSHB 2** as follows:

(1) Strike Article 1 and substitute the following:

"ARTICLE 1. PUBLIC SCHOOL FINANCE

PART A. EDUCATION FUNDING

SECTION 1A.01. Effective September 1, 2005, Section 42.101, Subchapter B, Chapter 42, Education Code is amended to read as follows:

Sec. 42.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment of \$3096 [~~\$2,537~~]. A greater amount for any school year may be provided by appropriation.

SECTION 1A.02. Effective September 1, 2006, Section 42.101, Subchapter B, Chapter 42, Education Code is amended to read as follows:

Sec. 42.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment of \$3225 [~~\$2,537~~]. A greater amount for any school year may be provided by appropriation.

SECTION 1A.03. Section 42.152, Subchapter C, Chapter 42, Education Code is amended by amending Subsections (a) and (t) and adding Subsection (c-2) to read as follows:

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

(c-2) Notwithstanding Subsection (c), a school district may use funds allocated under this section to provide Saturday classes for third grade students who fail to perform satisfactorily on an assessment instrument administered under Section 39.023.

(t) A reduction made under this section or the General Appropriations Act in the allotment under this section, including a reduction under Section 39.031(a), does not affect the computation of students in weighted average daily attendance for purposes of Subchapter F except that the reduction shall be applied in the same manner to districts that receive payments under Chapter 42 and districts that make payments under Chapter 41.

SECTION 1A.04. Section 42.153(a), Subchapter C, Chapter 42, Education Code is amended to read as follows:

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

SECTION 1A.05. Section 42.154(a), Subchapter C, Chapter 42, Education Code is amended to read as follows:

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

SECTION 1A.06. Section 42.155, Subchapter C, Chapter 42, Education Code is amended by adding subsection (l) to read as follows:

(l) Beginning in the 2005-2006 school year, the allocation per mile of approved route shall be at least thirty-five percent higher than the allocation per mile for the 2004-2005 school year.

SECTION 1A.07. Subchapter C, Chapter 42, Education Code is amended by adding Section 42.159 to read as follows:

Sec. 42.159. INSTRUCTIONAL MATERIALS AND TECHNOLOGY ALLOTMENT. (a) For each student in average daily attendance, a school district is entitled to an annual allotment of \$150.

(b) Funds allotted under this section may be used only to

purchase approved instructional materials, including online instructional materials.

(c) This section applies beginning with the 2006-2007 school year. This subsection expires September 1, 2007.

SECTION 1A.08. Section 42.2511(a), Education Code, is amended to read as follows:

(a) Notwithstanding any other provision of this chapter, a school district is entitled to additional state aid to the extent that state aid under this chapter based on the determination of the school district's taxable value of property as provided under Subchapter M, Chapter 403, Government Code, does not fully compensate the district for ad valorem tax revenue lost due to the increase in the homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by HJR, 79th Legislature, Regular Session, 2005 [~~HJR 4, 75th Legislature, Regular Session, 1997, and the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, as proposed by HJR 4, 75th Legislature, Regular Session, 1997~~].

SECTION 1A.09. Effective September 1, 2005, Section 42.2512, Education Code, is amended to read as follows:

Sec. 42.2512. ADDITIONAL STATE AID FOR PROFESSIONAL STAFF SALARIES. (a) A school district, including a school district that is otherwise ineligible for state aid under this chapter, is entitled to state aid in an amount, as determined by the commissioner, equal to the difference, if any, between:

(1) an amount equal to the product of \$2,400 [~~\$3,000~~] multiplied by the number of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time school nurses employed by the district and entitled to a minimum salary under Section 21.402; and

(2) an amount equal to 80 percent of the amount of additional funds to which the district is entitled due to the increases made by Sections 1A.01, 1A.13, and 1A.14, HB 2, Acts of the 79th Legislature, Regular Session, 2005 [~~SB 4, Acts of the 76th Legislature, Regular Session, 1999~~], to:

(A) the equalized wealth level under Section 41.002;

(B) the basic allotment under Section 42.101; and

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

SECTION 1A.10. Effective September 1, 2006, Section 42.2512, Education Code, is amended to read as follows:

Sec. 42.2512. ADDITIONAL STATE AID FOR PROFESSIONAL STAFF SALARIES. (a) A school district, including a school district that is otherwise ineligible for state aid under this chapter, is entitled to state aid in an amount, as determined by the commissioner, equal to the difference, if any, between:

(1) an amount equal to the product of \$2,400 [~~\$3,000~~] multiplied by the number of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time school nurses employed by the district and entitled to a minimum salary under Section 21.402; and

(2) an amount equal to 80 percent of the amount of additional funds to which the district is entitled due to the increases made by Sections 1A.02, 1A.13, and 1A.14, HB 2, Acts of the 79th Legislature, Regular Session, 2005 [~~SB 4, Acts of the 76th Legislature, Regular Session, 1999~~], to:

(A) the equalized wealth level under Section 41.002;

(B) the basic allotment under Section 42.101;

and

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

SECTION 1A.11. Subchapter E, Chapter 42, Education Code is amended by adding Section 42.2513 to read as follows:

Sec. 42.2513. ADDITIONAL TRANSITIONAL AID. (a) Notwithstanding any other provision of this chapter or Chapter 41, and provided that a school district imposes a tax of at least \$1.25 on the \$100 valuation of taxable property, a school district is entitled to the amount of state revenue necessary to maintain state and local revenue per student in weighted average daily attendance in the amount equal to the sum of:

(1) the greater of:

(A) the amount of state and local revenue per

student in weighted average daily attendance for the maintenance and operation of the district, to which the district was entitled for the 2004-2005 school year under Chapter 42, or, if the district was subject to Chapter 41, the amount to which the district was entitled under that chapter, including any amounts the district received under Rider 82, page III-23, Chapter 1330, Acts of the 78th Legislature, Regular Session, 2003 (the General Appropriations Act); or

(B) the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operation of the district to which the district would have been entitled for the 2005-2006 school year under Chapter 42, as that chapter existed on January 1, 2005, or, if the district would have been subject to Chapter 41, as that chapter existed on January 1, 2005, the amount to which the district would have been entitled under that chapter, based on the funding elements in effect for the 2004-2005 school year and including any amounts described by Rider 82, page III-23, Chapter 1330, Acts of the 78th Legislature, Regular Session, 2003 (the General Appropriations Act); and

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

(b) The amount of revenue to which a school district is entitled because of the technology allotment under Section 32.005 or the instructional materials and technology allotment under Section 42.241 is not included in making a determination under Subsection (a).

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

SECTION 1A.12. Section 42.252(a), Subchapter E, Chapter 42, Education Code is amended to read as follows:

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

$$LFA = TR \times DPV$$

where:

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

"TR" is a tax rate which when multiplied by the ratio of the

actual taxable value of the property in the district for the current tax year divided by the taxable value of property in the district for the preceding tax year as determined under Subchapter M, Chapter 403, Government Code, raises \$0.86 for each hundred dollars of valuation [~~is an effective tax rate of \$0.86~~]; and

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

SECTION 1A.13. Section 42.302(a), Subchapter E, Chapter 42, Education Code is amended to read as follows:

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

$$GYA = (GL \times WADA \times DTR \times 100) - LR$$

where:

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

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

"WADA" is the number of students in weighted average daily attendance, which is calculated by dividing the sum of the school district's allotments under Subchapters B and C, less any allotment to the district for transportation and [~~7~~] any allotment under Section 42.158, [~~and 50 percent of the adjustment under Section 42.1027~~] by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the school district, which is determined by multiplying the district's adopted tax rate by the ratio of the actual taxable value of the property in the district for the current tax year divided by the taxable value of property in the district for the preceding year as determined under Subchapter M, Chapter 403, Government Code, or, if

~~applicable, under Section 42.2521, and subtracting the district's "TR" as calculated under Section 42.252(a) [subtracting the amounts specified by Subsection (b) from the total amount of maintenance and operations taxes collected by the school district for the applicable school year and dividing the difference by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 42.2521, divided by 100]; and~~

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

SECTION 1A.14. Section 41.002, Chapter 41, Education Code is amended to read as follows:

Sec. 41.002. EQUALIZED WEALTH LEVEL. ~~[(a)]~~ A school district may not have a wealth per student that exceeds the wealth per student that produces the guaranteed level of state and local funds per weighted student per cent of tax effort under Section 42.302 [~~\$305,000~~].

SECTION 1A.15. (1) Section 11.013(d), Tax Code is amended to read as follows:

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

(2) This Section takes effect only if **HJR ____**, Acts of the 79th Legislature, Regular Session, 2005, takes effect. If that resolution does not take effect, this Section has no effect.

SECTION 1A.16. Section 26.08, Tax Code, is amended by adding Subsections (a-1)-(a-3) and amending Subsections (i) and (k) to read as follows:

(a-1) Except as provided by Subsection (a-2), for the 2005 tax year, a school district may not impose a tax for the maintenance and operations of the district that exceeds the greater of:

(1) the rate equal to five-sixths of the rate adopted

by the district for maintenance and operations for the 2004 tax year; or

(2) the rate necessary to ensure that the district receives the amount of revenue described by Sections 42.2513(a)(1) and (2), Education Code, provided that the rate may not exceed \$1.25 on the \$100 valuation of taxable property.

(a-2) Notwithstanding any other provision of law, for the 2005 tax year a school district permitted by special law on January 1, 2005, to impose an ad valorem tax for maintenance and operations at a rate greater than \$1.50 on the \$100 valuation of taxable property in the district may continue to impose a tax for the maintenance and operations of the district at a rate not to exceed the rate that is \$0.25 less than the rate adopted by the district for maintenance and operations for the 2004 tax year.

(a-3) Subsections (a-1), (a-2), and this subsection expire January 1, 2006.

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

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

(2) the rate of \$0.04 [~~\$0.06~~] per \$100 of taxable value; and

(3) the district's current debt rate.

(k) For purposes of this section, for the [~~2003, 2004,~~] 2005, 2006, 2007, or 2008 tax year, for a school district that is entitled to state funds under Section 4(a-1), (a-2), (a-3), (a-4), (a-5), or (a-6), Article 3.50-9, Insurance Code, the rollback tax rate of the district is the sum of:

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

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

(3) the rate of \$0.04 [~~\$0.06~~] per \$100 of taxable value; and

(4) the district's current debt rate.

SECTION 1A.17. Section 311.013, Tax Code, is amended by adding Subsection (1) to read as follows:

(1) This subsection applies only to a reinvestment zone created before January 1, 2005, for which a school district entered into an agreement before that date to pay a portion of the tax increment produced by the school district into the tax increment fund established for the zone. In addition to the amount the school district is otherwise required to pay into the tax increment fund each year, the comptroller shall pay into the fund from any available source an additional amount. The additional amount is the amount by which the amount the district would have been required to pay into the fund for the current year under the agreement if the district levied taxes at the district's 2004 tax rate exceeds the amount the district is otherwise required to pay into the fund for the current year. This subsection ceases to apply to the reinvestment zone on the later of the dates specified by Sections 311.017(a)(1) and (2) for the reinvestment zone.

PART B. SCHOOL DISTRICT EFFICIENCY

SECTION 1B.01. Subchapter A, Chapter 11, Education Code, is amended by adding Section 11.003 to read as follows:

Sec. 11.003. ADMINISTRATIVE EFFICIENCY. (a) The Commissioner shall develop and implement a program allowing a school district board of trustees to enter into an agreement with another district or a regional education service center for a cooperative arrangement regarding administrative services, including transportation, food service, purchasing, and payroll functions.

(b) An agreement under this section must contain an explanation of how the cooperative arrangement would allow a participating school district to reduce costs, operate more efficiently, and improve educational quality.

(c) This section does not limit a school district's authority to enter into any other agreement authorized by law.

(d) The commissioner shall develop and implement the program described by this section not later than January 1, 2006. This subsection expires March 1, 2006.

SECTION 1B.02. Subchapter H, Chapter 45, Education Code, is amended by adding Section 45.233 to read as follows:

Sec. 45.233. REVIEW OF TAX COLLECTIONS. The comptroller shall periodically examine the effectiveness of school districts in collecting district taxes.

(2) Strike SECTION 2A.04 and substitute the following:

SECTION 2A.04. Section 21.402, Education Code, is amended by amending Subsections (a) and (d) and adding Subsections (c-1), (c-2), (c-3), (e) and (f) to read as follows:

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

$$MS = SF \times FS$$

where:

"MS" is the minimum monthly salary;

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

"FS" is the amount, as determined by the commissioner under Subsection (b), of state and local funds per weighted student available to a district eligible to receive state assistance under Section 42.302 with an enrichment tax rate, as defined by Section 42.302, equal to the maximum rate authorized under Section 42.303, except that the amount of state and local funds per weighted student does not include the amount attributable to the increase in the guaranteed level made by **HB 3343**, Acts of the 77th Legislature, Regular Session, 2001 or by **HB 2**, Acts of the 79th Legislature, Regular Session, 2005.

(c-1) Notwithstanding Subsection (a), for the 2005-2006 school year, a classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse is entitled to a monthly salary that is at least equal to the sum of:

(1) the monthly salary the employee would have received for the 2005-2006 school year under the district's salary schedule or other compensation system, including any local supplement and any money representing a career ladder supplement the employee would have received in the 2005-2006 school year; and

(2) \$200.

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

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

(2) \$400.

(c-3) Subsections (c-1) and (c-2) and this subsection expire September 1, 2006.

(d) A classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse employed by a school district in the 2006-2007 [~~2000-2001~~] school

year is, as long as the employee is employed by the same district, entitled to a salary that is at least equal to the salary the employee received for the 2006-2007 [~~2000-2001~~] school year.

(e-1) For the 2005-2006 school year, in addition the amounts specified in (c-1), each school district shall spend an amount equal to the product of \$400 multiplied by the number of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time school nurses employed by the district and entitled to a minimum salary under Section 21.402 on:

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

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

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

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

(C) serve as a mentor or master teacher in a subject for which they are certified and which is designated by the Commissioner as a critical shortage area; or

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

(e-2) Beginning with the 2006-2007 school year, in addition to the amounts specified in (c-2), each school district shall spend an amount equal to the product of \$800 multiplied by the number of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time school nurses employed by the district and entitled to a minimum salary under Section 21.402 on:

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

(2) additional stipends, in amounts determined by the

district, to encourage successful classroom teachers who hold appropriate certificates issued as provided by Subchapter B and have at least three years of classroom experience to:

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

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

(C) serve as a mentor or master teacher in a subject for which they are certified and which is designated by the Commissioner as a critical shortage area; or

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

(f) No later than June 1, 2007, the commissioner shall adjust the factors in Subsection (a) above such that the minimum monthly salary calculated under Subsection (a) is \$400 greater than the minimum monthly salary the formula would have generated.

(3) On page 69, line 11, between "software" and "or" insert "or provide commercially available software".

(4) Strike SECTIONS 2C.01, 2C.05, and 2C.06.

(5) Strike SECTIONS 2C.02 and 2C.10.

(6) In ARTICLE 2, PART C, add the following appropriately-numbered SECTION to read as follows:

SECTION 2C.___. Subchapter B, Chapter 28, Education Code, is amended by adding Section 28.0216 to read as follows:

Sec. 28.0216. LIMITS ON ASSIGNMENT OF STUDENTS TO TEACHERS. (a) A student in grades Kindergarten through 6 may not be assigned for two consecutive school years to a teacher who:

(1) has less than one year of teaching experience; or

(2) does not hold the appropriate certificate issued by the State Board for Educator Certification.

(b) In a subject for which a student takes an assessment under Section 39.023(a) or (c), a student in grade 7 or higher may not be assigned for two consecutive school years to a teacher who:

(1) has less than one year of teaching experience; or

(2) does not hold the appropriate certificate issued

by the State Board for Educator Certification.

(7) Strike SECTION 2D.03.

(8) Strike SECTION 2D.13.

(9) On page 94, strike lines 25 and 26 and substitute "required by this subchapter, a school district shall provide to high school students at grade levels determined by the commissioner the opportunity to take"

(10) Beginning on page 107, line 17, strike all language through page 110, line 20.

(11) On page 129, line 17, strike "has" and substitute "and private or independent institution of higher education" have".

(12) On page 130, strike lines 1 through 5 and substitute "this section.".

(13) On page 130, line 24, between "university" and "whose" insert "or private or independent institution of higher education".

(14) In ARTICLE 3, strike the following conforming amendments: SECTIONS 3.01, 3.02, 3.03, 3.04, and 3.05.

(15) Strike SECTION 3.06 and substitute the following:

SECTION 3.01. Section 12.106(a), Education Code, is amended to read as follows:

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

(16) In ARTICLE 3, strike the following conforming amendments: SECTIONS 3.07, 3.08, 3.09, 3.10, 3.12, 3.13, 3.14, 3.15, 3.16, and 3.17.

(17) In ARTICLE 3, strike the following conforming

amendments: SECTIONS 3.25 and 3.26.

(18) On page 150, strike lines 4 through 9 and substitute the following:

"(b) After setting aside an appropriate amount in accordance with this section, the commissioner shall proportionately reduce each district's tier one allotment or, for a district that does not receive a Tier I allotment, increase the district's payments under Chapter 41. A reduction in tier one allotments under this section does not affect the computation of the guaranteed amount of revenue per student per cent of tax effort under Section 42.252."

(19) In ARTICLE 3, strike SECTIONS 3.28 through 3.50.

(20) In ARTICLE 3, insert the following appropriately-numbered SECTIONS to read as follows:

SECTION 3.____. Section 42.005(a), Education Code, is amended by adding Subdivision (3) to read as follows:

(3) for a district that operates under a flexible school day program under Section 29.0822, the average daily attendance as calculated by the commissioner in accordance with Section 29.0822(d).

SECTION 3.____. Section 42.102 is amended to read as follows:

(a) The basic allotment for each district is adjusted to reflect the geographic variation in known resource costs and costs of education due to factors beyond the control of the school district.

(b) The cost of education adjustment is the cost of education index adjustment adopted by the foundation school fund budget committee and contained in Chapter 203, Title 19, Texas Administrative Code, as that chapter existed on March 26, 1997. The commissioner shall adjust modify adjustment as necessary to compensate for the equal application of the adjustment to each of the two tiers of the system.

SECTION 3.____. (1) Section 403.302(j), Education Code, is amended to read as follows:

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

(1) a final value for each school district computed on

a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$15,000 [~~\$5,000~~]; and

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

(A) a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$45,000 [~~\$15,000~~]; and

(B) the effect of the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution.

(2) This Section takes effect only if **HJR ____**, Acts of the 79th Legislature, Regular Session, 2005, takes. If that resolution does not take effect, this Section has no effect."

(21) On page 163, line 17, strike "and 57".

(22) On page 163, strike lines 21-22 and reletter remaining subsections appropriately.

(23) Beginning on page 163, line 23, strike all language through page 164, line 3, and substitute the following:

"(c) Sections 21.357, 39.023(j), 41.002 (b), 41.002(e), 41.002(f), 41.002(g), 42.103(e), and 42.2514 of the Education Code are repealed."

(24) On page 164, strike lines 6 through 14.

(25) Strike the last two sentences of SECTION 4.03.