

By: Hinojosa

H.B. No. 3737

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:

ARTICLE 1. PUBLIC SCHOOL FINANCE

SECTION 1.01. Section 41.001(3), Education Code, is amended to read as follows:

(3) "Weighted average daily attendance" has the meaning assigned by Section 42.0053 [42.302].

SECTION 1.02. Section 41.002(a), Education Code, is amended to read as follows:

(a) A school district may not have a wealth per student that exceeds the product of the guaranteed level, as defined by Section 42.107, multiplied by 10,000 [+

~~[(1) the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student available to a district with maintenance and operations tax revenue per cent of tax effort equal to the maximum amount provided per cent under Section 42.101(a) or (b), for the district's maintenance and operations tax effort equal to or less than the rate equal to the sum of the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year and any additional tax effort included in calculating the district's compressed tax rate under Section 42.101(a-1),~~

1           ~~[(2) the wealth per student that generates the amount~~  
2 ~~of maintenance and operations tax revenue per weighted student~~  
3 ~~available to the Austin Independent School District, as determined~~  
4 ~~by the commissioner in cooperation with the Legislative Budget~~  
5 ~~Board, for the first six cents by which the district's maintenance~~  
6 ~~and operations tax rate exceeds the rate equal to the sum of the~~  
7 ~~product of the state compression percentage, as determined under~~  
8 ~~Section 42.2516, multiplied by the maintenance and operations tax~~  
9 ~~rate adopted by the district for the 2005 tax year and any~~  
10 ~~additional tax effort included in calculating the district's~~  
11 ~~compressed tax rate under Section 42.101(a-1), subject to Section~~  
12 ~~41.093(b-1), or~~

13           ~~[(3) \$319,500, for the district's maintenance and~~  
14 ~~operations tax effort that exceeds the amount of tax effort~~  
15 ~~described by Subdivision (2)].~~

16           SECTION 1.03. Section 41.006(a), Education Code, is amended  
17 to read as follows:

18           (a) The commissioner may adopt rules necessary for the  
19 implementation of this chapter. The rules may provide for the  
20 commissioner to make necessary adjustments to the provisions of  
21 Chapter 42~~[, including providing for the commissioner to make an~~  
22 ~~adjustment in the funding element established by Section 42.302, at~~  
23 ~~the earliest date practicable, to the amount the commissioner~~  
24 ~~believes, taking into consideration options exercised by school~~  
25 ~~districts under this chapter and estimates of student enrollments,~~  
26 ~~will match appropriation levels].~~

27           SECTION 1.04. Section 41.061, Education Code, is amended to

1 read as follows:

2           Sec. 41.061. AGREEMENT. (a) By agreement of the governing  
3 boards of two school districts, territory may be detached from one  
4 of the districts and annexed to the other district if, after the  
5 action, ~~+~~

6           ~~[(1)]~~ the wealth per student of the district from  
7 which territory is detached and the wealth per student of the  
8 district to which territory is annexed are ~~[is]~~ equal to or less  
9 than the equalized wealth level ~~;~~ ~~and~~

10           ~~[(2) the wealth per student of the district to which~~  
11 ~~territory is annexed is not greater than the greatest level for~~  
12 ~~which funds are provided under Subchapter F, Chapter 42].~~

13           (b) The agreement is not effective unless the commissioner  
14 certifies that, after all actions taken under this chapter, the  
15 wealth per student of each district involved will be equal to or  
16 less than the equalized wealth level ~~[applicable level permitted by~~  
17 ~~Subsection (a)]~~.

18           SECTION 1.05. Section 41.093(a), Education Code, is amended  
19 to read as follows:

20           (a) The ~~[Subject to Subsection (b-1), the]~~ cost of each  
21 credit is an amount equal to the greater of:

22           (1) the amount of the district's maintenance and  
23 operations tax revenue per student in weighted average daily  
24 attendance for the school year for which the contract is executed;  
25 or

26           (2) the amount of the statewide district average of  
27 maintenance and operations tax revenue per student in weighted

1 average daily attendance for the school year preceding the school  
2 year for which the contract is executed.

3 SECTION 1.06. Section 41.099(a), Education Code, is amended  
4 to read as follows:

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

7 (1) executes an agreement to purchase all attendance  
8 credits necessary to reduce the district's wealth per student to  
9 the equalized wealth level;

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

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

16 (A) to an extent that does not provide more than  
17 10 percent of the reduction in wealth per student required for the  
18 district to achieve a wealth per student that is equal to or less  
19 than the equalized wealth level; and

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

27 SECTION 1.07. Sections 41.206(a), (f), (g), and (i),

1 Education Code, are amended to read as follows:

2 (a) The commissioner shall annex property detached under  
3 Section 41.205 to school districts eligible for annexation in  
4 accordance with this section. A school district is eligible for  
5 annexation of property to it under this subchapter only if, before  
6 any detachments or annexations are made in a year, the district's  
7 wealth per student is less than the equalized wealth level  
8 [~~greatest level for which funds are provided under Subchapter F,~~  
9 ~~Chapter 42~~].

10 (f) If only one school district is eligible to annex  
11 property detached from a school district within a priority group  
12 established by Subsections (d) and (e), the commissioner shall  
13 annex property to that district until it reaches a wealth per  
14 student equal as nearly as possible to the equalized wealth level  
15 [~~greatest level for which funds are provided under Subchapter F,~~  
16 ~~Chapter 42,~~] by annexing whole parcels or items of property. Any  
17 remaining detached property shall be annexed to eligible school  
18 districts in the next priority group as provided by this section.

19 (g) If more than one school district is eligible to annex  
20 property detached from a school district within a priority group  
21 established by Subsections (d) and (e), the commissioner shall  
22 first annex property to the district within the priority group to  
23 which could be annexed the most taxable value of property without  
24 increasing its wealth per student above the equalized wealth level  
25 [~~greatest level for which funds are provided under Subchapter F,~~  
26 ~~Chapter 42,~~] until that district reaches a wealth per student equal  
27 as nearly as possible to the equalized wealth level [~~greatest level~~

1 ~~for which funds are provided under Subchapter F, Chapter 42,~~ by  
2 annexing whole parcels or items of property. Then any additional  
3 detached property shall be annexed in the same manner to other  
4 eligible school districts in the same priority group in descending  
5 order of capacity to receive taxable value of annexed property  
6 without increasing the district's wealth per student above the  
7 equalized wealth level [~~greatest level for which funds are provided~~  
8 ~~under Subchapter F, Chapter 42~~]. If every school district in a  
9 priority group reaches a wealth per student equal to the equalized  
10 wealth level [~~greatest level for which funds are provided under~~  
11 ~~Subchapter F, Chapter 42,~~] as nearly as possible, the remaining  
12 detached property shall be annexed to school districts in the next  
13 priority group in the manner provided by this section.

14 (i) The commissioner may order the annexation of a portion  
15 of a parcel or item of property, including a portion of property  
16 treated as a whole parcel or item under Subsection (h), if:

17 (1) the annexation of the whole parcel or item would  
18 result in the district eligible to receive it in the appropriate  
19 priority order provided by this section having a wealth per student  
20 greater than \$10,000 more than the equalized wealth level [~~greatest~~  
21 ~~level for which funds are provided under Subchapter F, Chapter 42~~];

22 or

23 (2) the commissioner determines that annexation of  
24 portions of the parcel or item would reduce disparities in district  
25 wealth per student more efficiently than would be possible if the  
26 parcel or item were annexed as a whole.

27 SECTION 1.08. Section 41.257, Education Code, is amended to

1 read as follows:

2           Sec. 41.257. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS  
3 AND TRANSPORTATION ALLOTMENT. The budget of the consolidated  
4 district must apply the benefit of the adjustment or allotment to  
5 the schools of the consolidating district to which Section 42.103,  
6 42.105, or 42.202 [~~42.155~~] would have applied in the event that the  
7 consolidated district still qualifies as a small or sparse  
8 district.

9           SECTION 1.09. Section 42.002, Education Code, is amended to  
10 read as follows:

11           Sec. 42.002. PURPOSES OF FOUNDATION SCHOOL PROGRAM. [~~(a)~~]  
12 The purposes of the Foundation School Program set forth in this  
13 chapter and Chapter 46 are to guarantee that each school district in  
14 the state has:

15                   (1) substantially equal access to substantially  
16 equalized financing and adequate resources to provide each eligible  
17 student an [a basic] instructional program that is rated acceptable  
18 or higher under Section 39.054, that meets other applicable legal  
19 standards, and that is [and facilities] suitable to the student's  
20 educational needs; and

21                   (2) adequate resources to provide each eligible  
22 student with [access to a substantially equalized program of  
23 financing in excess of basic costs for certain services, as  
24 provided by this chapter.

25           ~~[(b) The Foundation School Program consists of:~~

26                   ~~[(1) two tiers that in combination provide for:~~

27                           ~~[(A) sufficient financing for all school~~

1 ~~districts to provide a basic program of education that is rated~~  
2 ~~acceptable or higher under Section 39.054 and meets other~~  
3 ~~applicable legal standards; and~~

4 ~~[(B) substantially equal access to funds to~~  
5 ~~provide an enriched program; and~~

6 ~~[(2) a]~~ facilities suitable to the student's  
7 educational needs ~~[component as provided by Chapter 46].~~

8 SECTION 1.10. Section 42.005, Education Code, is amended by  
9 adding Subsection (a-1) to read as follows:

10 (a-1) In determining a district's average daily attendance  
11 for purposes other than the computation of a district's program  
12 student count under Section 42.101, the commissioner shall include  
13 the number of full-time equivalent students in:

14 (1) a special education program in an instructional  
15 arrangement other than mainstream; or

16 (2) a career and technology program for which a weight  
17 is provided under Section 42.101(c)(17).

18 SECTION 1.11. Subchapter A, Chapter 42, Education Code, is  
19 amended by adding Section 42.0053 to read as follows:

20 Sec. 42.0053. WEIGHTED AVERAGE DAILY ATTENDANCE. (a) In  
21 this chapter, "weighted average daily attendance" of a school  
22 district is the greater of:

23 (1) the district's cost-adjusted program student count  
24 as determined under Section 42.102; or

25 (2) the district's scale-adjusted program student  
26 count as determined under Section 42.103.

27 (b) For a district entitled to a sparsity adjustment under



1 Section 42.105, that adjustment is made before making the  
2 determinations specified in Subsection (a).

3 SECTION 1.12. Section 42.007(c), Education Code, is amended  
4 to read as follows:

5 (c) The funding elements must include:

6 (1) weights designed to reflect student educational  
7 program costs [~~a basic allotment for the purposes of Section 42.101~~  
8 ~~that, when combined with the guaranteed yield component provided by~~  
9 ~~Subchapter F, represents the cost per student of a regular~~  
10 ~~education program that meets all mandates of law and regulation];~~

11 (2) adjustments designed to reflect the variation in  
12 known resource costs and costs of education beyond the control of  
13 school districts;

14 (3) appropriate program cost differentials and other  
15 funding elements [~~for the programs authorized under Subchapter C,~~  
16 ~~with the program funding level expressed as dollar amounts and as~~  
17 ~~weights applied to the adjusted basic allotment for the appropriate~~  
18 ~~year];~~

19 (4) the maximum guaranteed level of [~~qualified~~] state  
20 and local funds per student for the purposes of Section 42.107  
21 [~~Subchapter F];~~

22 (5) the [~~enrichment and facilities~~] tax rate under  
23 Section 42.108 [~~Subchapter F];~~

24 (6) the computation of students in weighted average  
25 daily attendance under Section 42.0053 [~~42.302~~]; and

26 (7) the amount to be appropriated for the school  
27 facilities assistance program under Chapter 46.

1 SECTION 1.13. Subchapter A, Chapter 42, Education Code, is  
2 amended by adding Section 42.0091 to read as follows:

3 Sec. 42.0091. REPORT ON STATE FUNDING LEVELS. (a) Not  
4 later than July 1 of each year, the commissioner shall:

5 (1) determine whether the estimated total amount of  
6 state funding provided to a school district or open-enrollment  
7 charter school under the Foundation School Program and from other  
8 state funding sources for the following school year is greater than  
9 or less than the total amount in state funding provided for the  
10 school year in which the determination is made; and

11 (2) post on the agency's Internet website a report on  
12 the amount and percentage of the increase or decrease in the total  
13 amount of state funding determined under Subdivision (1).

14 (b) The report under Subsection (a)(2) must:

15 (1) be disaggregated by funding source; and

16 (2) include a calculation of the amount and percentage  
17 of the increase or decrease in the total amount of state funding per  
18 student in average daily attendance and per student in weighted  
19 average daily attendance.

20 SECTION 1.14. The heading to Subchapter B, Chapter 42,  
21 Education Code, is amended to read as follows:

22 SUBCHAPTER B. GUARANTEED YIELD [~~BASIC ENTITLEMENT~~]

23 SECTION 1.15. Section 42.101, Education Code, is amended to  
24 read as follows:

25 Sec. 42.101. PROGRAM STUDENT COUNT [~~BASIC ALLOTMENT~~]. (a)

26 In this section:

27 (1) "Career and technology education program" means a

1 program under Subchapter F, Chapter 29.

2 (2) "Full-time equivalent student" means 30 hours of  
3 contact a week between a student and program personnel.

4 (3) "Special education program" means a program under  
5 Subchapter A, Chapter 29.

6 (b) For each school district, the number of students in each  
7 educational program offered by the district is weighted according  
8 to the formula:

$$9 \qquad \qquad \qquad \underline{WP = S \times W}$$

10 where:

11 "WP" is the weighted number of students in the educational  
12 program;

13 "S" is the number of students in average daily attendance,  
14 number of full-time equivalent students, or number of students  
15 enrolled, as appropriate, in the educational program; and

16 "W" is the weight for the educational program, as provided by  
17 Subsection (c).

18 (c) The weights are:

19 (1) 1.0 for a student in average daily attendance, not  
20 including time the student spends each day in a special education  
21 program in an instructional arrangement other than mainstream or in  
22 a career and technology education program;

23 (2) 1.1 for a student in a special education program in  
24 a mainstream instructional arrangement;

25 (3) 5.0 for a full-time equivalent student in a  
26 special education program in a homebound instructional  
27 arrangement;

1           (4) 3.0 for a full-time equivalent student in a  
2 special education program in a hospital class instructional  
3 arrangement;

4           (5) 5.0 for a full-time equivalent student in a  
5 special education program in a speech therapy instructional  
6 arrangement;

7           (6) 3.0 for a full-time equivalent student in a  
8 special education program in a resource room instructional  
9 arrangement;

10          (7) 3.0 for a full-time equivalent student in a  
11 special education program in a self-contained, mild and moderate,  
12 regular campus instructional arrangement;

13          (8) 3.0 for a full-time equivalent student in a  
14 special education program in a self-contained, severe, regular  
15 campus instructional arrangement;

16          (9) 2.7 for a full-time equivalent student in a  
17 special education program in an off home campus instructional  
18 arrangement;

19          (10) 1.7 for a full-time equivalent student in a  
20 special education program in a nonpublic day school;

21          (11) 2.3 for a full-time equivalent student in a  
22 special education program vocational adjustment class;

23          (12) 4.0 for a student in a special education program  
24 who resides in a residential care and treatment facility, other  
25 than a state school, whose parent or guardian does not reside in the  
26 district and who receives educational services from a local school  
27 district;

1           (13) 2.8 for a student in a special education program  
2 who resides in a state school;

3           (14) 0.3 for a student at risk of dropping out of  
4 school, as defined by Section 29.081;

5           (15) notwithstanding Subdivision (14), 2.41 for a  
6 full-time equivalent student who is in a remedial and support  
7 program under Section 29.081 because the student is pregnant;

8           (16) 0.2 for a student who is in a bilingual education  
9 or special language program under Subchapter B, Chapter 29;

10           (17) for a full-time equivalent student in an approved  
11 career and technology education program in grades 9 through 12 or in  
12 a career and technology program for students with disabilities in  
13 grades 7 through 12:

14                   (A) 1.35; and

15                   (B) 0.01, if the student is enrolled in:

16                           (i) two or more advanced career and  
17 technology education classes for a total of three or more credits;  
18 or

19                           (ii) an advanced course as part of a  
20 tech-prep program under Subchapter T, Chapter 61;

21           (18) 0.12 or a greater weight as provided by  
22 appropriation for a student in a program for gifted and talented  
23 students that the district certifies to the commissioner as  
24 complying with Subchapter D, Chapter 29;

25           (19) except as provided by Subsection (e), 0.1 for a  
26 student in average daily attendance who is using a public education  
27 grant under Subchapter G, Chapter 29, to attend school in a district

1 other than the district in which the student resides; and

2 (20) 0.05 for a student in average daily attendance in  
3 grades 9 through 12 in the district.

4 (d) A district's program student count is equal to the sum  
5 of the weighted number of students for each educational program  
6 offered by the district.

7 (e) The total number of weights under Subsection (c)(19) to  
8 which a district is entitled may not exceed the number by which the  
9 number of students using public education grants to attend school  
10 in the district exceeds the number of students who reside in the  
11 district and use public education grants to attend school in  
12 another district.

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

$$[A = \$4,765 \times (DCR/MCR)]$$

21 ~~[where:~~

22 ~~["A" is the allotment to which a district is entitled,~~

23 ~~["DCR" is the district's compressed tax rate, which is the~~  
24 ~~product of the state compression percentage, as determined under~~  
25 ~~Section 42.2516, multiplied by the maintenance and operations tax~~  
26 ~~rate adopted by the district for the 2005 tax year; and~~

27 ~~["MCR" is the state maximum compressed tax rate, which is the~~

1 ~~product of the state compression percentage, as determined under~~  
2 ~~Section 42.2516, multiplied by \$1.50.~~

3 ~~[(a-1) Notwithstanding Subsection (a), for a school~~  
4 ~~district that adopted a maintenance and operations tax rate for the~~  
5 ~~2005 tax year below the maximum rate permitted by law for that year,~~  
6 ~~the district's compressed tax rate ("DCR") includes the portion of~~  
7 ~~the district's current maintenance and operations tax rate in~~  
8 ~~excess of the first six cents above the district's compressed tax~~  
9 ~~rate, as defined by Subsection (a), until the district's compressed~~  
10 ~~tax rate computed in accordance with this subsection is equal to the~~  
11 ~~state maximum compressed tax rate ("MCR").~~

12 ~~[(a-2) Subsection (a-1) applies beginning with the~~  
13 ~~2017-2018 school year. For the 2015-2016 and 2016-2017 school~~  
14 ~~years, the board of trustees of a school district that adopted a~~  
15 ~~maintenance and operations tax rate for the 2005 tax year below the~~  
16 ~~maximum rate permitted by law for that year may choose to apply~~  
17 ~~Subsection (a-1) to the calculation of the district's compressed~~  
18 ~~tax rate ("DCR"). A board of trustees that chooses to apply~~  
19 ~~Subsection (a-1) must notify the commissioner of the decision in~~  
20 ~~writing not later than September 1 of the affected school~~  
21 ~~year. This subsection expires September 1, 2018.~~

22 ~~[(b) A greater amount for any school year may be provided by~~  
23 ~~appropriation.~~

24 ~~[(c) This subsection applies to a school district for which~~  
25 ~~the compressed tax rate ("DCR") is determined in accordance with~~  
26 ~~Subsection (a-1). Any reduction in the district's adopted~~  
27 ~~maintenance and operations tax rate is applied to the following~~

1 ~~components of the district's tax rate in the order specified:~~

2 ~~[(1) tax effort described by Section 42.302(a-1)(2),~~

3 ~~[(2) tax effort described by Section 42.302(a-1)(1),~~

4 ~~and~~

5 ~~[(3) tax effort included in the determination of the~~  
6 ~~district's compressed tax rate ("DCR") under Subsection (a-1).]~~

7 SECTION 1.16. Sections 42.102 and 42.103, Education Code,  
8 are amended to read as follows:

9 Sec. 42.102. COST OF EDUCATION ADJUSTMENT. (a) The program  
10 student count [~~basic allotment~~] for each school district is  
11 adjusted to reflect the geographic variation in known resource  
12 costs and costs of education due to factors beyond the control of  
13 the [~~school~~] district.

14 (b) The program student count of a school district [~~cost of~~  
15 ~~education adjustment~~] is adjusted by applying the formula:

16 
$$\text{CAP} = [(\text{PSC} \times .5) \times (((\text{CEI} - 1) \times .457668) + 1)] + (\text{PSC} \times .5)$$

17 where:

18 "CAP" is the school district's cost-adjusted program student  
19 count;

20 "PSC" is the district's program student count determined  
21 under Section 42.101; and

22 "CEI" is the cost of education index calculated in accordance  
23 with the teacher fixed effects index methodology described by the  
24 2004 report to the legislature submitted by the joint select  
25 committee on public school finance [~~adjustment adopted by the~~  
26 ~~foundation school fund budget committee and contained in Chapter~~  
27 ~~203, Title 19, Texas Administrative Code, as that chapter existed~~



1 ~~on March 26, 1997].~~

2           Sec. 42.103. SMALL AND MID-SIZED DISTRICT ADJUSTMENT. (a)  
3 The program student count [~~basic allotment~~] for certain small and  
4 mid-sized school districts is adjusted in accordance with this  
5 section. In this section:

6           (1) "SAP" [~~"AA"~~] is the district's scale-adjusted  
7 program student count [~~adjusted allotment per student~~];

8           (2) "ADA" is the number of students in average daily  
9 attendance for whom [~~which~~] the district is entitled to a weight [~~an~~  
10 ~~allotment~~] under Sections 42.101(c)(1) and (2) [~~Section 42.101~~];  
11 and

12           (3) "CAP" [~~"ABA"~~] is the district's cost-adjusted  
13 program student count [~~adjusted basic allotment~~] determined under  
14 Section 42.102.

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

$$19 \quad \text{SAP} [\text{AA}] = (1 + ((1,600 - \text{ADA}) \times .0004)) \times \text{CAP} [\text{ABA}]$$

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

$$24 \quad \text{SAP} [\text{AA}] = (1 + ((1,600 - \text{ADA}) \times .00025)) \times \text{CAP} [\text{ABA}]$$

25           (d) The program student count [~~basic allotment~~] of a school  
26 district that offers a kindergarten through grade 12 program and  
27 has less than 5,000 students in average daily attendance is

1 adjusted by applying the formula, of the following formulas, that  
 2 results in the greatest scale-adjusted program student count  
 3 [~~adjusted allotment~~]:

4 (1) the formula in Subsection (b) or (c) for which the  
 5 district is eligible; or

6 (2)  $SAP$  [~~AA~~] = (1 + ((5,000 - ADA) X .000025)) X CAP  
 7 [~~ABA~~].

8 SECTION 1.17. Sections 42.105(a) and (c), Education Code,  
 9 are amended to read as follows:

10 (a) Notwithstanding Sections [~~42.101,~~] 42.102[~~,~~] and  
 11 42.103, the program student count of a school district that has  
 12 fewer than 130 students in average daily attendance shall be  
 13 adjusted under Sections 42.102 and 42.103 [~~provided an adjusted~~  
 14 ~~basic allotment~~] on the basis of 130 students in average daily  
 15 attendance if the district [~~it~~] offers a kindergarten through grade  
 16 12 program and has preceding or current year's average daily  
 17 attendance of at least 90 students or is 30 miles or more by bus  
 18 route from the nearest high school district. The program student  
 19 count of a school [A] district offering a kindergarten through  
 20 grade 8 program whose preceding or current year's average daily  
 21 attendance was at least 50 students or which is 30 miles or more by  
 22 bus route from the nearest high school district shall be adjusted  
 23 under Sections 42.102 and 42.103 [~~provided an adjusted basic~~  
 24 ~~allotment~~] on the basis of 75 students in average daily attendance.  
 25 An average daily attendance of 60 students shall be the basis of  
 26 adjusting [~~providing~~] the program student count under Sections  
 27 42.102 and 42.103 [~~adjusted basic allotment~~] if a district offers a

1 kindergarten through grade 6 program and has preceding or current  
2 year's average daily attendance of at least 40 students or is 30  
3 miles or more by bus route from the nearest high school district.

4 (c) Notwithstanding Subsection (a) or Sections ~~[42.101]~~  
5 ~~42.102~~ and 42.103, the program student count of a school  
6 district to which this subsection applies, as provided by  
7 Subsection (b), that has fewer than 130 students in average daily  
8 attendance shall be adjusted under Sections 42.102 and 42.103  
9 ~~[provided an adjusted basic allotment]~~ on the basis of 130 students  
10 in average daily attendance if it offers a kindergarten through  
11 grade four program and has preceding or current year's average  
12 daily attendance of at least 75 students or is 30 miles or more by  
13 bus route from the nearest high school district.

14 SECTION 1.18. Sections 42.302, 42.303, and 42.304,  
15 Education Code, are transferred to Subchapter B, Education Code,  
16 redesignated as Sections 42.107, 42.108, and 42.109, Education  
17 Code, and amended to read as follows:

18 Sec. 42.107 ~~[42.302]~~. GUARANTEED YIELD ~~[ALLOTMENT]~~. (a)  
19 Each school district is guaranteed a specified amount per weighted  
20 student in state and local funds for each cent of tax effort ~~[over~~  
21 ~~that required for the district's local fund assignment]~~ up to the  
22 maximum level specified in this subchapter. The amount of state  
23 support, subject only to the maximum amount under Section 42.108  
24 ~~[42.303]~~, is determined by the formula:

25 
$$\text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

26 where:

27 "GYA" is the guaranteed yield amount of state funds to be

1 allocated to the district;

2 "GL" is the dollar amount guaranteed level of state and local  
3 funds per weighted student per cent of tax effort, which is \$56 [~~an~~  
4 ~~amount described by Subsection (a-1)] or a greater amount for any  
5 year provided by appropriation;~~

6 "WADA" has the meaning assigned by Section 42.0053 [~~is the~~  
7 ~~number of students in weighted average daily attendance, which is~~  
8 ~~calculated by dividing the sum of the school district's allotments~~  
9 ~~under Subchapters B and C, less any allotment to the district for~~  
10 ~~transportation, any allotment under Section 42.158 or 42.160, and~~  
11 ~~50 percent of the adjustment under Section 42.102, by the basic~~  
12 ~~allotment for the applicable year];~~

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

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

25 [~~(a-1) For purposes of Subsection (a), the dollar amount~~  
26 ~~guaranteed level of state and local funds per weighted student per~~  
27 ~~cent of tax effort ("GL") for a school district is:~~

1           ~~[(1) the greater of the amount of district tax revenue~~  
2 ~~per weighted student per cent of tax effort that would be available~~  
3 ~~to the Austin Independent School District, as determined by the~~  
4 ~~commissioner in cooperation with the Legislative Budget Board, if~~  
5 ~~the reduction of the limitation on tax increases as provided by~~  
6 ~~Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply, or the~~  
7 ~~amount of district tax revenue per weighted student per cent of tax~~  
8 ~~effort used for purposes of this subdivision in the preceding~~  
9 ~~school year, for the first six cents by which the district's~~  
10 ~~maintenance and operations tax rate exceeds the rate equal to the~~  
11 ~~sum of the product of the state compression percentage, as~~  
12 ~~determined under Section 42.2516, multiplied by the maintenance and~~  
13 ~~operations tax rate adopted by the district for the 2005 tax year~~  
14 ~~and any additional tax effort included in calculating the~~  
15 ~~district's compressed tax rate under Section 42.101(a-1); and~~

16           ~~[(2) \$31.95, for the district's maintenance and~~  
17 ~~operations tax effort that exceeds the amount of tax effort~~  
18 ~~described by Subdivision (1).]~~

19           ~~[(a-2) The limitation on district enrichment tax rate~~  
20 ~~("DTR") under Section 42.303 does not apply to the district's~~  
21 ~~maintenance and operations tax effort described by Subsection~~  
22 ~~(a-1)(1).]~~

23           (b) In computing the district [~~enrichment~~] tax rate of a  
24 school district, the total amount of maintenance and operations  
25 taxes collected by the school district does not include the amount  
26 of [+  
27

27           ~~[(1) the district's local fund assignment under~~

1 ~~Section 42.252, or~~

2 [~~2~~] taxes paid into a tax increment fund under  
3 Chapter 311, Tax Code.

4 (c) For purposes of this section, school district taxes for  
5 which credit is granted under Section 31.035, 31.036, or 31.037,  
6 Tax Code, are considered taxes collected by the school district as  
7 if the taxes were paid when the credit for the taxes was granted.

8 (d) For purposes of this section, the total amount of  
9 maintenance and operations taxes collected for an applicable school  
10 year by a school district with alternate tax dates, as authorized by  
11 Section 26.135, Tax Code, is the amount of taxes collected on or  
12 after January 1 of the year in which the school year begins and not  
13 later than December 31 of the same year.

14 (e) For purposes of this section, school district taxes for  
15 which credit is granted under former Subchapter D, Chapter 313, Tax  
16 Code, are considered taxes collected by the school district as if  
17 the taxes were paid when the credit for the taxes was granted.

18 (f) If a school district imposes a maintenance and  
19 operations tax at a rate greater than the rate equal to the product  
20 of the state compression percentage, as determined under Section  
21 42.2516, multiplied by the maintenance and operations tax rate  
22 adopted by the district for the 2005 tax year, the district is  
23 entitled to receive a guaranteed yield [~~an allotment~~] under this  
24 section on the basis of that greater tax effort.

25 Sec. 42.108 [~~42.303~~]. LIMITATION ON DISTRICT [~~ENRICHMENT~~]  
26 TAX RATE. The district [~~enrichment~~] tax rate ("DTR") under Section  
27 42.107 [~~42.302~~] may not exceed [~~the amount per \$100 of valuation by~~

1 ~~which~~] the maximum rate permitted under Section 45.003 [~~exceeds the~~  
2 ~~rate used to determine the district's local share under Section~~  
3 ~~42.252~~], or a greater amount for any year provided by  
4 appropriation.

5       Sec. 42.109 [~~42.304~~]. COMPUTATION OF AID FOR DISTRICT ON  
6 MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under  
7 this subchapter for a school district located on a federal military  
8 installation or at Moody State School is computed using the average  
9 tax rate and property value per student of school districts in the  
10 county, as determined by the commissioner.

11       SECTION 1.19. Subchapter B, Chapter 42, Education Code, is  
12 amended by adding Section 42.110 to read as follows:

13       Sec. 42.110. MINIMUM AND MAXIMUM GAIN. (a) Notwithstanding  
14 any other provision of this chapter, a school district is entitled  
15 for the 2017-2018 and 2018-2019 school years to a minimum gain  
16 guarantee of additional state aid in an amount equal to the lesser  
17 of:

18               (1) the amount by which the district's state and local  
19 revenue received for the applicable school year under Chapter 41  
20 and this chapter is less than the state and local revenue received  
21 by the district under Chapter 41 and this chapter for the 2016-2017  
22 school year; or

23               (2) \$65 per student in weighted average daily  
24 attendance.

25       (b) Notwithstanding any other provision of this chapter,  
26 the amount of state and local revenue received by a school district  
27 under Chapter 41 and this chapter for the 2017-2018 or 2018-2019

1 school year may not exceed the sum of \$250 per student in weighted  
2 average daily attendance for that school year and the amount of  
3 state and local revenue received by the district under Chapter 41  
4 and this chapter for the 2016-2017 school year. If a school  
5 district's state and local revenue would exceed that amount for the  
6 applicable school year, the amount of state funds to which the  
7 district would otherwise be entitled under this chapter shall be  
8 reduced proportionately to comply with the maximum amount of  
9 funding described by this subsection.

10 (c) The commissioner may adopt rules as necessary to  
11 implement this section.

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

13 SECTION 1.20. The heading to Subchapter C, Chapter 42,  
14 Education Code, is amended to read as follows:

15 SUBCHAPTER C. CONDITIONS APPLICABLE TO FUNDING BASED ON WEIGHTS

16 ~~[SPECIAL ALLOTMENTS]~~

17 SECTION 1.21. Sections 42.151, 42.152, 42.153, 42.154,  
18 42.1541, and 42.156, Education Code, are amended to read as  
19 follows:

20 Sec. 42.151. SPECIAL EDUCATION. (a) In this section,  
21 "special education funds" means the portion of state and local  
22 funds attributable to students weighted under Sections  
23 42.101(c)(2)-(13). ~~[For each student in average daily attendance in~~  
24 ~~a special education program under Subchapter A, Chapter 29, in a~~  
25 ~~mainstream instructional arrangement, a school district is~~  
26 ~~entitled to an annual allotment equal to the adjusted basic~~  
27 ~~allotment multiplied by 1.1. For each full-time equivalent student~~



1 ~~in average daily attendance in a special education program under~~  
2 ~~Subchapter A, Chapter 29, in an instructional arrangement other~~  
3 ~~than a mainstream instructional arrangement, a district is entitled~~  
4 ~~to an annual allotment equal to the adjusted basic allotment~~  
5 ~~multiplied by a weight determined according to instructional~~  
6 ~~arrangement as follows:~~

7	<del>[Homebound . . . . .</del>	<del>5.0</del>
8	<del>[Hospital class . . . . .</del>	<del>3.0</del>
9	<del>[Speech therapy . . . . .</del>	<del>5.0</del>
10	<del>[Resource room . . . . .</del>	<del>3.0</del>
11	<del>[Self-contained, mild and moderate,</del>	
12	<del>regular campus . . . . .</del>	<del>3.0</del>
13	<del>[Self-contained, severe, regular campus . . . . .</del>	<del>3.0</del>
14	<del>[Off home campus . . . . .</del>	<del>2.7</del>
15	<del>[Nonpublic day school . . . . .</del>	<del>1.7</del>
16	<del>[Vocational adjustment class . . . . .</del>	<del>2.3]</del>

17 (b) ~~[A special instructional arrangement for students with~~  
18 ~~disabilities residing in care and treatment facilities, other than~~  
19 ~~state schools, whose parents or guardians do not reside in the~~  
20 ~~district providing education services shall be established under~~  
21 ~~the rules of the State Board of Education. The funding weight for~~  
22 ~~this arrangement shall be 4.0 for those students who receive their~~  
23 ~~education service on a local school district campus. A special~~  
24 ~~instructional arrangement for students with disabilities residing~~  
25 ~~in state schools shall be established under the rules of the State~~  
26 ~~Board of Education with a funding weight of 2.8.~~

27 ~~[(c)]~~ For funding purposes, the number of contact hours

1 credited per day for each special education student in the off home  
2 campus instructional arrangement may not exceed the contact hours  
3 credited per day for the multidistrict class instructional  
4 arrangement in the 1992-1993 school year.

5 (c) [~~(d)~~] For funding purposes, the number of contact hours  
6 credited per day for each special education student in the resource  
7 room; self-contained, mild and moderate; and self-contained,  
8 severe, instructional arrangements may not exceed the average of  
9 the statewide total contact hours credited per day for those three  
10 instructional arrangements in the 1992-1993 school year.

11 (d) [~~(e)~~] The State Board of Education by rule shall  
12 prescribe the qualifications a special education [~~an~~]  
13 instructional arrangement must meet in order to be funded as a  
14 particular instructional arrangement under this chapter [~~section~~].  
15 In prescribing the qualifications that a mainstream instructional  
16 arrangement must meet, the board shall establish requirements that  
17 students with disabilities and their teachers receive the direct,  
18 indirect, and support services that are necessary to enrich the  
19 regular classroom and enable student success.

20 (e) [~~(f)~~] ~~In this section, "full-time equivalent student"~~  
21 ~~means 30 hours of contact a week between a special education student~~  
22 ~~and special education program personnel.~~

23 [~~(g)~~] The State Board of Education shall adopt rules and  
24 procedures governing contracts for residential placement of  
25 special education students. The legislature shall provide by  
26 appropriation for the state's share of the costs of those  
27 placements.

1        (f) Special education funds [~~(h) Funds allocated under this~~  
2 ~~section~~], other than an indirect cost apportionment [~~allotment~~]  
3 established under Section 42.1541 [~~State Board of Education rule~~],  
4 must be used in the special education program under Subchapter A,  
5 Chapter 29.

6        (g) [~~(i)~~] The agency shall encourage the placement of  
7 students in special education programs, including students in  
8 residential instructional arrangements, in the least restrictive  
9 environment appropriate for their educational needs.

10       (h) [~~(k)~~] A school district that provides an extended year  
11 program required by federal law for special education students who  
12 may regress is entitled to receive funds in an amount equal to 75  
13 percent, or a lesser percentage determined by the commissioner, of  
14 the special education funds attributable to a student in the  
15 applicable instructional arrangement [~~adjusted basic allotment or~~  
16 ~~adjusted allotment, as applicable,~~] for each full-time equivalent  
17 student in average daily attendance [~~, multiplied by the amount~~  
18 ~~designated for the student's instructional arrangement under this~~  
19 ~~section,~~] for each day the program is provided divided by the number  
20 of days in the minimum school year. The total amount of state  
21 funding for extended year services under this section may not  
22 exceed \$10 million per year. A school district may use funds  
23 received under this section only in providing an extended year  
24 program.

25       [~~(l) From the total amount of funds appropriated for special~~  
26 ~~education under this section, the commissioner shall withhold an~~  
27 ~~amount specified in the General Appropriations Act, and distribute~~

1 ~~that amount to school districts for programs under Section 29.014.~~  
2 ~~The program established under that section is required only in~~  
3 ~~school districts in which the program is financed by funds~~  
4 ~~distributed under this subsection and any other funds available for~~  
5 ~~the program. After deducting the amount withheld under this~~  
6 ~~subsection from the total amount appropriated for special~~  
7 ~~education, the commissioner shall reduce each district's allotment~~  
8 ~~proportionately and shall allocate funds to each district~~  
9 ~~accordingly.]~~

10 Sec. 42.152. COMPENSATORY EDUCATION PROGRAMS [ALLOTMENT].

11 (a) In this section, "compensatory education funds" means the  
12 portion of state and local funds attributable to students weighted  
13 under Sections 42.101(c)(14) and (15) [~~For each student who is~~  
14 ~~educationally disadvantaged or who is a student who does not have a~~  
15 ~~disability and resides in a residential placement facility in a~~  
16 ~~district in which the student's parent or legal guardian does not~~  
17 ~~reside, a district is entitled to an annual allotment equal to the~~  
18 ~~adjusted basic allotment multiplied by 0.2, and by 2.41 for each~~  
19 ~~full-time equivalent student who is in a remedial and support~~  
20 ~~program under Section 29.081 because the student is pregnant)].~~

21 (b) Compensatory education funds must [~~For purposes of this~~  
22 ~~section, the number of educationally disadvantaged students is~~  
23 ~~determined:~~

24 [~~(1) by averaging the best six months' numbers of~~  
25 ~~students eligible for enrollment in the national school lunch~~  
26 ~~program of free or reduced-price lunches for the preceding school~~  
27 ~~year; or~~

1           ~~[(2) in the manner provided by commissioner rule.]~~

2           ~~[(b-1) A student receiving a full-time virtual education~~  
3 ~~through the state virtual school network may be included in~~  
4 ~~determining the number of educationally disadvantaged students~~  
5 ~~under Subsection (b) if the school district submits to the~~  
6 ~~commissioner a plan detailing the enhanced services that will be~~  
7 ~~provided to the student and the commissioner approves the plan.]~~

8           ~~[(c) Funds allocated under this section shall]~~ be used to  
9 fund supplemental programs and services designed to eliminate any  
10 disparity in performance on assessment instruments administered  
11 under Subchapter B, Chapter 39, or disparity in the rates of high  
12 school completion between students at risk of dropping out of  
13 school, as defined by Section 29.081, and all other students.  
14 Specifically, the funds, other than an indirect cost apportionment  
15 ~~[allotment]~~ established under Section 42.1541 ~~[State Board of~~  
16 ~~Education rule]~~, which may not exceed 45 percent, may be used to  
17 meet the costs of providing a compensatory, intensive, or  
18 accelerated instruction program under Section 29.081 or a  
19 disciplinary alternative education program established under  
20 Section 37.008~~[7]~~ or to pay the costs associated with placing  
21 students in a juvenile justice alternative education program  
22 established under Section 37.011~~[7]~~ ~~or to support a program eligible~~  
23 ~~under Title I of the Elementary and Secondary Education Act of 1965,~~  
24 ~~as provided by Pub. L. No. 103-382 and its subsequent amendments,~~  
25 ~~and by federal regulations implementing that Act, at a campus at~~  
26 ~~which at least 40 percent of the students are educationally~~  
27 ~~disadvantaged].~~ In meeting the costs of providing a compensatory,

1 intensive, or accelerated instruction program under Section  
2 29.081, a district's compensatory education funds must [~~allotment~~  
3 ~~shall~~] be used for costs supplementary to the regular education  
4 program, such as costs for program and student evaluation,  
5 instructional materials and equipment and other supplies required  
6 for quality instruction, supplemental staff expenses, salary for  
7 teachers of at-risk students, smaller class size, and  
8 individualized instruction. A home-rule school district or an  
9 open-enrollment charter school must use compensatory education  
10 funds [~~allocated under Subsection (a)~~] for a purpose authorized in  
11 this subsection but is not otherwise subject to Subchapter C,  
12 Chapter 29. For purposes of this subsection, a program  
13 specifically designed to serve students at risk of dropping out of  
14 school, as defined by Section 29.081, is considered to be a program  
15 supplemental to the regular education program, and a district may  
16 use its compensatory education funds [~~allotment~~] for such a  
17 program.

18 (c) [~~(c-1)~~] Notwithstanding Subsection (b) [~~(c)~~],  
19 compensatory education funds [~~allocated under this section~~] may be  
20 used to fund in proportion to the percentage of students served by  
21 the program that meet the criteria in Section 29.081(d) or (g):

22 (1) an accelerated reading instruction program under  
23 Section 28.006(g); or

24 (2) a program for treatment of students who have  
25 dyslexia or a related disorder as required by Section 38.003.

26 (d) [~~(c-2)~~] Notwithstanding Subsection (b) [~~(c)~~],  
27 compensatory education funds [~~allocated under this section~~] may be

1 used to fund a school district's mentoring services program under  
2 Section 29.089.

3 (e) [~~(d)~~] The agency shall evaluate the effectiveness of  
4 accelerated instruction and support programs provided under  
5 Section 29.081 for students at risk of dropping out of school.

6 (f) [~~(e)~~] The State Board of Education, with the assistance  
7 of the comptroller, shall develop and implement by rule reporting  
8 and auditing systems for district and campus expenditures of  
9 compensatory education funds to ensure that those [~~compensatory~~  
10 ~~education~~] funds, other than the indirect cost apportionment  
11 [~~allotment~~], are spent only to supplement the regular education  
12 program as required by Subsection (b) [~~(e)~~]. The reporting  
13 requirements shall be managed electronically to minimize local  
14 administrative costs. A school district shall submit the report  
15 required by this subsection not later than the 150th day after the  
16 last day permissible for resubmission of information required under  
17 Section 42.006.

18 (g) [~~(g-1)~~] The commissioner shall develop a system to  
19 identify school districts that are at high risk of having used  
20 compensatory education funds other than in compliance with  
21 Subsection (b) [~~(e)~~] or of having inadequately reported  
22 compensatory education expenditures. If a review of the report  
23 submitted under Subsection (f) [~~(e)~~], using the risk-based system,  
24 indicates that a district is not at high risk of having misused  
25 compensatory education funds or of having inadequately reported  
26 compensatory education expenditures, the district may not be  
27 required to perform a local audit of compensatory education

1 expenditures and is not subject to on-site monitoring under this  
2 section.

3 (h) [~~(g-2)~~] If a review of the report submitted under  
4 Subsection (f) [~~(g)~~], using the risk-based system, indicates that a  
5 school district is at high risk of having misused compensatory  
6 education funds, the commissioner shall notify the district of that  
7 determination. The district must respond to the commissioner not  
8 later than the 30th day after the date the commissioner notifies the  
9 district of the commissioner's determination. If the district's  
10 response does not change the commissioner's determination that the  
11 district is at high risk of having misused compensatory education  
12 funds or if the district does not respond in a timely manner, the  
13 commissioner shall:

14 (1) require the district to conduct a local audit of  
15 compensatory education expenditures for the current or preceding  
16 school year;

17 (2) order agency staff to conduct on-site monitoring  
18 of the district's compensatory education expenditures; or

19 (3) both require a local audit and order on-site  
20 monitoring.

21 (i) [~~(g-3)~~] If a review of the report submitted under  
22 Subsection (f) [~~(g)~~], using the risk-based system, indicates that a  
23 school district is at high risk of having inadequately reported  
24 compensatory education expenditures, the commissioner may require  
25 agency staff to assist the district in following the proper  
26 reporting methods or amending a district or campus improvement plan  
27 under Subchapter F, Chapter 11. If the district does not take



1 appropriate corrective action before the 45th day after the date  
2 the agency staff notifies the district of the action the district is  
3 expected to take, the commissioner may:

4 (1) require the district to conduct a local audit of  
5 the district's compensatory education expenditures; or

6 (2) order agency staff to conduct on-site monitoring  
7 of the district's compensatory education expenditures.

8 (j) [~~(g-4)~~] The commissioner, in the year following a local  
9 audit of compensatory education expenditures, shall withhold from a  
10 school district's foundation school fund payment an amount equal to  
11 the amount of compensatory education funds the agency determines  
12 were not used in compliance with Subsection (b) [~~(e)~~]. The  
13 commissioner shall release to a district funds withheld under this  
14 subsection when the district provides to the commissioner a  
15 detailed plan to spend those funds in compliance with Subsection  
16 (b) [~~(e)~~].

17 (k) [~~(r)~~] The commissioner shall grant a one-year exemption  
18 from the requirements of Subsections (f)-(j) [~~(g)-(g-4)~~] to a  
19 school district in which the group of students who have failed to  
20 perform satisfactorily in the preceding school year on an  
21 assessment instrument required under Section 39.023(a), (c), or (l)  
22 subsequently performs on those assessment instruments at a level  
23 that meets or exceeds a level prescribed by commissioner rule. Each  
24 year the commissioner, based on the most recent information  
25 available, shall determine if a school district is entitled to an  
26 exemption for the following school year and notify the district of  
27 that determination.

1           Sec. 42.153. BILINGUAL EDUCATION PROGRAMS [~~ALLOTMENT~~]. (a)

2 In this section, "bilingual education funds" means the portion of  
3 state and local funds attributable to students weighted under  
4 Section 42.101(c)(16) [~~For each student in average daily attendance~~  
5 ~~in a bilingual education or special language program under~~  
6 ~~Subchapter B, Chapter 29, a district is entitled to an annual~~  
7 ~~allotment equal to the adjusted basic allotment multiplied by 0.1].~~

8           (b) Bilingual education funds [~~Funds allocated under this~~  
9 ~~section~~], other than an indirect cost apportionment [~~allotment~~]  
10 established under Section 42.1541 [~~State Board of Education rule~~],  
11 must be used in providing bilingual education or special language  
12 programs under Subchapter B, Chapter 29, and must be accounted for  
13 under existing agency reporting and auditing procedures.

14           (c) A school district's bilingual education funds [~~or~~  
15 ~~special language allocation~~] may be used only for program and  
16 student evaluation, instructional materials and equipment, staff  
17 development, supplemental staff expenses, salary supplements for  
18 teachers, and other supplies required for quality instruction and  
19 smaller class size.

20           Sec. 42.154. CAREER AND TECHNOLOGY EDUCATION PROGRAMS

21 [~~ALLOTMENT~~]. (a) The portion of state and local funds attributable  
22 to students weighted [~~For each full-time equivalent student in~~  
23 ~~average daily attendance in an approved career and technology~~  
24 ~~education program in grades nine through 12 or in career and~~  
25 ~~technology education programs for students with disabilities in~~  
26 ~~grades seven through 12, a district is entitled to:~~

27           [~~(1) an annual allotment equal to the adjusted basic~~

1 ~~allotment multiplied by a weight of 1.35; and~~

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

3 ~~[(A) two or more advanced career and technology~~  
4 ~~education classes for a total of three or more credits; or~~

5 ~~[(B) an advanced course as part of a tech-prep~~  
6 ~~program under Subchapter T, Chapter 61.~~

7 ~~[(b) In this section, "full-time equivalent student" means~~  
8 ~~30 hours of contact a week between a student and career and~~  
9 ~~technology education program personnel.~~

10 ~~[(c) Funds allocated] under Section 42.101(c)(17) [this~~  
11 ~~section], other than an indirect cost apportionment [~~allotment~~]~~  
12 ~~established under Section 42.1541 [~~State Board of Education rule~~],~~  
13 ~~must be used in providing career and technology education programs~~  
14 ~~in grades 9 [~~nine~~] through 12 or career and technology education~~  
15 ~~programs for students with disabilities in grades 7 [~~seven~~] through~~  
16 ~~12 under Sections 29.182, 29.183, and 29.184.~~

17 ~~(b) [(d)] The commissioner shall conduct a cost-benefit~~  
18 ~~comparison between career and technology education programs and~~  
19 ~~mathematics and science programs.~~

20 ~~[(e) Out of the total statewide allotment for career and~~  
21 ~~technology education under this section, the commissioner shall set~~  
22 ~~aside an amount specified in the General Appropriations Act, which~~  
23 ~~may not exceed an amount equal to one percent of the total amount~~  
24 ~~appropriated, to support regional career and technology education~~  
25 ~~planning. After deducting the amount set aside under this~~  
26 ~~subsection from the total amount appropriated for career and~~  
27 ~~technology education under this section, the commissioner shall~~

1 ~~reduce each district's tier one allotments in the same manner~~  
 2 ~~described for a reduction in allotments under Section 42.253.]~~

3       Sec. 42.1541. INDIRECT COSTS [~~COST ALLOTMENTS~~]. (a) The  
 4 State Board of Education shall by rule establish [~~increase~~] the  
 5 indirect cost apportionments described by [~~allotments established~~  
 6 ~~under~~] Sections 42.151(f) [~~42.151(h)~~], 42.152(b) [~~42.152(c)~~],  
 7 42.153(b), and 42.154(a) at an amount and proportion not less than  
 8 the amount and proportion resulting from the indirect cost  
 9 allotment [~~42.154(a-1) and (c) and~~] in effect for the 2016-2017  
 10 [~~2010-2011~~] school year [~~in proportion to the average percentage~~  
 11 ~~reduction in total state and local maintenance and operations~~  
 12 ~~revenue provided under this chapter for the 2011-2012 school year~~  
 13 ~~as a result of S.B. Nos. 1 and 2, Acts of the 82nd Legislature, 1st~~  
 14 ~~Called Session, 2011]~~.

15       (b) To the extent necessary to permit the board to comply  
 16 with this section, the limitation on the percentage of the indirect  
 17 cost apportionment [~~allotment~~] prescribed by Section 42.152(b)  
 18 [~~42.152(c)~~] does not apply.

19       (c) The board shall take the action required by Subsection  
 20 (a) not later than the date that permits the [~~increased~~] indirect  
 21 cost apportionments [~~allotments~~] to apply beginning with the  
 22 2017-2018 [~~2011-2012~~] school year.

23       Sec. 42.156. GIFTED AND TALENTED STUDENT PROGRAMS  
 24 [~~ALLOTMENT~~]. (a) The portion of state and local funds attributable  
 25 to students weighted [~~For each identified student a school~~  
 26 ~~district serves in a program for gifted and talented students that~~  
 27 ~~the district certifies to the commissioner as complying with~~

1 ~~Subchapter D, Chapter 29, a district is entitled to an annual~~  
2 ~~allotment equal to the district's adjusted basic allotment as~~  
3 ~~determined under Section 42.102 or Section 42.103, as applicable,~~  
4 ~~multiplied by .12 for each school year or a greater amount provided~~  
5 ~~by appropriation.~~

6 ~~[(b) Funds allocated]~~ under Section 42.101(c)(18) ~~[this~~  
7 ~~section]~~, other than the amount that represents the program's share  
8 of general administrative costs, must be used in providing programs  
9 for gifted and talented students under Subchapter D, Chapter 29,  
10 including programs sanctioned by International Baccalaureate and  
11 Advanced Placement, or in developing programs for gifted and  
12 talented students. Each school district must account for the  
13 expenditure of state funds as provided by rule of the State Board of  
14 Education. If by the end of the 12th month after receiving the  
15 funds ~~[an allotment]~~ for developing a program a district has failed  
16 to implement a program, the district must refund the amount of the  
17 funds ~~[allotment]~~ to the agency within 30 days.

18 (b) ~~[(c)]~~ Not more than five percent of a school district's  
19 students in average daily attendance are eligible for funding under  
20 this chapter for attendance in a gifted and talented student  
21 program ~~[section]~~.

22 (c) ~~[(d) If the amount of state funds for which school~~  
23 ~~districts are eligible under this section exceeds the amount of~~  
24 ~~state funds appropriated in any year for the programs, the~~  
25 ~~commissioner shall reduce each district's tier one allotments in~~  
26 ~~the same manner described for a reduction in allotments under~~  
27 ~~Section 42.253.~~

1           ~~[(e)]~~ If the total amount of funds attributable to students  
2 weighted under Section 42.101(c)(18) ~~[allotted under this section]~~  
3 before a date set by rule of the State Board of Education is less  
4 than the total amount appropriated for a school year, the  
5 commissioner shall transfer the remainder to any program for which  
6 compensatory education funds, as defined by ~~[an allotment under]~~  
7 Section 42.152, may be used.

8           ~~[(f) After each district has received allotted funds for~~  
9 ~~this program, the State Board of Education may use up to \$500,000 of~~  
10 ~~the funds allocated under this section for programs such as~~  
11 ~~MATHCOUNTS, Future Problem Solving, Odyssey of the Mind, and~~  
12 ~~Academic Decathlon, as long as these funds are used to train~~  
13 ~~personnel and provide program services. To be eligible for funding~~  
14 ~~under this subsection, a program must be determined by the State~~  
15 ~~Board of Education to provide services that are effective and~~  
16 ~~consistent with the state plan for gifted and talented education.]~~

17           SECTION 1.22. Section 42.160, Education Code, is amended to  
18 read as follows:

19           Sec. 42.160. HIGH SCHOOL PROGRAMS ~~[ALLOTMENT]~~. (a) In this  
20 section, "high school funds" means the portion of state and local  
21 funds attributable to students weighted under Section  
22 42.101(c)(20) ~~[A school district is entitled to an annual allotment~~  
23 ~~of \$275 for each student in average daily attendance in grades 9~~  
24 ~~through 12 in the district].~~

25           (b) ~~[A school district that is required to take action under~~  
26 ~~Chapter 41 to reduce its wealth per student to the equalized wealth~~  
27 ~~level is entitled to a credit, in the amount of the allotments to~~

1 ~~which the district is entitled under this section, against the~~  
2 ~~total amount required under Section 41.093 for the district to~~  
3 ~~purchase attendance credits. A school district that is otherwise~~  
4 ~~ineligible for state aid under this chapter is entitled to receive~~  
5 ~~allotments under this section.~~

6 ~~[(c)]~~ An open-enrollment charter school is entitled to high  
7 school funds ~~[an allotment under this section]~~ in the same manner as  
8 a school district.

9 (c) ~~[(d)]~~ The commissioner shall adopt rules to administer  
10 this section, including rules related to the permissible use of  
11 high school funds by ~~[allocated under this section to]~~ an  
12 open-enrollment charter school.

13 SECTION 1.23. Chapter 42, Education Code, is amended by  
14 adding Subchapter D and a subchapter heading to read as follows:

15 SUBCHAPTER D. EXPENSE ALLOTMENTS AND ADDITIONAL STATE AID

16 SECTION 1.24. Sections 42.158, 42.155, and 42.106,  
17 Education Code, are transferred to Subchapter D, Chapter 42,  
18 Education Code, as added by this Act, redesignated as Sections  
19 42.201, 42.202, and 42.203, Education Code, and amended to read as  
20 follows:

21 Sec. 42.201 ~~[42.158]~~. NEW INSTRUCTIONAL FACILITY  
22 ALLOTMENT. (a) In this section, "instructional facility" has the  
23 meaning assigned by Section 46.001.

24 (b) A school district is entitled to an additional allotment  
25 as provided by this section for operational expenses associated  
26 with opening a new instructional facility.

27 (c) ~~[(b)]~~ For the first school year in which students attend

1 a new instructional facility, a school district is entitled to an  
2 allotment of \$250 for each student in average daily attendance at  
3 the facility. For the second school year in which students attend  
4 that instructional facility, a school district is entitled to an  
5 allotment of \$250 for each additional student in average daily  
6 attendance at the facility.

7 (d) [~~(c)~~] For purposes of this section, the number of  
8 additional students in average daily attendance at a facility is  
9 the difference between the number of students in average daily  
10 attendance in the current year at that facility and the number of  
11 students in average daily attendance at that facility in the  
12 preceding year.

13 (e) [~~(d)~~] Subject to Subsection (f) [~~(d-1)~~], the amount  
14 appropriated for allotments under this section may not exceed \$25  
15 million in a school year. If the total amount of allotments to  
16 which districts are entitled under this section for a school year  
17 exceeds the amount appropriated under this subsection, the  
18 commissioner shall reduce each district's allotment under this  
19 section in the manner provided by Section 42.253(h).

20 (f) [~~(d-1)~~] In addition to the appropriation amount  
21 described by Subsection (e) [~~(d)~~], the amount of \$1 million may be  
22 appropriated each school year to supplement the allotment to which  
23 a school district is entitled under this section that may be  
24 provided using the appropriation amount described by Subsection (e)  
25 [~~(d)~~]. The commissioner shall first apply the funds appropriated  
26 under this subsection to prevent any reduction under Subsection (e)  
27 [~~(d)~~] in the allotment for attendance at an eligible high school



1 instructional facility, subject to the maximum amount of \$250 for  
2 each student in average daily attendance. Any funds remaining  
3 after preventing all reductions in amounts due for high school  
4 instructional facilities may be applied proportionally to all other  
5 eligible instructional facilities, subject to the maximum amount of  
6 \$250 for each student in average daily attendance.

7 (g) [~~(e)~~] A school district that is required to take action  
8 under Chapter 41 to reduce its wealth per student to the equalized  
9 wealth level is entitled to a credit, in the amount of the  
10 allotments to which the district is entitled under this section,  
11 against the total amount required under Section 41.093 for the  
12 district to purchase attendance credits. A school district that is  
13 otherwise ineligible for state aid under this chapter is entitled  
14 to receive allotments under this section.

15 (h) [~~(f)~~] The commissioner may adopt rules necessary to  
16 implement this section.

17 [~~(g) In this section, "instructional facility" has the~~  
18 ~~meaning assigned by Section 46.001.~~]

19 Sec. 42.202 [~~42.155~~]. TRANSPORTATION ALLOTMENT. (a) Each  
20 school district or county operating a transportation system is  
21 entitled to allotments for transportation costs as provided by this  
22 section.

23 (b) In [~~As used in~~] this section:

24 (1) "Regular eligible student" means a student who  
25 resides two or more miles from the student's campus of regular  
26 attendance, measured along the shortest route that may be traveled  
27 on public roads, and who is not classified as a student eligible for

1 special education services.

2 (2) "Eligible special education student" means a  
3 student who is eligible for special education services under  
4 Section 29.003 and who would be unable to attend classes without  
5 special transportation services.

6 (3) "Linear density" means the average number of  
7 regular eligible students transported daily, divided by the  
8 approved daily route miles traveled by the respective  
9 transportation system.

10 (c) Each school district or county operating a regular  
11 transportation system is entitled to an allotment based on the  
12 daily cost per regular eligible student of operating and  
13 maintaining the regular transportation system and the linear  
14 density of that system. In determining the cost, the commissioner  
15 shall give consideration to factors affecting the actual cost of  
16 providing these transportation services in each district or county.  
17 The average actual cost is to be computed by the commissioner and  
18 included for consideration by the legislature in the General  
19 Appropriations Act. The allotment per mile of approved route may  
20 not exceed the amount set by appropriation.

21 (d) A school district or county may apply for and on  
22 approval of the commissioner receive an additional amount of up to  
23 10 percent of its regular transportation allotment to be used for  
24 the transportation of children living within two miles of the  
25 school they attend who would be subject to hazardous traffic  
26 conditions if they walked to school. Each board of trustees shall  
27 provide to the commissioner the definition of hazardous conditions

1 applicable to that district and shall identify the specific  
2 hazardous areas for which the allocation is requested. A hazardous  
3 condition exists where no walkway is provided and children must  
4 walk along or cross a freeway or expressway, an underpass, an  
5 overpass or a bridge, an uncontrolled major traffic artery, an  
6 industrial or commercial area, or another comparable condition.

7 (e) The commissioner may grant an amount set by  
8 appropriation for private or commercial transportation for  
9 eligible students from isolated areas. The need for this type of  
10 transportation grant shall be determined on an individual basis and  
11 the amount granted shall not exceed the actual cost. The grants may  
12 be made only in extreme hardship cases. A grant may not be made if  
13 the students live within two miles of an approved school bus route.

14 (f) The cost of transporting career and technology  
15 education students from one campus to another inside a school  
16 district or from a sending district to another secondary public  
17 school for a career and technology program or an area career and  
18 technology school or to an approved post-secondary institution  
19 under a contract for instruction approved by the agency shall be  
20 reimbursed based on the number of actual miles traveled times the  
21 district's official extracurricular travel per mile rate as set by  
22 the board of trustees and approved by the agency.

23 (g) A school district or county that provides special  
24 transportation services for eligible special education students is  
25 entitled to a state allocation paid on a previous year's  
26 cost-per-mile basis. The maximum rate per mile allowable shall be  
27 set by appropriation based on data gathered from the first year of

1 each preceding biennium. Districts may use a portion of their  
2 support allocation to pay transportation costs, if necessary. The  
3 commissioner may grant an amount set by appropriation for private  
4 transportation to reimburse parents or their agents for  
5 transporting eligible special education students. The mileage  
6 allowed shall be computed along the shortest public road from the  
7 student's home to school and back, morning and afternoon. The need  
8 for this type transportation shall be determined on an individual  
9 basis and shall be approved only in extreme hardship cases.

10 (h) Funds allotted under this section must be used in  
11 providing transportation services.

12 (i) In the case of a school district belonging to a county  
13 transportation system, the district's transportation allotment for  
14 purposes of determining a district's Foundation School Program  
15 [~~foundation school program~~] allocations is determined on the basis  
16 of the number of approved daily route miles in the district  
17 multiplied by the allotment per mile to which the county  
18 transportation system is entitled.

19 (j) The Texas School for the Deaf is entitled to an  
20 allotment under this section. The commissioner shall determine the  
21 appropriate allotment.

22 (k) Notwithstanding any other provision of this section,  
23 the commissioner may not reduce the allotment to which a school  
24 district or county is entitled under this section because the  
25 district or county provides transportation for an eligible student  
26 to and from a child-care facility, as defined by Section 42.002,  
27 Human Resources Code, or a grandparent's residence instead of the

1 student's residence, as authorized by Section 34.007, if the  
2 transportation is provided within the approved routes of the  
3 district or county for the school the student attends.

4 (1) A school district may, with the funds allotted under  
5 this section, provide a bus pass or card for another transportation  
6 system to each student who is eligible to use the regular  
7 transportation system of the district but for whom the regular  
8 transportation system of the district is not a feasible method of  
9 providing transportation. The commissioner by rule shall provide  
10 procedures for a school district to provide bus passes or cards to  
11 students under this subsection.

12 Sec. 42.203 [~~42.106~~]. TUITION ALLOTMENT FOR DISTRICTS NOT  
13 OFFERING ALL GRADE LEVELS. A school district that contracts for  
14 students residing in the district to be educated in another  
15 district under Section 25.039(a) is entitled to receive an  
16 allotment equal to the total amount of tuition required to be paid  
17 by the district under Section 25.039, not to exceed the amount  
18 specified by commissioner rule under Section 25.039(b).

19 SECTION 1.25. Subchapter D, Chapter 42, Education Code, as  
20 added by this Act, is amended by adding Sections 42.204 and 42.205  
21 to read as follows:

22 Sec. 42.204. ALLOTMENT FOR DISTRICTS THAT PROVIDE EDUCATION  
23 SOLELY TO STUDENTS CONFINED TO OR EDUCATED IN HOSPITALS. (a) A  
24 school district that offers a program under Section 29.014 is  
25 entitled to an allotment in an amount specified in the General  
26 Appropriations Act, adjusted by:

27 (1) the cost of education adjustment under Section

1 42.102 for the school district in which the district is  
2 geographically located; and

3 (2) the weight for a homebound student under Section  
4 42.101(c)(3).

5 (b) A program established under Section 29.014 is required  
6 only in a school district in which the program is financed by an  
7 allotment under this section or by any other funds available for the  
8 program.

9 Sec. 42.205. ALLOTMENT FOR CERTAIN GIFTED AND TALENTED  
10 EDUCATION PROGRAMS. (a) A school district that offers MATHCOUNTS,  
11 Future Problem Solving, Odyssey of the Mind, Academic Decathlon, or  
12 a similar program for gifted and talented students may receive  
13 additional funding in an amount determined by the commissioner.  
14 The commissioner may not provide more than \$500,000 each year in  
15 total funding under this section.

16 (b) To be eligible for funding under this section, a program  
17 must be determined by the State Board of Education to provide  
18 services that are effective and consistent with the state plan for  
19 gifted and talented education.

20 (c) Funds allotted under this section may be used only to  
21 train personnel or provide program services.

22 SECTION 1.26. Sections 42.2513, 42.2514, and 42.2515,  
23 Education Code, are transferred to Subchapter D, Chapter 42,  
24 Education Code, as added by this Act, and redesignated as Sections  
25 42.206, 42.207, and 42.208, Education Code, to read as follows:

26 Sec. 42.206 [42.2513]. ADDITIONAL STATE AID FOR STAFF  
27 SALARY INCREASES. (a) A school district, including a school

1 district that is otherwise ineligible for state aid under this  
2 chapter, is entitled to state aid in an amount equal to the sum of:

3 (1) the product of \$500 multiplied by the number of  
4 full-time district employees, other than administrators or  
5 employees subject to the minimum salary schedule under Section  
6 [21.402](#); and

7 (2) the product of \$250 multiplied by the number of  
8 part-time district employees, other than administrators.

9 (b) A determination by the commissioner under this section  
10 is final and may not be appealed.

11 (c) The commissioner may adopt rules to implement this  
12 section.

13 Sec. [42.207](#) [~~[42.2514](#)~~]. ADDITIONAL STATE AID FOR TAX  
14 INCREMENT FINANCING PAYMENTS. For each school year, a school  
15 district, including a school district that is otherwise ineligible  
16 for state aid under this chapter, is entitled to state aid in an  
17 amount equal to the amount the district is required to pay into the  
18 tax increment fund for a reinvestment zone under Section  
19 [311.013](#)(n), Tax Code.

20 Sec. [42.208](#) [~~[42.2515](#)~~]. ADDITIONAL STATE AID FOR AD VALOREM  
21 TAX CREDITS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. (a) For each  
22 school year, a school district, including a school district that is  
23 otherwise ineligible for state aid under this chapter, is entitled  
24 to state aid in an amount equal to the amount of all tax credits  
25 credited against ad valorem taxes of the district in that year under  
26 former Subchapter D, Chapter [313](#), Tax Code.

27 (b) The commissioner may adopt rules to implement and

1 administer this section.

2 SECTION 1.27. Section 42.251, Education Code, is amended to  
3 read as follows:

4 Sec. 42.251. FINANCING; GENERAL RULE. (a) The sum of [~~the~~  
5 ~~basic allotment under Subchapter B and the special allotments under~~  
6 ~~Subchapter C, computed in accordance with this chapter, constitute~~  
7 ~~the tier one allotments. The sum of the tier one allotments and~~  
8 the guaranteed yield [~~allotments~~] under Section 42.107 and the  
9 expense allotments and additional state aid under Subchapter D [~~F~~],  
10 computed in accordance with this chapter, constitutes [~~constitute~~]  
11 the total cost of the Foundation School Program.

12 (b) The program shall be financed by:

13 (1) ad valorem tax revenue generated by an equalized  
14 [~~uniform~~] school district effort;

15 (2) [~~ad valorem tax revenue generated by local school~~  
16 ~~district effort in excess of the equalized uniform school district~~  
17 ~~effort,~~

18 [~~(3)~~] state available school funds distributed in  
19 accordance with law; and

20 (3) [~~(4)~~] state funds appropriated for the purposes of  
21 public school education and allocated to each district in an amount  
22 sufficient to finance the cost of each district's Foundation School  
23 Program not covered by other funds specified in this subsection.

24 SECTION 1.28. Section 42.2516, Education Code, as effective  
25 September 1, 2017, is amended by adding Subsection (a-1) to read as  
26 follows:

27 (a-1) For purposes of this title, the state maximum



1 compressed tax rate is the product of the state compression  
2 percentage multiplied by \$1.50.

3 SECTION 1.29. The heading to Section 42.252, Education  
4 Code, is amended to read as follows:

5 Sec. 42.252. LOCAL PROPERTY VALUES [~~SHARE OF PROGRAM COST~~  
6 ~~(TIER ONE)~~].

7 SECTION 1.30. Section 42.252(b), Education Code, is amended  
8 to read as follows:

9 (b) The commissioner shall adjust the values reported in the  
10 official report of the comptroller as required by Section 5.09(a),  
11 Tax Code, to reflect reductions in taxable value of property  
12 resulting from natural or economic disaster after January 1 in the  
13 year in which the valuations are determined. The decision of the  
14 commissioner is final. An adjustment does not affect the local  
15 revenue level [~~fund assignment~~] of any other school district.

16 SECTION 1.31. Section 42.2528(b), Education Code, is  
17 amended to read as follows:

18 (b) In awarding grants under this section, the commissioner  
19 shall give highest priority to school districts with maintenance  
20 and operations tax rates at the greatest rates permitted by law.  
21 The commissioner shall also give priority to:

22 (1) districts with maintenance and operations tax  
23 rates at least equal to the state maximum compressed tax rate, as  
24 defined by Section 42.2516 [~~42.101(a)~~], and lowest amounts of  
25 maintenance and operations tax revenue per weighted student; and

26 (2) districts with debt service tax rates near or  
27 equal to the greatest rates permitted by law.

1 SECTION 1.32. Sections 42.253(a) and (c), Education Code,  
2 are amended to read as follows:

3 (a) For each school year the commissioner shall determine:

4 (1) the amount of money to which a school district is  
5 entitled under Subchapters B and D ~~[€]~~;

6 ~~(2) [the amount of money to which a school district is~~  
7 ~~entitled under Subchapter F,~~

8 ~~[(3)]~~ the amount of money allocated to the district  
9 from the available school fund; and

10 (3) ~~[(4)]~~ the amount of each district's ~~[tier one]~~  
11 local revenue level ~~[share]~~ under Section 42.107 ~~[42.252, and~~

12 ~~[(5) the amount of each district's tier two local share~~  
13 ~~under Section 42.302].~~

14 (c) Each school district is entitled to an amount equal to  
15 the difference for that district between the amount provided by  
16 Subsection ~~[the sum of Subsections]~~ (a)(1) ~~[and (a)(2)]~~ and the sum  
17 of Subsections (a)(2) and (a)(3) ~~[, (a)(4), and (a)(5)]~~.

18 SECTION 1.33. Section 42.257(b), Education Code, is amended  
19 to read as follows:

20 (b) If the school district would have received a greater  
21 amount from the foundation school fund for the applicable school  
22 year using the adjusted value, the commissioner shall add the  
23 difference to subsequent distributions to the district from the  
24 foundation school fund. An adjustment does not affect the local  
25 revenue level ~~[fund assignment]~~ of any other district.

26 ARTICLE 2. CONFORMING AMENDMENTS

27 SECTION 2.01. Section 7.062(c), Education Code, is amended

1 to read as follows:

2 (c) Except as otherwise provided by this subsection, if the  
3 commissioner certifies that the amount appropriated for a state  
4 fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds  
5 the amount to which school districts are entitled under those  
6 subchapters for that year, the commissioner shall use the excess  
7 funds, in an amount not to exceed \$20 million in any state fiscal  
8 year, for the purpose of making grants under this section. The use  
9 of excess funds under this subsection has priority over any  
10 provision of Chapter 42 that permits or directs the use of excess  
11 Foundation School Program [~~foundation school program~~] funds,  
12 including Sections [~~42.2517,~~] 42.2521, 42.2522, and 42.2531. The  
13 commissioner is required to use excess funds as provided by this  
14 subsection only if the commissioner is not required to reduce the  
15 total amount of state funds allocated to school districts under  
16 Section 42.253(h).

17 SECTION 2.02. Section 8.051(d), Education Code, is amended  
18 to read as follows:

19 (d) Each regional education service center shall maintain  
20 core services for purchase by school districts and campuses. The  
21 core services are:

22 (1) training and assistance in:

23 (A) teaching each subject area assessed under  
24 Section 39.023; and

25 (B) providing instruction in personal financial  
26 literacy as required under Section 28.0021;

27 (2) training and assistance in providing each program

1 described by Sections 42.101(c)(1)-(18) [~~that qualifies for a~~  
2 ~~funding allotment under Section 42.151, 42.152, 42.153, or 42.156~~];

3 (3) assistance specifically designed for a school  
4 district or campus assigned an unacceptable performance rating  
5 under Section 39.054;

6 (4) training and assistance to teachers,  
7 administrators, members of district boards of trustees, and members  
8 of site-based decision-making committees;

9 (5) assistance specifically designed for a school  
10 district that is considered out of compliance with state or federal  
11 special education requirements, based on the agency's most recent  
12 compliance review of the district's special education programs; and

13 (6) assistance in complying with state laws and rules.

14 SECTION 2.03. Section 11.158(a), Education Code, is amended  
15 to read as follows:

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

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

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

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

27 (4) a fee for personal physical education and athletic

1 equipment and apparel, although any student may provide the  
2 student's own equipment or apparel if it meets reasonable  
3 requirements and standards relating to health and safety  
4 established by the board;

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

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

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

11 (8) a reasonable fee, not to exceed the actual annual  
12 maintenance cost, for the use of musical instruments and uniforms  
13 owned or rented by the district;

14 (9) a fee for items of personal apparel that become the  
15 property of the student and that are used in extracurricular  
16 activities;

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

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

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

26 (13) a fee for a course offered during summer school,  
27 except that the board may charge a fee for a course required for

1 graduation only if the course is also offered without a fee during  
2 the regular school year;

3 (14) a reasonable fee for transportation of a student  
4 who lives within two miles of the school the student attends to and  
5 from that school, except that the board may not charge a fee for  
6 transportation for which the ~~[school]~~ district receives funds under  
7 Section 42.202(d) [~~42.155(d)~~];

8 (15) a reasonable fee, not to exceed \$50, for costs  
9 associated with an educational program offered outside of regular  
10 school hours through which a student who was absent from class  
11 receives instruction voluntarily for the purpose of making up the  
12 missed instruction and meeting the level of attendance required  
13 under Section 25.092; or

14 (16) if the district does not receive any funds under  
15 Section 42.202 [~~42.155~~] and does not participate in a county  
16 transportation system for which an allotment is provided under  
17 Section 42.202(i) [~~42.155(i)~~], a reasonable fee for the  
18 transportation of a student to and from the school the student  
19 attends.

20 SECTION 2.04. Section 12.106(a), Education Code, as  
21 effective September 1, 2017, is amended to read as follows:

22 (a) A charter holder is entitled to receive for the  
23 open-enrollment charter school funding under Chapter 42 equal to  
24 the amount of funding per student in weighted average daily  
25 attendance [~~, excluding enrichment funding under Section~~  
26 ~~42.302(a)~~], to which the charter holder would be entitled for the  
27 school under Chapter 42 if the school were a school district without

1 a [~~tier one~~] local revenue level [~~share~~] for purposes of Section  
2 42.253.

3 SECTION 2.05. Section 12.106(a-1), Education Code, is  
4 amended to read as follows:

5 (a-1) In determining funding for an open-enrollment charter  
6 school under Subsection (a), adjustments under Sections 42.102,  
7 42.103, [~~42.104~~] and 42.105 are based on the average adjustment  
8 for the state.

9 SECTION 2.06. Section 13.054(f), Education Code, is amended  
10 to read as follows:

11 (f) For five years beginning with the school year in which  
12 the annexation occurs, the commissioner shall annually adjust the  
13 local revenue level [~~fund assignment~~] of a district to which  
14 territory is annexed under this section by multiplying the enlarged  
15 district's local revenue level [~~fund assignment computed under~~  
16 ~~Section 42.252~~] by a fraction, the numerator of which is the number  
17 of students residing in the district preceding the date of the  
18 annexation and the denominator of which is the number of students  
19 residing in the district as enlarged on the date of the annexation.

20 SECTION 2.07. Section 21.402(a), Education Code, as  
21 effective September 1, 2017, is amended to read as follows:

22 (a) Except as provided by Subsection (e-1) or (f), a school  
23 district must pay each classroom teacher, full-time librarian,  
24 full-time school counselor certified under Subchapter B, or  
25 full-time school nurse not less than the minimum monthly salary,  
26 based on the employee's level of experience in addition to other  
27 factors, as determined by commissioner rule, determined by the

1 following formula:

2 
$$MS = SF \times \underline{(GL \times FS)}$$

3 where:

4 "MS" is the minimum monthly salary;

5 "SF" is the applicable salary factor specified by Subsection  
6 (c);

7 "GL" is the guaranteed level, as defined by Section 42.107;

8 and

9 "FS" is the percentage ~~[amount]~~, as determined by the  
10 commissioner under Subsection (b), of the guaranteed level that in  
11 the 2017-2018 school year produces for each level of experience an  
12 amount equal to the minimum monthly salary required for that level  
13 of experience for the 2016-2017 school year ~~[basic allotment as~~  
14 ~~provided by Section 42.101(a) or (b) for a school district with a~~  
15 ~~maintenance and operations tax rate at least equal to the state~~  
16 ~~maximum compressed tax rate, as defined by Section 42.101(a)].~~

17 SECTION 2.08. Section 21.402(b), Education Code, is amended  
18 to read as follows:

19 (b) Not later than June 1 of each year, the commissioner  
20 shall determine the ~~[basic allotment and resulting]~~ monthly  
21 salaries to be paid by school districts as provided by Subsection  
22 (a).

23 SECTION 2.09. Section 28.0211(m-1), Education Code, is  
24 amended to read as follows:

25 (m-1) For purposes of certification under Subsection (m),  
26 the commissioner may not consider Foundation School Program funds  
27 except for compensatory education funds ~~[under Section 42.152]~~.



1 This section may be implemented only if the commissioner certifies  
2 that sufficient funds have been appropriated during a school year  
3 for administering the accelerated instruction programs specified  
4 under this section and Section 28.0217, including teacher training  
5 for that purpose.

6 SECTION 2.10. Section 29.002, Education Code, is amended to  
7 read as follows:

8 Sec. 29.002. DEFINITION. In this subchapter, "special  
9 services" means:

10 (1) special education instruction, which may be  
11 provided by professional and supported by paraprofessional  
12 personnel in the regular classroom or in an instructional  
13 arrangement described by Sections 42.101(c)(2)-(13) [~~Section~~  
14 ~~42.151~~]; and

15 (2) related services, which are developmental,  
16 corrective, supportive, or evaluative services, not instructional  
17 in nature, that may be required for the student to benefit from  
18 special education instruction and for implementation of a student's  
19 individualized education program.

20 SECTION 2.11. Section 29.008(b), Education Code, is amended  
21 to read as follows:

22 (b) Except as provided by Subsection (c), costs of an  
23 approved contract for residential placement may be paid from a  
24 combination of federal, state, and local funds, as directed by the  
25 commissioner. [~~The local share of the total contract cost for each~~  
26 ~~student is that portion of the local tax effort that exceeds the~~  
27 ~~district's local fund assignment under Section 42.252, divided by~~

1 ~~the average daily attendance in the district. If the contract~~  
2 ~~involves a private facility, the state share of the total contract~~  
3 ~~cost is that amount remaining after subtracting the local share. If~~  
4 ~~the contract involves a public facility, the state share is that~~  
5 ~~amount remaining after subtracting the local share from the portion~~  
6 ~~of the contract that involves the costs of instructional and~~  
7 ~~related services. For purposes of this subsection, "local tax~~  
8 ~~effort" means the total amount of money generated by taxes imposed~~  
9 ~~for debt service and maintenance and operation less any amounts~~  
10 ~~paid into a tax increment fund under Chapter 311, Tax Code.]~~

11 SECTION 2.12. Section 29.018(b), Education Code, is amended  
12 to read as follows:

13 (b) A school district is eligible to apply for a grant under  
14 this section if:

15 (1) the district does not receive sufficient funds,  
16 including the state's share of special education [state] funds, as  
17 defined by [provided under] Section 42.151, and federal funds, for  
18 a student with disabilities to pay for the special education  
19 services provided to the student; or

20 (2) the district does not receive sufficient funds,  
21 including the state's share of special education [state] funds, as  
22 defined by [provided under] Section 42.151, and federal funds, for  
23 all students with disabilities in the district to pay for the  
24 special education services provided to the students.

25 SECTION 2.13. Section 29.081(b-2), Education Code, is  
26 amended to read as follows:

27 (b-2) In this subsection, "compensatory education funds"

1 has the meaning assigned by Section 42.152. A district that is  
2 required to provide accelerated instruction under Subsection (b-1)  
3 shall separately budget sufficient funds, including compensatory  
4 education funds [~~under Section 42.152~~], for that purpose. A  
5 district may not budget compensatory education funds [~~received~~  
6 ~~under Section 42.152~~] for any other purpose until the district  
7 adopts a budget to support additional accelerated instruction under  
8 Subsection (b-1).

9 SECTION 2.14. Section 29.082(a), Education Code, is amended  
10 to read as follows:

11 (a) A school district may set aside an amount from the  
12 district's compensatory education funds, as defined by [~~allotment~~  
13 ~~under~~] Section 42.152, or may apply to the agency for funding of an  
14 extended year program for a period not to exceed 30 instructional  
15 days for students in:

16 (1) kindergarten through grade 11 who are identified  
17 as likely not to be promoted to the next grade level for the  
18 succeeding school year; or

19 (2) grade 12 who are identified as likely not to  
20 graduate from high school before the beginning of the succeeding  
21 school year.

22 SECTION 2.15. Section 29.089(b), Education Code, is amended  
23 to read as follows:

24 (b) The commissioner, in consultation with the governor,  
25 lieutenant governor, and speaker of the house of representatives,  
26 by rule shall determine accountability standards under this section  
27 for a school district providing a mentoring services program using

1 compensatory education funds, as defined by [~~allocated under~~]  
2 Section 42.152.

3 SECTION 2.16. Section 29.097(g), Education Code, is amended  
4 to read as follows:

5 (g) For purposes of Subsection (f)(2), a school district is  
6 encouraged to use high school funds, as defined by [~~allocated~~  
7 ~~under~~] Section 42.160.

8 SECTION 2.17. Section 29.098(e), Education Code, is amended  
9 to read as follows:

10 (e) For purposes of Subsection (d)(2), a school district is  
11 encouraged to use high school funds, as defined by [~~allocated~~  
12 ~~under~~] Section 42.160.

13 SECTION 2.18. Section 29.203(b), Education Code, is amended  
14 to read as follows:

15 (b) A school district is entitled to funding attributable to  
16 students weighted under Section 42.101(c)(19) [~~the allotment~~  
17 ~~provided by Section 42.157~~] for each eligible student using a  
18 public education grant. If the district has a wealth per student  
19 greater than the guaranteed wealth level but less than the  
20 equalized wealth level, a school district is entitled under rules  
21 adopted by the commissioner to additional state aid in an amount  
22 equal to the difference between the cost to the district of  
23 providing services to a student using a public education grant and  
24 the sum of the state's share of funds [~~state aid received because of~~  
25 ~~the allotment under Section 42.157~~] and money from the available  
26 school fund attributable to the student.

27 SECTION 2.19. Section 29.203(g)(2), Education Code, is

1 amended to read as follows:

2 (2) "Guaranteed wealth level" means a wealth per  
3 student equal to the dollar amount guaranteed level of state and  
4 local funds per weighted student per cent of tax effort, as provided  
5 by Section 42.107 [~~42.302~~], multiplied by 10,000.

6 SECTION 2.20. Sections 29.918(a) and (b), Education Code,  
7 are amended to read as follows:

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

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

1 preceding the school year in which the district or charter school  
2 will receive the compensatory education funds [~~allotment~~] or high  
3 school funds [~~allotment~~] to which the plan applies.

4 SECTION 2.21. Section 34.002(c), Education Code, is amended  
5 to read as follows:

6 (c) A school district that fails or refuses to meet the  
7 safety standards for school buses established under this section is  
8 ineligible to share in the transportation allotment under Section  
9 42.202 [~~42.155~~] until the first anniversary of the date the  
10 district begins complying with the safety standards.

11 SECTION 2.22. Section 39.117(f), Education Code, is amended  
12 to read as follows:

13 (f) In this subsection, "compensatory education funds" has  
14 the meaning assigned by Section 42.152. In addition to any other  
15 available funds, a school district may use compensatory education  
16 funds [~~provided to the district under Section 42.152~~] to pay the  
17 costs of the program. Instructional services may be provided to  
18 students identified under Subsection (d)(1) who are under 26 years  
19 of age using compensatory education funds [~~provided under Section~~  
20 ~~42.152~~] or other Foundation School Program funds, notwithstanding  
21 Section 42.003.

22 SECTION 2.23. The heading to Section 39.234, Education  
23 Code, is amended to read as follows:

24 Sec. 39.234. USE OF HIGH SCHOOL FUNDS [~~ALLOTMENT~~].

25 SECTION 2.24. Section 39.234, Education Code, is amended by  
26 amending Subsections (a) and (b) and adding Subsection (c) to read  
27 as follows:

1           (a) In this section, "high school funds" has the meaning  
2 assigned by Section 42.160.

3           (b) Except as provided by Subsection (c) [~~(b)~~], a school  
4 district or campus must use high school funds [~~allocated under~~  
5 ~~Section 42.160~~] to:

6           (1) implement or administer a college readiness  
7 program that provides academic support and instruction to prepare  
8 underachieving students for entrance into an institution of higher  
9 education;

10           (2) implement or administer a program that encourages  
11 students to pursue advanced academic opportunities, including  
12 early college high school programs and dual credit, advanced  
13 placement, and international baccalaureate courses;

14           (3) implement or administer a program that provides  
15 opportunities for students to take academically rigorous course  
16 work, including four years of mathematics and four years of science  
17 at the high school level;

18           (4) implement or administer a program, including  
19 online course support and professional development, that aligns the  
20 curriculum for grades 6 [~~six~~] through 12 with postsecondary  
21 curriculum and expectations; or

22           (5) implement or administer other high school  
23 completion and success initiatives in grades 6 [~~six~~] through 12  
24 approved by the commissioner.

25           (c) [~~(b)~~] A school district may use high school funds  
26 [~~allocated under Section 42.160~~] on any instructional program in  
27 grades 6 [~~six~~] through 12 other than an athletic program if:

1           (1) the district's measure of progress toward college  
2 readiness is determined exceptional by a standard set by the  
3 commissioner; and

4           (2) the district's completion rates for grades 9  
5 [~~nine~~] through 12 exceed completion rate standards required by the  
6 commissioner to achieve a status of accredited under Section  
7 [39.051](#).

8           SECTION 2.25. Section [46.013](#), Education Code, is amended to  
9 read as follows:

10           Sec. 46.013. MULTIPLE ALLOTMENTS PROHIBITED. A school  
11 district is not entitled to state assistance under this subchapter  
12 based on taxes with respect to which the district receives state  
13 assistance under [~~Subchapter F,~~] Chapter [42](#).

14           SECTION 2.26. Section [46.037](#), Education Code, is amended to  
15 read as follows:

16           Sec. 46.037. MULTIPLE ALLOTMENTS PROHIBITED. A school  
17 district is not entitled to state assistance under this subchapter  
18 based on taxes with respect to which the district receives state  
19 assistance under [~~Subchapter F,~~] Chapter [42](#).

20           SECTION 2.27. Section [78.10](#)(g), Education Code, is amended  
21 to read as follows:

22           (g) For each student enrolled in the academy, the academy is  
23 entitled to funding [~~allotments~~] from the foundation school fund  
24 under Chapter [42](#) as if the academy were a school district without a  
25 [~~tier one~~] local revenue level [~~share~~] for purposes of Section  
26 [42.253](#). If in any academic year the amount of the allotments under  
27 this subsection exceeds the amount of state funds paid to the



1 academy in the first fiscal year of the academy's operation, the  
2 commissioner of education shall set aside from the total amount of  
3 funds to which school districts are entitled under Section  
4 42.253(c) an amount equal to the excess amount and shall distribute  
5 that amount to the academy. After deducting the amount set aside and  
6 paid to the academy by the commissioner of education under this  
7 subsection, the commissioner of education shall reduce the amount  
8 to which each district is entitled under Section 42.253(c) in the  
9 manner described by Section 42.253(h). A determination of the  
10 commissioner of education under this subsection is final and may  
11 not be appealed.

12 SECTION 2.28. Section 79.10(f), Education Code, is amended  
13 to read as follows:

14 (f) For each student enrolled in the academy, the academy is  
15 entitled to funding [~~allotments~~] from the foundation school fund  
16 under Chapter 42 as if the academy were a school district without a  
17 [~~tier one~~] local revenue level [~~share~~] for purposes of Section  
18 42.253. If in any academic year the amount of the allotments under  
19 this subsection exceeds the amount of state funds paid to the  
20 academy in the first fiscal year of the academy's operation, the  
21 commissioner of education shall set aside from the total amount of  
22 funds to which school districts are entitled under Section  
23 42.253(c) an amount equal to the excess amount and shall distribute  
24 that amount to the academy. After deducting the amount set aside and  
25 paid to the academy by the commissioner of education under this  
26 subsection, the commissioner of education shall reduce the amount  
27 to which each district is entitled under Section 42.253(c) in the

1 manner described by Section 42.253(h). A determination of the  
2 commissioner of education under this subsection is final and may  
3 not be appealed.

4 SECTION 2.29. Section 87.505(g), Education Code, is amended  
5 to read as follows:

6 (g) For each student enrolled in the academy, the academy is  
7 entitled to funding [~~allotments~~] from the foundation school fund  
8 under Chapter 42 as if the academy were a school district without a  
9 [~~tier one~~] local revenue level [~~share~~] for purposes of Section  
10 42.253. If in any academic year the amount of the allotments under  
11 this subsection exceeds the amount of state funds paid to the  
12 academy in the first fiscal year of the academy's operation, the  
13 commissioner of education shall set aside from the total amount of  
14 funds to which school districts are entitled under Section  
15 42.253(c) an amount equal to the excess amount and shall distribute  
16 that amount to the academy. After deducting the amount set aside and  
17 paid to the academy by the commissioner of education under this  
18 subsection, the commissioner of education shall reduce the amount  
19 to which each district is entitled under Section 42.253(c) in the  
20 manner described by Section 42.253(h). A determination of the  
21 commissioner of education under this subsection is final and may  
22 not be appealed.

23 SECTION 2.30. Section 96.707(k), Education Code, is amended  
24 to read as follows:

25 (k) For each student enrolled in the academy, the academy is  
26 entitled to funding [~~allotments~~] from the Foundation School Program  
27 under Chapter 42 as if the academy were a school district without a

1 ~~[tier one]~~ local revenue level ~~[share]~~ for purposes of Section  
2 42.253.

3 SECTION 2.31. Section 105.301(e), Education Code, is  
4 amended to read as follows:

5 (e) The academy is not subject to the provisions of this  
6 code, or to the rules of the Texas Education Agency, regulating  
7 public schools, except that:

8 (1) professional employees of the academy are entitled  
9 to the limited liability of an employee under Section 22.0511,  
10 22.0512, or 22.052;

11 (2) a student's attendance at the academy satisfies  
12 compulsory school attendance requirements; and

13 (3) for each student enrolled, the academy is entitled  
14 to funding ~~[allotments]~~ from the Foundation School Program  
15 ~~[foundation school program]~~ under Chapter 42 as if the academy were  
16 a school district without a ~~[tier one]~~ local revenue level ~~[share]~~  
17 for purposes of Section 42.253.

18 SECTION 2.32. Section 317.005(f), Government Code, is  
19 amended to read as follows:

20 (f) The governor or board may adopt an order under this  
21 section withholding or transferring any portion of the total amount  
22 appropriated to finance the Foundation School Program ~~[foundation  
23 school program]~~ for a fiscal year. The governor or board may not  
24 adopt such an order if it would result in an allocation of money  
25 between particular programs or statutory allotments under the  
26 Foundation School Program ~~[foundation school program]~~ contrary to  
27 the statutory proration formula provided by Section 42.253(h),

1 Education Code. The governor or board may transfer an amount to the  
 2 total amount appropriated to finance the Foundation School Program  
 3 [~~foundation school program~~] for a fiscal year and may increase the  
 4 guaranteed level, as defined by Section 42.107 [~~basic allotment~~].  
 5 The governor or board may adjust allocations of amounts between  
 6 particular programs or statutory allotments under the Foundation  
 7 School Program [~~foundation school program~~] only for the purpose of  
 8 conforming the allocations to actual pupil enrollments or  
 9 attendance.

10 SECTION 2.33. Section 322.008(b), Government Code, is  
 11 amended to read as follows:

12 (b) The general appropriations bill may include for  
 13 purposes of information the funding elements computed by the  
 14 Legislative Budget Board under Section 42.007, Education Code,  
 15 excluding the values for each school district calculated under  
 16 Section 42.007(c)(2), Education Code. [~~If the funding elements are~~  
 17 ~~included, the funding elements under Section 42.007(c)(3),~~  
 18 ~~Education Code, shall be reported in dollar amounts per pupil.~~]

19 SECTION 2.34. Section 437.117(a), Government Code, is  
 20 amended to read as follows:

21 (a) For each student enrolled in the Texas Challenge  
 22 Academy, the department is entitled to funding [~~allotments~~] from  
 23 the Foundation School Program under Chapter 42, Education Code, as  
 24 if the academy were a school district without a [~~tier one~~] local  
 25 revenue level [~~share~~] for purposes of Section 42.253, Education  
 26 Code.

27 SECTION 2.35. Section 2175.304(c), Government Code, is

1 amended to read as follows:

2 (c) The procedures established under Subsection (b) must  
3 give preference to transferring the property directly to a public  
4 school or school district or to an assistance organization  
5 designated by the school district before disposing of the property  
6 in another manner. If more than one public school or school  
7 district or assistance organization seeks to acquire the same  
8 property on substantially the same terms, the system, institution,  
9 or agency shall give preference to a public school that is  
10 considered low-performing by the commissioner of education or to a  
11 school district that has a taxable wealth per student that does not  
12 exceed the wealth per student permitted under Chapter 41 [~~entitles~~  
13 ~~the district to an allotment of state funds under Subchapter F,~~  
14 ~~Chapter 42~~], Education Code, or to the assistance organization  
15 designated by such a school district.

16 SECTION 2.36. Section 1579.251(a), Insurance Code, is  
17 amended to read as follows:

18 (a) The state shall assist employees of participating  
19 school districts and charter schools in the purchase of group  
20 health coverage under this chapter by providing for each covered  
21 employee the amount of \$900 each state fiscal year or a greater  
22 amount as provided by the General Appropriations Act. The state  
23 contribution shall be distributed through the school finance  
24 formulas under Chapters 41 and 42, Education Code, and used by  
25 school districts and charter schools only to pay contributions  
26 under a group health coverage plan for district or school employees  
27 [~~as provided by Section 42.260, Education Code~~].

1 SECTION 2.37. Section 311.013(n), Tax Code, is amended to  
2 read as follows:

3 (n) This subsection applies only to a school district whose  
4 taxable value computed under Section 403.302(d), Government Code,  
5 is reduced in accordance with Subdivision (4) of that subsection.  
6 In addition to the amount otherwise required to be paid into the tax  
7 increment fund, the district shall pay into the fund an amount equal  
8 to the amount by which the amount of taxes the district would have  
9 been required to pay into the fund in the current year if the  
10 district levied taxes at the rate the district levied in 2005  
11 exceeds the amount the district is otherwise required to pay into  
12 the fund in the year of the reduction. This additional amount may  
13 not exceed the amount the [~~school~~] district receives in state aid  
14 for the current tax year under Section 42.207 [~~42.2514~~], Education  
15 Code. The [~~school~~] district shall pay the additional amount after  
16 the district receives the state aid to which the district is  
17 entitled for the current tax year under Section 42.207 [~~42.2514~~],  
18 Education Code.

19 ARTICLE 3. REPEALERS

20 SECTION 3.01. The following provisions of the Education  
21 Code are repealed:

- 22 (1) Section 12.106(a-2);
- 23 (2) Section 29.014(d);
- 24 (3) Section 29.203(c);
- 25 (4) Sections 41.002(e), (f), and (g);
- 26 (5) Section 41.093(b-1);
- 27 (6) Section 41.159(b);

