

By: Hochberg

H.B. No. 3456

A BILL TO BE ENTITLED

AN ACT

relating to public school finance.

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

SECTION 1. Section 42.101, 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 in an amount equal to the product of the amount per student per cent of tax effort available to a district at the percentile in wealth per student specified by Section 42.302(a-1)(1), multiplied by 95 [~~86~~]. A greater amount for any school year may be provided by appropriation.

SECTION 2. Section 42.152, Education Code, is amended by amending Subsections (a) and (t) 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

1 29.081 because the student is pregnant.

2 (t) A reduction made under this section, Section 39.031, or  
3 the General Appropriations Act in the allotment under this section  
4 does not affect the computation of students in weighted average  
5 daily attendance for purposes of Subchapter F. The reduction in the  
6 allotment under this section shall be applied in the same manner to  
7 districts that receive state aid under this chapter and to  
8 districts that make payments under Chapter 41.

9 SECTION 3. Section 42.153(a), Education Code, is amended to  
10 read as follows:

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

15 SECTION 4. Section 42.302(a-1), Education Code, is amended  
16 to read as follows:

17 (a-1) In this section, "wealth per student" has the meaning  
18 assigned by Section 41.001. For purposes of Subsection (a), the  
19 dollar amount guaranteed level of state and local funds per  
20 weighted student per cent of tax effort ("GL") for a school district  
21 is:

22 (1) the amount of district tax revenue per weighted  
23 student per cent of tax effort available to a district at the 95th  
24 [~~99th~~] percentile in wealth per student, as determined by the  
25 commissioner in cooperation with the Legislative Budget Board, for  
26 the district's maintenance and operations tax effort equal to or  
27 less than the rate equal to the product of the state compression

1 percentage, as determined under Section 42.2516, multiplied by the  
2 maintenance and operations tax rate adopted by the district for the  
3 2005 tax year;

4 (2) the amount of district tax revenue per weighted  
5 student per cent of tax effort available to the Austin Independent  
6 School District, as determined by the commissioner in cooperation  
7 with the Legislative Budget Board, for the first six cents by which  
8 the district's maintenance and operations tax rate exceeds the rate  
9 equal to the product of the state compression percentage, as  
10 determined under Section 42.2516 and notwithstanding the  
11 limitation on district enrichment tax rate ("DTR") under Section  
12 42.303, multiplied by the maintenance and operations tax rate  
13 adopted by the district for the 2005 tax year; and

14 (3) \$31.95, for the district's maintenance and  
15 operations tax effort that exceeds the amount of tax effort  
16 described by Subdivision (2).

17 SECTION 5. Section 41.002(a), Education Code, is amended to  
18 read as follows:

19 (a) A school district may not have a wealth per student that  
20 exceeds:

21 (1) the wealth per student that generates the amount  
22 of maintenance and operations tax revenue per weighted student  
23 available to a district at the 95th [~~88th~~] percentile in wealth per  
24 student, for the district's maintenance and operations tax effort  
25 equal to or less than the rate equal to the product of the state  
26 compression percentage, as determined under Section 42.2516,  
27 multiplied by the maintenance and operations tax rate adopted by

1 the district for the 2005 tax year;

2 (2) the wealth per student that generates the amount  
3 of maintenance and operations tax revenue per weighted student  
4 available to the Austin Independent School District, as determined  
5 by the commissioner in cooperation with the Legislative Budget  
6 Board, for the first six cents by which the district's maintenance  
7 and operations tax rate exceeds the rate equal to the product of the  
8 state compression percentage, as determined under Section 42.2516,  
9 multiplied by the maintenance and operations tax rate adopted by  
10 the district for the 2005 tax year, subject to Section 41.093(b-1);  
11 or

12 (3) \$319,500, for the district's maintenance and  
13 operations tax effort that exceeds the first six cents by which the  
14 district's maintenance and operations tax effort exceeds the rate  
15 equal to the product of the state compression percentage, as  
16 determined under Section 42.2516, multiplied by the maintenance and  
17 operations tax rate adopted by the district for the 2005 tax year.

18 SECTION 6. Section 12.106(a), Education Code, is amended to  
19 read as follows:

20 (a) A charter holder is entitled to receive for the  
21 open-enrollment charter school funding under Chapter 42 as if the  
22 school were a school district without a tier one local share for  
23 purposes of Section 42.253 and without any local revenue ("LR") for  
24 purposes of Section 42.302. In determining funding for an  
25 open-enrollment charter school, adjustments under Sections 42.102,  
26 42.103, 42.104, and 42.105 and the district enrichment tax rate  
27 ("DTR") under Section 42.302 are based on the average adjustment

1 and average district enrichment tax rate for the state, as  
2 estimated at the beginning of the school year, and provided that the  
3 amount of state funding for each student is not subject to  
4 adjustment after the beginning of the school year due to changes in  
5 property value or collection rates for the state.

6 SECTION 7. Section 42.102, Subchapter B, Chapter 42,  
7 Education Code is amended by amending Subsection (b) and by adding  
8 Subsections (b-1), (b-2), (c), (c-1) and (c-2) to read as follows:

9 (b) The Legislative Budget Board shall adopt a cost of  
10 education index based on a statistical analysis conducted on a  
11 revenue neutral basis that is designed to isolate the independent  
12 effects of uncontrollable factors on the compensation that school  
13 districts must pay, including teacher salaries and other benefits.  
14 The analysis must include, at a minimum, variations in teacher  
15 characteristics, teacher work environments, and the economic and  
16 social conditions of the communities in which teachers reside [~~The~~  
17 ~~cost of education adjustment is the cost of education index~~  
18 ~~adjustment adopted by the foundation school fund budget committee~~  
19 ~~and contained in Chapter 203, Title 19, Texas Administrative Code,~~  
20 ~~as that chapter existed on March 26, 1997].~~

21 (b-1) In this subsection, "teacher fixed effects index"  
22 means the teacher fixed effects index detailed in the 2004 report  
23 commissioned by the Joint Select Committee on Public School Finance  
24 of the 78th Legislature. Notwithstanding Subsection (a), the cost  
25 of education index for purposes of that subsection for the  
26 following school years is determined using the teacher fixed  
27 effects index in the following manner:

1           (1) for the 2007-2008 school year, the index shall be  
2 computed giving a weight of 25 percent to the teacher fixed effects  
3 index and a weight of 75 percent to the index used to determine a  
4 school district's adjustment for the 2005-2006 school year;

5           (2) for the 2008-2009 school year, the index shall be  
6 computed giving a weight of 50 percent to the teacher fixed effects  
7 index and a weight of 50 percent to the index used to determine a  
8 school district's adjustment for the 2005-2006 school year;

9           (3) for the 2009-2010 school year, the index shall be  
10 computed giving a weight of 75 percent to the teacher fixed effects  
11 index and a weight of 25 percent to the index used to determine a  
12 school district's adjustment for the 2005-2006 school year; and

13           (4) for the 2010-2011 and 2011-2012 school years, the  
14 cost of education index for purposes of Subsection (a) is the  
15 teacher fixed effects index.

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

20           (c) The Legislative Budget Board shall biennially update  
21 the cost of education index required by this section. The  
22 Legislative Budget Board shall submit the updated index to the  
23 legislative not later than December 1 of each even-numbered year.

24           (c-1) The Legislative Budget Board shall submit the initial  
25 update required by Subsection (c) not later than December 1, 2011.

26           (c-2) Subsections (b-1) and (c-1) and this subsection  
27 expire September 1, 2012.

1 SECTION 8. Subsections 42.2516(b) and (h), Education Code,  
2 are amended to read as follows:

3 (b) Subject to Subsections (g) and (h), but notwithstanding  
4 any other provision of this title, a school district is entitled to  
5 state revenue necessary to provide the district with ~~[the sum of:~~

6 ~~[(1)]~~ the amount of state revenue necessary to  
7 maintain state and local revenue per student in weighted average  
8 daily attendance ~~[in the amount equal to the greater of:~~

9 ~~(A) the amount of state and local revenue per~~  
10 ~~student in weighted average daily attendance for the maintenance~~  
11 ~~and operations of the district]~~ available to the district for the  
12 2006-2007 [2005-2006] school year [↑]. If the amount determined by  
13 this subsection is greater than the amount of state and local  
14 revenue for the maintenance and operations of the district  
15 available to the district in a school year as a result of the  
16 equalized wealth level under Section 41.002, the basic allotment  
17 under Section 42.101, and the guaranteed level under Section  
18 42.302, then the Commissioner shall decrease the compression  
19 percentage used for that district's tax rate so that the effect of  
20 Subsection (g) will be to increase the district's revenue under the  
21 formula elements to an amount that no longer is less than the amount  
22 to which the district is entitled under Subsection (b), except that  
23 the compression percentage shall be decreased by no more than the  
24 amount that produces a tax rate increase of 10 cents. ~~(B) the~~  
25 ~~amount of state and local revenue per student in weighted average~~  
26 ~~daily attendance for the maintenance and operations of the district~~  
27 ~~to which the district would have been entitled for the 2006-2007~~

1 ~~school year under this chapter, as it existed on January 1, 2006,~~  
2 ~~or, if the district would have been subject to Chapter 41, as that~~  
3 ~~chapter existed on January 1, 2006, the amount to which the district~~  
4 ~~would have been entitled under that chapter, based on the funding~~  
5 ~~elements in effect for the 2005-2006 school year, if the district~~  
6 ~~imposed a maintenance and operations tax at the rate adopted by the~~  
7 ~~district for the 2005 tax year; or~~

8 ~~(C) the amount of state and local revenue per~~  
9 ~~student in weighted average daily attendance for the maintenance~~  
10 ~~and operations of the district to which the district would have been~~  
11 ~~entitled for the 2006-2007 school year under this chapter, as it~~  
12 ~~existed on January 1, 2006, or, if the district would have been~~  
13 ~~subject to Chapter 41, as that chapter existed on January 1, 2006,~~  
14 ~~the amount to which the district would have been entitled under that~~  
15 ~~chapter, based on the funding elements in effect for the 2005-2006~~  
16 ~~school year, if the district imposed a maintenance and operations~~  
17 ~~tax at the rate equal to the rate described by Section 26.08(i) or~~  
18 ~~(k)(1), Tax Code, as applicable, for the 2006 tax year;~~

19 ~~(2) an amount equal to the product of \$2,500~~  
20 ~~multiplied by the number of classroom teachers, full-time~~  
21 ~~librarians, full-time counselors certified under Subchapter B,~~  
22 ~~Chapter 21, and full-time school nurses employed by the district~~  
23 ~~and entitled to a minimum salary under Section 21.402; and~~

24 ~~(3) an amount equal to the product of \$275 multiplied~~  
25 ~~by the number of students in average daily attendance in grades nine~~  
26 ~~through 12 in the district.]~~

27 (h) Notwithstanding any other provision of this title, if



1 the amount of state and local revenue per student in weighted  
2 average daily attendance for the maintenance and operations of the  
3 district available to the district in a school year as a result of  
4 ~~[increases to]~~ the equalized wealth level under Section 41.002, the  
5 basic allotment under Section 42.101, and the guaranteed level  
6 under Section 42.302 ~~[made by H.B. No. 1, Acts of the 79th~~  
7 ~~Legislature, 3rd Called Session, 2006]~~, exceeds the amount to which  
8 a district is entitled under Subsection (b) for that school year,  
9 the commissioner must increase the compression percentage used for  
10 that district's tax rate so that the effect of Subsection (g) will  
11 be to reduce the district's revenue under the formula elements to an  
12 amount that no longer exceeds the amount to which the district is  
13 entitled under Subsection (b). [~~+~~

14 ~~(1) reduce the amount of state aid provided to the~~  
15 ~~district for that school year by an amount equal to the excess~~  
16 ~~revenue, as determined by the commissioner; or~~

17 ~~(2) for a district with a wealth per student greater~~  
18 ~~than the applicable amount described by Section 41.002(a), require~~  
19 ~~the district to purchase a number of attendance credits for that~~  
20 ~~school year at a cost equal to the amount of excess revenue, as~~  
21 ~~determined by the commissioner.]~~

22 SECTION 9. Section 21.4021, Education Code, is added to  
23 read as follows:

24 SECTION 21.4021. INFLATION ADJUSTMENT (a) Not later than  
25 June 1, 2008, the commissioner shall adjust the factors described  
26 by Section 21.402 so that the minimum monthly salary calculated  
27 under Section 21.402 is \$\_\_\_\_\_ greater than the minimum monthly

1 salary that the formula would have otherwise generated.

2 (b) Notwithstanding Subsection (a), for the 2007-2008  
3 school year, a classroom teacher, full-time librarian, full-time  
4 counselor certified under Subchapter B, or full-time school nurse  
5 is entitled to a monthly salary that is at least equal to the sum of:

6 (1) the monthly salary the employee would have  
7 received for the 2007-2008 school year under the district's salary  
8 schedule or other compensation system, including any local  
9 supplement and any money representing a career ladder supplement  
10 the employee would have received in the 2007-2008 school year; and

11 (2) \$\_\_\_\_\_.

12 (c) Subsection (b) and this subsection expire September 1,  
13 2008.

14 SECTION 10. Section 2054.062, Government Code, is added to  
15 read as follows:

16 SECTION 2054.062. MANAGEMENT SOFTWARE FOR PUBLIC AND  
17 CHARTER SCHOOLS (a) In coordination with the Texas Education  
18 Agency, which shall assist the department in establishing the  
19 software standards, the department shall contract with one or more  
20 software vendors under Section 2157.068 for student information  
21 system, human resources and financial management software. The  
22 standards must address, at minimum,:

23 (1) the ability to meet PEIMS data standards and  
24 reporting requirements and to exchange data with the statewide  
25 PEIMS system;

26 (2) the level of functionality necessary to meet the  
27 operational and reporting needs of school districts and charter

1 schools that each particular software product is designed to serve;  
2 and,

3 (3) vendor stability and commitment to product  
4 support, including the ability to update the product as necessary  
5 to meet changing requirements.

6 (b) A school district or charter school is not required to  
7 use certified software.

8 SECTION 11. The following sections of the Education Code  
9 are repealed: 41.002(e), 41.002(f), 41.002(g), 42.103(e),  
10 42.2511, 42.2512, 42.2513, 42.2514 and 42.2517.

11 SECTION 12. This Act applies beginning with the 2007-2008  
12 school year.

13 SECTION 13. This Act takes effect immediately if it  
14 receives a vote of two-thirds of all the members elected to each  
15 house, as provided by Section 39, Article III, Texas Constitution.  
16 If this Act does not receive the vote necessary for immediate  
17 effect, this Act takes effect on the 91st day after the last day of  
18 the legislative session.