

Amend CSHB 21 (senate committee report) by striking all below the enacting clause and substituting the following:

SECTION 1. Effective September 1, 2018, Section 12.106, Education Code, is amended by amending Subsection (a-1) and adding Subsection (d) to read as follows:

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

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

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

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

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

(2) a rate that would result in a total amount to which charter schools are entitled under this subsection for the current year equal to \$50 million.

SECTION 2. Subchapter A, Chapter 29, Education Code, is amended by adding Section 29.026 to read as follows:

Sec. 29.026. GRANT PROGRAM PROVIDING SERVICES TO STUDENTS WITH AUTISM. (a) The commissioner shall establish a program to award grants to school districts and open-enrollment charter schools that provide innovative services to students with autism.

(b) A school district, including a school district acting through a district charter issued under Subchapter C, Chapter 12, and an open-enrollment charter school, including a charter school that primarily serves students with disabilities, as provided under Section 12.1014, may apply for a grant under this section.

(c) A program is eligible for a grant under this section if:

(1) the program operates as an independent campus or a

separate program from the campus in which the program is located, with a separate budget;

(2) the program incorporates:

(A) evidence-based and research-based design;

(B) the use of empirical data on student achievement and improvement;

(C) parental support and collaboration;

(D) the use of technology;

(E) meaningful inclusion; and

(F) the ability to replicate the program for students statewide;

(3) the program gives priority for enrollment to students with autism;

(4) the program limits enrollment and services to students who are:

(A) at least three years of age; and

(B) younger than nine years of age or are enrolled in the third grade or a lower grade level; and

(5) the program allows a student who turns nine years of age or older during a school year to remain in the program until the end of that school year.

(d) A school district or open-enrollment charter school may not:

(1) charge a fee for the program, other than those authorized by law for students in public schools;

(2) require a parent to enroll a child in the program;

(3) allow an admission, review, and dismissal committee to place a student in the program without the written consent of the student's parent or guardian; or

(4) continue the placement of a student in the program after the student's parent or guardian revokes consent, in writing, to the student's placement in the program.

(e) A program under this section may:

(1) alter the length of the school day or school year or the number of minutes of instruction received by students;

(2) coordinate services with private or community-based providers;

(3) allow the enrollment of students without disabilities or with other disabilities, if approved by the commissioner; and

(4) adopt staff qualifications and staff to student ratios that differ from the applicable requirements of this title.

(f) The commissioner shall adopt rules creating an application and selection process for grants awarded under this section.

(g) The commissioner shall create an external panel of stakeholders, including parents of students with disabilities, to provide assistance in the selection of applications for the award of grants under this section.

(h) The commissioner shall award grants to fund not more than 10 programs that meet the eligibility criteria under Subsection (c). In selecting programs, the commissioner shall prioritize programs that are collaborations between multiple school districts, multiple charter schools, or school districts and charter schools. The selected programs must reflect the diversity of this state.

(i) The commissioner shall select programs and award grant funds to those programs beginning in the 2018-2019 school year. The selected programs are to be funded for five years.

(j) A grant awarded to a school district or open-enrollment charter school under this section is in addition to the Foundation School Program funds that the district or charter school is otherwise entitled to receive.

(k) The commissioner shall set aside an amount not to exceed \$20 million from the total amount of funds appropriated to the Foundation School Program for the 2018-2019 fiscal biennium to fund grants under this section. The commissioner shall use \$10 million for the purposes of this section for each school year in the state fiscal biennium. A grant recipient may not receive more than \$1 million for the 2018-2019 fiscal biennium. The commissioner shall reduce each district's and charter school's allotment proportionally to account for funds allocated under this section.

(l) The commissioner and any program selected under this section may accept gifts, grants, and donations from any public or

private source, person, or group to implement and administer the program. The commissioner and any program selected under this section may not require any financial contribution from parents to implement and administer the program.

(m) The commissioner may consider a student with autism who is enrolled in a program funded under this section as funded in a mainstream placement, regardless of the amount of time the student receives services in a regular classroom setting.

(n) Not later than December 31, 2021, the commissioner shall publish a report on the grant program established under this section. The report must include:

(1) recommendations for statutory or funding changes necessary to implement successful innovations in the education of students with autism; and

(2) data on the academic and functional achievements of students enrolled in a program that received a grant under this section.

(o) This section expires September 1, 2024.

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

SUBCHAPTER J. EDUCATION SAVINGS ACCOUNT PROGRAM

Sec. 29.351. DEFINITIONS. In this subchapter:

(1) "Account" means an education savings account established under the program.

(2) "Child with a disability" means a child who is:  
(A) eligible to participate in a school district's special education program under Section 29.003; or  
(B) covered by Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794).

(3) "Curriculum" means a complete course of study for a particular content area or grade level.

(4) "Financial institution" means a bank, credit union, savings bank, or savings and loan association organized under the laws of this state, the laws of another state, or federal law that has its main office or a branch office in this state. The term does not include any institution the deposits of which are not insured by the Federal Deposit Insurance Corporation or the

National Credit Union Administration.

(5) "Institution of higher education" and "private or independent institution of higher education" have the meanings assigned by Section 61.003.

(6) "Parent" means a resident of this state who is a natural or adoptive parent, managing or possessory conservator, legal guardian, custodian, or other person with legal authority to act on behalf of a child.

(7) "Program" means the education savings account program established under this subchapter.

(8) "Program participant" means a child and a parent of a child enrolled in the program.

Sec. 29.352. PURPOSES. The purposes of the education savings account program are to:

(1) improve public schools and overall academic performance;

(2) promote efficiency;

(3) promote and preserve the liberties and rights of the people; and

(4) increase parental options.

Sec. 29.353. ESTABLISHMENT OF PROGRAM. (a) The comptroller shall establish and administer an education savings account program to provide funding for certain education-related expenses of eligible children.

(b) The comptroller, with cooperation from the agency, shall ensure that information about the program is readily available to the public through various sources, including the comptroller's and the agency's respective Internet websites. The information made available through the comptroller's Internet website must include a notice that:

(1) states that a private school is not subject to laws regarding the provision of educational services in the same manner as a public school, and a child with a disability attending a private school may not receive the services a child with a disability attending a public school is entitled to receive under federal and state law; and

(2) provides information regarding rights to which a

child with a disability is entitled under federal and state law if the child attends a public school, including:

(A) rights provided under the Individuals with Disabilities Education Act (20 U.S.C. Section 1400 et seq.), including:

(i) an individualized education program;  
(ii) educational services provided in the least restrictive environment;

(iii) instruction from certified teachers;  
(iv) due process hearings to ensure proper and full implementation of an individualized education program;

(v) transition and planning services; and  
(vi) supplementary aids and services;

(B) rights provided under Subchapter A; and

(C) other rights provided under federal or state law.

Sec. 29.3531. EDUCATION SAVINGS ACCOUNT PROGRAM FUND.

(a) The education savings account program fund is an account in the general revenue fund to be administered by the comptroller.

(b) The fund is composed of:

(1) general revenue transferred to the fund;  
(2) money appropriated to the fund;  
(3) gifts, grants, and donations received under Section 29.371; and

(4) any other money available for purposes of the program.

(c) Money in the fund may be appropriated only to the comptroller for purposes of making payments to program participants and administering the program under this subchapter.

Sec. 29.354. ELIGIBLE CHILD. (a) A child is eligible to participate in the program if the child:

(1) is a child with a disability;  
(2) is eligible to attend a public school under Section 25.001; and

(3) was enrolled in a public school in this state during the entire preceding academic year.

(b) A child who establishes eligibility under this section

may participate in the program until the earliest of the following dates:

(1) the date that is three months after the date on which the child graduates from high school;

(2) the date on which the child is no longer eligible to attend a public school under Section 25.001;

(3) the date on which the child enrolls in a public school, including an open-enrollment charter school; or

(4) the date on which the child is declared ineligible for the program by the comptroller under this subchapter.

(c) Notwithstanding Subsection (b), the comptroller shall establish guidelines for, in the least disruptive manner possible:

(1) a child participating in the program to cease participation and enroll in a public school, including an open-enrollment charter school; and

(2) a child who previously participated in the program and subsequently enrolled in a public school, including an open-enrollment charter school, to resume participation in the program.

Sec. 29.355. ENROLLMENT IN PROGRAM. (a) A parent of an eligible child may enroll the child in the program for the following school year.

(b) The comptroller shall by rule create an enrollment form for the program and make the enrollment form readily available to interested parents through various sources, including the comptroller's Internet website. An enrollment form for the program must be submitted to the comptroller electronically.

(c) The comptroller shall post on the comptroller's Internet website and provide to each parent who submits an enrollment form a publication that describes the operation of the program, including:

(1) expenses allowed under the program under Section 29.357;

(2) expense reporting requirements; and

(3) a description of the responsibilities of program participants and the duties of the comptroller under this subchapter.

(d) The comptroller shall provide to each parent who submits an enrollment form a written copy of the notice described by Section 29.353(b). Before the parent may receive funding under the program, the parent must sign and return the notice to the comptroller.

Sec. 29.356. PARTICIPATION IN PROGRAM. (a) To receive funding under the program, a parent of an eligible child must agree to:

(1) spend funds received through the program only for expenses allowed under Section 29.357;

(2) notify the comptroller if the child enrolls in a public school, including an open-enrollment charter school, not later than the 30th day after the date of enrollment; and

(3) inform the comptroller if the child graduates from high school.

(b) The parent of a child participating in the program is the trustee of the child's account.

(c) The comptroller shall provide annually to each program participant the publication provided under Section 29.355(c).

Sec. 29.357. APPROVED EDUCATION-RELATED EXPENSES.

(a) Funds received under the program may be used only for the following expenses incurred by a program participant:

(1) tuition and fees:

(A) at a private school accredited by an organization that is recognized by the Texas Private School Accreditation Commission;

(B) at an institution of higher education or a private or independent institution of higher education; or

(C) for an online educational course or program;

(2) the purchase of textbooks or other instructional materials required by a school, institution, course, or program described by Subdivision (1) in which the child is enrolled;

(3) fees for classes or other educational services provided by a public school, if the classes or services do not qualify the child to be included in the school's average daily attendance;

(4) fees for services provided by a private tutor or



teaching service;

(5) costs of transportation to and from school, not to exceed \$500 per year;

(6) fees for educational therapies or services provided by a practitioner or provider;

(7) costs of computer hardware and software and other technological devices prescribed by a physician to facilitate a child's education, not to exceed in any year 10 percent of the total amount paid to the program participant's account that year;

(8) fees for a nationally norm-referenced achievement test or examination, an assessment instrument adopted by the agency under Section 39.023, an advanced placement test or similar examination, or any examination related to college or university admission;

(9) fees for the management of the participant's account charged by a financial institution; and

(10) costs of breakfast or lunch provided to a child during the school day by a private school.

(b) Expenses allowed under Subsection (a) do not include expenses for:

(1) consumable supplies, including paper, pens, pencils, folders, and notebooks;

(2) food, other than breakfast or lunch as authorized under Subsection (a)(10); or

(3) before-school or after-school child care and child care during school holidays and vacations.

(c) An education service provider or vendor of educational products must provide a program participant with a receipt for each expense allowed under Subsection (a) charged by the provider or vendor to the participant.

(d) The content, subject to Section 29.364(c), or religious nature of a product or service may not be considered in determining whether a payment for the product or service is an expense allowed under Subsection (a).

(e) A finding that a program participant used funds distributed under the program to pay for an expense not allowed under Subsection (a) does not affect the validity of any payment

made by the participant for an expense that is allowed under that subsection.

Sec. 29.358. AMOUNT OF PAYMENT; FINANCING. (a) A parent of an eligible child shall receive each year that the child participates in the program a payment from the state to the child's account in an amount that is equal to 90 percent of the state average maintenance and operations expenditures per student for the preceding state fiscal year.

(b) In addition to any funding the district receives under Chapter 42, for each child participating in the program, the school district the child would otherwise attend is entitled to receive for the first year in which the child participates in the program an amount equal to five percent of the state average maintenance and operations expenditures per student for the preceding state fiscal year.

(c) For the first year a child participates in the program, the child is included in the weighted average daily attendance of the school district the child would otherwise attend for purposes of determining the district's equalized wealth level under Chapter 41.

(d) Any funds remaining in a child's account at the end of a fiscal year are carried forward to the next fiscal year unless another provision of this subchapter mandates the closure of the account.

(e) The parent of a child participating in the program may make payments for the expenses of educational programs, services, and products not covered by funds in the child's account.

(f) A payment under Subsection (a) may not be financed using federal funds or money appropriated from the permanent school fund or the available school fund.

Sec. 29.359. ADMINISTRATION OF ACCOUNTS. (a) The comptroller may contract with one or more financial institutions to establish and manage an account for each child participating in the program. A program participant must be able to access the participant's account by using an online or electronic transfer payment service.

(b) The comptroller shall make quarterly payments to each

program participant's account in equal amounts, with the first payment for each school year made on September 1 and the remaining payments made on or before the 15th day of November, February, and May.

(c) The comptroller may deduct an amount from each quarterly payment to a program participant's account to cover the comptroller's cost of administering the program. The amount deducted may not exceed five percent of the payment.

(d) Not later than 30 days after the end of each fiscal year, the comptroller shall reconcile payments made to and from all accounts under the program.

(e) On the date on which a child who participated in the program is no longer eligible to participate in the program under Section 29.354(b), the child's account is closed and any remaining funds are returned to the state for deposit in the education savings account program fund.

(f) The comptroller may contract with a private entity to administer all or any part of the program.

Sec. 29.360. RANDOM AUDITING OF ACCOUNTS. (a) The comptroller shall contract with a private entity to randomly audit accounts as necessary to ensure compliance with applicable law and the requirements of the program.

(b) In auditing an account, the comptroller or private entity may require that a program participant provide further information and documentation regarding any payment from the participant's account.

(c) The private entity shall report to the comptroller any violation of this subchapter or other relevant law found by the entity during an audit conducted under this section.

Sec. 29.361. SUSPENSION OF ACCOUNT. (a) The comptroller shall suspend the account of a program participant who fails to comply with applicable law or a requirement of the program, including a requirement under Section 29.356(a), or who substantially misuses funds received under the program.

(b) On suspension of an account under Subsection (a), the comptroller shall notify the program participant in writing that the account has been suspended and that no further payments may be

made from the account. The notification must specify the grounds for the suspension and state that the participant has 10 business days to respond and take any corrective action required by the comptroller.

(c) On the expiration of the 10-day period under Subsection (b), the comptroller shall:

(1) order permanent closure of the suspended account and declare the program participant ineligible for the program;

(2) order temporary reinstatement of the account, conditioned on the performance of a specified action by the participant; or

(3) order full reinstatement of the account.

(d) The comptroller may recover funds distributed under the program that were used for expenses not allowed under Section 29.357(a) from the program participant or the entity that received the funds if the participant's account is suspended or closed under this section.

Sec. 29.362. TUITION AND FEES; REFUND PROHIBITED. (a) An education service provider may not charge a child participating in the program an amount greater than the standard amount charged for that service by the provider.

(b) An education service provider or a vendor of educational products receiving funds distributed under the program may not in any manner rebate, refund, or credit to or share with a program participant, or any person on behalf of a participant, any program funds paid or owed by the participant to the provider or vendor.

Sec. 29.363. REFERRAL TO ATTORNEY GENERAL. (a) If the comptroller obtains evidence of fraudulent use of an account, the comptroller may refer the case to the attorney general for investigation.

(b) With the consent of the appropriate local county or district attorney, the attorney general has concurrent jurisdiction with the consenting local prosecutor to prosecute an offense referred to the attorney general under Subsection (a).

Sec. 29.364. PROVIDER ACCOUNTABILITY. (a) To receive funds distributed under the program, a private school must be accredited by an organization that is recognized by the Texas

Private School Accreditation Commission.

(b) A practitioner or provider who provides educational therapies or services must be licensed or accredited by a regional or national accrediting organization to receive funds distributed under the program.

(c) A private tutor, teaching service, or online educational course or program provider must apply to and be approved by the commissioner to receive funds distributed under the program.

(d) To be eligible for approval under Subsection (c), a private tutor or each employee of a teaching service who intends to provide educational services to a program participant must:

(1) be a teacher who:

(A) is certified under Subchapter B, Chapter 21;

(B) holds a National Board Certification issued by the National Board for Professional Teaching Standards; or

(C) has experience teaching at an institution of higher education or private or independent institution of higher education; and

(2) either:

(A) complete a national criminal history record information review; or

(B) provide to the commissioner documentation indicating that the tutor or employee, as applicable, has completed a national criminal history record information review within a period established by commissioner rule.

(e) The commissioner shall review the national criminal history record information or documentation for each private tutor or teaching service who submits an application under Subsection (c). The tutor or teaching service must provide the commissioner with any information requested by the commissioner to enable the commissioner to complete the review.

(f) The commissioner shall maintain and provide to the comptroller a list of private tutors, teaching services, and online educational courses or program providers approved to receive funds distributed under the program. The comptroller shall post the list on the comptroller's Internet website.

(g) A private tutor, teaching service, or online educational course or program provider may appeal to the comptroller the commissioner's rejection of an application submitted under Subsection (c).

(h) The commissioner may adopt rules necessary to exercise the commissioner's powers and duties under this section.

Sec. 29.365. PROGRAM PARTICIPANT, PROVIDER, AND VENDOR AUTONOMY. (a) An education service provider or vendor of educational products that receives funds distributed under the program is not an agent of the state or federal government.

(b) Except as provided by this subchapter, the comptroller, the commissioner, the agency, the State Board of Education, any other state agency, or any school district may not:

(1) regulate the educational program of an education service provider or vendor of educational products that receives funds distributed under the program; or

(2) exercise control or supervision over a program participant or an education service provider or vendor of educational products that receives funds distributed under the program.

(c) The program does not expand the regulatory authority of the state or any school district to impose any additional regulation on an education service provider or vendor of educational products except those reasonably necessary to enforce the program as provided by this subchapter.

(d) A private school may not be required to modify the school's creed, practices, admissions policies, curriculum, performance standards, or assessments to receive funds distributed under the program.

(e) A private school voluntarily selected by a parent for the parent's child to attend, with or without governmental assistance, may not be required to comply with any state law or rule governing the applicable educational program that was not in effect on January 1, 2017.

(f) In any proceeding challenging a rule adopted by a state agency or officer under this subchapter, the agency or officer has the burden of proof to establish that the rule:

(1) is necessary to implement or enforce the program as provided by this subchapter; and

(2) does not impose an undue burden on a program participant or an education service provider or vendor of educational products that receives or seeks to receive funds distributed under the program.

Sec. 29.366. STUDENT RECORDS AND INFORMATION. (a) On request by the parent of a child participating in the program, the school district or open-enrollment charter school that the child would otherwise attend shall provide a copy of the child's school records possessed by the district or school, if any, to the child's parent or, if applicable, the private school the child attends.

(b) The agency shall provide to the comptroller any information available to the agency requested by the comptroller regarding a child who participates or seeks to participate in the program. The comptroller may not retain information provided under this subsection beyond the period necessary to determine:

(1) a child's eligibility to participate in the program; or

(2) the amount of a payment to a program participant's account under Section 29.358.

Sec. 29.367. REPORTING NUMBER OF PARTICIPANTS. (a) Not later than October 1 of each year, the comptroller shall notify the commissioner and the Legislative Budget Board of the number of eligible children likely to participate in the program, disaggregated by the school district or open-enrollment charter school the eligible children would otherwise attend.

(b) Not later than March 1 of each year, the comptroller shall provide final information to the commissioner and the Legislative Budget Board regarding the number of children participating in the program, disaggregated in the same manner as the initial information under Subsection (a).

Sec. 29.368. ANNUAL SURVEY. The comptroller may conduct an annual parental satisfaction survey that asks each parent of a child participating in the program to express:

(1) the parent's overall level of satisfaction with the program; and

(2) the parent's opinion on specified topics and issues relevant to the effectiveness of the program.

Sec. 29.369. PARENT REVIEW COMMITTEE. (a) A parent review committee is established to assist the comptroller, at the comptroller's request, in:

(1) determining whether certain expenses are allowed under Section 29.357; and

(2) reviewing an appeal of the commissioner's decision to reject an application of a private tutor, teaching service, or online educational course or program provider for approval under Section 29.364 to receive funds distributed under the program.

(b) The committee consists of the comptroller, or a representative designated by the comptroller, and eight members appointed by the comptroller. Each appointed member must be a parent of a child participating in the program. In making appointments to the committee, the comptroller shall ensure that parents from at least four counties are included.

(c) An appointed member of the committee serves a one-year term at the pleasure of the comptroller and may be reappointed.

(d) The comptroller or the representative designated by the comptroller, as applicable, is the chair of the committee and may vote on a matter before the committee only if there is a tie.

Sec. 29.370. RULES. The comptroller shall:

(1) adopt rules as necessary to implement this subchapter, including:

(A) rules regarding expense reporting requirements for program participants; and

(B) rules for implementing this subchapter in a manner that ensures compliance with federal law regarding confidentiality of student educational information, including the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g); and

(2) coordinate as necessary to:

(A) calculate annually the savings to the state from the implementation of the program; and

(B) prevent fraud in financial transactions under the program, including by adopting measures to permit



anonymous fraud reporting by telephone hotline or online communication.

Sec. 29.371. GIFTS, GRANTS, AND DONATIONS. The comptroller may solicit and accept gifts, grants, and donations from any public or private source for any expenses related to the administration of the program, including the initial implementation of the program.

Sec. 29.372. DYSLEXIA ALLOTMENT SET-ASIDE. (a) Each year, for each child participating in the program, the agency shall set aside a percentage of the state average maintenance and operations expenditures per student for the preceding state fiscal year in an amount equal to:

(1) for the first year the child participates in the program, five percent; and

(2) in each subsequent year the child participates in the program, 10 percent.

(b) The amounts set aside under Subsection (a) may be used only for purposes of funding the special allotment for students with dyslexia or a related disorder under Section 42.1561.

SECTION 4. Section 42.006(a-1), Education Code, is amended to read as follows:

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

SECTION 5. Effective September 1, 2023, Sections 42.103(b) and (d), Education Code, are amended to read as follows:

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

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

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

adjusted allotment:

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

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

SECTION 6. Effective September 1, 2018, Section 42.103(c), Education Code, is amended to read as follows:

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

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

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

i

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

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

i

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

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

i

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

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

; and

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

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

SECTION 7. Subchapter C, Chapter 42, Education Code, is amended by adding Section 42.1561 to read as follows:

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

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

(1) is receiving instruction that:

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

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

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

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

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

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

SECTION 8. Section 42.253, Education Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) Notwithstanding Subsection (b), the commissioner shall adjust enrollment estimates and entitlement for each school district for each school year based on information provided by the comptroller under Section 29.367. This subsection expires September 1, 2021.

SECTION 9. Chapter 42, Education Code, is amended by adding Subchapter H to read as follows:

SUBCHAPTER H. FINANCIAL HARDSHIP TRANSITION PROGRAM

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

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

(c) Except as provided by Subsection (d), funding provided to a district under this subchapter is in addition to all other funding provided under Chapter 41 and this chapter.

(d) A district is not eligible for funding under this subchapter for a school year if the district receives for that school year an adjustment of the district's taxable value of property under Section 42.2521. A district may decline an adjustment under Section 42.2521 to maintain eligibility for funding under this subchapter.

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

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

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

where:

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

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

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

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

"TAHG" is the total funding available for grants under Section 42.456 for a school year; and

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

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

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

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

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

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

(2) if a school district's maintenance and operations tax rate ("TR") is greater than \$1, use \$1 for the value of "TR";

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

(4) if (TAHG/TEHG) equals a value greater than one, use a value of one for (TAHG/TEHG).

(d) If funds remain available under this subchapter for a school year after determining initial grant amounts under Subsection (a), as adjusted to reflect the limits imposed by Subsection (b), the commissioner shall reapply the formula as necessary to award all available funds.

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

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

Sec. 42.455. CERTAIN SCHOOL DISTRICTS NOT ELIGIBLE. A school district is not eligible for a grant under this subchapter if for the 2015-2016 school year the district's expenditures per student in average daily attendance, excluding bond debt service payments, capital outlays, and facilities acquisition and construction costs, exceeded an amount that is equal to 110 percent of the state average amount for that school year of expenditures per student in average daily attendance, excluding bond debt service payments, capital outlays, and facilities acquisition and construction costs, as those amounts are determined by the commissioner.

Sec. 42.456. FUNDING LIMIT. The amount of grants awarded by the commissioner under this subchapter may not exceed \$100 million for the 2017-2018 school year or \$50 million for the 2018-2019 school year.

Sec. 42.457. NO ADJUSTMENT BASED ON REVISED DATA. The commissioner may not adjust the amount of a school district's grant under this subchapter based on revisions to the district's data received after a grant has been awarded.

Sec. 42.458. RULES. The commissioner may adopt rules as necessary to administer this subchapter.

Sec. 42.459. DETERMINATION FINAL. A determination by the commissioner under this subchapter is final and may not be appealed.

Sec. 42.460. EXPIRATION. This subchapter expires September 1, 2019.

SECTION 10. Chapter 42, Education Code, is amended by adding Subchapter L to read as follows:

SUBCHAPTER L. TEXAS COMMISSION ON PUBLIC SCHOOL FINANCE

Sec. 42.601. DEFINITION. In this subchapter, "commission" means the Texas Commission on Public School Finance.

Sec. 42.602. TEXAS COMMISSION ON PUBLIC SCHOOL FINANCE.

(a) The Texas Commission on Public School Finance is established to develop and make recommendations for improvements to the current public school finance system or for new methods of financing public schools.

(b) The commission is composed of 15 members, consisting of the following:

(1) four members appointed by the governor;

(2) three members appointed by the lieutenant governor;

(3) three members appointed by the speaker of the house of representatives;

(4) the chair of the senate committee on education, or a representative designated by the chair;

(5) the chair of the senate committee on finance, or a representative designated by the chair;

(6) the chair of the house of representatives committee on public education, or a representative designated by the chair;

(7) the chair of the house of representatives committee on appropriations, or a representative designated by the

chair; and

(8) a member of the State Board of Education, as designated by the chair of that board.

(c) In making appointments under Subsections (b)(1), (2), and (3), the governor, lieutenant governor, and speaker of the house of representatives shall coordinate to ensure that the membership of the commission reflects, to the extent possible, the ethnic diversity of this state and includes at least one of each of the following representatives:

(1) an administrator in the public school system or an elected member of the board of trustees of a school district;

(2) a member of the business community; and

(3) a member of the civic community.

Sec. 42.603. PRESIDING OFFICER. The governor shall designate the presiding officer of the commission.

Sec. 42.604. COMPENSATION AND REIMBURSEMENT. A member of the commission is not entitled to compensation for service on the commission but is entitled to reimbursement for actual and necessary expenses incurred in performing commission duties.

Sec. 42.605. ADMINISTRATIVE SUPPORT AND FUNDING.

(a) Staff members of the agency shall provide administrative support for the commission.

(b) Funding for the administrative and operational expenses of the commission shall be provided by appropriation to the agency for that purpose.

Sec. 42.606. RECOMMENDATIONS. (a) The commission shall develop recommendations under this subchapter to address issues related to the public school finance system, including:

(1) the purpose of the public school finance system and the relationship between state and local funding in that system;

(2) the appropriate levels of local maintenance and operations and interest and sinking fund tax effort necessary to implement a public school finance system that complies with the requirements under the Texas Constitution; and

(3) policy changes to the public school finance system necessary to adjust for student demographics and the geographic

diversity in the state.

(b) The commission may establish one or more working groups composed of not more than five members of the commission to study, discuss, and address specific policy issues and recommendations to refer to the commission for consideration.

Sec. 42.607. REPORT. Not later than December 31, 2018, the commission shall prepare and deliver a report to the governor and the legislature that recommends statutory changes to improve the public school finance system, including any adjustments to funding to account for student demographics.

Sec. 42.608. PUBLIC MEETINGS AND PUBLIC INFORMATION.

(a) The commission may hold public meetings as needed to fulfill its duties under this subchapter.

(b) The commission is subject to Chapters 551 and 552, Government Code.

Sec. 42.609. COMMISSION ABOLISHED; EXPIRATION OF SUBCHAPTER. (a) The commission is abolished January 8, 2019.

(b) This subchapter expires January 8, 2019.



SECTION 11. Effective September 1, 2018, Section 46.032(a), Education Code, is amended to read as follows:

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

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

where:

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

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

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

(2) the amount that would result in a total additional amount of state funds under this subchapter for the current year equal to \$50 million in excess of the state funds to which school districts would have been entitled under this section if the guaranteed level amount were \$35;

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

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

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

SECTION 12. Section 411.0901, Government Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) The Texas Education Agency is entitled to obtain criminal history record information maintained by the department about a person who is a private tutor or an employee of a teaching

service who intends to provide educational services to a child participating in the program established under Subchapter J, Chapter 29, Education Code, and is seeking approval to receive funds distributed under that program.

SECTION 13. Effective September 1, 2023, Section 42.103(c), Education Code, is repealed.

SECTION 14. (a) The constitutionality and other validity under the state or federal constitution of all or any part of Subchapter J, Chapter 29, Education Code, as added by this Act, may be determined in an action for declaratory judgment in a district court in Travis County under Chapter 37, Civil Practice and Remedies Code, except that this section does not authorize an award of attorney's fees against this state and Section 37.009, Civil Practice and Remedies Code, does not apply to an action filed under this section.

(b) An appeal of a declaratory judgment or order, however characterized, of a district court, including an appeal of the judgment of an appellate court, holding or otherwise determining that all or any part of Subchapter J, Chapter 29, Education Code, as added by this Act, is constitutional or unconstitutional, or otherwise valid or invalid, under the state or federal constitution is an accelerated appeal.

(c) If the judgment or order is interlocutory, an interlocutory appeal may be taken from the judgment or order and is an accelerated appeal.

(d) A district court in Travis County may grant or deny a temporary or otherwise interlocutory injunction or a permanent injunction on the grounds of the constitutionality or unconstitutionality, or other validity or invalidity, under the state or federal constitution of all or any part of Subchapter J, Chapter 29, Education Code, as added by this Act.

(e) There is a direct appeal to the Texas Supreme Court from an order, however characterized, of a trial court granting or denying a temporary or otherwise interlocutory injunction or a permanent injunction on the grounds of the constitutionality or unconstitutionality, or other validity or invalidity, under the state or federal constitution of all or any part of Subchapter J,

Chapter 29, Education Code, as added by this Act.

(f) The direct appeal is an accelerated appeal.

(g) This section exercises the authority granted by Section 3-b, Article V, Texas Constitution.

(h) The filing of a direct appeal under this section will automatically stay any temporary or otherwise interlocutory injunction or permanent injunction granted in accordance with this section pending final determination by the Texas Supreme Court, unless the supreme court makes specific findings that the applicant seeking such injunctive relief has pleaded and proved that:

(1) the applicant has a probable right to the relief it seeks on final hearing; and

(2) the applicant will suffer a probable injury that is imminent and irreparable, and that the applicant has no other adequate legal remedy.

(i) An appeal under this section, including an interlocutory, accelerated, or direct appeal, is governed, as applicable, by the Texas Rules of Appellate Procedure, including Rules 25.1(d)(6), 26.1(b), 28.1, 28.3, 32.1(g), 37.3(a)(1), 38.6(a) and (b), 40.1(b), and 49.4.

SECTION 15. Subchapter J, Chapter 29, and Section 42.253(b-1), Education Code, as added by this Act, and Section 411.0901(a-1), Government Code, as added by this Act, apply beginning with the 2018-2019 school year.

SECTION 16. The commissioner of education is required to implement this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the commissioner of education may, but is not required to, implement this Act using other appropriations available for the purpose.

SECTION 17. Except as otherwise provided by this Act, this Act takes effect September 1, 2017.