

By: Huberty

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 12.106,
13 Education Code, is amended by amending Subsection (a-1) and adding
14 Subsection (d) to read as follows:

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

17 (1) [~~7~~] adjustments under Sections 42.102, [~~42.103,~~
18 42.104, and 42.105 are based on the average adjustment for the
19 state; and

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

23 (d) In addition to other amounts provided by this section, a
24 charter holder is entitled to receive, for the open-enrollment
25 charter school, funding per student in average daily attendance in
26 an amount equal to the guaranteed level of state and local funds per
27 student per cent of tax effort under Section 46.032(a) multiplied

1 by the lesser of:

2 (1) the state average interest and sinking fund tax
3 rate imposed by school districts for the current year; or

4 (2) a rate that would result in a total amount to which
5 charter schools are entitled under this subsection for the current
6 year equal to \$25 million.

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

9 (c) A prekindergarten class under this section shall be
10 operated on a half-day basis. A district is not required to provide
11 transportation for a prekindergarten class [~~, but transportation,~~
12 ~~if provided, is included for funding purposes as part of the regular~~
13 ~~transportation system]~~.

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

16 (a) Notwithstanding Section [~~39.234 or~~] 42.152, a school
17 district or open-enrollment charter school with a high dropout
18 rate, as determined by the commissioner, must submit a plan to the
19 commissioner describing the manner in which the district or charter
20 school intends to use the compensatory education allotment under
21 Section 42.152 [~~and the high school allotment under Section 42.160]~~
22 for developing and implementing research-based strategies for
23 dropout prevention. The district or charter school shall submit
24 the plan not later than December 1 of each school year preceding the
25 school year in which the district or charter school will receive the
26 compensatory education allotment [~~or high school allotment]~~ to
27 which the plan applies.

1 (b) A school district or open-enrollment charter school to
2 which this section applies may not spend or obligate more than 25
3 percent of the district's or charter school's compensatory
4 education allotment [~~or high school allotment~~] unless the
5 commissioner approves the plan submitted under Subsection
6 (a). The commissioner shall complete an initial review of the
7 district's or charter school's plan not later than March 1 of the
8 school year preceding the school year in which the district or
9 charter school will receive the compensatory education allotment
10 [~~or high school allotment~~] to which the plan applies.

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

13 Sec. 30.0561. TRANSPORTATION ALLOTMENT. The Texas School
14 for the Deaf is entitled to a transportation allotment paid from the
15 foundation school fund. The commissioner shall determine the
16 appropriate allotment.

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

19 (c) A school district may receive an allotment paid from the
20 foundation school fund for transportation of students
21 participating in a regional day school program, as determined by
22 the commissioner [~~in the same manner as an allotment for the~~
23 ~~transportation of other special education students~~].

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

26 (c) The commissioner shall reduce the basic allotment
27 provided under Section 42.101 for each student in average daily

1 attendance by \$125 for a [A] school district that fails or refuses
2 to meet the safety standards for school buses established under
3 this section [~~is ineligible to share in the transportation~~
4 ~~allotment under Section 42.155~~] until the first anniversary of the
5 date the district begins complying with the safety standards.

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

8 (c) A county transportation system is not entitled to
9 receive funding for transportation costs directly from the state.
10 Funding for a county transportation system is provided by each
11 school district participating in the county transportation system
12 in accordance with the terms of the interlocal contract under
13 Chapter 791, Government Code, under which the county provides
14 transportation services for the participating districts.

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

18 (a) The agency, in coordination with the Texas Higher
19 Education Coordinating Board, shall adopt a series of questions to
20 be included in an end-of-course assessment instrument administered
21 under Section 39.023(c) to be used for purposes of Subchapter F-1,
22 Chapter 51. The questions adopted under this subsection must be
23 developed in a manner consistent with any college readiness
24 standards adopted under [~~Section 39.233 and~~] Subchapter F-1,
25 Chapter 51.

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

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

3 (1) executes an agreement to purchase all attendance
4 credits necessary to reduce the district's wealth per student to
5 the equalized wealth level;

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

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

12 (A) to an extent that does not provide more than
13 10 percent of the reduction in wealth per student required for the
14 district to achieve a wealth per student that is equal to or less
15 than the equalized wealth level; and

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

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

25 Sec. 41.257. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS
26 [~~AND TRANSPORTATION ALLOTMENT~~]. The budget of the consolidated
27 district must apply the benefit of the adjustment or allotment to

1 the schools of the consolidating district to which Section 42.103
2 or[7] 42.105[7, ~~or 42.155~~] would have applied in the event that the
3 consolidated district still qualifies as a small or sparse
4 district.

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

7 (a-1) The commissioner by rule shall require each school
8 district and open-enrollment charter school to report through the
9 Public Education Information Management System information
10 regarding the number of students enrolled in the district or school
11 who are identified as having dyslexia or related disorders. The
12 agency shall maintain the information provided in accordance with
13 this subsection.

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

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

23
$$A = \underline{\$5,140} [\del{\$4,765}] \times (\text{DCR}/\text{MCR})$$

24 where:

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

26 "DCR" is the district's compressed tax rate, which is the
27 product of the state compression percentage, as determined under

1 Section 42.2516, multiplied by the maintenance and operations tax
2 rate adopted by the district for the 2005 tax year; and

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

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

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

11
$$AA = (1 + ((1,600 - ADA) \times .0004)) \times ABA$$

12 (d) The basic allotment of a school district that offers a
13 kindergarten through grade 12 program and has less than 5,000
14 students in average daily attendance is adjusted by applying the
15 formula, of the following formulas, that results in the greatest
16 adjusted allotment:

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

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

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

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

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

27 $AA = (1 + ((1,600 - ADA) \times \underline{.000275} [\del{-00025}])) \times ABA$

i
(2) for the fiscal year beginning September 1, 2019:
AA = (1 + ((1,600 - ADA) X .00030)) X ABA

i
(3) for the fiscal year beginning September 1, 2020:
AA = (1 + ((1,600 - ADA) X .000325)) X ABA

i
(4) for the fiscal year beginning September 1, 2021:
AA = (1 + ((1,600 - ADA) X .00035)) X ABA

; and

(5) for the fiscal year beginning September 1, 2022:
AA = (1 + ((1,600 - ADA) X .000375)) X ABA

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

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

(1) borders the Red River; and

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

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

(1) issues bonds for the construction of a new instructional facility on property more than five miles from a

1 property that before the issuance of the bonds was owned by the
2 district and was the location of an instructional facility for the
3 previous five years; or

4 (2) makes payments on bonds described by Subdivision
5 (1).

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

8 Sec. 42.107. SPECIAL-PURPOSE SCHOOL DISTRICTS OPERATED BY
9 GENERAL ACADEMIC TEACHING INSTITUTIONS. (a) In each fiscal year of
10 the biennium, the commissioner shall allocate funding from the
11 foundation school program to each special-purpose school district
12 established under Section 11.351 that is operated by a general
13 academic teaching institution as defined by Section 61.003, in an
14 amount equivalent to the basic allotment in Section 42.101(a)
15 multiplied by the number of full-time equivalent students who are
16 enrolled in the school district and who reside in this state.

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

21 (c) A special-purpose school district that receives state
22 funding for a resident student under this section may not charge
23 tuition or fees to that student for the academic term for which
24 state funding is received, other than fees permitted under Section
25 11.158.

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

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

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

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

10 (a) For each student in average daily attendance in a
11 bilingual education or special language program under Subchapter B,
12 Chapter 29, a district is entitled to an annual allotment equal to
13 the adjusted basic allotment multiplied by 0.11 [~~0.1~~].

14 SECTION 20. 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 nine through 12 or career
21 and technology education programs for students with disabilities in
22 grades seven through 12 under Sections 29.182, 29.183, and 29.184.

23 SECTION 21. Section 42.1541(a), Education Code, is amended
24 to read as follows:

25 (a) For the 2017-2018 and subsequent school years, the [The]
26 State Board of Education shall by rule revise [~~increase~~] the
27 indirect cost allotments established under Sections 42.151(h),

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

9 SECTION 22. Subchapter C, Chapter 42, Education Code, is
10 amended by adding Section 42.1561 to read as follows:

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

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

21 (1) is receiving instruction that:

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

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

26 (2) has received the instruction described by
27 Subdivision (1) and is permitted, on the basis of having dyslexia or

1 a related disorder, to use modifications in the classroom and
2 accommodations in the administration of assessment instruments
3 under Section 39.023.

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

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

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

12 SECTION 23. Section 42.2518(a), Education Code, as
13 effective September 1, 2017, is amended to read as follows:

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

27 SECTION 24. Subchapter E, Chapter 42, Education Code, is

1 amended by adding Section 42.2541 to read as follows:

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

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

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

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

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

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

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

25 (E) the projected amount of maintenance and
26 operations tax revenue per student in weighted average daily
27 attendance of the Austin Independent School District; and

1 (F) the number of school districts adopting a
2 maintenance and operations tax rate of \$1.17; and

3 (2) provide projections for the equalized funding
4 elements under Section 42.007 for the following biennium as
5 necessary to achieve the equivalent equalized wealth level
6 projected under Subdivision (1).

7 SECTION 25. Sections 42.259(c), (d), and (f), Education
8 Code, are amended to read as follows:

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

11 (1) 22 percent of the yearly entitlement of the
12 district shall be paid in an installment to be made on or before the
13 25th day of September of a fiscal year;

14 (2) 18 percent of the yearly entitlement of the
15 district shall be paid in an installment to be made on or before the
16 25th day of October;

17 (3) 9.5 percent of the yearly entitlement of the
18 district shall be paid in an installment to be made on or before the
19 25th day of November;

20 (4) 7.5 percent of the yearly entitlement of the
21 district shall be paid in an installment to be made on or before the
22 25th day of April;

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

26 (6) 10 percent of the yearly entitlement of the
27 district shall be paid in an installment to be made on or before the

1 25th day of June;

2 (7) 13 percent of the yearly entitlement of the
3 district shall be paid in an installment to be made on or before the
4 25th day of July; and

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

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

12 (1) 45 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) 35 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; and

18 (3) 20 percent of the yearly entitlement of the
19 district shall be paid in an installment to be made after the 5th
20 day of September and not later than the 10th day of September of the
21 calendar year following the calendar year of the payment made under
22 Subdivision (1) [~~on or before the 25th day of August~~].

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

27 SECTION 26. Sections 42.2591(c) and (e), Education Code,

1 are amended to read as follows:

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

5 (1) 22 percent of the yearly entitlement of the school
6 shall be paid in an installment to be made on or before the 25th day
7 of September of a fiscal year;

8 (2) 18 percent of the yearly entitlement of the school
9 shall be paid in an installment to be made on or before the 25th day
10 of October;

11 (3) 9.5 percent of the yearly entitlement of the
12 school shall be paid in an installment to be made on or before the
13 25th day of November;

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

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

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

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

26 (8) 7.5 percent of the yearly entitlement of the
27 school shall be paid in an installment to be made on or before the

1 25th day of April;

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

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

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

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

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

21 SECTION 27. Section 42.302(a), Education Code, is amended
22 to read as follows:

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

1 42.303, is determined by the formula:

2
$$\text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

3 where:

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

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

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

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

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

1 SECTION 28. Chapter 42, Education Code, is amended by
2 adding Subchapter H to read as follows:

3 SUBCHAPTER H. FINANCIAL HARDSHIP TRANSITION PROGRAM

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

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

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

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

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

$$20 \quad \quad \quad \underline{HG = (PL-CL) \times (TR) \times (TAHG/TEHG)}$$

21 where:

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

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

27 "CL" is the amount of current law funding under Chapter 41 and

1 this chapter to which a district is entitled;

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

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

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

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

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

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

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

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

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

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

26 (d) If funds remain available under this subchapter for a
27 school year after determining initial grant amounts under

1 Subsection (a), as adjusted to reflect the limits imposed by
2 Subsection (b), the commissioner shall reapply the formula as
3 necessary to award all available funds.

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

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

11 Sec. 42.455. FUNDING LIMIT. The amount of grants awarded by
12 the commissioner under this subchapter may not exceed \$125 million
13 for the 2017-2018 school year or \$34 million for the 2018-2019
14 school year.

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

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

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

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

26 SECTION 29. Effective September 1, 2018, Section 46.032(a),
27 Education Code, is amended to read as follows:

1 (a) Each school district is guaranteed a specified amount
2 per student in state and local funds for each cent of tax effort to
3 pay the principal of and interest on eligible bonds. The amount of
4 state support, subject only to the maximum amount under Section
5 46.034, is determined by the formula:

6
$$\text{EDA} = (\text{EDGL} \times \text{ADA} \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

7 where:

8 "EDA" is the amount of state funds to be allocated to the
9 district for assistance with existing debt;

10 "EDGL" is the dollar amount guaranteed level of state and
11 local funds per student per cent of tax effort, which is the lesser
12 of:

13 (1) \$40 [~~\$35~~] or a greater amount for any year provided
14 by appropriation; or

15 (2) the amount that would result in a total additional
16 amount of state funds under this subchapter for the current year
17 equal to \$75 million in excess of the state funds to which school
18 districts would have been entitled under this section if the
19 guaranteed level amount were \$35;

20 "ADA" is the number of students in average daily attendance,
21 as determined under Section 42.005, in the district;

22 "EDTR" is the existing debt tax rate of the district, which is
23 determined by dividing the amount budgeted by the district for
24 payment of eligible bonds by the quotient of the district's taxable
25 value of property as determined under Subchapter M, Chapter 403,
26 Government Code, or, if applicable, under Section 42.2521, divided
27 by 100; and

1 "DPV" is the district's taxable value of property as
2 determined under Subchapter M, Chapter 403, Government Code, or, if
3 applicable, under Section 42.2521.

4 SECTION 30. Section 466.355(c), Government Code, as
5 repealed by Chapter 431 (S.B. 559), Acts of the 83rd Legislature,
6 Regular Session, 2013, and amended by Chapter 1410 (S.B. 758), Acts
7 of the 83rd Legislature, Regular Session, 2013, is reenacted and
8 amended to read as follows:

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

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

12 (2) notwithstanding Subsection (b)(4), transfer the
13 amount estimated in Subdivision (1) to the foundation school fund
14 before [~~August~~] installment payments are made under Section
15 42.259(c)(8) or (d)(3) [~~42.259~~], Education Code.

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

18 (1) Section 29.097(g);

19 (2) Section 29.098(e);

20 (3) Section 39.233;

21 (4) Section 39.234;

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

23 (6) Section 42.1541(c);

24 (7) Section 42.155, as amended by S.B. 195, Acts of the
25 85th Legislature, Regular Session, 2017;

26 (8) Section 42.160; and

27 (9) Section 42.2513.

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

3 SECTION 32. The changes made by this Act to Sections 42.259
4 and 42.2591, Education Code, apply only to a payment from the
5 foundation school fund that is made on or after September 1, 2018.
6 A payment to a school district from the foundation school fund that
7 is made before that date is governed by Sections 42.259 and 42.2591,
8 Education Code, as those sections existed before amendment by this
9 Act, and the former law is continued in effect for that purpose.

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

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

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