

Amend CSHB 3646 as follows:

(1) Add the following appropriately numbered SECTIONS and renumber subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 12.106, Education Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (a-2) to read as follows:

(a) A charter holder is entitled to receive for the open-enrollment charter school funding under Chapter 42 equal to the greater of:

(1) the amount of funding per student in weighted average daily attendance, excluding enrichment funding under Sections 42.302(a-1)(2) and (3), as they existed on January 1, 2009, received for the school during the 2008-2009 school year and an additional amount of \$100 for each student in weighted average daily attendance; or

(2) the amount of funding per student in weighted average daily attendance, excluding enrichment funding under Section 42.302(a), to which the charter holder would be entitled for the school 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 42.2516 [42.302].

(a-1) In determining funding for an open-enrollment charter school under Subsection (a)(2), 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.

(a-2) In addition to the funding provided by Subsection (a), a charter holder is entitled to receive for the open-enrollment charter school enrichment funding under Section 42.302(a) based on the state average tax effort.

SECTION _____. Subchapter A, Chapter 41, Education Code, is amended by adding Section 41.0032 to read as follows:

Sec. 41.0032. TOLLING OF ACTION TO ACHIEVE EQUALIZED WEALTH LEVEL. (a) Notwithstanding any other provision of this chapter, if a school district would otherwise be required by this chapter to take action to achieve the equalized wealth level for the first time

for the 2009-2010 or a later school year, the district is not required to take that action until the following school year.

(b) For purposes of this section, a district is not required to take action to achieve the equalized wealth level until the cost to the district to purchase attendance credits under Subchapter D exceeds the amount to which the district is entitled under Section 42.2516.

(c) The commissioner may adopt rules implementing this section as necessary to provide for a district described by this section a one-year tolling of the deadlines specified in this chapter.

SECTION _____. Section 41.121, Education Code, is amended to read as follows:

Sec. 41.121. AGREEMENT. The board of trustees of a district with a wealth per student that exceeds the equalized wealth level may execute an agreement to educate the students of another district in a number that, when the weighted average daily attendance of the students served is added to the weighted average daily attendance of the contracting district, is sufficient, in combination with any other actions taken under this chapter, to reduce the district's wealth per student to a level that is equal to or less than the equalized wealth level. The agreement is not effective unless the commissioner certifies that the transfer of weighted average daily attendance will not result in any of the contracting districts' wealth per student being greater than the equalized wealth level and that the agreement requires an expenditure per student in weighted average daily attendance that is at least equal to the amount per student in weighted average daily attendance required under Section 41.093[~~, unless it is determined by the commissioner that a quality educational program can be delivered at a lesser amount. The commissioner may approve a special financial arrangement between districts if that arrangement serves the best educational interests of the state~~].

SECTION _____. Section 42.152(c), Education Code, is amended to read as follows:

(c) Funds allocated under this section shall be used to fund supplemental programs and services designed to eliminate any

disparity in performance on assessment instruments administered under Subchapter B, Chapter 39, or disparity in the rates of high school completion between students at risk of dropping out of school, as defined by Section 29.081, and all other students. Specifically, the funds, other than an indirect cost allotment established under State Board of Education rule, which may not exceed 27 ~~[15]~~ percent, may be used to meet the costs of providing a compensatory, intensive, or accelerated instruction program under Section 29.081 or an alternative education program established under Section 37.008 or to support a program eligible under Title I of the Elementary and Secondary Education Act of 1965, as provided by Pub. L. No. 103-382 and its subsequent amendments, and by federal regulations implementing that Act, at a campus at which at least 40 percent of the students are educationally disadvantaged. In meeting the costs of providing a compensatory, intensive, or accelerated instruction program under Section 29.081, a district's compensatory education allotment shall be used for costs supplementary to the regular education program, such as costs for program and student evaluation, instructional materials and equipment and other supplies required for quality instruction, supplemental staff expenses, salary for teachers of at-risk students, smaller class size, and individualized instruction. A home-rule school district or an open-enrollment charter school must use funds allocated under Subsection (a) for a purpose authorized in this subsection but is not otherwise subject to Subchapter C, Chapter 29. Notwithstanding any other provisions of this section:

(1) to ensure that a sufficient amount of the funds allotted under this section are available to supplement instructional programs and services, no more than 18 percent of the funds allotted under this section may be used to fund disciplinary alternative education programs established under Section 37.008;

(2) the commissioner may waive the limitations of Subdivision (1) upon an annual petition, by a district's board and a district's site-based decision making committee, presenting the reason for the need to spend supplemental compensatory education funds on disciplinary alternative education programs under Section 37.008, provided that:

(A) the district in its petition reports the number of students in each grade level, by demographic subgroup, not making satisfactory progress under the state's assessment system; and

(B) the commissioner makes the waiver request information available annually to the public on the agency's website; and

(3) for purposes of this subsection, a program specifically designed to serve students at risk of dropping out of school, as defined by Section 29.081, is considered to be a program supplemental to the regular education program, and a district may use its compensatory education allotment for such a program.

SECTION _____. Subchapter C, Chapter 42, Education Code, is amended by adding Section 42.1541 to read as follows:

Sec. 42.1541. INDIRECT COST ALLOTMENTS. (a) The State Board of Education shall by rule increase the indirect cost allotments established under Sections 42.151(h), 42.152(c), 42.153(b), and 42.154(a-1) and (c) and in effect for the 2008-2009 school year as necessary to reflect the increased percentage of total maintenance and operations funding represented by the basic allotment under Section 42.101 as a result of amendment of that section by HB 3646, Acts of the 81st Legislature, Regular Session, 2009.

(b) The board shall take the action required by Subsection (a) not later than the date that permits the increased indirect cost allotments to apply beginning with the 2009-2010 school year.

(c) This section expires September 1, 2010.

(2) On page 19, line 3, strike "Section 41.0011" and substitute "Sections 41.0011 and 41.0012".

(3) On page 19, between lines 8 and 9, insert the following:

Sec. 41.0012. MODIFICATION FOR DISTRICTS WITH SPECIAL LAW TAXING AUTHORITY. (a) This section applies only to a school district that imposed a maintenance and operations tax for the 2005 tax year at a rate greater than \$1.50 per \$100 of taxable value, as permitted by special law.

(b) For any district to which this section applies, the commissioner shall implement any provision of this chapter that

refers to a maintenance and operations tax rate equal to the lesser of \$1 or a district's effective rate less six cents, or that makes a substantially similar reference, as if the provision referred to a rate equal to the lesser of:

(1) the rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;
or

(2) a district's effective maintenance and operations tax rate less six cents.

(4) On page 21, strike lines 2-5 and substitute the following:

and operations tax rate, provided that the district adopts a maintenance and operations tax rate for that school year at a rate at least equal to the rate adopted by the district for the 2008-2009 school year. If the district adopts a lower maintenance and operations tax rate, the commissioner shall exclude maintenance and operations tax revenue resulting from the first six cents by which the district's effective maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage~~[, as determined under Section 42.2516,~~] multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year.

(5) On page 21, line 8, strike "41.094, 41.097, and 41.098" and substitute "41.094 and ~~[,]~~ 41.097~~[, and 41.098]~~".

(6) On page 22, line 4, strike "42.009 and 42.010" and substitute "42.009, 42.010, and 42.011".

(7) On page 22, between lines 15 and 16, insert the following:

Sec. 42.011. MODIFICATION FOR DISTRICTS WITH SPECIAL LAW TAXING AUTHORITY. (a) This section applies only to a school district that imposed a maintenance and operations tax for the 2005 tax year at a rate greater than \$1.50 per \$100 of taxable value, as permitted by special law.

(b) For any district to which this section applies, the commissioner shall implement any provision of this chapter that refers to a maintenance and operations tax rate equal to the lesser

of \$1 or a district's effective rate less six cents, or that makes a substantially similar reference, as if the provision referred to a rate equal to the lesser of:

(1) the rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;
or

(2) a district's effective maintenance and operations tax rate less six cents.

(8) On page 23, strike lines 1 and 2, and substitute the following:

(1) the number of cents that is six cents less than the number of cents in the district's effective maintenance and operations tax rate; or

(9) On page 23, line 9, strike "0.000173" and substitute "0.0001723".

(10) Strike page 23, line 13, through page 24, line 3, and substitute the following:

Sec. 42.106. TUITION ALLOTMENT ~~[ADJUSTED PROPERTY VALUE]~~
FOR DISTRICTS NOT OFFERING ALL GRADE LEVELS. A ~~[For purposes of this chapter, the taxable value of property of a]~~ school district that contracts for students residing in the district to be educated in another district under Section 25.039(a) is entitled to receive an allotment equal to ~~[adjusted by applying the formula:~~

$$\text{[ADPV} - \text{DPV} = (\text{TN} / .015)$$

~~[where:~~

~~["ADPV" is the district's adjusted taxable value of property;~~

~~["DPV" is the taxable value of property in the district for the preceding tax year determined under Subchapter M, Chapter 403, Government Code; and~~

~~["TN" is]~~ the total amount of tuition required to be paid by the district under Section 25.039 ~~[for the school year for which the adjustment is made]~~, not to exceed the amount specified by commissioner rule under Section 25.039(b).

(11) On page 24, line 19, between "(b-3)," and "(h-1)", insert "(b-4),".

(12) On page 25, line 8, between "(b-3)," and "(f-1)",

insert ", (b-4),".

(13) On page 25, line 8, strike "and".

(14) On page 25, line 9, strike "~~[and (h)]~~" and substitute "and (h-1) [(h-1)]".

(15) On page 29, between lines 14 and 15, insert the following:

(b-4) The amount determined under Subsection (b) for a school district that paid tuition under Section 25.039 during the 2008-2009 school year in accordance with a contract authorized by that section is reduced by the amount of tuition paid during that school year.

(16) On page 31, line 2, strike "and".

(17) On page 31, line 10, between "funding" and "for", insert "provided by Section 42.2514, as that section existed on January 1, 2009,".

(18) On page 31, line 18, between "2009" and the period, insert the following:

; and

(5) any amount to which the district is entitled under Section 42.106

(19) On page 37, line 14, between "42.252" and the period, insert ", provided that the district adopts a maintenance and operations tax rate at a rate at least equal to the rate adopted by the district for the 2008-2009 school year".

(20) On page 37, line 22, insert the following after the period.

If a district adopts a maintenance and operations tax rate that is lower than the rate adopted by the district for the 2008-2009 school year, the district is entitled to the guaranteed level described by this subsection for the first six cents by which the district's effective maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year.

(21) On page 46, between lines 25 and 26, insert the following appropriately numbered subdivision and renumber subsequent subdivisions of SECTION 51(a) of the bill accordingly:

() Section 41.098;

(22) On page 47, between lines 12 and 13, insert the following:

(e) Section 40, Chapter 1504 (**HB 6**), Acts of the 77th Legislature, Regular Session, 2001, is repealed.