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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 7.055(b), Education Code, is amended by adding Subdivision (42) to read as follows:

(42) The commissioner may accept a gift, donation, or other contribution on behalf of the public school system or agency and, unless otherwise specified by the donor, may use the contribution for the benefit of the public school system or agency in the manner the commissioner determines appropriate.

SECTION 2. Section 7.062(c), Education Code, is amended to read as follows:

(c) Except as otherwise provided by this subsection, if the commissioner certifies that the amount appropriated for a state fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds the amount to which school districts are entitled under those subchapters for that year, the commissioner shall use the excess funds, in an amount not to exceed \$20 million in any state fiscal year, for the purpose of making grants under this section. The use of excess funds under this subsection has priority over any provision of Chapter 42 that permits or directs the use of excess foundation school program funds, including Sections ~~[42.2517,~~ 42.2521, 42.2522, and 42.2531. The commissioner is required to use excess funds as provided by this subsection only if the

1 commissioner is not required to reduce the total amount of state
2 funds allocated to school districts under Section 42.253(h).

3 SECTION 3. Section 11.158(a), Education Code, is amended to
4 read as follows:

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

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

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

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

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

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

24 (6) a fee specifically permitted by any other statute;

25 (7) a fee for an authorized voluntary student health
26 and accident benefit plan;

27 (8) a reasonable fee, not to exceed the actual annual

1 maintenance cost, for the use of musical instruments and uniforms
2 owned or rented by the district;

3 (9) a fee for items of personal apparel that become the
4 property of the student and that are used in extracurricular
5 activities;

6 (10) a parking fee or a fee for an identification card;

7 (11) a fee for a driver training course, not to exceed
8 the actual district cost per student in the program for the current
9 school year;

10 (12) a fee for a course offered for credit that
11 requires the use of facilities not available on the school premises
12 or the employment of an educator who is not part of the school's
13 regular staff, if participation in the course is at the student's
14 option;

15 (13) a fee for a course offered during summer school,
16 except that the board may charge a fee for a course required for
17 graduation only if the course is also offered without a fee during
18 the regular school year;

19 (14) a reasonable fee for transportation of a student
20 who lives within two miles of the school the student attends to and
21 from that school[~~, except that the board may not charge a fee for~~
22 ~~transportation for which the school district receives funds under~~
23 ~~Section 42.155(d)]~~; or

24 (15) a reasonable fee, not to exceed \$50, for costs
25 associated with an educational program offered outside of regular
26 school hours through which a student who was absent from class
27 receives instruction voluntarily for the purpose of making up the

1 missed instruction and meeting the level of attendance required
2 under Section 25.092 [~~or~~
3 ~~(16) if the district does not receive any funds under~~
4 ~~Section 42.155 and does not participate in a county transportation~~
5 ~~system for which an allotment is provided under Section 42.155(i),~~
6 ~~a reasonable fee for the transportation of a student to and from the~~
7 ~~school the student attends].~~

8 SECTION 4. Effective September 1, 2018, Section
9 12.106(a-1), Education Code, is amended to read as follows:

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

12 (1) [~~]~~ adjustments under Sections 42.102, [~~42.103,~~
13 42.104, and 42.105 are based on the average adjustment for the
14 state; and

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

18 SECTION 5. Section 29.153(c), Education Code, is amended to
19 read as follows:

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

25 SECTION 6. Subchapter F, Chapter 29, Education Code, is
26 amended by adding Section 29.194 to read as follows:

27 Sec. 29.194. STUDY ON CAREER AND TECHNOLOGY EDUCATION

1 COURSES. (a) The commissioner shall conduct a study regarding the
2 provision of career and technology education courses during the
3 summer. The study must analyze:

4 (1) the feasibility of providing those courses during
5 the summer;

6 (2) the potential demand for those courses during the
7 summer;

8 (3) any funding considerations associated with
9 providing those courses during the summer; and

10 (4) any other matter the commissioner determines
11 appropriate.

12 (a-1) The study shall include an evaluation of the
13 feasibility of extending career and technology education programs
14 to students enrolled below the eighth grade level and providing
15 funding for those programs.

16 (b) Not later than December 1, 2018, the commissioner shall
17 submit to the governor and the members of the legislature a report
18 on the results of the study and any recommendations for legislative
19 or other action.

20 (c) The provisions of this section apply only if the
21 commissioner receives sufficient money to pay for the study and
22 report from gifts, donations, or other contributions that may be
23 used for that purpose.

24 (d) This section expires September 1, 2019.

25 SECTION 7. Sections 29.918(a) and (b), Education Code, are
26 amended to read as follows:

27 (a) Notwithstanding Section [~~39.234~~ or] 42.152, a school

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

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

22 SECTION 8. Subchapter C, Chapter 30, Education Code, is
23 amended by adding Section 30.0561 to read as follows:

24 Sec. 30.0561. TRANSPORTATION ALLOTMENT. The Texas School
25 for the Deaf is entitled to a transportation allotment paid from the
26 foundation school fund. The commissioner shall determine the
27 appropriate allotment.

1 SECTION 9. Section 30.087(c), Education Code, is amended to
2 read as follows:

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

8 SECTION 10. Section 34.002(c), Education Code, is amended
9 to read as follows:

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

17 SECTION 11. Section 34.007, Education Code, is amended by
18 adding Subsection (c) to read as follows:

19 (c) A county transportation system is not entitled to
20 receive funding for transportation costs directly from the state.
21 Funding for a county transportation system is provided by each
22 school district participating in the county transportation system
23 in accordance with the terms of the interlocal contract under
24 Chapter 791, Government Code, under which the county provides
25 transportation services for the participating districts.

26 SECTION 12. Section 39.0233(a), Education Code, is amended
27 to read as follows:

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

8 SECTION 13. Section 41.099(a), Education Code, is amended
9 to read as follows:

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

12 (1) executes an agreement to purchase all attendance
13 credits necessary to reduce the district's wealth per student to
14 the equalized wealth level;

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

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

21 (A) to an extent that does not provide more than
22 10 percent of the reduction in wealth per student required for the
23 district to achieve a wealth per student that is equal to or less
24 than the equalized wealth level; and

25 (B) under which all revenue paid by the district
26 to other districts, in excess of the reduction in state aid that
27 results from counting the weighted average daily attendance of the

1 students served in the contracting district, is required to be used
2 for funding a consortium of at least three districts in a county
3 with a population of less than 40,000 that is formed to support a
4 technology initiative.

5 SECTION 14. Section 41.257, Education Code, is amended to
6 read as follows:

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

14 SECTION 15. Section 42.006(a-1), Education Code, is amended
15 to read as follows:

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

23 SECTION 16. Section 42.101(a), Education Code, is amended
24 to read as follows:

25 (a) For each student in average daily attendance, not
26 including the time students spend each day in special education
27 programs in an instructional arrangement other than mainstream

1 settings, ~~or~~ career and technology education programs, or
2 technology applications courses approved for high school credit,
3 for which an additional allotment is made under Subchapter C, a
4 district is entitled to an allotment equal to the lesser of \$5,140
5 ~~[\$4,765]~~ or the amount that results from the following formula:

6
$$A = \underline{\$5,140} \text{ } \underline{\$4,765} \text{ } X \text{ (DCR/MCR)}$$

7 where:

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

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

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

16 SECTION 17. Section 42.102, Education Code, is amended by
17 adding Subsection (c) to read as follows:

18 (c) Based on a statistical analysis conducted by the
19 Legislative Budget Board to determine for each school district the
20 current geographic variation in known resource costs and costs of
21 education due to factors beyond the control of the district, the
22 commissioner shall update the cost of education index used for
23 purposes of this section during the 2016-2017 school year. The
24 commissioner periodically may request more current statistical
25 analysis from the Legislative Budget Board and further update as
26 needed the cost of education index.

27 SECTION 18. (a) Effective September 1, 2023, Sections

1 42.103(b) and (d), Education Code, are amended to read as follows:

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

5
$$AA = (1 + ((1,600 - ADA) \times .0004)) \times ABA$$

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

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

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

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

16 SECTION 19. Effective September 1, 2018, Section 42.103(c),
17 Education Code, is amended to read as follows:

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

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

23 $AA = (1 + ((1,600 - ADA) \times \underline{.000275} [\del{-00025}])) \times ABA$

24 i

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

26 $AA = (1 + ((1,600 - ADA) \times \underline{.00030})) \times ABA$

27 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 20. 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 property that before the issuance of the bonds was owned by the district and was the location of an instructional facility for the previous five years; or

(2) makes payments on bonds described by Subdivision

1 (1).

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

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

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

17 (c) A special-purpose school district that receives state
18 funding for a resident student under this section may not charge
19 tuition or fees to that student for the academic term for which
20 state funding is received, beyond fees permitted under Section
21 11.158.

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

24 SECTION 22. Section 42.151(h), Education Code, is amended
25 to read as follows:

26 (h) Funds allocated under this section, other than an
27 indirect cost allotment established under State Board of Education

1 rule or amounts made available for the transportation of special
2 education students, must be used in the special education program
3 under Subchapter A, Chapter 29.

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

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

10 SECTION 24. The heading to Section 42.154, Education Code,
11 is amended to read as follows:

12 Sec. 42.154. CAREER AND TECHNOLOGY EDUCATION AND TECHNOLOGY
13 APPLICATIONS ALLOTMENT.

14 SECTION 25. Sections 42.154(a), (b), (c), and (e),
15 Education Code, are amended to read as follows:

16 (a) For each full-time equivalent student in average daily
17 attendance in an approved career and technology education program
18 in grades eight [~~nine~~] through 12, in a technology applications
19 course approved for high school credit, or in career and technology
20 education programs for students with disabilities in grades seven
21 through 12, a district is entitled to:

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

24 (2) \$50, if the student is enrolled in:

25 (A) two or more advanced career and technology
26 education classes for a total of three or more credits; or

27 (B) an advanced course as part of a tech-prep

1 program under Subchapter T, Chapter 61.

2 (b) In this section, "full-time equivalent student" means
3 30 hours of contact a week between a student and career and
4 technology education program or technology applications personnel.

5 (c) Funds allocated under this section, other than an
6 indirect cost allotment established under State Board of Education
7 rule or amounts made available for the transportation of career and
8 technology education students, must be used in providing career and
9 technology education programs in grades eight [~~nine~~] through 12,
10 technology applications courses approved for high school credit, or
11 career and technology education programs for students with
12 disabilities in grades seven through 12 under Sections 29.182,
13 29.183, and 29.184.

14 (e) Out of the total statewide allotment [~~for career and~~
15 ~~technology education~~] under this section, the commissioner shall
16 set aside an amount specified in the General Appropriations Act,
17 which may not exceed an amount equal to one percent of the total
18 amount appropriated, to support regional career and technology
19 education planning. After deducting the amount set aside under
20 this subsection from the total amount appropriated for career and
21 technology education and technology applications under this
22 section, the commissioner shall reduce each district's tier one
23 allotments in the same manner described for a reduction in
24 allotments under Section 42.253.

25 SECTION 26. Section 42.1541(a), Education Code, is amended
26 to read as follows:

27 (a) For the 2017-2018 and subsequent school years, the [~~The~~]

1 State Board of Education shall by rule revise [~~increase~~] the
2 indirect cost allotments established under Sections 42.151(h),
3 42.152(c), 42.153(b), and 42.154(c) [~~42.154(a-1) and (c)~~] and in
4 effect for the 2016-2017 [~~2010-2011~~] school year to reflect any
5 increase in the percentage of total maintenance and operations
6 funding represented by the basic allotment [~~in proportion to the~~
7 ~~average percentage reduction in total state and local maintenance~~
8 ~~and operations revenue provided under this chapter for the~~
9 ~~2011-2012 school year~~] as a result of [~~S.B. Nos. 1 and 2,~~] Acts of
10 the 85th [~~82nd~~] Legislature, Regular [~~1st Called~~] Session, 2017
11 [~~2011~~].

12 SECTION 27. Subchapter C, Chapter 42, Education Code, is
13 amended by adding Section 42.1561 to read as follows:

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

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

24 (1) is receiving instruction that:

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

27 (B) is provided by a person with specific

1 training in providing that instruction; or

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

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

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

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

15 SECTION 28. Sections 42.158(b), (d-1), and (g), Education
16 Code, are amended to read as follows:

17 (b) For the first school year in which students attend a new
18 instructional facility, a school district is entitled to an
19 allotment of \$1,000 [~~\$250~~] for each student in average daily
20 attendance at the facility. For the second school year in which
21 students attend that instructional facility, a school district is
22 entitled to an allotment of \$1,000 [~~\$250~~] for each additional
23 student in average daily attendance at the facility.

24 (d-1) In addition to the appropriation amount described by
25 Subsection (d), the amount of \$1 million may be appropriated each
26 school year to supplement the allotment to which a school district
27 is entitled under this section that may be provided using the

1 appropriation amount described by Subsection (d). The commissioner
2 shall first apply the funds appropriated under this subsection to
3 prevent any reduction under Subsection (d) in the allotment for
4 attendance at an eligible high school instructional facility,
5 subject to the maximum amount of \$1,000 [~~\$250~~] for each student in
6 average daily attendance. Any funds remaining after preventing all
7 reductions in amounts due for high school instructional facilities
8 may be applied proportionally to all other eligible instructional
9 facilities, subject to the maximum amount of \$1,000 [~~\$250~~] for each
10 student in average daily attendance.

11 (g) In this section:

12 (1) "Instructional [~~,"instructional~~] facility" has
13 the meaning assigned by Section 46.001.

14 (2) "New instructional facility" includes:

15 (A) a newly constructed instructional facility;

16 (B) a repurposed instructional facility; and

17 (C) a leased facility operating for the first
18 time as an instructional facility with a minimum lease term of not
19 less than 10 years.

20 SECTION 29. Section 42.2518(a), Education Code, as
21 effective September 1, 2017, is amended to read as follows:

22 (a) Beginning with the 2017-2018 school year, a school
23 district is entitled to additional state aid to the extent that
24 state and local revenue under this chapter and Chapter 41 is less
25 than the state and local revenue that would have been available to
26 the district under Chapter 41 and this chapter as those chapters
27 existed on September 1, 2015, excluding any state aid or adjustment

1 in wealth per student that would have been provided under former
2 Section 41.002(e)-(g), 42.155, 42.160, 42.2513, or 42.2516, if the
3 increase in the residence homestead exemption under Section 1-b(c),
4 Article VIII, Texas Constitution, and the additional limitation on
5 tax increases under Section 1-b(d) of that article as proposed by
6 S.J.R. 1, 84th Legislature, Regular Session, 2015, had not
7 occurred.

8 SECTION 30. Subchapter E, Chapter 42, Education Code, is
9 amended by adding Section 42.2541 to read as follows:

10 Sec. 42.2541. ESTIMATED PROJECTIONS. (a) In this section,
11 "equivalent equalized wealth level" means an equalized wealth level
12 for a state fiscal biennium that results in approximately the same
13 number of school districts that are required to take action under
14 Chapter 41 to reduce wealth as the number of school districts that
15 were required to take that action during the preceding state fiscal
16 biennium.

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

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

22 (A) student enrollment under Section
23 42.254(a)(1);

24 (B) the comptroller's estimate of any increase in
25 total taxable value of all property in the state under Section
26 42.254(a)(2);

27 (C) the number of school districts offering a

1 local optional residence homestead exemption under Section
2 11.13(n), Tax Code;

3 (D) the number of school districts adopting a tax
4 rate below the maximum tier one tax rate determined under Section
5 42.252;

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

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

11 (2) provide projections for the equalized funding
12 elements under Section 42.007 for the following biennium as
13 necessary to achieve the equivalent equalized wealth level
14 projected under Subdivision (1).

15 SECTION 31. Sections 42.259(c), (d), and (f), Education
16 Code, are amended to read as follows:

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

19 (1) 22 percent of the yearly entitlement of the
20 district shall be paid in an installment to be made on or before the
21 25th day of September of a fiscal year;

22 (2) 18 percent of the yearly entitlement of the
23 district shall be paid in an installment to be made on or before the
24 25th day of October;

25 (3) 9.5 percent of the yearly entitlement of the
26 district shall be paid in an installment to be made on or before the
27 25th day of November;

1 (4) 7.5 percent of the yearly entitlement of the
2 district shall be paid in an installment to be made on or before the
3 25th day of April;

4 (5) five percent of the yearly entitlement of the
5 district shall be paid in an installment to be made on or before the
6 25th day of May;

7 (6) 10 percent of the yearly entitlement of the
8 district shall be paid in an installment to be made on or before the
9 25th day of June;

10 (7) 13 percent of the yearly entitlement of the
11 district shall be paid in an installment to be made on or before the
12 25th day of July; and

13 (8) 15 percent of the yearly entitlement of the
14 district shall be paid in an installment to be made after the 5th
15 day of September and not later than the 10th day of September of the
16 calendar year following the calendar year of the payment made under
17 Subdivision (1) [~~on or before the 25th day of August~~].

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

20 (1) 45 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 September of a fiscal year;

23 (2) 35 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 October; and

26 (3) 20 percent of the yearly entitlement of the
27 district shall be paid in an installment to be made after the 5th

1 day of September and not later than the 10th day of September of the
2 calendar year following the calendar year of the payment made under
3 Subdivision (1) [~~on or before the 25th day of August~~].

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

8 SECTION 32. Sections 42.2591(c) and (e), Education Code,
9 are amended to read as follows:

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

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

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

19 (3) 9.5 percent of the yearly entitlement of the
20 school shall be paid in an installment to be made on or before the
21 25th day of November;

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

25 (5) four percent of the yearly entitlement of the
26 school shall be paid in an installment to be made on or before the
27 25th day of January;

1 (6) four percent of the yearly entitlement of the
2 school shall be paid in an installment to be made on or before the
3 25th day of February;

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

7 (8) 7.5 percent of the yearly entitlement of the
8 school shall be paid in an installment to be made on or before the
9 25th day of April;

10 (9) five percent of the yearly entitlement of the
11 school shall be paid in an installment to be made on or before the
12 25th day of May;

13 (10) seven percent of the yearly entitlement of the
14 school shall be paid in an installment to be made on or before the
15 25th day of June;

16 (11) seven percent of the yearly entitlement of the
17 school shall be paid in an installment to be made on or before the
18 25th day of July; and

19 (12) eight percent of the yearly entitlement of the
20 school shall be paid in an installment to be made after the 5th day
21 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 (e) Except as provided by Subsection (c)(12), previously
25 [Previously] unpaid additional funds from prior fiscal years owed
26 to an open-enrollment charter school shall be paid to the school
27 together with the September payment of the current fiscal year

1 entitlement.

2 SECTION 33. Section 42.302(a), Education Code, is amended
3 to read as follows:

4 (a) Each school district is guaranteed a specified amount
5 per weighted student in state and local funds for each cent of tax
6 effort over that required for the district's local fund assignment
7 up to the maximum level specified in this subchapter. The amount
8 of state support, subject only to the maximum amount under Section
9 42.303, is determined by the formula:

10
$$\text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

11 where:

12 "GYA" is the guaranteed yield amount of state funds to be
13 allocated to the district;

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

18 "WADA" is the number of students in weighted average daily
19 attendance, which is calculated by dividing the sum of the school
20 district's allotments under Subchapters B and C, less any allotment
21 [~~to the district for transportation, any allotment~~] under Section
22 42.158 [~~or 42.160,~~] and 50 percent of the adjustment under Section
23 42.102, by the basic allotment for the applicable year;

24 "DTR" is the district enrichment tax rate of the school
25 district, which is determined by subtracting the amounts specified
26 by Subsection (b) from the total amount of maintenance and
27 operations taxes collected by the school district for the

1 applicable school year and dividing the difference by the quotient
2 of the district's taxable value of property as determined under
3 Subchapter M, Chapter 403, Government Code, or, if applicable,
4 under Section 42.2521, divided by 100; and

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

9 SECTION 34. Chapter 42, Education Code, is amended by
10 adding Subchapter H to read as follows:

11 SUBCHAPTER H. FINANCIAL HARDSHIP TRANSITION PROGRAM

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

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

19 (c) Funding provided to a district under this subchapter is
20 in addition to all other funding provided under Chapter 41 and this
21 chapter.

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

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

1 HG = (PL-CL) X (TR) X (TAHG/TEHG)

2 where:

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

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

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

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

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

14 "TEHG" is the sum of the combined amounts for all districts
15 calculated by applying the formula (PL-CL) X (TR) for each
16 district.

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

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

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

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

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

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

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

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

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

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

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

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

27 Sec. 42.457. RULES. The commissioner may adopt rules as

1 necessary to administer this subchapter.

2 Sec. 42.458. DETERMINATION FINAL. A determination by the
3 commissioner under this subchapter is final and may not be
4 appealed.

5 Sec. 42.459. EXPIRATION. This subchapter expires September
6 1, 2019.

7 SECTION 35. Section 466.355(c), Government Code, as
8 repealed by Chapter 431 (S.B. 559), Acts of the 83rd Legislature,
9 Regular Session, 2013, and amended by Chapter 1410 (S.B. 758), Acts
10 of the 83rd Legislature, Regular Session, 2013, is reenacted and
11 amended to read as follows:

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

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

15 (2) notwithstanding Subsection (b)(4), transfer the
16 amount estimated in Subdivision (1) to the foundation school fund
17 before ~~[August]~~ installment payments are made under Section
18 42.259(c)(8) or (d)(3) [42.259], Education Code.

19 SECTION 36. The following provisions of the Education Code
20 are repealed:

21 (1) Section 29.097(g);

22 (2) Section 29.098(e);

23 (3) Section 39.233;

24 (4) Section 39.234;

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

26 (6) Section 42.1541(c);

27 (7) Section 42.155;

- 1 (8) Section 42.160;
- 2 (9) Section 42.2513; and
- 3 (10) Section 42.2517.

4 SECTION 37. A school district that is entitled under
5 Section 42.158, Education Code, to receive funding in the 2017-2018
6 school year for the second year of student attendance at a new
7 instructional facility is entitled for that year to the amount
8 provided for the second year of student attendance as a result of
9 the changes in law made by this Act.

10 SECTION 38. The changes made by this Act to Sections 42.259
11 and 42.2591, Education Code, apply only to a payment from the
12 foundation school fund that is made on or after September 1, 2018.
13 A payment to a school district from the foundation school fund that
14 is made before that date is governed by Sections 42.259 and 42.2591,
15 Education Code, as those sections existed before amendment by this
16 Act, and the former law is continued in effect for that purpose.

17 SECTION 39. Not later than March 1, 2019, the Texas
18 Education Agency shall conduct a review of technology applications
19 and career and technology courses for grades 9 through 12 and
20 provide recommendations to the State Board of Education for
21 eliminating duplicative courses while ensuring certifications are
22 aligned with the rigor of each individual course.

23 SECTION 40. Except as otherwise provided by this Act, this
24 Act takes effect September 1, 2017.