

By: Pitts

H.B. No. 3890

A BILL TO BE ENTITLED

AN ACT

relating to certification of and salaries for certain professional public school employees and public school finance.

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

ARTICLE 1. CERTIFICATION OF AND SALARIES FOR CERTAIN PROFESSIONAL PUBLIC SCHOOL EMPLOYEES

SECTION 1.01. Section 21.003(a), Education Code, is amended to read as follows:

(a) A person may not be employed as a teacher, teacher intern or teacher trainee, librarian, educational aide, administrator, educational diagnostician, or counselor by a school district unless the person holds an appropriate certificate or permit issued as provided by Subchapter B.

SECTION 1.02. Effective September 1, 2007, Section 21.402, Education Code, is amended by amending Subsections (a)-(d) and adding Subsections (c-1) and (c-2) 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 in addition to other factors, as determined by commissioner rule, determined by the following formula:

$$MS = SF \times \underline{BA} [\del{FS}]$$

1 where:

2 "MS" is the minimum monthly salary;

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

5 "BA" is the amount of the basic allotment under Section  
6 42.101. [~~"FS" is the amount, as determined by the commissioner~~  
7 ~~under Subsection (b), of state and local funds per weighted~~  
8 ~~student, including funds provided under Section 42.2516(b)(1)(B),~~  
9 ~~but not funds provided under Section 42.2516(b)(1)(A), (b)(1)(C),~~  
10 ~~(b)(2), or (b)(3), available to a district eligible to receive~~  
11 ~~state assistance under Section 42.302 with a maintenance and~~  
12 ~~operations tax rate per \$100 of taxable value equal to the product~~  
13 ~~of the state compression percentage, as determined under Section~~  
14 ~~42.2516, multiplied by \$1.50, except that the amount of state and~~  
15 ~~local funds per weighted student does not include the amount~~  
16 ~~attributable to the increase in the guaranteed level made by~~  
17 ~~Chapter 1187, Acts of the 77th Legislature, Regular Session, 2001.]~~

18 (b) Not later than July [~~June~~] 1 of each year, the  
19 commissioner shall determine the amount of the basic allotment  
20 [~~state and local funds per weighted student available,~~] for  
21 purposes of Subsection (a) [~~, to a district described by that~~  
22 ~~subsection for the following school year~~].

23 (c) The salary factors per step are as follows:

24	Years										
25	Experience	0	1	2	3	4					
26	Salary										
27	Factor	<u>.6115</u>	<del>[-.6226]</del>	<u>.6231</u>	<del>[-.6360]</del>	<u>.6352</u>	<del>[-.6492]</del>	<u>.6475</u>	<del>[-.6627]</del>	<u>.6733</u>	<del>[-.6909]</del>

28	Years								
29	Experience	5	6	7	8	9			

1	Salary										
2	Factor	<u>.6992</u>	<del>[-.7192]</del>	<u>.7250</u>	<del>[-.7474]</del>	<u>.7490</u>	<del>[-.7737]</del>	<u>.7717</u>	<del>[-.7985]</del>	<u>.7931</u>	<del>[-.8220]</del>
3	Years										
4	Experience		10		11		12		13		14
5	Salary										
6	Factor	<u>.8133</u>	<del>[-.8441]</del>	<u>.8325</u>	<del>[-.8650]</del>	<u>.8508</u>	<del>[-.8851]</del>	<u>.8677</u>	<del>[-.9035]</del>	<u>.8840</u>	<del>[-.9213]</del>
7	Years										
8	Experience		15		16		17		18		19
9	Salary										
10	Factor	<u>.8992</u>	<del>[-.9380]</del>	<u>.9138</u>	<del>[-.9539]</del>	<u>.9273</u>	<del>[-.9687]</del>	<u>.9402</u>	<del>[-.9828]</del>	<u>.9525</u>	<del>[-.9963]</del>
11	Years		20 and								
12	Experience		over								
13	Salary										
14	Factor	<u>.9639</u>	<del>[-1.009]</del>								

15       (c-1) Notwithstanding Subsection (a), for the 2007-2008  
 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 2007-2008 school year under the district's salary  
 21 schedule for the 2006-2007 school year, if that schedule had been in  
 22 effect for the 2007-2008 school year, including any local  
 23 supplement and any money representing a career ladder supplement  
 24 the employee would have received in the 2007-2008 school year; and

25               (2) the difference between:

26                       (A) \$200; and

27                       (B) the amount, if any, of the increase in  
 28 salary, under the district's salary schedule for the 2006-2007  
 29 school year, to which the employee is entitled for advancing on the  
 30 district's salary schedule from the 2006-2007 school year to the  
 31 2007-2008 school year.

32       (c-2) Subsection (c-1) and this subsection expire September

1 1, 2008.

2 (d) A classroom teacher, full-time librarian, full-time  
 3 counselor certified under Subchapter B, or full-time school nurse  
 4 employed by a school district in the 2007-2008 [~~2006-2007~~] school  
 5 year is, as long as the employee is employed by the same district,  
 6 entitled to a salary that is at least equal to the salary the  
 7 employee received for the 2007-2008 [~~2006-2007~~] school year.

8 SECTION 1.03. Effective September 1, 2008, Section  
 9 21.402(c), Education Code, is amended to read as follows:

10 (c) The salary factors per step are as follows:

11	Years										
12	Experience	0	1	2	3	4					
13	Salary										
14	Factor	<u>.6115</u>	<del>[-.6226]</del>	<u>.6231</u>	<del>[-.6360]</del>	<u>.6352</u>	<del>[-.6492]</del>	<u>.6475</u>	<del>[-.6627]</del>	<u>.6733</u>	<del>[-.6909]</del>
15	Years										
16	Experience	5	6	7	8	9					
17	Salary										
18	Factor	<u>.6992</u>	<del>[-.7192]</del>	<u>.7250</u>	<del>[-.7474]</del>	<u>.7490</u>	<del>[-.7737]</del>	<u>.7717</u>	<del>[-.7985]</del>	<u>.7931</u>	<del>[-.8220]</del>
19	Years										
20	Experience	10	11	12	13	14					
21	Salary										
22	Factor	<u>.8133</u>	<del>[-.8441]</del>	<u>.8325</u>	<del>[-.8650]</del>	<u>.8508</u>	<del>[-.8851]</del>	<u>.8677</u>	<del>[-.9035]</del>	<u>.8840</u>	<del>[-.9213]</del>
23	Years										
24	Experience	15	16	17	18	19					
25	Salary										
26	Factor	<u>.8992</u>	<del>[-.9380]</del>	<u>.9138</u>	<del>[-.9539]</del>	<u>.9273</u>	<del>[-.9687]</del>	<u>.9402</u>	<del>[-.9828]</del>	<u>.9525</u>	<del>[-.9963]</del>
27	Years	20 [ <del>and</del>	21 and								
28	Experience	<del>over]</del>	<u>over</u>								
29	Salary										
30	Factor	<u>.9639</u>	<del>[-1.009]</del>	<u>.9754</u>							

31 SECTION 1.04. Effective September 1, 2008, Section  
 32 21.403(a), Education Code, is amended to read as follows:

33 (a) A teacher, librarian, counselor, or nurse shall advance  
 34 one step on the minimum salary schedule under Section 21.402 for

1 each year of experience as a teacher, librarian, counselor, or  
 2 nurse until step 21 [~~20~~] is reached.

3 SECTION 1.05. Effective September 1, 2009, Section  
 4 21.402(c), Education Code, is amended to read as follows:

5 (c) The salary factors per step are as follows:

6	Years										
7	Experience	0	1	2	3	4					
8	Salary										
9	Factor	<u>.6115</u>	<del>[-.6226]</del>	<u>.6231</u>	<del>[-.6360]</del>	<u>.6352</u>	<del>[-.6492]</del>	<u>.6475</u>	<del>[-.6627]</del>	<u>.6733</u>	<del>[-.6909]</del>
10	Years										
11	Experience	5	6	7	8	9					
12	Salary										
13	Factor	<u>.6992</u>	<del>[-.7192]</del>	<u>.7250</u>	<del>[-.7474]</del>	<u>.7490</u>	<del>[-.7737]</del>	<u>.7717</u>	<del>[-.7985]</del>	<u>.7931</u>	<del>[-.8220]</del>
14	Years										
15	Experience	10	11	12	13	14					
16	Salary										
17	Factor	<u>.8133</u>	<del>[-.8441]</del>	<u>.8325</u>	<del>[-.8650]</del>	<u>.8508</u>	<del>[-.8951]</del>	<u>.8677</u>	<del>[-.9035]</del>	<u>.8840</u>	<del>[-.9213]</del>
18	Years										
19	Experience	15	16	17	18	19					
20	Salary										
21	Factor	<u>.8992</u>	<del>[-.9380]</del>	<u>.9138</u>	<del>[-.9539]</del>	<u>.9273</u>	<del>[-.9687]</del>	<u>.9402</u>	<del>[-.9828]</del>	<u>.9525</u>	<del>[-.9963]</del>
22	Years	20 [ <del>and</del>		22 and							
23	Experience	<del>over</del>	<u>21</u>	<u>over</u>							
24	Salary										
25	Factor	<u>.9639</u>	<del>[-1.009]</del>	<u>.9754</u>	<u>.9869</u>						

26 SECTION 1.06. Effective September 1, 2009, Section  
 27 21.403(a), Education Code, is amended to read as follows:

28 (a) A teacher, librarian, counselor, or nurse shall advance  
 29 one step on the minimum salary schedule under Section 21.402 for  
 30 each year of experience as a teacher, librarian, counselor, or  
 31 nurse until step 22 [~~20~~] is reached.

32 SECTION 1.07. Effective September 1, 2010, Section  
 33 21.402(c), Education Code, is amended to read as follows:

34 (c) The salary factors per step are as follows:

1	Years										
2	Experience	0	1	2	3	4					
3	Salary										
4	Factor	<u>.6115</u>	<del>[-.6226]</del>	<u>.6231</u>	<del>[-.6360]</del>	<u>.6352</u>	<del>[-.6492]</del>	<u>.6475</u>	<del>[-.6627]</del>	<u>.6733</u>	<del>[-.6909]</del>
5	Years										
6	Experience	5	6	7	8	9					
7	Salary										
8	Factor	<u>.6992</u>	<del>[-.7192]</del>	<u>.7250</u>	<del>[-.7474]</del>	<u>.7490</u>	<del>[-.7737]</del>	<u>.7717</u>	<del>[-.7985]</del>	<u>.7931</u>	<del>[-.8220]</del>
9	Years										
10	Experience	10	11	12	13	14					
11	Salary										
12	Factor	<u>.8133</u>	<del>[-.8444]</del>	<u>.8325</u>	<del>[-.8650]</del>	<u>.8508</u>	<del>[-.8851]</del>	<u>.8677</u>	<del>[-.9035]</del>	<u>.8840</u>	<del>[-.9213]</del>
13	Years										
14	Experience	15	16	17	18	19					
15	Salary										
16	Factor	<u>.8992</u>	<del>[-.9380]</del>	<u>.9138</u>	<del>[-.9539]</del>	<u>.9273</u>	<del>[-.9687]</del>	<u>.9402</u>	<del>[-.9828]</del>	<u>.9525</u>	<del>[-.9963]</del>
17	Years	20						23			
18	Experience	<del>and</del>		21	22			and			
19	Salary	<del>over</del>						over			
20	Factor	<u>.9639</u>	<del>[-1.009]</del>	<u>.9754</u>		<u>.9869</u>		<u>.9983</u>			

21 SECTION 1.08. Effective September 1, 2010, Section  
 22 21.403(a), Education Code, is amended to read as follows:

23 (a) A teacher, librarian, counselor, or nurse shall advance  
 24 one step on the minimum salary schedule under Section 21.402 for  
 25 each year of experience as a teacher, librarian, counselor, or  
 26 nurse until step 23 [~~20~~] is reached.

27 SECTION 1.09. Not later than January 1, 2008, the State  
 28 Board for Educator Certification shall propose rules governing the  
 29 certification of educational diagnosticians. Section 21.003(a),  
 30 Education Code, as amended by this Act, applies only to the  
 31 employment of an educational diagnostician by a school district on  
 32 or after September 1, 2008.

33 ARTICLE 2. PUBLIC SCHOOL FINANCE

34 SECTION 2.01. Section 7.024(a), Education Code, is amended  
 35 to read as follows:

1 (a) The investment capital fund consists of money  
2 appropriated for purposes of [~~transferred to~~] the fund [~~as provided~~  
3 ~~by Section 42.152(1)~~]. The agency shall administer the fund. The  
4 purposes of this fund are to assist eligible public schools to  
5 implement practices and procedures consistent with deregulation  
6 and school restructuring in order to improve student achievement  
7 and to help schools identify and train parents and community  
8 leaders who will hold the school and the school district  
9 accountable for achieving high academic standards.

10 SECTION 2.02. Section 12.106(a), Education Code, is amended  
11 to read as follows:

12 (a) A charter holder is entitled to receive for the  
13 open-enrollment charter school funding under Chapter 42 as if the  
14 school were a school district without a tier one local share for  
15 purposes of Section 42.253 and without any local revenue ("LR") for  
16 purposes of Section 42.302. In determining funding for an  
17 open-enrollment charter school, adjustments under Sections 42.102,  
18 42.103, 42.104, and 42.105 and the meaningful discretion [~~district~~  
19 ~~enrichment~~] tax rate ("MDTR") [~~("DTR")~~] under Section 42.302 are  
20 based on the average adjustment and average meaningful discretion  
21 [~~district enrichment~~] tax rate for the state.

22 SECTION 2.03. Section 29.014, Education Code, is amended by  
23 adding Subsection (e) to read as follows:

24 (e) From funds appropriated for the purpose, the  
25 commissioner shall distribute funds to school districts for  
26 programs under this section. The program established under this  
27 section is required only in school districts in which the program is

1 financed by funds distributed under this subsection and any other  
2 funds available for the program.

3 SECTION 2.04. Section 29.082, Education Code, is amended by  
4 adding Subsection (a-1) to read as follows:

5 (a-1) From funds appropriated for the purpose, the  
6 commissioner shall distribute funds to finance extended year  
7 programs under this section. The commissioner shall give priority  
8 to applications for extended year programs to districts with high  
9 concentrations of educationally disadvantaged students.

10 SECTION 2.05. Section 29.085, Education Code, is amended by  
11 adding Subsection (e) to read as follows:

12 (e) From funds appropriated for the purpose, the  
13 commissioner shall distribute funds for programs under this  
14 section. In distributing those funds, the commissioner shall give  
15 preference to school districts that received funds for a program  
16 under this section for the preceding school year and then to the  
17 districts that have the highest concentration of students who are  
18 pregnant or who are parents. To receive funds for a program under  
19 this section, a school district must apply to the commissioner. A  
20 program established under this section is required only in school  
21 districts in which the program is financed by funds distributed  
22 under this subsection and any other funds available for the  
23 program.

24 SECTION 2.06. Subchapter F, Chapter 29, Education Code, is  
25 amended by adding Section 29.189 to read as follows:

26 Sec. 29.189. REGIONAL CAREER AND TECHNOLOGY EDUCATION  
27 PLANNING. The commissioner shall use the amount specified in the



1 General Appropriations Act to support regional career and  
2 technology education planning.

3 SECTION 2.07. Section 32.005, Education Code, is amended to  
4 read as follows:

5 Sec. 32.005. TECHNOLOGY ALLOTMENT. (a) Each school  
6 district is entitled to an allotment of \$150 [~~\$30~~] for each student  
7 in average daily attendance or a greater [~~different~~] amount for any  
8 year provided by appropriation.

9 (a-1) Subsection (a) applies beginning with the 2012-2013  
10 school year. For the 2007-2008 through 2011-2012 school years, each  
11 school district is entitled to an allotment in the following  
12 amount, or a greater amount for any year provided by appropriation:

- 13 (1) for the 2007-2008 school year, \$30;  
14 (2) for the 2008-2009 school year, \$50;  
15 (3) for the 2009-2010 school year, \$75;  
16 (4) for the 2010-2011 school year, \$100; and  
17 (5) for the 2011-2012 school year, \$125.

18 (a-2) Subsection (a-1) and this subsection expire September  
19 1, 2012.

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

21 (1) provide for the purchase by school districts of  
22 electronic textbooks or technological equipment that contributes  
23 to student learning; [~~and~~]

24 (2) pay for training educational personnel directly  
25 involved in student learning in the appropriate use of electronic  
26 textbooks and for providing for access to technological equipment  
27 for instructional use;

1           (3) pay the salaries of educational personnel directly  
2 involved in acquiring, installing, or maintaining technological  
3 equipment for instructional use; and

4           (4) pay the costs of establishing and maintaining  
5 information systems networks used for instructional purposes.

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

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

9           (2) the available school fund, to the extent that the  
10 amount appropriated from the telecommunications infrastructure  
11 fund is not sufficient to fully fund the allotment; or

12           (3) any other fund that may be used for that purpose  
13 and that is identified in the General Appropriations Act as the  
14 source of payment of the allotment, to the extent that the amounts  
15 appropriated from the funds described by Subdivisions (1) and (2)  
16 are not sufficient to fully fund the allotment.

17           SECTION 2.08. Section 33.002(a), Education Code, is amended  
18 to read as follows:

19           (a) From funds appropriated for the purpose, the  
20 commissioner shall distribute funds for programs under this  
21 subchapter. In distributing those funds, the commissioner shall  
22 give preference to a school district that received funds under this  
23 subsection for the preceding school year and then to the districts  
24 that have the highest concentration of students at risk of dropping  
25 out of school, as described by Section 29.081. To receive funds for  
26 the program, a school district must apply to the commissioner. For  
27 each school year that a school district receives funds under this

1 subsection, the district shall allocate an amount of local funds  
2 for school guidance and counseling programs that is equal to or  
3 greater than the amount of local funds that the school district  
4 allocated for that purpose during the preceding school year. This  
5 section applies only to a school district that receives funds as  
6 provided by this subsection [~~Section 42.152(i)~~].

7 SECTION 2.09. Sections 39.024(c) and (d), Education Code,  
8 are amended to read as follows:

9 (c) Using funds appropriated for purposes of this  
10 subsection, the [The] agency shall develop study guides for the  
11 assessment instruments administered under Sections 39.023(a) and  
12 (c). To assist parents in providing assistance during the period  
13 that school is recessed for summer, each school district shall  
14 distribute the study guides to parents of students who do not  
15 perform satisfactorily on one or more parts of an assessment  
16 instrument administered under this subchapter.

17 (d) Using funds appropriated for purposes of this  
18 subsection, the [The] agency shall develop and make available  
19 teacher training materials and other teacher training resources to  
20 assist teachers in enabling students of limited English proficiency  
21 to meet state performance expectations. The teacher training  
22 resources shall be designed to support intensive, individualized,  
23 and accelerated instructional programs developed by school  
24 districts for students of limited English proficiency.

25 SECTION 2.10. Section 39.031, Education Code, is amended to  
26 read as follows:

27 Sec. 39.031. COST. [~~(a)~~] The commissioner shall pay the

1 cost of preparing, administering, or grading the assessment  
2 instruments and the [~~shall be paid from the funds allotted under~~  
3 ~~Section 42.152, and each district shall bear the cost in the same~~  
4 ~~manner described for a reduction in allotments under Section~~  
5 ~~42.253. If a district does not receive an allotment under Section~~  
6 ~~42.152, the commissioner shall subtract the cost from the~~  
7 ~~district's other foundation school fund allotments.~~

8 [(b) ~~The~~] cost of releasing the question and answer keys  
9 under Section 39.023(e) [~~shall be paid~~] from amounts appropriated  
10 to the agency for those purposes.

11 SECTION 2.11. The heading to Chapter 41, Education Code, is  
12 amended to read as follows:

13 CHAPTER 41. EQUALIZATION ACTIONS [~~EQUALIZED WEALTH LEVEL~~]

14 SECTION 2.12. Section 41.004, Education Code, is amended to  
15 read as follows:

16 Sec. 41.004. ANNUAL REVIEW OF EQUALIZATION [~~PROPERTY~~  
17 ~~WEALTH~~]. (a) Not later than July 15 of each year, using the  
18 estimate of enrollment under Section 42.254, the commissioner shall  
19 review the local share and tier one allotment [~~wealth per student~~]  
20 of each school district [~~districts~~] in the state and shall notify:

21 (1) each district subject to commissioner action under  
22 Section 42.401 [~~with wealth per student exceeding the equalized~~  
23 ~~wealth level~~]; and

24 (2) [~~each district to which the commissioner proposes~~  
25 ~~to annex property detached from a district notified under~~  
26 ~~Subdivision (1), if necessary, under Subchapter C, and~~

27 [~~(3)~~] each district to which the commissioner proposes

1 to consolidate a district notified under Subdivision (1), if  
2 necessary, under Subchapter H.

3 (b) If, before the dates provided by this subsection, a  
4 district notified under Subsection (a)(1) has not purchased average  
5 daily attendance credit as provided by Subchapter D [~~successfully~~  
6 ~~exercised one or more options under Section 41.003 that reduce the~~  
7 ~~district's wealth per student to a level equal to or less than the~~  
8 ~~equalized wealth level~~], the commissioner [~~shall order the~~  
9 ~~detachment of property from that district as provided by Subchapter~~  
10 ~~G. If that detachment will not reduce the district's wealth per~~  
11 ~~student to a level equal to or less than the equalized wealth level,~~  
12 ~~the commissioner may not detach property under Subchapter G but~~  
13 shall order the consolidation of the district with one or more other  
14 districts as provided by Subchapter H. [~~An agreement under Section~~  
15 ~~41.003(1) or (2) must be executed not later than September 1~~  
16 ~~immediately following the notice under Subsection (a).~~] An  
17 election to authorize the purchase of average daily attendance  
18 credit as provided by Subchapter D [~~for an option under Section~~  
19 ~~41.003(3), (4), or (5)] must be ordered before September 1  
20 immediately following the notice under Subsection (a).~~

21 (c) A district notified under Subsection (a) may not adopt a  
22 tax rate for the tax year in which the district receives the notice  
23 until the commissioner certifies that the district has entered into  
24 an agreement under Subchapter D to purchase average daily  
25 attendance credit [~~achieved the equalized wealth level~~].

26 (d) A [~~detachment and annexation or~~] consolidation under  
27 this chapter:

1           (1) is effective for Foundation School Program funding  
2 purposes for the school year that begins in the calendar year in  
3 which the [~~detachment and annexation or~~] consolidation is [~~agreed~~  
4 ~~to or~~] ordered; and

5           (2) applies to the ad valorem taxation of property  
6 beginning with the tax year in which the [~~agreement or~~] order is  
7 effective.

8           SECTION 2.13. Section 41.006(a), Education Code, is amended  
9 to read as follows:

10           (a) The commissioner may adopt rules necessary for the  
11 implementation of this chapter. The rules may provide for the  
12 commissioner to make necessary adjustments to the provisions of  
13 Chapter 42, including providing for the commissioner to make an  
14 adjustment in the funding element established by Section 42.302, at  
15 the earliest date practicable, to the amount the commissioner  
16 believes, taking into consideration options exercised by school  
17 districts under Section 42.401 [~~this chapter~~] and estimates of  
18 student enrollments, will match appropriation levels.

19           SECTION 2.14. Section 41.008(a), Education Code, is amended  
20 to read as follows:

21           (a) The governing board of a school district that results  
22 from consolidation under this chapter [~~, including a consolidated~~  
23 ~~taxing district under Subchapter F,~~] for the tax year in which the  
24 consolidation occurs may determine whether to adopt a homestead  
25 exemption provided by Section 11.13, Tax Code, and may set the  
26 amount of the exemption, if adopted, at any time before the school  
27 district adopts a tax rate for that tax year. This section applies

1 only to an exemption that the governing board of a school district  
2 is authorized to adopt or change in amount under Section 11.13, Tax  
3 Code.

4 SECTION 2.15. Section 41.009(a), Education Code, is amended  
5 to read as follows:

6 (a) A tax abatement agreement executed by a school district  
7 that is involved in consolidation [~~or in detachment and annexation~~  
8 ~~of territory~~] under this chapter is not affected and applies to the  
9 taxation of the property covered by the agreement as if executed by  
10 the district within which the property is included.

11 SECTION 2.16. Section 41.010, Education Code, is amended to  
12 read as follows:

13 Sec. 41.010. TAX INCREMENT OBLIGATIONS. The payment of tax  
14 increments under Chapter 311, Tax Code, is not affected by the  
15 consolidation of territory [~~or tax bases or by annexation~~] under  
16 this chapter. In each tax year a school district paying a tax  
17 increment from taxes on property over which the district has  
18 assumed taxing power is entitled to retain the same percentage of  
19 the tax increment from that property that the district in which the  
20 property was located before the consolidation [~~or annexation~~] could  
21 have retained for the respective tax year.

22 SECTION 2.17. Section 41.013(a), Education Code, is amended  
23 to read as follows:

24 (a) A [~~Except as provided by Subchapter G, a~~] decision of  
25 the commissioner under this chapter is appealable under Section  
26 7.057.

27 SECTION 2.18. Effective September 1, 2007, Section 41.091,

1 Education Code, is amended to read as follows:

2           Sec. 41.091. AGREEMENT. A school district subject to  
3 Section 42.401 [~~with a wealth per student that exceeds the~~  
4 ~~equalized wealth level~~] may execute an agreement with the  
5 commissioner to purchase attendance credits in an amount equal to  
6 the sum of:

7                   (1) the difference between the district's local share  
8 under Section 42.252 and the district's tier one allotment under  
9 Section 42.251; and

10                   (2) the difference between the total amount of  
11 meaningful discretion tax revenue raised by the district and the  
12 amount of state and local funds guaranteed under Section 42.302 to a  
13 school district that imposes a meaningful discretion tax at the  
14 rate imposed by the district. [~~sufficient, in combination with any~~  
15 ~~other actions taken under this chapter, to reduce the district's~~  
16 ~~wealth per student to a level that is equal to or less than the~~  
17 ~~equalized wealth level.~~]

18           SECTION 2.19. Effective September 1, 2013, Section 41.091,  
19 Education Code, is amended to read as follows:

20           Sec. 41.091. AGREEMENT. A school district subject to  
21 Section 42.401 [~~with a wealth per student that exceeds the~~  
22 ~~equalized wealth level~~] may execute an agreement with the  
23 commissioner to purchase attendance credits in an amount equal to  
24 the difference between the district's local share under Section  
25 42.252 and the district's tier one allotment under Section 42.251.  
26 [~~sufficient, in combination with any other actions taken under this~~  
27 ~~chapter, to reduce the district's wealth per student to a level that~~



1 ~~is equal to or less than the equalized wealth level.]~~

2 SECTION 2.20. Section 41.093(a), Education Code, is amended  
3 to read as follows:

4 (a) The ~~[Subject to Subsection (b-1), the]~~ cost of each  
5 credit is an amount equal to the greater of:

6 (1) the amount of the district's maintenance and  
7 operations tax revenue per student in weighted average daily  
8 attendance for the school year for which the contract is executed;  
9 or

10 (2) the amount of the statewide district average of  
11 maintenance and operations tax revenue per student in weighted  
12 average daily attendance for the school year preceding the school  
13 year for which the contract is executed.

14 SECTION 2.21. Section 41.251, Education Code, is amended to  
15 read as follows:

16 Sec. 41.251. COMMISSIONER ORDER. If the commissioner is  
17 required under Section 42.401 ~~[41.004]~~ to order the consolidation  
18 of districts, the consolidation is governed by this subchapter.  
19 The commissioner's order shall be effective on a date determined by  
20 the commissioner, but not later than the earliest practicable date  
21 after November 8.

22 SECTION 2.22. Section 41.252, Education Code, is amended by  
23 amending Subsections (a) and (c) and adding Subsection (d) to read  
24 as follows:

25 (a) In selecting the districts to be consolidated with a  
26 district subject to Section 42.401 ~~[that has a property wealth~~  
27 ~~greater than the equalized wealth level]~~, the commissioner shall

1 select one or more districts with a local share under Section 42.252  
2 ~~[wealth per student]~~ that, when consolidated, will result in a  
3 consolidated district that is not subject to Section 42.401 ~~[with a~~  
4 ~~wealth per student equal to or less than the equalized wealth~~  
5 ~~level]~~. In achieving that result, the commissioner shall give  
6 priority to school districts in the following order:

7 (1) first, to the contiguous district that has the  
8 lowest local share percentage ~~[wealth per student]~~ and is located  
9 in the same county;

10 (2) second, to the district that has the lowest local  
11 share percentage ~~[wealth per student]~~ and is located in the same  
12 county;

13 (3) third, to a contiguous district not subject to  
14 Section 42.401 ~~[with a property wealth below the equalized wealth~~  
15 ~~level]~~ that has requested the commissioner to consider ~~[that]~~ it  
16 for inclusion ~~[be considered]~~ in a consolidation plan;

17 (4) fourth, to include as few districts as possible  
18 that are not subject to Section 42.401 and ~~[fall below the equalized~~  
19 ~~wealth level within the consolidation order that]~~ have not  
20 requested the commissioner to be included in a consolidation plan;

21 (5) fifth, to the district that has the lowest local  
22 share percentage ~~[wealth per student]~~ and is located in the same  
23 regional education service center area; and

24 (6) sixth, to a district that has a tax rate similar to  
25 that of the district subject to Section 42.401 ~~[that has a property~~  
26 ~~wealth greater than the equalized wealth level]~~.

27 (c) In applying the selection criteria specified by

1 Subsection (a), if more than two districts are to be consolidated,  
2 the commissioner shall select the third and each subsequent  
3 district to be consolidated by treating the district subject to  
4 Section 42.401 [~~that has a property wealth greater than the~~  
5 ~~equalized wealth level~~] and the district or districts previously  
6 selected for consolidation as one district.

7 (d) In this section, "local share percentage" means a  
8 percentage determined by dividing a school district's local share  
9 under Section 42.252 by the district's tier one allotment under  
10 Section 42.251.

11 SECTION 2.23. Section 42.002, Education Code, is amended to  
12 read as follows:

13 Sec. 42.002. PURPOSES OF FOUNDATION SCHOOL PROGRAM. (a)  
14 The purposes of the Foundation School Program set forth in this  
15 chapter are to guarantee that each school district in the state has:

16 (1) adequate resources to provide each eligible  
17 student a basic instructional program and facilities suitable to  
18 the student's educational needs; and

19 (2) access to a substantially equalized program of  
20 financing that permits each district to exercise meaningful  
21 discretion in the maintenance and operation of district schools [~~in~~  
22 ~~excess of basic costs for certain services, as provided by this~~  
23 ~~chapter~~].

24 (b) The Foundation School Program consists of:

25 (1) a basic tier that provides [~~two tiers that in~~  
26 ~~combination provide for:~~

27 [~~(A)~~] sufficient financing for all school

1 districts to:

2 (A) provide a basic program of education that  
3 achieves a general diffusion of knowledge, is rated academically  
4 acceptable or higher under Section 39.072, and meets other  
5 applicable legal standards; and

6 (B) pay all other state-required costs;

7 (2) a meaningful discretion tier that provides  
8 substantially equal access to funds to provide each school district  
9 with meaningful discretion in the maintenance and operation of  
10 district schools [~~an enriched program~~]; and

11 (3) [~~(2)~~] a facilities component as provided by  
12 Chapter 46.

13 SECTION 2.24. Section 42.007, Education Code, is amended by  
14 amending Subsection (c) and adding Subsection (d) to read as  
15 follows:

16 (c) The funding elements must include:

17 (1) a basic allotment for the purposes of Section  
18 42.101 that provides for a general diffusion of knowledge and that  
19 [~~when combined with the guaranteed yield component provided by~~  
20 ~~Subchapter F,~~] represents the cost per student of a regular  
21 education program that meets all mandates of law and regulation;

22 (2) adjustments designed to reflect the variation in  
23 known resource costs and costs of education beyond the control of  
24 school districts;

25 (3) appropriate program cost differentials and other  
26 funding elements for the programs authorized under Subchapter C,  
27 with the program funding level expressed as dollar amounts and as

1 weights applied to the adjusted basic allotment for the appropriate  
2 year;

3 (4) the maximum guaranteed level of qualified state  
4 and local funds per student for the purposes of Subchapter F;

5 (5) the meaningful discretion [~~enrichment and~~  
6 ~~facilities~~] tax rate under Subchapter F;

7 (6) the computation of students in weighted average  
8 daily attendance under Section 42.302; and

9 (7) the amount to be appropriated for the school  
10 facilities assistance program under Chapter 46.

11 (d) The Legislative Budget Board shall conduct a study to  
12 determine the appropriate funding weights for compensatory  
13 education programs and bilingual and special language programs. Not  
14 later than January 15, 2009, the board shall deliver a report with  
15 the board's recommendations regarding the funding weights to the  
16 lieutenant governor, the speaker of the house of representatives,  
17 and the presiding officer of the standing committee of each house of  
18 the legislature with primary jurisdiction over public education.  
19 This subsection expires January 31, 2009.

20 SECTION 2.25. Section 42.101, Education Code, is amended to  
21 read as follows:

22 Sec. 42.101. BASIC ALLOTMENT. (a) For each student in  
23 average daily attendance, not including the time students spend  
24 each day in special education programs in an instructional  
25 arrangement other than mainstream or career and technology  
26 education programs, for which an additional allotment is made under  
27 Subchapter C, a district is entitled to an allotment of:

1           (1) for the 2007-2008 school year, \$4,800; and

2           (2) for the 2008-2009 or a subsequent school year, an  
3 amount equal to the basic allotment for the preceding school year  
4 multiplied by the percentage increase, as of June 1 preceding the  
5 school year, in the consumer price index since the preceding June 1.  
6 ~~[in an amount equal to the product of the amount per student per~~  
7 ~~cent of tax effort available to a district at the percentile in~~  
8 ~~wealth per student specified by Section 42.302(a-1)(1), multiplied~~  
9 ~~by 86.]~~

10           (b) A greater amount for any school year may be provided by  
11 appropriation.

12           (c) In this section, "consumer price index" means the  
13 average over a calendar year of the Consumer Price Index for All  
14 Urban Consumers (CPI-U), U.S. City Average, published monthly by  
15 the United States Bureau of Labor Statistics, or its successor in  
16 function.

17           SECTION 2.26. Section 42.102, Education Code, is amended by  
18 amending Subsection (b) and adding Subsections (b-1)-(e) to read as  
19 follows:

20           (b) The cost of education adjustment is the teacher fixed  
21 effects index in the 2004 report commissioned by the Joint Select  
22 Committee on Public School Finance of the 78th Legislature, as  
23 adjusted so that there is not a greater difference between the  
24 highest index value and the lowest index value in the regional  
25 boundaries of a regional education service center than the  
26 difference that existed between the highest index value and lowest  
27 index value within the regional boundaries of that regional

1 education service center under 19 T.A.C. Chapter 203, as that  
2 chapter existed on January 1, 2006.

3 (b-1) The cost of education adjustment under Subsection (b)  
4 applies beginning with the 2012-2013 school year. For the  
5 2007-2008 through 2011-2012 school years, the cost of education  
6 adjustment is determined in the following manner:

7 (1) for the 2007-2008 school year, the adjustment  
8 shall be computed giving a weight of 16.67 percent to the teacher  
9 fixed effects index and a weight of 83.33 percent to the index used  
10 to determine a school district's adjustment for the 2006-2007  
11 school year;

12 (2) for the 2008-2009 school year, the adjustment  
13 shall be computed giving a weight of 33.33 percent to the teacher  
14 fixed effects index and a weight of 66.67 percent to the index used  
15 to determine a school district's adjustment for the 2006-2007  
16 school year;

17 (3) for the 2009-2010 school year, the adjustment  
18 shall be computed giving a weight of 50 percent to the teacher fixed  
19 effects index and a weight of 50 percent to the index used to  
20 determine a school district's adjustment for the 2006-2007 school  
21 year;

22 (4) for the 2010-2011 school year, the adjustment  
23 shall be computed giving a weight of 66.67 percent to the teacher  
24 fixed effects index and a weight of 33.33 percent to the index used  
25 to determine a school district's adjustment for the 2006-2007  
26 school year; and

27 (5) for the 2011-2012 school year, the adjustment

1 shall be computed giving a weight of 83.33 percent to the teacher  
2 fixed effects index and a weight of 16.67 percent to the index used  
3 to determine a school district's adjustment for the 2006-2007  
4 school year.

5 (c) A school district's adjusted basic allotment is  
6 determined by the formula:

7 
$$\text{ABA} = \text{BA} \times \text{CEI} \times 71 \text{ percent}$$

8 where:

9 "ABA" is the district's adjusted basic allotment;

10 "BA" is the basic allotment under Section 42.101; and

11 "CEI" is the cost of education adjustment under this section.

12 (d) The percentage adjustment in Subsection (c) applies  
13 beginning with the 2012-2013 school year. For the 2007-2008 through  
14 2011-2012 school years, a school district's adjusted basic  
15 allotment is determined by the formula provided by Subsection (c),  
16 using the following percentage adjustments:

17 (1) for the 2007-2008 school year, 56 percent;

18 (2) for the 2008-2009 school year, 59 percent;

19 (3) for the 2009-2010 school year, 62 percent;

20 (4) for the 2010-2011 school year, 65 percent; and

21 (5) for the 2011-2012 school year, 68 percent.

22 (e) Subsections (b-1), (d), and this subsection expire  
23 September 1, 2012. [~~cost of education index adjustment adopted by~~  
24 ~~the foundation school fund budget committee and contained in~~  
25 ~~Chapter 203, Title 19, Texas Administrative Code, as that chapter~~  
26 ~~existed on March 26, 1997.]~~

27 SECTION 2.27. Section 42.103, Education Code, is amended by



1 amending Subsections (c) and (d) and adding Subsections (c-1),  
 2 (d-1), and (d-2) to read as follows:

3 (c) For the 2007-2008 through 2011-2012 school years, the  
 4 ~~[The]~~ basic allotment of a school district that contains less than  
 5 300 square miles and has not more than 1,600 students in average  
 6 daily attendance is adjusted by applying the following formulas:

7 (1) for the 2007-2008 school year:

8 
$$\underline{AA = (1 + ((1,600 - ADA) \times .000275)) \times ABA}$$

9 (2) for the 2008-2009 school year:

10 
$$\underline{AA = (1 + ((1,600 - ADA) \times .0003)) \times ABA}$$

11 (3) for the 2009-2010 school year:

12 
$$\underline{AA = (1 + ((1,600 - ADA) \times .000325)) \times ABA}$$

13 (4) for the 2010-2011 school year:

14 
$$\underline{AA = (1 + ((1,600 - ADA) \times .00035)) \times ABA}$$

15 (5) for the 2011-2012 school year:

16 
$$\underline{AA = (1 + ((1,600 - ADA) \times .000375)) \times ABA}$$

17 (c-1) Subsection (c) and this subsection expire September  
 18 1, 2012. ~~[formula:~~

19 
$$[AA - (1 + ((1,600 - ADA) \times .00025)) \times ABA]$$

20 (d) The basic allotment of a school district that offers a  
 21 kindergarten through grade 12 program and has less than 5,000  
 22 students in average daily attendance is adjusted by applying the  
 23 formula, of the following formulas, that results in the greatest  
 24 adjusted allotment:

25 (1) the formula in Subsection (b), if the district ~~[or~~  
 26 ~~(c) for which the district]~~ is eligible; or

27 (2) 
$$AA = (1 + ((5,000 - ADA) \times \underline{.00004} [\del{.000025}])) \times$$

1 ABA.

2 (d-1) Subsection (d) applies beginning with the 2012-2013  
3 school year. For the 2007-2008 through 2011-2012 school years, the  
4 basic allotment of a school district that offers a kindergarten  
5 through grade 12 program and has less than 5,000 students in average  
6 daily attendance is adjusted by applying the formula, of the  
7 following formulas, that results in the greatest adjusted  
8 allotment:

9 (1) for the 2007-2008 school year:

10 (A) the formula in Subsection (b) or (c) for  
11 which the district is eligible; or

12 (B)  $AA = (1 + ((5,000 - ADA) \times .0000275)) \times ABA$

13 (2) for the 2008-2009 school year:

14 (A) the formula in Subsection (b) or (c) for  
15 which the district is eligible; or

16 (B)  $AA = (1 + ((5,000 - ADA) \times .00003)) \times ABA$

17 (3) for the 2009-2010 school year:

18 (A) the formula in Subsection (b) or (c) for  
19 which the district is eligible; or

20 (B)  $AA = (1 + ((5,000 - ADA) \times .0000325)) \times ABA$

21 (4) for the 2010-2011 school year:

22 (A) the formula in Subsection (b) or (c) for  
23 which the district is eligible; or

24 (B)  $AA = (1 + ((5,000 - ADA) \times .000035)) \times ABA$

25 (5) for the 2011-2012 school year:

26 (A) the formula in Subsection (b) or (c) for  
27 which the district is eligible; or

1                    (B)  $AA = (1 + ((5,000 - ADA) \times .0000375)) \times ABA$

2                    (d-2) Subsection (d-1) and this subsection expire September  
3 1, 2012.

4                    SECTION 2.28. Effective September 1, 2012, Section  
5 42.103(b), Education Code, is amended to read as follows:

6                    (b) The basic allotment of a school district that [~~contains~~  
7 ~~at least 300 square miles and~~] has not more than 1,600 students in  
8 average daily attendance is adjusted by applying the formula:

9                     $AA = (1 + ((1,600 - ADA) \times .0004)) \times ABA$

10                   SECTION 2.29. Effective September 1, 2008, Section  
11 42.152(a), Education Code, is amended to 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 0.22 [~~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                   SECTION 2.30. Effective September 1, 2009, Section  
21 42.152(a), Education Code, is amended to read as follows:

22                   (a) For each student who is educationally disadvantaged or  
23 who is a student who does not have a disability and resides in a  
24 residential placement facility in a district in which the student's  
25 parent or legal guardian does not reside, a district is entitled to  
26 an annual allotment equal to the adjusted basic allotment  
27 multiplied by 0.24 [~~0.2~~], and by 2.41 for each full-time equivalent

1 student who is in a remedial and support program under Section  
2 29.081 because the student is pregnant.

3 SECTION 2.31. Section 42.152(m), Education Code, is amended  
4 to read as follows:

5 (m) From ~~[the total amount of]~~ funds appropriated for the  
6 purpose [allotments under this section], the commissioner may  
7 ~~[withhold an amount not exceeding \$1 million each fiscal year and]~~  
8 distribute ~~[the]~~ funds to school districts that incur unanticipated  
9 expenditures resulting from a significant increase in the  
10 enrollment of students who do not have disabilities and who reside  
11 in residential placement facilities.

12 SECTION 2.32. Section 42.153, Education Code, is amended by  
13 amending Subsection (a) and adding Subsections (a-1) and (a-2) to  
14 read as follows:

15 (a) For each student in average daily attendance in a  
16 bilingual education or special language program under Subchapter B,  
17 Chapter 29, a district is entitled to an annual allotment equal to  
18 the adjusted basic allotment multiplied by:

19 (1) 0.16, for a student who enrolled in a public school  
20 in this state for the first time at or above the ninth grade level;  
21 or

22 (2) 0.13, for a student other than a student described  
23 by Subdivision (1) [0.1].

24 (a-1) Subsection (a) applies beginning with the 2009-2010  
25 school year. For the 2007-2008 and 2008-2009 school years, for each  
26 student in average daily attendance in a bilingual education or  
27 special language program under Subchapter B, Chapter 29, a district

1 is entitled to an annual allotment equal to the adjusted basic  
2 allotment multiplied by:

3 (1) for the 2007-2008 school year:

4 (A) 0.12, for a student who enrolled in a public  
5 school in this state for the first time at or above the ninth grade  
6 level; or

7 (B) 0.11, for a student other than a student  
8 described by Paragraph (A); or

9 (2) for the 2008-2009 school year:

10 (A) 0.14, for a student who enrolled in a public  
11 school in this state for the first time at or above the ninth grade  
12 level; or

13 (B) 0.12, for a student other than a student  
14 described by Paragraph (A).

15 (a-2) Subsection (a-1) and this subsection expire September  
16 1, 2009.

17 SECTION 2.33. Section 42.155, Education Code, is amended by  
18 amending Subsection (c) and adding Subsections (c-1)-(c-3) to read  
19 as follows:

20 (c) As provided by this section, each ~~[Each]~~ district or  
21 county operating a regular transportation system is entitled to an  
22 allotment based on the daily cost per regular eligible student of  
23 operating and maintaining the regular transportation system and the  
24 linear density of that system.

25 (c-1) ~~[In determining the cost, the commissioner shall give~~  
26 ~~consideration to factors affecting the actual cost of providing~~  
27 ~~these transportation services in each district or county. The~~

1 ~~average actual cost is to be computed by the commissioner and~~  
 2 ~~included for consideration by the legislature in the General~~  
 3 ~~Appropriations Act.]~~ The allotment per mile of approved route  
 4 under Subsection (c) is computed as follows:

<u>Linear Density</u>	<u>Allocation Per Mile</u>
<u>Grouping</u>	<u>of Approved Route</u>
2.40 and above . . . . .	\$2.17
1.65 to 2.40 . . . . .	1.91
1.15 to 1.65 . . . . .	1.69
.90 to 1.15 . . . . .	1.48
up to .90 . . . . .	1.33

12 (c-2) Subsection (c-1) applies beginning with the 2009-2010  
 13 school year. For the 2007-2008 and 2008-2009 school years, the  
 14 allotment per mile of approved route under Subsection (c) is  
 15 computed as follows:

16 (1) for the 2007-2008 school year:

<u>Linear Density</u>	<u>Allocation Per Mile</u>
<u>Grouping</u>	<u>of Approved Route</u>
2.40 and above . . . . .	\$1.64
1.65 to 2.40 . . . . .	1.44
1.15 to 1.65 . . . . .	1.28
.90 to 1.15 . . . . .	1.12
up to .90 . . . . .	1.01

24 (2) for the 2008-2009 school year:

<u>Linear Density</u>	<u>Allocation Per Mile</u>
<u>Grouping</u>	<u>of Approved Route</u>
2.40 and above . . . . .	\$1.89

1 1.65 to 2.40 . . . . . 1.66  
2 1.15 to 1.65 . . . . . 1.47  
3 .90 to 1.15 . . . . . 1.29  
4 up to .90 . . . . . 1.16

5 (c-3) Subsection (c-2) and this subsection expire September  
6 1, 2009. [~~may not exceed the amount set by appropriation.~~]

7 SECTION 2.34. Section 42.251(a), Education Code, is amended  
8 to read as follows:

9 (a) The sum of the basic allotment under Subchapter B and  
10 the special allotments under Subchapter C, computed in accordance  
11 with this chapter, constitute the tier one allotments. The sum of  
12 the tier one allotments and the tier two [~~guaranteed yield~~]  
13 allotments under Subchapter F, computed in accordance with this  
14 chapter, constitute the total cost of the Foundation School  
15 Program.

16 SECTION 2.35. Section 42.2516, Education Code, is amended  
17 by amending Subsection (b) and adding Subsections (e-1) and (m) to  
18 read as follows:

19 (b) Subject to Subsection [~~Subsections~~] (g) or Section  
20 42.2523 [~~and (h)~~], but notwithstanding any other provision of this  
21 title, a school district is entitled to state revenue necessary to  
22 provide the district with the sum of:

23 (1) the amount of state revenue necessary to maintain  
24 state and local revenue per student in weighted average daily  
25 attendance in the amount equal to the greater of:

26 (A) the amount of state and local revenue per  
27 student in weighted average daily attendance for the maintenance

1 and operations of the district available to the district for the  
2 2005-2006 school year;

3 (B) the amount of state and local revenue per  
4 student in weighted average daily attendance for the maintenance  
5 and operations of the district to which the district would have been  
6 entitled for the 2006-2007 school year under this chapter, as it  
7 existed on January 1, 2006, or, if the district would have been  
8 subject to Chapter 41, as that chapter existed on January 1, 2006,  
9 the amount to which the district would have been entitled under that  
10 chapter, based on the funding elements in effect for the 2005-2006  
11 school year, if the district imposed a maintenance and operations  
12 tax at the rate adopted by the district for the 2005 tax year; or

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

24 (2) the following amounts, depending on the school  
25 year:

26 (A) for the 2007-2008 school year, an amount  
27 equal to \$150 per student in weighted average daily attendance for



1 the 2006-2007 school year divided by the district's average daily  
2 attendance for the 2006-2007 school year; or

3 (B) for the 2008-2009 or a subsequent school  
4 year, the greater of:

5 (i) an amount equal to \$150 per student in  
6 weighted average daily attendance for the 2006-2007 school year  
7 divided by the district's average daily attendance for the  
8 2006-2007 school year; or

9 (ii) an amount equal to 140 percent of the  
10 quotient of the product of \$4,500 multiplied by the number of  
11 classroom teachers, full-time librarians, full-time counselors  
12 certified under Subchapter B, Chapter 21, and full-time school  
13 nurses employed by the district in the 2008-2009 school year and  
14 entitled to a minimum salary under Section 21.402 divided by the  
15 district's average daily attendance for the 2008-2009 school  
16 year; [~~an amount equal to the product of \$2,500 multiplied by the~~  
17 ~~number of classroom teachers, full-time librarians, full-time~~  
18 ~~counselors certified under Subchapter B, Chapter 21, and full-time~~  
19 ~~school nurses employed by the district and entitled to a minimum~~  
20 ~~salary under Section 21.402,]~~ and

21 (3) an amount equal to the product of \$275 multiplied  
22 by the number of students in average daily attendance in grades nine  
23 through 12 in the district.

24 (e-1) Any amount to which a school district is entitled  
25 under Subchapter F is not included in determining the amount to  
26 which the district is entitled under this section.

27 (m) The General Appropriations Act must include, in the

1 appropriation to the agency, a line item for funding to be provided  
2 under this section.

3 SECTION 2.36. Section 42.252, Education Code, is amended by  
4 amending Subsection (a) and adding Subsections (e)-(g) to read as  
5 follows:

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

$$LFA = TR \times DPV$$

8 where:

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

10 "TR" is a tax rate of \$\_\_\_\_\_ ~~[which]~~ for each hundred dollars  
11 of valuation, or a lesser rate for any school year provided by  
12 appropriation ~~[is an effective tax rate of \$0.86]~~; and

13 "DPV" is the lesser of:

14 (1) the taxable value of property in the school  
15 district for the preceding tax year as determined under Subchapter  
16 M, Chapter 403, Government Code; or

17 (2) the taxable value of property in the school  
18 district for the current tax year as determined under Subchapter M,  
19 Chapter 403, Government Code.

20 (e) If a school district's current year tier one maintenance  
21 and operations tax levy is equal to or greater than the district's  
22 local share, the district is eligible to receive the full amount of  
23 the tier one allotment to which the district is entitled under this  
24 chapter.

25 (f) If a school district's current year tier one maintenance  
26 and operations tax levy is less than the district's local share, the  
27

1 district's tier one allotment is adjusted by a percentage  
2 determined by dividing the district's current year tier one  
3 maintenance and operations tax levy by the district's local share  
4 and multiplying the resulting quotient by 100. The commissioner  
5 shall determine the amount of the tier one allotment to which a  
6 district is entitled under this subsection. The commissioner's  
7 determination is final and may not be appealed.

8 (g) In implementing any provision of this title that refers  
9 to a school district's tier one allotment, the tier one allotment of  
10 a district described by Subsection (f) is the proportionate amount  
11 provided by that subsection.

12 SECTION 2.37. Section 42.2522(c), Education Code, is  
13 amended to read as follows:

14 (c) In the first year of a state fiscal biennium, before  
15 providing funding as provided by Subsection (a)(2), the  
16 commissioner shall ensure that sufficient appropriated funds for  
17 purposes of the Foundation School Program are available for the  
18 second year of the biennium[~~, including funds to be used for~~  
19 ~~purposes of Section 42.2521].~~

20 SECTION 2.38. Subchapter E, Chapter 42, Education Code, is  
21 amended by adding Section 42.2523 to read as follows:

22 Sec. 42.2523. TEMPORARY LIMITATIONS ON AID. (a)  
23 Notwithstanding any other provision of this subtitle, the  
24 commissioner shall withhold from a school district the amount of  
25 state funds, or adjust the amount required under Section 41.093 for  
26 a school district to purchase attendance credits, necessary to  
27 ensure that the district does not receive an amount of state and

1 local revenue per student in average daily attendance that is  
2 greater than the following percentage of the amount described by  
3 Section 42.2516(b)(1):

4 (1) 108 percent for the 2007-2008 school year;

5 (2) 116 percent for the 2008-2009 school year; and

6 (3) 124 percent for the 2009-2010 school year.

7 (b) The commissioner shall determine the amount of state  
8 funds required to be withheld or additional attendance credits to  
9 be purchased under this section. The commissioner's determination  
10 is final and may not be appealed.

11 (c) Any amount to which a school district is entitled under  
12 Section 32.005 or Subchapter F is not included in determining the  
13 amount that the district may receive under this section.

14 (d) This section expires September 1, 2010.

15 SECTION 2.39. The heading to Subchapter F, Chapter 42,  
16 Education Code, is amended to read as follows:

17 SUBCHAPTER F. MEANINGFUL DISCRETION TIER [~~GUARANTEED YIELD~~  
18 ~~PROGRAM~~]

19 SECTION 2.40. Section 42.301, Education Code, is amended to  
20 read as follows:

21 Sec. 42.301. PURPOSE. The purpose of the meaningful  
22 discretion tier [~~guaranteed yield component~~] of the Foundation  
23 School Program is to provide each school district with the  
24 opportunity [~~to provide the basic program and~~] to supplement the  
25 basic [~~that~~] program at a level of its own choice. [~~An allotment~~  
26 ~~under this subchapter may be used for any legal purpose other than~~  
27 ~~capital outlay or debt service.~~]

1 SECTION 2.41. Section 42.302, Education Code, is amended by  
 2 amending Subsection (a) and adding Subsections (a-5), (a-6), and  
 3 (g) to read as follows:

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

$$10 \quad \text{GYA} = (\text{GL} \times \text{WADA} \times \text{MDTR} [\text{DTR}] \times 100) - \text{LR}$$

11 where:

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

14 "GL" is the dollar amount guaranteed level of state and local  
 15 funds per weighted student per cent of tax effort, which is the  
 16 amount of district tax revenue per cent of tax effort available to a  
 17 school district at the 98th percentile in wealth per student [~~an~~  
 18 ~~amount described by Subsection (a-1)] or a greater amount for any  
 19 year provided by appropriation;~~

20 "WADA" is the number of students in weighted average daily  
 21 attendance, which is calculated by dividing the sum of the school  
 22 district's allotments under Subchapters B and C, less any allotment  
 23 to the district for transportation and[~~7~~] any allotment under  
 24 Section 42.158, [~~and 50 percent of the adjustment under Section~~  
 25 ~~42.1027~~] by the basic allotment for the applicable year;

26 "MDTR" [~~"DTR"~~] is the meaningful discretion [~~district~~  
 27 ~~enrichment~~] tax rate of the school district, which is determined by

1 subtracting the amounts specified by Subsection (b) from the total  
2 amount of maintenance and operations taxes collected by the school  
3 district for the applicable school year and dividing the difference  
4 by the quotient of the district's taxable value of property for the  
5 current tax year as determined under Subchapter M, Chapter 403,  
6 Government Code [~~, or, if applicable, under Section 42.2521, divided~~  
7 ~~by 100~~]; and

8 "LR" is the local revenue, which is determined by multiplying  
9 "MDTR" [~~"DTR"~~] by the quotient of the district's taxable value of  
10 property for the current tax year as determined under Subchapter M,  
11 Chapter 403, Government Code, [~~or, if applicable, under Section~~  
12 ~~42.2521,~~] divided by 100.

13 (a-5) The dollar amount guaranteed level of state and local  
14 funds per weighted student per cent of tax effort ("GL") under  
15 Subsection (a) applies beginning with the 2013-2014 school year.  
16 For the 2007-2008 through 2012-2013 school years, the GL is  
17 determined as provided by this subsection, except that a greater  
18 amount may be provided by appropriation:

19 (1) for the 2007-2008 school year, GL is the amount of  
20 district tax revenue per cent of tax effort available to a school  
21 district at the 92nd percentile in wealth per student;

22 (2) for the 2008-2009 school year, GL is the amount of  
23 district tax revenue per cent of tax effort available to a school  
24 district at the 93rd percentile in wealth per student;

25 (3) for the 2009-2010 school year, GL is the amount of  
26 district tax revenue per cent of tax effort available to a school  
27 district at the 94th percentile in wealth per student;

1           (4) for the 2010-2011 school year, GL is the amount of  
2 district tax revenue per cent of tax effort available to a school  
3 district at the 95th percentile in wealth per student;

4           (5) for the 2011-2012 school year, GL is the amount of  
5 district tax revenue per cent of tax effort available to a school  
6 district at the 96th percentile in wealth per student; and

7           (6) for the 2012-2013 school year, GL is the amount of  
8 district tax revenue per cent of tax effort available to a school  
9 district at the 97th percentile in wealth per student.

10          (a-6) Subsection (a-5) and this subsection expire September  
11 1, 2013.

12          (g) In this section, "wealth per student" means the taxable  
13 value of property for the current tax year as determined under  
14 Subchapter M, Chapter 403, Government Code, divided by the number  
15 of students in weighted average daily attendance.

16          SECTION 2.42. Section 42.303, Education Code, is amended to  
17 read as follows:

18          Sec. 42.303. LIMITATION ON MEANINGFUL DISCRETION  
19 [ENRICHMENT] TAX RATE. (a) The meaningful discretion [district  
20 enrichment] tax rate "MDTR" [("-DTR")] under Section 42.302 may not  
21 exceed the amount per \$100 of valuation by which the maximum rate  
22 permitted under Section 45.003 exceeds the rate of \$\_\_\_\_\_ [~~\$0.86~~],  
23 or a greater amount for any year provided by appropriation.

24          (b) Notwithstanding Subsection (a), the meaningful  
25 discretion tax rate may not exceed:

26           (1) for the 2007 tax year, the rate of \$0.02 per \$100  
27 of valuation;

1           (2) for the 2008 tax year, the rate of \$0.04 per \$100  
2 of valuation;

3           (3) for the 2009 tax year, the rate of \$0.06 per \$100  
4 of valuation;

5           (4) for the 2010 tax year, the rate of \$0.08 per \$100  
6 of valuation;

7           (5) for the 2011 tax year, the rate of \$0.10 per \$100  
8 of valuation;

9           (6) for the 2012 tax year, the rate of \$0.12 per \$100  
10 of valuation; and

11           (7) for the 2013 tax year, the rate of \$0.14 per \$100  
12 of valuation.

13           (c) Subsection (b) and this subsection expire September 1,  
14 2014.

15           SECTION 2.43. Effective September 1, 2007, Chapter 42,  
16 Education Code, is amended by adding Subchapter H to read as  
17 follows:

18                           SUBCHAPTER H. ADDITIONAL EQUALIZATION

19                   Sec. 42.401. DISTRICTS SUBJECT TO ADDITIONAL EQUALIZATION.

20           (a) Except as provided by Subsection (b), a school district shall  
21 be consolidated by the commissioner under Subchapter H, Chapter 41,  
22 if:

23                   (1) the district's local share under Section 42.252  
24 exceeds the district's tier one allotment under Section 42.251; or

25                   (2) the amount by which the district's local revenue  
26 ("LR") under Section 42.302 exceeds the amount of state and local  
27 funds guaranteed under that section to the district at the



1 meaningful discretion tax rate ("MDTR") imposed by the district.

2 (b) As an alternative to consolidation under Subchapter H,  
3 Chapter 41, a school district described by Subsection (a) may elect  
4 to purchase average daily attendance credit in the manner provided  
5 by Subchapter D, Chapter 41.

6 (c) This subchapter expires September 1, 2013.

7 SECTION 2.44. Effective September 1, 2013, Chapter 42,  
8 Education Code, is amended by adding Subchapter H to read as  
9 follows:

10 SUBCHAPTER H. ADDITIONAL EQUALIZATION

11 Sec. 42.401. DISTRICTS SUBJECT TO ADDITIONAL EQUALIZATION.

12 (a) Except as provided by Subsection (b), a school district in  
13 which the district's local share under Section 42.252 exceeds the  
14 district's tier one allotment under Section 42.251 shall be  
15 consolidated by the commissioner under Subchapter H, Chapter 41.

16 (b) As an alternative to consolidation under Subchapter H,  
17 Chapter 41, a school district described by Subsection (a) may elect  
18 to purchase average daily attendance credit in the manner provided  
19 by Subchapter D, Chapter 41.

20 SECTION 2.45. Subchapter A, Chapter 46, Education Code, is  
21 amended by adding Section 46.0021 to read as follows:

22 Sec. 46.0021. ADJUSTMENT FOR RAPID DECLINE IN TAXABLE VALUE  
23 OF PROPERTY. (a) For purposes of this chapter, and to the extent  
24 money specifically authorized to be used under this section is  
25 available, the commissioner shall adjust the taxable value of  
26 property in a school district that, due to factors beyond the  
27 control of the board of trustees, experiences a rapid decline in the

1 tax base used in calculating taxable values in excess of four  
2 percent of the tax base used in the preceding year.

3 (b) To the extent that a sufficient amount of money is not  
4 available to fund all adjustments under this section, the  
5 commissioner shall reduce adjustments in the manner provided by  
6 Section 42.253(h) so that the total amount of adjustments equals  
7 the amount of money available to fund the adjustments.

8 (c) A decision of the commissioner under this section is  
9 final and may not be appealed.

10 SECTION 2.46. Section 46.003(a), Education Code, is amended  
11 to read as follows:

12 (a) For each year, except as provided by Sections 46.005 and  
13 46.006, a school district is guaranteed a specified amount per  
14 student in state and local funds for each cent of tax effort, up to  
15 the maximum rate under Subsection (b), to pay the principal of and  
16 interest on eligible bonds issued to construct, acquire, renovate,  
17 or improve an instructional facility. The amount of state support  
18 is determined by the formula:

19 
$$\text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

20 where:

21 "FYA" is the guaranteed facilities yield amount of state  
22 funds allocated to the district for the year;

23 "FYL" is the dollar amount guaranteed level of state and  
24 local funds per student per cent of tax effort, which is \$35 or a  
25 greater amount for any year provided by appropriation;

26 "ADA" is the greater of the number of students in average  
27 daily attendance, as determined under Section 42.005, in the

1 district or 400;

2 "BTR" is the district's bond tax rate for the current year,  
3 which is determined by dividing the amount budgeted by the district  
4 for payment of eligible bonds by the quotient of the district's  
5 taxable value of property as determined under Subchapter M, Chapter  
6 403, Government Code, or, if applicable, Section 46.0021 [~~42.2521~~],  
7 divided by 100; and

8 "DPV" is the district's taxable value of property as  
9 determined under Subchapter M, Chapter 403, Government Code, or, if  
10 applicable, Section 46.0021 [~~42.2521~~].

11 SECTION 2.47. Section 46.006(g), Education Code, is amended  
12 to read as follows:

13 (g) In this section, "wealth per student" means a school  
14 district's taxable value of property as determined under Subchapter  
15 M, Chapter 403, Government Code, or, if applicable, Section 46.0021  
16 [~~42.2521~~], divided by the district's average daily attendance as  
17 determined under Section 42.005.

18 SECTION 2.48. Section 46.032(a), Education Code, is amended  
19 to read as follows:

20 (a) Each school district is guaranteed a specified amount  
21 per student in state and local funds for each cent of tax effort to  
22 pay the principal of and interest on eligible bonds. The amount of  
23 state support, subject only to the maximum amount under Section  
24 46.034, is determined by the formula:

$$\text{EDA} = (\text{EDGL} \times \text{ADA} \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

25 where:

26 "EDA" is the amount of state funds to be allocated to the  
27

1 district for assistance with existing debt;

2 "EDGL" is the dollar amount guaranteed level of state and  
3 local funds per student per cent of tax effort, which is \$35 or a  
4 greater amount for any year provided by appropriation;

5 "ADA" is the number of students in average daily attendance,  
6 as determined under Section 42.005, in the district;

7 "EDTR" is the existing debt tax rate of the district, which is  
8 determined by dividing the amount budgeted by the district for  
9 payment of eligible bonds by the quotient of the district's taxable  
10 value of property as determined under Subchapter M, Chapter 403,  
11 Government Code, or, if applicable, under Section 46.0021  
12 [~~42.2521~~], divided by 100; and

13 "DPV" is the district's taxable value of property as  
14 determined under Subchapter M, Chapter 403, Government Code, or, if  
15 applicable, under Section 46.0021 [~~42.2521~~].

16 ARTICLE 3. SOCIAL SECURITY CONTRIBUTIONS

17 SECTION 3.01. Subchapter B, Chapter 606, Government Code,  
18 is amended by adding Section 606.0261 to read as follows:

19 Sec. 606.0261. PAYMENT OF SCHOOL DISTRICT CONTRIBUTIONS.

20 (a) Subject to Subsection (b), the state shall pay 50 percent of  
21 the total costs incurred by a school district in making  
22 contributions for social security coverage for the district's  
23 employees.

24 (a-1) Subsection (a) applies beginning with the 2009-2010  
25 school year. For the 2007-2008 school year, the state shall pay 16  
26 percent of the total costs described by Subsection (a). For the  
27 2008-2009 school year, the state shall pay 33 percent of the total

1 costs described by Subsection (a). This subsection expires  
2 September 1, 2010.

3 (b) Payment of state assistance under this section is  
4 limited to:

5 (1) school districts that covered district employees  
6 under the social security program before January 1, 2007; and

7 (2) contributions made on behalf of employees in a  
8 class of employees the district covered under the social security  
9 program before January 1, 2007.

10 (c) Using funds appropriated for the purpose, the  
11 commissioner of education shall distribute money to which school  
12 districts are entitled under this section in accordance with rules  
13 adopted by the commissioner.

14 ARTICLE 4. REPEALER; APPLICABILITY; EFFECTIVE DATE

15 SECTION 4.01. The following provisions of the Education  
16 Code are repealed:

- 17 (1) Subchapters B, C, E, F, and G, Chapter 41;  
18 (2) Subchapter G, Chapter 42;  
19 (3) Subchapter H, Chapter 42, as added by Chapter 260,  
20 Acts of the 74th Legislature, Regular Session, 1995;  
21 (4) Sections 41.001, 41.002, 41.003, 41.0031, 41.007,  
22 41.011, 41.092, 41.098, 41.099, and 42.2521;  
23 (5) Section 39.024(e);  
24 (6) Section 41.009(b);  
25 (7) Sections 41.093(b-1) and (b-2);  
26 (8) Section 41.252(b);  
27 (9) Section 42.103(e);

1           (10) Section 42.151(1);

2           (11) Sections 42.152(e), (f), (g), (h), (i), (j), (k),  
3 (l), (n), (o), (p), and (t);

4           (12) Section 42.154(e);

5           (13) Section 42.2516(h);

6           (14) Section 42.252(d); and

7           (15) Sections 42.302(a-1), (a-2), (a-3), and (a-4).

8           SECTION 4.02. This Act applies beginning with the 2007-2008  
9 school year.

10           SECTION 4.03. Except as otherwise provided by this Act,  
11 this Act takes effect September 1, 2007.