

By: Shapiro, Ogden

S.B. No. 2392

A BILL TO BE ENTITLED

AN ACT

relating to public school finance.

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

ARTICLE 1. PUBLIC SCHOOL FINANCE

SECTION 1.01. Section 41.002(a), Education Code, is amended to read as follows:

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

(1) \$_____ [~~the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student available to a district at the 88th percentile in wealth per student~~], for the district's maintenance and operations tax effort equal to or less than 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;

(2) the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, for the first eight [~~six~~] cents by which the district's 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

1 rate adopted by the district for the 2005 tax year, subject to
2 Section 41.093(b-1); or

3 (3) \$319,500, for the district's maintenance and
4 operations tax effort that exceeds the first eight [~~six~~] cents by
5 which the district's maintenance and operations tax effort exceeds
6 the rate equal to the product of the state compression percentage,
7 as determined under Section 42.2516, multiplied by the maintenance
8 and operations tax rate adopted by the district for the 2005 tax
9 year.

10 SECTION 1.02. Section 41.093(b-1), Education Code, is
11 amended to read as follows:

12 (b-1) If the guaranteed level of state and local funds per
13 weighted student per cent of tax effort under Section
14 42.302(a-1)(1) [~~42.302(a-1)(2)~~] for which state funds are
15 appropriated for a school year is an amount at least equal to the
16 amount of revenue per weighted student per cent of tax effort
17 available to the Austin Independent School District, as determined
18 by the commissioner in cooperation with the Legislative Budget
19 Board, the commissioner, in computing the amounts described by
20 Subsections (a)(1) and (2) and determining the cost of an
21 attendance credit, shall exclude maintenance and operations tax
22 revenue resulting from the first eight [~~six~~] cents by which a
23 district's maintenance and operations tax rate exceeds the rate
24 equal to the product of the state compression percentage, as
25 determined under Section 42.2516, multiplied by the maintenance and
26 operations tax rate adopted by the district for the 2005 tax year.

27 SECTION 1.03. Subchapter A, Chapter 42, Education Code, is

1 amended by adding Section 42.008 to read as follows:

2 Sec. 42.008. LIMITATION ON REVENUE INCREASES.

3 (a) Notwithstanding any other provision of this title, a school
4 district is not entitled in any school year to receive an amount of
5 state and local maintenance and operations revenue per student in
6 weighted average daily attendance that exceeds by more than ____
7 percent the amount of state and local maintenance and operations
8 revenue per student in weighted average daily attendance received
9 by the district during the preceding school year.

10 (a-1) Subsection (a) applies beginning with the 2010-2011
11 school year. For the 2009-2010 school year, a school district is
12 not entitled to receive an amount of state and local maintenance and
13 operations revenue per student in weighted average daily attendance
14 that exceeds by more than ____ percent the amount of state and local
15 maintenance and operations revenue per student in weighted average
16 daily attendance that the district would have received during that
17 year under Chapter 41 and this chapter, as those chapters existed on
18 January 1, 2009, at a maintenance and operations tax rate equal to
19 the product of the state compression percentage for that year, as
20 determined under Section 42.2516, multiplied by the maintenance and
21 operations tax rate adopted by the district for the 2005 tax year.
22 This subsection expires September 1, 2010.

23 (b) Enrichment revenue to which a school district is
24 entitled under Section 42.302 is not included for purposes of
25 determining the limitation imposed by this section.

26 (c) The commissioner shall make adjustments to amounts due
27 to a school district under this chapter or amounts required for a

1 district to comply with Chapter 41 as necessary to comply with the
2 limitation imposed by this section.

3 (d) A determination by the commissioner under this section
4 is final and may not be appealed.

5 SECTION 1.04. Section 42.101, Education Code, is amended to
6 read as follows:

7 Sec. 42.101. BASIC ALLOTMENT. (a) For each student in
8 average daily attendance in the regular program, [~~not including the~~
9 ~~time students spend each day in special education programs in an~~
10 ~~instructional arrangement other than mainstream or career and~~
11 ~~technology education programs, for which an additional allotment is~~
12 ~~made under Subchapter C,~~] a district is entitled to an allotment [~~in~~
13 ~~an amount~~] equal to the lesser of \$_____ or the amount that results
14 from the following formula:

15
$$A = \$______ \times (DCR/MCR)$$

16 where:

17 "A" is the allotment to which a district is entitled;

18 "DCR" is the district's compressed tax rate, which is the
19 product of the state compression percentage, as determined under
20 Section 42.2516, multiplied by the maintenance and operations tax
21 rate adopted by the district for the 2005 tax year; and

22 "MCR" is the state maximum compressed tax rate, which is the
23 product of the state compression percentage, as determined under
24 Section 42.2516, multiplied by \$1.50 [~~product of the amount per~~
25 ~~student per cent of tax effort available to a district at the~~
26 ~~percentile in wealth per student specified by Section~~
27 ~~42.302(a-1)(1), multiplied by 86].~~

1 (b) For each student in average daily attendance in an
2 educational program for which a special allotment is provided under
3 Subchapter C, a district is entitled to an allotment of \$_____.

4 (c) Except as provided by Subsection (d), a reference in
5 this title to the basic allotment means the amount specified under
6 Subsection (a) or (b), and a reference in this title to the adjusted
7 basic allotment means the amount specified under Subsection (a) or
8 (b), as adjusted in accordance with this subchapter.

9 (d) A reference in Subchapter C to the adjusted basic
10 allotment means the amount specified under Subsection (b), as
11 adjusted in accordance with this subchapter.

12 (e) A greater amount than the amount specified under
13 Subsection (a) or (b) [~~for any school year~~] may be provided for any
14 school year by appropriation.

15 SECTION 1.05. Section 42.102, Education Code, is amended by
16 adding Subsection (c) to read as follows:

17 (c) This section expires September 1, 2011.

18 SECTION 1.06. Section 42.103, Education Code, is amended by
19 adding Subsection (f) to read as follows:

20 (f) This section expires September 1, 2011.

21 SECTION 1.07. Section 42.105, Education Code, is amended to
22 read as follows:

23 Sec. 42.105. SPARSITY ADJUSTMENT. Notwithstanding
24 Sections 42.101, 42.102, and 42.103, a school district that has
25 fewer than 130 students in average daily attendance shall be
26 provided an adjusted basic allotment on the basis of 130 students in
27 average daily attendance if it offers a kindergarten through grade

1 12 program and has preceding or current year's average daily
2 attendance of at least 90 students or is 30 miles or more by bus
3 route from the nearest high school district. A district offering a
4 kindergarten through grade 8 program whose preceding or current
5 year's average daily attendance was at least 50 students or which is
6 30 miles or more by bus route from the nearest high school district
7 shall be provided an adjusted basic allotment on the basis of 75
8 students in average daily attendance. An average daily attendance
9 of 60 students shall be the basis of providing the adjusted basic
10 allotment if a district offers a kindergarten through grade 6
11 program and has preceding or current year's average daily
12 attendance of at least 40 students or is 30 miles or more by bus
13 route from the nearest high school district. This section expires
14 September 1, 2011.

15 SECTION 1.08. Section 42.151, Education Code, is amended by
16 adding Subsection (n) to read as follows:

17 (n) This section expires September 1, 2011.

18 SECTION 1.09. Section 42.152, Education Code, is amended by
19 adding Subsection (v) to read as follows:

20 (v) This section expires September 1, 2011.

21 SECTION 1.10. Section 42.153, Education Code, is amended by
22 adding Subsection (d) to read as follows:

23 (d) This section expires September 1, 2011.

24 SECTION 1.11. Section 42.154, Education Code, is amended by
25 adding Subsection (f) to read as follows:

26 (f) This section expires September 1, 2011.

27 SECTION 1.12. Section 42.155, Education Code, is amended by

1 adding Subsection (l) to read as follows:

2 (l) This section expires September 1, 2011.

3 SECTION 1.13. Section 42.156, Education Code, is amended by
4 adding Subsection (g) to read as follows:

5 (g) This section expires September 1, 2011.

6 SECTION 1.14. Section 42.157, Education Code, is amended by
7 adding Subsection (c) to read as follows:

8 (c) This section expires September 1, 2011.

9 SECTION 1.15. Subchapter C, Chapter 42, Education Code, is
10 amended by adding Section 42.160 to read as follows:

11 Sec. 42.160. HIGH SCHOOL ALLOTMENT. (a) A school district
12 is entitled to an annual allotment of \$275 for each student in
13 average daily attendance in grades 9 through 12 in the district.

14 (b) Except as provided by Subsection (c), a school district
15 or campus must use funds allocated under this section to:

16 (1) implement or administer a college readiness
17 program that provides academic support and instruction to prepare
18 underachieving students for entrance into an institution of higher
19 education;

20 (2) implement or administer a program that encourages
21 students to pursue advanced academic opportunities, including
22 early college high school programs and dual credit, advanced
23 placement, and international baccalaureate courses;

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

1 (4) implement or administer a program, including
2 online course support and professional development, that aligns the
3 curriculum for grades 6 through 12 with postsecondary curriculum
4 and expectations; or

5 (5) implement or administer other high school
6 completion and success initiatives in grades 6 through 12 approved
7 by the commissioner.

8 (c) A school district may use funds allocated under this
9 section on any instructional program in grades 6 through 12 other
10 than an athletic program if:

11 (1) the district is recognized as exceptional by the
12 commissioner under the academic accountability indicator adopted
13 under Section 39.051(b)(13); and

14 (2) the district's completion rates for grades 9
15 through 12 meet or exceed completion rate standards required by the
16 commissioner to achieve a rating of exemplary under Section 39.072.

17 (d) An open-enrollment charter school is entitled to an
18 allotment under this section in the same manner as a school
19 district.

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

23 SECTION 1.16. Section 42.2516, Education Code, is amended
24 to read as follows:

25 Sec. 42.2516. ADDITIONAL STATE AID FOR TAX REDUCTION.

26 (a) In this section, "state compression percentage" means the
27 percentage, as determined by the commissioner, of a

1 school district's adopted maintenance and operations tax rate for
2 the 2005 tax year that serves as the basis for state funding for tax
3 rate reduction under this section. The commissioner shall
4 determine the state compression percentage for each school year
5 based on the percentage by which a district is able to reduce the
6 district's maintenance and operations tax rate for that year, as
7 compared to the district's adopted maintenance and operations tax
8 rate for the 2005 tax year, as a result of state funds appropriated
9 for distribution under this section for that year from the property
10 tax relief fund established under Section 403.109, Government Code,
11 or from another funding source available for school district
12 property tax relief.

13 (b) Notwithstanding any other provision of this title, a
14 school district that imposes a maintenance and operations tax at a
15 rate at least equal to the product of the state compression
16 percentage multiplied by the maintenance and operations tax rate
17 adopted by the district for the 2005 tax year is entitled to at
18 least the amount of state revenue necessary to provide the district
19 with the sum of:

20 (1) the amount of state and local revenue per student
21 in weighted average daily attendance for maintenance and operations
22 that the district would have received during the 2009-2010 school
23 year under Chapter 41 and this chapter, as those chapters existed on
24 January 1, 2009, at a maintenance and operations tax rate equal to
25 the product of the state compression percentage for that year
26 multiplied by the maintenance and operations tax rate adopted by
27 the district for the 2005 tax year; and

1 (2) an amount equal to the product of \$___ multiplied
2 by the number of students in average daily attendance in the
3 district.

4 (c) Enrichment revenue to which a school district is
5 entitled under Section 42.302 is not included for purposes of
6 determining the amount to which a district is entitled under this
7 section.

8 (d) A school district that is required to take action under
9 Chapter 41 to reduce its wealth per student to the equalized wealth
10 level and that is entitled to state revenue under this section may
11 receive that revenue through an adjustment against the total amount
12 of attendance credits required to be purchased under Subchapter D,
13 Chapter 41, or the total number of nonresident students required to
14 be educated under Subchapter E, Chapter 41, as determined by the
15 commissioner.

16 (e) The commissioner may adopt rules necessary to implement
17 this section.

18 (f) A determination by the commissioner under this section
19 is final and may not be appealed.

20 ~~[(a-1) Subsection (a) applies beginning with the state~~
21 ~~fiscal year ending August 31, 2009. For the state fiscal year~~
22 ~~ending August 31, 2007, the state compression percentage is 88.67~~
23 ~~percent. For the state fiscal year ending August 31, 2008, the~~
24 ~~state compression percentage is 66.67 percent. This subsection~~
25 ~~expires September 1, 2009.~~

26 ~~[(b) Subject to Subsections (b-1), (b-2), (f-1), (g), and~~
27 ~~(h), 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 revenue necessary to maintain~~
4 ~~state and local revenue per student in weighted average daily~~
5 ~~attendance in the amount equal to the greater of:~~

6 ~~[(A) the amount of state and local revenue per~~
7 ~~student in weighted average daily attendance for the maintenance~~
8 ~~and operations of the district available to the district for the~~
9 ~~2005-2006 school year;~~

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

20 ~~[(C) the amount of state and local revenue per~~
21 ~~student in weighted average daily attendance for the maintenance~~
22 ~~and operations of the district to which the district would have been~~
23 ~~entitled for the 2006-2007 school year under this chapter, as it~~
24 ~~existed on January 1, 2006, or, if the district would have been~~
25 ~~subject to Chapter 41, as that chapter existed on January 1, 2006,~~
26 ~~the amount to which the district would have been entitled under that~~
27 ~~chapter, based on the funding elements in effect for the 2005-2006~~

1 ~~school year, if the district imposed a maintenance and operations~~
2 ~~tax at the rate equal to the rate described by Section 26.08(i) or~~
3 ~~(k)(1), Tax Code, as applicable, for the 2006 tax year;~~

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

9 ~~[(3) an amount equal to the product of \$275 multiplied~~
10 ~~by the number of students in average daily attendance in grades nine~~
11 ~~through 12 in the district.~~

12 ~~[(b-1) The amount determined for a school district under~~
13 ~~Subsection (b) is increased or reduced as follows:~~

14 ~~[(1) if for any school year the district is entitled to~~
15 ~~a greater allotment under Section 42.158 than the allotment to~~
16 ~~which the district was entitled under that section for the school~~
17 ~~year on which the district's entitlement under Subsection (b) is~~
18 ~~based, the district's entitlement under Subsection (b) is increased~~
19 ~~by an amount equal to the difference between the amount to which the~~
20 ~~district is entitled under Section 42.158 for that school year and~~
21 ~~the amount to which the district was entitled under that section~~
22 ~~for:~~

23 ~~[(A) the 2005-2006 school year, if the amount~~
24 ~~determined for the district under Subsection (b) is determined~~
25 ~~under Subsection (b)(1)(A); or~~

26 ~~[(B) the 2006-2007 school year, if the amount~~
27 ~~determined for the district under Subsection (b) is determined~~

1 ~~under Subsection (b)(1)(B) or (C), and~~

2 ~~[(2) if for any school year the district is not~~
3 ~~entitled to an allotment under Section 42.158 or is entitled to a~~
4 ~~lesser allotment under that section than the allotment to which the~~
5 ~~district was entitled under that section for the school year on~~
6 ~~which the district's entitlement under Subsection (b) is based, the~~
7 ~~district's entitlement under Subsection (b) is reduced by an amount~~
8 ~~equal to the difference between the amount to which the district was~~
9 ~~entitled under Section 42.158 for the 2005-2006 or 2006-2007 school~~
10 ~~year, as appropriate based on whether the district's entitlement~~
11 ~~under Subsection (b) is determined under Subsection (b)(1)(A), (B),~~
12 ~~or (C), and the amount to which the district is entitled under~~
13 ~~Section 42.158 for the current school year.~~

14 ~~[(b-2) The amount determined for a school district under~~
15 ~~Subsection (b) is increased or reduced as follows:~~

16 ~~[(1) if for any school year the district is entitled to~~
17 ~~a greater allotment under Section 42.155 or greater additional~~
18 ~~state aid under Section 42.2515 than the allotment or additional~~
19 ~~state aid to which the district was entitled under Section 42.155 or~~
20 ~~42.2515, as applicable, for the school year on which the district's~~
21 ~~entitlement under Subsection (b) is based, the district's~~
22 ~~entitlement under Subsection (b) is increased by an amount equal to~~
23 ~~the difference between the amount to which the district is entitled~~
24 ~~under Section 42.155 or 42.2515, as applicable, for that school~~
25 ~~year and the amount to which the district was entitled under the~~
26 ~~applicable section, as applicable for:~~

27 ~~[(A) the 2005-2006 school year, if the amount~~

1 ~~determined for the district under Subsection (b) is determined~~
2 ~~under Subsection (b)(1)(A); or~~

3 ~~[(B) the 2006-2007 school year, if the amount~~
4 ~~determined for the district under Subsection (b) is determined~~
5 ~~under Subsection (b)(1)(B) or (C); and~~

6 ~~[(2) if for any school year the district is not~~
7 ~~entitled to an allotment under Section 42.155 or additional state~~
8 ~~aid under Section 42.2515 or is entitled to a lesser allotment or~~
9 ~~less additional state aid under the applicable section than the~~
10 ~~allotment or additional state aid to which the district was~~
11 ~~entitled under the applicable section for the school year on which~~
12 ~~the district's entitlement under Subsection (b) is based, the~~
13 ~~district's entitlement under Subsection (b) is reduced by an amount~~
14 ~~equal to the difference between the amount to which the district was~~
15 ~~entitled under Section 42.155 or 42.2515, as applicable, for the~~
16 ~~2005-2006 or 2006-2007 school year, as appropriate based on whether~~
17 ~~the district's entitlement under Subsection (b) is determined under~~
18 ~~Subsection (b)(1)(A), (B), or (C), and the amount to which the~~
19 ~~district is entitled under the applicable section for the current~~
20 ~~school year.~~

21 ~~[(c) In determining the amount to which a district is~~
22 ~~entitled under Subsection (b)(1), the commissioner shall include:~~

23 ~~[(1) any amounts described by Rider 69, page III-19,~~
24 ~~Chapter 1369, Acts of the 79th Legislature, Regular Session, 2005~~
25 ~~(the General Appropriations Act);~~

26 ~~[(2) for a school district that received additional~~
27 ~~revenue for the 2005-2006 school year as a result of an agreement~~

1 ~~under Subchapter E, Chapter 41:~~

2 ~~[(A) if the amount of state revenue to which the~~
3 ~~district is entitled under Subsection (b) is computed based on the~~
4 ~~amount described by Subsection (b)(1)(A), the amount of that~~
5 ~~additional revenue retained by the district for the 2005-2006~~
6 ~~school year, which is the amount by which the total maintenance and~~
7 ~~operations revenue available to the district for that school year~~
8 ~~exceeded the total maintenance and operations revenue that would~~
9 ~~have been available to the district for that school year if the~~
10 ~~district had not entered into the agreement, less any amount the~~
11 ~~district paid to another entity under the agreement; or~~

12 ~~[(B) if the amount of state revenue to which the~~
13 ~~district is entitled under Subsection (b) is computed based on the~~
14 ~~amount described by Subsection (b)(1)(B) or (C), the amount of the~~
15 ~~additional revenue that would have been retained by the district~~
16 ~~for the 2006-2007 school year if the district had entered into the~~
17 ~~agreement on the same terms as under the agreement for the 2005-2006~~
18 ~~school year, which is the amount by which the total maintenance and~~
19 ~~operations revenue that would have been available to the district~~
20 ~~for the 2006-2007 school year if the district had entered into the~~
21 ~~agreement exceeds the total maintenance and operations revenue that~~
22 ~~would have been available to the district for that school year if~~
23 ~~the district had not entered into the agreement and had imposed a~~
24 ~~maintenance and operations tax at the rate of \$1.50 on the \$100~~
25 ~~valuation of taxable property, less any amount the district would~~
26 ~~have paid to another entity under the agreement;~~

27 ~~[(3) any amount necessary to reflect an adjustment~~

1 ~~made by the commissioner under Section 42.005,~~

2 ~~[(4) any amount necessary to reflect an adjustment~~
3 ~~made by the commissioner under Section 42.2521; and~~

4 ~~[(5) any amount necessary to reflect an adjustment~~
5 ~~made by the commissioner under Section 42.2531.~~

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

19 ~~[(e) The amount of revenue to which a school district is~~
20 ~~entitled because of the technology allotment under Section 32.005~~
21 ~~is not included in making a determination under Subsection (b)(1).~~

22 ~~[(f) For purposes of determining the amount of revenue to~~
23 ~~which a school district is entitled under this section, the~~
24 ~~commissioner shall use the average tax collection rate for the~~
25 ~~district for the 2003, 2004, and 2005 tax years.~~

26 ~~[(f-1) The commissioner shall, in accordance with rules~~
27 ~~adopted by the commissioner, adjust the amount of a school~~

1 ~~district's local revenue derived from maintenance and operations~~
2 ~~tax collections, as calculated for purposes of determining the~~
3 ~~amount of state revenue to which the district is entitled under this~~
4 ~~section, if the district, for the 2007 tax year or a subsequent tax~~
5 ~~year:~~

6 ~~[(1) adopts an exemption under Section 11.13(n), Tax~~
7 ~~Code, that was not in effect for the 2005 or 2006 tax year, or~~
8 ~~eliminates an exemption under Section 11.13(n), Tax Code, that was~~
9 ~~in effect for the 2005 or 2006 tax year;~~

10 ~~[(2) adopts an exemption under Section 11.13(n), Tax~~
11 ~~Code, at a greater or lesser percentage than the percentage in~~
12 ~~effect for the district for the 2005 or 2006 tax year;~~

13 ~~[(3) grants an exemption under an agreement authorized~~
14 ~~by Chapter 312, Tax Code, that was not in effect for the 2005 or 2006~~
15 ~~tax year, or ceases to grant an exemption authorized by that chapter~~
16 ~~that was in effect for the 2005 or 2006 tax year; or~~

17 ~~[(4) agrees to deposit taxes into a tax increment fund~~
18 ~~created under Chapter 311, Tax Code, under a reinvestment zone~~
19 ~~financing plan that was not in effect for the 2005 or 2006 tax year,~~
20 ~~or ceases depositing taxes into a tax increment fund created under~~
21 ~~that chapter under a reinvestment zone financing plan that was in~~
22 ~~effect for the 2005 or 2006 tax year.~~

23 ~~[(f-2) The rules adopted by the commissioner under~~
24 ~~Subsection (f-1) must:~~

25 ~~[(1) require the commissioner to determine, as if this~~
26 ~~section did not exist, the effect under Chapter 41 and this chapter~~
27 ~~of a school district's action described by Subsection (f-1)(1),~~

1 ~~(2), (3), or (4) on the total state revenue to which the district~~
2 ~~would be entitled or the cost to the district of purchasing~~
3 ~~sufficient attendance credits to reduce the district's wealth per~~
4 ~~student to the equalized wealth level, and~~

5 ~~[(2) require an increase or reduction in the amount of~~
6 ~~state revenue to which a school district is entitled under~~
7 ~~Subsection (b) that is substantially equivalent to any change in~~
8 ~~total state revenue or the cost of purchasing attendance credits~~
9 ~~that would apply to the district if this section did not exist.~~

10 ~~[(f-3) An adjustment made by the commissioner under the~~
11 ~~rules adopted under Subsection (f-1) is final and may not be~~
12 ~~appealed.~~

13 ~~[(g) If a school district adopts a maintenance and~~
14 ~~operations tax rate that is below the rate equal to the product of~~
15 ~~the state compression percentage multiplied by the maintenance and~~
16 ~~operations tax rate adopted by the district for the 2005 tax year,~~
17 ~~the commissioner shall reduce the district's entitlement under this~~
18 ~~section in proportion to the amount by which the adopted rate is~~
19 ~~less than the rate equal to the product of the state compression~~
20 ~~percentage multiplied by the rate adopted by the district for the~~
21 ~~2005 tax year.~~

22 ~~[(h) Notwithstanding any other provision of this title, if~~
23 ~~the amount of state and local revenue per student in weighted~~
24 ~~average daily attendance for the maintenance and operations of the~~
25 ~~district available to the district in a school year as a result of~~
26 ~~increases to the equalized wealth level under Section 41.002, the~~
27 ~~basic allotment under Section 42.101, and the guaranteed level~~

1 ~~under Section 42.302 made by H.B. No. 1, Acts of the 79th~~
2 ~~Legislature, 3rd Called Session, 2006, exceeds the amount to which~~
3 ~~a district is entitled under Subsection (b) for that school year,~~
4 ~~the commissioner must:~~

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

8 ~~[(2) for a district with a wealth per student greater~~
9 ~~than the applicable amount described by Section 41.002(a), require~~
10 ~~the district to purchase a number of attendance credits for that~~
11 ~~school year at a cost equal to the amount of excess revenue, as~~
12 ~~determined by the commissioner.~~

13 ~~[(i) A school district that is required to take action under~~
14 ~~Chapter 41 to reduce its wealth per student to the equalized wealth~~
15 ~~level and that is entitled to state revenue under this section may~~
16 ~~receive that revenue through an adjustment against the total amount~~
17 ~~of attendance credits required to be purchased under Subchapter D,~~
18 ~~Chapter 41, or the total number of nonresident students required to~~
19 ~~be educated under Subchapter E, Chapter 41, as determined by the~~
20 ~~commissioner.~~

21 ~~[(j) If a school district reduces its maintenance and~~
22 ~~operations tax rate by an amount less than the rate equal to the~~
23 ~~product of the difference between the state compression percentage~~
24 ~~for the preceding year and the state compression percentage for the~~
25 ~~year of the reduction, multiplied by the maintenance and operations~~
26 ~~tax rate adopted by the district for the 2005 tax year, the~~
27 ~~commissioner may not reduce the amount to which the district is~~

1 ~~entitled under this section on the basis of the additional revenue~~
2 ~~collected by the district.~~

3 ~~[(k) The commissioner may adopt rules necessary to~~
4 ~~administer this section.~~

5 ~~[(l) A determination by the commissioner under this section~~
6 ~~is final and may not be appealed.]~~

7 SECTION 1.17. Section 42.252(a), Education Code, is amended
8 to read as follows:

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

$$LFA = TR \times DPV$$

11 where:

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

13 "TR" is a tax rate which for each hundred dollars of valuation
14 is an effective tax rate of the amount equal to the product of the
15 state compression percentage, as determined under Section 42.2516,
16 multiplied by the lesser of:

17 (1) \$1.50; or

18 (2) the maintenance and operations tax rate adopted by
19 the district for the 2005 tax year [~~\$0.86~~]; and

20 "DPV" is the taxable value of property in the school district
21 for the preceding tax year determined under Subchapter M, Chapter
22 403, Government Code.

23 SECTION 1.18. Section 42.260(a), Education Code, is amended
24 to read as follows:

25 (a) In this section, "participating charter school" means
26 an open-enrollment charter school that participates in the uniform
27 an open-enrollment charter school that participates in the uniform

1 group coverage program established under Chapter 1579, Insurance
2 Code [~~has the meaning assigned by Section 42.2514~~].

3 SECTION 1.19. Section 42.302, Education Code, is amended by
4 amending Subsections (a), (a-1), and (a-2) and adding Subsection
5 (g) to read as follows:

6 (a) Each school district is guaranteed a specified amount
7 per weighted student in state and local funds for each cent of tax
8 effort over that required for the district's local fund assignment
9 up to the maximum level specified in this subchapter. The amount
10 of state support, subject only to the maximum amount under Section
11 42.303, is determined by the formula:

$$12 \quad \text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

13 where:

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

16 "GL" is the dollar amount guaranteed level of state and local
17 funds per weighted student per cent of tax effort, which is 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 determined in the manner provided by
22 Subsection (g) [~~calculated by dividing the sum of the school~~
23 ~~district's allotments under Subchapters B and C, less any allotment~~
24 ~~to the district for transportation, any allotment under Section~~
25 ~~42.158, and 50 percent of the adjustment under Section 42.102, by~~
26 ~~the basic allotment for the applicable year]~~;

27 "DTR" is the district enrichment tax rate of the school

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

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

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

17 (1) the greater of ~~[the amount of district tax revenue~~
18 ~~per weighted student per cent of tax effort available to a district~~
19 ~~at the 88th percentile in wealth per student, as determined by the~~
20 ~~commissioner in cooperation with the Legislative Budget Board, for~~
21 ~~the district's maintenance and operations tax effort equal to or~~
22 ~~less than the rate equal to the product of the state compression~~
23 ~~percentage, as determined under Section 42.2516, multiplied by the~~
24 ~~maintenance and operations tax rate adopted by the district for the~~
25 ~~2005 tax year,~~

26 ~~[(2)]~~ the amount of district tax revenue per weighted
27 student per cent of tax effort that would be available to the Austin

1 Independent School District, as determined by the commissioner in
2 cooperation with the Legislative Budget Board, if the reduction of
3 the limitation on tax increases as provided by Section 11.26(a-1),
4 (a-2), or (a-3), Tax Code, did not apply, or the amount of district
5 tax revenue per weighted student per cent of tax effort used for
6 purposes of this subdivision in the preceding school year, for the
7 first eight [~~six~~] cents by which the district's maintenance and
8 operations tax rate exceeds the rate equal to the product of the
9 state compression percentage, as determined under Section 42.2516
10 [~~and notwithstanding the limitation on district enrichment tax rate~~
11 [~~"DTR" under Section 42.303]~~], multiplied by the maintenance and
12 operations tax rate adopted by the district for the 2005 tax year;
13 and

14 (2) [~~(3)~~] \$31.95, for the district's maintenance and
15 operations tax effort that exceeds the amount of tax effort
16 described by Subdivision (1) [~~(2)~~].

17 (a-2) The limitation on district enrichment tax rate
18 ("DTR") under Section 42.303 does not apply to the district's
19 maintenance and operations tax effort described by Subsection
20 (a-1)(1) [~~(a-1)(2)~~].

21 (g) The number of students in weighted average daily
22 attendance is the sum of:

23 (1) the quotient resulting from dividing the sum of
24 the school district's allotments under Section 42.101(a), as
25 adjusted in accordance with Subchapter B, except excluding 50
26 percent of the adjustment under Section 42.102, by the amount of the
27 allotment under Section 42.101(a); and

1 (2) the quotient resulting from dividing the sum of
2 the school district's allotments under Section 42.101(b) and
3 Subchapter C, less any allotment under Section 42.155, 42.158, or
4 42.160, adjusted in accordance with Subchapter B, except excluding
5 50 percent of the adjustment under Section 42.102, by the amount of
6 the allotment under Section 42.101(b).

7 SECTION 1.20. Section 42.303, Education Code, is amended to
8 read as follows:

9 Sec. 42.303. LIMITATION ON ENRICHMENT TAX RATE. The
10 district enrichment tax rate ("DTR") under Section 42.302 may not
11 exceed the amount per \$100 of valuation by which the maximum rate
12 permitted under Section 45.003 exceeds the rate used to determine
13 the district's local share under Section 42.252 [of \$0.86], or a
14 greater amount for any year provided by appropriation.

15 SECTION 1.21. Section 26.08(n), Tax Code, is amended to
16 read as follows:

17 (n) For purposes of this section, the rollback tax rate of a
18 school district whose maintenance and operations tax rate for the
19 2005 tax year was \$1.50 or less per \$100 of taxable value is:

20 (1) for the 2009 [~~2006~~] tax year, the sum of the
21 following:

22 (A) the rate that is equal to 66.67 [~~88.67~~]
23 percent of the maintenance and operations tax rate adopted by the
24 district for the 2005 tax year;

25 (B) [~~7~~] the rate of \$0.06 [~~\$0.04~~] per \$100 of
26 taxable value;

27 (C) the rate that is equal to the sum of the

1 differences for the 2006 and each subsequent tax year between the
2 adopted tax rate of the district for that year if the rate was
3 approved at an election under this section and the rollback tax rate
4 of the district for that year; [7] and

5 (D) the district's current debt rate; and

6 (2) for the 2010 [~~2007~~] and subsequent tax years, the
7 lesser of the following:

8 (A) the sum of the following:

9 (i) the rate per \$100 of taxable value that
10 is equal to the product of the state compression percentage, as
11 determined under Section 42.2516, Education Code, for the current
12 year and \$1.50;

13 (ii) the rate of \$0.06 [~~\$0.04~~] per \$100 of
14 taxable value;

15 (iii) the rate that is equal to the sum of
16 the differences for the 2006 and each subsequent tax year between
17 the adopted tax rate of the district for that year if the rate was
18 approved at an election under this section and the rollback tax rate
19 of the district for that year; and

20 (iv) the district's current debt rate; or

21 (B) the sum of the following:

22 (i) the effective maintenance and
23 operations tax rate of the district as computed under Subsection
24 (i) [~~or (k), as applicable~~];

25 (ii) the rate per \$100 of taxable value that
26 is equal to the product of the state compression percentage, as
27 determined under Section 42.2516, Education Code, for the current

1 year and \$0.06; and

2 (iii) the district's current debt rate.

3 ARTICLE 2. CONFORMING AMENDMENTS

4 SECTION 2.01. Section 21.402(a), Education Code, is amended
5 to read as follows:

6 (a) Except as provided by Subsection (d), (e), or (f), a
7 school district must pay each classroom teacher, full-time
8 librarian, full-time counselor certified under Subchapter B, or
9 full-time school nurse not less than the minimum monthly salary,
10 based on the employee's level of experience in addition to other
11 factors, as determined by commissioner rule, determined by the
12 following formula:

13
$$MS = SF \times FS$$

14 where:

15 "MS" is the minimum monthly salary;

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

18 "FS" is the amount, as determined by the commissioner under
19 Subsection (b), of state and local funds per weighted student,
20 including funds provided under Section 42.2516 [~~42.2516(b)(1)(B)~~,
21 ~~but not funds provided under Section 42.2516(b)(1)(A), (b)(1)(C),~~
22 ~~(b)(2), or (b)(3)~~], available to a district eligible to receive
23 state assistance under Section 42.302 with a maintenance and
24 operations tax rate per \$100 of taxable value equal to the product
25 of the state compression percentage, as determined under Section
26 42.2516, multiplied by \$1.50, except that the amount of state and
27 local funds per weighted student does not include the amount

1 attributable to the increase in the guaranteed level made by
2 Chapter 1187, Acts of the 77th Legislature, Regular Session, 2001.

3 SECTION 2.02. Section 29.097(g), Education Code, is amended
4 to read as follows:

5 (g) For purposes of Subsection (f)(2), a school district is
6 encouraged to use funds allocated under Section 42.160
7 [~~42.2516(b)(3)~~].

8 SECTION 2.03. Section 29.098(h), Education Code, is amended
9 to read as follows:

10 (h) For purposes of Subsection (g)(2), a school district is
11 encouraged to use funds allocated under Section 42.160
12 [~~42.2516(b)(3)~~].

13 SECTION 2.04. Section 29.918(a), Education Code, is amended
14 to read as follows:

15 (a) Notwithstanding Section [~~39.114 or~~] 42.152 or 42.160, a
16 school district or open-enrollment charter school with a high
17 dropout rate, as determined by the commissioner, must submit a plan
18 to the commissioner describing the manner in which the district or
19 charter school intends to use the compensatory education allotment
20 under Section 42.152 and the high school allotment under Section
21 42.160 [~~42.2516(b)(3)~~] for developing and implementing
22 research-based strategies for dropout prevention. The district or
23 charter school shall submit the plan not later than December 1 of
24 each school year preceding the school year in which the district or
25 charter school will receive the compensatory education allotment or
26 high school allotment to which the plan applies.

27 SECTION 2.05. Section 29.919(e), Education Code, is amended

1 to read as follows:

2 (e) As a condition of receiving a state grant, a campus must
3 contribute additional funding for activities provided at the campus
4 through the program, in an amount equal to at least \$100 each school
5 year for each student in an eligible grade level served through the
6 program. The additional funding required by this subsection may
7 consist of local funds, private funds, or state funds other than
8 grant funds provided under this section. For program activities
9 provided at the high school level, the high school allotment
10 provided under Section 42.160 [~~42.2516(b)(3)~~] may be used to meet
11 the additional funding requirement prescribed by this subsection.

12 SECTION 2.06. Section 39.113(a), Education Code, is amended
13 to read as follows:

14 (a) The agency shall:

15 (1) develop standards for evaluating the success and
16 cost-effectiveness of high school completion and success and
17 college readiness programs implemented under Section 42.160
18 [~~39.114~~];

19 (2) provide guidance for school districts and campuses
20 in establishing and improving high school completion and success
21 and college readiness programs implemented under Section 42.160
22 [~~39.114~~]; and

23 (3) develop standards for selecting and methods for
24 recognizing school districts and campuses that offer exceptional
25 high school completion and success and college readiness programs
26 under Section 42.160 [~~39.114~~].

27 SECTION 2.07. Section 1579.251(a), Insurance Code, is

1 amended to read as follows:

2 (a) The state shall assist employees of participating
3 school districts and charter schools in the purchase of group
4 health coverage under this chapter by providing for each covered
5 employee the amount of \$900 each state fiscal year or a greater
6 amount as provided by the General Appropriations Act. The state
7 contribution shall be distributed through the school finance
8 formulas under Chapters 41 and 42, Education Code, and used by
9 school districts and charter schools as provided by Section
10 [~~Sections 42.2514 and~~] 42.260, Education Code.

11 SECTION 2.08. Section 1581.053(b), Insurance Code, is
12 amended to read as follows:

13 (b) Notwithstanding Subsection (a), amounts a district or
14 school is required to use to pay contributions under a group health
15 coverage plan for district or school employees under Section
16 [~~42.2514 or~~] 42.260, Education Code, other than amounts described
17 by Section 42.260(c)(2)(B), are not used in computing whether the
18 district or school complies with Section 1581.052.

19 ARTICLE 3. REPEALER; CONFLICTS; EFFECTIVE DATE

20 SECTION 3.01. (a) The following provisions of the
21 Education Code are repealed:

22 (1) Section 39.114; and

23 (2) Sections 42.2511, 42.2512, and 42.2514.

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

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

27 (d) Section 2, Chapter 1191 (H.B. 828), Acts of the 80th

1 Legislature, Regular Session, 2007, is repealed.

2 SECTION 3.02. To the extent of any conflict, this Act
3 prevails over another Act of the 81st Legislature, Regular Session,
4 2009, relating to nonsubstantive additions to and corrections in
5 enacted codes.

6 SECTION 3.03. This Act takes effect September 1, 2009.