

By: Huberty, Zerwas, Bernal, et al.

H.B. No. 21

A BILL TO BE ENTITLED

AN ACT

relating to the public school finance system.

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

SECTION 1. Section 11.158(a), Education Code, is amended to read as follows:

(a) The board of trustees of an independent school district may require payment of:

(1) a fee for materials used in any program in which the resultant product in excess of minimum requirements becomes, at the student's option, the personal property of the student, if the fee does not exceed the cost of materials;

(2) membership dues in student organizations or clubs and admission fees or charges for attending extracurricular activities, if membership or attendance is voluntary;

(3) a security deposit for the return of materials, supplies, or equipment;

(4) a fee for personal physical education and athletic equipment and apparel, although any student may provide the student's own equipment or apparel if it meets reasonable requirements and standards relating to health and safety established by the board;

(5) a fee for items of personal use or products that a student may purchase at the student's option, such as student publications, class rings, annuals, and graduation announcements;

- 1           (6) a fee specifically permitted by any other statute;
- 2           (7) a fee for an authorized voluntary student health  
3 and accident benefit plan;
- 4           (8) a reasonable fee, not to exceed the actual annual  
5 maintenance cost, for the use of musical instruments and uniforms  
6 owned or rented by the district;
- 7           (9) a fee for items of personal apparel that become the  
8 property of the student and that are used in extracurricular  
9 activities;
- 10          (10) a parking fee or a fee for an identification card;
- 11          (11) a fee for a driver training course, not to exceed  
12 the actual district cost per student in the program for the current  
13 school year;
- 14          (12) a fee for a course offered for credit that  
15 requires the use of facilities not available on the school premises  
16 or the employment of an educator who is not part of the school's  
17 regular staff, if participation in the course is at the student's  
18 option;
- 19          (13) a fee for a course offered during summer school,  
20 except that the board may charge a fee for a course required for  
21 graduation only if the course is also offered without a fee during  
22 the regular school year;
- 23          (14) a reasonable fee for transportation of a student  
24 who lives within two miles of the school the student attends to and  
25 from that school[~~, except that the board may not charge a fee for~~  
26 ~~transportation for which the school district receives funds under~~  
27 ~~Section 42.155(d)]; or~~

1 (15) a reasonable fee, not to exceed \$50, for costs  
2 associated with an educational program offered outside of regular  
3 school hours through which a student who was absent from class  
4 receives instruction voluntarily for the purpose of making up the  
5 missed instruction and meeting the level of attendance required  
6 under Section 25.092 [~~or~~

7 [~~(16) if the district does not receive any funds under~~  
8 ~~Section 42.155 and does not participate in a county transportation~~  
9 ~~system for which an allotment is provided under Section 42.155(i),~~  
10 ~~a reasonable fee for the transportation of a student to and from the~~  
11 ~~school the student attends].~~

12 SECTION 2. Effective September 1, 2018, Section  
13 12.106(a-1), Education Code, is amended to read as follows:

14 (a-1) In determining funding for an open-enrollment charter  
15 school under Subsection (a):

16 (1) [~~or~~] adjustments under Sections 42.102, [~~42.103,~~  
17 42.104, and 42.105 are based on the average adjustment for the  
18 state; and

19 (2) the adjustment under Section 42.103 is based on  
20 the average adjustment for the state that would have been provided  
21 under that section as it existed on January 1, 2018.

22 SECTION 3. Section 29.153(c), Education Code, is amended to  
23 read as follows:

24 (c) A prekindergarten class under this section shall be  
25 operated on a half-day basis. A district is not required to provide  
26 transportation for a prekindergarten class [~~but transportation,~~  
27 ~~if provided, is included for funding purposes as part of the regular~~

1 ~~transportation system~~].

2 SECTION 4. Sections 29.918(a) and (b), Education Code, are  
3 amended to read as follows:

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

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

26 SECTION 5. Subchapter C, Chapter 30, Education Code, is  
27 amended by adding Section 30.0561 to read as follows:

1       Sec. 30.0561. TRANSPORTATION ALLOTMENT. The Texas School  
2 for the Deaf is entitled to a transportation allotment paid from the  
3 foundation school fund. The commissioner shall determine the  
4 appropriate allotment.

5       SECTION 6. Section 30.087(c), Education Code, is amended to  
6 read as follows:

7       (c) A school district may receive an allotment paid from the  
8 foundation school fund for transportation of students  
9 participating in a regional day school program, as determined by  
10 the commissioner [~~in the same manner as an allotment for the~~  
11 ~~transportation of other special education students~~].

12       SECTION 7. Section 34.002(c), Education Code, is amended to  
13 read as follows:

14       (c) The commissioner shall reduce the basic allotment  
15 provided under Section 42.101 for each student in average daily  
16 attendance by \$125 for a [A] school district that fails or refuses  
17 to meet the safety standards for school buses established under  
18 this section [~~is ineligible to share in the transportation~~  
19 ~~allotment under Section 42.155~~] until the first anniversary of the  
20 date the district begins complying with the safety standards.

21       SECTION 8. Section 34.007, Education Code, is amended by  
22 adding Subsection (c) to read as follows:

23       (c) A county transportation system is not entitled to  
24 receive funding for transportation costs directly from the state.  
25 Funding for a county transportation system is provided by each  
26 school district participating in the county transportation system  
27 in accordance with the terms of the interlocal contract under

1 Chapter 791, Government Code, under which the county provides  
2 transportation services for the participating districts.

3 SECTION 9. Section 39.0233(a), Education Code, as amended  
4 by H.B. 2223, Acts of the 85th Legislature, Regular Session, 2017,  
5 is amended to read as follows:

6 (a) The agency, in coordination with the Texas Higher  
7 Education Coordinating Board, shall adopt a series of questions to  
8 be included in an end-of-course assessment instrument administered  
9 under Section 39.023(c) to be used for purposes of Subchapter F-1,  
10 Chapter 51. The questions adopted under this subsection must be  
11 developed in a manner consistent with any college readiness  
12 standards adopted under [~~Section 39.233 and~~] Subchapter F-1,  
13 Chapter 51.

14 SECTION 10. Section 41.099(a), Education Code, is amended  
15 to read as follows:

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

18 (1) executes an agreement to purchase all attendance  
19 credits necessary to reduce the district's wealth per student to  
20 the equalized wealth level;

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

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

27 (A) to an extent that does not provide more than

1 10 percent of the reduction in wealth per student required for the  
2 district to achieve a wealth per student that is equal to or less  
3 than the equalized wealth level; and

4 (B) under which all revenue paid by the district  
5 to other districts, in excess of the reduction in state aid that  
6 results from counting the weighted average daily attendance of the  
7 students served in the contracting district, is required to be used  
8 for funding a consortium of at least three districts in a county  
9 with a population of less than 40,000 that is formed to support a  
10 technology initiative.

11 SECTION 11. Section 41.257, Education Code, is amended to  
12 read as follows:

13 Sec. 41.257. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS  
14 [~~AND TRANSPORTATION ALLOTMENT~~]. The budget of the consolidated  
15 district must apply the benefit of the adjustment or allotment to  
16 the schools of the consolidating district to which Section 42.103  
17 or ~~[7] 42.105~~ [~~or 42.155~~] would have applied in the event that the  
18 consolidated district still qualifies as a small or sparse  
19 district.

20 SECTION 12. Section 42.006(a-1), Education Code, is amended  
21 to read as follows:

22 (a-1) The commissioner by rule shall require each school  
23 district and open-enrollment charter school to report through the  
24 Public Education Information Management System information  
25 regarding the number of students enrolled in the district or school  
26 who are identified as having dyslexia or related disorders. The  
27 agency shall maintain the information provided in accordance with

1 this subsection.

2 SECTION 13. Section 42.101(a), Education Code, is amended  
3 to read as follows:

4 (a) For each student in average daily attendance, not  
5 including the time students spend each day in special education  
6 programs in an instructional arrangement other than mainstream or  
7 career and technology education programs, for which an additional  
8 allotment is made under Subchapter C, a district is entitled to an  
9 allotment equal to the lesser of \$5,140 [~~\$4,765~~] or the amount that  
10 results from the following formula:

$$11 \quad A = \underline{\$5,140} [\del{\$4,765}] \times (\text{DCR}/\text{MCR})$$

12 where:

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

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

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

21 SECTION 14. Effective September 1, 2023, Sections 42.103(b)  
22 and (d), Education Code, are amended to read as follows:

23 (b) The basic allotment of a school district that [~~contains~~  
24 ~~at least 300 square miles and~~] has not more than 1,600 students in  
25 average daily attendance is adjusted by applying the formula:

$$26 \quad AA = (1 + ((1,600 - \text{ADA}) \times .0004)) \times \text{ABA}$$

27 (d) The basic allotment of a school district that offers a



1 kindergarten through grade 12 program and has less than 5,000  
2 students in average daily attendance is adjusted by applying the  
3 formula, of the following formulas, that results in the greatest  
4 adjusted allotment:

5 (1) the formula in Subsection (b), if [~~or (c) for~~  
6 ~~which~~] the district is eligible for that formula; or

7 (2)  $AA = (1 + ((5,000 - ADA) \times .000025)) \times ABA$ .

8 SECTION 15. Effective September 1, 2018, Section 42.103(c),  
9 Education Code, is amended to read as follows:

10 (c) The basic allotment of a school district that contains  
11 less than 300 square miles and has not more than 1,600 students in  
12 average daily attendance is adjusted by applying the following  
13 formulas [~~formula~~]:

14 (1) for the fiscal year beginning September 1, 2018:

15  $AA = (1 + ((1,600 - ADA) \times \underline{.000275} [\del{.00025}])) \times ABA$

16 i

17 (2) for the fiscal year beginning September 1, 2019:

18  $AA = (1 + ((1,600 - ADA) \times \underline{.00030})) \times ABA$

19 i

20 (3) for the fiscal year beginning September 1, 2020:

21  $AA = (1 + ((1,600 - ADA) \times \underline{.000325})) \times ABA$

22 i

23 (4) for the fiscal year beginning September 1, 2021:

24  $AA = (1 + ((1,600 - ADA) \times \underline{.00035})) \times ABA$

25 ; and

26 (5) for the fiscal year beginning September 1, 2022:

27  $AA = (1 + ((1,600 - ADA) \times \underline{.000375})) \times ABA$

1 SECTION 16. Subchapter B, Chapter 42, Education Code, is  
2 amended by adding Section 42.1041 to read as follows:

3 Sec. 42.1041. INELIGIBILITY FOR SMALL OR MID-SIZED DISTRICT  
4 ADJUSTMENT OR SPARSITY ADJUSTMENT. (a) This section applies only  
5 to a school district that:

6 (1) borders the Red River; and

7 (2) has a student enrollment of less than 90, with more  
8 than 50 percent of the enrollment consisting of students who have  
9 transferred from another school district.

10 (b) Notwithstanding Section 42.103, 42.104, or 42.105, a  
11 school district to which this section applies is ineligible for an  
12 adjustment under Section 42.103 or 42.105 for any school year  
13 during which the district:

14 (1) issues bonds for the construction of a new  
15 instructional facility on property more than five miles from a  
16 property that before the issuance of the bonds was owned by the  
17 district and was the location of an instructional facility for the  
18 previous five years; or

19 (2) makes payments on bonds described by Subdivision  
20 (1).

21 SECTION 17. Subchapter B, Chapter 42, Education Code, is  
22 amended by adding Section 42.107 to read as follows:

23 Sec. 42.107. SPECIAL-PURPOSE SCHOOL DISTRICTS OPERATED BY  
24 GENERAL ACADEMIC TEACHING INSTITUTIONS. (a) In each fiscal year of  
25 the biennium, the commissioner shall allocate funding from the  
26 foundation school program to each special-purpose school district  
27 established under Section 11.351 that is operated by a general

1 academic teaching institution as defined by Section 61.003, in an  
2 amount equivalent to the basic allotment in Section 42.101(a)  
3 multiplied by the number of full-time equivalent students who are  
4 enrolled in the school district and who reside in this state.

5 (b) In allocating funding to special-purpose school  
6 districts under this section, the commissioner shall use a payment  
7 schedule consistent with the payment schedule adopted for  
8 open-enrollment charter schools.

9 (c) A special-purpose school district that receives state  
10 funding for a resident student under this section may not charge  
11 tuition or fees to that student for the academic term for which  
12 state funding is received, other than fees permitted under Section  
13 11.158.

14 (d) A special-purpose school district may elect not to  
15 receive state funding under this section.

16 SECTION 18. Section 42.151(h), Education Code, is amended  
17 to read as follows:

18 (h) Funds allocated under this section, other than an  
19 indirect cost allotment established under State Board of Education  
20 rule or amounts made available for the transportation of special  
21 education students, must be used in the special education program  
22 under Subchapter A, Chapter 29.

23 SECTION 19. Section 42.153(a), Education Code, is amended  
24 to read as follows:

25 (a) For each student in average daily attendance in a  
26 bilingual education or special language program under Subchapter B,  
27 Chapter 29, a district is entitled to an annual allotment equal to

1 the adjusted basic allotment multiplied by 0.11 [~~0.1~~].

2 SECTION 20. Section 42.154(a), Education Code, as effective  
3 September 1, 2017, is amended to read as follows:

4 (a) For each full-time equivalent student in average daily  
5 attendance in an approved career and technology education program  
6 in grades eight [~~nine~~] through 12 or in career and technology  
7 education programs for students with disabilities in grades seven  
8 through 12, a district is entitled to:

9 (1) an annual allotment equal to the adjusted basic  
10 allotment multiplied by a weight of 1.35; and

11 (2) \$50, if the student is enrolled in two or more  
12 advanced career and technology education classes for a total of  
13 three or more credits.

14 SECTION 21. Section 42.154(c), Education Code, is amended  
15 to read as follows:

16 (c) Funds allocated under this section, other than an  
17 indirect cost allotment established under State Board of Education  
18 rule or amounts made available for the transportation of career and  
19 technology education students, must be used in providing career and  
20 technology education programs in grades eight [~~nine~~] through 12 or  
21 career and technology education programs for students with  
22 disabilities in grades seven through 12 under Sections 29.182,  
23 29.183, and 29.184.

24 SECTION 22. Section 42.1541(a), Education Code, is amended  
25 to read as follows:

26 (a) For the 2017-2018 and subsequent school years, the [~~The~~]  
27 State Board of Education shall by rule revise [~~increase~~] the

1 indirect cost allotments established under Sections [42.151\(h\)](#),  
2 [42.152\(c\)](#), [42.153\(b\)](#), and [42.154\(c\)](#) [~~42.154(a-1) and (c)~~] and in  
3 effect for the 2016-2017 [~~2010-2011~~] school year to reflect any  
4 increase in the percentage of total maintenance and operations  
5 funding represented by the basic allotment [~~in proportion to the~~  
6 ~~average percentage reduction in total state and local maintenance~~  
7 ~~and operations revenue provided under this chapter for the~~  
8 ~~2011-2012 school year~~] as a result of [~~S.B. Nos. 1 and 2,~~] Acts of  
9 the 85th [~~82nd~~] Legislature, 1st Called Session, 2017 [~~2011~~].

10 SECTION 23. Subchapter C, Chapter [42](#), Education Code, is  
11 amended by adding Section 42.1561 to read as follows:

12 Sec. 42.1561. ALLOTMENT FOR STUDENT WITH DYSLEXIA OR  
13 RELATED DISORDER. (a) Subject to Subsection (b), for each student  
14 that a school district serves who has been identified as having  
15 dyslexia or a related disorder, the district is entitled to an  
16 annual allotment equal to the district's adjusted basic allotment  
17 as determined under Section [42.102](#) or Section [42.103](#), as  
18 applicable, multiplied by 0.1 for each school year or a greater  
19 amount provided by appropriation.

20 (b) A school district is entitled to the allotment under  
21 Subsection (a) only for a student who:

22 (1) is receiving instruction that:

23 (A) meets applicable dyslexia program criteria  
24 established by the agency; and

25 (B) is provided by a person with specific  
26 training in providing that instruction; or

27 (2) has received the instruction described by

1 Subdivision (1) and is permitted, on the basis of having dyslexia or  
2 a related disorder, to use modifications in the classroom and  
3 accommodations in the administration of assessment instruments  
4 under Section 39.023.

5 (c) Funds allotted under this section must be used in  
6 providing services to students with dyslexia or related disorders.

7 (d) A school district may receive funding for a student  
8 under this section and Section 42.151 if the student satisfies the  
9 requirements of both sections.

10 (e) Not more than five percent of a district's students in  
11 average daily attendance are eligible for funding under this  
12 section.

13 SECTION 24. Section 42.2518(a), Education Code, as  
14 effective September 1, 2017, is amended to read as follows:

15 (a) Beginning with the 2017-2018 school year, a school  
16 district is entitled to additional state aid to the extent that  
17 state and local revenue under this chapter and Chapter 41 is less  
18 than the state and local revenue that would have been available to  
19 the district under Chapter 41 and this chapter as those chapters  
20 existed on September 1, 2015, excluding any state aid or adjustment  
21 in wealth per student that would have been provided under former  
22 Section 41.002(e)-(g), 42.155, 42.160, 42.2513, or 42.2516, if the  
23 increase in the residence homestead exemption under Section 1-b(c),  
24 Article VIII, Texas Constitution, and the additional limitation on  
25 tax increases under Section 1-b(d) of that article as proposed by  
26 S.J.R. 1, 84th Legislature, Regular Session, 2015, had not  
27 occurred.

1 SECTION 25. Subchapter E, Chapter 42, Education Code, is  
2 amended by adding Section 42.2541 to read as follows:

3 Sec. 42.2541. ESTIMATED PROJECTIONS. (a) In this section,  
4 "equivalent equalized wealth level" means an equalized wealth level  
5 for a state fiscal biennium that results in approximately the same  
6 number of school districts that are required to take action under  
7 Chapter 41 to reduce wealth as the number of school districts that  
8 were required to take that action during the preceding state fiscal  
9 biennium.

10 (b) Not later than November 1 of each even-numbered year,  
11 the agency shall:

12 (1) submit to the legislature a projection for an  
13 equivalent equalized wealth level for the following biennium based  
14 on the agency's estimate of:

15 (A) student enrollment under Section  
16 42.254(a)(1);

17 (B) the comptroller's estimate of any increase in  
18 total taxable value of all property in the state under Section  
19 42.254(a)(2);

20 (C) the number of school districts offering a  
21 local optional residence homestead exemption under Section  
22 11.13(n), Tax Code;

23 (D) the number of school districts adopting a tax  
24 rate below the maximum tier one tax rate determined under Section  
25 42.252;

26 (E) the projected amount of maintenance and  
27 operations tax revenue per student in weighted average daily

1 attendance of the Austin Independent School District; and  
2 (F) the number of school districts adopting a  
3 maintenance and operations tax rate of \$1.17; and  
4 (2) provide projections for the equalized funding  
5 elements under Section 42.007 for the following biennium as  
6 necessary to achieve the equivalent equalized wealth level  
7 projected under Subdivision (1).

8 SECTION 26. Sections 42.259(c), (d), and (f), Education  
9 Code, are amended to read as follows:

10 (c) Payments from the foundation school fund to each  
11 category 2 school district shall be made as follows:

12 (1) 22 percent of the yearly entitlement of the  
13 district shall be paid in an installment to be made on or before the  
14 25th day of September of a fiscal year;

15 (2) 18 percent of the yearly entitlement of the  
16 district shall be paid in an installment to be made on or before the  
17 25th day of October;

18 (3) 9.5 percent of the yearly entitlement of the  
19 district shall be paid in an installment to be made on or before the  
20 25th day of November;

21 (4) 7.5 percent of the yearly entitlement of the  
22 district shall be paid in an installment to be made on or before the  
23 25th day of April;

24 (5) five percent of the yearly entitlement of the  
25 district shall be paid in an installment to be made on or before the  
26 25th day of May;

27 (6) 10 percent of the yearly entitlement of the



1 district shall be paid in an installment to be made on or before the  
2 25th day of June;

3 (7) 13 percent of the yearly entitlement of the  
4 district shall be paid in an installment to be made on or before the  
5 25th day of July; and

6 (8) 15 percent of the yearly entitlement of the  
7 district shall be paid in an installment to be made after the 5th  
8 day of September and not later than the 10th day of September of the  
9 calendar year following the calendar year of the payment made under  
10 Subdivision (1) [~~on or before the 25th day of August~~].

11 (d) Payments from the foundation school fund to each  
12 category 3 school district shall be made as follows:

13 (1) 45 percent of the yearly entitlement of the  
14 district shall be paid in an installment to be made on or before the  
15 25th day of September of a fiscal year;

16 (2) 35 percent of the yearly entitlement of the  
17 district shall be paid in an installment to be made on or before the  
18 25th day of October; and

19 (3) 20 percent of the yearly entitlement of the  
20 district shall be paid in an installment to be made after the 5th  
21 day of September and not later than the 10th day of September of the  
22 calendar year following the calendar year of the payment made under  
23 Subdivision (1) [~~on or before the 25th day of August~~].

24 (f) Except as provided by Subsection (c)(8) or (d)(3),  
25 previously [~~Previously~~] unpaid additional funds from prior fiscal  
26 years owed to a district shall be paid to the district together with  
27 the September payment of the current fiscal year entitlement.

1 SECTION 27. Sections 42.2591(c) and (e), Education Code,  
2 are amended to read as follows:

3 (c) Payments from the foundation school fund to an  
4 open-enrollment charter school under this section shall be made as  
5 follows:

6 (1) 22 percent of the yearly entitlement of the school  
7 shall be paid in an installment to be made on or before the 25th day  
8 of September of a fiscal year;

9 (2) 18 percent of the yearly entitlement of the school  
10 shall be paid in an installment to be made on or before the 25th day  
11 of October;

12 (3) 9.5 percent of the yearly entitlement of the  
13 school shall be paid in an installment to be made on or before the  
14 25th day of November;

15 (4) four percent of the yearly entitlement of the  
16 school shall be paid in an installment to be made on or before the  
17 25th day of December;

18 (5) four percent of the yearly entitlement of the  
19 school shall be paid in an installment to be made on or before the  
20 25th day of January;

21 (6) four percent of the yearly entitlement of the  
22 school shall be paid in an installment to be made on or before the  
23 25th day of February;

24 (7) four percent of the yearly entitlement of the  
25 school shall be paid in an installment to be made on or before the  
26 25th day of March;

27 (8) 7.5 percent of the yearly entitlement of the

1 school shall be paid in an installment to be made on or before the  
2 25th day of April;

3 (9) five percent of the yearly entitlement of the  
4 school shall be paid in an installment to be made on or before the  
5 25th day of May;

6 (10) seven percent of the yearly entitlement of the  
7 school shall be paid in an installment to be made on or before the  
8 25th day of June;

9 (11) seven percent of the yearly entitlement of the  
10 school shall be paid in an installment to be made on or before the  
11 25th day of July; and

12 (12) eight percent of the yearly entitlement of the  
13 school shall be paid in an installment to be made after the 5th day  
14 of September and not later than the 10th day of September of the  
15 calendar year following the calendar year of the payment made under  
16 Subdivision (1) [~~on or before the 25th day of August~~].

17 (e) Except as provided by Subsection (c)(12), previously  
18 [~~Previously~~] unpaid additional funds from prior fiscal years owed  
19 to an open-enrollment charter school shall be paid to the school  
20 together with the September payment of the current fiscal year  
21 entitlement.

22 SECTION 28. Section 42.302(a), Education Code, is amended  
23 to read as follows:

24 (a) Each school district is guaranteed a specified amount  
25 per weighted student in state and local funds for each cent of tax  
26 effort over that required for the district's local fund assignment  
27 up to the maximum level specified in this subchapter. The amount

1 of state support, subject only to the maximum amount under Section  
2 42.303, is determined by the formula:

$$3 \quad \text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

4 where:

5 "GYA" is the guaranteed yield amount of state funds to be  
6 allocated to the district;

7 "GL" is the dollar amount guaranteed level of state and local  
8 funds per weighted student per cent of tax effort, which is an  
9 amount described by Subsection (a-1) or a greater amount for any  
10 year provided by appropriation;

11 "WADA" is the number of students in weighted average daily  
12 attendance, which is calculated by dividing the sum of the school  
13 district's allotments under Subchapters B and C, less any allotment  
14 [~~to the district for transportation, any allotment~~] under Section  
15 42.158 [~~or 42.160,~~] and 50 percent of the adjustment under Section  
16 42.102, by the basic allotment for the applicable year;

17 "DTR" is the district enrichment tax rate of the school  
18 district, which is determined by subtracting the amounts specified  
19 by Subsection (b) from the total amount of maintenance and  
20 operations taxes collected by the school district for the  
21 applicable school year and dividing the difference by the quotient  
22 of the district's taxable value of property as determined under  
23 Subchapter M, Chapter 403, Government Code, or, if applicable,  
24 under Section 42.2521, divided by 100; and

25 "LR" is the local revenue, which is determined by multiplying  
26 "DTR" by the quotient of the district's taxable value of property as  
27 determined under Subchapter M, Chapter 403, Government Code, or, if

1 applicable, under Section 42.2521, divided by 100.

2 SECTION 29. Chapter 42, Education Code, is amended by  
3 adding Subchapter H to read as follows:

4 SUBCHAPTER H. FINANCIAL HARDSHIP TRANSITION PROGRAM

5 Sec. 42.451. FINANCIAL HARDSHIP GRANTS. (a) From amounts  
6 appropriated for this subchapter, the commissioner may administer a  
7 grant program that provides grants to school districts to defray  
8 financial hardships resulting from changes made to Chapter 41 and  
9 this chapter that apply after the 2016-2017 school year.

10 (b) The commissioner shall award grants under this  
11 subchapter to districts as provided by Section 42.452.

12 (c) Funding provided to a district under this subchapter is  
13 in addition to all other funding provided under Chapter 41 and this  
14 chapter.

15 (d) The commissioner may obtain additional information as  
16 needed from a district or other state or local agency to make  
17 determinations in awarding grants under this subchapter.

18 Sec. 42.452. AWARD OF GRANTS; AMOUNT. (a) The commissioner  
19 shall award grants to school districts based on the following  
20 formula:

21 
$$\underline{HG = (PL-CL) \times (TR) \times (TAHG/TEHG)}$$

22 where:

23 "HG" is the amount of a district's hardship grant;

24 "PL" is the amount of funding under previous law to which a  
25 district would be entitled under Chapter 41 and this chapter as  
26 those chapters existed on January 1, 2017, determined using current  
27 school year data for the district;

1 "CL" is the amount of current law funding under Chapter 41 and  
2 this chapter to which a district is entitled;

3 "TR" is a district's maintenance and operations tax rate, as  
4 specified by the comptroller's most recent certified report;

5 "TAHG" is the total funding available for grants under  
6 Section 42.455 for a school year; and

7 "TEHG" is the sum of the combined amounts for all districts  
8 calculated by applying the formula  $(PL-CL) \times (TR)$  for each  
9 district.

10 (b) A school district's hardship grant awarded under this  
11 subchapter for a school year may not exceed the lesser of:

12 (1) the amount equal to 10 percent of the total amount  
13 of funds available for grants under this subchapter for that school  
14 year; or

15 (2) the amount by which "PL" exceeds "CL" for that  
16 district for that school year.

17 (c) For purposes of calculating the formula under  
18 Subsection (a), the commissioner shall:

19 (1) if the value of  $(PL-CL)$  for a school district  
20 results in a negative number, use zero for the value of  $(PL-CL)$ ;

21 (2) use a maintenance and operations tax rate ("TR")  
22 of \$1 for each open-enrollment charter school, each special-purpose  
23 school district established under Subchapter H, Chapter 11, and the  
24 South Texas Independent School District; and

25 (3) if  $(TAHG/TEHG)$  equals a value greater than one,  
26 use a value of one for  $(TAHG/TEHG)$ .

27 (d) If funds remain available under this subchapter for a

1 school year after determining initial grant amounts under  
2 Subsection (a), as adjusted to reflect the limits imposed by  
3 Subsection (b), the commissioner shall reapply the formula as  
4 necessary to award all available funds.

5 Sec. 42.453. ELIGIBILITY OF OPEN-ENROLLMENT CHARTER  
6 SCHOOL. An open-enrollment charter school is eligible for a grant  
7 under this subchapter in the same manner as a school district.

8 Sec. 42.454. REGIONAL EDUCATION SERVICE CENTERS AND COUNTY  
9 DEPARTMENTS OF EDUCATION NOT ELIGIBLE. A regional education  
10 service center or a county department of education is not eligible  
11 for a grant under this subchapter.

12 Sec. 42.455. FUNDING LIMIT. The amount of grants awarded by  
13 the commissioner under this subchapter may not exceed \$125 million  
14 for the 2017-2018 school year or \$75 million for the 2018-2019  
15 school year.

16 Sec. 42.456. NO ADJUSTMENT BASED ON REVISED DATA. The  
17 commissioner may not adjust the amount of a school district's grant  
18 under this subchapter based on revisions to the district's data  
19 received after a grant has been awarded.

20 Sec. 42.457. RULES. The commissioner may adopt rules as  
21 necessary to administer this subchapter.

22 Sec. 42.458. DETERMINATION FINAL. A determination by the  
23 commissioner under this subchapter is final and may not be  
24 appealed.

25 Sec. 42.459. EXPIRATION. This subchapter expires September  
26 1, 2019.

27 SECTION 30. Section [466.355\(c\)](#), Government Code, as

1 repealed by Chapter 431 (S.B. 559), Acts of the 83rd Legislature,  
2 Regular Session, 2013, and amended by Chapter 1410 (S.B. 758), Acts  
3 of the 83rd Legislature, Regular Session, 2013, is reenacted and  
4 amended to read as follows:

5 (c) The [~~Each August the~~] comptroller shall:

6 (1) estimate the amount to be transferred to the  
7 foundation school fund on or before September 15; and

8 (2) notwithstanding Subsection (b)(4), transfer the  
9 amount estimated in Subdivision (1) to the foundation school fund  
10 before [~~August~~] installment payments are made under Section  
11 42.259(c)(8) or (d)(3) [~~42.259~~], Education Code.

12 SECTION 31. (a) The following provisions of the Education  
13 Code are repealed:

14 (1) Section 29.097(g);

15 (2) Section 29.098(e);

16 (3) Section 39.233;

17 (4) Section 39.234;

18 (5) Sections 41.002(e), (f), and (g);

19 (6) Section 42.1541(c);

20 (7) Section 42.155, as amended by S.B. 195, Acts of the  
21 85th Legislature, Regular Session, 2017;

22 (8) Section 42.160; and

23 (9) Section 42.2513.

24 (b) Effective September 1, 2023, Section 42.103(c),  
25 Education Code, is repealed.

26 SECTION 32. The changes made by this Act to Sections 42.259  
27 and 42.2591, Education Code, apply only to a payment from the



1 foundation school fund that is made on or after September 1, 2018.  
2 A payment to a school district from the foundation school fund that  
3 is made before that date is governed by Sections 42.259 and 42.2591,  
4 Education Code, as those sections existed before amendment by this  
5 Act, and the former law is continued in effect for that purpose.

6 SECTION 33. Except as otherwise provided by this Act:

7 (1) this Act takes effect September 1, 2017, if this  
8 Act receives a vote of two-thirds of all the members elected to each  
9 house, as provided by Section 39, Article III, Texas Constitution;  
10 and

11 (2) if this Act does not receive the vote necessary for  
12 effect on that date, this Act takes effect on the 91st day after the  
13 last day of the legislative session.