

By: Huberty

H.B. No. 21

A BILL TO BE ENTITLED

AN ACT

relating to the public school finance system.

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

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

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

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

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

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

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

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

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

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

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

12 SECTION 2. Section 29.153(c), Education Code, is amended to
13 read as follows:

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

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

21 (a) Notwithstanding Section [~~39.234 or~~] 42.152, a school
22 district or open-enrollment charter school with a high dropout
23 rate, as determined by the commissioner, must submit a plan to the
24 commissioner describing the manner in which the district or charter
25 school intends to use the compensatory education allotment under
26 Section 42.152 [~~and the high school allotment under Section 42.160]~~
27 for developing and implementing research-based strategies for

1 dropout prevention. The district or charter school shall submit
2 the plan not later than December 1 of each school year preceding the
3 school year in which the district or charter school will receive the
4 compensatory education allotment [~~or high school allotment~~] to
5 which the plan applies.

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

16 SECTION 4. Subchapter C, Chapter 30, Education Code, is
17 amended by adding Section 30.0561 to read as follows:

18 Sec. 30.0561. TRANSPORTATION ALLOTMENT. The Texas School
19 for the Deaf is entitled to a transportation allotment paid from the
20 foundation school fund. The commissioner shall determine the
21 appropriate allotment.

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

24 (c) A school district may receive an allotment paid from the
25 foundation school fund for transportation of students
26 participating in a regional day school program, as determined by
27 the commissioner [~~in the same manner as an allotment for the~~

1 ~~transportation of other special education students]~~.

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

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

11 SECTION 7. Section 39.0233(a), Education Code, is amended
12 to read as follows:

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

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

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

24 (1) executes an agreement to purchase all attendance
25 credits necessary to reduce the district's wealth per student to
26 the equalized wealth level;

27 (2) executes an agreement to purchase attendance

1 credits and an agreement under Subchapter E to contract for the
2 education of nonresident students who transfer to and are educated
3 in the district but who are not charged tuition; or

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

6 (A) to an extent that does not provide more than
7 10 percent of the reduction in wealth per student required for the
8 district to achieve a wealth per student that is equal to or less
9 than the equalized wealth level; and

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

17 SECTION 9. Section 41.257, Education Code, is amended to
18 read as follows:

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

26 SECTION 10. Section 42.006(a-1), Education Code, is amended
27 to read as follows:

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

8 SECTION 11. Section 42.151(h), Education Code, is amended
9 to read as follows:

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

15 SECTION 12. Section 42.154(c), Education Code, is amended
16 to read as follows:

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

24 SECTION 13. Section 42.1541(a), Education Code, is amended
25 to read as follows:

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

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

11 SECTION 14. Subchapter C, Chapter [42](#), Education Code, is
12 amended by adding Section 42.1561 to read as follows:

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

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

23 (1) is receiving instruction that:

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

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

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

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

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

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

14 SECTION 15. Section 42.302(a), Education Code, is amended
15 to read as follows:

16 (a) Each school district is guaranteed a specified amount
17 per weighted student in state and local funds for each cent of tax
18 effort over that required for the district's local fund assignment
19 up to the maximum level specified in this subchapter. The amount
20 of state support, subject only to the maximum amount under Section
21 42.303, is determined by the formula:

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

22 where:

23 "GYA" is the guaranteed yield amount of state funds to be
24 allocated to the district;

25 "GL" is the dollar amount guaranteed level of state and local
26 funds per weighted student per cent of tax effort, which is an
27

1 amount described by Subsection (a-1) or a greater amount for any
2 year provided by appropriation;

3 "WADA" is the number of students in weighted average daily
4 attendance, which is calculated by dividing the sum of the school
5 district's allotments under Subchapters B and C, less any allotment
6 [~~to the district for transportation, any allotment~~] under Section
7 42.158 [~~or 42.160,~~] and 50 percent of the adjustment under Section
8 42.102, by the basic allotment for the applicable year;

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

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

21 SECTION 16. Chapter 42, Education Code, is amended by
22 adding Subchapter H to read as follows:

23 SUBCHAPTER H. FINANCIAL HARDSHIP TRANSITION PROGRAM

24 Sec. 42.451. FINANCIAL HARDSHIP GRANTS. (a) From amounts
25 appropriated for this subchapter, the commissioner may administer a
26 grant program that provides grants to eligible school districts
27 that have suffered financial hardship.

1 (b) A district seeking a grant under this subchapter must
2 apply to the commissioner in the manner and within the time
3 prescribed by the commissioner. A district may only submit one
4 application each year.

5 (c) In awarding grants under this subchapter, the
6 commissioner shall give priority to districts experiencing
7 financial hardship as provided by Section 42.453.

8 (d) Funding provided to a district under this subchapter is
9 in addition to all other funding provided under Chapter 41 and this
10 chapter.

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

14 Sec. 42.452. ELIGIBILITY. (a) A school district is
15 eligible to receive a grant under this subchapter if the
16 commissioner determines that the amount of the district's state and
17 local maintenance and operations revenue per student in weighted
18 average daily attendance for the school year for which the district
19 applies for a grant is less than the amount of the district's state
20 and local maintenance and operations revenue per student in
21 weighted average daily attendance for the 2016-2017 school year.

22 (b) For purposes of making the determinations required by
23 Subsection (a), the commissioner shall:

24 (1) use the greater of a district's adopted
25 maintenance and operations tax rate for the 2016 tax year or the tax
26 year for which the district applies for a grant;

27 (2) if a district has a compressed tax rate, as defined

1 by Section 42.101, of less than \$1, include all additional tax
2 effort available to the district in calculating its compressed tax
3 rate under Section 42.101(a-1) for the 2016-2017 school year and
4 the school year for which the district applies for a grant;

5 (3) exclude any decrease in property value
6 attributable to a reduction in value under Chapter 313, Tax Code, or
7 to any other reduction in value for which a district is held
8 harmless; and

9 (4) for the school year for which the district applies
10 for a grant, include any funds received by the district under
11 Chapter 41 or this chapter that offset a loss in revenue, including:

12 (A) a reduction in the total amount required to
13 be paid by a district for attendance credits under Section 41.0931;
14 or

15 (B) an adjustment under Subchapter E.

16 (c) Based on the determinations made under Subsection (a),
17 the commissioner shall calculate a district's loss of revenue per
18 student in weighted average daily attendance and the percentage
19 decline in funding between the 2016-2017 school year and the school
20 year for which the district applies for a grant.

21 Sec. 42.453. PRIORITY FOR GRANTS. (a) The commissioner
22 shall award grants by giving priority to school districts in the
23 following order:

24 (1) first, to districts for which the loss of revenue
25 is the result of the loss of state aid that would have been provided
26 under former Section 42.2516, as that section existed on January 1,
27 2017;

1 (2) second, to districts for which the loss of revenue
2 is a result of the changes made by .B. No. _____, Acts of the 85th
3 Legislature, Regular Session, 2017; and

4 (3) third, to districts for which the loss of revenue
5 is the result of other financial hardships described in the
6 district's grant application.

7 (b) The commissioner shall rank each district's grant
8 application according to the highest priority applicable to the
9 district.

10 (c) In each priority category, the commissioner shall rank
11 the application of the district with the greatest percentage
12 decline in revenue first and the application of the district with
13 the smallest percentage decline last.

14 Sec. 42.454. AWARD OF GRANTS; AMOUNT. (a) The commissioner
15 shall award grants to school districts based on the priority
16 category provided under Section 42.453 and the district's ranking
17 in the priority category.

18 (b) Subject to Sections 42.455 and 42.456, the commissioner
19 shall award each district a grant in an amount equal to the
20 difference between the district's state and local maintenance and
21 operations revenue per student in weighted average daily attendance
22 for the 2016-2017 school year and the school year for which the
23 grant is awarded, multiplied by the number of students in weighted
24 average daily attendance during the school year for which the grant
25 is awarded.

26 Sec. 42.455. LIMITATION ON GRANT AMOUNT. A school district
27 may not receive a grant that exceeds the lesser of:

1 (1) the amount determined under Section 42.454(b); or

2 (2) the amount that would increase the district's
3 revenue per student in weighted average daily attendance to an
4 amount that is equal to 125 percent of the average state and local
5 maintenance and operations revenue per student in weighted average
6 daily attendance for the 2016-2017 school year.

7 Sec. 42.456. FUNDING LIMIT. (a) The amount appropriated
8 for grants under this subchapter may not exceed \$100 million in a
9 school year. If the total amount of grants awarded for a school
10 year exceeds the amount appropriated for purposes of this
11 subchapter, the commissioner shall reduce each school district's
12 grant proportionally.

13 (b) Notwithstanding Section 42.455, a district may not
14 receive a grant under this subchapter for a school year in an amount
15 that is greater than 10 percent of the total amount of funds
16 available under this subchapter for that year.

17 Sec. 42.457. RULES. The commissioner may adopt rules as
18 necessary to administer this subchapter, including rules
19 establishing eligibility criteria for a school district to receive
20 a grant.

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

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

26 SECTION 17. The following provisions of the Education Code
27 are repealed:

- 1 (1) Section 29.097(g);
- 2 (2) Section 29.098(e);
- 3 (3) Section 34.002(c);
- 4 (4) Section 39.233;
- 5 (5) Section 39.234;
- 6 (6) Sections 41.002(e), (f), and (g);
- 7 (7) Section 42.1541(c);
- 8 (8) Section 42.155;
- 9 (9) Section 42.160; and
- 10 (10) Section 42.2513.

11 SECTION 18. This Act takes effect September 1, 2017.