

By: Taylor of Galveston

S.B. No. 2145

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. FOUNDATION SCHOOL PROGRAM

SECTION 1.01. The heading to Chapter 41, Education Code, is amended to read as follows:

CHAPTER 41. FOUNDATION SCHOOL PROGRAM ADMINISTRATION [~~EQUALIZED WEALTH LEVEL~~]

SECTION 1.02. Section 41.001, Education Code, is amended to read as follows:

Sec. 41.001. DEFINITION [~~DEFINITIONS~~]. In this chapter, weighted [↕

~~(1) "Equalized wealth level" means the wealth per student provided by Section 41.002.~~

~~(2) "Wealth per student" means the taxable value of property, as determined under Subchapter M, Chapter 403, Government Code, divided by the number of students in weighted average daily attendance.~~

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

SECTION 1.03. Section 42.004, Education Code, is transferred to Subchapter A, Chapter 41, Education Code, redesignated as Section 41.002, Education Code, and amended to read as follows:

1           Sec. 41.002 [~~42.004~~]. ADMINISTRATION OF THE PROGRAM. (a)

2 The commissioner, in accordance with the rules of the State Board of  
3 Education, shall take such action and require such reports  
4 consistent with this chapter as may be necessary to implement and  
5 administer the Foundation School Program.

6           (b) Except as provided by Subsection (c), the commissioner  
7 may adopt rules as necessary to implement this chapter.

8           (c) The commissioner may not adopt any rule that allows a  
9 district to retain state and local revenue under Sections  
10 42.253(a)(2) and (3) in excess of the amount of the district's  
11 entitlement under Section 42.253(a)(1).

12           SECTION 1.04. Section 42.003, Education Code, is  
13 transferred to Subchapter A, Chapter 41, Education Code, and  
14 redesignated as Section 41.003, Education Code, to read as follows:

15           Sec. 41.003 [~~42.003~~]. STUDENT ELIGIBILITY. (a) A student  
16 is entitled to the benefits of the Foundation School Program if, on  
17 September 1 of the school year, the student:

18           (1) is 5 years of age or older and under 21 years of age  
19 and has not graduated from high school, or is at least 21 years of  
20 age and under 26 years of age and has been admitted by a school  
21 district to complete the requirements for a high school diploma; or

22           (2) is at least 19 years of age and under 26 years of  
23 age and is enrolled in an adult high school diploma and industry  
24 certification charter school pilot program under Section 29.259.

25           (b) A student to whom Subsection (a) does not apply is  
26 entitled to the benefits of the Foundation School Program if the  
27 student is enrolled in a prekindergarten class under Section 29.153

1 or Subchapter E-1, Chapter 29.

2 (c) A child may be enrolled in the first grade if the child  
3 is at least six years of age at the beginning of the school year of  
4 the district or has been enrolled in the first grade or has  
5 completed kindergarten in the public schools in another state  
6 before transferring to a public school in this state.

7 (d) Notwithstanding Subsection (a), a student younger than  
8 five years of age is entitled to the benefits of the Foundation  
9 School Program if:

10 (1) the student performs satisfactorily on the  
11 assessment instrument administered under Section 39.023(a) to  
12 students in the third grade; and

13 (2) the district has adopted a policy for admitting  
14 students younger than five years of age.

15 SECTION 1.05. Sections 42.005, 42.0051, 42.0052, 42.006,  
16 and 42.007, Education Code, are transferred to Subchapter A,  
17 Chapter 41, Education Code, redesignated as Sections 41.004,  
18 41.005, 41.006, 41.007, and 41.008, Education Code, and amended to  
19 read as follows:

20 Sec. 41.004 [~~42.005~~]. AVERAGE DAILY ATTENDANCE. (a) In  
21 this chapter, average daily attendance is:

22 (1) the quotient of the sum of attendance for each day  
23 of the minimum number of days of instruction as described under  
24 Section 25.081(a) divided by the minimum number of days of  
25 instruction;

26 (2) for a district that operates under a flexible year  
27 program under Section 29.0821, the quotient of the sum of

1 attendance for each actual day of instruction as permitted by  
2 Section 29.0821(b)(1) divided by the number of actual days of  
3 instruction as permitted by Section 29.0821(b)(1); or

4 (3) for a district that operates under a flexible  
5 school day program under Section 29.0822, the average daily  
6 attendance as calculated by the commissioner in accordance with  
7 Sections 29.0822(d) and (d-1).

8 (b) A school district that experiences a decline of two  
9 percent or more in average daily attendance shall be funded on the  
10 basis of:

11 (1) the actual average daily attendance of the  
12 preceding school year, if the decline is the result of the closing  
13 or reduction in personnel of a military base; or

14 (2) ~~[subject to Subsection (e),]~~ an average daily  
15 attendance not to exceed 98 percent of the actual average daily  
16 attendance of the preceding school year, if the decline is not the  
17 result of the closing or reduction in personnel of a military base.

18 (c) The commissioner shall adjust the average daily  
19 attendance of a school district that has a significant percentage  
20 of students who are migratory children as defined by 20 U.S.C.  
21 Section 6399.

22 (d) Except as provided by Section 41.005(e), the ~~[The]~~  
23 commissioner may adjust the average daily attendance of a school  
24 district in which a disaster, flood, extreme weather condition,  
25 fuel curtailment, or other calamity has a significant effect on the  
26 district's attendance.

27 (e) ~~[For each school year, the commissioner shall adjust the~~

1 ~~average daily attendance of school districts that are entitled to~~  
2 ~~funding on the basis of an adjusted average daily attendance under~~  
3 ~~Subsection (b)(2) so that:~~

4 ~~[(1) all districts are funded on the basis of the same~~  
5 ~~percentage of the preceding year's actual average daily attendance,~~  
6 ~~and~~

7 ~~[(2) the total cost to the state does not exceed the~~  
8 ~~amount specifically appropriated for that year for purposes of~~  
9 ~~Subsection (b)(2).~~

10 ~~[(f)]~~ An open-enrollment charter school is not entitled to  
11 funding based on an adjustment under Subsection (b)(2).

12 (f) ~~[(g)]~~ If a student may receive course credit toward the  
13 student's high school academic requirements and toward the  
14 student's higher education academic requirements for a single  
15 course, including a course provided under Section 28.009 by a  
16 public institution of higher education, the time during which the  
17 student attends the course shall be counted as part of the minimum  
18 number of instructional hours required for a student to be  
19 considered a full-time student in average daily attendance for  
20 purposes of this section.

21 (g) ~~[(h)]~~ Subject to rules adopted by the commissioner  
22 under Section 41.006(b) ~~[42.0052(b)]~~, time that a student  
23 participates in an off-campus instructional program approved under  
24 Section 41.006(a) ~~[42.0052(a)]~~ shall be counted as part of the  
25 minimum number of instructional hours required for a student to be  
26 considered a full-time student in average daily attendance for  
27 purposes of this section.

1           Sec. 41.005 [~~42.0051~~]. AVERAGE DAILY ATTENDANCE FOR  
2 DISTRICTS IN DISASTER AREA. (a) From funds specifically  
3 appropriated for the purpose or other funds available to the  
4 commissioner for that purpose, the commissioner shall adjust the  
5 average daily attendance of a school district all or part of which  
6 is located in an area declared a disaster area by the governor under  
7 Chapter 418, Government Code, if the district experiences a decline  
8 in average daily attendance that is reasonably attributable to the  
9 impact of the disaster.

10           (b) The adjustment must be sufficient to ensure that the  
11 district receives funding comparable to the funding that the  
12 district would have received if the decline in average daily  
13 attendance reasonably attributable to the impact of the disaster  
14 had not occurred.

15           (c) The commissioner shall make the adjustment required by  
16 this section for the two-year period following the date of the  
17 governor's initial proclamation or executive order declaring the  
18 state of disaster.

19           (d) Section 41.004(b)(2) [~~42.005(b)(2)~~] does not apply to a  
20 district that receives an adjustment under this section.

21           (e) A district that receives an adjustment under this  
22 section may not receive any additional adjustment under Section  
23 41.004(d) [~~42.005(d)~~] for the decline in average daily attendance  
24 on which the adjustment under this section is based.

25           (f) For purposes of this title, a district's adjusted  
26 average daily attendance under this section is considered to be the  
27 district's average daily attendance as determined under Section

1 41.004 [~~42.005~~].

2           Sec. 41.006 [~~42.0052~~]. OFF-CAMPUS PROGRAMS APPROVED FOR  
3 PURPOSES OF AVERAGE DAILY ATTENDANCE. (a) The commissioner may,  
4 based on criteria developed by the commissioner, approve  
5 instructional programs provided off campus by an entity other than  
6 a school district or open-enrollment charter school as a program in  
7 which participation by a student of a district or charter school may  
8 be counted for purposes of determining average daily attendance in  
9 accordance with Section 41.004(g) [~~42.005(h)~~].

10           (b) The commissioner shall adopt by rule verification and  
11 reporting procedures concerning time spent by students  
12 participating in instructional programs approved under Subsection  
13 (a).

14           Sec. 41.007 [~~42.006~~]. PUBLIC EDUCATION INFORMATION  
15 MANAGEMENT SYSTEM (PEIMS). (a) Each school district shall  
16 participate in the Public Education Information Management System  
17 (PEIMS) and shall provide through that system information required  
18 for the administration of this chapter and of other appropriate  
19 provisions of this code.

20           (b) [~~(a-1)~~] The commissioner by rule shall require each  
21 school district and open-enrollment charter school to report  
22 through the Public Education Information Management System  
23 information regarding the number of students enrolled in the  
24 district or school who are identified as having dyslexia. The  
25 agency shall maintain the information provided in accordance with  
26 this subsection.

27           (c) [~~(b)~~] Each school district shall use a uniform

1 accounting system adopted by the commissioner for the data required  
2 to be reported for the Public Education Information Management  
3 System.

4 (d) [~~(c)~~] Annually, the commissioner shall review the  
5 Public Education Information Management System and shall repeal or  
6 amend rules that require school districts to provide information  
7 through the Public Education Information Management System that is  
8 not necessary. In reviewing and revising the Public Education  
9 Information Management System, the commissioner shall develop  
10 rules to ensure that the system:

11 (1) provides useful, accurate, and timely information  
12 on student demographics and academic performance, personnel, and  
13 school district finances;

14 (2) contains only the data necessary for the  
15 legislature and the agency to perform their legally authorized  
16 functions in overseeing the public education system; and

17 (3) does not contain any information related to  
18 instructional methods, except as provided by Section [29.066](#) or  
19 required by federal law.

20 (e) [~~(d)~~] The commissioner's rules must ensure that the  
21 Public Education Information Management System links student  
22 performance data to other related information for purposes of  
23 efficient and effective allocation of scarce school resources, to  
24 the extent practicable using existing agency resources and  
25 appropriations.

26 Sec. [41.008](#) [~~42.007~~]. EQUALIZED FUNDING ELEMENTS. (a) The  
27 Legislative Budget Board shall adopt rules, subject to appropriate



1 notice and opportunity for public comment, for the calculation for  
2 each year of a biennium of the qualified funding elements, in  
3 accordance with Subsection (c), necessary to achieve the state  
4 policy under Section 42.001.

5 (b) Before each regular session of the legislature, the  
6 board shall, as determined by the board, report the equalized  
7 funding elements to the commissioner and the legislature.

8 (c) The funding elements must include:

9 (1) a basic allotment for the purposes of Section  
10 42.101 that ~~[, when combined with the guaranteed yield component~~  
11 ~~provided by Subchapter F,~~ represents the cost per student of a  
12 regular education program that meets all mandates of law and  
13 regulation;

14 (2) adjustments designed to reflect the variation in  
15 known resource costs and costs of education beyond the control of  
16 school districts;

17 (3) appropriate program cost differentials and other  
18 funding elements for the programs authorized under Subchapter C,  
19 Chapter 42, with the program funding level expressed as dollar  
20 amounts and as weights applied to the adjusted ~~[basic]~~ allotment  
21 for the appropriate year;

22 (4) ~~[the maximum guaranteed level of qualified state~~  
23 ~~and local funds per student for the purposes of Subchapter F,~~

24 ~~[(5) the enrichment and facilities tax rate under~~  
25 ~~Subchapter F,~~

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

1           (5) [~~(7)~~] the amount to be appropriated for the school  
2 facilities assistance program under Chapter 46.

3           SECTION 1.06. Sections 41.003 and 41.004, Education Code,  
4 are redesignated as Sections 41.009 and 41.010, Education Code, and  
5 amended to read as follows:

6           Sec. 41.009 [~~41.003~~]. OPTIONS TO ENSURE EFFICIENCY OF  
7 FOUNDATION SCHOOL PROGRAM [~~ACHIEVE EQUALIZED WEALTH LEVEL~~]. A  
8 district to which Section 42.254(a) applies [~~with a wealth per~~  
9 ~~student that exceeds the equalized wealth level~~] may take any  
10 combination of the following actions to comply with the  
11 requirements of Section 42.254 [~~achieve the equalized wealth~~  
12 ~~level~~]:

13           (1) consolidation with another district as provided by  
14 Subchapter B;

15           (2) detachment of territory as provided by Subchapter  
16 C;

17           (3) payment to the state for the efficiency of the  
18 Foundation School Program [~~purchase of average daily attendance~~  
19 ~~credit~~] as provided by Subchapter D; or

20           (4) [~~education of nonresident students as provided by~~  
21 ~~Subchapter E, or~~

22           ~~(5)~~ tax base consolidation with another district as  
23 provided by Subchapter F.

24           Sec. 41.010 [~~41.004~~]. DETERMINATION OF FUNDING LEVELS  
25 [~~ANNUAL REVIEW OF PROPERTY WEALTH~~]. (a) Not later than July 1 of  
26 each year, the commissioner shall determine the estimated amount of  
27 state and local funding for each school district for the following

1 school year under Section 42.253.

2       **(b)** Not later than July 15 of each year, [~~using the estimate~~  
3 ~~of enrollment under Section 42.254,~~] the commissioner shall review  
4 the estimated entitlements and local revenue [~~wealth per student~~]  
5 of school districts in the state and shall notify:

6           (1) each district to which Section 42.254(a) applies  
7 [~~with wealth per student exceeding the equalized wealth level~~];

8           (2) each district to which the commissioner proposes  
9 to annex property detached from a district notified under  
10 Subdivision (1), if necessary, under Subchapter G; and

11           (3) each district to which the commissioner proposes  
12 to consolidate a district notified under Subdivision (1), if  
13 necessary, under Subchapter H.

14       **(c)** [~~(b)~~] If, before the dates provided by this subsection,  
15 a district notified under Subsection (b)(1) [~~(a)(1)~~] has not  
16 successfully exercised one or more options under Section 41.009 to  
17 comply with Section 42.254(a) [~~41.003 that reduce the district's~~  
18 ~~wealth per student to a level equal to or less than the equalized~~  
19 ~~wealth level~~], the commissioner shall order the detachment of  
20 property from that district as provided by Subchapter G. If that  
21 detachment will not bring the district into full compliance with  
22 Section 42.254(a) [~~reduce the district's wealth per student to a~~  
23 ~~level equal to or less than the equalized wealth level~~], the  
24 commissioner may not detach property under Subchapter G but shall  
25 order the consolidation of the district with one or more other  
26 districts as provided by Subchapter H. An agreement under Section  
27 41.009(1) or (2) [~~41.003(1) or (2)~~] must be executed not later than

1 September 1 immediately following the notice under Subsection (b)  
2 [~~(a)~~]. An election for an option under Section 41.009(3) or (4)  
3 [~~41.003(3), (4), or (5)~~] must be ordered before September 1  
4 immediately following the notice under Subsection (b) [~~(a)~~].

5 (d) [~~(c)~~] A district notified under Subsection (b) [~~(a)~~]  
6 may not adopt a tax rate for the tax year in which the district  
7 receives the notice until the commissioner certifies that the  
8 district is in compliance with Section 42.254(a) [~~has achieved the~~  
9 ~~equalized wealth level~~].

10 (e) [~~(d)~~] A detachment and annexation or consolidation  
11 under this chapter:

12 (1) is effective for Foundation School Program funding  
13 purposes for the school year that begins in the calendar year in  
14 which the detachment and annexation or consolidation is agreed to  
15 or ordered; and

16 (2) applies to the ad valorem taxation of property  
17 beginning with the tax year in which the agreement or order is  
18 effective.

19 SECTION 1.07. Section 41.005, Education Code, is  
20 redesignated as Section 41.011, Education Code, to read as follows:

21 Sec. 41.011 [~~41.005~~]. COMPTROLLER AND APPRAISAL DISTRICT  
22 COOPERATION. The chief appraiser of each appraisal district and  
23 the comptroller shall cooperate with the commissioner and school  
24 districts in implementing this chapter.

25 SECTION 1.08. Sections 41.007, 41.008, and 41.009,  
26 Education Code, are redesignated as Sections 41.012, 41.013, and  
27 41.014, Education Code, and amended to read as follows:

1           Sec. 41.012 [~~41.007~~]. COMMISSIONER TO APPROVE SUBSEQUENT  
2 BOUNDARY CHANGES. A school district that is involved in an action  
3 under this chapter that results in boundary changes to the district  
4 or in the consolidation of tax bases is subject to consolidation,  
5 detachment, or annexation under Chapter 13 only if the commissioner  
6 certifies that the change under Chapter 13 will not result in a  
7 district to which Section 42.254(a) applies [~~with a wealth per~~  
8 ~~student that exceeds the equalized wealth level~~].

9           Sec. 41.013 [~~41.008~~]. HOMESTEAD EXEMPTIONS. (a) The  
10 governing board of a school district that results from  
11 consolidation under this chapter, including a consolidated taxing  
12 district under Subchapter F, for the tax year in which the  
13 consolidation occurs may determine whether to adopt a homestead  
14 exemption provided by Section 11.13, Tax Code, and may set the  
15 amount of the exemption, if adopted, at any time before the school  
16 district adopts a tax rate for that tax year. This section applies  
17 only to an exemption that the governing board of a school district  
18 is authorized to adopt or change in amount under Section 11.13, Tax  
19 Code.

20           (b) This section prevails over any inconsistent provision  
21 of Section 11.13, Tax Code, or other law.

22           Sec. 41.014 [~~41.009~~]. TAX ABATEMENTS. (a) A tax abatement  
23 agreement executed by a school district that is involved in  
24 consolidation or in detachment and annexation of territory under  
25 this chapter is not affected and applies to the taxation of the  
26 property covered by the agreement as if executed by the district  
27 within which the property is included.

1 (b) The commissioner shall determine the taxable value  
2 [~~wealth per student~~] of a school district under this chapter as if  
3 any tax abatement agreement executed by a school district on or  
4 after May 31, 1993, had not been executed.

5 SECTION 1.09. Section 41.010, Education Code, is  
6 redesignated as Section 41.015, Education Code, to read as follows:

7 Sec. 41.015 [~~41.010~~]. TAX INCREMENT OBLIGATIONS. The  
8 payment of tax increments under Chapter 311, Tax Code, is not  
9 affected by the consolidation of territory or tax bases or by  
10 annexation under this chapter. In each tax year a school district  
11 paying a tax increment from taxes on property over which the  
12 district has assumed taxing power is entitled to retain the same  
13 percentage of the tax increment from that property that the  
14 district in which the property was located before the consolidation  
15 or annexation could have retained for the respective tax year.

16 SECTION 1.10. Section 41.011, Education Code, is  
17 redesignated as Section 41.016, Education Code, and amended to read  
18 as follows:

19 Sec. 41.016 [~~41.011~~]. CONTINGENCY. (a) If any of the  
20 options described by Section 41.009 [~~41.003~~] as applied to a school  
21 district are held invalid by a final decision of a court of  
22 competent jurisdiction, a school district is entitled to exercise  
23 any of the remaining valid options in accordance with a schedule  
24 approved by the commissioner.

25 (b) If a final order of a court of competent jurisdiction  
26 should hold each of the options provided by Section 41.009 [~~41.003~~]  
27 invalid, the commissioner shall act under Subchapter G or H to

1 achieve compliance with Section 42.254(a) [~~the equalized wealth~~  
2 ~~level~~] only after notice and hearing is afforded to each school  
3 district affected by the order. The commissioner shall adopt a plan  
4 that least disrupts the affected school districts. If because the  
5 exigency to adopt a plan prevents the commissioner from giving a  
6 reasonable time for notice and hearing, the commissioner shall  
7 timely give notice to and hold a hearing for the affected school  
8 districts, but in no event less than 30 days from time of notice to  
9 the date of hearing.

10 (c) If a final order of a court of competent jurisdiction  
11 should hold an option provided by Section 41.009 [~~41.003~~] invalid  
12 and order a refund to a district of any amounts paid by a district  
13 choosing that option, the amount shall be refunded but held in  
14 reserve and not expended by the district until released by order of  
15 the commissioner. The commissioner shall order the release  
16 immediately on the commissioner's determination that, through one  
17 of the means provided by law, the district has achieved compliance  
18 with Section 42.254(a) [~~the equalized wealth level~~]. The amount  
19 released shall be deducted from any state aid payable to the  
20 district according to a schedule adopted by the commissioner.

21 SECTION 1.11. Section 41.012, Education Code, is  
22 redesignated as Section 41.017, Education Code, to read as follows:

23 Sec. 41.017 [~~41.012~~]. DATE OF ELECTIONS. An election under  
24 this chapter for voter approval of an agreement entered by the board  
25 of trustees shall be held on a Tuesday or Saturday not more than 45  
26 days after the date of the agreement. Section 41.001, Election  
27 Code, does not apply to the election.

1 SECTION 1.12. Section 41.013, Education Code, is  
2 redesignated as Section 41.018, Education Code, and amended to read  
3 as follows:

4 Sec. 41.018 [~~41.013~~]. PROCEDURE. (a) Except as provided  
5 by Subchapter G, a decision of the commissioner under this chapter  
6 is appealable under Section 7.057.

7 (b) Any order of the commissioner issued under this chapter  
8 shall be given immediate effect and may not be stayed or enjoined  
9 pending any appeal.

10 (c) Chapter 2001, Government Code, does not apply to a  
11 decision of the commissioner under this chapter.

12 (d) On the request of the commissioner, the secretary of  
13 state shall publish any rules adopted under this chapter in the  
14 Texas Register and the Texas Administrative Code.

15 SECTION 1.13. Section 41.031, Education Code, is amended to  
16 read as follows:

17 Sec. 41.031. AGREEMENT. The governing boards of any two or  
18 more school districts may consolidate the districts by agreement in  
19 accordance with this subchapter to establish a consolidated  
20 district to which Section 42.254(a) does not apply [~~with a wealth  
21 per student equal to or less than the equalized wealth level~~]. The  
22 agreement is not effective unless the commissioner certifies that  
23 Section 42.254(a) does not apply to the consolidated district [~~7~~] as  
24 a result of actions taken under this chapter [~~7, will have a wealth  
25 per student equal to or less than the equalized wealth level~~].

26 SECTION 1.14. Sections 41.034(a) and (c), Education Code,  
27 are amended to read as follows:



1 (a) For the first and second school years after creation of  
2 a consolidated district under this subchapter, the commissioner  
3 shall adjust allotments to the consolidated district to the extent  
4 necessary to preserve the effects of an adjustment under Section  
5 [42.102](#), [42.103](#), or [42.104](#) [~~42.105~~] to which either of the  
6 consolidating districts would have been entitled but for the  
7 consolidation.

8 (c) Four or more districts that consolidate into one  
9 district under this subchapter within a period of one year may elect  
10 to receive incentive aid under this section or to receive incentive  
11 aid for not more than five years under Subchapter G, Chapter [13](#).  
12 [~~Incentive aid under this subsection may not provide the~~  
13 ~~consolidated district with more revenue in state and local funds~~  
14 ~~than the district would receive at the equalized wealth level.~~]

15 SECTION 1.15. Section [41.061](#), Education Code, is amended to  
16 read as follows:

17 Sec. 41.061. AGREEMENT. (a) By agreement of the governing  
18 boards of two school districts, territory may be detached from one  
19 of the districts and annexed to the other district if~~[7]~~ after the  
20 action Section [42.254](#)(a) does not apply to [~~+~~

21 [~~(1)~~] the [~~wealth per student of the~~] district from  
22 which territory is detached or [~~is equal to or less than the~~  
23 ~~equalized wealth level, and~~

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

27 (b) The agreement is not effective unless the commissioner

1 certifies that, after all actions taken under this chapter, Section  
2 42.254(a) does not apply to ~~[the wealth per student of]~~ each  
3 district involved ~~[will be equal to or less than the applicable~~  
4 ~~level permitted by Subsection (a)]~~.

5 SECTION 1.16. The heading to Subchapter D, Chapter 41,  
6 Education Code, is amended to read as follows:

7 SUBCHAPTER D. PAYMENT TO STATE FOR EFFICIENCY OF FOUNDATION SCHOOL  
8 PROGRAM ~~[PURCHASE OF ATTENDANCE CREDIT]~~

9 SECTION 1.17. Section 41.091, Education Code, is amended to  
10 read as follows:

11 Sec. 41.091. AGREEMENT. A school district to which Section  
12 42.254(a) applies ~~[with a wealth per student that exceeds the~~  
13 ~~equalized wealth level]~~ may execute an agreement with the  
14 commissioner to make payments to the state or have deductions made  
15 to funds owed by the state to the district ~~[purchase attendance~~  
16 ~~credits]~~ in an amount sufficient to comply with the requirements of  
17 Section 42.254 ~~[, in combination with any other actions taken under~~  
18 ~~this chapter, to reduce the district's wealth per student to a level~~  
19 ~~that is equal to or less than the equalized wealth level]~~.

20 SECTION 1.18. Sections 41.093(a) and (c), Education Code,  
21 are amended to read as follows:

22 (a) The ~~[Subject to Subsection (b-1), the cost of each~~  
23 ~~credit is an]~~ amount of payments made by a district or funds  
24 withheld from a district as provided by Section 41.091 must be at  
25 least equal to the amount by which the district's total revenue  
26 under Sections 42.253(a)(2) and (3) exceeds the district's  
27 entitlement under Section 42.253(a)(1) ~~[greater of:~~

1           ~~[(1) the amount of the district's maintenance and~~  
2 ~~operations tax revenue per student in weighted average daily~~  
3 ~~attendance for the school year for which the contract is executed,~~  
4 ~~or~~

5           ~~[(2) the amount of the statewide district average of~~  
6 ~~maintenance and operations tax revenue per student in weighted~~  
7 ~~average daily attendance for the school year preceding the school~~  
8 ~~year for which the contract is executed].~~

9           (c) The amount of maintenance and operations tax revenue  
10 ~~[cost of an attendance credit]~~ for a school district is computed  
11 using the final tax collections of the district.

12           SECTION 1.19. Section 41.094(a), Education Code, is amended  
13 to read as follows:

14           (a) If a [A] school district agrees to make payments to the  
15 state under this subchapter, the payments shall be made ~~[pay for~~  
16 ~~credits purchased]~~ in equal monthly installments ~~[payments]~~ as  
17 determined by the commissioner beginning February 15 and ending  
18 August 15 of the school year for which the agreement is in effect.

19           SECTION 1.20. Section 41.095, Education Code, is amended to  
20 read as follows:

21           Sec. 41.095. DURATION. An agreement under this subchapter  
22 ~~[section]~~ is valid for one school year and, subject to Section  
23 41.096, may be renewed annually.

24           SECTION 1.21. Section 41.096(b), Education Code, is amended  
25 to read as follows:

26           (b) The ballot shall be printed to permit voting for or  
27 against the proposition: "Authorizing the board of trustees of

1 \_\_\_\_\_ School District to make payments to [~~purchase attendance~~  
2 ~~credits from~~] the state with local tax revenues to prevent  
3 detachment of property within the district or consolidation of the  
4 district by the commissioner for the efficiency of the state  
5 education system."

6 SECTION 1.22. The heading to Section 41.097, Education  
7 Code, is amended to read as follows:

8 Sec. 41.097. PAYMENT [~~CREDIT~~] FOR APPRAISAL COSTS.

9 SECTION 1.23. Section 41.097(a), Education Code, is amended  
10 to read as follows:

11 (a) Using funds received from a school district [~~The total~~  
12 ~~amount required under Section 41.093 for a district to purchase~~  
13 ~~attendance credits~~] under this subchapter for any school year, the  
14 state shall pay to the appraisal district or districts in which the  
15 school district participates [~~is reduced by~~] an amount equal to the  
16 product of the school district's total costs under Section 6.06,  
17 Tax Code, for the appraisal district or districts in which it  
18 participates multiplied by a percentage that is computed by  
19 dividing the total amount required under Section 41.093 by the  
20 total amount of taxes imposed by [~~in~~] the district for that year on  
21 property in the appraisal district, less any amounts paid into a tax  
22 increment fund under Chapter 311, Tax Code.

23 SECTION 1.24. Section 41.151, Education Code, is amended to  
24 read as follows:

25 Sec. 41.151. AGREEMENT. The board of trustees of two or  
26 more school districts may execute an agreement to conduct an  
27 election on the creation of a consolidated taxing district for the

1 maintenance and operation of the component school districts. The  
2 agreement is subject to approval by the commissioner. The  
3 agreement is not effective unless the commissioner certifies that  
4 Section 42.254(a) does not apply to the consolidated taxing  
5 district [~~will have a wealth per student equal to or less than the~~  
6 ~~equalized wealth level~~] after all actions taken under this chapter.

7 SECTION 1.25. Section 41.202(a), Education Code, is amended  
8 to read as follows:

9 (a) For purposes of this subchapter, the taxable value of an  
10 individual parcel or other item of property and the total taxable  
11 value of property in a school district resulting from the  
12 detachment of property from or annexation of property to that  
13 district is determined by applying the appraisal ratio for the  
14 appropriate category of property determined under Subchapter M,  
15 Chapter 403, Government Code, for the current [~~preceding~~] tax year  
16 to the taxable value of the detached or annexed property determined  
17 under Title 1, Tax Code, for the current [~~preceding~~] tax year.

18 SECTION 1.26. Section 41.205, Education Code, is amended to  
19 read as follows:

20 Sec. 41.205. DETACHMENT OF PROPERTY. (a) The commissioner  
21 shall detach property under this section from each school district  
22 from which the commissioner is required under Section 41.010  
23 [~~41.004~~] to detach property under this subchapter.

24 (b) The commissioner shall detach from each school district  
25 covered by Subsection (a) one or more whole parcels or items of  
26 property in descending order of the taxable value of each parcel or  
27 item, beginning with the parcel or item having the greatest taxable

1 value, until Section 42.254(a) does not apply to the school  
2 district [~~district's wealth per student is equal to or less than the~~  
3 ~~equalized wealth level, except as otherwise provided by Subsection~~  
4 ~~(c)~~].

5 (c) [~~If the detachment of whole parcels or items of~~  
6 ~~property, as provided by Subsection (a) would result in a~~  
7 ~~district's wealth per student that is less than the equalized~~  
8 ~~wealth level by more than \$10,000, the commissioner may not detach~~  
9 ~~the last parcel or item of property and shall detach the next one or~~  
10 ~~more parcels or items of property in descending order of taxable~~  
11 ~~value that would result in the school district having a wealth per~~  
12 ~~student that is equal to or less than the equalized wealth level by~~  
13 ~~not more than \$10,000.~~

14 [~~(d)~~] Notwithstanding Subsections (a) and[~~7~~] (b), [~~and~~  
15 ~~(c)~~], the commissioner may detach only a portion of a parcel or item  
16 of property if[~~+~~

17 [~~(1)~~] ~~it is not possible to reduce the district's wealth~~  
18 ~~per student to a level that is equal to or less than the equalized~~  
19 ~~wealth level under this subchapter unless some or all of the parcel~~  
20 ~~or item of property is detached and the detachment of the whole~~  
21 ~~parcel or item would result in the district from which it is~~  
22 ~~detached having a wealth per student that is less than the equalized~~  
23 ~~wealth level by more than \$10,000, or~~

24 [~~(2)~~] the commissioner determines that a partial  
25 detachment of that parcel or item of property is preferable to the  
26 detachment of one or more other parcels or items having a lower  
27 taxable value in order to minimize the number of parcels or items of

1 property to be detached consistent with the purposes of this  
2 chapter.

3 SECTION 1.27. Sections 41.206(a) and (c), Education Code,  
4 are amended to read as follows:

5 (a) The commissioner shall annex property detached under  
6 Section 41.205 to school districts eligible for annexation in  
7 accordance with this section. A school district is eligible for  
8 annexation of property to it under this subchapter only if, after  
9 ~~[before]~~ any detachments or annexations are made in a year, Section  
10 42.254(a) does not apply to the district ~~[district's wealth per~~  
11 ~~student is less than the greatest level for which funds are provided~~  
12 ~~under Subchapter F, Chapter 42]~~.

13 (c) The commissioner shall adopt rules on the detachment and  
14 annexation of property, subject to Section 41.002(c) ~~[annex~~  
15 ~~property detached from school districts beginning with the property~~  
16 ~~detached from the school district with the greatest wealth per~~  
17 ~~student before detachment, and continuing with the property~~  
18 ~~detached from each other school district in descending order of the~~  
19 ~~district's wealth per student before detachment]~~.

20 SECTION 1.28. Section 41.211, Education Code, is amended to  
21 read as follows:

22 Sec. 41.211. STUDENT ATTENDANCE. A student who is a  
23 resident of real property detached from a school district may  
24 choose to attend school in that district or in the district to which  
25 the property is annexed. For purposes of determining average daily  
26 attendance under Section 41.004 ~~[42.005]~~, the student shall be  
27 counted in the district ~~[to which the property is annexed. If the~~

1 ~~student chooses to attend school in the district from which the~~  
2 ~~property is detached, the state shall withhold any foundation~~  
3 ~~school funds from the district to which the property is annexed and~~  
4 ~~shall allocate to the district]~~ in which the student attends [~~is~~  
5 ~~attending]~~ school [~~those funds and the amount of funds equal to the~~  
6 ~~difference between the state funds the district is receiving for~~  
7 ~~the student and the district's cost in educating the student)].~~

8 SECTION 1.29. Section [41.251](#), Education Code, is amended to  
9 read as follows:

10 Sec. 41.251. COMMISSIONER ORDER. If the commissioner is  
11 required under Section [41.010](#) [~~41.004~~] to order the consolidation  
12 of districts, the consolidation is governed by this subchapter.  
13 The commissioner's order shall be effective on a date determined by  
14 the commissioner, but not later than the earliest practicable date  
15 after November 8.

16 SECTION 1.30. Sections [41.252](#) and [41.257](#), Education Code,  
17 are amended to read as follows:

18 Sec. 41.252. SELECTION CRITERIA. (a) The commissioner  
19 shall adopt rules for the selection of [~~In selecting]~~ the districts  
20 to be consolidated with a district to which Section [42.254](#)(a)  
21 applies [~~that has a property wealth greater than the equalized~~  
22 ~~wealth level, the commissioner shall select one or more districts~~  
23 ~~with a wealth per student that, when consolidated, will result in a~~  
24 ~~consolidated district with a wealth per student equal to or less~~  
25 ~~than the equalized wealth level. In achieving that result, the~~  
26 ~~commissioner shall give priority to school districts in the~~  
27 ~~following order:~~



1           ~~[(1) first, to the contiguous district that has the~~  
2 ~~lowest wealth per student and is located in the same county;~~

3           ~~[(2) second, to the district that has the lowest~~  
4 ~~wealth per student and is located in the same county;~~

5           ~~[(3) third, to a contiguous district with a property~~  
6 ~~wealth below the equalized wealth level that has requested the~~  
7 ~~commissioner that it be considered in a consolidation plan;~~

8           ~~[(4) fourth, to include as few districts as possible~~  
9 ~~that fall below the equalized wealth level within the consolidation~~  
10 ~~order that have not requested the commissioner to be included;~~

11           ~~[(5) fifth, to the district that has the lowest wealth~~  
12 ~~per student and is located in the same regional education service~~  
13 ~~center area; and~~

14           ~~[(6) sixth, to a district that has a tax rate similar~~  
15 ~~to that of the district that has a property wealth greater than the~~  
16 ~~equalized wealth level].~~

17           (b) The rules adopted by the commissioner under Subsection  
18 (a):

19           (1) may not result in [select] a district to which  
20 Section 42.254(a) applies; and

21           (2) must be in compliance with Section 41.002(c) [that  
22 ~~has been created as a result of consolidation by agreement under~~  
23 ~~Subchapter B to be consolidated under this subchapter with a~~  
24 ~~district that has a property wealth greater than the equalized~~  
25 ~~wealth level].~~

26           Sec. 41.257. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS  
27 AND TRANSPORTATION ALLOTMENT. The budget of the consolidated

1 district must apply the benefit of the adjustment or allotment to  
2 the schools of the consolidating district to which Section 42.103,  
3 42.104 [~~42.105~~], or 42.201 [~~42.155~~] would have applied in the event  
4 that the consolidated district still qualifies as a small or sparse  
5 district.

6 SECTION 1.31. Chapter 41, Education Code, is amended by  
7 adding Subchapter I and adding a subchapter heading to read as  
8 follows:

9 SUBCHAPTER I. RULES FOR DISTRICT COST ADJUSTMENTS

10 SECTION 1.32. Section 42.102(b), Education Code, is  
11 transferred to Subchapter I, Chapter 41, Education Code, as added  
12 by this Act, redesignated as Section 41.301, Education Code, and  
13 amended to read as follows:

14 Sec. 41.301. COST OF EDUCATION INDEX ADJUSTMENT. (a) [~~(b)~~]  
15 The commissioner shall determine the revised cost of education  
16 adjustment for each school district. In determining the revised  
17 cost of education adjustment, the commissioner shall use [~~is~~] the  
18 cost of education index adjustment adopted by the foundation school  
19 fund budget committee and contained in Chapter 203, Title 19, Texas  
20 Administrative Code, as that chapter existed on March 26, 1997,  
21 adjusted in the manner provided by Section 203.25, Title 19, Texas  
22 Administrative Code.

23 (b) The commissioner shall determine the adjusted allotment  
24 for each school district under Section 42.102 by multiplying the  
25 value of the cost of education adjustment for the school district by  
26 the basic allotment determined under Section 42.101.

27 SECTION 1.33. Section 42.105, Education Code, is

1 transferred to Subchapter I, Chapter 41, Education Code, as added  
2 by this Act, redesignated as Section 41.302, Education Code, and  
3 amended to read as follows:

4       Sec. 41.302 [~~42.105~~]. SPARSITY       ADJUSTMENT.       (a)  
5 Notwithstanding Sections 42.101, 42.102, and 42.103, a school  
6 district that has fewer than 130 students in average daily  
7 attendance shall be provided an adjusted [~~basic~~] allotment on the  
8 basis of 130 students in average daily attendance if it offers a  
9 kindergarten through grade 12 program and has preceding or current  
10 year's average daily attendance of at least 90 students or is 30  
11 miles or more by bus route from the nearest high school district. A  
12 district offering a kindergarten through grade 8 program whose  
13 preceding or current year's average daily attendance was at least  
14 50 students or which is 30 miles or more by bus route from the  
15 nearest high school district shall be provided an adjusted [~~basic~~]  
16 allotment on the basis of 75 students in average daily attendance.  
17 An average daily attendance of 60 students shall be the basis of  
18 providing the adjusted [~~basic~~] allotment if a district offers a  
19 kindergarten through grade 6 program and has preceding or current  
20 year's average daily attendance of at least 40 students or is 30  
21 miles or more by bus route from the nearest high school district.

22       (b) Subsection (c) applies only to a school district that:

23               (1) does not offer each grade level from kindergarten  
24 through grade 12 and whose prospective or former students generally  
25 attend school in a state that borders this state for the grade  
26 levels the district does not offer;

27               (2) serves both students residing in this state and

1 students residing in a state that borders this state who are  
2 subsequently eligible for in-state tuition rates at institutions of  
3 higher education in either state regardless of the state in which  
4 the students reside; and

5 (3) shares students with an out-of-state district that  
6 does not offer competing instructional services.

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

16 SECTION 1.34. Chapter 41, Education Code, is amended by  
17 adding Subchapter J and adding a subchapter heading to read as  
18 follows:

19 SUBCHAPTER J. RULES FOR SPECIAL PROGRAMS AND ALLOTMENTS

20 SECTION 1.35. Sections 42.151(c), (d), (e), (g), (h), (i),  
21 and (k), Education Code, are transferred to Subchapter J, Chapter  
22 41, Education Code, as added by this Act, redesignated as Section  
23 41.351, Education Code, and amended to read as follows:

24 Sec. 41.351. RULES FOR SPECIAL EDUCATION ALLOTMENT. (a)  
25 This section applies to Section 42.151.

26 (b) [~~(c)~~] For funding purposes, the number of contact hours  
27 credited per day for each student in the off home campus

1 instructional arrangement may not exceed the contact hours credited  
2 per day for the multidistrict class instructional arrangement in  
3 the 1992-1993 school year.

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

10 (d) [~~(e)~~] The State Board of Education by rule shall  
11 prescribe the qualifications an instructional arrangement must  
12 meet in order to be funded as a particular instructional  
13 arrangement under Section 42.151 [~~this section~~]. In prescribing  
14 the qualifications that a mainstream instructional arrangement  
15 must meet, the board shall establish requirements that students  
16 with disabilities and their teachers receive the direct, indirect,  
17 and support services that are necessary to enrich the regular  
18 classroom and enable student success.

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

24 (f) [~~(h)~~] Funds allocated under Section 42.151 [~~this~~  
25 ~~section~~], other than an indirect cost allotment established under  
26 State Board of Education rule, must be used in the special education  
27 program under Subchapter A, Chapter 29.

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

5        (h) [~~(k)~~] A school district that provides an extended year  
 6 program required by federal law for special education students who  
 7 may regress is entitled to receive funds in an amount equal to 75  
 8 percent, or a lesser percentage determined by the commissioner, of  
 9 the adjusted [~~basic~~] allotment resulting from Section 42.102 or  
 10 42.103, as applicable, or adjusted allotment, as applicable, for  
 11 each full-time equivalent student in average daily attendance,  
 12 multiplied by the amount designated for the student's instructional  
 13 arrangement under this section, for each day the program is  
 14 provided divided by the number of days in the minimum school year.  
 15 The total amount of state funding for extended year services under  
 16 this section may not exceed \$10 million per year. A school district  
 17 may use funds received under this subsection [~~section~~] only in  
 18 providing an extended year program.

19        SECTION 1.36. Sections 42.152(c), (c-1), (c-2), (d), (q),  
 20 (q-1), (q-2), (q-3), (q-4), and (r), Education Code, are  
 21 transferred to Subchapter J, Chapter 41, Education Code, as added  
 22 by this Act, redesignated as Section 41.352, Education Code, and  
 23 amended to read as follows:

24        Sec. 41.352. RULES FOR COMPENSATORY EDUCATION ALLOTMENT.

25        (a) This section applies to Section 42.152.

26        (b) [~~(e)~~] Funds allocated under Section 42.152 [~~this~~  
 27 ~~section~~] shall be used to fund supplemental programs and services

1 designed to eliminate any disparity in performance on assessment  
2 instruments administered under Subchapter B, Chapter 39, or  
3 disparity in the rates of high school completion between students  
4 at risk of dropping out of school, as defined by Section 29.081, and  
5 all other students. Specifically, the funds, other than an  
6 indirect cost allotment established under State Board of Education  
7 rule, which may not exceed 45 percent, may be used to meet the costs  
8 of providing a compensatory, intensive, or accelerated instruction  
9 program under Section 29.081 or a disciplinary alternative  
10 education program established under Section 37.008, to pay the  
11 costs associated with placing students in a juvenile justice  
12 alternative education program established under Section 37.011, or  
13 to support a program eligible under Title I of the Elementary and  
14 Secondary Education Act of 1965, as provided by Pub. L. No. 103-382  
15 and its subsequent amendments, and by federal regulations  
16 implementing that Act, at a campus at which at least 40 percent of  
17 the students are educationally disadvantaged. In meeting the costs  
18 of providing a compensatory, intensive, or accelerated instruction  
19 program under Section 29.081, a district's compensatory education  
20 allotment shall be used for costs supplementary to the regular  
21 education program, such as costs for program and student  
22 evaluation, instructional materials and equipment and other  
23 supplies required for quality instruction, supplemental staff  
24 expenses, salary for teachers of at-risk students, smaller class  
25 size, and individualized instruction. A home-rule school district  
26 or an open-enrollment charter school must use funds allocated under  
27 Section 42.152 [~~Subsection (a)~~] for a purpose authorized in this

1 subsection but is not otherwise subject to Subchapter C, Chapter  
2 29. For purposes of this subsection, a program specifically  
3 designed to serve students at risk of dropping out of school, as  
4 defined by Section 29.081, is considered to be a program  
5 supplemental to the regular education program, and a district may  
6 use its compensatory education allotment for such a program.

7 (c) [~~(c-1)~~] Notwithstanding Subsection (b) [~~(c)~~], funds  
8 allocated under Section 42.152 [~~this section~~] may be used to fund in  
9 proportion to the percentage of students served by the program that  
10 meet the criteria in Section 29.081(d) or (g):

11 (1) an accelerated reading instruction program under  
12 Section 28.006(g); or

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

15 (d) [~~(c-2)~~] Notwithstanding Subsection (b) [~~(c)~~], funds  
16 allocated under Section 42.152 [~~this section~~] may be used to fund a  
17 district's mentoring services program under Section 29.089.

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

21 (f) [~~(e)~~] The State Board of Education, with the assistance  
22 of the comptroller, shall develop and implement by rule reporting  
23 and auditing systems for district and campus expenditures of  
24 compensatory education funds to ensure that compensatory education  
25 funds, other than the indirect cost allotment, are spent only to  
26 supplement the regular education program as required by Subsection  
27 (b) [~~(c)~~]. The reporting requirements shall be managed



1 electronically to minimize local administrative costs. A district  
2 shall submit the report required by this subsection not later than  
3 the 150th day after the last day permissible for resubmission of  
4 information required under Section 41.007 [~~42.006~~].

5 (g) [~~(g-1)~~] The commissioner shall develop a system to  
6 identify school districts that are at high risk of having used  
7 compensatory education funds other than in compliance with  
8 Subsection (b) [~~(c)~~] or of having inadequately reported  
9 compensatory education expenditures. If a review of the report  
10 submitted under Subsection (f) [~~(g)~~], using the risk-based system,  
11 indicates that a district is not at high risk of having misused  
12 compensatory education funds or of having inadequately reported  
13 compensatory education expenditures, the district may not be  
14 required to perform a local audit of compensatory education  
15 expenditures and is not subject to on-site monitoring under this  
16 section.

17 (h) [~~(g-2)~~] If a review of the report submitted under  
18 Subsection (f) [~~(g)~~], using the risk-based system, indicates that a  
19 district is at high risk of having misused compensatory education  
20 funds, the commissioner shall notify the district of that  
21 determination. The district must respond to the commissioner not  
22 later than the 30th day after the date the commissioner notifies the  
23 district of the commissioner's determination. If the district's  
24 response does not change the commissioner's determination that the  
25 district is at high risk of having misused compensatory education  
26 funds or if the district does not respond in a timely manner, the  
27 commissioner shall:

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

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

6           (3) both require a local audit and order on-site  
7 monitoring.

8           (i) [~~(g-3)~~] If a review of the report submitted under  
9 Subsection (f) [~~(g)~~], using the risk-based system, indicates that a  
10 district is at high risk of having inadequately reported  
11 compensatory education expenditures, the commissioner may require  
12 agency staff to assist the district in following the proper  
13 reporting methods or amending a district or campus improvement plan  
14 under Subchapter F, Chapter 11. If the district does not take  
15 appropriate corrective action before the 45th day after the date  
16 the agency staff notifies the district of the action the district is  
17 expected to take, the commissioner may:

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

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

22           (j) [~~(g-4)~~] The commissioner, in the year following a local  
23 audit of compensatory education expenditures, shall withhold from a  
24 district's foundation school fund payment an amount equal to the  
25 amount of compensatory education funds the agency determines were  
26 not used in compliance with Subsection (b) [~~(e)~~]. The commissioner  
27 shall release to a district funds withheld under this subsection

1 when the district provides to the commissioner a detailed plan to  
2 spend those funds in compliance with Subsection (b) [~~(c)~~].

3 (k) [~~(r)~~] The commissioner shall grant a one-year exemption  
4 from the requirements of Subsections (f)-(j) [~~(g)-(q-4)~~] to a  
5 school district in which the group of students who have failed to  
6 perform satisfactorily in the preceding school year on an  
7 assessment instrument required under Section 39.023(a), (c), or (l)  
8 subsequently performs on those assessment instruments at a level  
9 that meets or exceeds a level prescribed by commissioner rule. Each  
10 year the commissioner, based on the most recent information  
11 available, shall determine if a school district is entitled to an  
12 exemption for the following school year and notify the district of  
13 that determination.

14 SECTION 1.37. Sections 42.153(b) and (c), Education Code,  
15 are transferred to Subchapter J, Chapter 41, Education Code, as  
16 added by this Act, redesignated as Section 41.353, Education Code,  
17 and amended to read as follows:

18 Sec. 41.353. RULES FOR BILINGUAL EDUCATION ALLOTMENT. (a)  
19 This section applies to Section 42.153.

20 (b) Funds allocated under Section 42.153 [~~this section~~],  
21 other than an indirect cost allotment established under State Board  
22 of Education rule, must be used in providing bilingual education or  
23 special language programs under Subchapter B, Chapter 29, and must  
24 be accounted for under existing agency reporting and auditing  
25 procedures.

26 (c) A district's bilingual education or special language  
27 allocation may be used only for program and student evaluation,

1 instructional materials and equipment, staff development,  
2 supplemental staff expenses, salary supplements for teachers, and  
3 other supplies required for quality instruction and smaller class  
4 size.

5 SECTION 1.38. Sections 42.154(c) and (d), Education Code,  
6 are transferred to Subchapter J, Chapter 41, Education Code, as  
7 added by this Act, redesignated as Section 41.354, Education Code,  
8 and amended to read as follows:

9 Sec. 41.354. RULES FOR CAREER AND TECHNOLOGY EDUCATION  
10 ALLOTMENT. (a) This section applies to Section 42.154.

11 (b) [~~(c)~~] Funds allocated under Section 42.154 [~~this~~  
12 ~~section~~], other than an indirect cost allotment established under  
13 State Board of Education rule, must be used in providing career and  
14 technology education programs in grades nine through 12 or career  
15 and technology education programs for students with disabilities in  
16 grades seven through 12 under Sections 29.182, 29.183, and 29.184.

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

20 SECTION 1.39. Chapter 41, Education Code, is amended by  
21 adding Subchapter K and adding a subchapter heading to read as  
22 follows:

23 SUBCHAPTER K. RULES FOR TRANSPORTATION FUNDING

24 SECTION 1.40. Sections 42.155(d), (e), (f), (g), (h), (i),  
25 (k), and (l), Education Code, are transferred to Subchapter K,  
26 Chapter 41, Education Code, as added by this Act, redesignated as  
27 Section 41.401, Education Code, and amended to read as follows:

1        Sec. 41.401. RULES FOR TRANSPORTATION ALLOTMENT. (a) This  
2 section applies to Section 42.201.

3        (b) [~~(d)~~] A district or county may apply for and on approval  
4 of the commissioner receive an additional amount of up to 10 percent  
5 of its regular transportation allotment to be used for the  
6 transportation of children living within two miles of the school  
7 they attend who would be subject to hazardous traffic conditions if  
8 they walked to school. Each board of trustees shall provide to the  
9 commissioner the definition of hazardous conditions applicable to  
10 that district and shall identify the specific hazardous areas for  
11 which the allocation is requested. A hazardous condition exists  
12 where no walkway is provided and children must walk along or cross a  
13 freeway or expressway, an underpass, an overpass or a bridge, an  
14 uncontrolled major traffic artery, an industrial or commercial  
15 area, or another comparable condition.

16        (c) [~~(e)~~] The commissioner may grant an amount set by  
17 appropriation for private or commercial transportation for  
18 eligible students from isolated areas. The need for this type of  
19 transportation grant shall be determined on an individual basis and  
20 the amount granted shall not exceed the actual cost. The grants may  
21 be made only in extreme hardship cases. A grant may not be made if  
22 the students live within two miles of an approved school bus route.

23        (d) [~~(f)~~] The cost of transporting career and technology  
24 education students from one campus to another inside a district or  
25 from a sending district to another secondary public school for a  
26 career and technology program or an area career and technology  
27 school or to an approved post-secondary institution under a

1 contract for instruction approved by the agency shall be reimbursed  
2 based on the number of actual miles traveled times the district's  
3 official extracurricular travel per mile rate as set by the board of  
4 trustees and approved by the agency.

5 (e) [~~(g)~~] A school district or county that provides special  
6 transportation services for eligible special education students is  
7 entitled to a state allocation paid on a previous year's  
8 cost-per-mile basis. The maximum rate per mile allowable shall be  
9 set by appropriation based on data gathered from the first year of  
10 each preceding biennium. Districts may use a portion of their  
11 support allocation to pay transportation costs, if necessary. The  
12 commissioner may grant an amount set by appropriation for private  
13 transportation to reimburse parents or their agents for  
14 transporting eligible special education students. The mileage  
15 allowed shall be computed along the shortest public road from the  
16 student's home to school and back, morning and afternoon. The need  
17 for this type transportation shall be determined on an individual  
18 basis and shall be approved only in extreme hardship cases.

19 (f) [~~(h)~~] Funds allotted under Section 42.201 or this  
20 section must be used in providing transportation services.

21 (g) [~~(i)~~] In the case of a district belonging to a county  
22 transportation system, the district's transportation allotment for  
23 purposes of determining a district's foundation school program  
24 allocations is determined on the basis of the number of approved  
25 daily route miles in the district multiplied by the allotment per  
26 mile to which the county transportation system is entitled.

27 (h) [~~(k)~~] Notwithstanding any other provision of Section

1 42.201 or this section, the commissioner may not reduce the  
2 allotment to which a district or county is entitled under Section  
3 42.201 [~~this section~~] because the district or county provides  
4 transportation for an eligible student to and from a child-care  
5 facility, as defined by Section 42.002, Human Resources Code, or a  
6 grandparent's residence instead of the student's residence, as  
7 authorized by Section 34.007, if the transportation is provided  
8 within the approved routes of the district or county for the school  
9 the student attends.

10 (i) [~~(1)~~] A school district may, with the funds allotted  
11 under Section 42.201 or this section, provide a bus pass or card for  
12 another transportation system to each student who is eligible to  
13 use the regular transportation system of the district but for whom  
14 the regular transportation system of the district is not a feasible  
15 method of providing transportation. The commissioner by rule shall  
16 provide procedures for a school district to provide bus passes or  
17 cards to students under this subsection.

18 SECTION 1.41. Chapter 41, Education Code, is amended by  
19 adding Subchapter L and adding a subchapter heading to read as  
20 follows:

21 SUBCHAPTER L. RULES FOR FINANCING FOUNDATION SCHOOL PROGRAM

22 SECTION 1.42. Sections 42.2514 and 42.2515, Education Code,  
23 are transferred to Subchapter L, Chapter 41, Education Code, as  
24 added by this Act, redesignated as Sections 41.451 and 41.452,  
25 Education Code, and amended to read as follows:

26 Sec. 41.451 [~~42.2514~~]. ADDITIONAL STATE AID FOR TAX  
27 INCREMENT FINANCING PAYMENTS. For each school year, a school

1 district's entitlement under Section 42.253(a)(1) [~~district,~~  
2 ~~including a school district that is otherwise ineligible for state~~  
3 ~~aid under this chapter,~~] is increased by [~~entitled to state aid in~~  
4 an amount equal to the amount the district is required to pay into  
5 the tax increment fund for a reinvestment zone under Section  
6 311.013(n), Tax Code.

7       Sec. 41.452 [~~42.2515~~]. ADDITIONAL STATE AID FOR AD VALOREM  
8 TAX CREDITS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. (a) For each  
9 school year, a school district's entitlement under Section  
10 42.253(a)(1) [~~district, including a school district that~~] is  
11 increased by [~~otherwise ineligible for state aid under this~~  
12 ~~chapter, is entitled to state aid in~~] an amount equal to the amount  
13 of all tax credits credited against ad valorem taxes of the district  
14 in that year under former Subchapter D, Chapter 313, Tax Code.

15       (b) The commissioner may adopt rules to implement and  
16 administer this section.

17       SECTION 1.43. Section 42.2524, Education Code, as effective  
18 September 1, 2017, is transferred to Subchapter L, Chapter 41,  
19 Education Code, as added by this Act, redesignated as Section  
20 41.453, Education Code, and amended to read as follows:

21       Sec. 41.453 [~~42.2524~~]. REIMBURSEMENT FOR DISASTER  
22 REMEDIATION COSTS. (a) This section applies only to a school  
23 district all or part of which is located in an area declared a  
24 disaster area by the governor under Chapter 418, Government Code,  
25 and that incurs disaster remediation costs as a result of the  
26 disaster.

27       (b) During the two-year period following the date of the



1 governor's initial proclamation or executive order declaring a  
2 state of disaster, a district may apply to the commissioner for  
3 reimbursement of disaster remediation costs that the district pays  
4 during that period and does not anticipate recovering through  
5 insurance proceeds, federal disaster relief payments, or another  
6 similar source of reimbursement.

7 (c) ~~[The commissioner may provide reimbursement under this~~  
8 ~~section only if funds are available for that purpose as follows:~~

9 ~~[(1) reimbursement for a school district not required~~  
10 ~~to take action under Chapter 41 may be provided from:~~

11 ~~[(A) amounts appropriated for that purpose,~~  
12 ~~including amounts appropriated for those districts for that purpose~~  
13 ~~to the disaster contingency fund established under Section 418.073,~~  
14 ~~Government Code; or~~

15 ~~[(B) Foundation School Program funds available~~  
16 ~~for that purpose, based on a determination by the commissioner that~~  
17 ~~the amount appropriated for the Foundation School Program,~~  
18 ~~including the facilities component as provided by Chapter 46,~~  
19 ~~exceeds the amount to which districts are entitled under this~~  
20 ~~chapter and Chapter 46; and~~

21 ~~[(2) reimbursement for a school district required to~~  
22 ~~take action under Chapter 41 may be provided from funds described by~~  
23 ~~Subdivision (1)(B) if funds remain available after fully~~  
24 ~~reimbursing each school district described by Subdivision (1) for~~  
25 ~~its disaster remediation costs.~~

26 ~~[(d) If the amount of money available for purposes of~~  
27 ~~reimbursing school districts not required to take action under~~

1 ~~Chapter 41 is not sufficient to fully reimburse each district's~~  
2 ~~disaster remediation costs, the commissioner shall reduce the~~  
3 ~~amount of assistance provided to each of those~~  
4 ~~districts proportionately. If the amount of money available for~~  
5 ~~purposes of reimbursing school districts required to take action~~  
6 ~~under Chapter 41 is not sufficient to fully reimburse each~~  
7 ~~district's disaster remediation costs, the commissioner shall~~  
8 ~~reduce the amount of assistance provided to each of those districts~~  
9 ~~proportionately.~~

10       ~~[(e)]~~ A district seeking reimbursement under this section  
11 must provide the commissioner with adequate documentation of the  
12 costs for which the district seeks reimbursement.

13       (d) ~~[(f)]~~ ~~A district required to take action under Chapter~~  
14 ~~41.~~

15               ~~[(1)]~~ ~~may, at its discretion, receive assistance~~  
16 ~~provided under this section either as a payment of state aid under~~  
17 ~~this chapter or as a reduction in the total amount required to be~~  
18 ~~paid by the district for attendance credits under Section 41.093,~~  
19 ~~and~~

20               ~~[(2)]~~ ~~may not obtain reimbursement under this section~~  
21 ~~for the payment of any disaster remediation costs that resulted in a~~  
22 ~~reduction under Section 41.0931 of the district's cost of~~  
23 ~~attendance credits.~~

24       ~~[(h)]~~ The commissioner shall adopt rules necessary to  
25 implement this section, including rules defining "disaster  
26 remediation costs" for purposes of this section and specifying the  
27 type of documentation required under Subsection (c) ~~[(e)]~~.

1        (e) [~~(i)~~] Notwithstanding any other provision of this  
2 section, the commissioner may permit a district to use amounts  
3 provided to a district under this section to pay the costs of  
4 replacing a facility instead of repairing the facility. The  
5 commissioner shall ensure that a district that elects to replace a  
6 facility does not receive an amount under this section that exceeds  
7 the lesser of:

8            (1) the amount that would be provided to the district  
9 if the facility were repaired; or

10           (2) the amount necessary to replace the facility.

11        (f) [~~(j)~~] This section does not require the commissioner to  
12 provide any requested reimbursement. A decision of the  
13 commissioner regarding reimbursement is final and may not be  
14 appealed.

15        (g) Payments under this section are considered part of a  
16 school district's entitlement under Section 42.253(a)(1).

17        SECTION 1.44. Sections 42.2525, 42.2526, and 42.2527,  
18 Education Code, are transferred to Subchapter L, Chapter 41,  
19 Education Code, as added by this Act, and redesignated as Sections  
20 41.454, 41.455, and 41.456, Education Code, to read as follows:

21        Sec. 41.454 [~~42.2525~~]. ADJUSTMENTS FOR CERTAIN DISTRICTS  
22 RECEIVING FEDERAL IMPACT AID. The commissioner is granted the  
23 authority to ensure that school districts receiving federal impact  
24 aid due to the presence of a military installation or significant  
25 concentrations of military students do not receive more than an  
26 eight percent reduction should the federal government reduce  
27 appropriations to those schools.

1           Sec. 41.455 [~~42.2526~~]. ADJUSTMENT FOR DISTRICT OPERATING  
2 PILOT PROGRAM. (a) This section applies only to a school district  
3 operating a pilot program authorized by Section 28.0255.

4           (b) Beginning with the first school year that follows the  
5 first school year in which students receive high school diplomas  
6 under the pilot program authorized by Section 28.0255 and  
7 continuing for every subsequent school year that the district  
8 operates the pilot program, the commissioner shall provide funding  
9 for the district's prekindergarten program under Section 29.153 on  
10 a full-day basis for a number of prekindergarten students equal to  
11 twice the number of students who received a high school diploma  
12 under the pilot program authorized by Section 28.0255 during the  
13 preceding school year.

14           (c) This section expires September 1, 2023.

15           Sec. 41.456 [~~42.2527~~]. ADJUSTMENT FOR CERTAIN DISTRICTS  
16 WITH EARLY HIGH SCHOOL GRADUATION PROGRAMS. (a) As a pilot program  
17 to enable the state to evaluate the benefit of providing additional  
18 funding at the prekindergarten level for low-income students, the  
19 commissioner shall provide prekindergarten funding in accordance  
20 with this section to a school district located in a county that  
21 borders the United Mexican States and the Gulf of Mexico.

22           (b) The commissioner shall provide funding for a school  
23 district's prekindergarten program on a half-day basis for a number  
24 of low-income prekindergarten students equal to twice the number of  
25 students who received, as a result of participation in an early high  
26 school graduation program operated by the district, a high school  
27 diploma from the district during the preceding school year after

1 three years of secondary school attendance.

2 (c) The commissioner may adopt rules necessary to implement  
3 this section.

4 (d) This section expires September 1, 2023.

5 SECTION 1.45. Section [42.2528](#), Education Code, is  
6 transferred to Subchapter L, Chapter [41](#), Education Code, as added  
7 by this Act, redesignated as Section 41.457, Education Code, and  
8 amended to read as follows:

9 Sec. [41.457](#) [~~[42.2528](#)~~]. EXCESS FUNDS FOR VIDEO SURVEILLANCE  
10 OF SPECIAL EDUCATION SETTINGS. (a) Notwithstanding any other  
11 provision of law, if the commissioner determines that the amount  
12 appropriated for the purposes of the Foundation School Program  
13 exceeds the amount to which school districts are entitled under  
14 Chapter [42](#) [~~this chapter~~], the commissioner by rule shall establish  
15 a grant program through which excess funds are awarded as grants for  
16 the purchase of video equipment, or for the reimbursement of costs  
17 for previously purchased video equipment, used for monitoring  
18 special education classrooms or other special education settings  
19 required under Section [29.022](#).

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

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

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

3           (c) The commissioner may adopt rules to implement and  
4 administer this section.

5           SECTION 1.46. Sections 42.253(d), (g), (i), (j), and (k),  
6 Education Code, are transferred to Subchapter L, Chapter 41,  
7 Education Code, as added by this Act, redesignated as Section  
8 41.458, Education Code, and amended to read as follows:

9           Sec. 41.458. RULES FOR DISTRIBUTION OF FOUNDATION SCHOOL  
10 FUND. (a) This section applies to Section 42.253.

11           (b) [~~(d)~~] The commissioner shall approve warrants to each  
12 school district equaling the amount of its entitlement except as  
13 provided by this section. Warrants for all money expended  
14 according to Chapter 42 and this chapter shall be approved and  
15 transmitted to treasurers or depositories of school districts in  
16 the same manner that warrants for state payments are transmitted.  
17 The total amount of the warrants issued under this section may not  
18 exceed the total amount appropriated for Foundation School Program  
19 purposes for that fiscal year.

20           (c) [~~(g)~~] If a school district demonstrates to the  
21 satisfaction of the commissioner that the estimate of the  
22 district's tax rate, student enrollment, tax collections, or  
23 taxable value of property used in determining the amount of state  
24 funds to which the district is entitled are so inaccurate as to  
25 result in undue financial hardship to the district, the  
26 commissioner may adjust funding to that district in that school  
27 year to the extent that funds are available for that year.

1           (e) [~~(i)~~] Not later than March 1 each year, the commissioner  
2 shall determine the actual amount of state funds to which each  
3 school district is entitled under the allocation formulas in this  
4 chapter and Chapter 42 for the current school year and shall compare  
5 that amount with the amount of the warrants issued to each district  
6 for that year. If the amount of the warrants differs from the  
7 amount to which a district is entitled because of variations in the  
8 district's tax rate, student enrollment, tax collections, or  
9 taxable value of property, the commissioner shall adjust the  
10 district's entitlement for the next fiscal year accordingly.

11           (f) [~~(j)~~] The legislature may appropriate funds necessary  
12 for increases under Subsection (e) [~~(i)~~] from funds that the  
13 comptroller, at any time during the fiscal year, finds are  
14 available.

15           (g) [~~(k)~~] The commissioner shall compute for each school  
16 district the total amount by which the district's allocation of  
17 state funds is increased or reduced under Subsection (e) [~~(i)~~] and  
18 shall certify that amount to the district.

19           SECTION 1.47. Section 42.253(h), Education Code, as  
20 effective September 1, 2017, is transferred to Subchapter L,  
21 Chapter 41, Education Code, as added by this Act, redesignated as  
22 Section 41.458(d), Education Code, and amended to read as follows:

23           (d) [~~(h)~~] If the amount appropriated for the Foundation  
24 School Program for the second year of a state fiscal biennium is  
25 less than the amount to which school districts and open-enrollment  
26 charter schools are entitled for that year, the commissioner shall  
27 certify the amount of the difference to the Legislative Budget

1 Board not later than January 1 of the second year of the state  
 2 fiscal biennium. The Legislative Budget Board shall propose to the  
 3 legislature that the certified amount be transferred to the  
 4 foundation school fund from the economic stabilization fund and  
 5 appropriated for the purpose of increases in allocations under this  
 6 subsection. If the legislature fails during the regular session to  
 7 enact the proposed transfer and appropriation and there are not  
 8 funds available under Subsection (f) [~~(j)~~], the commissioner shall  
 9 adjust the total amounts due to each school district and  
 10 open-enrollment charter school under Chapter 42 and this chapter  
 11 and the total amounts necessary for each school district to comply  
 12 with the requirements of Section 42.254(a) [~~Chapter 41~~] by an  
 13 amount determined by applying to each district and school the same  
 14 percentage adjustment to the total amount of state and local  
 15 revenue due to the district or school under this chapter and Chapter  
 16 42 [~~41~~] so that the total amount of the adjustment to all districts  
 17 and schools results in an amount equal to the total adjustment  
 18 necessary. The following fiscal year:

19 (1) a district's or school's entitlement under Section  
 20 42.253 [~~this section~~] is increased by an amount equal to the  
 21 adjustment made under this subsection; and

22 (2) the amount necessary for a district to comply with  
 23 the requirements of Section 42.254(a) [~~Chapter 41~~] is reduced by an  
 24 amount necessary to ensure a district's full recovery of the  
 25 adjustment made under this subsection.

26 SECTION 1.48. Subchapter L, Chapter 41, Education Code, as  
 27 added by this Act, is amended by adding Sections 41.459, 41.460, and



1 41.461 to read as follows:

2 Sec. 41.459. DELINQUENT MAINTENANCE AND OPERATIONS TAX  
3 COLLECTION. (a) If the collection of delinquent maintenance and  
4 operations taxes of a district not previously required to take  
5 action under Section 41.009 results in the district being subject  
6 to Section 42.254(a) only for the year in which the delinquent taxes  
7 are collected, the commissioner shall permit the district to take  
8 action under this section in lieu of taking action under Section  
9 41.009.

10 (b) The district shall deposit the amount by which the  
11 district's revenue under Sections 42.253(a)(2) and (3) exceeds the  
12 district's entitlement under Section 42.253(a)(1) into a separate  
13 account that may be used only as provided by this section.

14 (c) For the school year following the year the deposit was  
15 made as provided by Subsection (b), the commissioner shall reduce  
16 the amount of state aid to which the district is entitled under this  
17 chapter and Chapter 42 by an amount equal to the excess revenue in  
18 the separate account and the district may withdraw the money from  
19 the account to replace the reduction in state aid.

20 (d) If the amount of state aid to which the district is  
21 entitled under this chapter and Chapter 42 is less than the amount  
22 in the separate account, the difference must remain in the separate  
23 account and the commissioner will again reduce the district's state  
24 aid in the subsequent school year.

25 (e) If money remains in the separate account after three  
26 school years, the remaining money in the account is considered part  
27 of the district's revenue under Sections 42.253(a)(2) and (3) and

1 the district is subject to Section 42.254(a).

2 (f) If at any time money remains in the separate account and  
3 the commissioner makes a determination under Section 41.010 that  
4 the district is subject to Section 42.254(a), the remaining money  
5 in the separate account must be included in determining:

6 (1) the amount the district is required to pay under  
7 Section 41.009(3); or

8 (2) whether the district has taken sufficient action  
9 under Section 41.009(1), (2), or (4).

10 Sec. 41.460. FAILURE TO COLLECT DELINQUENT MAINTENANCE AND  
11 OPERATIONS TAXES. (a) If a district fails to collect a delinquent  
12 maintenance and operations tax owed to the district for two years  
13 after the year in which the tax is initially due, the collection of  
14 the delinquent tax reverts to the state.

15 (b) The comptroller shall collect the delinquent  
16 maintenance and operations tax on behalf of the district, with  
17 penalties and interest owed, at the earliest opportunity.

18 (c) The attorney general shall assist the comptroller in the  
19 collection of delinquent maintenance and operations taxes.

20 (d) If the attorney general cannot successfully collect the  
21 delinquent maintenance and operations tax, penalties, and interest  
22 in the first year in which the obligation reverts to the state, the  
23 comptroller may contract with private attorneys for collection in  
24 subsequent years, subject to the terms and limitations that apply  
25 to a school district contracting with private attorneys for that  
26 purpose.

27 (e) All taxes, penalties, and fees collected under this

1 section are included in the district's collections under Section  
2 42.253(a)(3) in the year in which they are collected.

3 Sec. 41.461. ESTIMATES REQUIRED. (a) Not later than  
4 October 1 of each even-numbered year:

5 (1) the agency shall submit to the legislature an  
6 estimate of the tax rate and student enrollment of each school  
7 district for the following biennium; and

8 (2) the comptroller shall submit to the legislature an  
9 estimate of the total taxable value of all property in the state as  
10 determined under Subchapter M, Chapter 403, Government Code, for  
11 the following biennium.

12 (b) The agency and the comptroller shall update the  
13 information provided to the legislature under Subsection (a) not  
14 later than March 1 of each odd-numbered year.

15 SECTION 1.49. Section 42.255, Education Code, is  
16 transferred to Subchapter L, Chapter 41, Education Code, as added  
17 by this Act, redesignated as Section 41.462, Education Code, and  
18 amended to read as follows:

19 Sec. 41.462 [~~42.255~~]. FALSIFICATION OF RECORDS; REPORT.  
20 When, in the opinion of the agency's director of school audits,  
21 audits or reviews of accounting, enrollment, or other records of a  
22 school district reveal deliberate falsification of the records, or  
23 violation of the provisions of this chapter or Chapter 42, through  
24 which the district's share of state funds allocated under the  
25 authority of this chapter and Chapter 42 would be, or has been,  
26 illegally increased, the director shall promptly and fully report  
27 the fact to the State Board of Education, the state auditor, and the

1 appropriate county attorney, district attorney, or criminal  
2 district attorney.

3 SECTION 1.50. Section 42.259(g), Education Code, is  
4 transferred to Subchapter L, Chapter 41, Education Code, as added  
5 by this Act, redesignated as Section 41.463, Education Code, and  
6 amended to read as follows:

7 Sec. 41.463. FOUNDATION SCHOOL FUND TRANSFERS. (a) The  
8 commissioner shall adopt rules regarding the timing of payments  
9 from the foundation school fund to each school district and  
10 open-enrollment charter school.

11 (b) [~~(g)~~] The commissioner shall make all annual Foundation  
12 School Program payments under this section for purposes described  
13 by Sections 45.252(a)(1) and (2) before the deadline established  
14 under Section 45.263(b) for payment of debt service on bonds.  
15 Notwithstanding any other provision of this section, the  
16 commissioner may make Foundation School Program payments under this  
17 section after the deadline established under Section 45.263(b) only  
18 if the commissioner has not received notice under Section 45.258  
19 concerning a district's failure or inability to pay matured  
20 principal or interest on bonds.

21 SECTION 1.51. Chapter 41, Education Code, is amended by  
22 adding Subchapter M and adding a subchapter heading to read as  
23 follows:

24 SUBCHAPTER M. SCHOOL FACILITIES INVENTORY AND STANDARDS

25 SECTION 1.52. Section 42.352, Education Code, is  
26 transferred to Subchapter M, Chapter 41, Education Code, as added  
27 by this Act, and redesignated as Section 41.501, Education Code, to

1 read as follows:

2 Sec. 41.501 [~~42.352~~]. STANDARDS. The State Board of  
3 Education shall establish standards for adequacy of school  
4 facilities. The standards shall include requirements related to  
5 space, educational adequacy, and construction quality. All  
6 facilities constructed after September 1, 1992, must meet the  
7 standards in order to be financed with state or local tax funds.

8 SECTION 1.53. Section 42.002(b), Education Code, is amended  
9 to read as follows:

10 (b) The Foundation School Program consists of:

11 (1) [~~two tiers that in combination provide for:~~  
12 [~~(A)~~] sufficient financing to provide [~~for~~] all  
13 school districts with the resources to provide a basic program of  
14 education that is rated acceptable or higher under Section 39.054  
15 and meets other applicable legal standards[+] and to provide all  
16 school districts with

17 [~~(B)~~] substantially equal access to funds to  
18 provide an enriched program; and

19 (2) a facilities component as provided by Chapter 46.

20 SECTION 1.54. The heading to Subchapter B, Chapter 42,  
21 Education Code, is amended to read as follows:

22 SUBCHAPTER B. REGULAR PROGRAM [~~BASIC~~] ENTITLEMENT

23 SECTION 1.55. Sections 42.101(a) and (c), Education Code,  
24 are amended to read as follows:

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

1 career and technology education programs, for which an additional  
2 allotment is made under Subchapter C, a district is entitled to a  
3 basic ~~[an]~~ allotment equal to \$\_\_\_\_\_, subject to adjustments  
4 under Sections 42.102, 42.103, and 42.104 ~~[the lesser of \$4,765 or~~  
5 ~~the amount that results from the following formula:~~

$$6 \quad [A = \$4,765 \times (DCR/MCR)]$$

7 ~~[where:~~

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

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

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

16 (c) The basic allotment is multiplied by the cost of  
17 education index under Section 42.102 and, if applicable, adjusted  
18 by the small district adjustment under Section 42.103 to calculate  
19 a district's adjusted allotment for purposes of the regular program  
20 entitlement under this chapter and the special program allotments  
21 under Subchapter C ~~[This subsection applies to a school district~~  
22 ~~for which the compressed tax rate ("DCR") is determined in~~  
23 ~~accordance with Subsection (a-1). Any reduction in the district's~~  
24 ~~adopted maintenance and operations tax rate is applied to the~~  
25 ~~following components of the district's tax rate in the order~~  
26 ~~specified:~~

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

1           ~~[(2) tax effort described by Section 42.302(a-1)(1);~~  
2 ~~and~~  
3           ~~[(3) tax effort included in the determination of the~~  
4 ~~district's compressed tax rate ("DCR") under Subsection (a-1)].~~

5           SECTION 1.56. Section 42.102(a), Education Code, is amended  
6 to read as follows:

7           (a) The basic allotment for each district is multiplied by  
8 the revised cost of education adjustment determined under Section  
9 41.301 [adjusted] to reflect the geographic variation in known  
10 resource costs and costs of education due to factors beyond the  
11 control of the school district.

12           SECTION 1.57. Section 42.103, Education Code, is amended to  
13 read as follows:

14           Sec. 42.103. SMALL ~~[AND MID-SIZED]~~ DISTRICT ADJUSTMENT.

15           (a) The small district adjustment is intended to account for the  
16 increased per student cost of education in districts with fewer  
17 than 5,000 students.

18           (b) The basic allotment for certain small ~~[and mid-sized]~~  
19 districts is adjusted in accordance with this section. In this  
20 section:

21           (1) "AA" is the district's adjusted allotment per  
22 student;

23           (2) "ADA" is the number of students in average daily  
24 attendance for which the district is entitled to an allotment under  
25 Section 42.101; and

26           (3) "ABA" is the adjusted basic allotment determined  
27 under Section 42.102.

1        (c) [~~(b)~~] The basic allotment of a school district that  
 2 [~~contains at least 300 square miles and~~] has not more than 5,000  
 3 [~~1,600~~] students in average daily attendance is adjusted by  
 4 applying the following formula that results in the greatest  
 5 adjusted allotment:

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

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

10                    [~~AA = (1 + ((1,600 - ADA) \times .00025)) \times ABA~~

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

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

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

19        SECTION 1.58. Subchapter B, Chapter 42, Education Code, is  
 20 amended by adding a new Section 42.104 to read as follows:

21        Sec. 42.104. SPARSITY ADJUSTMENT. Notwithstanding  
 22 Sections 42.101, 42.102, and 42.103, a school district that has  
 23 fewer than 130 students in average daily attendance shall be  
 24 provided an adjusted allotment under the applicable provisions of  
 25 Section 41.302.

26        SECTION 1.59. Section 42.151(a), Education Code, is amended  
 27 to read as follows:



1 (a) For each student in average daily attendance in a  
2 special education program under Subchapter A, Chapter 29, in a  
3 mainstream instructional arrangement, a school district is  
4 entitled to an annual allotment equal to the adjusted [~~basic~~]  
5 allotment multiplied by 1.1. For each full-time equivalent student  
6 in average daily attendance in a special education program under  
7 Subchapter A, Chapter 29, in an instructional arrangement other  
8 than a mainstream instructional arrangement, a district is entitled  
9 to an annual allotment equal to the adjusted [~~basic~~] allotment  
10 multiplied by a weight determined according to instructional  
11 arrangement as follows:

12	Homebound . . . . .	5.0
13	Hospital class . . . . .	3.0
14	Speech therapy . . . . .	5.0
15	Resource room . . . . .	3.0
16	Self-contained, mild and moderate, 17 regular campus . . . . .	3.0
18	Self-contained, severe, regular campus	3.0
19	Off home campus . . . . .	2.7
20	Nonpublic day school . . . . .	1.7
21	Vocational adjustment class . . . . .	2.3

22 SECTION 1.60. Section 42.151(f), Education Code, is  
23 redesignated as Section 42.151(c), Education Code, to read as  
24 follows:

25 (c) [~~(f)~~] In this section, "full-time equivalent student"  
26 means 30 hours of contact a week between a special education student  
27 and special education program personnel.

1 SECTION 1.61. Section 42.152(a), Education Code, is amended  
2 to read as follows:

3 (a) For each student who is educationally disadvantaged or  
4 who is a student who does not have a disability and resides in a  
5 residential placement facility in a district in which the student's  
6 parent or legal guardian does not reside, a district is entitled to  
7 an annual allotment equal to the adjusted [~~basic~~] allotment  
8 multiplied by 0.2, and by 2.41 for each full-time equivalent  
9 student who is in a remedial and support program under Section  
10 29.081 because the student is pregnant.

11 SECTION 1.62. Section 42.152(b-1), Education Code, is  
12 redesignated as Section 42.152(c), Education Code, to read as  
13 follows:

14 (c) [~~(b-1)~~] A student receiving a full-time virtual  
15 education through the state virtual school network may be included  
16 in determining the number of educationally disadvantaged students  
17 under Subsection (b) if the school district submits to the  
18 commissioner a plan detailing the enhanced services that will be  
19 provided to the student and the commissioner approves the plan.

20 SECTION 1.63. Section 42.153(a), Education Code, is amended  
21 to read as follows:

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

26 SECTION 1.64. Section 42.154(a), Education Code, is amended  
27 to read as follows:

1 (a) For each full-time equivalent student in average daily  
2 attendance in an approved career and technology education program  
3 in grades nine through 12 or in career and technology education  
4 programs for students with disabilities in grades seven through 12,  
5 a district is entitled to:

6 (1) an annual allotment equal to the adjusted [~~basic~~]  
7 allotment multiplied by a weight of 1.35; and

8 (2) \$50, if the student is enrolled in:

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

11 (B) an advanced course as part of a tech-prep  
12 program under Subchapter T, Chapter 61.

13 SECTION 1.65. Chapter 42, Education Code, is amended by  
14 adding Subchapter D and adding a subchapter heading to read as  
15 follows:

16 SUBCHAPTER D. TRANSPORTATION ALLOTMENT

17 SECTION 1.66. Sections 42.155(a), (b), (c), and (j),  
18 Education Code, are transferred to Subchapter D, Chapter 42,  
19 Education Code, as added by this Act, redesignated as Section  
20 42.201, Education Code, and amended to read as follows:

21 Sec. 42.201. TRANSPORTATION ALLOTMENT. (a) Each district  
22 or county operating a transportation system is entitled to  
23 allotments for transportation costs as provided by this section.

24 (b) As used in this section:

25 (1) "Regular eligible student" means a student who  
26 resides two or more miles from the student's campus of regular  
27 attendance, measured along the shortest route that may be traveled

1 on public roads, and who is not classified as a student eligible for  
2 special education services.

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

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

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

22 (d) [~~(j)~~] The Texas School for the Deaf is entitled to an  
23 allotment under this section. The commissioner shall determine the  
24 appropriate allotment.

25 SECTION 1.67. Section 42.251, Education Code, is amended to  
26 read as follows:

27 Sec. 42.251. FINANCING; GENERAL RULE. (a) A school

1 district's Foundation School Program maintenance and operations  
2 cost is the ~~[The]~~ sum of:

3           (1) the district's effective tax rate, as provided  
4 under Section 42.2511, multiplied by the sum of the regular program  
5 entitlement to which the district is entitled ~~[basic allotment]~~  
6 under Subchapter B and the sum of the special allotments under  
7 Subchapter C to which the district is entitled, computed in  
8 accordance with this chapter; and

9           (2) the transportation allotment under Subchapter D~~[,~~  
10 ~~constitute the tier one allotments]~~.

11           (b) The sum of the Foundation School Program maintenance and  
12 operations costs for all accredited school districts in this state  
13 constitutes ~~[tier one allotments and the guaranteed yield~~  
14 ~~allotments under Subchapter F, computed in accordance with this~~  
15 ~~chapter, constitute]~~ the total maintenance and operations cost of  
16 the Foundation School Program.

17           (c) ~~(b)~~ The program shall be financed by:

18                   (1) state available school funds distributed in  
19 accordance with law ~~[ad valorem tax revenue generated by an~~  
20 ~~equalized uniform school district effort]~~;

21                   (2) ad valorem tax revenue generated by local school  
22 district effort ~~[in excess of the equalized uniform school district~~  
23 ~~effort]~~; and

24                   (3) ~~state available school funds distributed in~~  
25 accordance with law, and

26                   ~~(4)~~ state funds appropriated for the purposes of  
27 public school education and allocated to each district in an amount

1 sufficient to finance the maintenance and operations cost of each  
2 district's Foundation School Program not covered by other funds  
3 specified in this subsection.

4 SECTION 1.68. Subchapter E, Chapter 42, Education Code, is  
5 amended by adding Section 42.2511 to read as follows:

6 Sec. 42.2511. EFFECTIVE TAX RATE. (a) A district's  
7 effective tax rate is the district's adopted maintenance and  
8 operations tax rate per \$100 of taxable value multiplied by the  
9 ratio of the district's appraised value of property for maintenance  
10 and operations tax purposes to the taxable value of property in the  
11 school district for the current tax year determined under  
12 Subchapter M, Chapter 403, Government Code.

13 (b) The effective tax rate for an open-enrollment charter  
14 school under Chapter 12 is the state average effective tax rate.

15 SECTION 1.69. The heading to Section 42.252, Education  
16 Code, is amended to read as follows:

17 Sec. 42.252. LOCAL SHARE OF PROGRAM COST [~~(TIER ONE)~~].

18 SECTION 1.70. Section 42.252(a), Education Code, is amended  
19 to read as follows:

20 (a) Each school district's share of the maintenance and  
21 operations cost of the Foundation School Program is the sum of the  
22 district's distribution from the state available school fund and  
23 the district's maintenance and operations tax collections for the  
24 current year [~~determined by the following formula:~~

$$[LFA = TR \times DPV]$$

25 [~~where:~~

26 [~~"LFA" is the school district's local share,~~

1       ~~["TR" is a tax rate which for each hundred dollars of~~  
2 ~~valuation is an effective tax rate of the amount equal to the~~  
3 ~~product of the state compression percentage, as determined under~~  
4 ~~Section 42.2516, multiplied by the lesser of:~~

5             ~~[(1) \$1.50; or~~

6             ~~[(2) the maintenance and operations tax rate adopted~~  
7 ~~by the district for the 2005 tax year; and~~

8       ~~["DPV" is the taxable value of property in the school~~  
9 ~~district for the preceding tax year determined under Subchapter M,~~  
10 ~~Chapter 403, Government Code].~~

11       SECTION 1.71. Sections 42.253(a) and (c), Education Code,  
12 are amended to read as follows:

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

14             (1) the amount of money to which a school district is  
15 entitled under Subchapters B, ~~[and~~ C, and D;

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

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

20             (3) ~~[(4) the amount of each district's tier one local~~  
21 ~~share under Section 42.252; and~~

22             ~~[(5)]~~ the amount of each district's maintenance and  
23 operations tax collections ~~[tier two local share under Section~~  
24 42.302].

25       (c) Each school district is entitled to an amount equal to  
26 the difference for that district between Subsection ~~[the sum of~~  
27 ~~Subsections]~~ (a)(1) ~~[and (a)(2)]~~ and the sum of Subsections (a)(2)

1 and (a)(3) [~~, (a)(4), and (a)(5)~~].

2 SECTION 1.72. Section 42.254, Education Code, is amended to  
3 read as follows:

4 Sec. 42.254. OPTIONS TO ENSURE EFFICIENCY OF FOUNDATION  
5 SCHOOL PROGRAM [~~ESTIMATES REQUIRED~~]. (a) If a school district's  
6 total revenue under Sections 42.253(a)(2) and (3) exceeds the  
7 district's entitlement under Section 42.253(a)(1), a district may  
8 choose to exercise one or more options under Subchapter B, C, D, or  
9 E, Chapter 41, to eliminate all excess revenue. If the district  
10 fails to elect an option, the commissioner shall exercise an option  
11 under Subchapter F or G, Chapter 41, to reduce the district's  
12 anticipated revenue by an amount sufficient to eliminate any excess  
13 revenue [~~Not later than October 1 of each even-numbered year.~~

14 [~~(1) the agency shall submit to the legislature an~~  
15 ~~estimate of the tax rate and student enrollment of each school~~  
16 ~~district for the following biennium; and~~

17 [~~(2) the comptroller shall submit to the legislature~~  
18 ~~an estimate of the total taxable value of all property in the state~~  
19 ~~as determined under Subchapter M, Chapter 403, Government Code, for~~  
20 ~~the following biennium]~~.

21 (b) The total amount to be remitted to the state by a  
22 district under Subchapter D, Chapter 41, must at least equal the  
23 amount by which the district's total revenue under Sections  
24 42.253(a)(2) and (3) exceeds the district's entitlement under  
25 Section 42.253(a)(1) [~~The agency and the comptroller shall update~~  
26 ~~the information provided to the legislature under Subsection (a)~~  
27 ~~not later than March 1 of each odd-numbered year]~~.





1 comparison of student funding under ~~[the guaranteed yield component~~  
2 ~~of]~~ the Foundation School Program. By accounting for the state  
3 recognized and funded uncontrollable cost differences in educating  
4 students, the use of weighted students in funding comparisons  
5 reflects the state policy under Section 42.001. Weighted students  
6 are not used in the determination of funding for school districts  
7 ~~[is to provide each school district with the opportunity to provide~~  
8 ~~the basic program and to supplement that program at a level of its~~  
9 ~~own choice. An allotment under this subchapter may be used for any~~  
10 ~~legal purpose other than capital outlay or debt service].~~

11 SECTION 1.77. The heading to Section 42.302, Education  
12 Code, is amended to read as follows:

13 Sec. 42.302. CALCULATION OF WEIGHTED STUDENTS ~~[ALLOTMENT]~~.

14 SECTION 1.78. Section 42.302(a), Education Code, is amended  
15 to read as follows:

16 (a) For comparing student funding under Section 42.301,  
17 ~~[Each school district is guaranteed a specified amount per weighted~~  
18 ~~student in state and local funds for each cent of tax effort over~~  
19 ~~that required for the district's local fund assignment up to the~~  
20 ~~maximum level specified in this subchapter. The amount of state~~  
21 ~~support, subject only to the maximum amount under Section 42.303,~~  
22 ~~is determined by the formula:~~

23 
$$[CYA = (CL \times WADA \times DTR \times 100) - LR$$

24 ~~[where:~~

25 ~~["CYA" is the guaranteed yield amount of state funds to be~~  
26 ~~allocated to the district,~~

27 ~~["CL" is the dollar amount guaranteed level of state and~~

1 ~~local funds per weighted student per cent of tax effort, which is an~~  
2 ~~amount described by Subsection (a-1) or a greater amount for any~~  
3 ~~year provided by appropriation,~~

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

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

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

23 SECTION 1.79. The following provisions of the Education  
24 Code are repealed:

25 (1) Section 41.002, as effective immediately before  
26 the effective date of this Act;

27 (2) Sections 41.0031 and 41.0041;

- 1           (3) Section 41.006, as effective immediately before  
2 the effective date of this Act;
- 3           (4) Section 41.092;
- 4           (5) Section 41.093(b-1);
- 5           (6) Section 41.0931;
- 6           (7) Section 41.097(b);
- 7           (8) Sections 41.098 and 41.099;
- 8           (9) Subchapter E, Chapter 41, as effective immediately  
9 before the effective date of this Act;
- 10          (10) Section 41.157(d);
- 11          (11) Section 41.159(b);
- 12          (12) Sections 41.206(d), (e), (f), (g), (h), (i), (j),  
13 and (k);
- 14          (13) Sections 41.207, 41.208, 41.209, and 41.210;
- 15          (14) Section 41.252(c);
- 16          (15) Section 42.009;
- 17          (16) Sections 42.101(a-1) and (a-2);
- 18          (17) Section 42.104, as effective immediately before  
19 the effective date of this Act;
- 20          (18) Section 42.106;
- 21          (19) Section 42.151(1);
- 22          (20) Section 42.154(e);
- 23          (21) the heading to Section 42.155;
- 24          (22) Sections 42.1541, 42.156, 42.157, 42.158,  
25 42.160, 42.2513, 42.2516, 42.2517, and 42.2518;
- 26          (23) Sections 42.252(a-1), (b), (c), and (d);
- 27          (24) Sections 42.2521, 42.2522, and 42.2523;

- 1           (25) Section 42.253(b);
- 2           (26) Sections 42.2531 and 42.257;
- 3           (27) Sections 42.258(a-1) and (b);
- 4           (28) Sections 42.259(a), (b), (c), (d), (e), and (f);
- 5           (29) Sections 42.2591, 42.260, and 42.262;
- 6           (30) Sections 42.302(a-1), (a-2), (b), (c), (d), (e),
- 7 and (f); and
- 8           (31) Sections 42.303, 42.304, and 42.4101.

9           SECTION 1.80. Any rule adopted by the commissioner of  
10 education under Chapter 41 or 42, Education Code, before the  
11 effective date of this Act continues to apply to Chapter 41 or 42,  
12 Education Code, as amended by this Act, if Chapter 41 or 42,  
13 Education Code, as amended by this Act, includes a section that is  
14 substantially the same as a section of Chapter 41 or 42, Education  
15 Code, that existed before the effective date of this Act.

16                           ARTICLE 2. CONFORMING AMENDMENTS

17                           [[[to be added at a later date]]]

18                           ARTICLE 3. EFFECTIVE DATE

19           SECTION 3.01. This Act takes effect September 1, 2017