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HOUSE OF REPRESENTATIVES

A.P. Waller

FLOOR AMENDMENT NO. _____

BY: _____

1 Amend H.B. No. 1759 by striking all below the enacting clause
2 and substituting the following:

3 SECTION 1. Section 29.918(a), Education Code, is amended to
4 read as follows:

5 (a) Notwithstanding Section [~~39.234 or~~] 42.152, a school
6 district or open-enrollment charter school with a high dropout
7 rate, as determined by the commissioner, must submit a plan to the
8 commissioner describing the manner in which the district or charter
9 school intends to use the compensatory education allotment under
10 Section 42.152 [~~and the high school allotment under Section 42.160~~]
11 for developing and implementing research-based strategies for
12 dropout prevention. The district or charter school shall submit
13 the plan not later than December 1 of each school year preceding the
14 school year in which the district or charter school will receive the
15 compensatory education allotment or high school allotment to which
16 the plan applies.

17 SECTION 2. Section 39.0233(a), Education Code, is amended
18 to read as follows:

19 (a) The agency, in coordination with the Texas Higher
20 Education Coordinating Board, shall adopt a series of questions to
21 be included in an end-of-course assessment instrument administered
22 under Section 39.023(c) to be used for purposes of Section 51.3062.
23 The questions adopted under this subsection must be developed in a
24 manner consistent with any college readiness standards adopted
25 under Section [~~Sections 39.233 and~~] 51.3062.

26 SECTION 3. Section 41.002(a), Education Code, is amended to
27 read as follows:

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

1 (1) the wealth per student that generates the amount
2 of maintenance and operations tax revenue per weighted student
3 available to a district with maintenance and operations tax revenue
4 per cent of tax effort equal to the maximum amount provided per cent
5 under Section 42.101(a) or (b), for the district's maintenance and
6 operations tax effort equal to or less than the rate equal to the
7 product of the state compression percentage, as determined under
8 Section 42.2516, multiplied by the maintenance and operations tax
9 rate adopted by the district for the 2005 tax year;

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

20 (3) \$544,000 for the 2015-2016 school year and
21 \$584,000 for the 2016-2017 and subsequent school years [~~\$319,500~~],
22 for the district's maintenance and operations tax effort that
23 exceeds the first six cents by which the district's maintenance and
24 operations tax effort exceeds the rate equal to the product of the
25 state compression percentage, as determined under Section 42.2516,
26 multiplied by the maintenance and operations tax rate adopted by
27 the district for the 2005 tax year.

28 SECTION 4. Subchapter A, Chapter 42, Education Code, is
29 amended by adding Sections 42.010 and 42.013 to read as follows:

30 Sec. 42.010. COMPREHENSIVE REVIEW OF PUBLIC SCHOOL FINANCE
31 WEIGHTS, ALLOTMENTS, AND ADJUSTMENTS. (a) The agency shall

1 conduct a comprehensive review of weights, allotments, and
2 adjustments under the public school finance system, including all
3 current weights, allotments, and adjustments provided under this
4 chapter and any additional weights, allotments, and adjustments
5 that the agency determines may be appropriate. The review must
6 determine the effectiveness of existing weights, allotments, and
7 adjustments in fulfilling the mission of the public education
8 system stated in Section 4.001(a) and furthering the state policy
9 stated in Section 42.001. At a minimum, the review must determine
10 how closely and appropriately each of the following elements
11 reflects and provides financing for costs beyond the control of
12 school districts:

13 (1) adjustments for costs related to the geographic
14 variation in known resource costs and costs of education,
15 controlling for the impact of unequalized wealth and hold-harmless
16 provisions, and properly reflecting the impact of high
17 concentrations of poverty on the compensation that school districts
18 must pay to attract and retain teachers of comparable or
19 appropriate quality;

20 (2) adjustments for costs related to the size and
21 diseconomies of scale of school districts;

22 (3) adjustments for costs related to the varying
23 instructional needs and characteristics of students and the extent
24 to which the adjustments provide each student with access to
25 programs and services that are appropriate to the student's
26 educational needs;

27 (4) other factors, in addition to economic status,
28 that correlate to at-risk status and the need for compensatory
29 education, and the degree to which those factors correspond to
30 additional educational costs; and

31 (5) the manner in which the cost adjustments are

1 applied to and affect the overall school finance system.

2 (b) The review of the adjustments described in Subsection
3 (a)(1) must:

4 (1) address all uncontrollable costs that can
5 reasonably be quantified;

6 (2) consider the qualifications, experience, and
7 turnover rate of personnel and the impact of those factors on
8 student achievement in considering the adequacy and comparability
9 of salaries;

10 (3) properly address the impact of factors that have a
11 large impact on certain types of school districts, such as extreme
12 isolation, regardless of general state impact;

13 (4) include only factors for which a rational economic
14 argument can be made;

15 (5) be carefully constructed to make sure that a cost
16 factor does not significantly affect more than one variable; and

17 (6) not be artificially adjusted to meet predetermined
18 outcomes and must not use arbitrary limits.

19 (c) In determining whether any additional weights,
20 allotments, and adjustments are appropriate under the public school
21 finance system, as required by Subsection (a), the agency shall
22 include consideration of an additional weight for educational
23 services provided to students in prekindergarten on a half-day
24 basis and on a full-day basis.

25 (d) The agency may contract with one or more consultants if
26 necessary to enable the agency to perform its duties under this
27 section.

28 (e) The Legislative Budget Board, the comptroller, the
29 state auditor, and any other state agency, official, or personnel
30 shall cooperate with the agency in carrying out its duties under
31 this section.

1 (f) Not later than December 1, 2016, the agency shall
2 provide a report that:

3 (1) states the findings of the review conducted under
4 this section; and

5 (2) includes recommendations for updated weights,
6 allotments, and adjustments and any other statutory changes
7 considered appropriate by the agency.

8 (g) This section expires January 1, 2017.

9 Sec. 42.013. STUDY OF LEGISLATION ON SCHOOL FUNDING. (a)
10 After each legislative session, the commissioner shall conduct a
11 study assessing the manner in which any statute enacted or amended
12 during that legislative session affects the equalized wealth level
13 of a school district under Chapter 41 or the foundation school
14 program under this chapter and whether the standard of neutrality
15 described under Section 42.001(b) is maintained.

16 (b) The study under this section must:

17 (1) include an analysis of the effects of legislation
18 on each school district in the state; and

19 (2) indicate how a school district compares to other
20 districts with respect to:

21 (A) property wealth per weighted student;

22 (B) revenue per weighted student;

23 (C) tax effort; and

24 (D) revenue per cent of tax effort.

25 (c) The commissioner shall issue a report on the study's
26 findings to the governor, the lieutenant governor, the speaker of
27 the house of representatives, and the legislature. The
28 commissioner shall make the report available to the public on the
29 agency's Internet website.

30 SECTION 5. Section 42.101, Education Code, as effective
31 September 1, 2015, is amended by amending Subsection (a) and adding

Subsection (c) to read as follows:

(a) Except as provided by Subsection (c), for ~~[For]~~ each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment equal to the lesser of \$5,440 ~~[\$4,765]~~ or the amount that results from the following formula:

$$A = \underline{\$5,440} \text{ } \underline{\$4,765} \text{] X (DCR/MCR)}$$

where:

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

"DCR" is the district's compressed tax rate, which is 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; and

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

(c) For a school district that would be entitled under this section to a basic allotment of more than \$6,500 for each student in average daily attendance, the commissioner shall adjust the district's basic allotment by a factor of 0.9239.

SECTION 6. Effective September 1, 2016, Section 42.101(a), Education Code, as effective September 1, 2015, is amended to read as follows:

(a) Except as provided by Subsection (c), for ~~[For]~~ each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is

1 made under Subchapter C, a district is entitled to an allotment
2 equal to the lesser of \$5,840 [~~\$4,765~~] or the amount that results
3 from the following formula:

$$4 \quad A = \underline{\$5,840} [\$4,765] \times (\text{DCR}/\text{MCR})$$

5 where:

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

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

11 "MCR" is the state maximum compressed tax rate, which is the
12 product of the state compression percentage, as determined under
13 Section 42.2516, multiplied by \$1.50.

14 SECTION 7. Sections 42.152(a) and (c), Education Code, are
15 amended to read as follows:

16 (a) For each student who is educationally disadvantaged or
17 who is a student who does not have a disability and resides in a
18 residential placement facility in a district in which the student's
19 parent or legal guardian does not reside, a district is entitled to
20 an annual allotment equal to the adjusted basic allotment
21 multiplied by 0.25 [~~0.2~~], and by 2.41 for each full-time equivalent
22 student who is in a compensatory, intensive, or accelerated
23 [~~remedial and support~~] program under Section 29.081 because the
24 student is pregnant.

25 (c) Funds allocated under this section shall be used to fund
26 supplemental programs and services designed to eliminate any
27 disparity in performance on assessment instruments administered
28 under Subchapter B, Chapter 39, or disparity in the rates of high
29 school completion between students at risk of dropping out of
30 school, as defined by Section 29.081, and all other
31 students. Specifically, the funds, other than an indirect cost

1 allotment established under State Board of Education rule, which
2 may not exceed 25 ~~[45]~~ percent, may be used to meet the costs of
3 providing a compensatory, intensive, or accelerated instruction
4 program under Section 29.081 or a disciplinary alternative
5 education program established under Section 37.008, to pay the
6 costs associated with placing students in a juvenile justice
7 alternative education program established under Section 37.011, or
8 to support a program eligible under Title I of the Elementary and
9 Secondary Education Act of 1965, as provided by Pub. L. No. 103-382
10 and its subsequent amendments, and by federal regulations
11 implementing that Act, at a campus at which at least 40 percent of
12 the students are educationally disadvantaged. In meeting the
13 costs of providing a compensatory, intensive, or accelerated
14 instruction program under Section 29.081, a district's
15 compensatory education allotment shall be used for costs
16 supplementary to the regular education program, such as costs for
17 program and student evaluation, instructional materials and
18 equipment and other supplies required for quality instruction,
19 supplemental staff expenses, salary for teachers of at-risk
20 students, smaller class size, and individualized instruction. A
21 home-rule school district or an open-enrollment charter school must
22 use funds allocated under Subsection (a) for a purpose authorized
23 in this subsection but is not otherwise subject to Subchapter C,
24 Chapter 29. For purposes of this subsection, a program
25 specifically designed to serve students at risk of dropping out of
26 school, as defined by Section 29.081, is considered to be a program
27 supplemental to the regular education program, and a district may
28 use its compensatory education allotment for such a program.

29 SECTION 8. Section 42.153(a), Education Code, is amended to
30 read as follows:

31 (a) For each student in average daily attendance in a

1 bilingual education or special language program under Subchapter B,
2 Chapter 29, a district is entitled to an annual allotment equal to
3 the adjusted basic allotment multiplied by 0.25 ~~[0.1]~~.

4 SECTION 9. Sections 42.2516(b) and (i), Education Code, as
5 effective until September 1, 2017, are amended to read as follows:

6 (b) Notwithstanding any other provision of this title, a
7 school district that imposes a maintenance and operations tax at a
8 rate at least equal to the product of the state compression
9 percentage multiplied by the maintenance and operations tax rate
10 adopted by the district for the 2005 tax year is entitled to at
11 least the amount of state revenue necessary to provide the district
12 with the sum of:

13 (1) the percentage specified by Subsection (i) of the
14 amount, as calculated under Subsection (e), of state and local
15 revenue per student in weighted average daily attendance for
16 maintenance and operations that the district would have received
17 during the 2009-2010 school year under Chapter 41 and this chapter,
18 as those chapters existed on January 1, 2009, at a maintenance and
19 operations tax rate equal to the product of the state compression
20 percentage for that year multiplied by the maintenance and
21 operations tax rate adopted by the district for the 2005 tax year;
22 and

23 (2) ~~[the percentage specified by Subsection (i) of an~~
24 ~~amount equal to the product of \$120 multiplied by the number of~~
25 ~~students in weighted average daily attendance in the district, and~~

26 ~~[(3)]~~ any amount to which the district is entitled
27 under Section 42.106.

28 (i) The percentage to be applied for purposes of Subsection
29 ~~[Subsections]~~ (b)(1) ~~[and (2)]~~ and Subsection (d)(1) is 92.35
30 ~~[100.00]~~ percent for the 2015-2016 ~~[2011-2012]~~ school year and
31 84.70 ~~[92.35]~~ percent for the 2016-2017 ~~[2012-2013]~~ school

1 year. [~~For the 2013-2014 school year and each subsequent school~~
2 ~~year, the legislature by appropriation shall establish the~~
3 ~~percentage reduction to be applied.~~]

4 SECTION 10. Sections 42.302(a) and (a-1), Education Code,
5 are amended 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:

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

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 calculated by dividing the sum of the school
22 district's allotments under Subchapters B and C, less any allotment
23 to the district for transportation, any allotment under Section
24 42.158 [~~or 42.160~~], and 50 percent of the adjustment under Section
25 42.102, by the basic allotment for the applicable year;

26 "DTR" is the district enrichment tax rate of the school
27 district, which is determined by subtracting the amounts specified
28 by Subsection (b) from the total amount of maintenance and
29 operations taxes collected by the school district for the
30 applicable school year and dividing the difference by the quotient
31 of the district's taxable value of property as determined under

1 Subchapter M, Chapter 403, Government Code, or, if applicable,
2 under Section 42.2521, divided by 100; and

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

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

12 (1) the greater of \$70 or the amount of district tax
13 revenue per weighted student per cent of tax effort that would be
14 available to the school district at the 92nd percentile of wealth
15 per student [~~Austin Independent School District~~], as determined by
16 the commissioner in cooperation with the Legislative Budget Board,
17 if the reduction of the limitation on tax increases as provided by
18 Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply, [~~or~~
19 ~~the amount of district tax revenue per weighted student per cent of~~
20 ~~tax effort used for purposes of this subdivision in the preceding~~
21 ~~school year,~~] for the first six cents by which the district's
22 maintenance and operations tax rate exceeds the rate equal to the
23 product of the state compression percentage, as determined under
24 Section 42.2516, multiplied by the maintenance and operations tax
25 rate adopted by the district for the 2005 tax year; and

26 (2) \$54.40 for the 2015-2016 school year and \$58.40
27 for the 2016-2017 and subsequent school years [~~\$31.95~~], for the
28 district's maintenance and operations tax effort that exceeds the
29 amount of tax effort described by Subdivision (1).

30 SECTION 11. The following provisions of the Education Code
31 are repealed:

- 1 (1) Section 29.097(g);
- 2 (2) Section 29.098(e);
- 3 (3) Section 39.233;
- 4 (4) Section 39.234; and
- 5 (5) Section 42.160.

6 SECTION 12. Except as otherwise provided by this Act, this
7 Act takes effect September 1, 2015.