

Amend CSHB 3 (house committee report) as follows:

(1) Strike page 37, line 10, through page 38, line 17, and substitute the following:

(k) At least 52 percent of the funds [~~(c) Funds~~] allocated under this section must [~~shall~~] be used to:

(1) fund supplemental programs and services designed to eliminate any disparity in performance on assessment instruments administered under Subchapter B, Chapter 39, or disparity in the rates of high school completion between:

(A) students who are educationally disadvantaged and students who are not educationally disadvantaged; and

(B) students at risk of dropping out of school, as defined by Section 29.081, and all other students; or

(2) [~~Specifically, the funds, other than an indirect cost allotment established under State Board of Education rule, which may not exceed 45 percent, may be used to meet the costs of providing a compensatory, intensive, or accelerated instruction program under Section 29.081 or a disciplinary alternative education program established under Section 37.008, to pay the costs associated with placing students in a juvenile justice alternative education program established under Section 37.011, or to~~ support a program eligible under Title I of the Elementary and Secondary Education Act of 1965, as provided by Pub. L. No. 103-382 and its subsequent amendments, and by federal regulations implementing that Act [~~, at a campus at which at least 40 percent of the students are educationally disadvantaged]~~.

(1) The commissioner shall adopt rules regarding the use of funds described by Subsection (k). The rules:

(1) must:

(A) permit a school district to use those funds for programs and services that reflect the needs of students at each campus in the district; and

(B) provide for streamlined reporting on the use of those funds; and

(2) may not prohibit the use of those funds for any purpose for which the use of those funds was authorized under former Section 42.152 as that section existed on September 1, 2018.

(m) The State Board of Education shall adopt rules requiring a report on the use of funds under Subsection (k) as part of the annual audit under Section 44.008 and shall develop minimum requirements for that report.

(n) The commissioner annually shall review each report required under Subsection (m) for the preceding school year and:

(1) identify each school district that was not in compliance with Subsection (k) during that school year; and

(2) provide each district identified under Subdivision (1) a reasonable opportunity to comply with Subsection (k).

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

(2) On page 41, strike lines 5 through 12 and substitute the following:

~~[(g-4)]~~ The commissioner, in the year following a determination under Subsection (n) that a school district was not in compliance with Subsection (k) for the 2021-2022 school year or a subsequent school year ~~[local audit of compensatory education expenditures]~~, shall withhold from the ~~[a]~~ district's foundation school fund payment an amount equal to the amount of compensatory education funds the commissioner ~~[agency]~~ determines were not used in compliance with Subsection (k) ~~[(c)]~~. The commissioner shall

release to a district funds withheld under this subsection when the district provides to the commissioner a detailed plan to spend those funds in compliance with Subsection (k) ~~[(e)]~~. In determining whether a school district is subject to the withholding of funding required under this subsection, the commissioner may consider the district's average use of funds for the three preceding school years.

(3) On page 43, line 4, strike "~~(a)~~" and substitute "(a)".

(4) Strike page 43, line 17, through page 44, line 1, and substitute the following:

(b) At least 52 percent of the funds ~~[Funds]~~ allocated under this section~~[, other than an indirect cost allotment established under State Board of Education rule,]~~ must be used in providing bilingual education or special language programs under Subchapter B, Chapter 29~~[, and must be accounted for under existing agency reporting and auditing procedures]~~.

~~[(e)]~~ A district's bilingual education or special language allocation may be used only for program and student evaluation, instructional materials and equipment, staff development, supplemental staff expenses, salary supplements for teachers, incremental costs associated with providing smaller class sizes, and other supplies required for quality instruction ~~[and smaller class size]~~.

(c) The State Board of Education shall adopt rules requiring a report on the use of funds under Subsection (b) as part of the annual audit under Section 44.008 and shall develop minimum requirements for that report.

(d) The commissioner annually shall review each report required under Subsection (c) for the preceding school year and:

(1) identify each school district that was not in compliance with Subsection (b) during that school year; and

(2) provide each district identified under Subdivision (1) a reasonable opportunity to comply with Subsection (b).

(e) The commissioner, in the year following a determination under Subsection (d) that a school district was not in compliance with Subsection (b) for the 2021-2022 school year or a subsequent

school year, shall withhold from the district's foundation school fund payment an amount equal to the amount of bilingual education or special language funds the commissioner determines were not used in compliance with Subsection (b). The commissioner shall release to a district funds withheld under this subsection when the district provides to the commissioner a detailed plan to spend those funds in compliance with Subsection (b). In determining whether a school district is subject to the withholding of funding required under this subsection, the commissioner may consider the district's average use of funds for the three preceding school years.