

BILL ANALYSIS

Senate Research Center
86R30424 MEW/KJE/CJC/TSR-F

C.S.H.B. 3
By: Huberty et al. (Taylor)
Education
5/1/2019
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The state's current school finance system is structured around funding formulas that are ordinarily revised only in response to court decisions finding one or more parts of the system unconstitutional under the Texas Constitution. In the opinion of many, the current school finance system does not meet the needs of Texas public school students. The Texas Commission on Public School Finance, established by the 85th Legislature, found that roughly 22 percent of Texas eighth graders will go on to achieve a post-secondary credential six years following their scheduled high school graduation. For low-income Texas students, who are reported to represent approximately six out of every 10 public school students in Texas, the commission found that such post-secondary completion rates are around 12 percent.

The Texas Constitution mandates that the legislature establish and make suitable provision for the support and maintenance of an efficient system of public free schools. H.B. 3 seeks to meet that mandate and address the inefficiencies of the current school finance system by modernizing the funding formulas to rebalance the state's share of public education funding, readjusting outdated or otherwise inefficient elements of the school finance system to invest available funding in students, and improving the system's equitable administration with meaningful investment in low-income and other historically underperforming student groups to support improvements in student achievement and teacher quality. (Original Author's/Sponsor's Statement of Intent)

C.S.H.B. 3 amends current law relating to public school finance and public education and authorizes the imposition of a fee.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of education (commissioner) in SECTION 1.011 (Section 48.004, Education Code), SECTION 1.012 (Section 48.0051, Education Code), SECTION 1.024 (Section 48.104, Education Code), SECTION 2.013 (Section 21.4023, Education Code), SECTION 2.014 (Section 21.4023, Education Code), SECTION 2.016 (Section 21.761, Education Code), SECTION 2.019 (Section 28.006, Education Code), SECTION 2.041 (Section 29.924, Education Code), SECTION 2.044 (Section 39.023, Education Code), and SECTION 2.047 (Section 36.02341, Education Code) of this bill.

Rulemaking authority previously granted to the commissioner is modified in SECTION 1.011 (Section 48.005, Education Code), SECTION 1.015 (Section 48.009, Education Code), SECTION 1.040 (Section 48.261, Education Code) SECTION 1.046 (Section 49.006, Education Code), SECTION 2.015 (Section 21.4551, Education Code), SECTION 2.032 (Section 29.162, Education Code), and SECTION 2.040 (Section 29.556, Education Code) of this bill.

Rulemaking authority previously granted to the State Board of Education (SBOE) is transferred to the commissioner in SECTION 1.022 (Section 48.102, Education Code) and SECTION 2.043 (Section 39.022, Education Code) of this bill.

Rulemaking authority previously granted to SBOE is rescinded in SECTION 1.024 (Section 48.104, Education Code) of this bill.

Rulemaking authority previously granted to the commissioner is rescinded in SECTION 1.015 (Section 48.009, Education Code), SECTION 1.029 (Section 48.152, Education Code), SECTION 1.036 (Section 48.254, Education Code), SECTION 1.037 (Section 48.255, Education Code), SECTION 1.040 (Section 48.275, Education Code), SECTION 4.009 (Section 48.255, Education Code), SECTION 4.010 (Section 48.255), and SECTION 5.001 (Sections 21.410, 21.411, 21.412, and 21.413, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. PUBLIC SCHOOL FINANCE

SECTION 1.001. Amends Section 12.106, Education Code, by amending Subsections (a), (a-1), and (a-2) and adding Subsections (a-3) and (a-4), as follows:

(a) Makes changes conforming to subsequent section transfers and entitles a charter holder to receive for the open-enrollment charter school funding under Chapter 48 equal to the amount of funding per student in weighted average daily attendance, excluding the adjustment under Section 48.052, the allotments under Section 48.101, 48.109, 48.110, 48.111, and 48.112, and enrichment funding under Section 48.202(a), rather than excluding enrichment funding under Section 42.302(a), to which the charter holder would be entitled for the school under Chapter 48 if the school were a school district without a tier one local share for purposes of Section 48.266.

(a-1) Deletes existing text relating to providing that in determining funding for an open-enrollment charter school under Subsection (a), adjustments under Sections 42.102, 42.104, and 42.105 are based on the average adjustment for the state and the adjustment under Section 42.103 (Small and Mid-Sized District Adjustment) is based on the average adjustment for the state that would have been provided under that section as it existed on January 1, 2018. Entitles a charter holder, in addition to the funding provided by Subsection (a), to receive for the open-enrollment charter school an allotment per student in average daily attendance in an amount equal to the product of:

(1) the quotient of:

(A) the total amount of funding provided to eligible school districts under Section 48.101; and

(B) the total number of students in average daily attendance in school districts that receive an allotment under Section 48.101; and

(2) the sum of one and the quotient of:

(A) the total number of students in average daily attendance in school districts that receive an allotment under Section 48.101; and

(B) the total number of students in average daily attendance in school districts statewide.

(a-2) Makes a conforming change and entitles a charter holder, in addition to the funding provided by Subsections (a) and (a-1), rather than by Subsection (a), to receive for the open-enrollment charter school enrichment funding under Section 48.202 based on the state average tax effort.

(a-3) Entitles a charter holder, in addition to the funding provided by Subsections (a), (a-1), and (a-2), to receive funding for the open-enrollment charter school under Sections 48.109, 48.110, and 48.112 and Subchapter D, Chapter 48, if the charter holder would be entitled to the funding if the school were a school district.

(a-4) Entitles a charter holder, in addition to the funding provided by Subsections (a), (a-1), (a-2), and (a-3), for an open-enrollment charter school that does not receive an

allotment under Section 48.051, to receive for the school an allotment under Section 48.101 for each student in average daily attendance based on the number of students in average daily attendance for which the school receives an allotment under Section 48.102.

SECTION 1.002. Amends Section 13.054, Education Code, by adding Subsection (f-1), as follows:

(f-1) Requires the value for the fraction under Subsection (f), notwithstanding Subsection (f), for the 2019–2020 and 2020–2021 school years, for a district receiving additional funding under Subsection (f) for an annexation that occurred before September 1, 2019, to be substituted with the value that is equal to the fraction determined under that subsection multiplied by the state compression percentage, as determined under Section 48.255. Provides that this subsection expires September 1, 2021.

SECTION 1.003. Amends Section 25.084, Education Code, by amending Subsection (b) and adding Subsection (c), as follows:

(b) Makes a conforming change and provides that the operation of schools year-round by a district, except as provided by Subsection (c), does not affect the amount of state funds to which the district is entitled under Chapter 48.

(c) Authorizes a district that adopts a year-round system under this section (Year-Round System) to receive the incentive aid under Section 48.0051 if the district meets the criteria for receiving the incentive under that section.

SECTION 1.004. Amends Section 30.003, Education Code, by amending Subsection (f-1) and adding Subsection (f-2), as follows:

(f-1) Requires the commissioner of education (commissioner) to determine the total amount that the Texas School for the Blind and Visually Impaired (TSBVI) and the Texas School for the Deaf (TSD) would have received from school districts in accordance with this section (Support of Students Enrolled in TSBVI or TSD) if the following provisions had not reduced the districts' share of the cost of providing education services:

- (1) creates this subdivision from existing text and makes no further changes to this subdivision;
- (2) Section 45.0032; and
- (3) Section 48.255.

(f-2) Creates this subsection from existing text and makes a nonsubstantive change. Requires the amount determined under Subsection (f-1), minus any amount the schools do receive from school districts, to be set aside as a separate account in the foundation school fund and appropriated to those schools for educational purposes. Deletes existing text relating to requiring the commissioner to determine the total amount that those schools would have received from school districts in accordance with this section if H.B. No. 1 (relating to public school finance, property tax relief, public school accountability and programs, and related matters), Acts of the 79th Legislature, 3rd Called Session, 2006, had not reduced the districts' share of the cost of providing education services.

SECTION 1.005. Amends Section 44.004, Education Code, by amending Subsections (c) and (e) and adding Subsection (c-2), as follows:

(c) Requires the notice of a public meeting to discuss and adopt the budget and the proposed tax rate, subject to Subsection (d) (relating to requiring the comptroller of public accounts of the State of Texas (comptroller) to prescribe the language and format to be used in part of that notice), to:

- (1)–(4) makes no changes to these subdivisions;
- (5) makes conforming and nonsubstantive changes to this subdivision;
- (6)–(8) makes no changes to these subdivisions; and
- (9) makes a conforming change to this subdivision.

(c-2) Requires the notice described by Subsection (c) to include a statement that a school district is prohibited from increasing the district's maintenance and operations tax rate to create a surplus in maintenance and operations tax revenue for the purpose of paying the district's debt service.

(e) Entitles a person who owns taxable property in a school district to an injunction restraining the collection of taxes by the district if the district has not complied with the requirements of Subsections (b), (c), (c-1), (c-2), and (d), and, if applicable, Subsection (i), rather than the requirements of Subsections (b), (c), and (d), and if applicable, Subsection (i), and the failure to comply was not in good faith. Requires an action to enjoin the collection of taxes to be filed before the date the district, rather than the school district, delivers substantially all of its tax bills.

SECTION 1.006. Amends Subchapter A, Chapter 45, Education Code, by adding Section 45.0021, as follows:

Sec. 45.0021. RESTRICTION ON MAINTENANCE TAX LEVY. (a) Prohibits a school district from increasing the rate of the district's maintenance taxes described by Section 45.002 (Maintenance Taxes) to create a surplus in maintenance tax revenue for the purpose of paying the district's debt service.

(b) Entitles a person who owns taxable property in a school district to an injunction restraining the collection of taxes by the district if the district adopts a maintenance tax rate in violation of Subsection (a). Requires an action to enjoin the collection of taxes to be filed before the date the district delivers substantially all of the district's tax bills.

SECTION 1.007. Amends Section 45.003, Education Code, by adding Subsections (b-1), (d-1), (d-2), and (d-3) and amending Subsections (d) and (f), as follows:

(b-1) Requires a ballot proposition under Subsection (b) (relating to requiring a proposition submitted to authorize the issuance of bonds to include certain questions) to include the statement that "THIS IS A PROPERTY TAX INCREASE."

(d) Prohibits the maintenance tax rate per \$100 of taxable value adopted by the district, for any year, from exceeding the rate equal to the sum of \$0.17 and the product of the state compression percentage, as determined under Section 48.255, multiplied by \$1.00, rather than under Section 42.2516 (State Compression Percentage), multiplied by \$1.50.

(d-1) Prohibits a school district, except as provided by Subsection (d-2) or Section 26.08(a-1), Tax Code, from adopting a maintenance and operations tax rate for the 2019 tax year that exceeds the tax rate that results after adjusting the district's 2018 tax rate in accordance with Sections 45.0032, 48.202, and 48.255.

(d-2) Authorizes a school district that, before January 1, 2019, adopted a strategic plan through action taken by the board of trustees of the school district during a public meeting that proposed a maintenance and operations tax rate for the 2019 tax year that exceeds the rate permitted under Subsection (d-1) to, subject to voter approval, adopt a rate that is equal to the sum of the rate permitted under Subsection (d-1) and one-half the difference between the maximum rate permitted under Section 45.003, as that section existed during the 2018 tax year, and the district's adopted tax rate for the 2018 tax year.

(d-3) Provides that Subsections (d-1) and (d-2) and this subsection expire September 1, 2020.

(f) Makes nonsubstantive changes and creates subsequent subdivisions from existing text. Prohibits a district that levied a maintenance tax for the 2005 tax year at a rate greater than \$1.50 per \$100 of taxable value in the district as permitted by special law from levying a maintenance tax at a rate that exceeds the rate per \$100 of taxable value that is equal to the sum of:

(1) \$0.17; and

(2) the product of 66.67 percent multiplied by the rate of the maintenance tax levied by the district for the 2005 tax year, minus the amount by which \$1.00 exceeds the product of the state compression percentage, as determined under Section 48.255, multiplied by \$1.00, rather than the product of the state compression percentage, as determined under Section 42.2516 multiplied by the rate of the maintenance tax levied by the district for the 2005 tax year.

SECTION 1.008. Amends Subchapter A, Chapter 45, Education Code, by adding Section 45.0032, as follows:

Sec. 45.0032. COMPONENTS OF MAINTENANCE AND OPERATIONS TAX. (a) Provides that a school district's tier one maintenance and operations tax rate is the number of cents levied by the district for maintenance and operations that does not exceed the product of the state compression percentage, as determined under Section 48.255, multiplied by \$1.00.

(b) Provides that a district's enrichment tax rate consists of:

(1) any cents of additional maintenance and operations tax effort, not to exceed eight cents over the maximum tax rate described by Subsection (a); and

(2) any cents of additional maintenance and operations tax effort that exceeds the sum of the maximum tax rate described by Subsection (a) and the maximum number of cents permitted under Subdivision (1).

(c) Provides that, for a district to which Section 45.003(f) (relating to prohibiting a district that levied a maintenance tax for the 2005 tax year above a certain rate from levying a maintenance tax above a certain other rate) applies, any cents of maintenance and operations tax effort that exceeds the maximum rate permitted under Section 45.003(d) (relating to requiring a proposition submitted to authorize the levy of maintenance taxes to include a certain question) are not included in the district's tier one maintenance and operations tax rate under Subsection (a) or the district's enrichment tax rate under Subsection (b), and the district is not entitled to the guaranteed yield amount of state funds under Section 48.202 for those cents of tax effort.

(d) Provides that the amount by which the district's maintenance tax rate exceeds the district's rollback tax rate for the preceding year, for a district to which Section 26.08(a-1), Tax Code, applies, is not considered in determining a district's tier one maintenance and operations tax rate under Subsection (a) or the district's enrichment tax rate under Subsection (b) for the current tax year.

SECTION 1.009. Amends Subtitle I, Title 2, Education Code, by adding Chapter 48 and adding a heading to that chapter to read as follows:

CHAPTER 48. FOUNDATION SCHOOL PROGRAM

SECTION 1.010. Amends Chapter 48, Education Code, as added by this Act, by adding Subchapter A and adding a heading to that subchapter to read as follows:

SUBCHAPTER A. GENERAL PROVISIONS

SECTION 1.011. Transfers Sections 42.001, 42.002, 42.003, 42.004, and 42.005, Education Code, to Subchapter A, Chapter 48, Education Code, as added by this Act, redesignates them as Sections 48.001, 48.002, 48.003, 48.004, and 48.005, Education Code, and amends them as follows:

Sec. 48.001 and 48.002. Makes no further changes to these sections.

Sec. 48.003. STUDENT ELIGIBILITY. (a) Makes no further changes to this subsection.

(b) Entitles a student to whom Subsection (a) does not apply (relating to entitling a student to the benefits of the Foundation School Program (program) if a student meets certain criteria) to the benefits of the program if the student is enrolled in a prekindergarten class under Section 29.153 (Free Prekindergarten For Certain Children), rather than under Section 29.153 or Subchapter E-1 (High Quality Prekindergarten Grant Program), Chapter 29.

(c) and (d) Makes no further changes to these subsections.

Sec. 48.004. ADMINISTRATION OF THE PROGRAM. (a) Creates this subsection from existing text and requires the commissioner to adopt rules and take action and require reports consistent with this chapter (Foundation School Program) as necessary to implement and administer the program, rather than requiring the commissioner, in accordance with the rules of the State Board of Education (SBOE), to take such action and require such reports consistent with this chapter as may be necessary to implement and administer the program.

(b) Provides that a decision made by the commissioner under this chapter is final and is prohibited from being appealed.

Sec. 48.005. AVERAGE DAILY ATTENDANCE. (a) Provides that, in this chapter, average daily attendance is:

(1)–(3) makes no further changes to these subdivisions; or

(4) for a district that operates a half-day program or a full-day program under Section 29.153(c) (relating to requiring a prekindergarten class under this section to be operated on a half-day basis), rather than a district that operates a half-day program, one-half of the average daily attendance calculated under Subdivision (1) (relating to a certain calculation for the average daily attendance rate).

(b)-(g-1) Makes no further changes to these subsections.

(h) Makes conforming changes to this subsection.

(i)-(m) Makes no further changes to these subsections.

(n) Authorizes the commissioner, to assist school districts in implementing this section as amended by H.B. 2442 (relating to minutes of operation required for public school districts, charter schools, and other education programs), Acts of the 85th Legislature, Regular Session, 2017, rather than as amended by H.B. 2442, Acts of the 85th Legislature, Regular Session, 2017, or similar legislation, to waive a requirement of this section or adopt rules to implement this section. Deletes existing text providing that this subsection expires at the end of the 2018–2019 school year.

SECTION 1.012. Amends Subchapter A, Chapter 48, Education Code, as added by this Act, by adding Section 48.0051, as follows:

Sec. 48.0051. INCENTIVE FOR ADDITIONAL INSTRUCTIONAL DAYS. (a) Requires the commissioner, subject to Subsection (a-1), to adjust the average daily attendance of a school district or open-enrollment charter school under Section 48.005 in the manner provided by Subsection (b) if the district or school:

(1) provides the minimum number of minutes of operational and instructional time required under Section 25.081 (Operation of Schools) and commissioner rules adopted under that section over at least 180 days of instruction; and

(2) offers an additional 30 days of half-day instruction for students who are educationally disadvantaged and enrolled in prekindergarten through fifth grade.

(a-1) Authorizes a school district entitled to an incentive under this section and funding for a campus under Section 48.252 to receive only the incentive or funding for the campus, as applicable, that would result in the greater amount of funding.

(b) Requires the commissioner, for a school district or open-enrollment charter school described by Subsection (a), to increase the average daily attendance of the district or school under Section 48.005 by the amount that results from the quotient of the sum of attendance by students described by Subsection (a)(2) for each of the 30 additional instructional days of half-day instruction that are provided divided by 180.

(c) Authorizes the commissioner to provide the incentive under this section to a school district or open-enrollment charter school that intended, but due to circumstances beyond the district's or school's control, including the occurrence of a natural disaster affecting the district or school, was unable to meet the requirement for instruction under Section 25.081 plus an additional 30 days of half-day instruction. Authorizes the commissioner to proportionately reduce the incentive provided to a district or school described by this subsection.

(d) Provides that this section does not prohibit a school district from providing the minimum number of minutes of operational and instructional time required under Section 25.081 and commissioner rules adopted under that section over fewer than 180 days of instruction.

(e) Requires the Texas Education Agency (TEA) to assist school districts and open-enrollment charter schools in qualifying for the incentive under this section.

(f) Requires the commissioner to adopt rules necessary for the implementation of this section.

SECTION 1.013. Transfers Sections 42.0051 and 42.0052, Education Code, to Subchapter A, Chapter 48, Education Code, as added by this Act, redesignates them as Sections 48.006 and 48.007, Education Code, and amends them as follows:

Sec. 48.006. AVERAGE DAILY ATTENDANCE FOR DISTRICTS IN DISASTER AREA. (a)-(c) Makes no further changes to these subsections.

(d)-(f) Makes conforming changes to these subsections.

Sec. 48.007. OFF-CAMPUS PROGRAMS APPROVED FOR PURPOSES OF AVERAGE DAILY ATTENDANCE. Makes a conforming change to this section.

SECTION 1.014. Transfers Sections 42.006(a), (b), (c), and (d), Education Code, to Subchapter A, Chapter 48, Education Code, as added by this Act, redesignates them as Section 48.008, Education Code, and amends them as follows:

Sec. 48.008. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS). Makes no further changes to this section.

SECTION 1.015. Transfers Sections 42.006(a-1), (a-3), and (a-4), Education Code, Section 42.006(a-2), Education Code, as added by Chapter 550 (S.B. 490), Acts of the 85th Legislature, Regular Session, 2017, and Section 42.006(a-2), as added by Chapter 916 (S.B. 1404), Acts of the 85th Legislature, Regular Session, 2017, to Subchapter A, Chapter 48, Education Code, as added by this Act, redesignates them as Section 48.009, Education Code, and amends them as follows:

Sec. 48.009. REQUIRED PEIMS REPORTING. Makes conforming and nonsubstantive changes throughout this section.

(a) Defines "full-time equivalent school counselor" for purposes of this section.

Deletes designation of Subsection (a-1). Deletes existing text requiring TEA to maintain the information provided in accordance with this subsection.

Deletes designation of Subsection (a-2) and existing text requiring the commissioner by rule to require each school district and open-enrollment charter school to report through the Public Education Information Management System (PEIMS) information regarding the availability of school counselors at each campus. Deletes existing text requiring the commissioner's rules to require a school district or school to report the number of full-time equivalent school counselors providing counseling services at a campus. Deletes existing text requiring TEA to maintain the information provided in accordance with this subsection. Deletes existing text defining "full-time equivalent school counselor" for purposes of this subsection.

Deletes Subsection (a-3) and existing text requiring the commissioner by rule to require each school district and open-enrollment charter school to annually report through the PEIMS information regarding the total number of students, other than students described by Subsection (a-4) that also meet certain other criteria. Deletes existing text requiring TEA to maintain the information provided in accordance with this subsection.

Deletes Subsection (a-4) and existing text requiring the commissioner by rule to require each school district and open-enrollment charter school to annually report through the PEIMS information regarding the total number of students enrolled in the district or school to whom the district or school provides certain aids, accommodations, or services.

(b) Requires the commissioner by rule to require each school district and open-enrollment charter school to report through PEIMS information regarding:

(1) creates this subdivision from existing text and makes no further changes to this subdivision;

(2) the availability of school counselors, including the number of full-time equivalent school counselors, at each campus;

(3) the availability of expanded learning opportunities as described by Section 33.252 (Expanded Learning Opportunities) at each campus, rather than as described by Section 33.252;

(4) the total number of students, other than students described by Subdivision (5), enrolled in the district or school with whom the district or school, as applicable, used intervention strategies, as that term is defined by Section 26.004 (Access to Student Records), at any time during the year for which the report is made; and

(5) the total number of students enrolled in the district or school to whom the district or school provided aids, accommodations, or services under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), at any time during the year for which the report is made.

(c) Creates this subsection from existing text and requires TEA to maintain the information provided in accordance with this section, rather than this subsection.

SECTION 1.016. Transfers Section 42.009, Education Code, to Subchapter A, Chapter 48, Education Code, as added by this Act, redesignates it as Section 48.010, Education Code, and amends it as follows:

Sec. 48.010. DETERMINATION OF FUNDING LEVELS. (a) Makes no further changes to this subsection.

(b) Requires the commissioner, in making the determinations regarding funding levels required by Subsection (a) (relating to requiring the commissioner to make determinations regarding the funding for each school district in a certain manner), to:

(1) makes no further changes to this subdivision;

(2) for a district required to reduce its local revenue level under Section 48.257, base the determinations on the district's net funding levels after deducting any amounts required to be expended by the district to comply with Chapter 49, rather than for a district required to take action under Chapter 41 (Equalized Wealth Level) to reduce its wealth per student to the equalized wealth level, base the determinations on the district's net funding levels after deducting any amounts required to be expended by the district to comply with Chapter 41; and

(3) makes no further changes to this subdivision.

SECTION 1.017. Amends Subchapter A, Chapter 48, Education Code, as added by this Act, by adding Sections 48.011 and 48.012, as follows:

Sec. 48.011. COMMISSIONER AUTHORITY TO RESOLVE UNINTENDED CONSEQUENCES FROM SCHOOL FINANCE FORMULAS. (a) Authorizes the commissioner, subject to Subsections (b) and (d), to adjust a school district's funding entitlement under this chapter if the funding formulas used to determine the district's entitlement result in an unanticipated loss or gain for a district.

(b) Requires the commissioner, before making an adjustment under Subsection (a), to notify and receive approval from the LBB and the Office of the Governor (governor's office).

(c) Requires the commissioner, if the commissioner makes an adjustment under Subsection (a), to provide to the legislature an explanation regarding the changes necessary to resolve the unintended consequences.

(d) Prohibits the commissioner from making an adjustment under Subsection (a) beginning with the 2022–2023 school year.

(e) Provides that this section expires September 1, 2024.

Sec. 48.012. STUDY ON GEOGRAPHIC EDUCATION COST VARIATIONS. (a) Requires TEA to conduct a study on geographic variations in known resource costs and costs of education due to factors beyond the control of school districts. Requires the study to include a review of cost drivers for school districts.

(b) Requires TEA to submit to the legislature a report on the results of the study not later than December 1, 2020.

(c) Provides that this section expires September 1, 2021.

SECTION 1.018. Amends Chapter 48, Education Code, as added by this Act, by adding Subchapter B and adding a heading to that subchapter to read as follows:

SUBCHAPTER B. BASIC ENTITLEMENT

SECTION 1.019. Transfers Sections 42.101 and 42.105, Education Code, to Subchapter B, Chapter 48, Education Code, as added by this Act, redesignates them as Sections 48.051 and 48.052, Education Code, and amends them as follows:

Sec. 48.051. BASIC ALLOTMENT. (a) Makes certain adjustments to the formula used to calculate the allotment to which a school district is entitled.

Deletes Subsection (a-1) and existing text relating to the calculation of a district's compressed tax rate for certain school districts.

(b) Makes no further changes to this subsection.

(c) Deletes existing text providing that this subsection applies to a school district for which the compressed tax rate is determined in accordance with Subsection (a-1). Deletes existing text providing that any reduction in the district's adopted maintenance and operations tax rate is applied to certain components of the district's tax rate in a certain order. Requires the commissioner, out of the total statewide allotment under this section, to annually set aside \$6 million to fund the blended learning grant program under Section 29.924. Requires the commissioner, after deducting the amount set aside under this subsection from the total statewide allotment under this section, to reduce each school district's allotment under this section proportionately and allocate funds to each district accordingly.

Deletes Subdivisions (1)–(3) and existing text relating to the application of certain tax efforts

Sec. 48.052. SPARSITY ADJUSTMENT. (a) Requires a school district that has fewer than 130 students in average daily attendance, notwithstanding Section 48.051, rather than notwithstanding Sections 42.101 (Basic Allotment), 42.102 (Cost of Education Adjustment), and 42.103, to be provided a basic, rather than an adjusted basic, allotment on a certain basis. Makes conforming changes.

(b) Makes no further changes to this subsection.

(c) Makes conforming changes to this subsection.

SECTION 1.020. Amends Chapter 48, Education Code, as added by this Act, by adding Subchapter C and adding a heading to that subchapter to read as follows:

SUBCHAPTER C. STUDENT-BASED ALLOTMENTS

SECTION 1.021. Amends Subchapter C, Chapter 48, Education Code, as added by this Act, by adding Section 48.101, as follows:

Sec. 48.101. SMALL AND MID-SIZED DISTRICT ALLOTMENT. (a) Entitles small and mid-sized districts to an annual allotment in accordance with this section. Defines certain terms for the formulas for calculating such annual allotments.

(b) Sets forth the formula for calculating the annual allotment to which a school district that contains at least 300 square miles and has not more than 1,600 students in average daily attendance is entitled.

(c) Sets forth the formula for calculating the annual allotment to which a school district that contains less than 300 square miles and has not more than 1,600 students in average daily attendance is entitled.

(d) Entitles a school district that offers a kindergarten through grade 12 program and has fewer than 5,000 students in average daily attendance to a certain annual allotment for each student in average daily attendance based on the formula, of certain formulas, that results in the greatest annual allotment, and sets forth certain formulas for such a calculation.

SECTION 1.022. Transfers Section 42.151, Education Code, to Subchapter C, Chapter 48, Education Code, as added by this Act, redesignates it as Section 48.102, Education Code, and amends it as follows:

Sec. 48.102. SPECIAL EDUCATION. (a) Entitles a school district, for each student in average daily attendance in a special education program under Subchapter A (Special Education Program), Chapter 29, in a mainstream instructional arrangement, to an annual allotment equal to the basic allotment multiplied by 1.15, rather than equal to the adjusted basic allotment multiplied by 1.1. Entitles a district, for each full-time equivalent student in average daily attendance in a special education program under Subchapter A, Chapter 29, in an instructional arrangement other than a mainstream instructional arrangement, to an annual allotment equal to the basic allotment multiplied by a certain weight, rather than equal to the adjusted basic allotment multiplied by a certain weight.

(b) Requires a special instructional arrangement for students with disabilities residing in care and treatment facilities, other than state schools, whose parents or guardians do not reside in the district providing education services to be established by commissioner rule, rather than be established under the rules of SBOE. Requires a special instructional arrangement for students with disabilities residing in state schools to be established by commissioner rule, rather than established under the rules of SBOE, with a funding weight of 2.8.

(c) and (d) Makes no further changes to these subsections.

(e) Requires the commissioner, rather than SBOE, by rule to prescribe the qualifications an instructional arrangement is required to meet in order to be funded as a particular instructional arrangement under this section. Requires the commissioner, rather than SBOE, to establish requirements that students with disabilities and their teachers receive the direct, indirect, and support services that are necessary to enrich the regular classroom and enable student success.

(f) Makes no further changes to this subsection.

(g) Requires the commissioner, rather than SBOE, to adopt rules and procedures governing contracts for residential placement of special education students.

(h) Requires funds allocated under this section, other than an indirect cost allotment established under commissioner rule, rather than SBOE rule, to be used in the special education program under Subchapter A, Chapter 29.

(i) Makes no further changes to this subsection.

(j) Creates this subsection from existing text and entitles a school district that provides an extended year program required by federal law for special education students who may regress to receive funds in an amount equal to 75 percent, or a lesser percentage determined by the commissioner, of the basic allotment, rather than of the adjusted basic allotment or adjusted allotment, as applicable, for each full-time equivalent student in average daily attendance, calculated in a certain manner.

(k) Creates this subsection from existing text and makes no further changes to this subsection.

SECTION 1.023. Amends Subchapter C, Chapter 48, Education Code, as added by this Act, by adding Section 48.103, as follows:

Sec. 48.103. ALLOTMENT FOR STUDENT WITH DYSLEXIA OR RELATED DISORDER. (a) Entitles the district, subject to Subsection (b), to an annual allotment equal to the basic allotment multiplied by 0.12 or a greater amount provided by appropriation for each student that a school district serves who has been identified as having dyslexia or a related disorder.

(b) Entitles a school district to an allotment under Subsection (a) only for a student who:

(1) is receiving instruction that:

(A) meets applicable dyslexia program criteria established by SBOE; and

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

(2) is permitted, on the basis of having dyslexia or a related disorder, to use modifications in the classroom and accommodations in the administration of assessment instruments under Section 39.023 (Adoption and Administration of Instruments).

(c) Authorizes a school district to receive funding for a student under this section and Section 48.102 if the student satisfies the requirements of both sections.

SECTION 1.024. Transfers Section 42.152, Education Code, to Subchapter C, Chapter 48, Education Code, as added by this Act, redesignates it as Section 48.104, Education Code, and amends it as follows:

Sec. 48.104. COMPENSATORY EDUCATION ALLOTMENT. (a) Entitles a district, for each student who does not have a disability and resides in a residential placement facility in a district in which the student's parent or legal guardian does not reside, to an annual allotment equal to the basic allotment multiplied by 0.2 or, if the student is educationally disadvantaged, 0.275, rather than entitling a district, for each student who is educationally disadvantaged or who is a student who does not have a disability and resides in a residential placement facility in a district in which the student's parent or legal guardian does not reside, to an annual allotment equal to the basic allotment multiplied by 0.2, and by 2.41 for each full-time equivalent student who is in a remedial and support program under Section 29.081 (Compensatory, Intensive, and Accelerated Instruction) because the student is pregnant. Entitles a district, for each full-time equivalent student who is in a remedial and support program under Section 29.081 because the student is pregnant, to an annual allotment equal to the basic allotment multiplied by 2.41.

(b) Entitles a district, for each student who is educationally disadvantaged and resides in an economically disadvantaged census block group as determined by the commissioner under Subsection (c), to an annual allotment equal to the basic allotment multiplied by the weight assigned to the student's census block group under Subsection (d). Deletes existing text relating to determining the number of educationally disadvantaged students.

Deletes designations of Subdivisions (1) and (2) and existing text relating to determining the number of educationally disadvantaged students.

Deletes designation of Subsection (b-1).

(c) Requires the commissioner, for purposes of the allotment under Subsection (b), to establish an index for economically disadvantaged census block groups in the state that provides criteria for determining which census block groups are economically disadvantaged and categorizes economically disadvantaged census block groups in five tiers according to relative severity of economic disadvantage. Requires the commissioner, in determining the severity of economic disadvantage in a census block group, to consider the median household income, the average educational attainment of the population, the percentage of single-parent households, the rate of homeownership, and other economic criteria the commissioner determines likely to disadvantage a student's preparedness and ability to learn. Deletes existing text authorizing certain funds to be used for certain programs at a campus at which at least 40 percent of the students are educationally disadvantaged. Deletes existing text requiring a district's compensatory education allotment, in meeting certain costs, to be used for certain costs supplementary to the regular education program. Deletes existing text requiring a home-rule school district or an open-enrollment charter school to use certain funds for a purpose authorized by this subsection. Deletes existing text relating to a program specifically designed to serve students at risk of dropping out of school and authorizing a district to use its compensatory education allotment for such a program.

Deletes Subsection (c-1) and existing text authorizing funds allocated under this section, notwithstanding Subsection (c), to be used to fund certain programs in certain proportions.

Deletes Subsection (c-2) and existing text authorizing funds allocated under this section, notwithstanding Subsection (c), to be used to fund certain districts' mentoring services programs.

(d) Provides that the weights assigned to the five tiers of the index established under Subsection (c) are, from least to most severe economic disadvantage, 0.225, 0.2375, 0.25, 0.2625, and 0.275. Deletes existing text requiring TEA to evaluate the effectiveness of certain accelerated instruction and support programs for students at risk of dropping out of school.

(e) Entitles a school district, if insufficient data is available for any school year to evaluate the level of economic disadvantage in a census block group, to an annual allotment equal to the basic allotment multiplied by 0.225 for each student who is educationally disadvantaged and resides in that census block group.

(f) Authorizes a student receiving a full-time virtual education through the state virtual school network to be included in determining the number of students who are educationally disadvantaged and reside in an economically disadvantaged census block group under Subsection (b) or (e), as applicable, rather than determining the number of educationally disadvantaged students under Subsection (b), if the school district submits to the commissioner a plan detailing the enhanced services that will be provided to the student and the commissioner approves the plan.

(g) Requires the commissioner, not later than March 1 of each year, to review and, if necessary, update the index established under Subsection (c) to be used for the following school year, based on the most recent estimates published by the United States Census Bureau, and notify each school district of any changes to the index.

(h) Requires the state demographer, the Texas Department of Agriculture, and any other state agency with relevant information to assist the commissioner in performing the commissioner's duties under this section.

(i) Requires each school district, on a schedule determined by the commissioner, to report to TEA the census block in which each student enrolled in the district who is educationally disadvantaged resides. Requires TEA to provide to school districts a resource for use in determining the census block in which a student resides.

(j) Requires the commissioner to adopt rules for the method of determining the number of students who qualify for an allotment under this section at a campus that participates in the Community Eligibility Provision administered by the United States Department of Agriculture, as provided by the Healthy, Hunger-Free Kids Act of 2010 (Pub. L. No. 111–296).

(k) Creates this subsection from existing text and makes nonsubstantive changes to this subsection. Authorizes those funds, in addition to other purposes for which funds allocated under this section are authorized to be used, to also be used 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.

Deletes Subsection (q) and existing text relating to requiring SBOE, with the assistance of the comptroller, to develop and implement by rule reporting and auditing systems for district and campus expenditures of compensatory education funds for a certain purpose.

Deletes Subsection (q-1) and existing text relating to requiring the commissioner to develop a system to identify school districts that are at high risk of having used compensatory education funds other than in compliance with Subsection (c) or of having inadequately reported compensatory education expenditures.

Deletes Subsection (q-2) and existing text relating to requiring the commissioner, if a review of the report submitted under Subsection (q), using the risk-based system, indicates that a district is at high risk of having misused compensatory education funds, to notify the district of that determination and requiring the commissioner to take certain actions if the district's response does not change the commissioner's determination.

Deletes Subsection (q-3) and existing text relating to authorizing the commissioner to take certain actions if a review of the report submitted under Subsection (q), using the risk-based system, indicates that a district is at high risk of having misused compensatory education funds.

Deletes Subsection (q-4) and existing text requiring the commissioner, in the year following a local audit of compensatory education expenditures, to withhold from the district's foundation school fund payment an amount equal to the amount of compensatory education funds TEA determines were not used in compliance with Subsection (c).

Deletes Subsection (r) and existing text requiring the commissioner to grant a one-year exemption from the requirements of Subsections (q)–(q-4) to a school

district in which the group of students who have failed to perform satisfactorily in the preceding school year on certain assessment instruments subsequently performs on those assessment instruments at a level that meets or exceeds a level prescribed by commissioner rule.

SECTION 1.025. Transfers Sections 42.153, 42.154, and 42.157, Education Code, to Subchapter C, Chapter 48, Education Code, as added by this Act, redesignates them as Sections 48.105, 48.106, and 48.107, Education Code, and amends them as follows:

Sec. 48.105. BILINGUAL EDUCATION ALLOTMENT. Deletes subsection designation (a). Creates this section from existing text and entitles a district, for each student in average daily attendance in a bilingual education or special language program under Subchapter B (Bilingual Education and Special Language Programs), Chapter 29, to an annual allotment equal to the basic allotment multiplied by:

(1) for a student of limited English proficiency, as defined by Section 29.052 (Definitions):

(A) 0.1; or

(B) 0.15 if the student is in a bilingual education program using a dual language immersion/one-way or two-way program model; and

(2) for a student not described by Subdivision (1), 0.05 if the student is in a bilingual education program using a dual language immersion/two-way program model. Deletes existing text relating to an annual allotment equal to the adjusted basic allotment multiplied by 0.1.

Deletes Subsection (b) and existing text relating to requiring certain funds allocated under this section to be used for certain purposes.

Deletes Subsection (c) and existing text relating to authorizing a district's bilingual education or special language allocation to be used only for certain purposes.

Sec. 48.106. CAREER AND TECHNOLOGY EDUCATION ALLOTMENT. (a) Makes nonsubstantive changes to this subsection and entitles a district, for each full-time equivalent student in average daily attendance in an approved career and technology education program in grades nine through 12 or in career and technology education programs for students with disabilities in grades seven through 12, to:

(1) an annual allotment equal to the basic allotment, rather than the adjusted basic allotment, multiplied by a weight of 1.35; and

(2) makes no further changes to this subdivision.

(b)(1) Defines "career and technology education class" and "career and technology education program" to include technology applications courses, rather than a certain technology applications course.

(2) Makes no further changes to this subdivision.

(c) Requires the commissioner, out of the total statewide allotment for career and technology education under this section, to annually set aside \$8 million to fund the grant program for P-TECH schools under Section 29.556 (P-TECH School Designation and Grant Program), in addition to other funds appropriated for that purpose. Requires the commissioner, after deducting the amount set aside under this subsection from the total statewide allotment for career and technology education under this section, to proportionately reduce each school district's

allotment under this section and allocate funds to each district accordingly. Deletes existing text relating to requiring certain funds allocated under this section to be used for certain purposes.

Deletes Subsection (d) and existing text requiring the commissioner to conduct a cost-benefit comparison between career and technology education programs and mathematics and science programs.

Deletes Subsection (e) and existing text relating to requiring the commissioner, out of the total statewide allotment for career and technology education under this section, to set aside a certain amount to support regional career and technology education planning.

Sec. 48.107. PUBLIC EDUCATION GRANT ALLOTMENT. Makes a conforming change to this section.

SECTION 1.026. Amends Subchapter C, Chapter 48, Education Code, as added by this Act, by adding Section 48.108, as follows:

Sec. 48.108. EARLY READING ALLOTMENT. (a) Entitles a school district, for each student in average daily attendance in kindergarten through third grade, to an annual allotment equal to the basic allotment multiplied by 0.1 if the student is educationally disadvantaged or a student of limited English proficiency, as defined by Section 29.052, and is in a bilingual education or special language program under Subchapter B, Chapter 29.

(b) Requires funds allocated under this section to be used to fund programs and services designed to improve student performance in reading in prekindergarten through third grade, such as programs and services designed to assist the district in achieving the goals set in the district's early childhood literacy proficiency plans adopted under Section 11.185 or services designed to improve support for children three years of age or younger who are not enrolled in prekindergarten.

(c) Entitles a school district to an allotment under each subdivision of Subsection (a) for which a student qualifies.

(d) Authorizes a school district to receive funding for a student under this section and under Sections 48.104 and 48.105, as applicable, if the student satisfies the requirements of each applicable section.

SECTION 1.027. Amends Subchapter C, Chapter 48, Education Code, as added by this Act, by adding Sections 48.109, 48.110, 48.111, 48.112, and 48.113, as follows:

Sec. 48.109. THIRD GRADE READING OUTCOMES BONUS. (a) Requires the commissioner, for purposes of the outcomes bonus under this section, to determine the threshold percentage for each of the following cohorts that is equal to the 25th percentile of statewide meets grade level performance by that cohort of public school students on the applicable assessment instrument as determined under Subsection (f):

(1) students who are educationally disadvantaged;

(2) students who are not educationally disadvantaged; and

(3) students who are enrolled in a special education program under Subchapter A, Chapter 29, regardless of whether the students are educationally disadvantaged.

(b) Requires the commissioner, each year, to determine for each school district the minimum number of students in each cohort described by Subsection (a) enrolled in the district who would have to perform at or above the meets grade level

performance standard set by the commissioner on the third grade reading assessment instrument administered under Section 39.023 or an alternative third grade reading assessment instrument adopted under Subsection (e) in order for the district to achieve a meets grade level performance percentage for that cohort on the applicable assessment instrument equal to the threshold percentage established for that cohort under Subsection (a).

(c) Entitles a school district, for each student in a cohort described by Subsection (a) who performed at or above the meets grade level performance standard set by the commissioner on an assessment instrument described by that subsection during the preceding school year in excess of the minimum number of students determined for the applicable district cohort under Subsection (b), to an annual outcomes bonus of:

(1) if the student is educationally disadvantaged, \$4,000;

(2) if the student is not educationally disadvantaged, \$1,000; and

(3) if the student is enrolled in a special education program under Subchapter A, Chapter 29, \$1,000.

(d) Entitles a school district to an outcomes bonus under each provision of Subsection (c) for which a student qualifies.

(e) Requires the commissioner, for purposes of this section, to adopt at least one alternative third grade reading assessment instrument and set a meets grade level performance standard on the assessment instrument equivalent to the meets grade level performance standards set under Section 39.0241 (Performance Standards) for the third grade reading assessment instrument administered under Section 39.023. Requires the assessment instrument adopted under this subsection to have been administered to a sufficient number of public school students, as determined by the commissioner, to enable the commissioner to establish a percentile of statewide meets grade level performance for the assessment instrument under Subsection (f).

(f) Requires the commissioner, for each year, to establish the 25th percentile of statewide meets grade level performance for each assessment instrument described by Subsection (b). Requires the 25th percentile of statewide meets grade level performance for the third grade reading assessment instrument administered under Section 39.023 to be based on student performance on the assessment instrument in the 2017–2018 school year. Requires the 25th percentile of statewide meets grade level performance for an alternative third grade reading assessment instrument adopted under Subsection (e) to be equivalent to the 25th percentile of statewide meets grade level performance established for the third grade reading assessment instrument administered under Section 39.023. Requires the commissioner, if for any year the commissioner determines that the assessment instrument has materially changed, to adjust the percentile of statewide meets grade level performance in a manner that maintains the threshold percentages determined under Subsection (a) for the assessment instrument before the change.

(g) Requires the commissioner, in determining the amount of funding to which a school district is entitled under this section, to consider student performance on the assessment instrument described by Subsection (b) that would result in the greater amount of funding.

(h) Prohibits a school district from receiving funding based on student performance on the alternative third grade reading assessment instrument adopted under Subsection (e) unless the district:

(1) administers the assessment instrument:

(A) to all students to whom the third grade reading assessment instrument under Section 39.023 is required to be administered, other than students who receive:

(i) an exemption from the administration of the third grade reading assessment instrument; or

(ii) accommodations for the administration of the third grade reading assessment instrument that are not provided for the administration of the alternative third grade reading assessment instrument; and

(B) using test security and administration protocols required by commissioner rule; and

(2) provides to TEA student performance data for the assessment instrument in accordance with commissioner rule.

(i) Provides that this section does not:

(1) require a school district to administer the alternative third grade reading assessment instrument adopted under Subsection (e); or

(2) alter a school district's obligations regarding the administration of the third grade reading assessment instrument under Section 39.023.

(j) Requires TEA, at least once every five years, to:

(1) conduct a longitudinal impact study on each alternative third grade reading assessment instrument adopted under Subsection (e); and

(2) submit to the legislature a report on the results of the study conducted under Subdivision (1).

Sec. 48.110. COLLEGE, CAREER, OR MILITARY READINESS OUTCOMES BONUS. (a) Requires the commissioner, for purposes of the outcomes bonus under this section, to determine the threshold percentage for each of the following cohorts that is equal to the 25th percentile of statewide college, career, or military readiness as described by Subsection (e) for that cohort of annual public school graduates for the 2016–2017 school year:

(1) annual graduates who are educationally disadvantaged;

(2) annual graduates who are not educationally disadvantaged; and

(3) annual graduates who are enrolled in a special education program under Subchapter A, Chapter 29, regardless of whether the annual graduates are educationally disadvantaged.

(b) Requires the commissioner, each year, to determine for each school district the minimum number of annual graduates in each cohort described by Subsection (a) who would have to demonstrate college, career, or military readiness as described by Subsection (e) in order for the district to achieve a percentage of college, career, or military readiness for that cohort equal to the threshold percentage established for that cohort under Subsection (a).

(c) Entitles a school district, for each annual graduate in a cohort described by Subsection (a) who demonstrates college, career, or military readiness as

described by Subsection (e) in excess of the minimum number of students determined for the applicable district cohort under Subsection (b), to an annual outcomes bonus of:

- (1) if the annual graduate is educationally disadvantaged, \$5,000;
- (2) if the annual graduate is not educationally disadvantaged, \$3,000; and
- (3) if the annual graduate is enrolled in a special education program under Subchapter A, Chapter 29, \$2,000, regardless of whether the annual graduate is educationally disadvantaged.

(d) Entitles a school district to an outcomes bonus under each subdivision of Subsection (c) for which an annual graduate qualifies.

(e) Provides that, for purposes of this section, an annual graduate demonstrates:

(1) college readiness if the annual graduate:

(A) achieves a minimum score set by commissioner rule on the ACT, the SAT, or an assessment instrument designated by the Texas Higher Education Coordinating Board (THECB) under Section 51.334 (Assessment Instruments); and

(B) during a time period established by commissioner rule, enrolls at a postsecondary educational institution;

(2) career readiness if the annual graduate:

(A) achieves a minimum score set by commissioner rule on the ACT, the SAT, or an assessment instrument designated by THECB under Section 51.334; and

(B) during a time period established by commissioner rule, earns an industry-accepted certificate; and

(3) military readiness if the annual graduate:

(A) achieves a minimum score set by commissioner rule on the Armed Services Vocational Aptitude Battery; and

(B) during a time period established by commissioner rule, enlists in the armed forces of the United States.

Sec. 48.111. FAST GROWTH ALLOTMENT. Entitles a school district in which the growth in student enrollment in the district over the preceding three school years is in the top quartile of student enrollment growth in school districts in the state for that period, as determined by the commissioner, to an annual allotment equal to the basic allotment multiplied by 0.042 for each student in average daily attendance.

Sec. 48.112. TEACHER INCENTIVE ALLOTMENT. (a) Defines "classroom teacher."

(b) Entitles a school district, for each classroom teacher with a teacher designation under Subchapter P, Chapter 21, employed by a school district, to an allotment equal to the following applicable base amount increased by the high needs and rural factor as determined under Subsection (c):

- (1) \$12,000, or an increased amount not to exceed \$32,000 as determined under Subsection (c), for each master teacher;

(2) \$6,000, or an increased amount not to exceed \$18,000 as determined under Subsection (c), for each exemplary teacher; and

(3) \$3,000, or an increased amount not to exceed \$9,000 as determined under Subsection (c), for each recognized teacher.

(c) Provides that the high needs and rural factor is determined by multiplying the following applicable amounts by the average of the point value assigned to each student at a district campus under Subsection (d):

(1) \$5,000 for each master teacher;

(2) \$3,000 for each exemplary teacher; and

(3) \$1,500 for each recognized teacher.

(d) Requires a point value for each student at a district campus, except as provided by Subsection (e), to be assigned as follows:

(1) 0, for a student for whom the district does not receive a compensatory education allotment under Section 48.104(b) or (e); or

(2) 0.5, 1.0, 2.0, 3.0, or 4.0, respectively, from least to most severe economic disadvantage according to the census block group in which the student resides, for a student for whom the district receives a compensatory allotment under Section 48.104(b) or (e).

(e) Provides that, if the campus at which a student is enrolled is classified as a rural campus, a student is assigned the point value two tiers higher than the student's point value determined under Subsection (d)(1) or (2).

(f) Requires the commissioner to annually make available to the public a list of campuses with the projected allotment amounts per teacher designation at each campus.

(g) Requires a district to annually certify that funds received under this section were used as follows:

(1) at least 90 percent of the funds were used for educator compensation; and

(2) any other funds received under this section were used for costs associated with implementing Subchapter P, Chapter 21, including efforts to support teachers in obtaining designations.

Sec. 48.113. ACCELERATED CAMPUS EXCELLENCE ALLOTMENT. (a) Entitles a school district to an allotment equal to the basic allotment multiplied by 0.1 for each student in average daily attendance at a district campus that:

(1) has submitted and received approval for:

(A) a campus turnaround plan that the commissioner determines meets the requirements for an accelerated campus excellence turnaround plan under Section 39A.105(b); or

(B) a campus implementation plan that includes the provisions required for an accelerated campus excellence turnaround plan under Section 39A.105(b); and

(2) received a performance rating of unacceptable or improvement required in at least one of the last five school years.

(b) Prohibits a school district from receiving an allotment under this section for more than five school years.

SECTION 1.028. Amends Chapter 48, Education Code, as added by this Act, by adding Subchapter D and adding a heading to that subchapter to read as follows:

SUBCHAPTER D. ADDITIONAL FUNDING

SECTION 1.029. Transfers Sections 42.155 and 42.158, Education Code, to Subchapter D, Chapter 48, Education Code, as added by this Act, redesignates them as Sections 48.151 and 48.152, Education Code, and amends them as follows:

Sec. 48.151. TRANSPORTATION ALLOTMENT. (a) Makes no further changes to this subsection.

(b) Defines, for purposes of this section:

(1) "Regular eligible student" as certain students, including a student who has not transferred to the district in which the student is enrolled under Section 25.035 (Transfers Between Districts or Counties) or 25.036 (Transfer Student) or a student who is a homeless child or youth, as defined by 42 U.S.C. Section 11434a. Makes nonsubstantive changes to this subdivision.

(2) Makes no further changes to this subdivision.

(3) Deletes this subdivision and existing text defining "linear density."

(c) Entitles each district or county operating a regular transportation system to an allotment based on a rate per mile per regular eligible student set by the legislature in the General Appropriations Act. Deletes existing text relating to a certain other allotment based, in part, on the cost of operating and maintaining the regular transportation system.

(d)-(e) Makes no further changes to these subsections.

(f) Requires certain costs, including the cost of transporting students from a district campus to a location at which students are provided work-based learning under the district's career and technology program, to be reimbursed based on the number of actual miles traveled times the district's official extracurricular travel per mile rate as set by the board of trustees and approved by TEA. Makes nonsubstantive changes.

(g) Requires the rate per mile allowable, rather than the maximum rate per mile allowable, to be set by appropriation based on data gathered from the first year of each preceding biennium.

(h) Makes no further changes to this subsection.

(i) Provides that the district's transportation allotment, in the case of a district belonging to a county transportation system, for purposes of determining a district's foundation school program allocations is determined on the basis of the number of approved daily route miles in the district, rather than the number of approved daily route miles in the district multiplied by the allotment per mile to which the county transportation system is entitled.

(j) Makes no further changes to this subsection.

(k) Prohibits the commissioner, notwithstanding any other provision of this section, from reducing the allotment to which a district or county is entitled under this section because the district or county provides transportation for an eligible student to and from a child-care facility, as defined by Section 42.002, Human Resources Code, or a grandparent's residence instead of the student's residence, as authorized by Section 34.007 (Public School Transportation System) of this code, rather than as authorized by Section 34.007, if the transportation is provided within the approved routes of the district or county for the school the student attends.

(l) Makes no further changes to this subsection.

(m) Requires a school district to be reimbursed on a per-mile basis for the cost of transporting a dual credit student to another campus in the district, a campus in another district, or a postsecondary educational institution for purposes of attending the course, if the course is not available at the student's campus.

Sec. 48.152. NEW INSTRUCTIONAL FACILITY ALLOTMENT. (a) Creates this subsection using the text of existing Section 42.158(g), which defines "instructional facility" and "new instructional facility."

(b), (c), (d), and (e) Creates these subsections from existing text and makes no further changes to these subsections.

Deletes designation of Subdivision (d-1).

(f) Makes a conforming change. Deletes existing text authorizing the commissioner to adopt rules necessary to implement this section.

(g) Creates this subsection from existing text and makes conforming changes to this subsection. Deletes existing text.

SECTION 1.030. Amends Subchapter D, Chapter 48, Education Code, as added by this Act, by adding Section 48.153, as follows:

Sec. 48.153. DROPOUT RECOVERY SCHOOL AND RESIDENTIAL PLACEMENT FACILITY ALLOTMENT. Entitles a school district or open-enrollment charter school to \$275 for each student in average daily attendance who:

(1) resides in a residential placement facility; or

(2) is at a district or school or a campus of the district or school that is designated as a dropout recovery school under Section 39.0548.

SECTION 1.031. Transfers Section 42.106, Education Code, to Subchapter D, Chapter 48, Education Code, redesignates it as Section 48.154, and makes no further changes.

SECTION 1.032. Amends Subchapter D, Chapter 48, Education Code, as added by this Act, by adding Sections 48.155, 48.156, and 48.157, as follows:

Sec. 48.155. COLLEGE PREPARATION ASSESSMENT REIMBURSEMENT. Entitles a school district to reimbursement for the amount of fees paid by the district for the administration of an assessment instrument under Section 39.0261(a)(3) (relating to authorizing certain high school students to take one of certain assessment instruments once, at state cost).

Sec. 48.156. CERTIFICATION EXAMINATION REIMBURSEMENT. Entitles a school district to reimbursement for the amount of a subsidy paid by the district for a student's certification examination under Section 29.190(a) (relating to entitling a student

to a subsidy for certain certification examinations) as provided by Section 29.190(c) (relating to requiring TEA, on approval of the commissioner, to pay each school district a certain amount as reimbursement for a certification examination).

Sec. 48.157. TEACHER INCENTIVE FEE REIMBURSEMENT. Entitles a school district to reimbursement for any fee paid under Subchapter P, Chapter 21, or membership fees paid to the National Board for Professional Standards for the purpose of Section 21.753(b).

SECTION 1.033. Amends Chapter 48, Education Code, as added by this Act, by adding Subchapter E and adding a heading to that subchapter to read as follows:

SUBCHAPTER E. TIER TWO ENTITLEMENT

SECTION 1.034. Transfers Sections 42.301, 42.302, 42.303, and 42.304, Education Code, to Subchapter E, Chapter 48, Education Code, as added by this Act, redesignates them as Sections 48.201, 48.202, 48.203, and 48.204, Education Code, and amends them as follows:

Sec. 48.201. PURPOSE. Provides that the purpose of the tier two component, rather than the guaranteed yield component, of the program is to provide each school district with the opportunity to provide the basic program and to supplement that program at a level of its own choice.

Sec. 48.202. New heading: TIER TWO ALLOTMENT. (a) Makes conforming changes. Redefines "WADA," "DTR," and "LR," for purposes of the tier two allotment funding formula.

(a-1) Redefines "GL" for purposes of Subsection (a).

(a-2)-(b) Makes conforming changes to these subsections.

(c)-(e) Makes no further changes to these subsections.

(f) Requires a school district, for a school year in which a certain guaranteed dollar amount exceeds that amount for the preceding school year, to reduce the district's tax rate by a certain amount for a certain period. Provides that a school district is not entitled to the amount equal to the increase of revenue described by this subsection for the school year for which the district is required to reduce the district's tax rate. Prohibits the district, unless Section 26.08(a-1), Tax Code, applies to the district, for a tax year in which a district is required to reduce the district's tax rate under this subsection, from increasing the district's maintenance and operations tax rate above a certain rate. Provides that this subsection does not apply if the amount of state funds appropriated for a school year specifically excludes a certain amount. Deletes existing text relating to entitling a school district to a certain allotment relative to the state compression percentage.

(f-1) Provides that, for the 2019 tax year, Subsection (f) applies to a district's maintenance and operations tax rate after adjusting the district's rate in accordance with Section 45.0032. Provides that this subsection expires September 1, 2020.

Sec. 48.203. LIMITATION ON ENRICHMENT TAX RATE. Makes conforming changes to this section.

Sec. 48.204. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. Makes no further changes to this section.

SECTION 1.035. Amends Chapter 48, Education Code, as added by this Act, by adding Subchapter F and adding a heading to that subchapter to read as follows:

SUBCHAPTER F. FINANCING THE PROGRAM

SECTION 1.036. Transfers Sections 42.251, 42.2511, 42.2514, 42.2515, and 42.2516, Education Code, to Subchapter F, Chapter 48, Education Code, as added by this Act, redesignates them as Sections 48.251, 48.252, 48.253, 48.254, and 48.255, Education Code, and amends them as follows:

Sec. 48.251. FINANCING; GENERAL RULE. Makes nonsubstantive changes throughout this section. Deletes existing text relating to the calculation of tier one allotments. Deletes existing text relating to the total cost of the program.

(a) Provides that the cost of the program for a school district is the total sum of:

(1) the sum of the tier one allotments and other funding as follows:

(A) the basic allotment under Subchapter B;

(B) the student-based allotments under Subchapter C; and

(C) the additional funding under Subchapter D; and

(2) the tier two allotment under Subchapter E.

(b) Provides that the sum of the program maintenance and operations costs for all accredited school districts in this state constitutes the total maintenance and operations cost of the program.

(c) Requires the program to be financed by:

(1) state available school funds distributed in accordance with the law, rather than ad valorem tax revenue generated by an equalized uniform school district effort;

(2) ad valorem tax revenue generated by local school district effort, rather than ad valorem tax revenue generated by local school district effort in excess of the equalized uniform school district effort; and

(3) state funds appropriated for the purposes of public school education and allocated to each district in an amount sufficient to finance the cost of each district's program not covered by other funds specified in this subsection, rather than state available school funds distributed in accordance with law.

(4) Deletes this subdivision designation.

Sec. 48.252. SCHOOL DISTRICT ENTITLEMENT FOR CERTAIN STUDENTS. Makes a conforming change to this section.

Sec. 48.253. ADDITIONAL STATE AID FOR TAX INCREMENT FINANCING PAYMENTS. Entitles a school district, rather than a school district including a school district that is otherwise ineligible for state aid under this chapter, for each school year, to state aid in an amount equal to the amount the district is required to pay into the tax increment fund for a reinvestment zone under Section 311.013(n) (relating to the payment of tax increments by a school district), Tax Code.

Sec. 48.254. ADDITIONAL STATE AID FOR AD VALOREM TAX CREDITS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. Creates this section from existing text.

Deletes designation of Subsection (a).

Deletes Subsection (b) and existing text authorizing the commissioner to adopt rules to implement and administer this section.

Sec. 48.255. STATE COMPRESSION PERCENTAGE. (a) Defines "state compression percentage" as the percentage of the rate of \$1.00 per \$100 valuation of taxable property at which a school district is required to levy a maintenance and operations tax to receive the full amount of the tier one allotment to which the district is entitled under this chapter, rather than as the percentage of a school district's adopted maintenance and operations tax rate for the 2005 tax year that serves as the basis for state funding.

(b) Creates this subsection from existing text. Deletes existing text relating to requiring the commissioner to determine the state compression percentage for each school year based on a certain percentage if the compression percentage is not established by appropriation for a school year. Provides that the state compression percentage is:

(1) 92 percent; or

(2) a lower percentage set by the appropriation for a school year.

Deletes existing Subsection (g) and text authorizing the commissioner to adopt rules necessary to implement this section.

Deletes existing Subsection (h) and text providing that a determination by the commissioner under this section is final and is prohibited from being appealed.

SECTION 1.037. Transfers Section 42.2516, Education Code, to Subchapter F, Chapter 48, Education Code, as added by this Act, redesignates it as Section 48.255, Education Code, and amends it as follows, effective September 1, 2020:

Sec. 48.255. STATE COMPRESSION PERCENTAGE. (a) Defines "state compression percentage" as the percentage of the rate of \$1.00 per \$100 valuation of taxable property at which a school district is required to levy a maintenance and operations tax to receive the full amount of the tier one allotment to which the district is entitled under this chapter, rather than as the percentage of a school district's adopted maintenance and operations tax rate for the 2005 tax year that serves as the basis for state funding.

(b) Creates this subsection from existing text. Deletes existing text relating to requiring the commissioner to determine the state compression percentage for each school year based on a certain percentage if the compression percentage is not established by appropriation for a school year. Provides that the state compression percentage is:

(1) 100 percent; or

(2) a lower percentage set by the appropriation for a school year.

Deletes existing Subsection (g) and text authorizing the commissioner to adopt rules necessary to implement this section.

Deletes existing Subsection (h) and text providing that a determination by the commissioner under this section is final and is prohibited from being appealed.

SECTION 1.038. Transfers Section 42.252, Education Code, to Subchapter F, Chapter 48, Education Code, as added by this Act, redesignates it as Section 48.256, Education Code, and amends it as follows:

Sec. 48.256. LOCAL SHARE OF PROGRAM COST (TIER ONE). (a) Redefines "TR" and "DPV" for purposes of the formula for each school district's share of the program.

Deletes Subdivisions (1) and (2) and deletes existing text as part of the redefinition of "TR."

Deletes Subsections (a-1) and existing text relating to including certain tax effort in "TR."

(b) Requires the commissioner to adjust the values reported by the comptroller to reflect reductions in taxable value of property resulting from natural or economic disaster, rather than the values reported in the official report of the comptroller as required by Section 5.09(a) (relating to requiring the comptroller to prepare a certain biennial report), Tax Code, to reflect reductions in taxable value of property resulting from natural or economic disaster after January 1, in the year in which the valuations are determined.

(c) Makes no further changes to this subsection.

Deletes Subsection (d) and existing text requiring a school district to raise its total local share of the program to be eligible to receive foundation school fund payments.

SECTION 1.039. Amends Subchapter F, Chapter 48, Education Code, as added by this Act, by adding Section 48.257, as follows:

Sec. 48.257. LOCAL REVENUE LEVEL IN EXCESS OF ENTITLEMENT. (a) Requires a school district, subject to Subsection (b), if a school district's tier one revenue level, which is the district's tier one local share under Section 48.256, exceeds the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund, to reduce the district's tier one revenue level in accordance with Chapter 49 to a level not to exceed the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund.

(b) Provides that this subsection applies only to a school district to which Subsection (a) applies. Requires TEA, if the sum of a district's maintenance and operations tax collections from the tax rate described by Section 45.0032(a) for the current tax year minus the district's tier one revenue level under Subsection (a) is less than the amount of the district's entitlement under Section 48.266(a)(1), to adjust the amount of the district's tier one revenue level under Subsection (a) to ensure that the district retains the amount of local funds necessary for the district's entitlement under Section 48.266(a)(1).

(c) Authorizes state aid to which a district is entitled under this chapter that is not described by Section 48.266(a)(1), (2), or (3), for purposes of Subsection (a), to offset the amount by which a district is required to reduce the district's tier one revenue level under Subsection (a). Requires any amount of state aid used as an offset under this subsection to reduce the amount of state aid to which the district is entitled.

(d) Entitles a school district, except as provided by Subsection (e), to retain the total amount of the district's tier two local share described by Section 48.266(a)(5)(A).

(e) Authorizes a district, in any school year for which the amount of state funds appropriated specifically excludes the amount necessary to provide the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort under Section 48.202(a-1)(1), to only retain the amount of the district's tier two local share described by Section 48.266(a)(5)(A) equal to the amount of revenue that would be generated based on the amount appropriated for the dollar amount guaranteed level of state and local funds.

(f) Requires a district, if the amount of a school district's tier two local share described by Section 48.266(a)(5)(B) to which a district is entitled exceeds the amount described by Section 48.202(a-1)(2), to reduce the district's revenue in accordance with Chapter 49 to a level not to exceed the amount described by Section 48.202(a-1)(2).

SECTION 1.040. Transfers Sections 42.2521, 42.2522, 42.2523, 42.2524, 42.2525, 42.2526, 42.2527, 42.2528, 42.253, 42.2531, 42.2532, 42.254, 42.255, 42.257, 42.258, 42.259, 42.2591, and 42.260, Education Code, to Subchapter F, Chapter 48, Education Code, as added by this Act, redesignates them as Sections 48.258, 48.259, 48.260, 48.261, 48.262, 48.263, 48.264, 48.265, 48.266, 48.267, 48.268, 48.269, 48.270, 48.271, 48.272, 48.273, 48.274, and 48.275, Education Code, and amends them as follows:

Sec. 48.258. ADJUSTMENT FOR RAPID DECLINE IN TAXABLE VALUE OF PROPERTY. (a) Requires the commissioner, for purposes of Chapters 46 (Assistance With Instructional Facilities and Payment of Existing Debt) and 49 and this chapter, rather than Chapters 41 and 46 and this chapter, and to the extent money specifically authorized to be used under this section is available, to adjust the taxable value of property in a school district that, due to factors beyond the control of the board of trustees, experiences a rapid decline in the tax base used in calculating taxable values in excess of four percent of the tax base used in the preceding year.

(b) Makes a conforming change to this subsection.

(c) Makes no further changes to this subsection.

Sec. 48.259. ADJUSTMENT FOR OPTIONAL HOMESTEAD EXEMPTION. (a) Makes a conforming change. Prohibits the commissioner, in any school year, from providing funding under this chapter or Chapter 46, rather than under this chapter, based on a school district's taxable value of property computed in accordance with Section 403.302(d)(2) (relating to excluding a certain dollar amount based on certain residence homestead exemptions from "taxable value"), Government Code, unless certain criteria are met.

(b) and (c) Makes conforming changes to these subsections.

(d) and (e) Makes no further changes to these subsections.

Sec. 48.260. ADJUSTMENT FOR PROPERTY VALUE AFFECTED BY STATE OF DISASTER. (a) Requires the commissioner, for purposes of Chapters 46 and 49 and this chapter, rather than Chapters 41 and 46 and this chapter, to adjust the taxable value of property of a school district all or part of which is located in an area declared a disaster area by the governor under Chapter 418, Government Code, as necessary to ensure that the district receives funding based as soon as possible on property values as affected by the disaster.

(b) Makes no further changes to this subsection.

(c) Creates this subsection from existing text and deletes the designation of previously existing Subsection (d).

Sec. 48.261. REIMBURSEMENT FOR DISASTER REMEDIATION COSTS. (a) and (b) Makes no further changes to these subsections.

(c) Makes nonsubstantive changes. Authorizes the commissioner to provide reimbursement under this section only if funds are available for that purpose from:

(1) creates this subdivision from existing text and deletes existing text relating to funds from reimbursement for a school district not required to take action under Chapter 41;

Deletes designations of Paragraphs (A) and (B); or

(2) creates this subdivision from existing text and makes nonsubstantive changes. Deletes existing text relating to authorizing reimbursement for a school district required to take action under Chapter 41 to be provided from certain funds.

(d) Deletes existing text relating to requiring the commissioner, if the amount of certain money is not sufficient to fully reimburse a district's disaster remediation costs, to reduce the amount of assistance provided to each of those districts proportionately. Creates this subsection from existing text and makes no further changes to this subsection.

(e) Creates this subsection from existing text and makes a conforming change.

Deletes existing Subsection (f) and text relating to authorizing and prohibiting certain actions for a district required to take action under Chapter 41. Creates Subsection (f) from existing text and makes no further changes to this subsection.

(g) Creates this subsection from existing text and makes no further changes to this subsection.

Deletes designation of Subsection (j).

Sec. 48.262–48.264. Makes no further changes to these sections.

Sec. 48.265. EXCESS FUNDS FOR VIDEO SURVEILLANCE OF SPECIAL EDUCATION SETTINGS. (a) Makes no further changes to this subsection.

(b) Makes a conforming change to this subsection.

(c) Makes no further changes to this subsection.

Sec. 48.266. DISTRIBUTION OF FOUNDATION SCHOOL FUND. (a) Requires the commissioner for each school year to determine:

(1) the amount of money to which a school district is entitled under Subchapters B, C, and D, rather than under Subchapters B and C;

(2) the amount of money to which a school district is entitled under Subchapter E, rather than Subchapter F;

(3) makes no further changes to this subdivision;

(4) makes a conforming change to this subdivision; and

(5) makes a conforming change and requires the commissioner to determine the amount of each district's tier two local share under Section 48.202 for the district's maintenance and operations tax effort described by Section 48.202(a-1)(1) and the district's maintenance and operations tax effort described by Section 48.202(a-1)(2).

(b) Makes conforming changes to this subsection.

(c) and (d) Makes no further changes to these subsections.

(e) Creates this subsection from existing text and makes no further changes to this subsection.

(f) Creates this subsection from existing text and makes conforming changes to this subsection.

(g) Creates this subsection from existing text and makes no further changes to this subsection.

(h) Creates this subsection from existing text and makes a conforming change to this subsection.

(i) Creates this subsection from existing text and makes a conforming change to this subsection.

Deletes designations of Subsection (j) and (k).

Sec. 48.267. ADJUSTMENT BY COMMISSIONER. Makes conforming changes to this section.

Sec. 48.268–48.271. Makes no further changes to these sections.

Sec. 48.272. RECOVERY OF OVERALLOCATED FUNDS. (a) Makes no further changes to this subsection.

Deletes designation of Subsection (a-1).

(b) Creates this subsection from existing text. Authorizes TEA to recover an overallocation of state funds over a period not to exceed the subsequent five school years if the commissioner determines that the overallocation was the result of exceptional circumstances reasonably caused by statutory changes to Chapter 46 or 49 or this chapter, rather than Chapter 41 or 46 or this chapter, and related reporting requirements.

(c) Creates this subsection from existing text and makes no further changes to this subsection.

(d) Creates this subsection from existing text and makes no further changes to this subsection.

(e) Authorizes TEA to review a school district as necessary to determine if the district qualifies for each allotment received by the district under this chapter. Authorizes TEA, if TEA determines that a school district received an allotment to which the district was not entitled, to establish a corrective action plan or withhold the applicable amount of funding from the district.

Sec. 48.273. FOUNDATION SCHOOL FUND TRANSFERS. Makes a conforming change to this section.

Sec. 48.274. FOUNDATION SCHOOL FUND TRANSFERS TO CERTAIN CHARTER SCHOOLS. Makes no further changes to this section.

Sec. 48.275. USE OF CERTAIN FUNDS. (a) Makes no further changes to this subsection.

(b) Makes a conforming change to this subsection.

(c) Makes no further changes to this subsection.

(d) Makes no further changes to this subsection.

Deletes Subsection (e) and existing text authorizing the commissioner to adopt rules to implement this section.

SECTION 1.041. Amends Subchapter F, Chapter 48, Education Code, as added by this Act, by adding Sections 48.277, 48.278, 48.279, and 48.280, as follows:

Sec. 48.277. FORMULA TRANSITION GRANT. (a) Entitles a school district or open-enrollment charter school to receive an annual allotment for each student in average daily attendance in the amount equal to the difference, if the difference is greater than zero, that results from subtracting the total maintenance and operations revenue per student in average daily attendance for the current school year from the lesser of:

(1) 100 percent of the district's or school's total maintenance and operations revenue per student in average daily attendance for the applicable school year under Subsection (b)(1) that the district or school would have received under former Chapters 41 and 42, as those chapters existed on January 1, 2019; or

(2) 128 percent of the statewide average amount of maintenance and operations revenue per student in average daily attendance that would have been provided for the applicable school year under Subsection (b)(1) under former Chapters 41 and 42, as those chapters existed on January 1, 2019.

(b) Requires the commissioner, for purposes of calculating maintenance and operations revenue under Subsection (a), to:

(1) for purposes of Subsections (a)(1) and (2), use the following applicable school year:

(A) in a school year ending in an even-numbered year, the 2019–2020 school year; and

(B) in a school year ending in an odd-numbered year, the 2020–2021 school year;

(2) include all state and local funding, except for any funding resulting from:

(A) reimbursement for disaster remediation costs under former Sections 41.0931 and 42.2524;

(B) an adjustment for rapid decline in taxable value of property under former Section 42.2521;

(C) an adjustment for property value affected by a state of disaster under former Section 42.2523;

(D) 50 percent of the third grade reading outcomes bonus under Section 48.109;

(E) 50 percent of the college, career, or military readiness outcomes bonus under Section 48.110;

(F) 50 percent of the teacher incentive allotment under Section 48.112; and

(G) the classroom teacher and librarian allotment under Section 48.280;

(3) adjust the calculation to reflect a reduction in tax effort by a school district; and

(4) if a school district or open-enrollment charter school receives a waiver relating to eligibility requirements for the national free or reduced-price lunch program under 42 U.S.C. Section 1751 et seq., use the numbers of educationally disadvantaged students on which the district's or school's entitlement to compensatory education funds was based for the school year before the school year in which the district or school received the waiver, adjusted for estimated enrollment growth.

(c) Provides that a school district or open-enrollment charter school is not entitled to an allotment under Subsection (a) beginning with the 2024–2025 school year.

(d) Provides that this section expires September 1, 2025.

Sec. 48.278. **EQUALIZED WEALTH TRANSITION GRANT.** (a) Entitles a school district, subject to Subsection (b), to receive an annual allotment in an amount equal to the amount of additional revenue a school district received for the 2018–2019 school year under former Sections 41.002(e) through (g), as those sections existed on January 1, 2019.

(b) Requires the commissioner, for purposes of calculating a district's allotment under Subsection (a), to reduce the amount to which a district is entitled under Subsection (a) by:

(1) for the 2020–2021 school year, 20 percent;

(2) for the 2021–2022 school year, 40 percent;

(3) for the 2022–2023 school year, 60 percent; and

(4) for the 2023–2024 school year, 80 percent.

(c) Provides that this section expires September 1, 2024.

Sec. 48.279. **MAINTENANCE OF STATE FINANCIAL SUPPORT FOR SPECIAL EDUCATION.** (a) Provides that funds appropriated for purposes of this section or transferred in accordance with this section are state funds for purposes of compliance with the requirements regarding maintenance of state financial support for special education under 20 U.S.C. Section 1412(a)(18). Requires the commissioner to identify the amount of funding described by this subsection and separate that amount from other funding provided under this chapter.

(b) Requires the commissioner, if the commissioner determines that the total amount of funding for special education for a school year that ends during the first state fiscal year of a state fiscal biennium is less than the amount required to comply with requirements regarding maintenance of state financial support under 20 U.S.C. Section 1412(a)(18), to use funds appropriated for the program for the second state fiscal year of that biennium to increase funding for special education for the first state fiscal year of that biennium in an amount necessary to ensure compliance with that provision.

(c) Requires the commissioner, if the commissioner determines that the total amount of funding for special education for a school year that ends during the second state fiscal year of a state fiscal biennium is less than the amount required to comply with requirements regarding maintenance of state financial support under 20 U.S.C. Section 1412(a)(18), to submit to the legislature an estimate of

the amount of funding needed to comply with that provision for that state fiscal year.

(d) Requires the commissioner, if federal funds are withheld for a school year due to noncompliance with requirements regarding maintenance of state financial support under 20 U.S.C. Section 1412(a)(18), to use for that school year an amount of funds described by Subsection (a) equal to the amount of withheld funds in the same manner and for the same purposes as the withheld funds would have been provided.

(e) Requires the commissioner, after the commissioner has replaced any withheld federal funds as provided by Subsection (d), to distribute the remaining amount, if any, of funds described by Subsection (a) to proportionately increase funding for the special education allotment under Section 48.102.

(f) Authorizes the commissioner, in complying with Subsection (d), to implement any program necessary to ensure the use of funds in accordance with that subsection.

Sec. 48.280. CLASSROOM TEACHER AND LIBRARIAN ALLOTMENT. (a) Defines "A," "E," "CYADA," and "BYADA" for purposes of formula for calculating a certain school district allotment.

(b) Entitles a school district, except as provided by Subsection (c), to receive an annual allotment in an amount equal to the lesser of certain amounts based on the funding formula.

(c) Provides that, for a school district or open-enrollment charter school that provided social security coverage, as defined by Section 606.001 (Definitions), Government Code, for district or school employees for whom the district or school receives funding under this section before January 1, 2019, each reference to a value of 1.108 under Subsection (b) is replaced with the value of 1.17.

(d) Requires a school district or open-enrollment charter school to use the amount received under this section for classroom teacher and full-time librarian salaries and benefits.

SECTION 1.042. Amends Chapter 48, Education Code, as added by this Act, by adding Subchapter G and adding a heading to that subchapter to read as follows:

SUBCHAPTER G. MISCELLANEOUS PROVISIONS

SECTION 1.043. Transfers Section 42.4101, Education Code, to Subchapter G, Chapter 48, Education Code, as added by this Act, redesignates it as Section 48.301, Education Code, and amends it as follows:

Sec. 48.301. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH STUDENTS USING PUBLIC EDUCATION GRANTS. (a) and (b) Makes no further changes to these subsections.

Deletes Subsection (c) and existing text providing that, if a district to which this section applies is entitled to the maximum amount of assistance under Section 42.406, the maximum is increased by the amount of additional assistance to which the district is entitled under this section.

SECTION 1.044. Amends Subtitle I, Title 2, Education Code by adding Chapter 49 and adding a heading to that chapter to read as follows:

CHAPTER 49. OPTIONS FOR LOCAL REVENUE LEVELS IN EXCESS OF ENTITLEMENT

SECTION 1.045. Amends Chapter 49, Education Code, as added by this Act, by adding Subchapter A and adding a heading to that subchapter to read as follows:

SUBCHAPTER A. GENERAL PROVISIONS

SECTION 1.046. Transfers Sections 41.001, 41.003, 41.0031, 41.004, 41.005, 41.006, 41.007, 41.008, 41.009, 41.010, 41.011, 41.012, and 41.013, Education Code, to Subchapter A, Chapter 49, Education Code, as added by this Act, redesignates them as Sections 49.001, 49.002, 49.003, 49.004, 49.005, 49.006, 49.007, 49.008, 49.009, 49.010, 49.011, 49.012, and 49.013, Education Code, and amends them as follows:

Sec. 49.001. DEFINITIONS. (1) Defines "local revenue level in excess of entitlement" as local revenue levels that exceed the levels provided by Section 48.257, rather than defining "local revenue equalized wealth level" as the wealth per student provided by Section 41.002 (Equalized Wealth Level).

(2) Deletes existing text defining "wealth per student." Creates this subsection from existing text and makes a conforming change.

(3) Deletes this subdivision designation.

Sec. 49.002. New heading: OPTIONS TO REDUCE LOCAL REVENUE LEVEL. Authorizes a district with a local revenue level in excess of entitlement to take any combination of certain actions to reduce the district's revenue level, rather than authorizing a district with a wealth per student that exceeds the equalized wealth level to take any combination of certain actions to achieve the equalized wealth level.

Sec. 49.003. New heading: INCLUSION OF ATTENDANCE CREDIT AND NONRESIDENTS IN WEIGHTED AVERAGE DAILY ATTENDANCE. Makes nonsubstantive changes and requires the commissioner, in determining whether a school district has a local revenue level in excess of entitlement, rather than has a wealth per student less than or equal to the equalized wealth level, to use certain figures.

Sec. 49.004. New heading: ANNUAL REVIEW OF LOCAL REVENUES. (a) Requires the commissioner, not later than July 15 of each year, using the estimate of enrollment and taxable property value under Section 48.269, to review the local revenue level of school districts in the state, rather than using the estimate of enrollment under Section 42.254, to review the wealth per student of school districts in the state, and to notify:

(1) makes a conforming change to this subdivision; and

(2) and (3) makes no further changes to these subdivisions.

(b) and (c) Makes conforming changes to these subsections.

(d) Makes no further changes to this subsection.

Sec. 49.005. COMPTROLLER AND APPRAISAL DISTRICT COOPERATION. Makes no further changes to this section.

Sec. 49.006. RULES. Makes conforming changes to this section.

Sec. 49.007. COMMISSIONER TO APPROVE SUBSEQUENT BOUNDARY CHANGES. Makes conforming changes to this section.

Sec. 49.008. HOMESTEAD EXEMPTIONS. Makes no further changes to this section.

Sec. 49.009. TAX ABATEMENTS. Makes a conforming change to this section.

Sec. 49.010. TAX INCREMENT OBLIGATIONS. Makes no further changes to this section.

Sec. 49.011. CONTINGENCY. (a) and (b) Makes conforming changes to these subsections.

(c) Makes conforming changes to this subsection and requires the commissioner to order the release of certain funds immediately on the commissioner's determination that, through one of the means provided by law, the district has reduced the district's local revenue level in excess of entitlement to the level established under Section 48.257, rather than has achieved the equalized wealth level.

Sec. 49.012. DATE OF ELECTIONS. Makes no further changes to this section.

Sec. 49.013. PROCEDURE. Makes no further changes to this section.

SECTION 1.047. Transfers Subchapter B, Chapter 41, Education Code, to Chapter 49, Education Code, as added by this Act, redesignates it as Subchapter B, Chapter 49, Education Code, and amends it as follows:

SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

Sec. 49.051. AGREEMENT. Authorizes the governing boards of any two or more school districts to consolidate the districts by agreement in accordance with this subchapter to establish a consolidated district with a local revenue level equal to or less than the level established under Section 48.257, rather than establish a consolidated district with a wealth per student equal to or less than the equalized wealth level.

Sec. 49.052. GOVERNING LAW. Makes no further changes to this section.

Sec. 49.053. GOVERNANCE PLAN. Makes no further changes to this section.

Sec. 49.054. INCENTIVE AID. (a) Requires the commissioner, for the first and second school years after creation of a consolidated district under this subchapter, to adjust allotments to the consolidated district to the extent necessary to preserve the effects of an adjustment under Section 48.052, rather than under Section 42.102, 42.103, or 42.105, to which either of the consolidating districts would have been entitled but for the consolidation.

(b) Makes no further changes to this subsection.

(c) Makes a conforming change to this subsection.

SECTION 1.048. Transfers Subchapter C, Chapter 41, Education Code, to Chapter 49, Education Code, as added by this Act, redesignates it as Subchapter C, Chapter 49, Education Code, and amends it as follows:

SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

Sec. 49.101. AGREEMENT. (a) Authorizes territory to be detached from one of the districts and annexed to the other district, by agreement of the governing boards of two school districts, if, after the action:

(1) makes conforming changes to this subdivision; and

(2) the local revenue level of the district to which territory is annexed is not greater than the dollar amount guaranteed level of funds provided under Section 48.202(a-1)(2), rather than the wealth per student of the

district to which territory is annexed is not greater than the greatest level for which funds are provided under Subchapter F, Chapter 42.

(b) Makes conforming changes to this subsection.

Sec. 49.102–49.105 Makes no further changes to these sections.

SECTION 1.049. Amends Chapter 49, Education Code, as added by this Act, by adding Subchapter D and adding a heading to that subchapter to read as follows:

SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

SECTION 1.050. Transfers Sections 41.091, 41.092, 41.093, 41.094, 41.095, 41.096, 41.097, and 41.099, Education Code, to Subchapter D, Chapter 49, Education Code, as added by this Act, redesignates them as Sections 49.151, 49.152, 49.153, 49.154, 49.155, 49.156, 49.157, and 49.158, Education Code, and amends them as follows:

Sec. 49.151. AGREEMENT. Authorizes a school district with a local revenue level in excess of entitlement to execute an agreement with the commissioner to purchase attendance credit in an amount sufficient, in combination with any other actions taken under this chapter, to reduce the district's local revenue level to a level that is equal to or less than the level established under Section 48.257, rather than authorizing a school district with a wealth per student that exceeds the equalized wealth level to execute an agreement with the commissioner to purchase attendance credits in an amount sufficient, in combination with any other actions taken under this chapter, to reduce the district's wealth per student to a level that is equal to or less than the equalized wealth level.

Sec. 49.152. CREDIT. Creates this section from existing text. Provides that the amount of credit purchased decreases the dollar amount of a district's local revenue level for purposes of determining whether the district exceeds the level established under Section 48.257, rather than providing that for each credit purchased, the weighted average daily attendance of the purchasing school district is increased by one student in weighted average daily attendance for purposes of determining whether the district exceeds the equalized wealth level. Deletes designation of Subsection (a).

Deletes Subsection (b) and existing text providing that a credit is not used in determining a school district's scholastic population, average daily attendance, or weighted average daily attendance for purposes of Chapter 42 or 43.

Sec. 49.153. COST. (a) Creates this subsection from existing text. Provides that the total cost of credit is the amount of the district's maintenance and operations tax revenue that exceeds the level established under Section 48.257, rather than providing that, subject to Subsection (b-1), the cost of each credit is an amount equal to the greater of the amount of the district's maintenance and operations tax revenue per student in weighted average daily attendance for the school year for which the contract is executed or a certain other amount.

Deletes designation of Subdivision (1).

Deletes Subdivision (2) and existing text relating to the amount of the statewide district average of maintenance and operations tax revenue per student in weighted average daily attendance for the school year preceding the school year for which the contract is executed.

(b) Makes no further changes to this subsection.

Deletes Subsection (b-1) and existing text relating to requiring the commissioner to exclude the maintenance and operations tax revenue resulting from a certain tax rate under certain circumstances.

(c) Makes a nonsubstantive change to this subsection.

Sec. 49.154. PAYMENT. (a) Requires a school district to pay for credit, rather than credits, purchased in a certain manner.

(b) Makes no further changes to this subsection.

Sec. 49.155. DURATION. Makes a conforming change to this section.

Sec. 49.156. VOTER APPROVAL. Makes a nonsubstantive change to this section.

Sec. 49.157. CREDIT FOR APPRAISAL COSTS. Creates this section from existing text and makes conforming and nonsubstantive changes. Deletes designation of Subsection (a).

Deletes Subsection (b) and existing text relating to entitling a school district to a certain tax reduction.

Sec. 49.158. LIMITATION. (a) Makes conforming changes and provides that Sections 49.154 and 49.157, rather than Sections 41.002(e), 41.094, 41.097, and 41.098, apply only to a district that meets certain criteria.

(b) Makes no further changes to this subsection.

SECTION 1.051. Amends Chapter 49, Education Code, as added by this Act, by adding Subchapter E and adding a heading to that subchapter to read as follows:

SUBCHAPTER E. EDUCATION OF NONRESIDENT STUDENTS

SECTION 1.052. Transfers Sections 41.121, 41.122, and 41.123, Education Code, to Subchapter E, Chapter 49, Education Code, as added by this Act, redesignates them as Sections 49.201, 49.202, and 49.203, Education Code, and amends them as follows:

Sec. 49.201. AGREEMENT. Creates this section from existing text. Deletes designation of Subsection (a). Authorizes the board of trustees of a district with a local revenue level in excess of entitlement to execute an agreement to educate the students of another district in a number that, when the weighted average daily attendance of the students served is added to the weighted average daily attendance of the contracting district, is sufficient, in combination with any other actions taken under this chapter, to reduce the district's local revenue level to a level that is equal to or less than the level established under Section 48.257, rather than authorizing the board of trustees of a district with a wealth per student that exceeds the equalized wealth level to execute such an agreement to reduce the district's wealth per student to a level that is equal to or less than the equalized wealth level. Makes conforming changes.

Sec. 49.202. VOTER APPROVAL. Makes a conforming change to this section.

Sec. 49.203. WADA COUNT. Makes conforming changes to this section.

SECTION 1.053. Reenacts Section 41.124, Education Code, as amended by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the 85th Legislature, Regular Session, 2017, transfers it to Subchapter E, Chapter 49, Education Code, as added by this Act, redesignates it as Section 49.204, Education Code, and amends it as follows:

Sec. 49.204. TRANSFERS. (a) Makes conforming changes to this subsection.

(b) Creates this subsection from existing text and makes conforming changes to this subsection. Deletes existing text relating to authorizing a school district with a wealth per student that exceeds the equalized wealth level that pays tuition to

another school district for the education of students that reside in the district to apply such tuition to reduce its wealth per student.

(c) Deletes this subsection designation.

SECTION 1.054. Transfers Section 41.125, Education Code, to Subchapter E, Chapter 49, Education Code, as added by this Act, redesignates it as Section 49.205, Education Code, and amends it to make conforming and nonsubstantive changes.

SECTION 1.055. Transfers Subchapter F, Chapter 41, Education Code, to Chapter 49, Education Code, as added by this Act, redesignates it as Subchapter F, Chapter 49, Education Code, and amends it as follows:

SUBCHAPTER F. TAX BASE CONSOLIDATION

Sec. 49.251. AGREEMENT. Makes conforming changes to this section.

Sec. 49.252–49.258. Makes no further changes to these sections.

Sec. 49.259 TAXES OF COMPONENT DISTRICTS. Makes conforming changes to this section.

Sec. 49.260 OPTIONAL TOTAL TAX BASE CONSOLIDATION. Makes conforming changes to this section.

SECTION 1.056. Transfers Subchapter G, Chapter 41, Education Code, to Chapter 49, Education Code, as added by this Act, redesignates it as Subchapter G, Chapter 49, Education Code, and amends it as follows:

SUBCHAPTER G. DETACHMENT AND ANNEXATION BY COMMISSIONER

Sec. 49.301–49.304. Makes no further changes to these sections.

Sec. 49.305. DETACHMENT OF PROPERTY. (a) Makes a conforming change to this subsection.

(b) Makes conforming changes to this subsection.

(c) Provides that the commissioner, if the detachment of whole parcels or items of property as provided by Subsection (a) (relating to requiring the commissioner to detach certain property from certain districts) would result in a district's local revenue level that is less than the level established under Section 48.257 by more than the product of \$10,000 multiplied by weighted average daily attendance, is prohibited from detaching the last parcel or item of property and is required to detach the next one or more parcels or items of property in descending order of taxable value that would result in the school district having a local revenue level that is equal to or less than the level established under Section 48.257 by not more than the product of \$10,000 multiplied by weighted average daily attendance, rather than providing that the commissioner, if the detachment of whole parcels or items of property, as provided by Subsection (a) would result in a district's wealth per student that is less than the equalized wealth level by more than \$10,000, is prohibited from detaching the last parcel or item of property and is required to detach the next one or more parcels or items of property in descending order of taxable value that would result in the school district having a wealth per student that is equal to or less than the equalized wealth level by not more than \$10,000.

(d) Authorizes the commissioner, notwithstanding Subsections (a), (b), and (c), to detach only a portion of a parcel or item of property if:

(1) it is not possible under this subchapter to reduce the district's local revenue level to a level that is equal to or less than the level established under Section 48.257 unless some or all of the parcel or item of property is detached and the detachment of the whole parcel or item would result in the district from which it is detached having a local revenue level that is less than the level established under Section 48.257 by more than the product of \$10,000 multiplied by weighted average daily attendance, rather than it is not possible to reduce the district's wealth per student to a level that is equal to or less than the equalized wealth level under this subchapter unless some or all of the parcel or item of property is detached and the detachment of the whole parcel or item would result in the district from which it is detached having a wealth per student that is less than the equalized wealth level by more than \$10,000; or

(2) makes no further changes to this subdivision.

Sec. 49.306. ANNEXATION OF PROPERTY. (a) Makes a conforming change. Provides that a school district is eligible for annexation of property to it under this subchapter only if, before any detachments or annexations are made in a year, the district's taxable value of property does not exceed the value necessary to generate maintenance and operations tax revenue in the amount equal to the district's entitlement under Section 48.202(a-1)(2), rather than only if, before any detachments or annexations are made in a year, the district's wealth per student is less than the greatest level for which funds are provided under Subchapter F, Chapter 42.

(b) Makes no further changes to this subsection.

(c) Makes conforming changes to this subsection.

(d) and (e) Makes no further changes to these subsections.

(f) and (g) Makes conforming changes to these subsections.

(h) Makes no further changes to this subsection.

(i) Makes conforming changes and authorizes the commissioner to order the annexation of a portion of a parcel or item of property, including certain property, if certain conditions are met.

(j) Makes conforming changes to this subsection.

(k) Makes no further changes to this subsection.

Sec. 49.307–49.310. Makes no further changes to these sections.

Sec. 49.311. STUDENT ATTENDANCE. Makes a conforming change to this section.

Sec. 49.312. (BOND TAXES) and 49.313 (DETERMINATION BY COMMISSIONER FINAL). Makes no further changes to these sections.

SECTION 1.057. Transfers Subchapter H, Chapter 41, Education Code, to Chapter 49, Education Code, as added by this Act, redesignates it as Subchapter H, Chapter 49, Education Code, and amends it as follows:

SUBCHAPTER H. CONSOLIDATION BY COMMISSIONER

Sec. 49.351. COMMISSIONER ORDER. Makes a conforming change to this section.

Sec. 49.352. SELECTION CRITERIA. (a) Makes conforming changes. Requires the commissioner, in achieving a certain result, to give priority to school districts in the following order:

(1) first, to the contiguous district that has the lowest local revenue level, rather than the lowest wealth per student, and is located in the same county;

(2) second, to the district that has the lowest local revenue level, rather than the lowest wealth per student, and is located in the same county;

(3) third, to a contiguous district with a local revenue level below the level established under Section 48.257, rather than with a property wealth below the equalized wealth level, that has requested the commissioner that it be considered in a consolidation plan;

(4) fourth, to include as few districts as possible that have the lowest local revenue levels below the level established under Section 48.257, rather than include as few districts as possible that fall below the equalized wealth level, within the consolidation order that have not requested the commissioner to be included;

(5) fifth, to the district that has the lowest local revenue level, rather than the lowest wealth per student, and is located in the same regional education service center area; and

(6) sixth, to a district that has a tax rate similar to that of the district that has a local revenue level greater than the level established under Section 48.257, rather than to a district that has a tax rate similar to that of the district that has a property wealth greater than the equalized wealth level.

(b) Prohibits the commissioner from selecting a district that has been created as a result of consolidation by agreement under Subchapter B to be consolidated under this subchapter with a district that has a local revenue level greater than the level established under Section 48.257, rather than a district that has a property wealth greater than the equalized wealth level.

(c) Makes conforming changes to this subsection.

Sec. 49.353–49.356. Makes no further changes to these sections.

Sec. 49.357. New heading: APPLICATION OF SPARSE ADJUSTMENT AND SMALL AND TRANSPORTATION ALLOTMENTS. Makes conforming changes to this section.

SECTION 1.058. Amends Sections 825.405(a), (b), (e), and (f), Government Code, as follows:

(a) Makes a nonsubstantive change and deletes existing text relating to requiring an employing district to pay the state's contribution on the portion of the member's salary that exceeds the statutory minimum salary. Requires an employing school district or an open-enrollment charter school, as applicable, to pay the state's contribution on the portion of a member's salary that exceeds the statutory minimum salary for members:

(1) creates this subdivision from existing text and makes no further changes;

(2) creates this subdivision from existing text and makes nonsubstantive changes; and

(3) who would be entitled to the minimum salary for certain school personnel under Section 21.402 (Minimum Salary Schedule For Certain Professional Staff),

Education Code, if the member was employed by a school district subject to that section instead of being employed by:

(A) an open-enrollment charter school; or

(B) a school district that has adopted a local innovation plan under Chapter 12A (Districts of Innovation), Education Code, that exempts the district's employees from the minimum salary schedule under that section.

(b) Makes nonsubstantive changes throughout this subsection and provides that, for purposes of this section, the statutory minimum salary for a member described by:

(1) Subsection (a)(1) is the salary provided by Section 21.402, Education Code, rather than the statutory minimum salary for certain school personnel under Section 21.402, Education Code, is the salary provided by that section multiplied by the cost of education adjustment applicable under Section 42.102 (Cost of Education Adjustment), Education Code, to the district in which the member is employed;

(2) Subsection (a)(2) is a minimum salary computed in the same manner as the minimum salary for certain school personnel under Section 21.402, Education Code, rather than the statutory minimum salary for members who would have been entitled to the minimum salary for certain school personnel under former Section 16.056, Education Code, as that section existed on January 1, 1995, is a minimum salary computed in the same manner as the minimum salary for certain school personnel under Section 21.402, Education Code, multiplied by a certain adjustment; and

(3) Subsection (a)(3) is the minimum salary the member would have been entitled to if the member was subject to Section 21.402, Education Code. Deletes existing text.

(e) Requires the Teacher Retirement System of Texas, at the end of each school year, to certify to the commissioner:

(1) the names of any employers, rather than employing districts, that have failed to remit, within the period required by Section 825.408 (Interest on Contributions and Fees; Deposits in Trust), all contributions required under this section for the school year; and

(2) makes no changes to this subdivision.

(f) Makes a conforming change to this subsection.

SECTION 1.059. Amends Section 26.08, Tax Code, by amending Subsections (a), (b), (i), and (n) and adding Subsection (a-1), as follows:

(a) Creates Subsection (a-1) from existing text of this subsection and makes no further changes.

(a-1) Provides that a tax rate adopted under this subsection applies only in the year for which the rate is adopted. Prohibits the amount by which that rate exceeds the district's rollback tax rate for that tax year, if a district adopts a tax rate under this subsection, from being considered when calculating the district's rollback tax rate for the tax year following the year in which the district adopts the rate.

(b) Requires the governing body to order that the election be held in the school district on the next uniform election date prescribed by Section 41.001 (Uniform Election Dates), Election Code, that occurs after the date of the election order and that allows sufficient time to comply with the requirements of other law, rather than on a date not less than 30

or more than 90 days after the day on which it adopted the tax rate. Modifies the required language on the ballot for such an election. Deletes existing text providing that Section 41.001, Election Code, does not apply to the election unless a date specified by that section falls within the time permitted by this section.

(i) Defines "enrichment tax rate." Deletes existing text relating to the effective maintenance and operations tax rate of a school district for purposes of this section.

(n) Makes conforming and nonsubstantive changes throughout this subsection. Provides that, for purposes of this section, the rollback tax rate of a school district, rather than the rollback tax rate of a school district whose maintenance and operations tax rate for the 2005 tax year was \$1.50 or less per \$100 of taxable value, is:

(1) for the 2019 tax year, rather than the 2006 tax year, the sum of the following:

(A) creates this paragraph from existing text and includes the rate per \$100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 48.255, Education Code, for the 2019 tax year and \$1.00, rather than the rate that is equal to 88.67 percent of the maintenance and operations tax rate adopted by the district for the 2005 tax year, the rate of \$0.04 per \$100 of taxable value, and the district's current debt rate;

(B) the greater of:

(i) the district's maintenance and operations tax rate for the 2018 tax year, less the sum of \$1.00 and any amount by which the district is required to reduce the district's enrichment tax rate under Section 48.202(f), Education Code, in the 2019 tax year; or

(ii) the rate of \$0.04 per \$100 of taxable value; and

(C) creates this paragraph from existing text and includes the district's current debt rate; and

(2) for the 2020 and subsequent tax years, the sum of the following, rather than for the 2007 and subsequent tax years, the lesser of the following:

(A) deletes existing text relating to the sum of certain figures. Includes the rate per \$100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 48.255, Education Code, for the current year and \$1.00, rather than and \$1.50;

(B) deletes existing text relating to the sum of certain tax rates. Includes the greater of:

(i) the district's enrichment tax rate for the preceding tax year, less any amount by which the district is required to reduce the district's enrichment tax rate under Section 48.202(f), Education Code, in the current tax year; or

(ii) makes a nonsubstantive change to this subparagraph; and

(iii) deletes this subparagraph and existing text relating to the rate that is equal to the sum of the differences for the 2006 and each subsequent tax year between the adopted tax rate of the district for that year if the rate was approved at an election under this section and the rollback tax rate of the district for that year; and

(iv) deletes this subparagraph designation; and

(C) the district's current debt rate.

ARTICLE 2. PUBLIC EDUCATION

SECTION 2.001. Amends Chapter 4, Education Code, by adding Section 4.003, as follows:

Sec. 4.003. 60x30TX GOALS. Provides that, to further the state's master plan developed under Section 61.051 (Coordination of Institutions of Public Higher Education) for at least 60 percent of all adults aged 25 to 34 in this state to achieve a postsecondary degree or workforce credential by 2030, the following goals are established:

(1) at least 60 percent of all public school students in each demographic category considered under Section 39.053(c)(3) (relating to disaggregation of data of students from different racial and ethnic groups, socioeconomic backgrounds, and certain other factors) are required to perform satisfactorily on a third grade reading assessment instrument described by Section 48.109(b) by 2030; and

(2) at least 60 percent of all public school students in each demographic category considered under Section 39.053(c)(3) who graduate high school are required to meet college, career, and military readiness standards as provided by Section 48.110(e) by 2030.

SECTION 2.002. Amends Section 7.028(a), Education Code, as follows:

(a) Deletes existing text authorizing TEA, with certain exceptions, to monitor the use of funds provided for certain programs under Subchapter C, Chapter 42. Authorizes TEA, with certain exceptions, to monitor compliance with requirements applicable to certain processes or programs provided by certain entities only as necessary to ensure:

(1) makes no further changes to this subdivision;

(2) and (3) makes nonsubstantive changes to these subdivisions; and

(4) qualification for funding under Chapter 48.

SECTION 2.003. Amends Subchapter B, Chapter 7, Education Code, by adding Sections 7.038 and 7.039, as follows:

Sec. 7.038. 60x30TX PROGRESS REPORT. (a) Requires TEA and THECB jointly, not later than December 1 of each even-numbered year, to prepare and submit to the governor, the lieutenant governor, the speaker of the house of representatives, and the standing legislative committees with primary jurisdiction over public education a report assessing the state's progress toward achieving the 60x30TX goals established under Section 4.003.

(b) Requires the report to be combined with THECB's report on the state's master plan for higher education required under Section 61.051(a-3) (relating to collecting, aggregating, analyzing, and making accessible certain data on higher education to support policy recommendations) and analyze progress made toward the 60x30TX goals disaggregated by each demographic category considered under Section 39.053(c)(3).

Sec. 7.039. POSTSECONDARY OUTCOMES REPORTING. Requires TEA, to track progress toward the 60x30TX goals established under Section 4.003, to:

(1) maintain an online reporting system regarding the postsecondary outcomes of students enrolled in each school district or open-enrollment charter school and each public high school; and

- (2) collect data as necessary to maintain the reporting system under Subdivision (1).

SECTION 2.004. Amends Subchapter C, Chapter 7, Education Code, by adding Section 7.070, as follows:

Sec. 7.070. COORDINATION OF DATA COLLECTION. Authorizes the commissioner to enter into agreements with appropriate entities as necessary to provide for the collection of data regarding college, career, and military readiness of public school students, including data maintained by:

- (1) governmental agencies of the United States, this state, or another state;
- (2) political subdivisions of this state or another state;
- (3) public or private institutions of higher education; and
- (4) relevant private organizations.

SECTION 2.005. Amends Subchapter D, Chapter 11, Education Code, by adding Section 11.185, as follows:

Sec. 11.185. 60x30TX DISTRICT GOALS. (a) Requires the board of trustees of a school district (board of trustees), to support the achievement of the 60x30TX goals established under Section 4.003, to develop at least three student outcome goals, with five-year performance targets for each goal. Requires at least one goal to support early childhood literacy.

(b) Requires the board of trustees to regularly monitor the district's progress toward each goal developed under Subsection (a), including progress toward each goal developed under Subsection (a), including progress toward those goals by students in each demographic category considered under Section 39.053(c)(3).

(c) Requires each school district, not later than September 1 of each year, to post on the district's Internet website a report assessing the progress of the district and each campus in the district toward achieving the goals developed under Subsection (a).

SECTION 2.006. Amends Subchapter F, Chapter 11, Education Code, by adding Section 11.256, as follows:

Sec. 11.256. EARLY CHILDHOOD LITERACY PLAN. (a) Requires each school district, to support achieving the student outcome goal or goals regarding early childhood literacy developed under Section 11.185, to adopt and post on the district's Internet website an early childhood literacy plan.

(b) Requires the plan adopted under Subsection (a) to:

- (1) provide for the use of a phonics curriculum that uses systematic direct instruction in kindergarten through third grade to ensure all students obtain necessary early literacy skills;
- (2) identify the reading instruments used to diagnose student reading development and comprehension in prekindergarten through third grade, including the purpose of each instrument and the frequency of its use;
- (3) provide for targeted professional development for classroom teachers in kindergarten or first, second, or third grade that focuses on scientifically supported reading instructional practices and the effective use of reading

instruments intended to diagnose reading development and comprehension;

(4) assign at least one district-level administrator or employee of the regional education service center for the district's region to:

(A) coordinate implementation of the plan; and

(B) submit a quarterly report to the board of trustees on the district's progress toward the student outcome goal or goals regarding early childhood literacy developed under Section 11.185, including aggregated results on reading instruments administered in prekindergarten through third grade during that quarter; and

(5) be reviewed annually by the board of trustees at a public meeting.

(c) Requires a school district to post the quarterly report described by Subsection (b)(4)(B) on the district's Internet website.

(d) Requires TEA to assist school districts as necessary to ensure compliance with this section.

SECTION 2.007. Amends Section 12A.003(b), Education Code, to require a local innovation plan to provide for a comprehensive educational program for the district, which program is authorized to include certain methods, including modifications to the school day or year except as provided by Section 12A.004(a), rather than modifications to the school day or year.

SECTION 2.008. Amends Section 12A.004(a), Education Code, to make nonsubstantive changes and to prohibit a local innovation plan from providing for the exemption of a district designated as a district of innovation from certain provisions of this title, including the first day of instruction requirements under Section 25.0811(a)(3).

SECTION 2.009. Amends Subchapter B, Chapter 21, Education Code, by adding Sections 21.063 and 21.064, as follows:

Sec. 21.063. TEACHER DESIGNATIONS ON CERTIFICATE. (a) Requires the State Board for Educator Certification (SBEC) to place the appropriate designation issued to a teacher under Subchapter P on the teacher's certificate as soon as practicable after being notified by TEA of the issuance of the designation.

(b) Requires SBEC to remove a designation under Subchapter P from a teacher's certificate on expiration of the designation, unless TEA notifies SBEC that the designation has been renewed, or on revocation of the designation under Section 21.755(d).

Sec. 21.064. LEGACY MASTER TEACHER CERTIFICATIONS. (a) Requires SBEC to recognize a master teacher certificate issued under former Section 21.0481 (Master Reading Teacher Certification), 21.0482 (Master Mathematics Teacher Certification), 21.0483 (Master Technology Teacher Certification), or 21.0484 (Master Science Teacher Certification) until the certificate expires. Requires SBEC to note a designation of "legacy" on the certificate.

(b) Provides that a master teacher certificate described by Subsection (a) is not eligible for funding under the teacher incentive allotment under Section 48.112.

SECTION 2.010. Amends Sections 21.351(a) and (c), Education Code, as follows:

(a) Makes nonsubstantive changes to this subsection.

(c) Prohibits an appraiser who is a classroom teacher from appraising the performance of another classroom teacher who teaches at the same school campus at which the appraiser teaches, unless certain criteria are met, including that the appraiser is in a supervisory role.

SECTION 2.011. Amends Section 21.352(c), Education Code, to require teacher appraisal, except as otherwise provided by this subsection, to be done at least once for each school year, rather than at least once during each school year.

SECTION 2.012. Amends Section 21.355(d), Education Code, as follows:

(d) Requires a school district or open-enrollment charter school to give TEA information regarding the performance of a teacher or administrator, including a document evaluating the performance of a teacher or administrator currently or previously employed by the district or school, rather than authorizing a school district or open-enrollment charter school to give TEA a document evaluating the performance of a teacher or administrator employed by the district or school for purposes of an investigation conducted by TEA.

SECTION 2.013. Amends Subchapter I, Chapter 21, Education Code, by adding Section 21.4023, as follows:

Sec. 21.4023. CLASSROOM TEACHER AND LIBRARIAN SALARY INCREASE. (a) Entitles a classroom teacher or full-time librarian employed by a school district or open-enrollment charter school in the 2019–2020 school year, as long as the teacher or librarian is employed by the same district or school, to a salary that is at least equal to the salary the teacher or librarian received for the 2019–2020 school year.

(a-1) Requires a school district or open-enrollment charter school, for the 2019–2020 school year, to increase the salary of each classroom teacher and full-time librarian employed by the district or school in the 2018–2019 school year by at least \$5,000. Provides that this subsection expires September 1, 2020.

(b) Authorizes the commissioner to adopt rules as necessary to implement this section.

SECTION 2.014. Amends Section 21.410(c), Education Code, to require the commissioner to annually identify each high-need campus in a school district using criteria established by the commissioner by rule, including performance on the language arts, rather than the reading, assessment instrument administered under Section 39.023.

SECTION 2.015. Amends Section 21.4551(c), Education Code, to make a conforming change.

SECTION 2.016. Amends Chapter 21, Education Code, by adding Subchapter P, as follows:

SUBCHAPTER P. RECOGNIZED, EXEMPLARY, AND MASTER TEACHER DESIGNATIONS

Sec. 21.751. DEFINITION. Defines "classroom teacher."

Sec. 21.752. RECOGNIZED, EXEMPLARY, AND MASTER TEACHER DESIGNATIONS. (a) Requires the commissioner, to recognize the performance of teachers in this state, to:

(1) establish an approval process for school districts and open-enrollment charter schools to designate a teacher as a recognized, exemplary, or master teacher and include the designation on the teacher's teaching certificate;

(2) develop and provide technical assistance for school districts and open-enrollment charter schools in making teacher designations, including

methods to involve staff in locally developing the process for designating teachers under this subchapter and assistance focusing on problems faced by rural school districts; and

(3) subject to Subsection (b), authorize school districts and open-enrollment charter schools to make teacher designations for a five-year period, provided that the district's or school's teacher designation system meets the requirements under Section 21.754.

(b) Requires the commissioner to verify that the appraisals of a representative sample of classroom teachers meet the requirements for teacher designations under this subchapter. Authorizes verification to include on-site classroom observations or observations by video or audio recording of classroom sessions.

(c) Prohibits the commissioner from relying solely on student performance on an assessment instrument administered under Section 39.023 in determining whether a school district's or open-enrollment charter school's teacher designation system complies with this subchapter.

Sec. 21.753. ELIGIBILITY CRITERIA FOR TEACHER DESIGNATION. (a) Requires a classroom teacher, to be eligible for a teacher designation under this subchapter, to hold an eligible teaching certificate issued under Subchapter B and satisfy any additional requirements adopted by the school district or open-enrollment charter school at which the teacher is employed.

(b) Authorizes a school district or open-enrollment charter school to designate a classroom teacher as recognized if the classroom teacher holds a National Board Certification issued by the National Board for Professional Teaching Standards and meets the other requirements of Subsection (a).

(c) Authorizes the commissioner, except as provided by Subsection (d), to approve a school district or open-enrollment charter school to designate a teacher under this subchapter if the district's or school's designation system under Section 21.754 provides sufficient information to distinguish that among teachers in the state in similar teaching assignments, the teacher is:

(1) for a recognized teacher, in the top 33 percent in teaching performance;

(2) for an exemplary teacher, in the top 20 percent in teaching performance; or

(3) for a master teacher, in the top 5 percent of teaching performance.

(d) Authorizes the commissioner to raise the percentages required under Subsection (c) to ensure consistency of teacher performance standards over multiple school years as statewide performance improves, including for the purpose of teacher designation renewals.

Sec. 21.754. TEACHER DESIGNATION SYSTEMS. (a) Requires a school district's or open-enrollment charter school's teacher designation system to incorporate:

(1) an educator appraisal system that complies with Section 21.351 (Recommended Appraisal Process and Performance Criteria) or 21.352 (Local Role), including incorporating student performance, which is authorized to be measured by student performance over multiple school years;

(2) student perception surveys for the third grade level and higher;

(3) educator leadership, including collaborating with, mentoring, or supporting other teachers;

(4) reliable observation-based appraisal components, including the use of independent observers and processes to ensure inter-rater reliability of observers; and

(5) reliable underlying student assessments used to evaluate student performance, including test security protocols and defined testing windows.

(a-1) Provides that a school district's or open-enrollment charter school's teacher designation system is not required to incorporate the surveys required under Subsection (a)(2) until the 2022–2023 school year. Provides that this subsection expires September 1, 2023.

(b) Prohibits a district's or school's educator appraisal system under Subsection (a)(1) from relying solely on student performance on assessment instruments administered under Section 39.023.

(c) Prohibits the commissioner from authorizing a school district or open-enrollment charter school to make teacher designations under this subchapter until the district's or school's teacher designation system has evaluated classroom teachers in compliance with Subsection (a).

(d) Authorizes the commissioner to develop an auditing process for teacher designation systems to maintain quality and ensure compliance. Authorizes the commissioner to, as necessary:

(1) revoke the commissioner's approval of a designation system;

(2) require modifications to a designation system to retain the commissioner's approval;

(3) suspend eligibility for funding for a district's or school's noncompliance with an audit; or

(4) recover funds under Section 48.272 from a district or school that has a designation system that is out of compliance or for which the commissioner's approval has been revoked.

(e) Authorizes the commissioner to adopt necessary reporting processes and timelines for the auditing process under Subsection (d).

Sec. 21.755. VALIDITY AND EXPIRATION OF TEACHER DESIGNATION. (a) Provides that a teacher designation under this subchapter:

(1) is valid until the teacher designation expires regardless of whether the teacher changes teaching assignment, transfers school campuses, or is employed by another school district or open-enrollment charter school; and

(2) expires at the end of the school year during which the fifth anniversary of the date on which the teacher receives the designation occurs.

(b) Provides that a teacher has no vested property right in a teacher designation assigned to the teacher under this subchapter.

(c) Provides that a teacher designation issued under this subchapter is void on the determination that the designation was issued improperly. Provides that

Subchapters C through H (relating to contested cases), Chapter 2001, Government Code, do not apply to the voiding of a teacher designation under this subsection.

(d) Authorizes SBEC to revoke or suspend a certificate holder's teacher designation issued under this subchapter.

Sec. 21.756. **MULTIPLE DESIGNATIONS PROHIBITED.** Authorizes a teacher to receive only one teacher designation under this subchapter at any time. Provides that if a teacher qualifies for:

(1) both a recognized and exemplary teacher designation, the teacher receives the exemplary designation; and

(2) either a recognized or exemplary designation and a master designation, the teacher receives a master designation.

Sec. 21.757. **INFORMATION RELATING TO TEACHER AND STUDENT PERFORMANCE.** (a) Authorizes TEA, or an entity TEA contracts with to implement this subchapter, to access information required to verify an eligibility determination under this subchapter, including information from the school district or open-enrollment charter school at which the teacher is or was employed relating to the performance of the teacher's current or previous students.

(b) Requires TEA to collect information necessary to implement this subchapter, which may include student performance information for a sample of students across the state and information regarding educator appraisals.

(c) Requires a school district or open-enrollment charter school to provide any information required under this subchapter.

(d) Provides that information otherwise confidential remains confidential and is not subject to Chapter 552, Government Code.

Sec. 21.758. **FEES.** (a) Authorizes the commissioner to adopt fees for the authorization of school districts and open-enrollment charter schools to make teacher designations under this subchapter.

(b) Provides that a fee adopted by TEA under this subchapter is not subject to Sections 2001.0045 (Requirement For Rule Increasing Costs to Regulated Persons) and 2001.0221 (Government Growth Impact Statements), Government Code.

Sec. 21.759. **STUDENT PERFORMANCE STUDY.** (a) Requires the commissioner to periodically conduct a study using an external organization to determine the impact of the teacher designations issued under this subchapter on student performance.

(b) Requires the commissioner to make recommendations as necessary to the governor and the legislature to improve the quality of and impact on student performance of teacher designations issued under this subchapter.

Sec. 21.760. **ADVISORY COMMITTEE OR PANEL.** (a) Authorizes the commissioner to appoint a committee or panel to advise, make recommendations, or make determinations relating to any duties assigned to the commissioner under this subchapter.

(b) Provides that a committee or panel appointed under this section is not subject to Chapter 2110 (State Agency Advisory Committees), Government Code.

Sec. 21.761. **RULES; FINALITY OF DECISIONS.** (a) Authorizes the commissioner to adopt rules to implement this subchapter.

(b) Provides that a decision made by the commissioner under this subchapter is final and is prohibited from being appealed.

SECTION 2.017. Amends Section 25.0811(a), Education Code, as follows:

(a) Authorizes a school district to:

(1) and (2) makes nonsubstantive changes to these subdivisions; or

(3) begin instruction for students for a school year on or after the third Monday in August if the district is designated as a district of innovation under Chapter 12A.

SECTION 2.018. Amends Section 25.085, Education Code by adding Subsection (i) to provide that, notwithstanding any other provision of this section, a student enrolled in a school district is not required to attend school for any additional instructional days described by Section 48.0051.

SECTION 2.019. Amends Section 28.006, Education Code, by amending Subsections (b), (c), (c-1), (d), and (f) and adding Subsections (b-1), (b-2), (c-2), (c-3), and (1) as follows:

(b) Requires the commissioner, for use in diagnosing the reading development and comprehension of kindergarten students, to adopt a multidimensional assessment tool that includes a reading instrument and tests at least three developmental skills, including literacy, rather than include on the commissioner's list at least two multidimensional assessment tools. Deletes existing text requiring a multidimensional assessment tool on the commissioner's list to meet certain criteria. Authorizes a district-level committee established under Subchapter F (District Level and Site-Based Decision-Making), Chapter 11, to adopt a list of reading instruments for use in the district in a grade level other than kindergarten, rather than for use in the district, in addition to the reading instruments on the commissioner's list.

(b-1) Authorizes the commissioner to approve an alternative reading instrument for use in diagnosing the reading development and comprehension of kindergarten students that complies with the requirements under Subsection (b).

(b-2) Authorizes TEA to develop reading instruments for purposes of this section (Reading Diagnosis).

(c) Requires each school district to administer, at the first and second grade levels, rather than at the kindergarten and first and second grade levels, a reading instrument on the list adopted by the commissioner or by the district-level committee.

(c-1) Requires each school district to administer at the beginning of the seventh grade a reading instrument adopted by the commissioner to each student whose performance on a certain assessment instrument in language arts, rather than reading, to the student in grade six did not demonstrate reading proficiency, as determined by the commissioner.

(c-2) Requires each school district to administer at the kindergarten level a reading instrument adopted by the commissioner under Subsection (b) or approved by the commissioner under Subsection (b-1). Requires the district to administer the reading instrument in accordance with the commissioner's recommendations under Subsection (a)(1).

(c-3) Requires the commissioner by rule to determine the performance on the reading instrument adopted under Subsection (b) that indicates kindergarten readiness.

(d) Requires the superintendent of each school district to:

(1) makes no changes to this subdivision;

(2) not later than the 60th day after the date on which a reading instrument was administered report, in writing, to a student's parent or guardian the student's results on the instrument, rather than report in writing to a student's parent or guardian the student's results on the reading instrument; and

(3) makes no changes to this subdivision.

(f) Requires TEA to ensure at least one reading instrument for each grade level for which a reading instrument is required to be administered under this section is available to school districts at no cost. Deletes existing text relating to funding for the reading instruments.

(l) Authorizes the commissioner to adopt rules as necessary to implement this section. Provides that Section 2001.0045, Government Code, does not apply to rules adopted under this subsection.

SECTION 2.020. Amends Section 28.0061(b), Education Code, to provide that a school district is eligible to participate in the reading excellence team pilot program if, as determined by the commissioner, the district has low student performance on certain instruments, including a certain third grade language arts, rather than reading, assessment instrument.

SECTION 2.021. Amends Section 28.0211(a), Education Code, to make conforming changes.

SECTION 2.022. Amends Section 28.025(c), Education Code, as follows:

(c) Authorizes a student, in certain cases, to graduate and receive a diploma only if:

(1) the student successfully completes the curriculum requirements identified by SBOE under Subsection (a) (relating to requiring SBOE by rule to determine curriculum requirements for the foundation high school program that are consistent with a certain other required curriculum) and complies with Sections 28.0256 and 39.025, rather than Section 39.025; or

(2) makes no changes to this subdivision.

SECTION 2.023. Amends Subchapter B, Chapter 28, Education Code, by adding Section 28.0256, as follows:

Sec. 28.0256. FINANCIAL AID APPLICATION REQUIREMENT FOR HIGH SCHOOL GRADUATION. (a) Requires each student, before graduating from high school, to complete and submit a free application for federal student aid (FAFSA) or, if applicable, a Texas application for state financial aid (TASFA).

(b) Provides that a student is not required to comply with Subsection (a) if:

(1) the student's parent or other person standing in parental relation submits a signed form indicating that the parent or other person authorizes the student to decline to complete and submit the financial aid application; or

(2) the student signs and submits the form described by Subdivision (1) on the student's own behalf if the student is 18 years of age or older or the student's disabilities of minority have been removed for general purposes under Chapter 31 (Removal of Disabilities of Minority), Family Code.

(c) Requires TEA, in consultation with THECB, to develop a form to be used by a school district or open-enrollment charter school for purposes of Subsection (b).

SECTION 2.024. Amends Section 29.056(g), Education Code, to make a conforming change to this subsection.

SECTION 2.025. Amends Subchapter B, Chapter 29, Education Code, by adding Section 29.065, as follows:

Sec. 29.065. ASSISTANCE BY AGENCY. Requires TEA to assist school districts and open-enrollment charter schools in establishing bilingual education and special language programs under this chapter (Educational Programs).

SECTION 2.026. Amends Section 29.122, Education Code, as follows:

Sec. 29.122. ESTABLISHMENT. (a) Creates this subsection from existing text and makes no further changes.

(b) Requires each school district to adopt a policy regarding the use of funds to support the district's program for gifted and talented students.

SECTION 2.027. Amends Subchapter D, Chapter 29, Education Code, by adding Section 29.124, as follows:

Sec. 29.124. CERTIFICATION AND REPORTING REQUIRED. (a) Requires each school district to annually certify to the commissioner that the district has established a program for gifted and talented students as required by this subchapter and that the program is consistent with the state plan developed under Section 29.123 (State Plan; Assistance).

(b) Requires the commissioner, if the commissioner determines that a school district has failed to comply with Subsection (a) for a school year, to reduce the total amount of funding to which the district is entitled under Chapter 48 for that school year by an amount equal to the basic allotment multiplied by the product of a certain equation.

(c) Authorizes the commissioner to restore to a school district all or part of the funding withheld from the district's entitlement under Subsection (b) if during the school year the district complies with Subsection (a).

(d) Requires the district, at the same time that the school district makes the certification required under Subsection (a), to report to the commissioner regarding the use of funds on the district's program for gifted and talented students as provided by SBOE rule.

(e) Provides that nothing in this section may be construed as limiting the number of students that a school district may identify as gifted and talented or serve under the district's program for gifted and talented students.

SECTION 2.028. Amends Section 29.153, Education Code, by amending Subsections (b), (c), (d), and (f) and adding Subsections (c-1), (d-1), and (d-2), as follows:

(b) Provides that a child is eligible for enrollment in a prekindergarten class under this section (Free Pre-Kindergarten For Certain Children) if the child is at least three years of age and meets certain other criteria, including that the child is the child of an educator employed by a school district in this state. Makes nonsubstantive changes to this subsection.

(c) Authorizes a prekindergarten class under this section to be operated on a half-day basis for children under four years of age and requires the class to be operated on a full-day basis for children who are at least four years of age, rather than requiring a prekindergarten class under this section to be operated on a half-day basis.

(c-1) Requires a prekindergarten class under this section for children who are at least four years of age to comply with the program standards required for high quality prekindergarten programs under Subchapter E-1.

(d) Requires the commissioner, subject to Subsections (d-1) and (d-2), on application of a district, to exempt a district from the application of all or any part of this section, including all or any part of Subchapter E-1 for a prekindergarten class described by Subsection (c-1), if the commissioner determines that, rather than authorizing the commissioner, on application of a district, to exempt a district from the application of this section if:

(1) creates this subdivision from existing text and makes a nonsubstantive change;
or

(2) implementing any part of this section would result in fewer eligible children being enrolled in a prekindergarten class under this section.

(d-1) Prohibits a district from receiving an exemption under Subsection (d) unless the district has solicited and considered at a public meeting proposals for partnerships with public or private entities regarding prekindergarten classes required under this section. Provides that a decision of the board of trustees regarding a partnership described by this subsection is final.

(d-2) Provides that an exemption under Subsection (d) is prohibited from being granted for a period longer than three school years and is authorized to be renewed only once.

(f) Makes nonsubstantive changes throughout this subsection. Provides that a child who is eligible for enrollment in a prekindergarten class under Subsection (b)(4), (5), or (8) remains eligible for enrollment after the child begins a prekindergarten class if, as applicable, the child's parent, rather than providing that a child who is eligible for enrollment in a prekindergarten class under Subsection (b)(4) or (5) remains eligible for enrollment if the child's parent:

(1) creates this subdivision from existing text and makes no further changes to this subdivision;

(2) creates this subdivision from existing text and makes nonsubstantive changes to this subdivision; or

(3) is no longer employed as an educator by a school district in this state. Deletes existing text relating to eligibility after the child begins a prekindergarten class.

SECTION 2.029. Amends Section 29.1531(a), Education Code, as follows:

(a) Authorizes a school district to offer on a tuition basis or use district funds to provide:

(1) an additional half-day of prekindergarten classes to children who are eligible for classes under Section 29.153 and are under four years of age, rather than to children eligible for classes under Section 29.153; and

(2) makes no changes to this subdivision.

SECTION 2.030. Amends Section 29.1532(c), Education Code, as follows:

(c) Requires a school district that offers prekindergarten classes, rather than offers prekindergarten classes, including a high quality prekindergarten program class under Subchapter E-1, to include the following information in the district's PEIMS report:

(1)–(2) makes no changes to these subdivisions;

(3) the number of half-day prekindergarten classes for which the district has received an exemption from full-day operation under Section 29.153(d);

(4)–(5) redesignates Subdivisions (4)–(5) as Subdivisions (5)–(7) and includes a reference to an instrument under Section 29.169 (Program Evaluation).

SECTION 2.031. Amends Section 29.1543, Education Code, as follows:

Sec. 29.1543. EARLY EDUCATION REPORTS. Requires TEA to produce and make available to the public on TEA's Internet website annual district and campus-level reports containing information from the previous school year on early education in school districts and open-enrollment charter schools. Requires the report under this section to contain:

(1) makes no changes to this subdivision;

(2) a description of the diagnostic reading instruments administered in accordance with Section 28.006(c) (relating to the requirement that each school district administer a certain reading instrument at the kindergarten and first and second grade levels) or (c-2);

(3) makes a conforming change to this subdivision;

(4) makes conforming and nonsubstantive changes to this subdivision;

(5) makes a nonsubstantive change to this subdivision;

(6) the number and percentage of students who perform satisfactorily on the third grade reading or mathematics assessment instrument administered under Section 39.023, disaggregated by whether the student was eligible for free prekindergarten under Section 29.153;

(7) the number of students described by Subdivision (6) who attended kindergarten in the district, disaggregated by:

(A) whether the student met the kindergarten readiness standard on the reading instrument adopted under Section 28.006;

(B) whether the student attended prekindergarten in the district; and

(C) the type of prekindergarten the student attended, if applicable; and

(8) the information described by Subdivisions (6) and (7) disaggregated by whether the student is educationally disadvantaged.

SECTION 2.032. Amends Section 29.162, Education Code, as follows:

Sec 29.162. New heading: RULES. (a) Creates this subsection from existing text and authorizes the commissioner to adopt rules for this subchapter, including rules establishing full-day and half-day minutes of operation requirements as provided by Section 25.081.

(b) Provides that Section 2001.0045, Government Code, does not apply to rules adopted under this section.

SECTION 2.033. Amends the heading to Subchapter E-1, Chapter 29, Education Code, to read as follows:

**SUBCHAPTER E-1. HIGH QUALITY PREKINDERGARTEN PROGRAM
REQUIREMENTS**

SECTION 2.034. Amends Section 29.164, Education Code, to redefine "program."

SECTION 2.035. Amends Section 29.167(a), Education Code, as follows:

(a) Requires a school district to select and implement a curriculum for a prekindergarten program, rather than for a prekindergarten grant program under this subchapter, that meets certain requirements.

SECTION 2.036. Amends Section 29.170(a), Education Code, to require the commissioner to evaluate the use and effectiveness of prekindergarten funding in improving student learning, rather than funding provided under this subchapter in improving student learning.

SECTION 2.037. Amends Section 29.171(a), Education Code, to authorize a school district that offers a prekindergarten program under this subchapter, rather than a school district participating in the grant program under this subchapter, to enter into a contract with an eligible private provider to provide services or equipment for the program.

SECTION 2.038. Amends Section 29.172, Education Code, as follows:

Sec. 29.172. RULES. (a) Creates this subsection from existing text and makes no further changes.

(b) Provides that Section 2001.0045, Government Code, does not apply to rules adopted under this section.

SECTION 2.039. Amends Section 29.190, Education Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Provides that a student is entitled to a subsidy under this section (Subsidy For Certification Examination) if:

(1) makes no changes to this subsection; and

(2) the student passes a certification examination to qualify for a license or certificate that is an industry certification for purposes of Section 39.053(c)(1)(B)(v), administered while the student is enrolled in a school district, rather than the student passes a certification examination to qualify for a license or certificate.

(a-1) Prohibits a student from receiving more than one subsidy under this section.

SECTION 2.040. Amends Section 29.556(b), Education Code, as follows:

(b) Requires the commissioner by rule, from funds appropriated or available, rather than appropriated, for that purpose, to establish a grant program to assist school districts and open-enrollment charter schools in implementing the P-TECH program at certain campuses. Prohibits the commissioner from using more than three percent of the funds used for the grant program to cover the cost of administering the grant program, rather than more than three percent of the funds appropriated for the grant program to cover the cost of administering the grant program and to provide technical assistance and support to P-TECH schools.

SECTION 2.041. Amends Subchapter Z, Chapter 29, Education Code, by adding Section 29.924, as follows:

Sec. 29.924. BLENDED LEARNING GRANT PROGRAM. (a) Defines "blended learning" for purposes of this section.

(b) Requires the commissioner, from funds appropriated or available for purposes of this section, to establish a grant program to assist school districts and open-enrollment charter schools in developing and implementing effective blended learning models, including an innovative mathematics instructional program at a campus designated as a mathematics innovation zone as provided by Section 28.020 (Mathematics Innovation Zones). Requires the commissioner, in awarding grants under the program, to give priority to school districts and open-enrollment charter schools that have the highest enrollment of students who are educationally disadvantaged.

(c) Requires a school district or open-enrollment charter school that receives a grant under this section to:

(1) develop a plan to implement a blended learning model that meets the requirements under Subsection (d);

(2) provide training to teachers and other relevant personnel on effective blended learning practices using a program approved by the commissioner for that purpose;

(3) after completion of the training under Subdivision (2):

(A) certify to TEA that the blended learning model has been implemented; and

(B) immediately following the fourth school year of implementation, submit to TEA a report on student outcomes under the blended learning model; and

(4) provide any other information to TEA as necessary for the implementation of this section.

(d) Requires a plan to implement a blended learning model developed under Subsection (c) to:

(1) during the first year require implementation of the model across an entire grade level at a campus and permit subsequent expansion of the model to additional grade levels at the campus or, if the campus has achieved full implementation of the model across all grade levels, to additional campuses in a manner that provides students a consistent learning experience;

(2) require teachers to personalize instruction for all students in a grade level using the blended learning model, including by:

(A) using curricula and assessments that allow each student to progress at the student's pace based on demonstrated proficiency;

(B) providing learning opportunities that give students, in collaboration with the teacher, control over the time, place, path, and pace of the student's learning; and

(C) allocating a certain amount of instructional preparation time to collaborating with students and developing blended learning lesson plans and activities driven by individual student needs;

(3) provide teachers and other relevant personnel with professional development opportunities regarding blended learning; and

(4) require the use of a proficiency-based assessment to inform instruction and provide teachers with relevant information regarding strengths and gaps in a student's learning and proficiency in the essential knowledge and skills.

(e) Authorizes funds awarded under the grant program to be used only to implement a program under this section and satisfy the requirements under Subsection (c).

(f) Authorizes a school district or open-enrollment charter school to receive a grant under this section for not more than four consecutive school years.

(g) Requires the commissioner to adopt rules as necessary to implement this section, including rules establishing an application and selection process for awarding grants under this section and a list of programs that are authorized to be used for training under Subsection (c)(2). Prohibits the commissioner, in adopting rules under this subsection, from imposing any requirements on a school district's or open-enrollment charter school's plan to implement a blended learning model not listed under Subsection (d).

SECTION 2.042. Amends Section 34.007, Education Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Authorizes a board of county school trustees or a school district board of trustees to establish and operate an economical public school transportation system inside or outside the county or district as necessary to transport students enrolled in a school in the county or in the district along the most efficient routes, rather than establish and operate an economical public school transportation system in the county or district as applicable or outside the county or district, as applicable if the county or school district enters into an interlocal contract as provided by Chapter 791 (Interlocal Cooperation Contracts), Government Code. Makes nonsubstantive changes to this subsection.

Deletes designations of Subdivisions (1) and (2).

(a-1) Requires a county or school district that provides transportation for a student who transferred to a school in the county or to the district under Section 25.035 to enter into an interlocal contract as provided by Chapter 791, Government Code, with the sending county or district to provide transportation for the student.

SECTION 2.043. Amends Section 39.022, Education Code, as follows:

Sec. 39.022. ASSESSMENT PROGRAM. Requires the commissioner, rather than SBOE, by rule to create and implement a certain statewide assessment program. Requires the commissioner, rather than SBOE, after adopting rules under this section, to consider the importance of maintaining stability in the statewide assessment program when adopting any subsequent modification of the rules.

SECTION 2.044. Amends Section 39.023, Education Code, by amending Subsections (a), (a-12), (a-13), (b-1), (c), and (c-3) and adding Subsections (a-3), (a-14), (a-15), (c-7), (c-8), and (o), as follows:

(a) Requires TEA to adopt or develop appropriate criterion-referenced assessment instruments designed to assess essential knowledge and skills in language arts, mathematics, social studies, and science, rather than in reading, writing, mathematics, social studies, and science. Requires all students, except as provided by Subsection (a-2), other than students assessed under certain other methods or exempted under Section 39.027, to be assessed in:

(1) mathematics, annually in grades three through eight, rather than annually in grades three through seven without the aid of technology and in grade eight with the aid of technology on any assessment instrument that includes algebra;

(2) language arts, including reading and writing, annually in grades three through eight, rather than reading annually in grades three through eight;

(3) deletes existing text including assessment instruments in writing, including spelling and grammar, in grades four and seven. Creates this subdivision from existing Subdivision (4) and renumbers subsequent subdivisions accordingly;

(4) and (5) makes no further changes to these subdivisions.

(a-3) Authorizes the commissioner by rule, for purposes of Subsection (a)(1), to designate sections of a mathematics assessment instrument for a grade level that:

(1) are authorized to be completed with the aid of technology; and

(2) are required to be completed without the aid of technology.

(a-12) Requires each assessment instrument, rather than an assessment instrument, adopted or developed under Subsection (a) to be designed so that:

(1) if administered to students in grades three through five, 85 percent of students will be able to complete all assessment instruments for that grade within an aggregate period equal to the number of assessment instruments for that grade multiplied by 120 minutes, rather than complete the assessment instrument within 120 minutes; and

(2) makes conforming changes to this subdivision.

(a-13) Provides that the amount of time allowed for administration of an assessment instrument adopted or developed under Subsection (a) is prohibited from exceeding eight hours, and that the administration is authorized to occur in multiple parts over more than one day, rather than occur on only one day.

(a-14) Provides that Subsections (a-12) and (a-13) do not apply to the administration of assessment instruments for a grade level if the time restriction imposed would result in a determination by the commissioner that an assessment instrument is no longer valid and reliable.

(a-15) Provides that Subsections (a-12) and (a-13) do not apply to a classroom portfolio method used to assess writing performance.

(b-1) Authorizes a classroom portfolio method used to assess writing performance to require a teacher to prepare tasks and materials. Deletes existing text requiring assessment instruments adopted or developed under this subsection to be administered not later than the 2014–2015 school year.

(c) Provides that the Algebra I end-of-course assessment instrument is required to be administered with the aid of technology, but is authorized to include one or more parts that prohibit the use of technology, rather requiring the Algebra I end-of-course assessment instrument to be administered with the aid of technology. Requires the English I and English II end-of-course assessment instruments to each assess essential knowledge and skills in both reading and writing, rather than assess essential knowledge and skills in both reading and writing in the same assessment instrument, and to provide a single score. Requires a school district to comply with commissioner rules, rather than SBOE rules, regarding administration of the assessment instruments listed in this subsection. Requires the commissioner, rather than SBOE, to administer the assessment instruments. Authorizes an end-of-course assessment instrument to be administered in

multiple parts over more than one day. Deletes existing text requiring SBOE to adopt a schedule for the administration of end-of-course assessment instruments that complies with the requirements of Subsection (c-3).

(c-3) Requires the commissioner, except as provided by Subsection (c-7), in adopting a schedule for the administration of assessment instruments under this section, to ensure that assessment instruments administered under Subsection (a) or (c) are not administered on the first instructional day of the week, rather than requiring SBOE, in adopting a schedule for the administration of assessment instruments under this section, to require assessment instruments administered under Subsection (a) to be administered on a certain schedule.

Deletes Subdivisions (1) and (2) and existing text relating to a certain alternative schedule for certain assessment instruments.

(c-7) Provides that Subsection (c-3) does not apply to a classroom portfolio method used to assess writing performance if student performance under that method is less than 50 percent of a student's overall assessed performance in writing.

(c-8) Prohibits an assessment instrument developed under Subsection (a) or (c), beginning with the 2022–2023 school year, from presenting more than 75 percent of the questions in a multiple choice format.

(o) Requires TEA to adopt or develop optional interim assessment instruments for each subject or course for each grade level subject to assessment under this section. Prohibits a school district from being required to administer interim assessment instruments adopted or developed under this subsection. Provides that an interim assessment instrument:

(1) is required to be predictive of the assessment instrument for the applicable subject or course for that grade level required under this section and administered electronically; and

(2) is prohibited from being used for accountability purposes.

SECTION 2.045. Amends Subchapter B, Chapter 39, Education Code, by adding Section 39.02302, as follows:

Sec. 39.02302. ADVISORY COMMITTEES FOR ASSESSMENT INSTRUMENTS. (a) Requires the commissioner to appoint a technical advisory committee (committee) to advise the commissioner and TEA regarding the development of valid and reliable assessment instruments for purposes of this chapter (Public School System Accountability). Requires the members of the committee to be experts on educational assessments and psychometrics.

(b) Requires the commissioner to appoint an educator advisory committee to advise the commissioner and TEA regarding the development of academically appropriate assessment instruments for purposes of this chapter. Requires the members of the committee to include experts in curriculum and instruction.

(c) Authorizes TEA to compensate a member of the committee or reimburse the member for expenses incurred in the performance of duties related to the member's service on the committee.

(d) Provides that the selection of or payment to a member of the committee is not subject to Chapter 2254 (Professional and Consulting Services), Government Code.

SECTION 2.046. Amends Section 39.0234, Education Code, as follows:

Sec. 39.0234. New heading: ELECTRONIC ADMINISTRATION OF ASSESSMENT INSTRUMENTS. (a) Requires TEA to ensure that assessment instruments required under Section 39.023 are capable of being administered electronically, rather than by computer.

(b) Requires a school district to administer each assessment instrument required under Section 39.023 electronically unless the district receives a waiver from the commissioner. Provides that this subsection does not apply to the administration of an assessment instrument to a student who requires accommodations in the administration of the assessment instrument that are not available if administered electronically.

(c) Requires a school district, except as provided by Section 39.02341, to comply with Subsection (b) beginning with the 2022–2023 school year. Provides that this subsection expires September 1, 2022. Deletes existing text prohibiting the commissioner from requiring a school district or open-enrollment charter school to administer an assessment instrument by computer.

SECTION 2.047. Amends Subchapter B, Chapter 39, Education Code, by adding Sections 39.02341 and 39.0236, as follows:

Sec. 39.02341. TRANSITION TO ELECTRONIC ADMINISTRATION OF ASSESSMENT INSTRUMENTS. (a) Requires TEA to develop a transition plan to administer all assessment instruments required under Section 39.023 electronically beginning not later than the 2022–2023 school year.

(b) Authorizes TEA, as part of the transition plan, to provide results on an assessment instrument required under Section 39.023 on an accelerated schedule to school districts that administer the assessment instrument electronically. Authorizes the commissioner by rule, for purposes of this subsection, to require the results on an assessment instrument administered electronically to be reported to the district as soon as practicable after administration.

(c) Authorizes the commissioner, as part of the transition plan, to require a school district to comply with Section 39.0234(b) before the 2022–2023 school year.

(d) Requires TEA, not later than December 1, 2020, to submit to the governor and the members of the legislature a report on the progress of transitioning to electronic administration of all assessment instruments required under Section 39.023. Requires the report to include information from school districts assessing the needs of those districts in transitioning to electronic administration, any recommended changes to state law to assist in the transition, and any recommended adjustments to the timeline for statewide implementation of electronic administration.

(e) Requires TEA, not later than December 1, 2022, to submit to the members of the legislature a report on the anticipated impact to school districts of the implementation of electronic administration of all assessment instruments required under Section 39.023.

(f) Provides that this section expires September 1, 2023.

Sec. 39.0236. INTEGRATED FORMATIVE ASSESSMENT PILOT PROGRAM. (a) Requires TEA to establish a pilot program in which participating school districts administer to students integrated formative assessment instruments for subjects or courses for a grade level subject to assessment under Section 28.006 or 39.023.

(b) Authorizes a school district to elect to participate in the pilot program.

(c) Provides that a school district's participation in the pilot program does not affect the district's obligations regarding the administration of assessment instruments required under Section 39.023.

(d) Requires TEA, not later than December 1 of each even-numbered year, to submit to the governor and the members of the legislature a report on the pilot program that includes an analysis of whether the administration of integrated formative assessment instruments under the pilot program provided any improvement in instructional support during the preceding two school years and a determination of the feasibility of replacing the assessment instruments required under Section 39.023 with integrated formative assessment instruments.

SECTION 2.048. Amends Section 39.0241(a), Education Code, as follows:

(a) Requires the commissioner to determine the level of performance considered to be satisfactory on the assessment instruments, including:

(1) a meets grade level performance standard in the applicable subject or course that indicates that a student has a high likelihood of success in the subject for the subsequent grade level or in the subsequent course but may still need short-term targeted intervention; and

(2) a masters grade level performance standard in the applicable subject or course that indicates that a student is expected to succeed in the subject for the subsequent grade level or in the subsequent course with little or no academic intervention.

SECTION 2.049. Amends Section 39.026, Education Code, to authorize a school district, in addition to the assessment instruments adopted by TEA, rather than adopted by TEA and administered by SBOE, to adopt and administer certain assessment instruments at any grade level.

SECTION 2.050. Amends Sections 39.0261(a), (e), and (f), Education Code, as follows:

(a) Provides that, in addition to the assessment instruments otherwise authorized or required by this subchapter (Assessment of Academic Skills):

(1) and (2) makes no changes to these subdivisions; and

(3) high school students in the spring of the 11th grade or during the 12th grade are authorized to select and take once, at state cost:

(A) creates this paragraph from existing text and makes nonsubstantive changes to this paragraph; or

(B) the assessment instrument designated by THECB under Section 51.334.

(e) Provides that Subsection (a)(3) does not prohibit a high school student from selecting and taking, at the student's own expense, an assessment instrument described by that subdivision, rather than providing that Subsection (a)(3) does not prohibit a high school student in the spring of the 11th grade or during the 12th grade from selecting and taking, at the student's own expense, one of the valid, reliable, and nationally norm-referenced assessment instruments used by colleges and universities as part of their undergraduate admissions processes more than once.

(f) Provides that the provisions of this section regarding assessment instruments administered under Subsection (a)(1) or (2) apply only if the legislature appropriates funds for those purposes, rather than providing that the provisions of this section apply only if the legislature appropriates funds for purposes of this section.

SECTION 2.051. Amends Section 39A.105, Education Code, as follows:

Sec. 39A.105. CONTENTS OF CAMPUS TURNAROUND PLAN. (a) Creates this subsection from existing text and makes no further change to this subsection.

(b) Authorizes a campus to submit an accelerated campus excellence turnaround plan as provided by this subsection. Requires the plan to provide:

(1) the assignment of a principal to the campus who has demonstrated a history of improvement in student academic growth at campuses in which the principal has previously worked;

(2) that the principal has final authority over personnel decisions at the campus;

(3) that at least 80 percent of the classroom teachers assigned to the campus be teachers who performed in the top quartile of teachers in the district that employed the teacher during the previous school year, with performance determined by:

(A) for a teacher who taught in the district during the previous school year:

(i) the teacher's impact on student growth; and

(ii) an evaluation of the teacher based on classroom observation; and

(B) for a teacher who did not teach in the district during the previous school year, data and other evidence indicating that if the teacher had taught in the district during the previous school year, the teacher would have performed in the top quartile of teachers in the district;

(4) a detailed description of the employment and compensation structures for the principal and classroom teachers, which is required to include:

(A) significant incentives for a high-performing principal or teacher to remain at the campus; and

(B) a three-year commitment by the district to continue incentives for the principal and teachers;

(5) policies and procedures for the implementation of best practices at the campus, including:

(A) data-driven instructional practices;

(B) a system of observation of and feedback for classroom teachers;

(C) positive student culture on the campus;

(D) family and community engagement, including partnerships with parent and community groups; and

(E) extended learning opportunities for students, which is authorized to include service or workforce learning opportunities; and

(6) assistance by a third-party provider that is approved by the commissioner in the development and implementation of the district's plan.

SECTION 2.052. Amends Section 39A.107, Education Code, by adding Subsection (a-3), to require the commissioner, notwithstanding Subsection (a) (relating to authorizing the commissioner to approve a campus turnaround plan only under certain conditions), to approve a campus turnaround plan that the commissioner determines meets the requirements for an accelerated campus excellence turnaround plan under Section 39A.105(b).

SECTION 2.053. Amends Subchapter C, Chapter 39A, Education Code, by adding Section 39A.116, as follows:

Sec. 39A.116. COMMISSIONER AUTHORITY. Provides that a decision by the commissioner under this subchapter is final and is prohibited from being appealed.

SECTION 2.054. Amends Section 822.201(b), Government Code, as follows:

(b) Defines "salary and wages" as used in Subsection (a) (relating to calculating compensation for members of the Teacher Retirement System of Texas) as:

(1)–(5) makes no changes to these subdivisions;

(6) stipends paid to teachers in accordance with former Section 21.401, 21.411, 21.412, or 21.413, Education Code, rather than in accordance with Section 21.401, 21.411, 21.412, or 21.413, Education Code;

(7)–(9) makes no changes to these subdivisions;

(10) and (11) makes nonsubstantive changes to these subdivisions; and

(12) a salary increase paid to classroom teachers and librarians under Section 21.4023, Education Code.

ARTICLE 3. CONFORMING CHANGES

SECTION 3.001. Amends Sections 7.055(b)(34) and (35), Education Code, as follows:

(34) Requires the commissioner to perform duties in connection with the options for local revenue levels in excess of entitlement, rather than duties in connection with the equalized wealth level, under Chapter 49, rather than under Chapter 41 (Equalized Wealth Level).

(35) Requires the commissioner to perform duties in connection with the program as prescribed by Chapter 48, rather than Chapter 42.

SECTION 3.002. Amends Sections 7.062(a) and (c), Education Code, as follows:

(a) Redefines "wealth per student" for purposes of this section.

(c) Makes conforming changes to this subsection.

SECTION 3.003. Amends Section 7.102(c)(30), Education Code, to make a conforming change.

SECTION 3.004. Amends Section 8.051(d), Education Code, to provide that the core services are training and assistance in certain areas, including training and assistance in providing a gifted and talented program and each program that qualifies for a funding allotment under Section 48.102, 48.104, or 48.105, rather than Section 42.151, 42.152, 42.153, or 42.156.

SECTION 3.005. Amends Section 8.056, Education Code, to make a conforming change.

SECTION 3.006. Amends Section 11.158(a), Education Code, to make conforming changes.

SECTION 3.007. Amends Section 11.174(a), Education Code, to provide that a school district campus qualifies for an exemption from intervention as provided by Subsection (f) (relating to a provision that this subsection applies only to a district campus subject to a certain contract for the school year before operation of the district campus under the contract began) and qualifies for funding as provided by Section 48.252 if the board of trustees of the district contracts to partner to operate the district campus with certain governmental entities. Makes conforming changes.

SECTION 3.008. Amends Section 12.013(b), Education Code, as follows:

(b) Provides that a home-rule school district is subject to:

(1)–(2) makes no changes to these subdivisions;

(3) a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A)–(L) makes no changes to these paragraphs;

(M) makes a conforming change to this paragraph;

(N)–(P) makes no changes to these paragraphs;

(Q) options for local revenue levels in excess of entitlement under Chapter 49, rather than equalized wealth under Chapter 41;

(R) makes a conforming change to this paragraph; and

(S) makes no changes to this paragraph.

SECTION 3.009. Amends Section 12.029(b), Education Code, to make a conforming change.

SECTION 3.010. Amends Section 13.051(c), Education Code, to make a conforming change.

SECTION 3.011. Amends Sections 13.054(f) and (i), Education Code, to make conforming changes.

SECTION 3.012. Amends Sections 13.282(a) and (b), Education Code, to make conforming changes.

SECTION 3.013. Amends Section 13.283, Education Code, to make a conforming change.

SECTION 3.014. Amends Section 21.402(a), Education Code, to make conforming changes.

SECTION 3.015. Amends Section 21.4021(a), Education Code, to make a conforming change.

SECTION 3.016. Amends Section 21.410(h), Education Code, to make conforming changes.

SECTION 3.017. Amends Section 21.411(h), Education Code, to make conforming changes.

SECTION 3.018. Amends Section 21.412(h), Education Code, to make conforming changes.

SECTION 3.019. Amends Section 21.413(h), Education Code, to make conforming changes.

SECTION 3.020. Amends Section 25.001(a), Education Code, to provide that any other person enrolled in a prekindergarten class under Section 29.153, rather than under Section 29.153 or Subchapter E-1, Chapter 29, is entitled to the benefits of the available school fund.

SECTION 3.021. Amends Section 25.008(b), Education Code, to provide that Subsection (a) does not apply to enrollment in a program under Section 29.088 (After-School and Summer Intensive Mathematics Instruction Programs) or 29.090 (After-School and Summer Intensive Science Instruction Programs), rather than Section 29.088, 29.090, or 29.098 (Intensive Summer Programs), or in a similar intensive program.

SECTION 3.022. Amends Section 25.081(e), Education Code, to make a conforming change.

SECTION 3.023. Amends Section 25.081(f), Education Code, as added by Chapter 851 (H.B. 2442), Acts of the 85th Legislature, Regular Session, 2017, to make conforming changes.

SECTION 3.024. Amends Sections 25.112(a) and (b), Education Code, to make conforming changes.

SECTION 3.025. Amends Section 28.0061(b), Education Code, to provide that a school district is eligible to participate in the pilot program if, as determined by the commissioner, the district has low student performance on a reading instrument administered in accordance with Section 28.006(c) (relating to requiring each school district to administer a certain reading instrument) or (c-2).

SECTION 3.026. Amends Section 28.0211(m-1), Education Code, to make a conforming change.

SECTION 3.027. Amends Section 29.001, Education Code, to make conforming changes.

SECTION 3.028. Amends Section 29.002, Education Code, to redefine "special services" for purposes of this subchapter (Special Education Program).

SECTION 3.029. Amends Section 29.008(b), Education Code, to make a conforming change.

SECTION 3.030. Amends Section 29.014(d), Education Code, to delete existing text providing that the basic allotment for a student enrolled in a district to which this sections applies is adjusted by the cost of education adjustment under Section 42.102 (Cost of Education Adjustment) for the school district in which the district is geographically located. Provides that the basic allotment for a student enrolled in a district to which this section applies is adjusted by the weight for a homebound student under Section 48.102(a), rather than under Section 42.151(a) (relating to entitling a school district to a certain annual allotment for each student in average daily attendance in a certain special education program).

SECTION 3.031. Amends Section 29.018(b), Education Code, to make a conforming change.

SECTION 3.032. Amends Section 29.022(u)(3), Education Code, to make a conforming change.

SECTION 3.033. Amends Section 29.081(b-2), Education Code, to delete existing text prohibiting a district from budgeting funds received under Section 42.152 for any other purpose until the district adopts a budget to support additional accelerated instruction under Subsection (b-1) and to make a conforming change.

SECTION 3.034. Amends Section 29.082(a), Education Code, to make a conforming change.

SECTION 3.035. Amends Section 29.086(e), Education Code, to make a conforming change.

SECTION 3.036. Amends Sections 29.087(h) and (j), Education Code, to make conforming changes.

SECTION 3.037. Amends Section 29.089(b), Education Code, to make a conforming change.

SECTION 3.038. Amends Sections 29.203(b) and (c), Education Code, to make conforming changes.

SECTION 3.039. Amends Section 29.203(g)(2), Education Code, to define "guaranteed local revenue level," rather than "guaranteed wealth level."

SECTION 3.040. Amends Section 29.403(b), Education Code, to make a conforming change.

SECTION 3.041. Amends Sections 29.918(a) and (b), Education Code, as follows:

(a) Requires a school district or open-enrollment charter school with a high dropout rate, as determined by the commissioner, notwithstanding Section 48.104, rather than Sections 39.234 or 42.152, to submit a plan to the commissioner describing the manner in which the district or charter school intends to use the compensatory education allotment under Section 48.104, rather than the compensatory allotment under Section 42.152 and the high school allotment under Section 42.160, for developing and implementing research-based strategies for dropout prevention. Makes a conforming change.

(b) Makes conforming changes to this subsection.

SECTION 3.042. Amends Section 30A.002(a), Education Code, to make a conforming change.

SECTION 3.043. Amends Section 30A.153(a), Education Code, to make a conforming change.

SECTION 3.044. Amends Section 34.002(c), Education Code, to make a conforming change.

SECTION 3.045. Amends Section 37.0061, Education Code, to make conforming changes.

SECTION 3.046. Amends Section 37.011(h), Education Code, to make conforming changes.

SECTION 3.047. Amends Section 39.0233(a), Education Code, to require the questions adopted under this subsection to be developed in a manner consistent with any college readiness standards adopted under Subchapter F-1 (Texas Success Initiative), Chapter 51, rather than Section 39.233 (Recognition of High School Completion and Success and College Readiness Programs) and Subchapter F-1, Chapter 51.

SECTION 3.048. Amends Section 39.027(f), Education Code, to make a conforming change.

SECTION 3.049. Amends Section 39.408, Education Code, to make conforming changes.

SECTION 3.050. Amends Section 39.413, Education Code, as follows:

Sec. 39.413. FUNDING FOR CERTAIN PROGRAMS. (a) Deletes existing text requiring THECB, from funds appropriated, to provide funding to the commissioner of education to implement and administer the program under Section 29.098.

(b) Makes a conforming change.

SECTION 3.051. Amends Section 39A.903, Education Code, to make conforming changes.

SECTION 3.052. Amends Section 43.002(b), Education Code, to make conforming changes.

SECTION 3.053. Amends Section 44.0011, Education Code, to make conforming changes.

SECTION 3.054. Amends Section 44.051, Education Code, to make a conforming change.

SECTION 3.055. Amends Section 45.0011(e), Education Code, to make a conforming change.

SECTION 3.056. Amends Sections 45.0031(b) and (c), Education Code, to make conforming changes.

SECTION 3.057. Amends Section 45.251(2), Education Code, to make a conforming change.

SECTION 3.058. Amends Section 45.259(d), Education Code, to make conforming changes.

SECTION 3.059. Amends Section 45.261(a), Education Code, to make conforming changes.

SECTION 3.060. Amends Section 45.263(b), Education Code, to make a conforming change.

SECTION 3.061. Amends Section 46.003(a), Education Code, to make conforming changes in the formula for determining the amount of state and local funds to which a district is entitled for each cent of tax effort.

SECTION 3.062. Amends Section 46.006(g), Education Code, to make conforming changes.

SECTION 3.063. Amends Sections 46.009(b), (c), (e), and (f), Education Code, to make conforming changes.

SECTION 3.064. Amends Section 46.0111(e), Education Code, to make a conforming change.

SECTION 3.065. Amends Section 46.013, Education Code, to make conforming changes.

SECTION 3.066. Amends Section 46.032(a), Education Code, to make conforming changes to the formula for determining the specified amount per student in state and local funds for each cent of tax effort to pay the principal of and interest on eligible bonds to which a district is entitled.

SECTION 3.067. Amends Section 46.037, Education Code, to make conforming changes.

SECTION 3.068. Amends Section 61.0766(e), Education Code, as follows:

(e) Authorizes certain academy programs to:

(1) provide financial assistance for the purpose of allowing participants to complete the program, rather than provide financial assistance for the purpose of allowing participants to complete the program and obtain a master teacher certificate under Section 21.0482, 21.0483, or 21.0484; and

(2)–(4) makes no changes to these subdivisions.

SECTION 3.069. Amends Section 79.10(f), Education Code, to make conforming changes.

SECTION 3.070. Amends Section 87.208, Education Code, to make a conforming change.

SECTION 3.071. Amends Section 87.505(g), Education Code, to make conforming changes.

SECTION 3.072. Amends Section 96.707(k), Education Code, to make conforming changes.

SECTION 3.073. Amends Sections 105.301(e) and (f), Education Code, to make conforming changes.

SECTION 3.074. Amends Section 317.005(f), Government Code, to make conforming changes.

SECTION 3.075. Amends Section 403.093(d), Government Code, to make conforming changes.

SECTION 3.076. Amends Section 403.302(a), Government Code, to make conforming changes.

SECTION 3.077. Amends Section 403.303(b), Government Code, to make conforming changes.

SECTION 3.078. Amends Section 404.121(1), Government Code, to redefine "cash flow deficit."

SECTION 3.079. Amends Section 437.117(a), Government Code, to make conforming changes.

SECTION 3.080. Amends Section 466.355(c), Government Code, to make a conforming change.

SECTION 3.081. Amends Section 1371.001(4), Government Code, to make a conforming change.

SECTION 3.082. Amends Section 1431.001(3), Government Code, to redefine "eligible school district."

SECTION 3.083. Amends Section 2175.304(c), Government Code, to make conforming changes.

SECTION 3.084. Amends Section 221.0071(d), Human Resources Code, to make conforming changes.

SECTION 3.085. Amends Section 1579.251(a), Insurance Code, to make conforming changes.

SECTION 3.086. Amends Section 1581.053, Insurance Code, to make conforming changes.

SECTION 3.087. Amends Section 37.10(c)(2), Penal Code, to make a conforming change.

SECTION 3.088. Amends Section 39.03(d), Penal Code, to make a conforming change.

SECTION 3.089. Amends Section 21.01, Tax Code, to make a conforming change.

SECTION 3.090. Amends Sections 21.02(b) and (c), Tax Code, to make conforming changes.

SECTION 3.091. Amends Section 25.25(k), Tax Code, to make a conforming change.

SECTION 3.092. Amends Section 311.013(n), Tax Code, to make conforming changes.

SECTION 3.093. Amends Section 312.002(g), Tax Code, to make a conforming change.

SECTION 3.094. Amends Section 312.210(b), Tax Code, to provide that a tax abatement agreement with the owner of real property or tangible personal property that is located in the reinvestment zone described by Subsection (a) (relating to a provision that this section applies only to a tax abatement agreement applicable to property located in a reinvestment zone with respect to which certain political subdivisions have entered into certain agreements) and in a school district that has a local revenue level, rather than wealth per student, that does not exceed the level established under Section 48.257, rather than the equalized wealth level, is required to exempt from taxation certain values of the property.

SECTION 3.095. Amends Section 313.027(i), Tax Code, to make a conforming change.

ARTICLE 4. PROPERTY TAX RELIEF

SECTION 4.001. Amends Section 13.054(f), Education Code, effective September 1, 2021, to modify the formula for certain additional funding for a school district after annexation occurs.

SECTION 4.002. Amends Section 30.003, Education Code, effective September 1, 2021, by amending Subsection (f-1) and adding Subsection (f-2), as follows:

(f-1) Requires the commissioner to determine the total amount that TSBVI and TSD would have received from school districts in accordance with this section if the following provisions had not reduced the districts' share of the cost of providing education services, rather than if H.B. No. 1, Acts of the 79th Legislature, 3rd Called Session, 2006, had not reduced the districts' share of the cost of providing education services:

- (1) creates this subdivision from existing text and makes no further changes to this subdivision;
- (2) Section 45.0032;
- (3) Section 48.255; and
- (4) Section 48.2551.

(f-2) Creates this subsection from existing text and makes a nonsubstantive change to this subsection.

SECTION 4.003. Amends Section 45.003, Education Code, effective September 1, 2020, by adding Subsections (d-1), (d-2), (d-3), and (d-4), as follows:

(d-1) Prohibits a school district, except as provided by Subsection (d-2) and Section 26.08(a-1), Tax Code, from adopting a maintenance and operations tax rate for the 2020 tax year that exceeds the tax rate that results after adjusting the district's 2019 tax rate in accordance with Sections 45.0032, 48.202, and 48.255.

(d-2) Provides that Subsection (d-1) does not apply to a school district if the amount of the district's entitlement per student in average daily attendance under Chapter 48 for the 2020–2021 school year does not exceed the district's entitlement under former Chapters 41 and 42 for the 2018–2019 school year by more than \$20.

(d-3) Provides that the commissioner's rulemaking authority under Section 48.004 applies to Subsections (d-1) and (d-2), and that the commissioner is authorized to take any action relating to Subsections (d-1) and (d-2) necessary to implement and administer the program.

(d-4) Provides that Subsections (d-1), (d-2), (d-3), and this subsection expire September 1, 2021.

SECTION 4.004. Amends Sections 45.003(d) and (f), Education Code, effective September 1, 2021, as follows:

(d) Prohibits the maintenance tax rate per \$100 of taxable value adopted by the district, for any year, from exceeding the rate equal to the sum of \$0.17 and the district's maximum compressed rate, as determined under Section 48.2551, rather than the sum of \$0.17 and the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50.

(f) Prohibits a district that levied a maintenance tax for the 2005 tax year at a rate greater than \$1.50 per \$100 of taxable value in the district as permitted by special law, notwithstanding any other law, from levying a maintenance tax at a rate that exceeds the rate per \$100 of taxable value that is equal to the sum of:

- (1) creates this subdivision from existing text and makes nonsubstantive changes to this subdivision; and
- (2) the product of 66.67 percent multiplied by the rate of the maintenance tax levied by the district for the 2005 tax year, minus the amount by which \$1.00 exceeds the state compression percentage, as determined under Section 48.255, rather than the product of the state compression percentage, as determined under Section 42.2516, multiplied by the rate of the maintenance tax levied by the district for the 2005 tax year.

SECTION 4.005. (a) Amends Section 45.0032, Education Code, as added by this Act, effective September 1, 2021, by adding Subsection (a), as follows:

(a) Provides that a school district's tier one maintenance and operations tax rate is the number of cents levied by the district for maintenance and operations that does not exceed the maximum compressed rate, as determined under Section 48.2551.

(b) Provides that Section 45.0032(a), Education Code, as added by Article 1 of this Act, expires on the effective date of this section.

SECTION 4.006. Amends Section 46.071, Education Code, by adding Subsections (a-1), (b-1), and (c-1) and amending Subsections (b) and (c), as follows:

(a-1) Entitles a school district, beginning with the 2019–2020 school year, to additional state aid under this subchapter (State Aid For Homestead Exemption and Limitation on Tax Increases) to the extent that state and local revenue used to service debt eligible under this chapter (Assistance With Instructional Facilities and Payment of Existing Debt) is less than the state and local revenue that would have been available to the district under this chapter as it existed on September 1, 2018, if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and the additional limitation on tax increases under Section 1-b(d) of that article as proposed by the 86th Legislature, Regular Session, 2019, had not occurred.

(b) Provides that additional state aid under Subsection (a) (relating to entitling a school district to certain additional state aid to a certain extent), subject to Subsections (c), (d), and (e), is equal to a certain amount, rather than providing that additional state aid under this section (Additional State Aid For Homestead Exemption and Limitation on Tax Increases), subject to Subsections (c)-(e), is equal to a certain amount.

(b-1) Provides that additional state aid under Subsection (a-1), subject to Subsections (c-1), (d), and (e), is equal to the amount by which the loss of local interest and sinking revenue for debt service attributable to the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and the additional limitation on tax increases under Section 1-b(d) of that article as proposed by the 86th Legislature, Regular Session, 2019, is not offset by a gain in state aid under this chapter.

(c) Provides that local interest and sinking revenue for debt service, for the purpose of determining state aid under Subsections (a) and (b), rather than under this section, is limited to certain revenue.

(c-1) Provides that local interest and sinking revenue for debt service, for the purpose of determining state aid under Subsections (a-1) and (b-1), is limited to revenue required to service debt eligible under this chapter as of September 1, 2018, including refunding of that debt, subject to Section 46.061. Provides that the limitation imposed by Section 46.034(a) does not apply for the purpose of determining state aid under this section.

SECTION 4.007. Transfers Section 42.101, Education Code, to Subchapter B, Chapter 48, Education Code, as added by this Act, redesignates it as Section 48.051, Education Code, and amends it, effective September 1, 2021, to make certain modifications to the funding formula for the basic allotment.

SECTION 4.008. Transfers Section 42.302, Education Code, to Subchapter E, Chapter 48, Education Code, as added by this Act, redesignates it as Section 48.202, Education Code, and amends it, effective September 1, 2021, to make certain modifications to the funding formula for the tier two allotment and to provide certain modifications specific to the 2019 tax year, which expire September 1, 2020.

SECTION 4.009. Transfers Section 42.2516, Education Code, to Subchapter F, Chapter 48, Education Code, as added by this Act, redesignates it as Section 48.255, Education Code, and amends it, effective September 1, 2020, as follows:

Sec. 48.255. STATE COMPRESSION PERCENTAGE. (a) Deletes existing text relating to requiring the commissioner to determine the state compression percentage each school year. Defines "state compression percentage," for purposes of this title (Public Education), as the percentage of the rate of \$1.00 per \$100 valuation of taxable property at which a school district is required to levy a maintenance and operations tax to receive the full amount of the tier one allotment to which the district is entitled under this chapter, rather than the percentage a school district's adopted maintenance and operations tax rate for the 2005 tax year that serves as the basis for state funding.

(b) Provides that the state compression percentage is:

(1) 85 percent; or

(2) a lower percentage set by appropriation for a school year.

Deletes Subsection (g) and existing text authorizing the commissioner to adopt rules necessary to implement this section.

Deletes Subsection (h) and existing text providing that a determination by the commissioner under this section is final and prohibited from being appealed.

SECTION 4.010. Transfers Section 42.2516, Education Code, to Subchapter F, Chapter 48, Education Code, as added by this Act, redesignates it as Section 48.255, Education Code, and amends it, effective September 1, 2021, as follows:

Sec. 48.255. STATE COMPRESSION PERCENTAGE. (a) Deletes existing text relating to requiring the commissioner to determine the state compression percentage each school year. Defines "state compression percentage," for purposes of this title, as the percentage of the rate of \$1.00 per \$100 valuation of taxable property that is used to determine a school district's maximum compressed tax rate under Section 48.2551, rather than the percentage a school district's adopted maintenance and operations tax rate for the 2005 tax year that serves as the basis for state funding.

(b) Provides that the state compression percentage is:

(1) 85 percent; or

(2) a lower percentage set by appropriation for a school year.

Deletes Subsection (g) and existing text authorizing the commissioner to adopt rules necessary to implement this section.

Deletes Subsection (h) and existing text providing that a determination by the commissioner under this section is final and prohibited from being appealed.

SECTION 4.011. Amends Subchapter F, Chapter 48, Education Code, as added by this Act, effective September 1, 2021, by adding Sections 48.2551 and 48.2552, as follows:

Sec. 48.2551. MAXIMUM COMPRESSED TAX RATE. (a) Defines, for purposes of this section, "DPV," "E," "GLF," "GLP," "MCR," "PYDPV," and "PYMCR."

(b) Sets forth the formula for calculating a district's MCR, except as provided by Subsection (c).

(c) Provides that for a district to which Section 48.2552(b) applies, the district's MCR is the value calculated for MCR under Subsection (b)(1)(B), notwithstanding Subsection (b).

(c-1) Provides that for purposes of determining a district's MCR under Subsection (b) for the 2021–2022 school year, the value of "PYMCR" is \$1.00. Provides that this subsection expires September 1, 2022.

(d) Requires the comptroller to determine the annual inflation rate based on the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor.

(e) Requires TEA to calculate and make available school districts' maximum compressed rates, as determined under this section.

Sec. 48.2552. LIMITATION ON MAXIMUM COMPRESSED RATE. (a) Requires TEA, each year, to evaluate the difference between school districts' maximum compressed rates, as determined under Section 48.2551.

(b) Provides that a district's MCR, if a school district has a MCR that is less than 85 percent of another school district's MCR, is calculated under Section 48.2551(c) until TEA determines that the difference between the district's and another district's MCR is not more than 15 percent.

SECTION 4.012. Amends Section 48.257, Education Code, as added by this Act, effective September 1, 2021, by adding Subsection (g), as follows:

(g) Provides that revenue generated from any cents of maintenance and operations tax effort that exceeds the maximum rate permitted under Section 45.003(d), for a district to which Section 45.003(f) applies, is subject to the revenue limit established under Subsection (f).

SECTION 4.013. Amends Section 49.004, Education Code, as transferred, redesignated, and amended by this Act, by adding Subsections (a-1), (b-1), and (c-1), as follows:

(a-1) Provides that this subsection applies only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, to increase the amount of the exemption of residence homesteads from ad valorem taxation by a school district is approved by the voters in an election held for that purpose. Requires the commissioner, as soon as practicable after receiving revised property values that reflect adoption of the constitutional amendment, to review the local revenue level of districts in the state and revise as necessary the notifications provided under Subsection (a) for the 2019–2020 school year. Provides that this subsection expires September 1, 2020.

(b-1) Provides that this subsection applies only to a district that has not previously held an election under this chapter. Authorizes a district that enters into an agreement to exercise an option to reduce the district's local revenue level in excess of entitlement under Section 49.002(3), (4), or (5) for the 2019–2020 school year, notwithstanding Subsection (b), to request and, as provided by Section 49.0041(a), receive approval from the commissioner to delay the date of the election otherwise required to be ordered before September 1. Provides that this subsection expires September 1, 2020.

(c-1) Authorizes a district that receives approval from the commissioner to delay an election as provided by Subsection (b-1), notwithstanding Subsection (c), to adopt a tax rate for the 2019 tax year before the commissioner certifies that the district has reduced its local revenue level to the level established by Section 48.257. Provides that this subsection expires September 1, 2020.

SECTION 4.014. Amends Subchapter A, Chapter 49, Education Code, as added by this Act, by adding Section 49.0041, as follows:

Sec. 49.0041. TRANSITIONAL PROVISIONS: INCREASED HOMESTEAD EXEMPTION AND LIMITATION ON TAX INCREASES. (a) Requires the commissioner to approve a district's request under Section 49.004(b-1) to delay the date

of an election required under this chapter if the commissioner determines that the district would not have a local revenue level in excess of entitlement if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, to increase the amount of the exemption of residence homesteads from ad valorem taxation by a school district were approved by the voters.

(b) Requires the commissioner to set a date by which each district that receives approval under this section is required to order the election.

(c) Requires the commissioner, not later than the 2020–2021 school year, to order detachment and annexation of property under Subchapter G or consolidation under Subchapter H as necessary to reduce the district’s local revenue level to the level established by Section 48.259 for a district that receives approval under this section and subsequently fails to hold the election or does not receive voter approval at the election.

(d) Provides that this section expires September 1, 2021.

SECTION 4.015. Amends Subchapter A, Chapter 49, Education Code, as added by this Act, by adding Section 49.0121, as follows:

Sec. 49.0121. TRANSITIONAL ELECTION DATES. (a) Provides that this section applies only to an election under this chapter that occurs during the 2019–2020 school year.

(b) Provides that Section 49.012 does not apply to a district that receives approval of a request under Section 49.0041. Requires the district to hold the election on a Tuesday or Saturday on or before a date specified by the commissioner. Provides that Section 41.001, Election Code, does not apply to the election.

(c) Provides that this section expires September 1, 2020.

SECTION 4.016. Amends Section 49.154, Education Code, as added by this Act, by adding Subsection (a-1), as follows:

(a-1) Requires a district that receives approval of a request under Section 49.0041, notwithstanding Subsection (a), to pay for credit purchased in equal monthly payments as determined by the commissioner beginning March 15, 2020, and ending August 15, 2020. Provides that this subsection expires September 1, 2020.

SECTION 4.017. Amends Section 49.308, Education Code, as added by this Act, by adding Subsection (a-1), as follows:

(a-1) Requires the commissioner, notwithstanding Subsection (a), for the 2019–2020 school year, to order any detachments and annexations of property under this subchapter as soon as practicable after the canvass of the votes on the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, to increase the amount of the exemption of residence homesteads from ad valorem taxation by a school district. Provides that this subsection expires September 1, 2020.

SECTION 4.018. Amends Sections 11.13(b) and (n-1), Tax Code, as follows:

(b) Entitles an adult to exemption from taxation by a school district of \$40,000, rather than \$25,000, of the appraised value of the adult's residence homestead, with a certain exception.

(n-1) Prohibits the governing body of a school district, municipality, or county that adopted an exemption under Subsection (n) (relating to an additional exemption to which an individual is entitled if the exemption is adopted in a certain manner) for the 2018,

rather than the 2014, tax year from reducing the amount of or repealing the exemption. Provides that this subsection expires December 31, 2023, rather than December 31, 2019.

SECTION 4.019. Amends Section 11.26(a), Tax Code, as follows:

(a) Provides that if the first tax year the individual qualified the residence homestead for the exemption provided by Section 11.13(c) for individuals 65 years of age or older or disabled was a tax year before the 2019 tax year, the amount of the limitation provided by this section is the amount of tax the school district imposed for the 2018 tax year less an amount equal to the amount determined by multiplying \$15,000 times the tax rate of the school district for the 2019 tax year, plus any 2019 tax attributable to improvements made in 2018, other than improvements made to comply with governmental regulations or repairs, rather than providing that if the first tax year the individual qualified the residence homestead for the exemption provided by Section 11.13(c) for individuals 65 years of age or older or disabled was a tax year before the 2015 tax year, the amount of the limitation provided by this section is the amount of tax the school district imposed for the 2014 tax year less an amount equal to the amount determined by multiplying \$10,000 times the tax rate of the school district for the 2015 tax year, plus any 2015 tax attributable to improvements made in 2014, other than improvements made to comply with governmental regulations or repairs.

SECTION 4.020. Amends Section 25.23, Tax Code, by adding Subsection (a-1), as follows:

(a-1) Provides that this subsection applies only to the appraisal records for the 2019 tax year. Requires the chief appraiser, if the appraisal records submitted to the appraisal review board include the taxable value of residence homesteads or show the amount of the exemption under Section 11.13(b) applicable to residence homesteads, to prepare supplemental appraisal records that reflect an exemption amount under that subsection of \$40,000. Provides that this subsection expires December 31, 2020.

SECTION 4.021. Amends Section 26.04, Tax Code, by adding Subsections (a-1) and (c-1), as follows:

(a-1) Requires the assessor for a school district, on receipt of the appraisal roll for the 2019 tax year, to determine the total taxable value of property taxable by the school district and the taxable value of new property based on a residence homestead exemption under Section 11.13(b) of \$40,000. Provides that this subsection expires December 31, 2020.

(c-1) Requires an officer or employee designated by the governing body of a school district to calculate the effective tax rate and the rollback tax rate of the school district for the 2019 tax year based on a residence homestead exemption under Section 11.13(b) of \$40,000. Provides that this subsection expires December 31, 2020.

SECTION 4.022. Amends Section 26.08, Tax Code, by adding Subsection (q), as follows:

(q) Requires the rollback tax rate of a school district for the 2019 tax year, for purposes of this section, to be calculated based on a residence homestead exemption under Section 11.13(b) of \$40,000. Provides that this subsection expires December 31, 2020.

SECTION 4.023. Amends Section 26.08(n), Tax Code, effective January 1, 2021, as follows:

(n) Makes nonsubstantive changes throughout this subsection. Deletes existing text relating to a school district whose maintenance and operations tax rate for the 2005 tax year was \$1.50 or less per \$100 of taxable value. Deletes existing text relating to certain other calculations of the rollback tax rate of a school district for certain years. Provides that the rollback tax rate of a school district, for purposes of this section, is the sum of the following:

(1) the rate per \$100 of taxable value that is equal to the district's maximum compressed tax rate, as determined under Section 48.2551, Education Code, for the current year, rather than the rate per \$100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 42.2516, Education Code, for the current year and \$1.50;

(2) the greater of:

(A) the district's enrichment tax rate for the preceding tax year, less any amount by which the district is required to reduce the district's enrichment tax rate under Section 48.202(f), Education Code, in the current tax year; or

(i)–(iv) deletes these subparagraph designations;

(B) the rate of \$0.04 per \$100 of taxable value; and

(i)–(iii) deletes these subparagraph designations;

(3) the district's current debt rate.

SECTION 4.024. Amends Section 26.09, Tax Code, by adding Subsection (c-1), as follows:

(c-1) Requires the assessor for a school district to calculate the amount of tax imposed by the school district on a residence homestead for the 2019 tax year based on an exemption under Section 11.13(b) of \$25,000 and separately based on an exemption under that subsection of \$40,000. Provides that this subsection expires December 31, 2020.

SECTION 4.025. Amends Section 26.15, Tax Code, by adding Subsection (h), as follows:

(h) Requires the assessor for a school district to correct the tax roll for the school district for the 2019 tax year to reflect the results of the election to approve the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, to increase the amount of the exemption of residence homesteads from ad valorem taxation by a school district. Provides this subsection expires December 31, 2020.

SECTION 4.026. Amends Section 31.01, Tax Code, by adding Subsections (d-2), (d-3), (d-4), and (d-5), as follows:

(d-2) Provides that this subsection and Subsections (d-3) and (d-4) apply only to taxes imposed by a school district on a residence homestead for the 2019 tax year. Requires the assessor for the school district to compute the amount of taxes imposed and the other information required by this section based on a residence homestead exemption under Section 11.13(b) of \$40,000. Requires the tax bill or the separate statement to indicate that the bill is a provisional tax bill and include a certain statement. Sets forth the required language of that statement.

(d-3) Provides that a tax bill prepared by the assessor for a school district as provided by Subsection (d-2) and mailed to a person in whose name property subject to an exemption under Section 11.13(b) is listed on the tax roll and to the person's authorized agent as provided by Subsection (a) of this section is considered to be a provisional tax bill until the canvass of the votes on the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, to increase the amount of the exemption of residence homesteads from ad valorem taxation by a school district. Provides that if the constitutional amendment is approved by the voters, the tax bill is considered to be a final tax bill for the taxes imposed on the property for the 2019 tax year, and no additional tax bill is required to be mailed to the person and to the person's authorized agent, unless another provision of this title requires the mailing of a corrected tax bill. Provides that if the constitutional amendment is not approved by the voters:

(1) a tax bill prepared by the assessor for a school district as provided by Subsection (d-2) and mailed to a person in whose name property subject to an exemption under Section 11.13(b) is listed on the tax roll and to the person's authorized agent as provided by Subsection (a) of this section is considered to be a final tax bill but only as to the portion of the taxes imposed on the property for the 2019 tax year that are included in the bill;

(2) the amount of taxes imposed by each school district on a residence homestead for the 2019 tax year is calculated based on an exemption under Section 11.13(b) of \$25,000; and

(3) except as provided by Subsections (f), (i-1), and (k), the assessor for each school district is required to prepare and mail a supplemental tax bill, by December 1 or as soon thereafter as practicable, to each person in whose name property subject to an exemption under Section 11.13(b) is listed on the tax roll and to the person's authorized agent in an amount equal to the difference between the amount calculated under Section 26.09(c-1) based on an exemption under Section 11.13(b) of \$25,000 and the amount calculated under Section 26.09(c-1) based on an exemption under Section 11.13(b) of \$40,000.

(d-4) Provides that, except as otherwise provided by Subsection (d-3), the provisions of this section other than Subsection (d-2) apply to a supplemental tax bill mailed under Subsection (d-3).

(d-5) Provides that this subsection and Subsections (d-2), (d-3), and (d-4) expire December 31, 2020.

SECTION 4.027. Amends Section 31.02, Tax Code, by adding Subsection (a-1), as follows:

(a-1) Provides that taxes for which a supplemental tax bill is mailed under Section 31.01(d-3), except as provided by Subsection (b) of this section and Sections 31.03 and 31.04, are due on receipt of the tax bill and are delinquent if not paid before March 1 of the year following the year in which imposed. Provides that this subsection expires December 31, 2020.

SECTION 4.028. (a) Provides that an assessor or collector for a school district is not liable for civil damages or subject to criminal prosecution for compliance in good faith with Section 31.01, Tax Code, as amended by this article.

(b) Effective date, this section: upon passage or on the 91st day after the last day of the legislative session.

(c) Provides that this section expires December 31, 2022.

ARTICLE 5. REPEALER

SECTION 5.001. (a) Repealer: Section 7.102(c)(5) (relating to requiring SBOE to establish a standard of performance considered satisfactory on student assessment instruments), Education Code.

Repealer: Section 21.0481 (Master Reading Teacher Certification), Education Code.

Repealer: Section 21.0482 (Master Mathematics Teacher Certification), Education Code.

Repealer: Section 21.0483 (Master Technology Teacher Certification), Education Code.

Repealer: Section 21.0484 (Master Science Teacher Certification), Education Code.

Repealer: Section 21.410 (Master Reading Teacher Grant Program), Education Code.

Repealer: Section 21.411 (Master Mathematics Teacher Grant Program), Education Code.

Repealer: Section 21.412 (Master Technology Teacher Grant Program), Education Code.

Repealer: Section 21.413 (Master Science Teacher Grant Program), Education Code.

Repealer: Section 28.006(d-1) (relating to the requirement that TEA contract with the State Center for Early Childhood Development to receive and use scores under Subsection on a certain reading assessment instrument on behalf of TEA), Education Code.

Repealer: Section 28.006(e) (relating to prohibiting the results of reading instruments administered under this section from being used for purposes of appraisals and incentives under certain chapters or accountability under certain chapters), Education Code.

Repealer: Section 28.006(i) (relating to requiring the commissioner to certify, not later than July 1 of each school year or as soon as practicable thereafter, whether sufficient funds have been appropriated statewide for the purposes of this section (Reading Diagnosis)), Education Code.

Repealer: Section 29.097 (Intensive Technology-Based Academic Intervention Pilot Program), Education Code.

Repealer: Section 29.098 (Intensive Summer Programs), Education Code.

Repealer: Section 29.165 (High Quality Prekindergarten Grant Program), Education Code.

Repealer: Section 29.166 (High Quality Grant Program Funding), Education Code.

Repealer: Section 29.203(g)(1) (relating to the definition of "equalized wealth levels"), Education Code.

Repealer: Section 29.203(g)(3) (relating to the definition of "wealth per student"), Education Code.

Repealer: Section 39.233 (Recognition of High School Completion and Success and College Readiness Programs), Education Code.

Repealer: Section 39.234 (Use of High School Allotment), Education Code.

Repealer: Heading to Chapter 41 (Equalized Wealth Level), Education Code.

Repealer: Heading to Chapter 42 (Foundation School Program), Education Code.

Repealer: Heading to Subchapter A (General Provisions), Chapter 41, Education Code.

Repealer: Section 41.002 (Equalized Wealth Level), Education Code.

Repealer: Section 41.0041 (Effect of State Aid), Education Code.

Repealer: Heading to Subchapter D (Purchase of Attendance Credit), Chapter 41, Education Code.

Repealer: Section 41.0931 (Disaster Remediation Costs), Education Code.

Repealer: Section 41.098 (Early Agreement Credit), Education Code.

Repealer: Heading to Subchapter E (Education of Nonresident Students) Chapter 41, Education Code.

Repealer: Heading to Subchapter A (General Provisions), Chapter 42, Education Code.

Repealer: Heading to Section 42.006 (Public Education Information Management System (PEIMS)), Education Code.

Repealer: Heading to Section 42.007 (Equalized Funding Elements), Education Code.

Repealer: Heading to Subchapter B (Basic Entitlement), Chapter 42, Education Code.

Repealer: Section 42.102 (Cost of Education Adjustment), Education Code.

Repealer: Section 42.103 (Small and Mid-Sized District Adjustment), Education Code.

Repealer: Section 42.104 (Use of Small or Mid-Sized District Adjustment in Calculating Special Allotments), Education Code.

Repealer: Heading to Subchapter C (Special Allotments), Chapter 42, Education Code.

Repealer: Section 42.1541 (Indirect Costs Allotments), Education Code.

Repealer: Section 42.156 (Gifted and Talented Student Allotment), Government Code.

Repealer: Section 42.160 (High School Allotment), Government Code.

Repealer: Heading to Subchapter E (Financing the Program), Chapter 42, Government Code.

Repealer: Section 42.2513 (Additional State Aid For Staff Salary Increases), Government Code.

Repealer: Section 42.2517 (Excess Funds For Cost of Education Adjustment), Government Code.

Repealer: Section 42.2518 (Additional State Aid For Homestead Exemption and Limitation on Tax Increases), Education Code.

Repealer: Section 42.262 (Tax Rate Conversion Fund), Education Code.

Repealer: Heading to Subchapter F (Guaranteed Yield Program), Chapter 42, Education Code

Repealer: Heading to Subchapter G (School Facilities Inventory and Standards), Chapter 42, Education Code.

Repealer: Section 42.352 (Standards), Education Code.

(b) Repealer: Section 322.008(b) (relating to authorizing the general appropriations bill to include, for purposes of information, certain funding elements computed by the LBB, excluding certain values), Government Code.

(c) Repealer: Section 26.08(o) (relating to the computation of the rollback tax rate of a school district fitting certain criteria), Tax Code.

Repealer: Section 26.08(p) (relating to the calculation of the rollback tax rate of a school district fitting certain criteria), Tax Code.

Repealer: Section 312.210(c) (relating to the definitions of "wealth per student" and "equalized wealth level"), Tax Code.

ARTICLE 6. TRANSITION; CONFLICT OF LAW

SECTION 6.001. (a) Provides that, except as provided by Subsection (b) of this section, Article 2 of this Act applies beginning with the 2019–2020 school year.

(b) Provides that Section 28.006, Education Code, as amended by this Act, applies beginning with the 2020–2021 school year.

SECTION 6.002. Provides that, except as otherwise provided by this Act, Section 26.08, Tax Code, as amended by this Act, applies beginning with the 2019 tax year.

SECTION 6.003. Provides that, except as otherwise provided by that article, Article 4 of this Act applies beginning with the 2019 tax year.

SECTION 6.004. Prohibits SBEC from issuing a new or renewing a master teacher certificate issued under Section 21.0481, 21.0482, 21.0483, or 21.0484, Education Code, on or after the effective date of this Act.

SECTION 6.005. Requires the commissioner to select one campus that received an unacceptable rating for the 2017–2018 school year, regardless of the number of consecutive years the campus has received an unacceptable rating, to submit an accelerated campus excellence turnaround plan as provided by Section 39A.105(b), Education Code, as added by this Act, for the 2019–2020 school year. Authorizes the commissioner to adjust timelines established under Chapter 39A, Education Code, for the campus selected by the commissioner under this section for purposes of developing and implementing the accelerated campus excellence turnaround plan. Provides that a decision by the commissioner under this section is final and is prohibited from being appealed.

SECTION 6.006. Authorizes a school district that took action to comply with publication requirements under Section 44.004, Education Code, before the effective date of this Act, notwithstanding any provision of the Education Code, for the 2019 tax year, to amend the district's previously published notices to comply with the changes made to the district's permissible and proposed tax rates as a result of this Act by posting those changes on the district's Internet website. Authorizes a school district that complied with the law in effect at the time of the district's original publication to hold the district's scheduled public hearing as originally published.

SECTION 6.007. Requires TEA, not later than December 1, 2022, to submit the initial report required under Section 39.0236, Education Code, as adopted by this Act.

SECTION 6.008. Provides that, to the extent of any conflict, this Act prevails over another Act of the 86th Legislature, Regular Session, 2019, regardless of the relative dates of enactment.

ARTICLE 7. EFFECTIVE DATE

SECTION 7.001. (a) Effective date, except as provided by Subsection (b) of this section or as otherwise provided by this Act: September 1, 2019.

(b) Effective date, Article 2 of this Act: upon passage or September 1, 2019.

SECTION 7.002. Provides that Section 1.037 of this Act takes effect only if the constitutional amendment proposed by _J.R. __, 86th Legislature, Regular Session, 2019 is not approved by the voters.

SECTION 7.003. (a) Provides that, except as provided by Subsection (b) of this section or as otherwise provided by Article 4 of this Act:

(1) Article 4 of this Act takes effect on the date on which the constitutional amendment proposed by _J.R. __, 86th Legislature, Regular Session, 2019, takes effect; and

(2) if that amendment is not approved by the voters, Article 4 of this Act has no effect.

(b) Effective date, Sections 25.23(a-1), 26.04(a-1) and (c-1), 26.08(q), 26.09(c-1), 26.15(h), 31.01(d-2), (d-3), (d-4), and (d-5), and 31.02(a-1), Tax Code, and Sections 49.004(a-1), (b-1), and (c-1), 49.0041, 49.0121, 49.154(a-1), and 49.308(a-1), Education Code, as added by this Act: upon passage or on the 91st day after the last day of the legislative session.