

1-1 By: Shapiro S.B. No. 22  
1-2 (In the Senate - Filed March 11, 2011; March 14, 2011, read  
1-3 first time and referred to Committee on Finance; April 26, 2011,  
1-4 reported adversely, with favorable Committee Substitute by the  
1-5 following vote: Yeas 11, Nays 4; April 26, 2011, sent to printer.)

1-6 COMMITTEE SUBSTITUTE FOR S.B. No. 22 By: Shapiro

1-7 A BILL TO BE ENTITLED  
1-8 AN ACT

1-9 relating to public school finance and prekindergarten programs.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Effective September 1, 2011, Section 12.106,  
1-12 Education Code, is amended by amending Subsection (a) and adding  
1-13 Subsection (a-3) to read as follows:

1-14 (a) A charter holder is entitled to receive for the  
1-15 open-enrollment charter school funding under Chapter 42 equal to  
1-16 the greater of:

1-17 (1) the percentage specified by Section 42.2516(i)  
1-18 multiplied by the amount of funding per student in weighted average  
1-19 daily attendance, excluding enrichment funding under Sections  
1-20 42.302(a-1)(2) and (3), as they existed on January 1, 2009, that  
1-21 would have been received for the school during the 2009-2010 school  
1-22 year under Chapter 42 as it existed on January 1, 2009, and an  
1-23 additional amount of the percentage specified by Section 42.2516(i)  
1-24 multiplied by \$120 for each student in weighted average daily  
1-25 attendance; or

1-26 (2) the amount of funding per student in weighted  
1-27 average daily attendance, excluding enrichment funding under  
1-28 Section 42.302(a), to which the charter holder would be entitled  
1-29 for the school under Chapter 42 if the school were a school district  
1-30 without a tier one local share for purposes of Section 42.253 and  
1-31 without any local revenue for purposes of Section 42.2516.

1-32 (a-3) In determining funding for an open-enrollment charter  
1-33 school under Subsection (a), the commissioner shall apply the  
1-34 regular program adjustment factor provided under Section 42.101 to  
1-35 calculate the regular program allotment to which a charter school  
1-36 is entitled.

1-37 SECTION 2. Effective September 1, 2016, Subsection (a),  
1-38 Section 12.106, Education Code, is amended to read as follows:

1-39 (a) A charter holder is entitled to receive for the  
1-40 open-enrollment charter school funding under Chapter 42 equal to  
1-41 ~~[the greater of:~~

1-42 ~~[(1) the amount of funding per student in weighted~~  
1-43 ~~average daily attendance, excluding enrichment funding under~~  
1-44 ~~Sections 42.302(a-1)(2) and (3), as they existed on January 1,~~  
1-45 ~~2009, that would have been received for the school during the~~  
1-46 ~~2009-2010 school year under Chapter 42 as it existed on January 1,~~  
1-47 ~~2009, and an additional amount of \$120 for each student in weighted~~  
1-48 ~~average daily attendance; or~~

1-49 ~~[(2)] the amount of funding per student in weighted~~  
1-50 ~~average daily attendance, excluding enrichment funding under~~  
1-51 ~~Section 42.302(a), to which the charter holder would be entitled~~  
1-52 ~~for the school under Chapter 42 if the school were a school district~~  
1-53 ~~without a tier one local share for purposes of Section 42.253 [and~~  
1-54 ~~without any local revenue for purposes of Section 42.2516].~~

1-55 SECTION 3. Section 21.402, Education Code, is amended by  
1-56 amending Subsection (a) and adding Subsection (i) to read as  
1-57 follows:

1-58 (a) Except as provided by Subsection (d)~~[(e)]~~ or (f), a  
1-59 school district must pay each classroom teacher, full-time  
1-60 librarian, full-time counselor certified under Subchapter B, or  
1-61 full-time school nurse not less than the following minimum monthly  
1-62 salary, based on the employee's level of experience:

1-63 Years of Monthly

	<u>Experience</u>	<u>Salary</u>
2-1		
2-2	<u>0</u>	<u>2,732</u>
2-3	<u>1</u>	<u>2,791</u>
2-4	<u>2</u>	<u>2,849</u>
2-5	<u>3</u>	<u>2,908</u>
2-6	<u>4</u>	<u>3,032</u>
2-7	<u>5</u>	<u>3,156</u>
2-8	<u>6</u>	<u>3,280</u>
2-9	<u>7</u>	<u>3,395</u>
2-10	<u>8</u>	<u>3,504</u>
2-11	<u>9</u>	<u>3,607</u>
2-12	<u>10</u>	<u>3,704</u>
2-13	<u>11</u>	<u>3,796</u>
2-14	<u>12</u>	<u>3,884</u>
2-15	<u>13</u>	<u>3,965</u>
2-16	<u>14</u>	<u>4,043</u>
2-17	<u>15</u>	<u>4,116</u>
2-18	<u>16</u>	<u>4,186</u>
2-19	<u>17</u>	<u>4,251</u>
2-20	<u>18</u>	<u>4,313</u>
2-21	<u>19</u>	<u>4,372</u>
2-22	<u>20 &amp; Over</u>	<u>4,427</u>

2-23 ~~[in addition to other factors, as determined by commissioner rule,~~  
 2-24 ~~determined by the following formula:~~

2-25 ~~[MS = SF x FS~~

2-26 ~~where:~~

2-27 ~~["MS" is the minimum monthly salary;~~  
 2-28 ~~["SF" is the applicable salary factor specified by Subsection~~  
 2-29 ~~(c); and~~

2-30 ~~["FS" is the amount, as determined by the commissioner under~~  
 2-31 ~~Subsection (b), of state and local funds per weighted student,~~  
 2-32 ~~including funds provided under Section 42.2516, available to a~~  
 2-33 ~~district eligible to receive state assistance under Section 42.302~~  
 2-34 ~~with a maintenance and operations tax rate per \$100 of taxable value~~  
 2-35 ~~equal to the product of the state compression percentage, as~~  
 2-36 ~~determined under Section 42.2516, multiplied by \$1.50, except that~~  
 2-37 ~~the amount of state and local funds per weighted student does not~~  
 2-38 ~~include the amount attributable to the increase in the guaranteed~~  
 2-39 ~~level made by Chapter 1187, Acts of the 77th Legislature, Regular~~  
 2-40 ~~Session, 2001.]~~

2-41 (i) Not later than January 1, 2013, the commissioner shall  
 2-42 review the minimum salary schedule and submit to the governor, the  
 2-43 lieutenant governor, the speaker of the house of representatives,  
 2-44 and the presiding officer of each legislative standing committee  
 2-45 with primary jurisdiction over primary and secondary education a  
 2-46 written report that recommends the method to be used to determine  
 2-47 the schedule. This subsection expires September 1, 2013.

2-48 SECTION 4. Section 29.1532, Education Code, is amended by  
 2-49 amending Subsection (a) and adding Subsections (d) and (e) to read  
 2-50 as follows:

2-51 (a) A school district's prekindergarten program shall be  
 2-52 designed to develop skills necessary for success in the regular  
 2-53 public school curriculum, including language, mathematics, ~~and~~  
 2-54 social, and school readiness skills that are aligned with the Texas  
 2-55 Prekindergarten Guidelines approved by the commissioner.

2-56 (d) A school district's prekindergarten program must  
 2-57 demonstrate effectiveness in preparing children for kindergarten  
 2-58 according to a school readiness certification system established by  
 2-59 the commissioner. The commissioner may waive participation in the  
 2-60 certification system for a school district whose prekindergarten  
 2-61 program otherwise demonstrates effectiveness in preparing students  
 2-62 for kindergarten.

2-63 (e) The commissioner may adopt rules as necessary to  
 2-64 implement this section.

2-65 SECTION 5. Section 29.154, Education Code, is amended to  
 2-66 read as follows:

2-67 Sec. 29.154. EVALUATION OF PREKINDERGARTEN PROGRAMS.  
 2-68 (a) The commissioner [of education, in consultation with the  
 2-69 commissioner of human services,] shall:

3-1           (1) monitor and evaluate prekindergarten programs as  
 3-2 to their developmental appropriateness and the development of  
 3-3 school readiness, as aligned with the Texas Prekindergarten  
 3-4 Guidelines approved by the commissioner and a school readiness  
 3-5 certification system established by the commissioner;

3-6           (2) [~~The commissioners shall also~~] evaluate the  
 3-7 potential for coordination on a statewide basis of prekindergarten  
 3-8 programs with government-funded early childhood care and education  
 3-9 programs such as child care administered under Chapter 44, Human  
 3-10 Resources Code, and federal Head Start programs; and

3-11           (3) [~~That evaluation shall use recommendations~~  
 3-12 ~~contained in the report to the 71st Legislature required by Chapter~~  
 3-13 ~~717, Acts of the 70th Legislature, Regular Session, 1987. For the~~  
 3-14 ~~purpose of providing cost-effective care for children during the~~  
 3-15 ~~full workday with developmentally appropriate curriculum, the~~  
 3-16 ~~commissioners shall investigate the use of existing child-care~~  
 3-17 ~~program sites as prekindergarten sites. Following the evaluation~~  
 3-18 ~~required by this section, the commissioners,~~] in cooperation with  
 3-19 school districts and other program administrators, [~~shall~~]  
 3-20 integrate programs, staff, and program sites for prekindergarten,  
 3-21 child-care, and federal Head Start programs to the greatest extent  
 3-22 possible.

3-23           (b) The commissioner or an entity acting under a contract  
 3-24 with the commissioner shall provide technical assistance to  
 3-25 implement proven school readiness components to a school district  
 3-26 operating a prekindergarten program under this subchapter that is  
 3-27 not certified by the commissioner following two consecutive review  
 3-28 cycles. The commissioner is not required to provide assistance to a  
 3-29 school district under this subsection if funding is not available.

3-30           (c) The commissioner may adopt rules as necessary to  
 3-31 implement this section.

3-32           SECTION 6. Subsection (a), Section 41.002, Education Code,  
 3-33 is amended to read as follows:

3-34           (a) A school district may not have a wealth per student that  
 3-35 exceeds:

3-36           (1) the wealth per student that generates the amount  
 3-37 of maintenance and operations tax revenue per weighted student  
 3-38 available to a district with maintenance and operations tax revenue  
 3-39 per cent of tax effort equal to the maximum amount provided per cent  
 3-40 under Section 42.101(a) [~~42.101~~], for the district's maintenance  
 3-41 and operations tax effort equal to or less than the rate equal to  
 3-42 the product of the state compression percentage, as determined  
 3-43 under Section 42.2516, multiplied by the maintenance and operations  
 3-44 tax rate adopted by the district for the 2005 tax year;

3-45           (2) the wealth per student that generates the amount  
 3-46 of maintenance and operations tax revenue per weighted student  
 3-47 available to the Austin Independent School District, as determined  
 3-48 by the commissioner in cooperation with the Legislative Budget  
 3-49 Board, for the first six cents by which the district's maintenance  
 3-50 and operations tax rate exceeds the rate equal to the product of the  
 3-51 state compression percentage, as determined under Section 42.2516,  
 3-52 multiplied by the maintenance and operations tax rate adopted by  
 3-53 the district for the 2005 tax year, subject to Section 41.093(b-1);  
 3-54 or

3-55           (3) \$319,500, for the district's maintenance and  
 3-56 operations tax effort that exceeds the first six cents by which the  
 3-57 district's maintenance and operations tax effort exceeds the rate  
 3-58 equal to the product of the state compression percentage, as  
 3-59 determined under Section 42.2516, multiplied by the maintenance and  
 3-60 operations tax rate adopted by the district for the 2005 tax year.

3-61           SECTION 7. Section 42.003, Education Code, is amended by  
 3-62 amending Subsection (b) and adding Subsection (b-1) to read as  
 3-63 follows:

3-64           (b) A student to whom Subsection (a) does not apply is  
 3-65 entitled to the benefits of the Foundation School Program if the  
 3-66 student is enrolled in a prekindergarten class under Section 29.153  
 3-67 that participates in a school readiness certification system  
 3-68 established by the commissioner or that has received a waiver from  
 3-69 participation under Section 29.1532(d).

4-1 (b-1) For the 2011-2012 and 2012-2013 school years, the  
 4-2 commissioner may withhold an amount of the total funds appropriated  
 4-3 for allotments for students described by Subsection (b) to pay the  
 4-4 costs of school districts' participation in the school readiness  
 4-5 certification system. This subsection expires September 1, 2013.

4-6 SECTION 8. The heading to Section 42.101, Education Code,  
 4-7 is amended to read as follows:

4-8 Sec. 42.101. BASIC AND REGULAR PROGRAM ALLOTMENTS  
 4-9 [ALLOTMENT].

4-10 SECTION 9. Effective September 1, 2011, Section 42.101,  
 4-11 Education Code, is amended by amending Subsections (a) and (b) and  
 4-12 adding Subsections (c) and (c-1) to read as follows:

4-13 (a) The basic [For each student in average daily attendance,  
 4-14 not including the time students spend each day in special education  
 4-15 programs in an instructional arrangement other than mainstream or  
 4-16 career and technology education programs, for which an additional  
 4-17 allotment is made under Subchapter C, a district is entitled to an]  
 4-18 allotment is an amount equal to the lesser of \$4,765 or the amount  
 4-19 that results from the following formula:

$$A = \$4,765 \times (\text{DCR}/\text{MCR})$$

4-20 where:

4-21 "A" is the resulting amount for [allotment to which] a  
 4-22 district [is entitled];

4-23 "DCR" is the district's compressed tax rate, which is the  
 4-24 product of the state compression percentage, as determined under  
 4-25 Section 42.2516, multiplied by the maintenance and operations tax  
 4-26 rate adopted by the district for the 2005 tax year; and

4-27 "MCR" is the state maximum compressed tax rate, which is the  
 4-28 product of the state compression percentage, as determined under  
 4-29 Section 42.2516, multiplied by \$1.50.

4-30 (b) A greater amount for any school year for the basic  
 4-31 allotment under Subsection (a) may be provided by appropriation.

4-32 (c) A school district is entitled to a regular program  
 4-33 allotment equal to the amount that results from the following  
 4-34 formula:

$$\text{RPA} = \text{ADA} \times \text{AA} \times \text{RPAF}$$

4-35 where:

4-36 "RPA" is the regular program allotment to which the district  
 4-37 is entitled;

4-38 "ADA" is the number of students in average daily attendance  
 4-39 in a district, not including the time students spend each day in  
 4-40 special education programs in an instructional arrangement other  
 4-41 than mainstream or career and technology education programs, for  
 4-42 which an additional allotment is made under Subchapter C;

4-43 "AA" is the district's adjusted basic allotment, as  
 4-44 determined under Section 42.102 and, if applicable, as further  
 4-45 adjusted under Section 42.103; and

4-46 "RPAF" is the regular program adjustment factor, which is  
 4-47 1.00 or a different amount established by appropriation.

4-48 (c-1) Notwithstanding Subsection (c), the regular program  
 4-49 adjustment factor ("RPAF") is 0.98 for the 2011-2012 and 2012-2013  
 4-50 school years. This subsection expires September 1, 2013.

4-51 SECTION 10. Effective September 1, 2015, Subsection (a),  
 4-52 Section 42.101, Education Code, is amended to read as follows:

4-53 (a) The basic [For each student in average daily attendance,  
 4-54 not including the time students spend each day in special education  
 4-55 programs in an instructional arrangement other than mainstream or  
 4-56 career and technology education programs, for which an additional  
 4-57 allotment is made under Subchapter C, a district is entitled to an]  
 4-58 allotment is an amount equal to the lesser of \$4,900 [ \$4,765 ] or the  
 4-59 amount that results from the following formula:

$$A = \$4,900 [ \$4,765 ] \times (\text{DCR}/\text{MCR})$$

4-60 where:

4-61 "A" is the resulting amount for [allotment to which] a  
 4-62 district [is entitled];

4-63 "DCR" is the district's compressed tax rate, which is the  
 4-64 product of the state compression percentage, as determined under  
 4-65 Section 42.2516, multiplied by the maintenance and operations tax  
 4-66 rate adopted by the district for the 2005 tax year; and

5-1 "MCR" is the state maximum compressed tax rate, which is the  
 5-2 product of the state compression percentage, as determined under  
 5-3 Section 42.2516, multiplied by \$1.50.

5-4 SECTION 11. Effective September 1, 2016, Subsection (a),  
 5-5 Section 42.101, Education Code, is amended to read as follows:

5-6 (a) The basic [~~For each student in average daily attendance,~~  
 5-7 ~~not including the time students spend each day in special education~~  
 5-8 ~~programs in an instructional arrangement other than mainstream or~~  
 5-9 ~~career and technology education programs, for which an additional~~  
 5-10 ~~allotment is made under Subchapter C, a district is entitled to an~~  
 5-11 ~~allotment is an amount equal to the lesser of \$5,000 [\$4,765] or the~~  
 5-12 ~~amount that results from the following formula:~~

$$5-13 \quad A = \underline{\$5,000} [\underline{\$4,765}] \times (\text{DCR}/\text{MCR})$$

5-14 where:

5-15 "A" is the resulting amount for [~~allotment to which] a~~  
 5-16 ~~district [is entitled];~~

5-17 "DCR" is the district's compressed tax rate, which is the  
 5-18 product of the state compression percentage, as determined under  
 5-19 Section 42.2516, multiplied by the maintenance and operations tax  
 5-20 rate adopted by the district for the 2005 tax year; and

5-21 "MCR" is the state maximum compressed tax rate, which is the  
 5-22 product of the state compression percentage, as determined under  
 5-23 Section 42.2516, multiplied by \$1.50.

5-24 SECTION 12. Section 42.105, Education Code, is amended to  
 5-25 read as follows:

5-26 Sec. 42.105. SPARSITY ADJUSTMENT. Notwithstanding  
 5-27 Sections 42.101, 42.102, and 42.103, a school district that has  
 5-28 fewer than 130 students in average daily attendance shall be  
 5-29 provided a regular program [~~an adjusted basic~~] allotment on the  
 5-30 basis of 130 students in average daily attendance if it offers a  
 5-31 kindergarten through grade 12 program and has preceding or current  
 5-32 year's average daily attendance of at least 90 students or is 30  
 5-33 miles or more by bus route from the nearest high school district. A  
 5-34 district offering a kindergarten through grade 8 program whose  
 5-35 preceding or current year's average daily attendance was at least  
 5-36 50 students or which is 30 miles or more by bus route from the  
 5-37 nearest high school district shall be provided a regular program  
 5-38 [~~an adjusted basic~~] allotment on the basis of 75 students in average  
 5-39 daily attendance. An average daily attendance of 60 students shall  
 5-40 be the basis of providing the regular program [~~adjusted basic~~]  
 5-41 allotment if a district offers a kindergarten through grade 6  
 5-42 program and has preceding or current year's average daily  
 5-43 attendance of at least 40 students or is 30 miles or more by bus  
 5-44 route from the nearest high school district.

5-45 SECTION 13. Subsection (a), Section 42.251, Education Code,  
 5-46 is amended to read as follows:

5-47 (a) The sum of the regular program [~~basic~~] allotment under  
 5-48 Subchapter B and the special allotments under Subchapter C,  
 5-49 computed in accordance with this chapter, constitute the tier one  
 5-50 allotments. The sum of the tier one allotments and the guaranteed  
 5-51 yield allotments under Subchapter F, computed in accordance with  
 5-52 this chapter, constitute the total cost of the Foundation School  
 5-53 Program.

5-54 SECTION 14. Subchapter E, Chapter 42, Education Code, is  
 5-55 amended by adding Section 42.2514 to read as follows:

5-56 Sec. 42.2514. ADDITIONAL STATE AID FOR TAX INCREMENT  
 5-57 FINANCING PAYMENTS. For each school year, a school district,  
 5-58 including a school district that is otherwise ineligible for state  
 5-59 aid under this chapter, is entitled to state aid in an amount equal  
 5-60 to the amount the district is required to pay into the tax increment  
 5-61 fund for a reinvestment zone under Section 311.013(n), Tax Code.

5-62 SECTION 15. Effective September 1, 2011, Section 42.2516,  
 5-63 Education Code, is amended by amending Subsections (b), (d), and  
 5-64 (f-2) and adding Subsections (b-2) and (i) to read as follows:

5-65 (b) Notwithstanding any other provision of this title, a  
 5-66 school district that imposes a maintenance and operations tax at a  
 5-67 rate at least equal to the product of the state compression  
 5-68 percentage multiplied by the maintenance and operations tax rate  
 5-69 adopted by the district for the 2005 tax year is entitled to at

6-1 least the amount of state revenue necessary to provide the district  
 6-2 with the sum of:

6-3 (1) the percentage specified by Subsection (i) of the  
 6-4 amount, as calculated under Subsection (e), [the amount] of state  
 6-5 and local revenue per student in weighted average daily attendance  
 6-6 for maintenance and operations that the district would have  
 6-7 received during the 2009-2010 school year under Chapter 41 and this  
 6-8 chapter, as those chapters existed on January 1, 2009, at a  
 6-9 maintenance and operations tax rate equal to the product of the  
 6-10 state compression percentage for that year multiplied by the  
 6-11 maintenance and operations tax rate adopted by the district for the  
 6-12 2005 tax year;

6-13 (2) the percentage specified by Subsection (i) of an  
 6-14 amount equal to the product of \$120 multiplied by the number of  
 6-15 students in weighted average daily attendance in the district; and

6-16 (3) ~~[an amount equal to the amount the district is~~  
 6-17 ~~required to pay into the tax increment fund for a reinvestment zone~~  
 6-18 ~~under Section 311.013(n), Tax Code, in the current tax year; and~~

6-19 ~~[-(4)-] any amount to which the district is entitled~~  
 6-20 ~~under Section 42.106.~~

6-21 (b-2) If a school district adopts a maintenance and  
 6-22 operations tax rate that is below the rate equal to the product of  
 6-23 the state compression percentage multiplied by the maintenance and  
 6-24 operations tax rate adopted by the district for the 2005 tax year,  
 6-25 the commissioner shall reduce the district's entitlement under this  
 6-26 section in proportion to the amount by which the adopted rate is  
 6-27 less than the rate equal to the product of the state compression  
 6-28 percentage multiplied by the rate adopted by the district for the  
 6-29 2005 tax year.

6-30 (d) In determining the amount to which a district is  
 6-31 entitled under Subsection (b)(1), the commissioner shall:

6-32 (1) include the percentage specified by Subsection (i)  
 6-33 of any amounts received by the district during the 2008-2009 school  
 6-34 year under Rider 86, page III-23, Chapter 1428 (H.B. 1), Acts of the  
 6-35 80th Legislature, Regular Session, 2007 (the General  
 6-36 Appropriations Act); and

6-37 (2) for a school district that paid tuition under  
 6-38 Section 25.039 during the 2008-2009 school year, reduce the amount  
 6-39 to which the district is entitled by the amount of tuition paid  
 6-40 during that school year.

6-41 (f-2) The rules adopted by the commissioner under  
 6-42 Subsection (f-1) must:

6-43 (1) require the commissioner to determine, as if this  
 6-44 section did not exist, the effect under Chapter 41 and this chapter  
 6-45 of a school district's action described by Subsection (f-1)(1),  
 6-46 (2), (3), or (4) on the total state revenue to which the district  
 6-47 would be entitled or the cost to the district of purchasing  
 6-48 sufficient attendance credits to reduce the district's wealth per  
 6-49 student to the equalized wealth level; and

6-50 (2) require an increase or reduction in the amount of  
 6-51 state revenue to which a school district is entitled under  
 6-52 Subsection (b)(1) [~~(b)~~] that is substantially equivalent to any  
 6-53 change in total state revenue or the cost of purchasing attendance  
 6-54 credits that would apply to the district if this section did not  
 6-55 exist.

6-56 (i) The percentage to be applied for purposes of Subsections  
 6-57 (b)(1) and (2) and Subsection (d)(1) is 93.50 percent for the  
 6-58 2011-2012 school year and 92.35 percent for each subsequent school  
 6-59 year. A different percentage for any school year may be established  
 6-60 by appropriation.

6-61 SECTION 16. Effective September 1, 2016, the heading to  
 6-62 Section 42.2516, Education Code, is amended to read as follows:

6-63 Sec. 42.2516. STATE COMPRESSION PERCENTAGE [~~ADDITIONAL~~  
 6-64 ~~STATE AID FOR TAX REDUCTION~~].

6-65 SECTION 17. Effective September 1, 2016, Subsection (a),  
 6-66 Section 42.2516, Education Code, is amended to read as follows:

6-67 (a) In this title [~~section~~], "state compression percentage"  
 6-68 means the percentage [~~, as determined by the commissioner,~~]  
 6-69 of a school district's adopted maintenance and operations tax rate for

7-1 the 2005 tax year that serves as the basis for state funding [~~for~~  
 7-2 ~~tax rate reduction under this section~~]. If the state compression  
 7-3 percentage is not established by appropriation for a school year,  
 7-4 the [The] commissioner shall determine the state compression  
 7-5 percentage for each school year based on the percentage by which a  
 7-6 district is able to reduce the district's maintenance and  
 7-7 operations tax rate for that year, as compared to the district's  
 7-8 adopted maintenance and operations tax rate for the 2005 tax year,  
 7-9 as a result of state funds appropriated for [~~distribution under~~  
 7-10 this section for] that year from the property tax relief fund  
 7-11 established under Section 403.109, Government Code, or from another  
 7-12 funding source available for school district property tax relief.

7-13 SECTION 18. Effective September 1, 2011, Subsection (a),  
 7-14 Section 42.25161, Education Code, is amended to read as follows:

7-15 (a) The commissioner shall provide South Texas Independent  
 7-16 School District with the amount of state aid necessary to ensure  
 7-17 that the district receives an amount of state and local revenue per  
 7-18 student in weighted average daily attendance that is at least the  
 7-19 percentage specified by Section 42.2516(i) of \$120 greater than the  
 7-20 amount the district would have received per student in weighted  
 7-21 average daily attendance during the 2009-2010 school year under  
 7-22 this chapter, as it existed on January 1, 2009, at a maintenance and  
 7-23 operations tax rate equal to the product of the state compression  
 7-24 percentage multiplied by the maintenance and operations tax rate  
 7-25 adopted by the district for the 2005 tax year, provided that the  
 7-26 district imposes a maintenance and operations tax at that rate.

7-27 SECTION 19. Effective September 1, 2011, Subsection (h),  
 7-28 Section 42.253, Education Code, is amended to read as follows:

7-29 (h) If the amount appropriated for the Foundation School  
 7-30 Program for the second year of a state fiscal biennium is less than  
 7-31 the amount to which school districts are entitled for that year, the  
 7-32 commissioner shall certify the amount of the difference to the  
 7-33 Legislative Budget Board not later than January 1 of the second year  
 7-34 of the state fiscal biennium. The Legislative Budget Board shall  
 7-35 propose to the legislature that the certified amount be transferred  
 7-36 to the foundation school fund from the economic stabilization fund  
 7-37 and appropriated for the purpose of increases in allocations under  
 7-38 this subsection. If the legislature fails during the regular  
 7-39 session to enact the proposed transfer and appropriation and there  
 7-40 are not funds available under Subsection (j), the commissioner  
 7-41 shall adjust [~~reduce~~] the total amounts due to each school district  
 7-42 under this chapter and the total amounts necessary for each school  
 7-43 district to comply with the requirements of Chapter 41 [~~amount of~~  
 7-44 state funds allocated to each district] by an amount determined by  
 7-45 applying to each district, including a district receiving funds  
 7-46 under Section 42.2516, the same percentage adjustment so that the  
 7-47 total amount of the adjustment to all districts [~~a method under~~  
 7-48 which the application of the same number of cents of increase in tax  
 7-49 rate in all districts applied to the taxable value of property of  
 7-50 each district, as determined under Subchapter M, Chapter 403,  
 7-51 Government Code,] results in an amount [~~a total levy~~] equal to the  
 7-52 total adjustment necessary [~~reduction~~]. The following fiscal year:

7-53 (1) [~~7~~] a district's entitlement under this section is  
 7-54 increased by an amount equal to the adjustment [~~reduction~~] made  
 7-55 under this subsection; and

7-56 (2) the amount necessary for a district to comply with  
 7-57 the requirements of Chapter 41 is reduced by an amount equal to the  
 7-58 adjustment made under this subsection.

7-59 SECTION 20. Effective September 1, 2016, Subsection (h),  
 7-60 Section 42.253, Education Code, is amended to read as follows:

7-61 (h) If the amount appropriated for the Foundation School  
 7-62 Program for the second year of a state fiscal biennium is less than  
 7-63 the amount to which school districts are entitled for that year, the  
 7-64 commissioner shall certify the amount of the difference to the  
 7-65 Legislative Budget Board not later than January 1 of the second year  
 7-66 of the state fiscal biennium. The Legislative Budget Board shall  
 7-67 propose to the legislature that the certified amount be transferred  
 7-68 to the foundation school fund from the economic stabilization fund  
 7-69 and appropriated for the purpose of increases in allocations under

8-1 this subsection. If the legislature fails during the regular  
 8-2 session to enact the proposed transfer and appropriation and there  
 8-3 are not funds available under Subsection (j), the commissioner  
 8-4 shall adjust ~~[reduce]~~ the total amounts due to each school district  
 8-5 under this chapter and the total amounts necessary for each school  
 8-6 district to comply with the requirements of Chapter 41 ~~[amount of~~  
 8-7 ~~state funds allocated to each district]~~ by an amount determined by  
 8-8 applying to each district the same percentage adjustment so that  
 8-9 the total amount of the adjustment to all districts ~~[a method under~~  
 8-10 ~~which the application of the same number of cents of increase in tax~~  
 8-11 ~~rate in all districts applied to the taxable value of property of~~  
 8-12 ~~each district, as determined under Subchapter M, Chapter 403,~~  
 8-13 ~~Government Code,~~] results in an amount ~~[a total levy]~~ equal to the  
 8-14 total adjustment necessary ~~[reduction]~~. The following fiscal year:

8-15 (1) ~~[→]~~ a district's entitlement under this section is  
 8-16 increased by an amount equal to the adjustment ~~[reduction]~~ made  
 8-17 under this subsection; and

8-18 (2) the amount necessary for a district to comply with  
 8-19 the requirements of Chapter 41 is reduced by an amount equal to the  
 8-20 adjustment made under this subsection.

8-21 SECTION 21. Subsection (b), Section 42.260, Education Code,  
 8-22 is amended to read as follows:

8-23 (b) For each year, the commissioner shall certify to each  
 8-24 school district or participating charter school the amount of ~~[+~~

8-25 ~~[(1)]~~ additional funds to which the district or school  
 8-26 is entitled due to the increase made by H.B. No. 3343, Acts of the  
 8-27 77th Legislature, Regular Session, 2001, to:

8-28 (1) ~~[(A)]~~ the equalized wealth level under Section  
 8-29 41.002; or

8-30 (2) ~~[(B)]~~ the guaranteed level of state and local  
 8-31 funds per weighted student per cent of tax effort under Section  
 8-32 42.302 ~~[, or~~

8-33 ~~[(2) additional state aid to which the district or~~  
 8-34 ~~school is entitled under Section 42.2513].~~

8-35 SECTION 22. Section 44.004, Education Code, is amended by  
 8-36 adding Subsection (g-1) to read as follows:

8-37 (g-1) If the rate calculated under Subsection  
 8-38 (c)(5)(A)(ii)(b) decreases after the publication of the notice  
 8-39 required by this section, the president is not required to publish  
 8-40 another notice or call another meeting to discuss and adopt the  
 8-41 budget and the proposed lower tax rate.

8-42 SECTION 23. Subsection (a), Section 26.05, Tax Code, is  
 8-43 amended to read as follows:

8-44 (a) The governing body of each taxing unit, before the later  
 8-45 of September 30 or the 60th day after the date the certified  
 8-46 appraisal roll is received by the taxing unit, shall adopt a tax  
 8-47 rate for the current tax year and shall notify the assessor for the  
 8-48 unit of the rate adopted. The tax rate consists of two components,  
 8-49 each of which must be approved separately. The components are:

8-50 (1) for a taxing unit other than a school district, the  
 8-51 rate that, if applied to the total taxable value, will impose the  
 8-52 total amount published under Section 26.04(e)(3)(C), less any  
 8-53 amount of additional sales and use tax revenue that will be used to  
 8-54 pay debt service, or, for a school district, the rate calculated  
 8-55 ~~[published]~~ under Section 44.004(c)(5)(A)(ii)(b), Education Code;  
 8-56 and

8-57 (2) the rate that, if applied to the total taxable  
 8-58 value, will impose the amount of taxes needed to fund maintenance  
 8-59 and operation expenditures of the unit for the next year.

8-60 SECTION 24. Effective September 1, 2016, Subsection (i),  
 8-61 Section 26.08, Tax Code, is amended to read as follows:

8-62 (i) For purposes of this section, the effective maintenance  
 8-63 and operations tax rate of a school district is the tax rate that,  
 8-64 applied to the current total value for the district, would impose  
 8-65 taxes in an amount that, when added to state funds that would be  
 8-66 distributed to the district under Chapter 42, Education Code, for  
 8-67 the school year beginning in the current tax year using that tax  
 8-68 rate, ~~[including state funds that will be distributed to the~~  
 8-69 ~~district in that school year under Section 42.2516, Education~~



9-1 ~~Code,~~] would provide the same amount of state funds distributed  
9-2 under Chapter 42, Education Code, [~~including state funds~~  
9-3 ~~distributed under Section 42.2516, Education Code,~~] and  
9-4 maintenance and operations taxes of the district per student in  
9-5 weighted average daily attendance for that school year that would  
9-6 have been available to the district in the preceding year if the  
9-7 funding elements for Chapters 41 and 42, Education Code, for the  
9-8 current year had been in effect for the preceding year.

9-9 SECTION 25. Subsection (n), Section 311.013, Tax Code, is  
9-10 amended to read as follows:

9-11 (n) This subsection applies only to a school district whose  
9-12 taxable value computed under Section 403.302(d), Government Code,  
9-13 is reduced in accordance with Subdivision (4) of that  
9-14 subsection. In addition to the amount otherwise required to be  
9-15 paid into the tax increment fund, the district shall pay into the  
9-16 fund an amount equal to the amount by which the amount of taxes the  
9-17 district would have been required to pay into the fund in the  
9-18 current year if the district levied taxes at the rate the district  
9-19 levied in 2005 exceeds the amount the district is otherwise  
9-20 required to pay into the fund in the year of the reduction. This  
9-21 additional amount may not exceed the amount the school district  
9-22 receives in state aid for the current tax year under Section  
9-23 42.2514, Education Code. The school district shall pay the  
9-24 additional amount after the district receives the state aid to  
9-25 which the district is entitled for the current tax year under  
9-26 Section 42.2514, Education Code.

9-27 SECTION 26. Effective September 1, 2011, the following  
9-28 provisions of the Education Code are repealed:

9-29 (1) Subsections (b), (c), (c-1), (c-2), (c-3), and  
9-30 (e), Section 21.402;

9-31 (2) Section 42.008; and

9-32 (3) Subsections (a-1) and (a-2), Section 42.101.

9-33 SECTION 27. (a) Effective September 1, 2016, the following  
9-34 provisions of the Education Code are repealed:

9-35 (1) Section 41.0041;

9-36 (2) Subsections (b), (b-1), (b-2), (c), (d), (e), (f),  
9-37 (f-1), (f-2), (f-3), and (i), Section 42.2516;

9-38 (3) Section 42.25161;

9-39 (4) Subsection (c), Section 42.2523;

9-40 (5) Subsection (g), Section 42.2524;

9-41 (6) Subsection (c-1), Section 42.253; and

9-42 (7) Section 42.261.

9-43 (b) Effective September 1, 2016, Subsections (i-1) and (j),  
9-44 Section 26.08, Tax Code, are repealed.

9-45 SECTION 28. Except as otherwise provided by this Act, the  
9-46 changes in law made by this Act to Chapter 42, Education Code, apply  
9-47 beginning with the 2011-2012 school year.

9-48 SECTION 29. The change in law made by Subsection (g-1),  
9-49 Section 44.004, Education Code, as added by this Act, applies  
9-50 beginning with adoption of a tax rate for the 2011 tax year.

9-51 SECTION 30. Except as otherwise provided by this Act:

9-52 (1) this Act takes effect immediately if it receives a  
9-53 vote of two-thirds of all the members elected to each house, as  
9-54 provided by Section 39, Article III, Texas Constitution; and

9-55 (2) if this Act does not receive the vote necessary for  
9-56 immediate effect, this Act takes effect September 1, 2011.

9-57

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