

By: Patrick

H.B. No. 1555

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 21.402(a), Education Code, is amended 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:

$$MS = SF \times FS$$

where:

"MS" is the minimum monthly salary;

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

"FS" is the amount, as determined by the commissioner under Subsection (b), of state and local funds per weighted student, including funds provided under Section 42.2516(b-3) [~~42.2516(b)(1)(B), but not funds provided under Section 42.2516(b)(1)(A), (b)(1)(C), (b)(2), or (b)(3)~~], available to a district eligible to receive state assistance under Section 42.302 with a maintenance and operations tax rate per \$100 of taxable value

1 equal to the product of the state compression percentage, as  
2 determined under Section 42.2516, multiplied by \$1.50, except that  
3 the amount of state and local funds per weighted student does not  
4 include the amount attributable to the increase in the guaranteed  
5 level made by Chapter 1187, Acts of the 77th Legislature, Regular  
6 Session, 2001.

7 SECTION 2. Sections 29.918(a) and (b), Education Code, are  
8 amended to read as follows:

9 (a) Notwithstanding Section [~~39.114 or~~] 42.152, a school  
10 district or open-enrollment charter school with a high dropout  
11 rate, as determined by the commissioner, must submit a plan to the  
12 commissioner describing the manner in which the district or charter  
13 school intends to use the compensatory education allotment under  
14 Section 42.152 and other funds [~~the high school allotment under~~  
15 ~~Section 42.2516(b)(3)] for developing and implementing  
16 research-based strategies for dropout prevention. The district or  
17 charter school shall submit the plan not later than December 1 of  
18 each school year preceding the school year in which the district or  
19 charter school will receive the compensatory education allotment or  
20 other funds [~~high school allotment~~] to which the plan applies.~~

21 (b) A school district or open-enrollment charter school to  
22 which this section applies may not spend or obligate more than 25  
23 percent of the district's or charter school's compensatory  
24 education allotment [~~or high school allotment~~] unless the  
25 commissioner approves the plan submitted under Subsection  
26 (a). The commissioner shall complete an initial review of the  
27 district's or charter school's plan not later than March 1 of the

1 school year preceding the school year in which the district or  
2 charter school will receive the funds [~~compensatory education~~  
3 ~~allotment or high school allotment~~] to which the plan applies.

4 SECTION 3. Section 29.919(e), Education Code, is amended to  
5 read as follows:

6 (e) As a condition of receiving a state grant, a campus must  
7 contribute additional funding for activities provided at the campus  
8 through the program, in an amount equal to at least \$100 each school  
9 year for each student in an eligible grade level served through the  
10 program. The additional funding required by this subsection may  
11 consist of local funds, private funds, or state funds other than  
12 grant funds provided under this section. [~~For program activities~~  
13 ~~provided at the high school level, the high school allotment~~  
14 ~~provided under Section 42.2516(b)(3) may be used to meet the~~  
15 ~~additional funding requirement prescribed by this subsection.~~]

16 SECTION 4. The heading to Section 39.114, Education Code,  
17 is amended to read as follows:

18 Sec. 39.114. SPECIAL HIGH SCHOOL PROGRAMS AND INITIATIVES  
19 [~~ALLOTMENT~~].

20 SECTION 5. Sections 39.114(a) and (d), Education Code, are  
21 amended to read as follows:

22 (a) A [~~Except as provided by Subsection (b), a~~] school  
23 district or campus, including an open-enrollment charter school, is  
24 encouraged to [~~must~~] use funds in an amount equal to the amount that  
25 would have been allocated to the district under Section  
26 42.2516(b)(3), as that section existed on January 1, 2009, to:

27 (1) implement or administer a college readiness

1 program that provides academic support and instruction to prepare  
2 underachieving students for entrance into an institution of higher  
3 education;

4 (2) implement or administer a program that encourages  
5 students to pursue advanced academic opportunities, including  
6 early college high school programs and dual credit, advanced  
7 placement, and international baccalaureate courses;

8 (3) implement or administer a program that provides  
9 opportunities for students to take academically rigorous course  
10 work, including four years of mathematics and four years of science  
11 at the high school level;

12 (4) implement or administer a program, including  
13 online course support and professional development, that aligns the  
14 curriculum for grades six through 12 with postsecondary curriculum  
15 and expectations; or

16 (5) implement or administer other high school  
17 completion and success initiatives in grades six through 12  
18 approved by the commissioner.

19 (d) The commissioner shall adopt rules to administer this  
20 section[~~, including rules related to the permissible use of funds~~  
21 ~~allocated under this section to an open-enrollment charter school~~].

22 SECTION 6. Section 41.002(a), Education Code, is amended to  
23 read as follows:

24 (a) A school district may not have a wealth per student that  
25 exceeds:

26 (1) the wealth per student that generates the amount  
27 of maintenance and operations tax revenue per weighted student per

1 cent of tax effort available to a district as a result of the  
2 guaranteed level provided by Section 42.302(a-1)(1) [~~at the 88th~~  
3 ~~percentile in wealth per student~~], for the district's maintenance  
4 and operations tax effort equal to or less than the rate equal to  
5 the product of the state compression percentage, as determined  
6 under Section 42.2516, multiplied by the maintenance and operations  
7 tax rate adopted by the district for the 2005 tax year;

8 (2) the wealth per student that generates the amount  
9 of maintenance and operations tax revenue per weighted student per  
10 cent of tax effort available to a district as a result of the  
11 guaranteed level provided by Section 42.302(a-1)(2) [~~the Austin~~  
12 ~~Independent School District, as determined by the commissioner in~~  
13 ~~cooperation with the Legislative Budget Board~~], for the first six  
14 cents by which the district's maintenance and operations tax rate  
15 exceeds the rate equal to the product of the state compression  
16 percentage, as determined under Section 42.2516, multiplied by the  
17 maintenance and operations tax rate adopted by the district for the  
18 2005 tax year, subject to Section 41.093(b-1); or

19 (3) the wealth per student that generates the amount  
20 of maintenance and operations tax revenue per weighted student per  
21 cent of tax effort available to a district as a result of the  
22 guaranteed level provided by Section 42.302(a-1)(3) [~~\$319,500~~],  
23 for the district's maintenance and operations tax effort that  
24 exceeds the first six cents by which the district's maintenance and  
25 operations tax effort exceeds the rate equal to the product of the  
26 state 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 SECTION 7. Section 41.099(a), Education Code, is amended to  
3 read as follows:

4 (a) Sections [~~41.002(e),~~] 41.094 and [~~7~~] 41.097[~~7~~ and  
5 ~~41.098~~] apply only to a district that:

6 (1) executes an agreement to purchase all attendance  
7 credits necessary to reduce the district's wealth per student to  
8 the equalized wealth level;

9 (2) executes an agreement to purchase attendance  
10 credits and an agreement under Subchapter E to contract for the  
11 education of nonresident students who transfer to and are educated  
12 in the district but who are not charged tuition; or

13 (3) executes an agreement under Subchapter E to  
14 contract for the education of nonresident students:

15 (A) to an extent that does not provide more than  
16 10 percent of the reduction in wealth per student required for the  
17 district to achieve a wealth per student that is equal to or less  
18 than the equalized wealth level; and

19 (B) under which all revenue paid by the district  
20 to other districts, in excess of the reduction in state aid that  
21 results from counting the weighted average daily attendance of the  
22 students served in the contracting district, is required to be used  
23 for funding a consortium of at least three districts in a county  
24 with a population of less than 40,000 that is formed to support a  
25 technology initiative.

26 SECTION 8. Section 41.121, Education Code, is amended to  
27 read as follows:

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

21           SECTION 9. Section 42.2516, Education Code, is amended by  
22 amending Subsections (d), (e), and (f) and adding Subsections  
23 (a-2), (a-3), (a-4), (b-3), (b-4), (b-5), (b-6), and (b-7) to read  
24 as follows:

25           (a-2) If, for the 2010-2011 school year or any subsequent  
26 school year, the total amount of state and local revenue per student  
27 in weighted average daily attendance for the maintenance and

1 operations of the district to which the district would be entitled  
2 under this chapter or Chapter 41 exceeds the sum of \$200 and the  
3 amount of state and local revenue per student in weighted average  
4 daily attendance for the maintenance and operations of the district  
5 available to the district for the preceding school year, the  
6 commissioner shall require the district, notwithstanding  
7 Subsection (a) or any other law, to compress the district's  
8 maintenance and operations tax rate as necessary to reduce the  
9 district's available revenue to the lesser amount.

10 (a-3) Notwithstanding any other provision of law, the  
11 amount of compression the commissioner may require under Subsection  
12 (a-2) does not affect the state compression percentage under  
13 Subsection (a). If the voters of a district required by the  
14 commissioner to compress the district's maintenance and operations  
15 tax rate under Subsection (a-2) have authorized a maintenance and  
16 operations tax rate that is higher than the required compressed  
17 rate, the district, notwithstanding Section 26.08, Tax Code, or any  
18 other law, is not required in a subsequent year to obtain additional  
19 voter authorization to impose a rate that does not exceed the  
20 previously authorized rate.

21 (a-4) The amount of revenue to which a school district is  
22 entitled because of the technology allotment under Section 32.005,  
23 the transportation allotment under Section 42.155, and the new  
24 instructional facility allotment under Section 42.158 is not  
25 included in making a determination under Subsection (a-2).

26 (b-3) Subject to Subsections (b-4), (b-7), (e), (f-1), and  
27 (g), but notwithstanding any other provision of this title, a



1 school district is entitled to state revenue necessary to provide  
2 the district with the sum of:

3 (1) the amount of state and local revenue per student  
4 in weighted average daily attendance for the maintenance and  
5 operations of the district available to the district for the  
6 2008-2009 school year;

7 (2) the amount to which the district is entitled under  
8 Section 42.155 for the current school year;

9 (3) the amount to which the district is entitled under  
10 Section 42.158 for the current school year; and

11 (4) an amount equal to the product of:

12 (A) for the 2009-2010 school year, \$75 multiplied  
13 by the number of students in weighted average daily attendance in  
14 the district; or

15 (B) for each subsequent school year, \$175  
16 multiplied by the number of students in weighted average daily  
17 attendance in the district.

18 (b-4) For each school year, the commissioner shall  
19 calculate for each school district in accordance with Subsection  
20 (b-5) the additional maintenance and operations tax effort, in  
21 excess of the district's maintenance and operations tax rate for  
22 the 2008 tax year, that is needed to entitle the district to the  
23 amount of increased revenue described by Subsection (b-3)(4). If a  
24 district's maintenance and operations tax rate is less than \$1 on  
25 the \$100 valuation of taxable property and does not equal at least  
26 the sum of the district's maintenance and operations tax rate for  
27 the 2008 tax year and the needed additional tax effort calculated by

1 the commissioner, the amount of increased revenue to which the  
2 district is entitled under Subsection (b-3)(4) is adjusted by  
3 applying the ratio of the amount by which the district's  
4 maintenance and operations tax rate exceeds the district's  
5 maintenance and operations tax rate for the 2008 tax year divided by  
6 the needed additional tax effort calculated by the commissioner.

7 (b-5) Notwithstanding any other provision of law, the  
8 additional school district maintenance and operations tax effort  
9 described by Subsection (b-4) is the difference between the tax  
10 rate resulting from the product of the maximum maintenance and  
11 operations tax rate permitted for the 2005 tax year under Section  
12 45.003 and the state compression percentage under Subsection (a),  
13 minus the district's tax rate described by Section 42.302(a-1)(1).  
14 The tax effort described in Subsection (b-4) is subject to all rules  
15 and entitled to the same guaranteed level of state and local funds  
16 per weighted student per cent of tax effort as tax effort described  
17 by Section 42.302(a-1)(1).

18 (b-6) Notwithstanding any other provision of law, the  
19 increased revenue described by Subsection (b-3)(4) is not included  
20 in the determination of the number of students in weighted average  
21 daily attendance under Section 42.302(a).

22 (b-7) The amount of revenue to which a district is entitled  
23 under Subsection (b-3) includes funds sufficient to ensure the  
24 maintenance of:

25 (1) the professional staff salary allotment provided  
26 by Subsection (b)(2) and the high school allotment provided by  
27 Subsection (b)(3) as those sections existed on January 1, 2009;

1           (2) the staff salary allotment provided by Section  
2 42.2513 as that section existed on January 1, 2009;

3           (3) funding for school district employees who  
4 participate in a group health coverage plan provided by or through  
5 the district;

6           (4) the \$110 per weighted student allocation  
7 authorized in Rider 82, page III-23, Chapter 1330 (H.B. 1), Acts of  
8 the 78th Legislature, Regular Session, 2003 (the General  
9 Appropriations Act); and

10           (5) the \$23.63 per weighted student allocation  
11 authorized in Rider 86, page III-23, Chapter 1428 (H.B. 1), Acts of  
12 the 80th Legislature, Regular Session, 2007 (the General  
13 Appropriations Act).

14           (d) If [~~, for the 2006-2007 or a subsequent school year,~~] a  
15 school district enters into an agreement under Subchapter E,  
16 Chapter 41, the commissioner shall reduce the amount of state  
17 revenue to which the district is entitled under Subsection (b-3)  
18 [~~(b)~~] for that school year by an amount equal to any additional  
19 revenue for that school year that the district receives and retains  
20 as a result of that agreement, which is the amount by which the  
21 total maintenance and operations revenue available to the district  
22 exceeds the total maintenance and operations revenue that would  
23 have been available to the district if the district had not entered  
24 into the agreement and had imposed a maintenance and operations tax  
25 at the maximum rate permitted under Section 45.003(d), less any  
26 amount the district pays to another entity under the agreement.

27           (e) The amount of revenue to which a school district is

1 entitled because of the technology allotment under Section 32.005,  
2 the transportation allotment under Section 42.155, and the new  
3 instructional facility allotment under Section 42.158 and the  
4 amount of state and local revenue resulting from a tax rate  
5 described by Section 42.302(a-1)(2) or (3) are [~~is~~] not included in  
6 making a determination under Subsection (b-3)(1) [~~(b)(1)~~].

7 (f) For purposes of determining the amount of revenue to  
8 which a school district is entitled under this section, the  
9 commissioner shall use the average tax collection rate for the  
10 district for the 2006, 2007, and 2008 [~~2003, 2004, and 2005~~] tax  
11 years.

12 SECTION 10. Section 42.260(a), Education Code, is amended  
13 to read as follows:

14 (a) In this section, "participating charter school" means  
15 an open-enrollment charter school that participates in the uniform  
16 group coverage program established under Chapter 1579, Insurance  
17 Code [~~has the meaning assigned by Section 42.2514~~].

18 SECTION 11. Effective September 1, 2009, Section  
19 42.302(a-1), Education Code, is amended to read as follows:

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

25 (1) the greater of 90 percent of the amount of district  
26 tax revenue per weighted student per cent of tax effort that would  
27 be available to the Austin Independent School District [~~a district~~

1 ~~at the 88th percentile in wealth per student]~~, as determined by the  
2 commissioner in cooperation with the Legislative Budget Board, or  
3 the amount of district tax revenue per weighted student per cent of  
4 tax effort used for purposes of this subdivision in the preceding  
5 school year, for the district's maintenance and operations tax  
6 effort equal to or less than the rate equal to the product of the  
7 state compression percentage, as determined under Section 42.2516,  
8 multiplied by the maintenance and operations tax rate adopted by  
9 the district for the 2005 tax year;

10 (2) the greater of the amount of district tax revenue  
11 per weighted student per cent of tax effort that would be available  
12 to the Austin Independent School District, as determined by the  
13 commissioner in cooperation with the Legislative Budget Board, if  
14 the reduction of the limitation on tax increases as provided by  
15 Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply, or the  
16 amount of district tax revenue per weighted student per cent of tax  
17 effort used for purposes of this subdivision in the preceding  
18 school year, for the first six cents by which the district's  
19 maintenance and operations tax rate exceeds the rate equal to the  
20 product of the state compression percentage, as determined under  
21 Section 42.2516 [~~and notwithstanding the limitation on district~~  
22 ~~enrichment tax rate ("DTR") under Section 42.303]~~, multiplied by  
23 the maintenance and operations tax rate adopted by the district for  
24 the 2005 tax year; and

25 (3) \$31.95, for the district's maintenance and  
26 operations tax effort that exceeds the amount of tax effort  
27 described by Subdivision (2).

1 SECTION 12. Effective September 1, 2010, Section  
2 42.302(a-1), Education Code, as amended by Chapters 19 (H.B. 5) and  
3 1191 (H.B. 828), Acts of the 80th Legislature, Regular Session,  
4 2007, is reenacted and amended to read as follows:

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

10 (1) the greater of 95 percent of the amount of district  
11 tax revenue per weighted student per cent of tax effort that would  
12 be available to the Austin Independent School District [~~a district~~  
13 ~~at the 88th percentile in wealth per student~~], as determined by the  
14 commissioner in cooperation with the Legislative Budget Board, or  
15 the amount of district tax revenue per weighted student per cent of  
16 tax effort used for purposes of this subdivision in the preceding  
17 school year, for the district's maintenance and operations tax  
18 effort equal to or less than the rate equal to the product of the  
19 state compression percentage, as determined under Section 42.2516,  
20 multiplied by the maintenance and operations tax rate adopted by  
21 the district for the 2005 tax year;

22 (2) the greater of the amount of district tax revenue  
23 per weighted student per cent of tax effort that would be available  
24 to the Austin Independent School District, as determined by the  
25 commissioner in cooperation with the Legislative Budget Board, if  
26 the reduction of the limitation on tax increases as provided by  
27 Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply, or the

1 amount of district tax revenue per weighted student per cent of tax  
2 effort used for purposes of this subdivision in the preceding  
3 school year, for the first six cents by which the district's  
4 maintenance and operations tax rate exceeds the rate equal to the  
5 product of the state compression percentage, as determined under  
6 Section 42.2516, multiplied by the maintenance and operations tax  
7 rate adopted by the district for the 2005 tax year; and

8 (3) \$31.95, for the district's maintenance and  
9 operations tax effort that exceeds the amount of tax effort  
10 described by Subdivision (2).

11 SECTION 13. Effective September 1, 2011, Section  
12 42.302(a-1), Education Code, as amended by Chapters 19 (H.B. 5) and  
13 1191 (H.B. 828), Acts of the 80th Legislature, Regular Session,  
14 2007, is reenacted and amended to read as follows:

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

20 (1) the greater of the amount of district tax revenue  
21 per weighted student per cent of tax effort that would be available  
22 to the Austin Independent School District [~~a district at the 88th~~  
23 ~~percentile in wealth per student~~], as determined by the  
24 commissioner in cooperation with the Legislative Budget Board, or  
25 the amount of district tax revenue per weighted student per cent of  
26 tax effort used for purposes of this subdivision in the preceding  
27 school year, for the district's maintenance and operations tax

1 effort equal to or less than the rate equal to the product of the  
2 state compression percentage, as determined under Section 42.2516,  
3 multiplied by the maintenance and operations tax rate adopted by  
4 the district for the 2005 tax year;

5 (2) the greater of the amount of district tax revenue  
6 per weighted student per cent of tax effort that would be available  
7 to the Austin Independent School District, as determined by the  
8 commissioner in cooperation with the Legislative Budget Board, if  
9 the reduction of the limitation on tax increases as provided by  
10 Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply, or the  
11 amount of district tax revenue per weighted student per cent of tax  
12 effort used for purposes of this subdivision in the preceding  
13 school year, for the first six cents by which the district's  
14 maintenance and operations tax rate exceeds the rate equal to the  
15 product of the state compression percentage, as determined under  
16 Section 42.2516, multiplied by the maintenance and operations tax  
17 rate adopted by the district for the 2005 tax year; and

18 (3) \$31.95, for the district's maintenance and  
19 operations tax effort that exceeds the amount of tax effort  
20 described by Subdivision (2).

21 SECTION 14. Section 1579.251(a), Insurance Code, is amended  
22 to read as follows:

23 (a) The state shall assist employees of participating  
24 school districts and charter schools in the purchase of group  
25 health coverage under this chapter by providing for each covered  
26 employee the amount of \$900 each state fiscal year or a greater  
27 amount as provided by the General Appropriations Act. The state



1 contribution shall be distributed through the school finance  
2 formulas under Chapters 41 and 42, Education Code, and used by  
3 school districts and charter schools as provided by Section  
4 [~~Sections 42.2514 and~~] 42.260, Education Code.

5 SECTION 15. Section 1581.053(b), Insurance Code, is amended  
6 to read as follows:

7 (b) Notwithstanding Subsection (a), amounts a district or  
8 school is required to use to pay contributions under a group health  
9 coverage plan for district or school employees under Section  
10 [~~42.2514 or~~] 42.260, Education Code, other than amounts described  
11 by Section 42.260(c)(2)(B), are not used in computing whether the  
12 district or school complies with Section 1581.052.

13 SECTION 16. (a) The following sections of the Education  
14 Code are repealed:

- 15 (1) Section 29.097(g);
- 16 (2) Section 29.098(h);
- 17 (3) Sections 39.114(b), (b-1), and (c);
- 18 (4) Sections 41.002(e), (f), and (g);
- 19 (5) Section 41.098;
- 20 (6) Sections 42.2511, 42.2512, 42.2513, and 42.2514;

21 and

- 22 (7) Sections 42.2516(a-1), (b), (b-1), (b-2), (c), and  
23 (h).

24 (b) Section 403.302(j), Government Code, is repealed.

25 (c) Subchapter C, Chapter 1581, Insurance Code, is  
26 repealed.

27 SECTION 17. To the extent of any conflict, this Act prevails

H.B. No. 1555

1 over another Act of the 81st Legislature, Regular Session, 2009,  
2 relating to nonsubstantive additions to and corrections in enacted  
3 codes.

4 SECTION 18. Except as otherwise provided by this Act, this  
5 Act takes effect September 1, 2009.