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H.B. No. 3

A BILL TO BE ENTITLED

AN ACT

relating to public school finance and public education.

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

ARTICLE 1. PUBLIC SCHOOL FINANCE

SECTION 1.001. Subchapter D, Chapter 11, Education Code, is amended by adding Section 11.184 to read as follows:

Sec. 11.184. EFFICIENCY AUDIT. (a) For purposes of this section, "efficiency audit" means an investigation of the operations of a school district to examine fiscal management, efficiency, and utilization of resources.

(b) Except as provided by Subsection (b-1), the board of trustees of a school district shall conduct an efficiency audit before seeking voter approval to adopt a tax rate for the maintenance and operations of the district at an election held for that purpose and may not hold the election without complying with this section.

(b-1) The board of trustees 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, may hold an election to seek voter approval to adopt a maintenance and operations tax rate during the two-year period following the date of the declaration without conducting an efficiency audit otherwise required under this section.

(c) A school district must pay for the costs associated with

1 an efficiency audit required under this section.

2 (d) The board of trustees of a school district must select
3 an auditor to conduct an efficiency audit under this section not
4 later than four months before the date on which the district
5 proposes to hold an election to adopt a maintenance and operations
6 tax rate.

7 (e) The board of trustees of a school district may select
8 for purposes of Subsection (d) the auditor that conducts the
9 district's annual audit under Section 44.008 and may include the
10 efficiency audit as part of the district's annual audit.

11 (f) The Legislative Budget Board shall establish guidelines
12 identifying the scope and areas of investigation of an efficiency
13 audit, including identification of resources being used
14 effectively and efficiently and identification of cost savings or
15 reallocations. The Legislative Budget Board may consult with the
16 agency to identify areas in which school districts in this state
17 have a demonstrated history of effectively utilizing resources to
18 improve student achievement and achieve cost savings. The auditor
19 selected by the board of trustees of a school district must follow
20 the guidelines established by the Legislative Budget Board under
21 this subsection.

22 (g) An auditor selected by the board of trustees of a school
23 district must maintain independence from the district and complete
24 the efficiency audit not later than three months after the date the
25 auditor was selected.

26 (h) Before an election at which a school district seeks
27 voter approval to adopt a tax rate the board of trustees of the

1 school district must hold an open meeting to discuss the results of
2 the efficiency audit conducted under this section. Not later than
3 30 days before the date of the election, the results of an
4 efficiency audit conducted under this section must be posted on the
5 school district's Internet website.

6 (i) A school district shall provide all documents, records,
7 and personnel requested by the auditor as needed to conduct the
8 audit in an efficient manner.

9 SECTION 1.002. Section 12.106, Education Code, is amended
10 by amending Subsections (a), (a-1), and (a-2) and adding
11 Subsections (a-3) and (a-4) to read as follows:

12 (a) A charter holder is entitled to receive for the
13 open-enrollment charter school funding under Chapter 48 [42] equal
14 to the amount of funding per student in weighted average daily
15 attendance, excluding the adjustment under Section 48.052, the
16 allotment under Section 48.101, and enrichment funding under
17 Section 48.202(a) [42.302(a)], to which the charter holder would be
18 entitled for the school under Chapter 48 [42] if the school were a
19 school district without a tier one local share for purposes of
20 Section 48.266 [42.253].

21 (a-1) In determining funding for an open-enrollment charter
22 school under Subsection (a), the amount of the allotment under
23 Section 48.102 is based solely on the basic allotment to which the
24 charter holder is entitled and does not include any amount based on
25 the allotment under Section 48.101[+]

26 [~~1) adjustments under Sections 42.102, 42.104, and~~
27 ~~42.105 are based on the average adjustment for the state, and~~

1 ~~[(2) the adjustment under Section 42.103 is based on~~
2 ~~the average adjustment for the state that would have been provided~~
3 ~~under that section as it existed on January 1, 2018].~~

4 (a-2) In addition to the funding provided by Subsection (a),
5 a charter holder is entitled to receive for the open-enrollment
6 charter school an allotment per student in average daily attendance
7 in an amount equal to the product of:

8 (1) the state weighted average allotment per student
9 in average daily attendance provided to eligible school districts
10 under Section 48.101; and

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

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

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

17 (a-3) In addition to the funding provided by Subsections
18 ~~[Subsection]~~ (a) and (a-2), a charter holder is entitled to receive
19 for the open-enrollment charter school enrichment funding under
20 Section 48.202 [42.302] based on the state average tax effort.

21 (a-4) In addition to the funding provided by Subsections
22 (a), (a-2), and (a-3), a charter holder is entitled to receive
23 funding for the open-enrollment charter school under Subchapter D,
24 Chapter 48, if the charter holder would be entitled to the funding
25 if the school were a school district.

26 SECTION 1.003. Subchapter D, Chapter 12, Education Code, is
27 amended by adding Section 12.1142 to read as follows:

1 Sec. 12.1142. EFFICIENCY AUDIT. (a) For purposes of this
2 section, "efficiency audit" means an investigation of the
3 operations of an open-enrollment charter school to examine fiscal
4 management and efficiency.

5 (b) The governing body of an open-enrollment charter school
6 shall conduct an efficiency audit before:

7 (1) requesting approval from the commissioner for a
8 revision to the school's charter or an expansion amendment under
9 Section 12.114; or

10 (2) establishing a new open-enrollment charter school
11 campus under Section 12.101(b-4).

12 (c) The open-enrollment charter school must:

13 (1) pay for the costs associated with an efficiency
14 audit required under this section; and

15 (2) post the results of the efficiency audit on the
16 open-enrollment charter school's Internet website before taking an
17 action described by Subsection (b).

18 (d) An auditor selected by the governing body of an
19 open-enrollment charter school must maintain independence from the
20 school and complete the audit not later than three months after the
21 date the auditor was selected.

22 (e) An open-enrollment charter school shall provide all
23 documents, records, and personnel requested by the auditor as
24 needed to conduct the audit in an efficient manner. If an
25 open-enrollment charter school fails to timely comply with this
26 subsection, the auditor shall report the school's failure to the
27 agency and the governing body of the school.

1 SECTION 1.004. Section 25.084, Education Code, is amended
2 by amending Subsection (b) and adding Subsection (c) to read as
3 follows:

4 (b) Except as provided by Subsection (c), the [The]
5 operation of schools year-round by a district does not affect the
6 amount of state funds to which the district is entitled under
7 Chapter 48 [42].

8 (c) A district that adopts a year-round system under this
9 section may receive the incentive aid under Section 25.0841 if the
10 district meets the criteria for receiving the incentive under that
11 section.

12 SECTION 1.005. Subchapter C, Chapter 25, Education Code, is
13 amended by adding Section 25.0841 to read as follows:

14 Sec. 25.0841. INCENTIVE FOR ADDITIONAL INSTRUCTIONAL DAYS.

15 (a) The commissioner shall adjust the average daily attendance of a
16 school district or open-enrollment charter school under Section
17 48.005 in the manner provided by Subsection (b) if the district or
18 school:

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

23 (2) offers an additional 30 days of half-day
24 instruction for students enrolled in prekindergarten through fifth
25 grade.

26 (b) For a school district or open-enrollment charter school
27 described by Subsection (a), the commissioner shall increase the

1 average daily attendance of the district or school under Section
2 48.005 by the amount that results from the quotient of the sum of
3 attendance for each of the 30 additional instructional days of
4 half-day instruction that are provided divided by 30.

5 (c) The commissioner may provide the incentive under this
6 section to a school district or open-enrollment charter school that
7 intended, but due to circumstances beyond the district's or
8 school's control, including the occurrence of a natural disaster
9 affecting the district or school, was unable to meet the
10 requirement for instruction under Section 25.081 plus an additional
11 30 days of half-day instruction. The commissioner may
12 proportionately reduce the incentive provided to a district or
13 school described by this subsection.

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

19 (e) The commissioner shall adopt rules necessary for the
20 implementation of this section.

21 SECTION 1.006. Section 30.003, Education Code, is amended
22 by amending Subsection (f-1) and adding Subsection (f-2) to read as
23 follows:

24 (f-1) The commissioner shall determine the total amount
25 that the Texas School for the Blind and Visually Impaired and the
26 Texas School for the Deaf would have received from school districts
27 in accordance with this section if the following provisions had not

1 reduced the districts' share of the cost of providing education
2 services:

3 (1) H.B. No. 1, Acts of the 79th Legislature, 3rd
4 Called Session, 2006;

5 (2) Section 45.0032; and

6 (3) Section 48.255.

7 (f-2) The amount determined under Subsection (f-1), [~~had~~
8 ~~not reduced the districts' share of the cost of providing education~~
9 ~~services. That amount,~~] minus any amount the schools do receive
10 from school districts, shall be set aside as a separate account in
11 the foundation school fund and appropriated to those schools for
12 educational purposes.

13 SECTION 1.007. Section 45.003, Education Code, is amended
14 by amending Subsections (d) and (f) and adding Subsections (d-1),
15 (f-1), and (g) to read as follows:

16 (d) A proposition submitted to authorize the levy of
17 maintenance taxes must include the question of whether the
18 governing board or commissioners court may levy, assess, and
19 collect annual ad valorem taxes for the further maintenance of
20 public schools, at a rate not to exceed the rate stated in the
21 proposition. For any year, the maintenance tax rate per \$100 of
22 taxable value adopted by the district may not exceed \$1.17 [~~the rate~~
23 ~~equal to the sum of \$0.17 and the product of the state compression~~
24 ~~percentage, as determined under Section 42.2516, multiplied by~~
25 ~~\$1.50]~~.

26 (d-1) Except as otherwise provided by this subsection, if
27 the rollback tax rate of a school district under Section 26.08(n),

1 Tax Code, for the 2019 tax year exceeds \$1.04 per \$100 of taxable
2 value, the district may not adopt a maintenance and operations tax
3 rate for the 2019 tax year that exceeds the district's rollback
4 rate. A school district that, before January 1, 2019, adopted a
5 Strategic Plan through action taken by the Board of Trustees in a
6 public meeting that proposed a maintenance and operations tax rate
7 for the 2019 tax year that exceeds the rate permitted under this
8 subsection may, subject to voter approval, adopt the rate proposed
9 in the plan. This subsection expires September 1, 2020.

10 (f) Notwithstanding any other law except Section 48.202(f),
11 a district that levied a maintenance tax for the 2005 tax year at a
12 rate greater than \$1.50 per \$100 of taxable value in the district as
13 permitted by special law may not levy a maintenance tax at a rate
14 that exceeds the rate per \$100 of taxable value that is equal to the
15 sum of:

16 (1) \$0.17; and

17 (2) the product of 66.67 percent [~~the state~~
18 ~~compression percentage, as determined under Section 42.2516,~~]
19 multiplied by the rate of the maintenance tax levied by the district
20 for the 2005 tax year.

21 (f-1) Notwithstanding Section 48.202(f), for the 2019-2020
22 school year, the reduction of a school district's tax rate required
23 under Section 48.202(f) applies to the district's total enrichment
24 tax rate under Section 45.0032(b) minus six cents. This subsection
25 expires September 1, 2020.

26 (g) For a district to which Subsection (f) applies, revenue
27 generated from any cents of maintenance tax effort that exceeds

1 \$1.17 per \$100 of taxable value is not subject to the limit on local
2 revenue under Section 48.257.

3 SECTION 1.008. Subchapter A, Chapter 45, Education Code, is
4 amended by adding Section 45.0032 to read as follows:

5 Sec. 45.0032. COMPONENTS OF MAINTENANCE AND OPERATIONS TAX.

6 (a) A school district's tier one maintenance and operations tax
7 rate is the number of cents levied by the district for maintenance
8 and operations that does not exceed the product of the state
9 compression percentage, as determined under Section 48.255,
10 multiplied by \$1.00.

11 (a-1) This subsection applies to a school district with a
12 tier one maintenance and operations tax rate for the 2018-2019
13 school year that was less than \$1.00 per \$100 of taxable value. For
14 purposes of determining a school district's tier one maintenance
15 and operations tax rate under Subsection (a) for the 2019-2020
16 school year, the state compression percentage, as determined under
17 Section 48.255, is applied to the number of cents levied by the
18 district for the 2018-2019 school year for maintenance and
19 operations that does not exceed \$1.00. This subsection expires
20 September 1, 2020.

21 (b) A district's enrichment tax rate consists of:

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

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

1 Subdivision (1).

2 (c) For a district to which Section 45.003(f) applies, any
3 cents of maintenance and operations tax effort that exceeds the
4 maximum rate permitted under Section 45.003(d) are not included in
5 the district's tier one maintenance and operations tax rate under
6 Subsection (a) or the district's enrichment tax rate under
7 Subsection (b).

8 SECTION 1.009. Subtitle I, Title 2, Education Code, is
9 amended by adding Chapter 48, and a heading is added to that chapter
10 to read as follows:

11 CHAPTER 48. FOUNDATION SCHOOL PROGRAM

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

15 SUBCHAPTER A. GENERAL PROVISIONS

16 SECTION 1.011. Sections 42.001, 42.002, 42.003, 42.004,
17 42.005, 42.0051, and 42.0052, Education Code, are transferred to
18 Subchapter A, Chapter 48, Education Code, as added by this Act,
19 redesignated as Sections 48.001, 48.002, 48.003, 48.004, 48.005,
20 48.006, and 48.007, Education Code, and amended to read as follows:

21 Sec. 48.001 [~~42.001~~]. STATE POLICY. (a) It is the policy
22 of this state that the provision of public education is a state
23 responsibility and that a thorough and efficient system be provided
24 and substantially financed through state revenue sources so that
25 each student enrolled in the public school system shall have access
26 to programs and services that are appropriate to the student's
27 educational needs and that are substantially equal to those

1 available to any similar student, notwithstanding varying local
2 economic factors.

3 (b) The public school finance system of this state shall
4 adhere to a standard of neutrality that provides for substantially
5 equal access to similar revenue per student at similar tax effort,
6 considering all state and local tax revenues of districts after
7 acknowledging all legitimate student and district cost
8 differences.

9 Sec. 48.002 [~~42.002~~]. PURPOSES OF FOUNDATION SCHOOL
10 PROGRAM. (a) The purposes of the Foundation School Program set
11 forth in this chapter are to guarantee that each school district in
12 the state has:

13 (1) adequate resources to provide each eligible
14 student a basic instructional program and facilities suitable to
15 the student's educational needs; and

16 (2) access to a substantially equalized program of
17 financing in excess of basic costs for certain services, as
18 provided by this chapter.

19 (b) The Foundation School Program consists of:

20 (1) two tiers that in combination provide for:

21 (A) sufficient financing for all school
22 districts to provide a basic program of education that is rated
23 acceptable or higher under Section 39.054 and meets other
24 applicable legal standards; and

25 (B) substantially equal access to funds to
26 provide an enriched program; and

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

1 Sec. 48.003 [~~42.003~~]. STUDENT ELIGIBILITY. (a) A
2 student is entitled to the benefits of the Foundation School
3 Program if, on September 1 of the school year, the student:

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

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

11 (b) A student to whom Subsection (a) does not apply is
12 entitled to the benefits of the Foundation School Program if the
13 student is enrolled in a prekindergarten class under Section 29.153
14 [~~or Subchapter E-1, Chapter 29~~].

15 (c) A child may be enrolled in the first grade if the child
16 is at least six years of age at the beginning of the school year of
17 the district or has been enrolled in the first grade or has
18 completed kindergarten in the public schools in another state
19 before transferring to a public school in this state.

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

23 (1) the student performs satisfactorily on the
24 assessment instrument administered under Section 39.023(a) to
25 students in the third grade; and

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

1 Sec. 48.004 [~~42.004~~]. ADMINISTRATION OF THE PROGRAM. The
2 commissioner [~~, in accordance with the rules of the State Board of~~
3 ~~Education,~~] shall adopt rules [~~take such action and require such~~
4 ~~reports consistent with this chapter~~] as [~~may be~~] necessary to
5 implement and administer the Foundation School Program.

6 Sec. 48.005 [~~42.005~~]. AVERAGE DAILY ATTENDANCE. (a) In
7 this chapter, average daily attendance is:

8 (1) the quotient of the sum of attendance for each day
9 of the minimum number of days of instruction as described under
10 Section 25.081(a) divided by the minimum number of days of
11 instruction;

12 (2) for a district that operates under a flexible year
13 program under Section 29.0821, the quotient of the sum of
14 attendance for each actual day of instruction as permitted by
15 Section 29.0821(b)(1) divided by the number of actual days of
16 instruction as permitted by Section 29.0821(b)(1);

17 (3) for a district that operates under a flexible
18 school day program under Section 29.0822, the average daily
19 attendance as calculated by the commissioner in accordance with
20 Sections 29.0822(d) and (d-1); or

21 (4) for a district that operates a half-day program or
22 a full-day program under Section 29.153(c), one-half of the average
23 daily attendance calculated under Subdivision (1).

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

27 (1) the actual average daily attendance of the

1 preceding school year, if the decline is the result of the closing
2 or reduction in personnel of a military base; or

3 (2) subject to Subsection (e), an average daily
4 attendance not to exceed 98 percent of the actual average daily
5 attendance of the preceding school year, if the decline is not the
6 result of the closing or reduction in personnel of a military base.

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

11 (c-1) The commissioner shall adjust the average daily
12 attendance of a school district or open-enrollment charter school
13 that qualifies for the incentive for additional instructional days
14 under Section 25.0841 in the manner provided by that section.

15 (d) The commissioner may adjust the average daily
16 attendance of a school district in which a disaster, flood, extreme
17 weather condition, fuel curtailment, or other calamity has a
18 significant effect on the district's attendance.

19 (e) For each school year, the commissioner shall adjust the
20 average daily attendance of school districts that are entitled to
21 funding on the basis of an adjusted average daily attendance under
22 Subsection (b)(2) so that:

23 (1) all districts are funded on the basis of the same
24 percentage of the preceding year's actual average daily attendance;
25 and

26 (2) the total cost to the state does not exceed the
27 amount specifically appropriated for that year for purposes of

1 Subsection (b)(2).

2 (f) An open-enrollment charter school is not entitled to
3 funding based on an adjustment under Subsection (b)(2).

4 (g) If a student may receive course credit toward the
5 student's high school academic requirements and toward the
6 student's higher education academic requirements for a single
7 course, including a course provided under Section 28.009 by a
8 public institution of higher education, the time during which the
9 student attends the course shall be counted as part of the minimum
10 number of instructional hours required for a student to be
11 considered a full-time student in average daily attendance for
12 purposes of this section.

13 (g-1) The commissioner shall adopt rules to calculate
14 average daily attendance for students participating in a blended
15 learning program in which classroom instruction is supplemented
16 with applied workforce learning opportunities, including
17 participation of students in internships, externships, and
18 apprenticeships.

19 (h) Subject to rules adopted by the commissioner under
20 Section 48.007(b) [~~42.0052(b)~~], time that a student participates in
21 an off-campus instructional program approved under Section
22 48.007(a) [~~42.0052(a)~~] shall be counted as part of the minimum
23 number of instructional hours required for a student to be
24 considered a full-time student in average daily attendance for
25 purposes of this section.

26 (i) A district or a charter school operating under Chapter
27 12 that operates a prekindergarten program is eligible to receive

1 one-half of average daily attendance under Subsection (a) if the
2 district's or charter school's prekindergarten program provides at
3 least 32,400 minutes of instructional time to students.

4 (j) A district or charter school is eligible to earn full
5 average daily attendance under Subsection (a) if the district or
6 school provides at least 43,200 minutes of instructional time to
7 students enrolled in:

8 (1) a dropout recovery school or program operating
9 under Section 12.1141(c) or Section 39.0548;

10 (2) an alternative education program operating under
11 Section 37.008;

12 (3) a school program located at a day treatment
13 facility, residential treatment facility, psychiatric hospital, or
14 medical hospital;

15 (4) a school program offered at a correctional
16 facility; or

17 (5) a school operating under Section 29.259.

18 (k) A charter school operating under a charter granted under
19 Chapter 12 before January 1, 2015, is eligible to earn full average
20 daily attendance under Subsection (a), as that subsection existed
21 immediately before January 1, 2015, for:

22 (1) all campuses of the charter school operating
23 before January 1, 2015; and

24 (2) any campus or site expansion approved on or after
25 January 1, 2015, provided that the charter school received an
26 academic accountability performance rating of C or higher, and the
27 campus or site expansion is approved by the commissioner.

1 (1) A school district campus or charter school described by
2 Subsection (j) may operate more than one program and be eligible for
3 full average daily attendance for each program if the programs
4 operated by the district campus or charter school satisfy all
5 applicable state and federal requirements.

6 (m) The commissioner shall adopt rules necessary to
7 implement this section, including rules that:

8 (1) establish the minimum amount of instructional time
9 per day that allows a school district or charter school to be
10 eligible for full average daily attendance, which may differ based
11 on the instructional program offered by the district or charter
12 school;

13 (2) establish the requirements necessary for a school
14 district or charter school to be eligible for one-half of average
15 daily attendance, which may differ based on the instructional
16 program offered by the district or charter school; and

17 (3) proportionally reduce the average daily
18 attendance for a school district if any campus or instructional
19 program in the district provides fewer than the required minimum
20 minutes of instruction to students.

21 (n) To assist school districts in implementing this section
22 as amended by H.B. 2442, Acts of the 85th Legislature, Regular
23 Session, 2017, [~~or similar legislation,~~] the commissioner may waive
24 a requirement of this section or adopt rules to implement this
25 section. [~~This subsection expires at the end of the 2018-2019~~
26 ~~school year.~~]

27 (o) The commissioner shall adjust the average daily

1 attendance of a school district with average daily attendance of
2 400 or less to the average daily attendance of the school district
3 from the 2018-2019 school year for a school district that has
4 experienced a decline of four percent or more in average daily
5 attendance from the prior year. Open-enrollment charters are not
6 eligible for an adjustment under this subsection. This subsection
7 expires September 1, 2024.

8 Sec. 48.006 [~~42.0051~~]. AVERAGE DAILY ATTENDANCE FOR
9 DISTRICTS IN DISASTER AREA. (a) From funds specifically
10 appropriated for the purpose or other funds available to the
11 commissioner for that purpose, the commissioner shall adjust the
12 average daily attendance of a school district all or part of which
13 is located in an area declared a disaster area by the governor under
14 Chapter 418, Government Code, if the district experiences a decline
15 in average daily attendance that is reasonably attributable to the
16 impact of the disaster.

17 (b) The adjustment must be sufficient to ensure that the
18 district receives funding comparable to the funding that the
19 district would have received if the decline in average daily
20 attendance reasonably attributable to the impact of the disaster
21 had not occurred.

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

26 (d) Section 48.005(b)(2) [~~42.005(b)(2)~~] does not apply to a
27 district that receives an adjustment under this section.

1 (e) A district that receives an adjustment under this
2 section may not receive any additional adjustment under Section
3 48.005(d) [~~42.005(d)~~] for the decline in average daily attendance
4 on which the adjustment under this section is based.

5 (f) For purposes of this title, a district's adjusted
6 average daily attendance under this section is considered to be the
7 district's average daily attendance as determined under Section
8 48.005 [~~42.005~~].

9 Sec. 48.007 [~~42.0052~~]. OFF-CAMPUS PROGRAMS APPROVED FOR
10 PURPOSES OF AVERAGE DAILY ATTENDANCE. (a) The commissioner may,
11 based on criteria developed by the commissioner, approve
12 instructional programs provided off campus by an entity other than
13 a school district or open-enrollment charter school as a program in
14 which participation by a student of a district or charter school may
15 be counted for purposes of determining average daily attendance in
16 accordance with Section 48.005(h) [~~42.005(h)~~].

17 (b) The commissioner shall adopt by rule verification and
18 reporting procedures concerning time spent by students
19 participating in instructional programs approved under Subsection
20 (a).

21 SECTION 1.012. Sections 42.006(a), (b), (c), and (d),
22 Education Code, are transferred to Subchapter A, Chapter 48,
23 Education Code, as added by this Act, redesignated as Section
24 48.008, Education Code, and amended to read as follows:

25 Sec. 48.008. PUBLIC EDUCATION INFORMATION MANAGEMENT
26 SYSTEM (PEIMS). (a) Each school district shall participate in the
27 Public Education Information Management System (PEIMS) and shall

1 provide through that system information required for the
2 administration of this chapter and of other appropriate provisions
3 of this code.

4 (b) Each school district shall use a uniform accounting
5 system adopted by the commissioner for the data required to be
6 reported for the Public Education Information Management System.

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

14 (1) provides useful, accurate, and timely information
15 on student demographics and academic performance, personnel, and
16 school district finances;

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

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

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

1 SECTION 1.013. Sections 42.006(a-1), (a-3), and (a-4),
2 Education Code, Section 42.006(a-2), Education Code, as added by
3 Chapter 550 (S.B. 490), Acts of the 85th Legislature, Regular
4 Session, 2017, and Section 42.006(a-2), as added by Chapter 916
5 (S.B. 1404), Acts of the 85th Legislature, Regular Session, 2017,
6 are transferred to Subchapter A, Chapter 48, Education Code, as
7 added by this Act, redesignated as Section 48.009, Education Code,
8 and amended to read as follows:

9 Sec. 48.009. REQUIRED PEIMS REPORTING. (a) In this
10 section, "full-time equivalent school counselor" means 40 hours of
11 counseling services a week.

12 (b) [(a-1)] The commissioner by rule shall require each
13 school district and open-enrollment charter school to report
14 through the Public Education Information Management System
15 information regarding:

16 (1) the number of students enrolled in the district or
17 school who are identified as having dyslexia;

18 (2) [~~The agency shall maintain the information~~
19 ~~provided in accordance with this subsection.~~]

20 [~~(a-2) The commissioner by rule shall require each school~~
21 ~~district and open-enrollment charter school to report through the~~
22 ~~Public Education Information Management System information~~
23 ~~regarding] the availability of school counselors, including [at
24 each campus. The commissioner's rules shall require a district or
25 school to report] the number of full-time equivalent school
26 counselors, [providing counseling services] at each [a] campus;~~

27 (3) [~~For purposes of this subsection, "full-time~~

1 ~~equivalent school counselor" means 40 hours of counseling services~~
2 ~~a week. The agency shall maintain the information provided in~~
3 ~~accordance with this subsection.~~

4 ~~[(a-2) The commissioner by rule shall require each school~~
5 ~~district and open-enrollment charter school to report through the~~
6 ~~Public Education Information Management System information for~~
7 ~~each campus of the district or school regarding:~~

8 ~~[(1)] the availability of expanded learning~~
9 ~~opportunities as described by Section 33.252 at each campus; [and]~~

10 ~~(4) [(2) the number of students participating in each~~
11 ~~of the categories of expanded learning opportunities listed under~~
12 ~~Section 33.252(b).~~

13 ~~[(a-3) The commissioner by rule shall require each school~~
14 ~~district and open-enrollment charter school to annually report~~
15 ~~through the Public Education Information Management System~~
16 ~~information regarding] the total number of students, other than~~
17 ~~students described by Subdivision (5) [Subsection (a-4)], enrolled~~
18 ~~in the district or school with whom the district or school, as~~
19 ~~applicable, used intervention strategies, as that term is defined~~
20 ~~by Section 26.004, at any time during the year for which the report~~
21 ~~is made; and~~

22 ~~(5) [The agency shall maintain the information~~
23 ~~provided in accordance with this subsection.~~

24 ~~[(a-4) The commissioner by rule shall require each school~~
25 ~~district and open-enrollment charter school to annually report~~
26 ~~through the Public Education Information Management System~~
27 ~~information regarding] the total number of students enrolled in the~~

1 district or school to whom the district or school provided aids,
2 accommodations, or services under Section 504, Rehabilitation Act
3 of 1973 (29 U.S.C. Section 794), at any time during the year for
4 which the report is made.

5 (c) The agency shall maintain the information provided in
6 accordance with this section [~~subsection~~].

7 (d) Not later than January 1, 2020, the commissioner shall
8 adopt rules requiring the Public Education Information Management
9 System (PEIMS) to include pregnancy as a reason a student withdraws
10 from or otherwise no longer attends public school.

11 SECTION 1.014. Section 42.009, Education Code, is
12 transferred to Subchapter A, Chapter 48, Education Code, as added
13 by this Act, redesignated as Section 48.010, Education Code, and
14 amended to read as follows:

15 Sec. 48.010 [~~42.009~~]. DETERMINATION OF FUNDING LEVELS.

16 (a) Not later than July 1 of each year, the commissioner shall
17 determine for each school district whether the estimated amount of
18 state and local funding per student in weighted average daily
19 attendance to be provided to the district under the Foundation
20 School Program for maintenance and operations for the following
21 school year is less than the amount provided to the district for the
22 2010-2011 school year. If the amount estimated to be provided is
23 less, the commissioner shall certify the percentage decrease in
24 funding to be provided to the district.

25 (b) In making the determinations regarding funding levels
26 required by Subsection (a), the commissioner shall:

27 (1) make adjustments as necessary to reflect changes

1 in a school district's maintenance and operations tax rate;

2 (2) for a district required to [~~take action under~~
3 ~~Chapter 41 to~~] reduce its local revenue level under Section 48.257
4 [~~wealth per student to the equalized wealth level~~], base the
5 determinations on the district's net funding levels after deducting
6 any amounts required to be expended by the district to comply with
7 Chapter 49 [~~41~~]; and

8 (3) determine a district's weighted average daily
9 attendance in accordance with this chapter as it existed on January
10 1, 2011.

11 SECTION 1.015. Subchapter A, Chapter 48, Education Code, as
12 added by this Act, is amended by adding Section 48.011 to read as
13 follows:

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

20 (b) Before making an adjustment under Subsection (a), the
21 commissioner shall notify and must receive approval from the
22 Legislative Budget Board.

23 (c) If the commissioner makes an adjustment under
24 Subsection (a), the commissioner must provide to the legislature an
25 explanation regarding the changes necessary to resolve the
26 unintended consequences.

27 (d) Beginning with the 2021-2022 school year, the

1 commissioner may not make an adjustment under Subsection (a).

2 (e) This section expires September 1, 2023.

3 SECTION 1.016. Chapter 48, Education Code, as added by this
4 Act, is amended by adding Subchapter B, and a heading is added to
5 that subchapter to read as follows:

6 SUBCHAPTER B. BASIC ENTITLEMENT

7 SECTION 1.017. Sections 42.101 and 42.105, Education Code,
8 are transferred to Subchapter B, Chapter 48, Education Code, as
9 added by this Act, redesignated as Sections 48.051 and 48.052,
10 Education Code, and amended to read as follows:

11 Sec. 48.051 [~~42.101~~]. BASIC ALLOTMENT. (a) For each
12 student in average daily attendance, not including the time
13 students spend each day in special education programs in an
14 instructional arrangement other than mainstream or career and
15 technology education programs, for which an additional allotment is
16 made under Subchapter C, a district is entitled to an allotment
17 equal to the lesser of \$6,030 [~~\$4,765~~] or the amount that results
18 from the following formula:

19
$$A = \underline{\$6,030} [\underline{\$4,765}] \times \underline{TR/MCR} [(\underline{DCR/MCR})]$$

20 where:

21 "A" is the allotment to which a district is entitled;

22 "TR" [~~"DCR"~~] is the district's tier one maintenance and
23 operations [~~compressed~~] tax rate, as provided by Section 45.0032 [~~7~~]
24 ~~which is the product of the state compression percentage, as~~
25 ~~determined under Section 42.2516, multiplied by the maintenance and~~
26 ~~operations tax rate adopted by the district for the 2005 tax year];~~

27 and

1 "MCR" is the state maximum compressed tax rate, which is the
2 product of the state compression percentage, as determined under
3 Section 48.255 [~~42.2516~~], multiplied by \$1.00 [~~\$1.50~~].

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

13 (b) A greater amount for any school year may be provided by
14 appropriation.

15 (c) During any school year for which the maximum amount of
16 the basic allotment provided under Subsection (a) or (b) is greater
17 than the maximum amount provided for the preceding school year, a
18 school district must use at least 25 percent of the amount of the
19 difference between the district's basic allotment for the current
20 school year and the preceding school year to provide salary or wage
21 increases to each full-time district employee other than an
22 administrator as follows:

23 (1) 75 percent must be used to increase by an equal
24 amount the salary or wages paid to each full-time district
25 employee; and

26 (2) 25 percent may be used as determined by the
27 district to increase salary or wages paid to full-time district

1 employees [~~This subsection applies to a school district for which~~
2 ~~the compressed tax rate ("DCR") is determined in accordance with~~
3 ~~Subsection (a-1). Any reduction in the district's adopted~~
4 ~~maintenance and operations tax rate is applied to the following~~
5 ~~components of the district's tax rate in the order specified:~~

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

8 ~~and~~

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

11 Sec. 48.052 [~~42.105~~]. SPARSITY ADJUSTMENT. (a)
12 Notwithstanding Section 48.051 [~~Sections 42.101, 42.102, and~~
13 ~~42.103~~], a school district that has fewer than 130 students in
14 average daily attendance shall be provided a [~~an adjusted~~] basic
15 allotment on the basis of 130 students in average daily attendance
16 if it offers a kindergarten through grade 12 program and has
17 preceding or current year's average daily attendance of at least 90
18 students or is 30 miles or more by bus route from the nearest high
19 school district. A district offering a kindergarten through grade 8
20 program whose preceding or current year's average daily attendance
21 was at least 50 students or which is 30 miles or more by bus route
22 from the nearest high school district shall be provided a [~~an~~
23 ~~adjusted~~] basic allotment on the basis of 75 students in average
24 daily attendance. An average daily attendance of 60 students shall
25 be the basis of providing the [~~adjusted~~] basic allotment if a
26 district offers a kindergarten through grade 6 program and has
27 preceding or current year's average daily attendance of at least 40

1 students or is 30 miles or more by bus route from the nearest high
2 school district.

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

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

8 (2) serves both students residing in this state and
9 students residing in a state that borders this state who are
10 subsequently eligible for in-state tuition rates at institutions of
11 higher education in either state regardless of the state in which
12 the students reside; and

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

15 (c) Notwithstanding Subsection (a) or Section 48.051
16 [~~Sections 42.101, 42.102, and 42.103~~], a school district to which
17 this subsection applies, as provided by Subsection (b), that has
18 fewer than 130 students in average daily attendance shall be
19 provided a [~~an adjusted~~] basic allotment on the basis of 130
20 students in average daily attendance if it offers a kindergarten
21 through grade four program and has preceding or current year's
22 average daily attendance of at least 75 students or is 30 miles or
23 more by bus route from the nearest high school district.

24 SECTION 1.018. Subchapter B, Chapter 48, Education Code, as
25 added by this Act, is amended by adding Section 48.053 to read as
26 follows:

27 Sec. 48.053. ALLOTMENT FOR CERTAIN SPECIAL-PURPOSE SCHOOL

1 DISTRICTS. (a) This section applies only to a special-purpose
2 school district established under Section 11.351 that is operated
3 by a general academic teaching institution, as that term is defined
4 by Section 61.003.

5 (b) From funds described by Subsection (e), for each
6 full-time equivalent student, as determined by the commissioner,
7 who resides in this state and is enrolled in the district, a school
8 district to which this section applies is entitled to an allotment
9 equal to the maximum amount of the basic allotment provided under
10 Section 48.051.

11 (c) A school district to which this section applies may
12 decline to receive funding under Subsection (b).

13 (d) A school district that receives funding under
14 Subsection (b) for a school year may not charge tuition or fees to
15 students enrolled in the district who are residents of this state
16 for that school year, other than fees authorized under Section
17 11.158.

18 (e) From the total amount of funds appropriated for the
19 Foundation School Program for each school year, the commissioner
20 shall withhold an amount of funding equal to the total amount to
21 which school districts are entitled under Subsection (b) for that
22 school year, less any amount declined under Subsection (c), and
23 shall distribute that amount to those districts accordingly. The
24 commissioner shall use a payment schedule consistent with the
25 payment schedule adopted for open-enrollment charter schools.

26 SECTION 1.019. Chapter 48, Education Code, as added by this
27 Act, is amended by adding Subchapter C, and a heading is added to

1 that subchapter to read as follows:

2 SUBCHAPTER C. STUDENT-BASED ALLOTMENTS

3 SECTION 1.020. Subchapter C, Chapter 48, Education Code, as
4 added by this Act, is amended by adding Section 48.101 to read as
5 follows:

6 Sec. 48.101. SMALL AND MID-SIZED DISTRICT ALLOTMENT. (a)
7 Small and mid-sized districts are entitled to an annual allotment
8 in accordance with this section. In this section:

9 (1) "AA" is the district's annual allotment per
10 student in average daily attendance;

11 (2) "ADA" is the number of students in average daily
12 attendance for which the district is entitled to an allotment under
13 Section 48.051; and

14 (3) "BA" is the basic allotment determined under
15 Section 48.051.

16 (b) A school district that has fewer than 1,600 students in
17 average daily attendance is entitled to an annual allotment for
18 each student in average daily attendance based on the following
19 formula:

20
$$\underline{AA = ((1,600 - ADA) \times .0004) \times BA}$$

21 (c) A school district that offers a kindergarten through
22 grade 12 program and has less than 5,000 students in average daily
23 attendance is entitled to an annual allotment for each student in
24 average daily attendance based on the formula, of the following
25 formulas, that results in the greatest annual allotment:

26 (1) the formula in Subsection (b), if the district is
27 eligible for that formula; or

(2) AA = ((5,000 - ADA) X .000025) X BA.

SECTION 1.021. Section 42.151, Education Code, is transferred to Subchapter C, Chapter 48, Education Code, as added by this Act, redesignated as Section 48.102, Education Code, and amended to read as follows:

Sec. 48.102 [42.151]. SPECIAL EDUCATION. (a) For each student in average daily attendance in a special education program under Subchapter A, Chapter 29, in a mainstream instructional arrangement, a school district is entitled to an annual allotment equal to the ~~adjusted~~ basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by 1.15 [~~1.1~~]. 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, a district is entitled to an annual allotment equal to the ~~adjusted~~ basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by a weight determined according to instructional arrangement as follows:

Homebound	5.0
Hospital class	3.0
Speech therapy	5.0
Resource room	3.0
Self-contained, mild and moderate, regular campus	3.0
Self-contained, severe, regular campus	3.0

1 Off home campus 2.7
2 Nonpublic day school 1.7
3 Vocational adjustment class 2.3

4 (b) A special instructional arrangement for students with
5 disabilities residing in care and treatment facilities, other than
6 state schools, whose parents or guardians do not reside in the
7 district providing education services shall be established by
8 commissioner rule [~~under the rules of the State Board of~~
9 ~~Education~~]. The funding weight for this arrangement shall be 4.0
10 for those students who receive their education service on a local
11 school district campus. A special instructional arrangement for
12 students with disabilities residing in state schools shall be
13 established by commissioner rule [~~under the rules of the State~~
14 ~~Board of Education~~] with a funding weight of 2.8.

15 (c) For funding purposes, the number of contact hours
16 credited per day for each student in the off home campus
17 instructional arrangement may not exceed the contact hours credited
18 per day for the multidistrict class instructional arrangement in
19 the 1992-1993 school year.

20 (d) For funding purposes the contact hours credited per day
21 for each student in the resource room; self-contained, mild and
22 moderate; and self-contained, severe, instructional arrangements
23 may not exceed the average of the statewide total contact hours
24 credited per day for those three instructional arrangements in the
25 1992-1993 school year.

26 (e) The commissioner [~~State Board of Education~~] by rule
27 shall prescribe the qualifications an instructional arrangement

1 must meet in order to be funded as a particular instructional
2 arrangement under this section. In prescribing the qualifications
3 that a mainstream instructional arrangement must meet, the
4 commissioner [~~board~~] shall establish requirements that students
5 with disabilities and their teachers receive the direct, indirect,
6 and support services that are necessary to enrich the regular
7 classroom and enable student success.

8 (f) In this section, "full-time equivalent student" means
9 30 hours of contact a week between a special education student and
10 special education program personnel.

11 (g) The commissioner [~~State Board of Education~~] shall adopt
12 rules and procedures governing contracts for residential placement
13 of special education students. The legislature shall provide by
14 appropriation for the state's share of the costs of those
15 placements.

16 (h) Funds allocated under this section, other than an
17 indirect cost allotment established under commissioner [~~State
18 Board of Education~~] rule, must be used in the special education
19 program under Subchapter A, Chapter 29.

20 (i) The agency shall encourage the placement of students in
21 special education programs, including students in residential
22 instructional arrangements, in the least restrictive environment
23 appropriate for their educational needs.

24 (j) [~~(k)~~] A school district that provides an extended year
25 program required by federal law for special education students who
26 may regress is entitled to receive funds in an amount equal to 75
27 percent, or a lesser percentage determined by the commissioner, of

1 the ~~[adjusted]~~ basic allotment, or, if applicable, the sum of the
2 basic allotment and the allotment under Section 48.101 to which the
3 district is entitled ~~[or adjusted allotment, as applicable,]~~ for
4 each full-time equivalent student in average daily attendance,
5 multiplied by the amount designated for the student's instructional
6 arrangement under this section, for each day the program is
7 provided divided by the number of days in the minimum school year.
8 The total amount of state funding for extended year services under
9 this section may not exceed \$10 million per year. A school district
10 may use funds received under this section only in providing an
11 extended year program.

12 (k) ~~(l)~~ From the total amount of funds appropriated for
13 special education under this section, the commissioner shall
14 withhold an amount specified in the General Appropriations Act, and
15 distribute that amount to school districts for programs under
16 Section 29.014. The program established under that section is
17 required only in school districts in which the program is financed
18 by funds distributed under this subsection and any other funds
19 available for the program. After deducting the amount withheld
20 under this subsection from the total amount appropriated for
21 special education, the commissioner shall reduce each district's
22 allotment proportionately and shall allocate funds to each district
23 accordingly.

24 (l) If the commissioner determines that the total amount of
25 funding under this section for any school year is less than the
26 amount required under 20 U.S.C. Section 1412(a)(18), the
27 commissioner shall increase the total amount of funding under this

1 section for that school year as necessary to comply with that
2 provision. If the amount of funding available for purposes of this
3 section is insufficient to fully fund the amount determined
4 necessary under this subsection, the commissioner shall reduce
5 other funding provided under this chapter in the manner provided by
6 Section 48.266(f) to achieve the necessary amount of funding under
7 this subsection.

8 SECTION 1.022. Subchapter C, Chapter 48, Education Code, as
9 added by this Act, is amended by adding Section 48.103 to read as
10 follows:

11 Sec. 48.103. ALLOTMENT FOR STUDENT WITH DYSLEXIA OR RELATED
12 DISORDER. (a) Subject to Subsection (b), for each student that a
13 school district serves who has been identified as having dyslexia
14 or a related disorder, the district is entitled to an annual
15 allotment equal to the basic allotment multiplied by 0.1 or a
16 greater amount provided by appropriation.

17 (b) A school district is entitled to an allotment under
18 Subsection (a) only for a student who is receiving services for
19 dyslexia or a related disorder in accordance with:

20 (1) an individualized education program developed for
21 the student under Section 29.005; or

22 (2) a plan developed for the student under Section
23 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794).

24 (c) A school district may receive funding for a student
25 under this section and Section 48.102 if the student satisfies the
26 requirements of both sections.

27 (d) A school district may use an amount not to exceed 20

1 percent of the allotment provided for a qualifying student under
2 this section to contract with a private provider to provide
3 supplemental academic services to the student that are recommended
4 under the student's program or plan described by Subsection (b). A
5 student may not be excused from school to receive supplemental
6 academic services provided under this subsection.

7 SECTION 1.023. Section 42.152, Education Code, is
8 transferred to Subchapter C, Chapter 48, Education Code, as added
9 by this Act, redesignated as Section 48.104, Education Code, and
10 amended to read as follows:

11 Sec. 48.104 [42.152]. COMPENSATORY EDUCATION ALLOTMENT.

12 (a) For each student who [~~is educationally disadvantaged or who is~~
13 ~~a student who~~] does not have a disability and resides in a
14 residential placement facility in a district in which the student's
15 parent or legal guardian does not reside, a district is entitled to
16 an annual allotment equal to the [~~adjusted~~] basic allotment
17 multiplied by 0.2 or, if the student is educationally
18 disadvantaged, 0.275. For[~~, and by 2.41 for~~] each full-time
19 equivalent student who is in a remedial and support program under
20 Section 29.081 because the student is pregnant, a district is
21 entitled to an annual allotment equal to the basic allotment
22 multiplied by 2.41.

23 (b) For each student who is educationally disadvantaged and
24 resides in an economically disadvantaged census block as determined
25 by the commissioner under Subsection (c), a district is entitled to
26 an annual allotment equal to the basic allotment multiplied by the
27 weight assigned to the student's census block under Subsection (d).

1 (c) For purposes of the allotment under Subsection (b), the
2 commissioner shall establish an index for economically
3 disadvantaged census blocks in the state that provides criteria for
4 determining which census blocks are economically disadvantaged and
5 categorizes economically disadvantaged census blocks in five tiers
6 according to relative severity of economic disadvantage. In
7 determining the severity of economic disadvantage in a census
8 block, the commissioner shall consider:

- 9 (1) the median household income;
10 (2) the average educational attainment of the
11 population;
12 (3) the percentage of single-parent households;
13 (4) the rate of homeownership; and
14 (5) other economic criteria the commissioner
15 determines likely to disadvantage a student's preparedness and
16 ability to learn.

17 (d) The weights assigned to the five tiers of the index
18 established under Subsection (c) are, from least to most severe
19 economic disadvantage, 0.225, 0.2375, 0.25, 0.2625, and 0.275.

20 (e) If insufficient data is available for any school year to
21 evaluate the level of economic disadvantage in a census block, a
22 school district is entitled to an annual allotment equal to the
23 basic allotment multiplied by 0.225 for each student who is
24 educationally disadvantaged and resides in that census block [~~For~~
25 ~~purposes of this section, the number of educationally disadvantaged~~
26 ~~students is determined:~~

27 ~~[(1) by averaging the best six months' numbers of~~

1 ~~students eligible for enrollment in the national school lunch~~
2 ~~program of free or reduced-price lunches for the preceding school~~
3 ~~year; or~~

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

5 (f) [(b-1)] A student receiving a full-time virtual
6 education through the state virtual school network may be included
7 in determining the number of ~~[educationally disadvantaged]~~
8 students who are educationally disadvantaged and reside in an
9 economically disadvantaged census block under Subsection (b) or
10 (e), as applicable, if the school district submits to the
11 commissioner a plan detailing the enhanced services that will be
12 provided to the student and the commissioner approves the plan.

13 (g) Not later than March 1 of each year, the commissioner
14 shall:

15 (1) review and, if necessary, update the index
16 established under Subsection (c) to be used for the following
17 school year, based on the most recent estimates published by the
18 United States Census Bureau; and

19 (2) notify each school district of any changes to the
20 index.

21 (h) The state demographer, the Department of Agriculture,
22 and any other state agency with relevant information shall assist
23 the commissioner in performing the commissioner's duties under this
24 section.

25 (i) On a schedule determined by the commissioner, each
26 school district shall report to the agency the census block in which
27 each student enrolled in the district who is educationally

1 disadvantaged resides. The agency shall provide to school districts
2 a resource for use in determining the census block in which a
3 student resides.

4 (j) The commissioner by rule shall establish guidelines for
5 the method of determining the number of students who qualify for an
6 allotment under this section at a campus that participates in the
7 Community Eligibility Provision administered by the United States
8 Department of Agriculture, as provided by the Healthy, Hunger-Free
9 Kids Act of 2010 (Pub. L. No. 111-296).

10 (j-1) In addition to other purposes for which funds
11 allocated under this section may be used, those funds may also be
12 used to:

13 (1) provide child-care services or assistance with
14 child-care expenses for students at risk of dropping out of school,
15 as described by Section 29.081(d)(5); or

16 (2) pay the costs associated with services provided
17 through a life skills program in accordance with Sections
18 29.085(b)(1) and (3)-(7).

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

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

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

27 (B) students at risk of dropping out of school,

1 as defined by Section 29.081, and all other students; or

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

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

17 (1) must:

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

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

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

26 (m) The State Board of Education shall adopt rules requiring
27 a report on the use of funds under Subsection (k) as part of the

1 annual audit under Section 44.008 and shall develop minimum
2 requirements for that report.

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

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

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

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

26 [~~(c-1) Notwithstanding Subsection (c), funds allocated~~
27 ~~under this section may be used to fund in proportion to the~~

1 ~~percentage of students served by the program that meet the criteria~~
2 ~~in Section 29.081(d) or (g):~~

3 ~~[(1) an accelerated reading instruction program under~~
4 ~~Section 28.006(g); or~~

5 ~~[(2) a program for treatment of students who have~~
6 ~~dyslexia or a related disorder as required by Section 38.003.~~

7 ~~[(c-2) Notwithstanding Subsection (c), funds allocated~~
8 ~~under this section may be used to fund a district's mentoring~~
9 ~~services program under Section 29.089.~~

10 ~~[(d) The agency shall evaluate the effectiveness of~~
11 ~~accelerated instruction and support programs provided under~~
12 ~~Section 29.081 for students at risk of dropping out of school.~~

13 ~~[(g) The State Board of Education, with the assistance of~~
14 ~~the comptroller, shall develop and implement by rule reporting and~~
15 ~~auditing systems for district and campus expenditures of~~
16 ~~compensatory education funds to ensure that compensatory education~~
17 ~~funds, other than the indirect cost allotment, are spent only to~~
18 ~~supplement the regular education program as required by Subsection~~
19 ~~(c). The reporting requirements shall be managed electronically to~~
20 ~~minimize local administrative costs. A district shall submit the~~
21 ~~report required by this subsection not later than the 150th day~~
22 ~~after the last day permissible for resubmission of information~~
23 ~~required under Section 42.006.~~

24 ~~[(g-1) The commissioner shall develop a system to identify~~
25 ~~school districts that are at high risk of having used compensatory~~
26 ~~education funds other than in compliance with Subsection (c) or of~~
27 ~~having inadequately reported compensatory education expenditures.~~

1 ~~If a review of the report submitted under Subsection (q), using the~~
2 ~~risk-based system, indicates that a district is not at high risk of~~
3 ~~having misused compensatory education funds or of having~~
4 ~~inadequately reported compensatory education expenditures, the~~
5 ~~district may not be required to perform a local audit of~~
6 ~~compensatory education expenditures and is not subject to on-site~~
7 ~~monitoring under this section.~~

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

19 ~~[(1) require the district to conduct a local audit of~~
20 ~~compensatory education expenditures for the current or preceding~~
21 ~~school year,~~

22 ~~[(2) order agency staff to conduct on-site monitoring~~
23 ~~of the district's compensatory education expenditures, or~~

24 ~~[(3) both require a local audit and order on-site~~
25 ~~monitoring.~~

26 ~~[(q-3) If a review of the report submitted under Subsection~~
27 ~~(q), using the risk-based system, indicates that a district is at~~

1 ~~high risk of having inadequately reported compensatory education~~
2 ~~expenditures, the commissioner may require agency staff to assist~~
3 ~~the district in following the proper reporting methods or amending~~
4 ~~a district or campus improvement plan under Subchapter F, Chapter~~
5 ~~11. If the district does not take appropriate corrective action~~
6 ~~before the 45th day after the date the agency staff notifies the~~
7 ~~district of the action the district is expected to take, the~~
8 ~~commissioner may:~~

9 ~~[(1) require the district to conduct a local audit of~~
10 ~~the district's compensatory education expenditures; or~~

11 ~~[(2) order agency staff to conduct on-site monitoring~~
12 ~~of the district's compensatory education expenditures.~~

13 ~~[(g-4)]~~ The commissioner, in the year following a
14 determination under Subsection (n) that a school district was not
15 in compliance with Subsection (k) for the 2021-2022 school year or a
16 subsequent school year ~~[local audit of compensatory education~~
17 ~~expenditures]~~, shall withhold from the ~~[a]~~ district's foundation
18 school fund payment an amount equal to the amount of compensatory
19 education funds the commissioner ~~[agency]~~ determines were not used
20 in compliance with Subsection (k) ~~[(c)]~~. The commissioner shall
21 release to a district funds withheld under this subsection when the
22 district provides to the commissioner a detailed plan to spend
23 those funds in compliance with Subsection (k) ~~[(c)]~~. In determining
24 whether a school district is subject to the withholding of funding
25 required under this subsection, the commissioner may consider the
26 district's average use of funds for the three preceding school
27 years.

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

12 SECTION 1.024. Subchapter C, Chapter 48, Education Code, as
13 added by this Act, is amended by adding Section 48.1041 to read as
14 follows:

15 Sec. 48.1041. COMPENSATORY EDUCATION ALLOTMENT ADVISORY
16 COMMITTEE. (a) The commissioner shall establish an advisory
17 committee to advise the agency in adopting rules for the
18 compensatory education allotment under Section 48.104, including:

19 (1) rules establishing the economic criteria
20 described by Section 48.104(c)(5);

21 (2) rules detailing the method to count students who
22 qualify for the allotment in:

23 (A) a dropout recovery school or program; or

24 (B) a residential treatment facility;

25 (3) methods for properly counting students who are
26 homeless within the meaning of "homeless children and youths" under
27 42 U.S.C. Section 11434a; and

1 (4) rules to determine the appropriate weight by which
2 to adjust the basic allotment in determining the compensatory
3 allotment for students described by Subdivision (3).

4 (b) The advisory committee consists of members appointed by
5 the commissioner, including:

6 (1) school district superintendents and chief
7 financial officers;

8 (2) classroom teachers;

9 (3) representatives of school districts located in an
10 area other than an urban area, as designated by the United States
11 Census Bureau;

12 (4) at least one representative of an open-enrollment
13 charter school;

14 (5) demographers;

15 (6) experts on census data;

16 (7) public school finance experts; and

17 (8) appropriate employees of the agency.

18 (c) Members of the advisory committee serve at the pleasure
19 of the commissioner.

20 (d) A member of the advisory committee is not entitled to
21 receive compensation for service on the committee or reimbursement
22 for expenses incurred in performing official duties as a member of
23 the committee.

24 (e) Chapter 2110, Government Code, does not apply to the
25 advisory committee.

26 (f) Not less than once every two years, the advisory
27 committee shall review census and student data and provide

1 recommendations to the agency regarding any suggested changes to
2 the rules adopted for the compensatory education allotment under
3 Section 48.104.

4 SECTION 1.025. Sections 42.153, 42.154, and 42.157,
5 Education Code, are transferred to Subchapter C, Chapter 48,
6 Education Code, as added by this Act, redesignated as Sections
7 48.105, 48.106, and 48.107, Education Code, and amended to read as
8 follows:

9 Sec. 48.105 [~~42.153~~]. BILINGUAL EDUCATION ALLOTMENT. (a)
10 For each student in average daily attendance in a bilingual
11 education or special language program under Subchapter B, Chapter
12 29, a district is entitled to an annual allotment equal to the
13 ~~[adjusted]~~ basic allotment multiplied by:

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

16 (A) 0.1; or

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

20 (2) for a student not described by Subdivision (1),
21 0.05 if the student is in a bilingual education program using a dual
22 language immersion/two-way program model.

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

1 ~~reporting and auditing procedures~~].

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

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

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

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

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

20 (e) The commissioner, in the year following a determination
21 under Subsection (d) that a school district was not in compliance
22 with Subsection (b) for the 2021-2022 school year or a subsequent
23 school year, shall withhold from the district's foundation school
24 fund payment an amount equal to the amount of bilingual education or
25 special language funds the commissioner determines were not used in
26 compliance with Subsection (b). The commissioner shall release to a
27 district funds withheld under this subsection when the district

1 provides to the commissioner a detailed plan to spend those funds in
2 compliance with Subsection (b). In determining whether a school
3 district is subject to the withholding of funding required under
4 this subsection, the commissioner may consider the district's
5 average use of funds for the three preceding school years.

6 Sec. 48.106 [~~42.154~~]. CAREER AND TECHNOLOGY EDUCATION
7 ALLOTMENT. (a) For each full-time equivalent student in average
8 daily attendance in an approved career and technology education
9 program in grades 6 [~~nine~~] through 12 [~~or in career and technology~~
10 ~~education programs for students with disabilities in grades seven~~
11 ~~through 12~~], a district is entitled to:

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

14 (2) \$50 for each of the following in which [~~if~~] the
15 student is enrolled:

16 (A) [~~in~~] two or more advanced career and
17 technology education classes for a total of three or more credits;

18 (B) a campus designated as a P-TECH school under
19 Section 29.556; or

20 (C) a campus that is a member of the New Tech
21 Network and that focuses on project-based learning and work-based
22 education.

23 (b) In this section:

24 (1) "Career and technology education class" and
25 "career and technology education program" include [~~a~~] technology
26 applications courses [~~course on cybersecurity adopted or selected~~
27 ~~by the State Board of Education under Section 28.025(c-10)~~].

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

4 (c) At least 58 percent of the funds [~~Funds~~] allocated under
5 this section [~~, other than an indirect cost allotment established~~
6 ~~under State Board of Education rule,~~] must be used in providing
7 career and technology education programs in grades 6 [~~nine~~] through
8 12 [~~or career and technology education programs for students with~~
9 ~~disabilities in grades seven through 12 under Sections 29.182,~~
10 ~~29.183, and 29.184~~].

11 [~~(d) The commissioner shall conduct a cost-benefit~~
12 ~~comparison between career and technology education programs and~~
13 ~~mathematics and science programs.~~

14 [~~(e) Out of the total statewide allotment for career and~~
15 ~~technology education under this section, the commissioner shall set~~
16 ~~aside an amount specified in the General Appropriations Act, which~~
17 ~~may not exceed an amount equal to one percent of the total amount~~
18 ~~appropriated, to support regional career and technology education~~
19 ~~planning. After deducting the amount set aside under this~~
20 ~~subsection from the total amount appropriated for career and~~
21 ~~technology education under this section, the commissioner shall~~
22 ~~reduce each district's tier one allotments in the same manner~~
23 ~~described for a reduction in allotments under Section 42.253.~~]

24 Sec. 48.107 [~~42.157~~]. PUBLIC EDUCATION GRANT ALLOTMENT.

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

1 than the district in which the student resides, the district in
2 which the student attends school is entitled to an annual allotment
3 equal to the [~~adjusted~~] basic allotment multiplied by a weight of
4 0.1.

5 (b) The total number of allotments under this section to
6 which a district is entitled may not exceed the number by which the
7 number of students using public education grants to attend school
8 in the district exceeds the number of students who reside in the
9 district and use public education grants to attend school in
10 another district.

11 SECTION 1.026. Subchapter C, Chapter 48, Education Code, as
12 added by this Act, is amended by adding Section 48.108 to read as
13 follows:

14 Sec. 48.108. EARLY EDUCATION ALLOTMENT. (a) For each
15 student in average daily attendance in kindergarten through third
16 grade, a school district is entitled to an annual allotment equal to
17 the basic allotment multiplied by 0.1 if the student is:

- 18 (1) educationally disadvantaged; or
19 (2) a student of limited English proficiency, as
20 defined by Section 29.052, and is in a bilingual education or
21 special language program under Subchapter B, Chapter 29.

22 (b) Funds allocated under this section must be used to fund
23 programs and services designed to improve student performance in
24 reading and mathematics in prekindergarten through third grade,
25 including programs and services designed to assist the district in
26 achieving the goals set in the district's early childhood literacy
27 and mathematics proficiency plans adopted under Section 11.185.

1 (c) A school district is entitled to an allotment under each
2 subdivision of Subsection (a) for which a student qualifies.

3 (d) A school district may receive funding for a student
4 under this section and under Sections 48.104 and 48.105, as
5 applicable, if the student satisfies the requirements of each
6 applicable section.

7 SECTION 1.027. Chapter 48, Education Code, as added by this
8 Act, is amended by adding Subchapter D, and a heading is added to
9 that subchapter to read as follows:

10 SUBCHAPTER D. ADDITIONAL FUNDING

11 SECTION 1.028. Sections 42.155 and 42.158, Education Code,
12 are transferred to Subchapter D, Chapter 48, Education Code, as
13 added by this Act, redesignated as Sections 48.151 and 48.152,
14 Education Code, and amended to read as follows:

15 Sec. 48.151 [~~42.155~~]. TRANSPORTATION ALLOTMENT. (a) Each
16 district or county operating a transportation system is entitled to
17 allotments for transportation costs as provided by this section.

18 (b) As used in this section:

19 (1) "Regular eligible student" means a student who:

20 (A) resides two or more miles from the student's
21 campus of regular attendance, measured along the shortest route
22 that may be traveled on public roads, and who is not classified as a
23 student eligible for special education services; or

24 (B) is a homeless child or youth, as defined by 42
25 U.S.C. Section 11434a.

26 (2) "Eligible special education student" means a
27 student who is eligible for special education services under

1 Section 29.003 and who would be unable to attend classes without
2 special transportation services.

3 ~~[(3) "Linear density" means the average number of
4 regular eligible students transported daily, divided by the
5 approved daily route miles traveled by the respective
6 transportation system.]~~

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

18 (d) A district or county may apply for and on approval of the
19 commissioner receive an additional amount of up to 10 percent of its
20 regular transportation allotment to be used for the transportation
21 of children living within two miles of the school they attend who
22 would be subject to hazardous traffic conditions or a high risk of
23 violence if they walked to school.

24 (d-1) For purposes of Subsection (d), each board of trustees
25 shall provide to the commissioner an explanation of the hazardous
26 traffic conditions or areas presenting a high risk of violence
27 applicable to that district and shall identify the specific

1 hazardous or high-risk areas for which the allocation is
2 requested. A hazardous traffic condition exists where no walkway
3 is provided and children must walk along or cross a freeway or
4 expressway, an underpass, an overpass or a bridge, an uncontrolled
5 major traffic artery, an industrial or commercial area, or another
6 comparable condition. An area presents a high risk of violence if
7 law enforcement records indicate a high incidence of violent crimes
8 in the area. Each board of trustees requesting funds for an area
9 presenting a high risk of violence must, in addition to the
10 explanation required by this subsection, provide the commissioner
11 with consolidated law enforcement records that document violent
12 crimes identified by reporting agencies within the relevant
13 jurisdiction.

14 (d-2) A district or county may use all or part of any funds
15 received under Subsection (d) to support community walking
16 transportation programs, including walking school bus programs,
17 provided that the district or county requires each supported
18 program to submit a financial report to the district or county each
19 semester that covers services provided by the program for the
20 benefit of the district or county. The commissioner shall adopt
21 rules governing the transportation allotment as necessary to permit
22 a district or county to receive funds under Subsection (d) that may
23 be used to support innovative school safety projects, including
24 community walking transportation programs as provided by this
25 subsection and any other appropriate safety project, including
26 rules defining an approved walking route mile that may be used as
27 necessary in implementing this subsection.

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

8 (f) The cost of transporting career and technology
9 education students from one campus to another inside a district,
10 ~~or~~ from a sending district to another secondary public school for
11 a career and technology program or an area career and technology
12 school or to an approved post-secondary institution under a
13 contract for instruction approved by the agency, or from a district
14 campus to a location at which students are provided work-based
15 learning under the district's career and technology program shall
16 be reimbursed based on the number of actual miles traveled times the
17 district's official extracurricular travel per mile rate as set by
18 the board of trustees and approved by the agency.

19 (g) A school district or county that provides special
20 transportation services for eligible special education students is
21 entitled to a state allocation paid on a previous year's
22 cost-per-mile basis. The ~~maximum~~ rate per mile allowable shall
23 be set by appropriation based on data gathered from the first year
24 of each preceding biennium. Districts may use a portion of their
25 support allocation to pay transportation costs, if necessary. The
26 commissioner may grant an amount set by appropriation for private
27 transportation to reimburse parents or their agents for

1 transporting eligible special education students. The mileage
2 allowed shall be computed along the shortest public road from the
3 student's home to school and back, morning and afternoon. The need
4 for this type transportation shall be determined on an individual
5 basis and shall be approved only in extreme hardship cases.

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

8 (i) In the case of a district belonging to a county
9 transportation system, the district's transportation allotment for
10 purposes of determining a district's foundation school program
11 allocations is determined on the basis of the number of approved
12 daily route miles in the district [~~multiplied by the allotment per~~
13 ~~mile to which the county transportation system is entitled~~].

14 (j) The Texas School for the Deaf is entitled to an
15 allotment under this section. The commissioner shall determine the
16 appropriate allotment.

17 (k) Notwithstanding any other provision of this section,
18 the commissioner may not reduce the allotment to which a district or
19 county is entitled under this section because the district or
20 county provides transportation for an eligible student to and from
21 a child-care facility, as defined by Section 42.002, Human
22 Resources Code, or a grandparent's residence instead of the
23 student's residence, as authorized by Section 34.007 [~~, if the~~
24 ~~transportation is provided within the approved routes of the~~
25 ~~district or county for the school the student attends~~].

26 (l) A school district may, with the funds allotted under
27 this section, provide a bus pass or card for another transportation

1 system to each student who is eligible to use the regular
2 transportation system of the district but for whom the regular
3 transportation system of the district is not a feasible method of
4 providing transportation. The commissioner by rule shall provide
5 procedures for a school district to provide bus passes or cards to
6 students under this subsection.

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

12 Sec. 48.152 [~~42.158~~]. NEW INSTRUCTIONAL FACILITY
13 ALLOTMENT. (a) In this section:

14 (1) "Instructional facility" has the meaning assigned
15 by Section 46.001.

16 (2) "New instructional facility" includes:

17 (A) a newly constructed instructional facility;

18 (B) a repurposed instructional facility; and

19 (C) a leased facility operating for the first
20 time as an instructional facility with a minimum lease term of not
21 less than 10 years.

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

25 (c) [~~(a-1)~~] A school district entitled to an allotment
26 under this section may use funds from the district's allotment to
27 renovate an existing instructional facility to serve as a dedicated

1 cybersecurity computer laboratory.

2 (d) [~~(b)~~] For the first school year in which students attend
3 a new instructional facility, a school district is entitled to an
4 allotment of \$1,000 for each student in average daily attendance at
5 the facility. For the second school year in which students attend
6 that instructional facility, a school district is entitled to an
7 allotment of \$1,000 for each additional student in average daily
8 attendance at the facility.

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

15 (f) The [~~(d) Subject to Subsection (d-1), the~~] amount
16 appropriated for allotments under this section may not exceed \$100
17 [~~\$25~~] million in a school year. If the total amount of allotments
18 to which districts are entitled under this section for a school year
19 exceeds the amount appropriated under this subsection, the
20 commissioner shall reduce each district's allotment under this
21 section in the manner provided by Section 48.266(f) [~~42.253(h)~~].

22 [~~(d-1) In addition to the appropriation amount described by~~
23 ~~Subsection (d), the amount of \$1 million may be appropriated each~~
24 ~~school year to supplement the allotment to which a school district~~
25 ~~is entitled under this section that may be provided using the~~
26 ~~appropriation amount described by Subsection (d). The~~
27 ~~commissioner shall first apply the funds appropriated under this~~

1 ~~subsection to prevent any reduction under Subsection (d) in the~~
2 ~~allotment for attendance at an eligible high school instructional~~
3 ~~facility, subject to the maximum amount of \$1,000 for each student~~
4 ~~in average daily attendance. Any funds remaining after preventing~~
5 ~~all reductions in amounts due for high school instructional~~
6 ~~facilities may be applied proportionally to all other eligible~~
7 ~~instructional facilities, subject to the maximum amount of \$1,000~~
8 ~~for each student in average daily attendance.~~

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

17 ~~[(f) The commissioner may adopt rules necessary to~~
18 ~~implement this section.~~

19 ~~[(g) In this section:~~

20 ~~[(1) "Instructional facility" has the meaning~~
21 ~~assigned by Section 46.001.~~

22 ~~[(2) "New instructional facility" includes:~~

- 23 ~~[(A) a newly constructed instructional facility,~~
24 ~~[(B) a repurposed instructional facility, and~~
25 ~~[(C) a leased facility operating for the first~~
26 ~~time as an instructional facility with a minimum lease term of not~~
27 ~~less than 10 years.]~~

1 SECTION 1.029. Subchapter D, Chapter 48, Education Code, as
2 added by this Act, is amended by adding Section 48.153 to read as
3 follows:

4 Sec. 48.153. EDUCATOR EFFECTIVENESS ALLOTMENT. (a) A
5 school district is entitled to an annual allotment equal to the
6 basic allotment multiplied by 0.012:

7 (1) for each student in average daily attendance at a
8 district campus that is located in a census block assigned the
9 greatest weight for the compensatory education allotment under
10 Section 48.104(b); or

11 (2) if the district qualifies as a rural school
12 district, for each student in average daily attendance in the
13 district.

14 (b) A school district campus may not receive an allotment
15 under both Subsections (a)(1) and (a)(2).

16 (c) Funding allocated under this section must be used to
17 incentivize and provide pay increases to effective classroom
18 teachers to teach:

19 (1) at high needs campuses;

20 (2) at rural districts or schools; and

21 (3) in areas experiencing a critical shortage of
22 teachers.

23 (d) A school district that receives funding under this
24 section shall:

25 (1) use a collaborative process that includes
26 educators, parents, and community members to develop a method to
27 identify effective classroom teachers within and outside the

1 district;

2 (2) develop a policy that:

3 (A) allows for effective classroom teachers
4 identified by the district to apply to teach:

5 (i) at high needs campuses;

6 (ii) at rural districts or schools; or

7 (iii) in areas experiencing a critical
8 shortage of teachers; and

9 (B) clearly provides the methods through which
10 the district's use of funding provided under this section increases
11 the compensation available for eligible classroom teachers; and

12 (3) post the policy developed under Subdivision (2) on
13 the district's Internet website.

14 (e) The agency shall conduct an evaluation of the
15 effectiveness of the educator effectiveness allotment. A school
16 district that receives funding under this section shall participate
17 in the evaluation.

18 (f) Information received by the agency under Subsection (e)
19 is confidential and may not be used in evaluating individual
20 teachers.

21 SECTION 1.030. Section [42.106](#), Education Code, is
22 transferred to Subchapter D, Chapter 48, Education Code, as added
23 by this Act, redesignated as Section 48.154, and amended to read as
24 follows:

25 Sec. [48.154](#) [~~[42.106](#)~~]. TUITION ALLOTMENT FOR DISTRICTS NOT
26 OFFERING ALL GRADE LEVELS. A school district that contracts for
27 students residing in the district to be educated in another

1 district under Section 25.039(a) is entitled to receive an
2 allotment equal to the total amount of tuition required to be paid
3 by the district under Section 25.039, not to exceed the amount
4 specified by commissioner rule under Section 25.039(b).

5 SECTION 1.031. Subchapter D, Chapter 48, Education Code, as
6 added by this Act, is amended by adding Sections 48.155 and 48.156
7 to read as follows:

8 Sec. 48.155. COLLEGE PREPARATION ASSESSMENT REIMBURSEMENT.

9 A school district is entitled to reimbursement for the amount of
10 fees paid by the district for the administration of an assessment
11 instrument under Section 39.0261(a)(3).

12 Sec. 48.156. CERTIFICATION EXAMINATION REIMBURSEMENT. A
13 school district is entitled to reimbursement for the amount of a
14 subsidy paid by the district for a student's certification
15 examination under Section 29.190(a) as provided by Section
16 29.190(c).

17 SECTION 1.032. Subchapter D, Chapter 48, Education Code, as
18 added by this Act, is amended by adding Section 48.157 to read as
19 follows:

20 Sec. 48.157. SCHOOL SAFETY ALLOTMENT. (a) From funds
21 appropriated for that purpose, the commissioner shall provide to a
22 school district an annual allotment in the amount provided by
23 appropriation for each student in average daily attendance.

24 (b) Funds allocated under this section must be used to
25 improve school safety and security, including costs associated
26 with:

27 (1) securing school facilities, including:

- 1 (A) improvements to school infrastructure;
2 (B) the use or installation of physical barriers;
3 and
4 (C) the purchase and maintenance of:
5 (i) security cameras or other security
6 equipment; and
7 (ii) technology, including communications
8 systems or devices, that facilitates communication and information
9 sharing between students, school personnel, and first responders in
10 an emergency;
11 (2) providing security for the district, including:
12 (A) employing school district peace officers,
13 private security officers, and school marshals; and
14 (B) collaborating with local law enforcement
15 agencies, such as entering into a memorandum of understanding for
16 the assignment of school resource officers to schools in the
17 district; and
18 (3) school safety and security training and planning,
19 including:
20 (A) active shooter and emergency response
21 training;
22 (B) prevention and treatment programs relating
23 to addressing adverse childhood experiences; and
24 (C) the prevention, identification, and
25 management of emergencies and threats, including:
26 (i) providing mental health personnel and
27 support;

1 (ii) providing behavioral health services;
2 and
3 (iii) establishing threat reporting
4 systems.

5 (c) A school district may use funds allocated under this
6 section for equipment or software that is used for a school safety
7 and security purpose and an instructional purpose, provided that
8 the instructional use does not compromise the safety and security
9 purpose of the equipment or software.

10 (d) The commissioner may adopt rules to implement this
11 section.

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

15 SUBCHAPTER E. TIER TWO ENTITLEMENT

16 SECTION 1.034. Sections 42.301, 42.302, 42.303, and 42.304,
17 Education Code, are transferred to Subchapter E, Chapter 48,
18 Education Code, as added by this Act, redesignated as Sections
19 48.201, 48.202, 48.203, and 48.204, Education Code, and amended to
20 read as follows:

21 Sec. 48.201 [~~42.301~~]. PURPOSE. The purpose of the tier
22 two [~~guaranteed yield~~] component of the Foundation School Program
23 is to provide each school district with the opportunity to provide
24 the basic program and to supplement that program at a level of its
25 own choice. An allotment under this subchapter may be used for any
26 legal purpose other than capital outlay or debt service.

27 Sec. 48.202 [~~42.302~~]. TIER TWO ALLOTMENT. (a) Each school

1 district is guaranteed a specified amount per weighted student in
 2 state and local funds for each cent of tax effort over that required
 3 for the district's local fund assignment up to the maximum level
 4 specified in this subchapter. The amount of state support, subject
 5 only to the maximum amount under Section 48.203 [~~42.303~~], is
 6 determined by the formula:

$$7 \quad \text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

8 where:

9 "GYA" is the guaranteed yield amount of state funds to be
 10 allocated to the district;

11 "GL" is the dollar amount guaranteed level of state and local
 12 funds per weighted student per cent of tax effort, which is an
 13 amount described by Subsection (a-1) or a greater amount for any
 14 year provided by appropriation;

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

21 "DTR" is the district enrichment tax rate of the school
 22 district, which is determined by subtracting the amounts specified
 23 by Subsection (b) from the total amount of maintenance and
 24 operations taxes collected by the school district for the
 25 applicable school year and dividing the difference by the quotient
 26 of the district's taxable value of property for the preceding tax
 27 year as determined under Subchapter M, Chapter 403, Government

1 Code, or, if applicable, under Section 48.258 [~~42.2521~~], divided by
2 100; and

3 "LR" is the local revenue, which is determined by multiplying
4 "DTR" by the quotient of the district's taxable value of property
5 for the preceding tax year as determined under Subchapter M,
6 Chapter 403, Government Code, or, if applicable, under Section
7 48.258 [~~42.2521~~], divided by 100.

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

11 (1) the greater of the amount of district tax revenue
12 per weighted student per cent of tax effort [~~that would be~~
13 available to a school district at the 96th percentile of wealth per
14 weighted student [~~the Austin Independent School District, as~~
15 ~~determined by the commissioner in cooperation with the Legislative~~
16 ~~Budget Board, if the reduction of the limitation on tax increases as~~
17 ~~provided by Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not~~
18 ~~apply,~~] or the amount that results from multiplying 6,030, or the
19 greater amount provided under Section 48.051(b), if applicable, by
20 0.016 [~~of district tax revenue per weighted student per cent of tax~~
21 ~~effort used for purposes of this subdivision in the preceding~~
22 ~~school year], for the first eight [~~six~~] cents by which the
23 district's maintenance and operations tax rate exceeds the
24 district's tier one tax rate [~~equal to the sum of the product of the~~
25 ~~state compression percentage, as determined under Section 42.2516,~~
26 ~~multiplied by the maintenance and operations tax rate adopted by~~
27 ~~the district for the 2005 tax year and any additional tax effort~~~~

1 ~~included in calculating the district's compressed tax rate under~~
2 ~~Section [42.101\(a-1\)](#)]; and~~

3 (2) subject to Subsection (f), the amount that results
4 from multiplying \$6,030, or the greater amount provided under
5 Section [48.051\(b\)](#), if applicable, by 0.008 [~~\$31.95~~], for the
6 district's maintenance and operations tax effort that exceeds the
7 amount of tax effort described by Subdivision (1).

8 (a-2) The limitation on district enrichment tax rate
9 ("DTR") under Section [48.203](#) [~~42.303~~] does not apply to the
10 district's maintenance and operations tax effort described by
11 Subsection (a-1)(1).

12 (b) In computing the district enrichment tax rate of a
13 school district, the total amount of maintenance and operations
14 taxes collected by the school district does not include the amount
15 of:

16 (1) the district's local fund assignment under Section
17 [48.256](#) [~~42.252~~]; or

18 (2) taxes paid into a tax increment fund under Chapter
19 [311](#), Tax Code.

20 (c) For purposes of this section, school district taxes for
21 which credit is granted under Section [31.035](#), [31.036](#), or [31.037](#),
22 Tax Code, are considered taxes collected by the school district as
23 if the taxes were paid when the credit for the taxes was granted.

24 (d) For purposes of this section, the total amount of
25 maintenance and operations taxes collected for an applicable school
26 year by a school district with alternate tax dates, as authorized by
27 Section [26.135](#), Tax Code, is the amount of taxes collected on or

1 after January 1 of the year in which the school year begins and not
2 later than December 31 of the same year.

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

7 (f) For a school year in which the dollar amount guaranteed
8 level of state and local funds per weighted student per cent of tax
9 effort ("GL") under Subsection (a-1)(2) exceeds the dollar amount
10 guaranteed level of state and local funds per weighted student per
11 cent of tax effort ("GL") under Subsection (a-1)(2) for the
12 preceding school year, a school district shall reduce the
13 district's tax rate under Section 45.0032(b)(2) for the tax year
14 that corresponds to that school year to a rate that results in the
15 amount of state and local funds per weighted student per cent of tax
16 effort available to the district at the dollar amount guaranteed
17 level for the preceding school year. A school district is not
18 entitled to the amount equal to the increase of revenue described by
19 this subsection for the school year for which the district must
20 reduce the district's tax rate. For a tax year in which a district
21 must reduce the district's tax rate under this subsection, the
22 district may not increase the district's maintenance and operations
23 tax rate to a rate that exceeds the maximum maintenance and
24 operations tax rate permitted under Section 45.003(d) minus the
25 reduction of tax effort required under this subsection. This
26 subsection does not apply if the amount of state funds appropriated
27 for a school year specifically excludes the amount necessary to

1 provide the dollar amount guaranteed level of state and local funds
 2 per weighted student per cent of tax effort under Subsection
 3 (a-1)(2) [If a school district imposes a maintenance and operations
 4 tax at a rate greater than the rate equal to the product of the state
 5 compression percentage, as determined under Section [42.2516](#),
 6 multiplied by the maintenance and operations tax rate adopted by
 7 the district for the 2005 tax year, the district is entitled to
 8 receive an allotment under this section on the basis of that greater
 9 tax effort].

10 Sec. 48.203 [[42.303](#)]. LIMITATION ON ENRICHMENT TAX RATE.
 11 The district enrichment tax rate ("DTR") under Section 48.202
 12 [[42.302](#)] may not exceed the amount per \$100 of valuation by which
 13 the maximum rate permitted under Section [45.003](#) exceeds the rate
 14 used to determine the district's local share under Section 48.256
 15 [[42.252](#)], or a greater amount for any year provided by
 16 appropriation.

17 Sec. 48.204 [[42.304](#)]. COMPUTATION OF AID FOR DISTRICT ON
 18 MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under
 19 this subchapter for a school district located on a federal military
 20 installation or at Moody State School is computed using the average
 21 tax rate and property value per student of school districts in the
 22 county, as determined by the commissioner.

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

26 SUBCHAPTER F. FINANCING THE PROGRAM

27 SECTION 1.036. Sections [42.251](#), [42.2511](#), [42.2514](#), [42.2515](#),

1 42.2516, and 42.252, Education Code, are transferred to Subchapter
2 F, Chapter 48, Education Code, as added by this Act, redesignated as
3 Sections 48.251, 48.252, 48.253, 48.254, 48.255, and 48.256,
4 Education Code, and amended to read as follows:

5 Sec. 48.251 [~~42.251~~]. FINANCING; GENERAL RULE. (a) The
6 cost of the Foundation School Program for a school district is the
7 total sum of:

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

- 10 (A) the basic allotment under Subchapter B;
11 (B) [~~and~~] the student-based [~~special~~] allotments
12 under Subchapter C; and
13 (C) the additional funding under Subchapter D;
14 and

15 (2) [~~, computed in accordance with this chapter,~~
16 ~~constitute the tier one allotments. The sum of the tier one~~
17 ~~allotments and] the tier two allotment [~~guaranteed yield~~~~
18 ~~allotments]~~ under Subchapter E.

19 (b) The sum of the Foundation School Program maintenance and
20 operations costs for all accredited school districts in this state
21 constitutes [~~F, computed in accordance with this chapter,~~
22 ~~constitute]~~ the total maintenance and operations cost of the
23 Foundation School Program.

24 (c) [~~(b)~~] The program shall be financed by:

25 (1) state available school funds distributed in
26 accordance with the law [~~ad valorem tax revenue generated by an~~
27 ~~equalized uniform school district effort];~~

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

4 (3) [~~state available school funds distributed in~~
5 ~~accordance with law; and~~

6 ~~(4)~~ state funds appropriated for the purposes of
7 public school education and allocated to each district in an amount
8 sufficient to finance the cost of each district's Foundation School
9 Program not covered by other funds specified in this subsection.

10 Sec. 48.252 [~~42.2511~~]. SCHOOL DISTRICT ENTITLEMENT FOR
11 CERTAIN STUDENTS. (a) This section applies only to:

12 (1) a school district and an open-enrollment charter
13 school that enter into a contract to operate a district campus as
14 provided by Section 11.174; and

15 (2) a charter granted by a school district for a
16 program operated by an entity that has entered into a contract under
17 Section 11.174, provided that the district does not appoint a
18 majority of the governing body of the charter holder.

19 (b) Notwithstanding any other provision of this chapter or
20 Chapter 49 [~~41~~], a school district subject to this section is
21 entitled to receive for each student in average daily attendance at
22 the campus described by Subsection (a) an amount equivalent to the
23 difference, if the difference results in increased funding,
24 between:

25 (1) the amount described by Section 12.106; and

26 (2) the amount to which the district would be entitled
27 under this chapter.

1 (c) The commissioner shall adopt rules as necessary to
2 administer this section.

3 Sec. 48.253 [~~42.2514~~]. ADDITIONAL STATE AID FOR TAX
4 INCREMENT FINANCING PAYMENTS. (a) For each school year, a school
5 district [~~, including a school district that is otherwise ineligible~~
6 ~~for state aid under this chapter,~~] is entitled to state aid in an
7 amount equal to the amount the district is required to pay into the
8 tax increment fund for a reinvestment zone under Section
9 311.013(n), Tax Code.

10 (b) A school district shall provide to the agency any
11 agreements, amendments to agreements, or other information
12 required by the agency to implement this section.

13 Sec. 48.254 [~~42.2515~~]. ADDITIONAL STATE AID FOR AD VALOREM
14 TAX CREDITS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. [~~(a)~~] For each
15 school year, a school district, including a school district that is
16 otherwise ineligible for state aid under this chapter, is entitled
17 to state aid in an amount equal to the amount of all tax credits
18 credited against ad valorem taxes of the district in that year under
19 former Subchapter D, Chapter 313, Tax Code.

20 [~~(b) The commissioner may adopt rules to implement and~~
21 ~~administer this section.~~]

22 Sec. 48.255 [~~42.2516~~]. STATE COMPRESSION PERCENTAGE. (a)
23 In this title, "state compression percentage" means the percentage
24 of the rate of \$1.00 per \$100 valuation of taxable property at which
25 a school district must levy a [~~district's adopted~~] maintenance and
26 operations tax to receive the full amount of the tier one allotment
27 to which the district is entitled under this chapter.

1 **(b)** ~~The [tax rate for the 2005 tax year that serves as the~~
2 ~~basis for state funding. If the]~~ state compression percentage is:

3 **(1)** 96 percent; or

4 **(2)** a lower percentage set ~~[not established]~~ by
5 appropriation for a school year ~~[, the commissioner shall determine~~
6 ~~the state compression percentage for each school year based on the~~
7 ~~percentage by which a district is able to reduce the district's~~
8 ~~maintenance and operations tax rate for that year, as compared to~~
9 ~~the district's adopted maintenance and operations tax rate for the~~
10 ~~2005 tax year, as a result of state funds appropriated for that year~~
11 ~~from the property tax relief fund established under Section~~
12 ~~403.109, Government Code, or from another funding source available~~
13 ~~for school district property tax relief.~~

14 ~~[(g) The commissioner may adopt rules necessary to~~
15 ~~implement this section.~~

16 ~~[(h) A determination by the commissioner under this section~~
17 ~~is final and may not be appealed].~~

18 Sec. 48.256 [~~42.252~~]. LOCAL SHARE OF PROGRAM COST (TIER
19 ONE). (a) Each school district's share of the Foundation School
20 Program is determined by the following formula:

$$\text{LFA} = \text{TR} \times \text{DPV}$$

21 where:

22 "LFA" is the school district's local share;

23 "TR" is the school district's adopted tier one maintenance
24 and operations ~~[a]~~ tax rate, as described by Section 45.0032(a)
25 ~~[which]~~ for each hundred dollars of valuation ~~[is an effective tax~~
26 ~~rate of the amount equal to the product of the state compression~~
27

1 percentage, as determined under Section [42.2516](#), multiplied by the
2 lesser of:

3 ~~[(1) \$1.50; or~~

4 ~~[(2) the maintenance and operations tax rate adopted~~
5 ~~by the district for the 2005 tax year]; and~~

6 "DPV" is the taxable value of property in the school district
7 for the preceding tax year determined under Subchapter M, Chapter
8 [403](#), Government Code.

9 ~~[(a-1) Notwithstanding Subsection (a), for a school~~
10 ~~district that adopted a maintenance and operations tax rate for the~~
11 ~~2005 tax year below the maximum rate permitted by law for that year,~~
12 ~~the district's tax rate ("TR") includes the tax effort included in~~
13 ~~calculating the district's compressed tax rate under Section~~
14 ~~[42.101\(a-1\)](#).]~~

15 (b) The commissioner shall adjust the values reported by by ~~[in~~
16 ~~the official report of]~~ the comptroller ~~[as required by Section~~
17 ~~[5.09\(a\)](#), Tax Code,]~~ to reflect reductions in taxable value of
18 property resulting from natural or economic disaster ~~[after January~~
19 ~~1]~~ in the year in which the valuations are determined. The decision
20 of the commissioner is final. An adjustment does not affect the
21 local fund assignment of any other school district.

22 (c) Appeals of district values shall be held pursuant to
23 Section [403.303](#), Government Code.

24 ~~[(d) A school district must raise its total local share of~~
25 ~~the Foundation School Program to be eligible to receive foundation~~
26 ~~school fund payments.]~~

27 SECTION 1.037. Subchapter F, Chapter 48, Education Code, as

1 added by this Act, is amended by adding Section 48.2542 to read as
2 follows:

3 Sec. 48.2542. ADDITIONAL STATE AID FOR CERTAIN DISTRICTS
4 THAT ARE ONLY DISTRICT IN COUNTY. (a) Notwithstanding any other
5 provision of this title, a school district with a student
6 enrollment of less than 500 that is the only school district located
7 and operating in a county is entitled to not less than the amount of
8 state and local revenue, excluding any amount of revenue used by the
9 district to comply with Chapter 49, to which the district was
10 entitled for the 2019-2020 school year.

11 (b) The commissioner shall adjust the entitlement under
12 Subchapter B of a district to which this section applies as
13 necessary to comply with this section.

14 SECTION 1.038. Subchapter F, Chapter 48, Education Code, as
15 added by this Act, is amended by adding Section 48.257 to read as
16 follows:

17 Sec. 48.257. LOCAL REVENUE LEVEL IN EXCESS OF ENTITLEMENT.

18 (a) Subject to Subsection (b), if a school district's tier one
19 revenue level, which is the district's tier one local share under
20 Section 48.256, exceeds the district's entitlement under Section
21 48.266(a)(1) less the district's distribution from the state
22 available school fund, the district must reduce the district's tier
23 one revenue level in accordance with Chapter 49 to a level not to
24 exceed the district's entitlement under Section 48.266(a)(1) less
25 the district's distribution from the state available school fund.

26 (b) This subsection applies only to a school district to
27 which Subsection (a) applies. If the sum of a district's

1 maintenance and operations tax collections from the tax rate
2 described by Section 45.0032(a) for the current tax year minus the
3 district's tier one revenue level under Subsection (a) is less than
4 the amount of the district's entitlement under Section
5 48.266(a)(1), the agency shall adjust the amount of the district's
6 tier one revenue level under Subsection (a) to ensure that the
7 district retains the amount of local funds necessary for the
8 district's entitlement under Section 48.266(a)(1).

9 (c) For purposes of Subsection (a), state aid to which a
10 district is entitled under this chapter that is not described by
11 Section 48.266(a)(1), (2), or (3) may offset the amount by which a
12 district must reduce the district's tier one revenue level under
13 Subsection (a). Any amount of state aid used as an offset under this
14 subsection shall reduce the amount of state aid to which the
15 district is entitled.

16 (d) Except as provided by Subsection (e), a school district
17 is entitled to retain the total amount of the district's tier two
18 local share described by Section 48.266(a)(5)(A).

19 (e) In any school year for which the amount of state funds
20 appropriated specifically excludes the amount necessary to provide
21 the dollar amount guaranteed level of state and local funds per
22 weighted student per cent of tax effort under Section
23 48.202(a-1)(1), a district may only retain the amount of the
24 district's tier two local share described by Section
25 48.266(a)(5)(A) equal to the amount of revenue that would be
26 generated based on the amount appropriated for the dollar amount
27 guaranteed level of state and local funds.

1 (f) If the amount of a school district's tier two local
 2 share described by Section 48.266(a)(5)(B) to which a district is
 3 entitled exceeds the amount described by Section 48.202(a-1)(2),
 4 the district must reduce the district's revenue in accordance with
 5 Chapter 49 to a level not to exceed the amount described by Section
 6 48.202 (a-1)(2).

7 SECTION 1.039. Sections 42.2521, 42.2522, 42.2523,
 8 42.2524, 42.2525, 42.2526, 42.2527, 42.2528, 42.253, 42.2531,
 9 42.2532, 42.254, 42.255, 42.257, 42.258, 42.259, 42.2591, and
 10 42.260, Education Code, are transferred to Subchapter F, Chapter
 11 48, Education Code, as added by this Act, redesignated as Sections
 12 48.258, 48.259, 48.260, 48.261, 48.262, 48.263, 48.264, 48.265,
 13 48.266, 48.267, 48.268, 48.269, 48.270, 48.271, 48.272, 48.273,
 14 48.274, and 48.275, Education Code, and amended to read as follows:

15 Sec. 48.258 [~~42.2521~~]. ADJUSTMENT FOR RAPID DECLINE IN
 16 TAXABLE VALUE OF PROPERTY. (a) For purposes of Chapters [~~41 and~~
 17 46 and 49 and this chapter, and to the extent money specifically
 18 authorized to be used under this section is available, the
 19 commissioner shall adjust the taxable value of property in a school
 20 district that, due to factors beyond the control of the board of
 21 trustees, experiences a rapid decline in the tax base used in
 22 calculating taxable values in excess of four percent of the tax base
 23 used in the preceding year.

24 (b) To the extent that a sufficient amount of money is not
 25 available to fund all adjustments under this section, the
 26 commissioner shall reduce adjustments in the manner provided by
 27 Section 48.266(f) [~~42.253(h)~~] so that the total amount of

1 adjustments equals the amount of money available to fund the
2 adjustments.

3 (c) A decision of the commissioner under this section is
4 final and may not be appealed.

5 Sec. 48.259 [~~42.2522~~]. ADJUSTMENT FOR OPTIONAL HOMESTEAD
6 EXEMPTION. (a) In any school year, the commissioner may not
7 provide funding under this chapter or Chapter 46 based on a school
8 district's taxable value of property computed in accordance with
9 Section 403.302(d)(2), Government Code, unless:

10 (1) funds are specifically appropriated for purposes
11 of this section; or

12 (2) the commissioner determines that the total amount
13 of state funds appropriated for purposes of the Foundation School
14 Program for the school year exceeds the amount of state funds
15 distributed to school districts in accordance with Section 48.266
16 [~~42.253~~] based on the taxable values of property in school
17 districts computed in accordance with Section 403.302(d),
18 Government Code, without any deduction for residence homestead
19 exemptions granted under Section 11.13(n), Tax Code.

20 (b) In making a determination under Subsection (a)(2), the
21 commissioner shall:

22 (1) notwithstanding Section 48.266(b) [~~42.253~~(b)],
23 reduce the entitlement under this chapter of a school district
24 whose final taxable value of property is higher than the estimate
25 under Section 48.269 [~~42.254~~] and make payments to school districts
26 accordingly; and

27 (2) give priority to school districts that, due to

1 factors beyond the control of the board of trustees, experience a
2 rapid decline in the tax base used in calculating taxable values in
3 excess of four percent of the tax base used in the preceding year.

4 (c) In the first year of a state fiscal biennium, before
5 providing funding as provided by Subsection (a)(2), the
6 commissioner shall ensure that sufficient appropriated funds for
7 purposes of the Foundation School Program are available for the
8 second year of the biennium, including funds to be used for purposes
9 of Section 48.258 [~~42.2521~~].

10 (d) If the commissioner determines that the amount of funds
11 available under Subsection (a)(1) or (2) does not at least equal the
12 total amount of state funding to which districts would be entitled
13 if state funding under this chapter were based on the taxable values
14 of property in school districts computed in accordance with Section
15 403.302(d)(2), Government Code, the commissioner may, to the extent
16 necessary, provide state funding based on a uniform lesser fraction
17 of the deduction under Section 403.302(d)(2), Government Code.

18 (e) The commissioner shall notify school districts as soon
19 as practicable as to the availability of funds under this section.
20 For purposes of computing a voter-approved [~~rollback~~] tax rate
21 under Section 26.08, Tax Code, a district shall adjust the
22 district's tax rate limit to reflect assistance received under this
23 section.

24 Sec. 48.260 [~~42.2523~~]. ADJUSTMENT FOR PROPERTY VALUE
25 AFFECTED BY STATE OF DISASTER. (a) For purposes of Chapters [~~41~~
26 ~~and~~] 46 and 49 and this chapter, the commissioner shall adjust the
27 taxable value of property of a school district all or part of which

1 is located in an area declared a disaster area by the governor under
2 Chapter 418, Government Code, as necessary to ensure that the
3 district receives funding based as soon as possible on property
4 values as affected by the disaster.

5 (b) The commissioner may fund adjustments under this
6 section using funds specifically appropriated for the purpose or
7 other funds available to the commissioner for that purpose.

8 (c) ~~(d)~~ A decision of the commissioner under this section
9 is final and may not be appealed.

10 Sec. 48.261 [~~42.2524~~]. REIMBURSEMENT FOR DISASTER
11 REMEDIATION COSTS. (a) This section applies only to a school
12 district all or part of which is located in an area declared a
13 disaster area by the governor under Chapter 418, Government Code,
14 and that incurs disaster remediation costs as a result of the
15 disaster.

16 (b) During the two-year period following the date of the
17 governor's initial proclamation or executive order declaring a
18 state of disaster, a district may apply to the commissioner for
19 reimbursement of disaster remediation costs that the district pays
20 during that period and does not anticipate recovering through
21 insurance proceeds, federal disaster relief payments, or another
22 similar source of reimbursement.

23 (c) The commissioner may provide reimbursement under this
24 section only if funds are available for that purpose from ~~as~~
25 ~~follows~~]:

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

1 ~~[(A)]~~ amounts appropriated for that purpose,
2 including amounts appropriated for school ~~[these]~~ districts for
3 that purpose to the disaster contingency fund established under
4 Section 418.073, Government Code; or

5 (2) ~~[(B)]~~ Foundation School Program funds available
6 for that purpose, based on a determination by the commissioner that
7 the amount appropriated for the Foundation School Program,
8 including the facilities component as provided by Chapter 46,
9 exceeds the amount to which districts are entitled under this
10 chapter and Chapter 46 ~~[, and~~

11 ~~[(2) reimbursement for a school district required to~~
12 ~~take action under Chapter 41 may be provided from funds described by~~
13 ~~Subdivision (1)(B) if funds remain available after fully~~
14 ~~reimbursing each school district described by Subdivision (1) for~~
15 ~~its disaster remediation costs].~~

16 ~~(d) [If the amount of money available for purposes of~~
17 ~~reimbursing school districts not required to take action under~~
18 ~~Chapter 41 is not sufficient to fully reimburse each district's~~
19 ~~disaster remediation costs, the commissioner shall reduce the~~
20 ~~amount of assistance provided to each of those districts~~
21 ~~proportionately. If the amount of money available for purposes of~~
22 ~~reimbursing school districts required to take action under Chapter~~
23 ~~41 is not sufficient to fully reimburse each district's disaster~~
24 ~~remediation costs, the commissioner shall reduce the amount of~~
25 ~~assistance provided to each of those districts proportionately.~~

26 ~~[(e)]~~ A district seeking reimbursement under this section
27 must provide the commissioner with adequate documentation of the

1 costs for which the district seeks reimbursement.

2 (e) [~~(f)~~ A district required to take action under Chapter
3 ~~41.~~

4 [~~(1)~~ may, at its discretion, receive assistance
5 provided under this section either as a payment of state aid under
6 this chapter or as a reduction in the total amount required to be
7 paid by the district for attendance credits under Section ~~41.093,~~
8 and

9 [~~(2)~~ may not obtain reimbursement under this section
10 for the payment of any disaster remediation costs that resulted in a
11 reduction under Section ~~41.0931~~ of the district's cost of
12 attendance credits.

13 [~~(h)~~] The commissioner shall adopt rules necessary to
14 implement this section, including rules defining "disaster
15 remediation costs" for purposes of this section and specifying the
16 type of documentation required under Subsection (d) [~~(e)~~].

17 (f) [~~(i)~~] Notwithstanding any other provision of this
18 section, the commissioner may permit a district to use amounts
19 provided to a district under this section to pay the costs of
20 replacing a facility instead of repairing the facility. The
21 commissioner shall ensure that a district that elects to replace a
22 facility does not receive an amount under this section that exceeds
23 the lesser of:

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

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

27 (g) [~~(j)~~] This section does not require the commissioner to

1 provide any requested reimbursement. A decision of the
2 commissioner regarding reimbursement is final and may not be
3 appealed.

4 Sec. 48.262 [~~42.2525~~]. ADJUSTMENTS FOR CERTAIN DISTRICTS
5 RECEIVING FEDERAL IMPACT AID. The commissioner is granted the
6 authority to ensure that school districts receiving federal impact
7 aid due to the presence of a military installation or significant
8 concentrations of military students do not receive more than an
9 eight percent reduction should the federal government reduce
10 appropriations to those schools.

11 Sec. 48.263 [~~42.2526~~]. ADJUSTMENT FOR DISTRICT OPERATING
12 PILOT PROGRAM. (a) This section applies only to a school district
13 operating a pilot program authorized by Section 28.0255.

14 (b) Beginning with the first school year that follows the
15 first school year in which students receive high school diplomas
16 under the pilot program authorized by Section 28.0255 and
17 continuing for every subsequent school year that the district
18 operates the pilot program, the commissioner shall provide funding
19 for the district's prekindergarten program under Section 29.153 on
20 a full-day basis for a number of prekindergarten students equal to
21 twice the number of students who received a high school diploma
22 under the pilot program authorized by Section 28.0255 during the
23 preceding school year.

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

25 Sec. 48.264 [~~42.2527~~]. ADJUSTMENT FOR CERTAIN DISTRICTS
26 WITH EARLY HIGH SCHOOL GRADUATION PROGRAMS. (a) As a pilot program
27 to enable the state to evaluate the benefit of providing additional

1 funding at the prekindergarten level for low-income students, the
2 commissioner shall provide prekindergarten funding in accordance
3 with this section to a school district located in a county that
4 borders the United Mexican States and the Gulf of Mexico.

5 (b) The commissioner shall provide funding for a school
6 district's prekindergarten program on a half-day basis for a number
7 of low-income prekindergarten students equal to twice the number of
8 students who received, as a result of participation in an early high
9 school graduation program operated by the district, a high school
10 diploma from the district during the preceding school year after
11 three years of secondary school attendance.

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

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

15 Sec. 48.265 [~~42.2528~~]. EXCESS FUNDS FOR VIDEO SURVEILLANCE
16 OF SPECIAL EDUCATION SETTINGS. (a) Notwithstanding any other
17 provision of law, if the commissioner determines that the amount
18 appropriated for the purposes of the Foundation School Program
19 exceeds the amount to which school districts are entitled under
20 this chapter, the commissioner by rule shall establish a grant
21 program through which excess funds are awarded as grants for the
22 purchase of video equipment, or for the reimbursement of costs for
23 previously purchased video equipment, used for monitoring special
24 education classrooms or other special education settings required
25 under Section 29.022.

26 (b) In awarding grants under this section, the commissioner
27 shall give highest priority to districts with maintenance and

1 operations tax rates at the greatest rates permitted by law. The
2 commissioner shall also give priority to:

3 (1) districts with maintenance and operations tax
4 rates at least equal to the state maximum compressed tax rate, as
5 defined by Section 48.051(a) [~~42.101(a)~~], and lowest amounts of
6 maintenance and operations tax revenue per weighted student; and

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

9 (c) The commissioner may adopt rules to implement and
10 administer this section.

11 Sec. 48.266 [~~42.253~~]. DISTRIBUTION OF FOUNDATION SCHOOL
12 FUND. (a) For each school year the commissioner shall determine:

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

15 (2) the amount of money to which a school district is
16 entitled under Subchapter E [~~F~~];

17 (3) the amount of money allocated to the district from
18 the available school fund;

19 (4) the amount of each district's tier one local share
20 under Section 48.256 [~~42.252~~]; and

21 (5) the amount of each district's tier two local share
22 under Section 48.202 for:

23 (A) the district's maintenance and operations
24 tax effort described by Section 48.202(a-1)(1); and

25 (B) the district's maintenance and operations
26 tax effort described by Section 48.202(a-1)(2) [~~42.302~~].

27 (b) Except as provided by this subsection, the commissioner

1 shall base the determinations under Subsection (a) on the estimates
2 provided to the legislature under Section 48.269 [~~42.254~~], or, if
3 the General Appropriations Act provides estimates for that purpose,
4 on the estimates provided under that Act, for each school district
5 for each school year. The commissioner shall reduce the
6 entitlement of each district that has a final taxable value of
7 property for the second year of a state fiscal biennium that is
8 higher than the estimate under Section 48.269 [~~42.254~~] or the
9 General Appropriations Act, as applicable. A reduction under this
10 subsection may not reduce the district's entitlement below the
11 amount to which it is entitled at its actual taxable value of
12 property.

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

17 (d) The commissioner shall approve warrants to each school
18 district equaling the amount of its entitlement except as provided
19 by this section. Warrants for all money expended according to this
20 chapter shall be approved and transmitted to treasurers or
21 depositories of school districts in the same manner that warrants
22 for state payments are transmitted. The total amount of the
23 warrants issued under this section may not exceed the total amount
24 appropriated for Foundation School Program purposes for that fiscal
25 year.

26 (e) [~~(g)~~] If a school district demonstrates to the
27 satisfaction of the commissioner that the estimate of the

1 district's tax rate, student enrollment, or taxable value of
2 property used in determining the amount of state funds to which the
3 district is entitled are so inaccurate as to result in undue
4 financial hardship to the district, the commissioner may adjust
5 funding to that district in that school year to the extent that
6 funds are available for that year.

7 (f) [~~(h)~~] If the amount appropriated for the Foundation
8 School Program for the second year of a state fiscal biennium is
9 less than the amount to which school districts and open-enrollment
10 charter schools are entitled for that year, the commissioner shall
11 certify the amount of the difference to the Legislative Budget
12 Board not later than January 1 of the second year of the state
13 fiscal biennium. The Legislative Budget Board shall propose to the
14 legislature that the certified amount be transferred to the
15 foundation school fund from the economic stabilization fund and
16 appropriated for the purpose of increases in allocations under this
17 subsection. If the legislature fails during the regular session to
18 enact the proposed transfer and appropriation and there are not
19 funds available under Subsection (h) [~~(j)~~], the commissioner shall
20 adjust the total amounts due to each school district and
21 open-enrollment charter school under this chapter and the total
22 amounts necessary for each school district to comply with the
23 requirements of Chapter 49 [~~41~~] by an amount determined by applying
24 to each district and school the same percentage adjustment to the
25 total amount of state and local revenue due to the district or
26 school under this chapter and Chapter 49 [~~41~~] so that the total
27 amount of the adjustment to all districts and schools results in an

1 amount equal to the total adjustment necessary. The following
2 fiscal year:

3 (1) a district's or school's entitlement under this
4 section is increased by an amount equal to the adjustment made
5 under this subsection; and

6 (2) the amount necessary for a district to comply with
7 the requirements of Chapter 49 [~~41~~] is reduced by an amount
8 necessary to ensure a district's full recovery of the adjustment
9 made under this subsection.

10 (g) [~~(i)~~] Not later than March 1 each year, the commissioner
11 shall determine the actual amount of state funds to which each
12 school district is entitled under the allocation formulas in this
13 chapter for the current school year and shall compare that amount
14 with the amount of the warrants issued to each district for that
15 year. If the amount of the warrants differs from the amount to
16 which a district is entitled because of variations in the
17 district's tax rate, student enrollment, or taxable value of
18 property, the commissioner shall adjust the district's entitlement
19 for the next fiscal year accordingly.

20 (h) [~~(j)~~] The legislature may appropriate funds necessary
21 for increases under Subsection (g) [~~(i)~~] from funds that the
22 comptroller, at any time during the fiscal year, finds are
23 available.

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

1 Sec. 48.267 [~~42.2531~~]. ADJUSTMENT BY COMMISSIONER. (a)

2 The commissioner may make adjustments to amounts due to a school
3 district under this chapter or Chapter 46, or to amounts necessary
4 for a district to comply with the requirements of Chapter 49 [~~41~~],
5 as provided by this section.

6 (b) A school district that has a major taxpayer, as
7 determined by the commissioner, that because of a protest of the
8 valuation of the taxpayer's property fails to pay all or a portion
9 of the ad valorem taxes due to the district may apply to the
10 commissioner to have the district's taxable value of property or ad
11 valorem tax collections adjusted for purposes of this chapter or
12 Chapter [~~41~~ or 46 or 49]. The commissioner may make the adjustment
13 only to the extent the commissioner determines that making the
14 adjustment will not:

15 (1) in the fiscal year in which the adjustment is made,
16 cause the amount to which school districts are entitled under this
17 chapter to exceed the amount appropriated for purposes of the
18 Foundation School Program for that year; and

19 (2) if the adjustment is made in the first year of a
20 state fiscal biennium, cause the amount to which school districts
21 are entitled under this chapter for the second year of the biennium
22 to exceed the amount appropriated for purposes of the Foundation
23 School Program for that year.

24 (c) The commissioner shall recover the benefit of any
25 adjustment made under this section by making offsetting adjustments
26 in the school district's taxable value of property or ad valorem tax
27 collections for purposes of this chapter or Chapter [~~41~~ or 46 or 49]

1 on a final determination of the taxable value of property that was
2 the basis of the original adjustment, or in the second school year
3 following the year in which the adjustment is made, whichever is
4 earlier.

5 (d) This section does not require the commissioner to make
6 any requested adjustment. A determination by the commissioner
7 under this section is final and may not be appealed.

8 Sec. 48.268 [~~42.2532~~]. ADJUSTMENT FOR RESOLUTION OF
9 DISPUTE OR ERROR RESULTING IN TAXATION OF SAME PROPERTY BY MULTIPLE
10 SCHOOL DISTRICTS. The commissioner shall adjust the amounts due to
11 a school district under this chapter and Chapter 46 as necessary to
12 account for the resolution of a dispute or error involving the
13 district and another district by an agreement between the districts
14 entered into under Section 31.112(c), Tax Code, or by a final order
15 of the supreme court entered under Section 72.010, Local Government
16 Code.

17 Sec. 48.269 [~~42.254~~]. ESTIMATES REQUIRED. (a) Not later
18 than October 1 of each even-numbered year:

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

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

26 (b) The agency and the comptroller shall update the
27 information provided to the legislature under Subsection (a) not

1 later than March 1 of each odd-numbered year.

2 Sec. 48.270 [~~42.255~~]. FALSIFICATION OF RECORDS; REPORT.
3 When, in the opinion of the agency's director of school audits,
4 audits or reviews of accounting, enrollment, or other records of a
5 school district reveal deliberate falsification of the records, or
6 violation of the provisions of this chapter, through which the
7 district's share of state funds allocated under the authority of
8 this chapter would be, or has been, illegally increased, the
9 director shall promptly and fully report the fact to the State Board
10 of Education, the state auditor, and the appropriate county
11 attorney, district attorney, or criminal district attorney.

12 Sec. 48.271 [~~42.257~~]. EFFECT OF APPRAISAL APPEAL. (a) If
13 the final determination of an appeal under Chapter 42, Tax Code,
14 results in a reduction in the taxable value of property that exceeds
15 five percent of the total taxable value of property in the school
16 district for the same tax year determined under Subchapter M,
17 Chapter 403, Government Code, the commissioner shall request the
18 comptroller to adjust its taxable property value findings for that
19 year consistent with the final determination of the appraisal
20 appeal.

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

27 (c) In addition to the funding provided under Subsection

1 (b), a school district is entitled to reimbursement for the amount
2 of interest included in a refund made by the district under Section
3 42.43, Tax Code, in the state fiscal year ending August 31, 2018, or
4 August 31, 2019. This subsection expires September 1, 2021.

5 Sec. 48.272 [~~42.258~~]. RECOVERY OF OVERALLOCATED FUNDS.

6 (a) If a school district has received an overallocation of state
7 funds, the agency shall, by withholding from subsequent allocations
8 of state funds for the current or subsequent school year or by
9 requesting and obtaining a refund, recover from the district an
10 amount equal to the overallocation.

11 (b) [~~(a-1)~~] Notwithstanding Subsection (a), the agency may
12 recover an overallocation of state funds over a period not to exceed
13 the subsequent five school years if the commissioner determines
14 that the overallocation was the result of exceptional circumstances
15 reasonably caused by statutory changes to Chapter [~~41 or~~ 46 or 49
16 or this chapter and related reporting requirements.

17 (c) [~~(b)~~] If a district fails to comply with a request for a
18 refund under Subsection (a), the agency shall certify to the
19 comptroller that the amount constitutes a debt for purposes of
20 Section 403.055, Government Code. The agency shall provide to the
21 comptroller the amount of the overallocation and any other
22 information required by the comptroller. The comptroller may
23 certify the amount of the debt to the attorney general for
24 collection.

25 (d) [~~(c)~~] Any amounts recovered under this section shall be
26 deposited in the foundation school fund.

27 Sec. 48.273 [~~42.259~~]. FOUNDATION SCHOOL FUND TRANSFERS.

1 (a) In this section:

2 (1) "Category 1 school district" means a school
3 district having a wealth per student of less than one-half of the
4 statewide average wealth per student.

5 (2) "Category 2 school district" means a school
6 district having a wealth per student of at least one-half of the
7 statewide average wealth per student but not more than the
8 statewide average wealth per student.

9 (3) "Category 3 school district" means a school
10 district having a wealth per student of more than the statewide
11 average wealth per student.

12 (4) "Wealth per student" means the taxable property
13 values reported by the comptroller to the commissioner under
14 Section 48.256 [~~42.252~~] divided by the number of students in
15 average daily attendance.

16 (b) Payments from the foundation school fund to each
17 category 1 school district shall be made as follows:

18 (1) 15 percent of the yearly entitlement of the
19 district shall be paid in an installment to be made on or before the
20 25th day of September of a fiscal year;

21 (2) 80 percent of the yearly entitlement of the
22 district shall be paid in eight equal installments to be made on or
23 before the 25th day of October, November, December, January, March,
24 May, June, and July; and

25 (3) five percent of the yearly entitlement of the
26 district shall be paid in an installment to be made on or before the
27 25th day of February.

1 (c) Payments from the foundation school fund to each
2 category 2 school district shall be made as follows:

3 (1) 22 percent of the yearly entitlement of the
4 district shall be paid in an installment to be made on or before the
5 25th day of September of a fiscal year;

6 (2) 18 percent of the yearly entitlement of the
7 district shall be paid in an installment to be made on or before the
8 25th day of October;

9 (3) 9.5 percent of the yearly entitlement of the
10 district shall be paid in an installment to be made on or before the
11 25th day of November;

12 (4) 7.5 percent of the yearly entitlement of the
13 district shall be paid in an installment to be made on or before the
14 25th day of April;

15 (5) five percent of the yearly entitlement of the
16 district shall be paid in an installment to be made on or before the
17 25th day of May;

18 (6) 10 percent of the yearly entitlement of the
19 district shall be paid in an installment to be made on or before the
20 25th day of June;

21 (7) 13 percent of the yearly entitlement of the
22 district shall be paid in an installment to be made on or before the
23 25th day of July; and

24 (8) 15 percent of the yearly entitlement of the
25 district shall be paid in an installment to be made on or before the
26 25th day of August.

27 (d) Payments from the foundation school fund to each

1 category 3 school district shall be made as follows:

2 (1) 45 percent of the yearly entitlement of the
3 district shall be paid in an installment to be made on or before the
4 25th day of September of a fiscal year;

5 (2) 35 percent of the yearly entitlement of the
6 district shall be paid in an installment to be made on or before the
7 25th day of October; and

8 (3) 20 percent of the yearly entitlement of the
9 district shall be paid in an installment to be made on or before the
10 25th day of August.

11 (e) The amount of any installment required by this section
12 may be modified to provide a school district with the proper amount
13 to which the district may be entitled by law and to correct errors
14 in the allocation or distribution of funds. If an installment under
15 this section is required to be equal to other installments, the
16 amount of other installments may be adjusted to provide for that
17 equality. A payment under this section is not invalid because it is
18 not equal to other installments.

19 (f) Previously unpaid additional funds from prior fiscal
20 years owed to a district shall be paid to the district together with
21 the September payment of the current fiscal year entitlement.

22 (g) The commissioner shall make all annual Foundation
23 School Program payments under this section for purposes described
24 by Sections 45.252(a)(1) and (2) before the deadline established
25 under Section 45.263(b) for payment of debt service on
26 bonds. Notwithstanding any other provision of this section, the
27 commissioner may make Foundation School Program payments under this

1 section after the deadline established under Section 45.263(b) only
2 if the commissioner has not received notice under Section 45.258
3 concerning a district's failure or inability to pay matured
4 principal or interest on bonds.

5 Sec. 48.274 [~~42.2591~~]. FOUNDATION SCHOOL FUND TRANSFERS
6 TO CERTAIN CHARTER SCHOOLS. (a) On the request of an
7 open-enrollment charter school, the commissioner shall compare the
8 student enrollment of the open-enrollment charter school for the
9 current school year to the student enrollment of the school during
10 the preceding school year. If the number of students enrolled at
11 the open-enrollment charter school for the current school year has
12 increased by 10 percent or more from the number of students enrolled
13 during the preceding school year, the open-enrollment charter
14 school may request that payments from the foundation school fund to
15 the school for the following school year and each subsequent school
16 year, subject to Subsection (b), be made according to the schedule
17 provided under Subsection (c).

18 (b) An open-enrollment charter school that qualifies to
19 receive funding as provided by this section is entitled to receive
20 funding in that manner for three school years. On the expiration
21 of that period, the commissioner shall determine the eligibility of
22 the open-enrollment charter school to continue receiving payments
23 from the foundation school fund under this section for an
24 additional three school years. Subsequently, the open-enrollment
25 charter school must reestablish eligibility in the manner provided
26 by this subsection every three school years.

27 (c) Payments from the foundation school fund to an

1 open-enrollment charter school under this section shall be made as
2 follows:

3 (1) 22 percent of the yearly entitlement of the school
4 shall be paid in an installment to be made on or before the 25th day
5 of September of a fiscal year;

6 (2) 18 percent of the yearly entitlement of the school
7 shall be paid in an installment to be made on or before the 25th day
8 of October;

9 (3) 9.5 percent of the yearly entitlement of the
10 school shall be paid in an installment to be made on or before the
11 25th day of November;

12 (4) four percent of the yearly entitlement of the
13 school shall be paid in an installment to be made on or before the
14 25th day of December;

15 (5) four percent of the yearly entitlement of the
16 school shall be paid in an installment to be made on or before the
17 25th day of January;

18 (6) four percent of the yearly entitlement of the
19 school shall be paid in an installment to be made on or before the
20 25th day of February;

21 (7) four percent of the yearly entitlement of the
22 school shall be paid in an installment to be made on or before the
23 25th day of March;

24 (8) 7.5 percent of the yearly entitlement of the
25 school shall be paid in an installment to be made on or before the
26 25th day of April;

27 (9) five percent of the yearly entitlement of the

1 school shall be paid in an installment to be made on or before the
2 25th day of May;

3 (10) seven percent of the yearly entitlement of the
4 school shall be paid in an installment to be made on or before the
5 25th day of June;

6 (11) seven percent of the yearly entitlement of the
7 school shall be paid in an installment to be made on or before the
8 25th day of July; and

9 (12) eight percent of the yearly entitlement of the
10 school shall be paid in an installment to be made on or before the
11 25th day of August.

12 (d) The amount of any installment required by this section
13 may be modified to provide an open-enrollment charter school with
14 the proper amount to which the school may be entitled by law and to
15 correct errors in the allocation or distribution of funds.

16 (e) Previously unpaid additional funds from prior fiscal
17 years owed to an open-enrollment charter school shall be paid to the
18 school together with the September payment of the current fiscal
19 year entitlement.

20 Sec. 48.275 [~~42.260~~]. USE OF CERTAIN FUNDS. (a) In this
21 section, "participating charter school" means an open-enrollment
22 charter school that participates in the uniform group coverage
23 program established under Chapter 1579, Insurance Code.

24 (b) The amount of additional funds to which each school
25 district or participating charter school is entitled due to the
26 increases in formula funding made by H.B. No. 3343, Acts of the 77th
27 Legislature, Regular Session, 2001, and any subsequent legislation

1 amending the provisions amended by that Act that increase formula
2 funding under Chapter 49 [~~41~~] and this chapter to school districts
3 and charter schools is available for purposes of Subsection (c).

4 (c) Notwithstanding any other provision of this code, a
5 school district or participating charter school may use the sum of
6 the following amounts of funds only to pay contributions under a
7 group health coverage plan for district or school employees:

8 (1) the amount determined by multiplying the amount of
9 \$900 or the amount specified in the General Appropriations Act for
10 that year for purposes of the state contribution under Section
11 1579.251, Insurance Code, by the number of district or school
12 employees who participate in a group health coverage plan provided
13 by or through the district or school; and

14 (2) the difference between the amount necessary for
15 the district or school to comply with Section 1581.052, Insurance
16 Code, for the school year and the amount the district or school is
17 required to use to provide health coverage under Section 1581.051,
18 Insurance Code, for that year.

19 (d) A determination by the commissioner under this section
20 is final and may not be appealed.

21 [~~(e) The commissioner may adopt rules to implement this~~
22 ~~section.~~]

23 SECTION 1.040. Subchapter F, Chapter 48, Education Code, as
24 added by this Act, is amended by adding Sections 48.277 and 48.278
25 to read as follows:

26 Sec. 48.277. FORMULA TRANSITION GRANT. (a) A school
27 district or open-enrollment charter school is entitled to receive

1 an annual allotment for each student in average daily attendance in
2 the amount equal to the difference, if the difference is greater
3 than zero, that results from subtracting the total maintenance and
4 operations revenue per student in average daily attendance for the
5 current school year from the lesser of:

6 (1) 103 percent of the district's or school's total
7 maintenance and operations revenue per student in average daily
8 attendance for the 2019-2020 school year that the district or
9 school would have received under former Chapters 41 and 42, as those
10 chapters existed on January 1, 2019; or

11 (2) 128 percent of the statewide average amount of
12 maintenance and operations revenue per student in average daily
13 attendance that would have been provided for the 2019-2020 school
14 year under former Chapters 41 and 42, as those chapters existed on
15 January 1, 2019.

16 (b) For purposes of calculating maintenance and operations
17 revenue under Subsection (a), the commissioner shall:

18 (1) include all state and local funding, except for
19 any funding resulting from:

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

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

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

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

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

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

11 (d) A school district or open-enrollment charter school is
12 not entitled to an allotment under Subsection (a) beginning with
13 the 2024-2025 school year.

14 (d-1) In addition to the allotment under Subsection (a), a
15 school district or open-enrollment charter school is entitled to
16 receive an annual allotment for each student in average daily
17 attendance in the amount equal to the difference, if the difference
18 is greater than zero, that results from subtracting the total
19 maintenance and operations revenue per student in average daily
20 attendance for the current school year from the total maintenance
21 and operations revenue per student in average daily attendance that
22 would have been available to the district or school under former
23 Chapters 41 and 42, as those chapters existed on January 1, 2019.
24 For purposes of calculating a district's maintenance and operations
25 revenue under this subsection, the commissioner shall:

26 (1) apply Subsection (b); and

27 (2) in calculating a district's maintenance and

1 operations revenue under former Chapters 41 and 42, as those
2 chapters existed on January 1, 2019, exclude any additional revenue
3 the district would have received under former Sections 41.002(e)
4 through (g), as those sections existed on January 1, 2019.

5 (d-2) Subsection (d-1) and this subsection expire September
6 1, 2021.

7 (e) This section expires September 1, 2025.

8 Sec. 48.278. EQUALIZED WEALTH TRANSITION GRANT. (a)
9 Subject to Subsection (b), a school district is entitled to receive
10 an annual allotment in an amount equal to the amount of additional
11 revenue a school district received for the 2018-2019 school year
12 under former Sections 41.002(e) through (g), as those sections
13 existed on January 1, 2019.

14 (b) For purposes of calculating a district's allotment
15 under Subsection (a), the commissioner shall reduce the amount to
16 which a district is entitled under Subsection (a) by:

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

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

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

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

21 (c) This section expires September 1, 2024.

22 SECTION 1.041. Chapter 48, Education Code, as added by this
23 Act, is amended by adding Subchapter G, and a heading is added to
24 that subchapter to read as follows:

25 SUBCHAPTER G. MISCELLANEOUS PROVISIONS

26 SECTION 1.042. Section 42.4101, Education Code, is
27 transferred to Subchapter G, Chapter 48, Education Code, as added

1 by this Act, redesignated as Section 48.301, Education Code, and
2 amended to read as follows:

3 Sec. 48.301 [~~42.4101~~]. ADDITIONAL ASSISTANCE FOR
4 DISTRICTS WITH STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A
5 district is entitled to additional assistance under this section as
6 provided by Section 29.203(c).

7 (b) The amount of additional assistance under this section
8 is computed by subtracting the number of students residing in the
9 district and using public education grants to attend school in
10 another district for the year in which the assistance is granted
11 from the number of students using public education grants to attend
12 school in the district for that year and multiplying the difference
13 by \$266.

14 ~~[(c) If a district to which this section applies is entitled~~
15 ~~to the maximum amount of assistance under Section 42.406, the~~
16 ~~maximum is increased by the amount of additional assistance to~~
17 ~~which the district is entitled under this section.]~~

18 SECTION 1.043. Subtitle I, Title 2, Education Code, is
19 amended by adding Chapter 49, and a heading is added to that chapter
20 to read as follows:

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

23 SECTION 1.044. Chapter 49, Education Code, as added by this
24 Act, is amended by adding Subchapter A, and a heading is added to
25 that subchapter to read as follows:

26 SUBCHAPTER A. GENERAL PROVISIONS

27 SECTION 1.045. Sections 41.001, 41.003, 41.0031, 41.004,

1 41.005, 41.006, 41.007, 41.008, 41.009, 41.010, 41.011, 41.012, and
2 41.013, Education Code, are transferred to Subchapter A, Chapter
3 49, Education Code, as added by this Act, redesignated as Sections
4 49.001, 49.002, 49.003, 49.004, 49.005, 49.006, 49.007, 49.008,
5 49.009, 49.010, 49.011, 49.012, and 49.013, Education Code, and
6 amended to read as follows:

7 Sec. 49.001 [~~41.001~~]. DEFINITIONS. In this chapter:

8 (1) "Local revenue [~~Equalized wealth~~] level in excess
9 of entitlement" means local revenue levels that exceed the levels
10 [~~the wealth per student~~] provided by Section 48.257 [~~41.002~~].

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

15 [~~(3)~~] "Weighted average daily attendance" has the
16 meaning assigned by Section 48.202 [~~42.302~~].

17 Sec. 49.002 [~~41.003~~]. OPTIONS TO REDUCE LOCAL REVENUE
18 [~~ACHIEVE EQUALIZED WEALTH~~] LEVEL. A district with a local revenue
19 level in excess of entitlement [~~wealth per student that exceeds the~~
20 ~~equalized wealth level~~] may take any combination of the following
21 actions to reduce the district's revenue level [~~achieve the~~
22 ~~equalized wealth level~~]:

23 (1) consolidation with another district as provided by
24 Subchapter B;

25 (2) detachment of territory as provided by Subchapter
26 C;

27 (3) purchase of average daily attendance credit as

1 provided by Subchapter D;

2 (4) education of nonresident students as provided by
3 Subchapter E; or

4 (5) tax base consolidation with another district as
5 provided by Subchapter F.

6 Sec. 49.003 [~~41.0031~~]. INCLUSION OF ATTENDANCE CREDIT
7 [~~CREDITS~~] AND NONRESIDENTS IN WEIGHTED AVERAGE DAILY ATTENDANCE.

8 In determining whether a school district has a local revenue
9 [~~wealth per student less than or equal to the equalized wealth~~]
10 level in excess of entitlement, the commissioner shall use:

11 (1) the district's final weighted average daily
12 attendance; and

13 (2) the amount [~~number~~] of attendance credit [~~credits~~]
14 a district purchases under Subchapter D or the number of
15 nonresident students a district educates under Subchapter E for a
16 school year.

17 Sec. 49.004 [~~41.004~~]. ANNUAL REVIEW OF LOCAL REVENUES
18 [~~PROPERTY WEALTH~~]. (a) Not later than July 15 of each year, using

19 the estimate of enrollment under Section 48.269 [~~42.254~~], the
20 commissioner shall review the local revenue level [~~wealth per~~
21 ~~student~~] of school districts in the state and shall notify:

22 (1) each district with a local revenue level in excess
23 of entitlement [~~wealth per student exceeding the equalized wealth~~
24 ~~level~~];

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

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

4 (b) If, before the dates provided by this subsection, a
5 district notified under Subsection (a)(1) has not successfully
6 exercised one or more options under Section 49.002 [~~41.003~~] that
7 reduce the district's local revenue level [~~wealth per student~~] to a
8 level equal to or less than the [~~equalized wealth~~] level
9 established under Section 48.257, the commissioner shall order the
10 detachment of property from that district as provided by Subchapter
11 G. If that detachment will not reduce the district's local revenue
12 level [~~wealth per student~~] to a level equal to or less than the
13 [~~equalized wealth~~] level established under Section 48.257, the
14 commissioner may not detach property under Subchapter G but shall
15 order the consolidation of the district with one or more other
16 districts as provided by Subchapter H. An agreement under Section
17 49.002(1) [~~41.003(1)~~] or (2) must be executed not later than
18 September 1 immediately following the notice under Subsection (a).
19 An election for an option under Section 49.002(3) [~~41.003(3)~~], (4),
20 or (5) must be ordered before September 1 immediately following the
21 notice under Subsection (a).

22 (c) A district notified under Subsection (a) may not adopt a
23 tax rate for the tax year in which the district receives the notice
24 until the commissioner certifies that the district has reduced the
25 district's local revenue level in excess of entitlement to the
26 [~~achieved the equalized wealth~~] level established under Section
27 48.257.

1 (d) A detachment and annexation or consolidation under this
2 chapter:

3 (1) is effective for Foundation School Program funding
4 purposes for the school year that begins in the calendar year in
5 which the detachment and annexation or consolidation is agreed to
6 or ordered; and

7 (2) applies to the ad valorem taxation of property
8 beginning with the tax year in which the agreement or order is
9 effective.

10 Sec. 49.005 [~~41.005~~]. COMPTROLLER AND APPRAISAL DISTRICT
11 COOPERATION. The chief appraiser of each appraisal district and
12 the comptroller shall cooperate with the commissioner and school
13 districts in implementing this chapter.

14 Sec. 49.006 [~~41.006~~]. RULES. [~~(a)~~] The commissioner may
15 adopt rules necessary for the implementation of this chapter. [~~The~~
16 ~~rules may provide for the commissioner to make necessary~~
17 ~~adjustments to the provisions of Chapter 42, including providing~~
18 ~~for the commissioner to make an adjustment in the funding element~~
19 ~~established by Section 42.302, at the earliest date practicable, to~~
20 ~~the amount the commissioner believes, taking into consideration~~
21 ~~options exercised by school districts under this chapter and~~
22 ~~estimates of student enrollments, will match appropriation levels.~~

23 [~~(b) As necessary for the effective and efficient~~
24 ~~administration of this chapter, the commissioner may modify~~
25 ~~effective dates and time periods for actions described by this~~
26 ~~chapter.~~]

27 Sec. 49.007 [~~41.007~~]. COMMISSIONER TO APPROVE SUBSEQUENT

1 BOUNDARY CHANGES. A school district that is involved in an action
2 under this chapter that results in boundary changes to the district
3 or in the consolidation of tax bases is subject to consolidation,
4 detachment, or annexation under Chapter 13 only if the commissioner
5 certifies that the change under Chapter 13 will not result in a
6 district with a local revenue [~~wealth per student that exceeds the~~
7 ~~equalized wealth~~] level in excess of entitlement.

8 Sec. 49.008 [~~41.008~~]. HOMESTEAD EXEMPTIONS. (a) The
9 governing board of a school district that results from
10 consolidation under this chapter, including a consolidated taxing
11 district under Subchapter F, for the tax year in which the
12 consolidation occurs may determine whether to adopt a homestead
13 exemption provided by Section 11.13, Tax Code, and may set the
14 amount of the exemption, if adopted, at any time before the school
15 district adopts a tax rate for that tax year. This section applies
16 only to an exemption that the governing board of a school district
17 is authorized to adopt or change in amount under Section 11.13, Tax
18 Code.

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

21 Sec. 49.009 [~~41.009~~]. TAX ABATEMENTS. (a) A tax abatement
22 agreement executed by a school district that is involved in
23 consolidation or in detachment and annexation of territory under
24 this chapter is not affected and applies to the taxation of the
25 property covered by the agreement as if executed by the district
26 within which the property is included.

27 (b) The commissioner shall determine the local revenue

1 [~~wealth per student~~] of a school district under this chapter as if
2 any tax abatement agreement executed by a school district on or
3 after May 31, 1993, had not been executed.

4 Sec. 49.010 [~~41.010~~]. TAX INCREMENT OBLIGATIONS. (a) The
5 payment of tax increments under Chapter 311, Tax Code, is not
6 affected by the consolidation of territory or tax bases or by
7 annexation under this chapter. In each tax year a school district
8 paying a tax increment from taxes on property over which the
9 district has assumed taxing power is entitled to retain the same
10 percentage of the tax increment from that property that the
11 district in which the property was located before the consolidation
12 or annexation could have retained for the respective tax year.

13 Sec. 49.011 [~~41.011~~]. CONTINGENCY. (a) If any of the
14 options described by Section 49.002 [~~41.003~~] as applied to a school
15 district are held invalid by a final decision of a court of
16 competent jurisdiction, a school district is entitled to exercise
17 any of the remaining valid options in accordance with a schedule
18 approved by the commissioner.

19 (b) If a final order of a court of competent jurisdiction
20 should hold each of the options provided by Section 49.002 [~~41.003~~]
21 invalid, the commissioner shall act under Subchapter G or H to
22 reduce the local revenue [~~achieve the equalized wealth~~] level in
23 excess of entitlement only after notice and hearing is afforded to
24 each school district affected by the order. The commissioner shall
25 adopt a plan that least disrupts the affected school districts. If
26 because the exigency to adopt a plan prevents the commissioner from
27 giving a reasonable time for notice and hearing, the commissioner

1 shall timely give notice to and hold a hearing for the affected
2 school districts, but in no event less than 30 days from time of
3 notice to the date of hearing.

4 (c) If a final order of a court of competent jurisdiction
5 should hold an option provided by Section 49.002 [~~41.003~~] invalid
6 and order a refund to a district of any amounts paid by a district
7 choosing that option, the amount shall be refunded but held in
8 reserve and not expended by the district until released by order of
9 the commissioner. The commissioner shall order the release
10 immediately on the commissioner's determination that, through one
11 of the means provided by law, the district has reduced the
12 district's local revenue level in excess of entitlement to the
13 [achieved the equalized wealth] level established under Section
14 48.257. The amount released shall be deducted from any state aid
15 payable to the district according to a schedule adopted by the
16 commissioner.

17 Sec. 49.012 [~~41.012~~]. DATE OF ELECTIONS. An election under
18 this chapter for voter approval of an agreement entered by the board
19 of trustees shall be held on a Tuesday or Saturday not more than 45
20 days after the date of the agreement. Section 41.001, Election
21 Code, does not apply to the election.

22 Sec. 49.013 [~~41.013~~]. PROCEDURE. (a) Except as provided
23 by Subchapter G, a decision of the commissioner under this chapter
24 is appealable under Section 7.057.

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

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

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

6 SECTION 1.046. Subchapter B, Chapter 41, Education Code, is
7 transferred to Chapter 49, Education Code, as added by this Act,
8 redesignated as Subchapter B, Chapter 49, Education Code, and
9 amended to read as follows:

10 SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

11 Sec. 49.051 [~~41.031~~]. AGREEMENT. The governing boards of
12 any two or more school districts may consolidate the districts by
13 agreement in accordance with this subchapter to establish a
14 consolidated district with a local revenue level [~~wealth per~~
15 ~~student~~] equal to or less than the [~~equalized wealth~~] level
16 established under Section 48.257. The agreement is not effective
17 unless the commissioner certifies that the consolidated district,
18 as a result of actions taken under this chapter, will have a local
19 revenue level [~~wealth per student~~] equal to or less than the
20 [~~equalized wealth~~] level established under Section 48.257.

21 Sec. 49.052 [~~41.032~~]. GOVERNING LAW. Except to the extent
22 modified by the terms of the agreement, the consolidated district
23 is governed by the applicable provisions of Subchapter D, Chapter
24 13, other than a provision requiring consolidating districts to be
25 contiguous. The agreement may not be inconsistent with the
26 requirements of this subchapter.

27 Sec. 49.053 [~~41.033~~]. GOVERNANCE PLAN. (a) The agreement

1 among the consolidating districts may include a governance plan
2 designed to preserve community-based and site-based decision
3 making within the consolidated district, including the delegation
4 of specific powers of the governing board of the district other than
5 the power to levy taxes, including a provision authorized by
6 Section 13.158(b).

7 (b) The governance plan may provide for a transitional board
8 of trustees during the first year after consolidation, but
9 beginning with the next year the board of trustees must be elected
10 from within the boundaries of the consolidated district. If the
11 consolidating districts elect trustees from single-member
12 districts, the consolidated district must adopt a plan to elect its
13 board of trustees from single-member districts.

14 Sec. 49.054 [~~41.034~~]. INCENTIVE AID. (a) For the first and
15 second school years after creation of a consolidated district under
16 this subchapter, the commissioner shall adjust allotments to the
17 consolidated district to the extent necessary to preserve the
18 effects of an adjustment under Section 48.052 [~~42.102, 42.103, or~~
19 ~~42.105~~] to which either of the consolidating districts would have
20 been entitled but for the consolidation.

21 (b) Except as provided by Subsection (c), a district
22 receiving incentive aid payments under this section is not entitled
23 to incentive aid under Subchapter G, Chapter 13.

24 (c) Four or more districts that consolidate into one
25 district under this subchapter within a period of one year may elect
26 to receive incentive aid under this section or to receive incentive
27 aid for not more than five years under Subchapter G, Chapter 13.

1 Incentive aid under this subsection may not provide the
2 consolidated district with more revenue in state and local funds
3 than the district would receive at the [~~equalized wealth~~] level
4 established under Section 48.257.

5 SECTION 1.047. Subchapter C, Chapter 41, Education Code, is
6 transferred to Chapter 49, Education Code, as added by this Act,
7 redesignated as Subchapter C, Chapter 49, Education Code, and
8 amended to read as follows:

9 SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

10 Sec. 49.101 [~~41.061~~]. AGREEMENT. (a) By agreement of the
11 governing boards of two school districts, territory may be detached
12 from one of the districts and annexed to the other district if,
13 after the action:

14 (1) the local revenue level [~~wealth per student~~] of
15 the district from which territory is detached is equal to or less
16 than the [~~equalized wealth~~] level established under Section 48.257;
17 and

18 (2) the local revenue level [~~wealth per student~~] of
19 the district to which territory is annexed is not greater than the
20 greatest level for which funds are provided under Subchapter E [~~F~~],
21 Chapter 48 [~~42~~].

22 (b) The agreement is not effective unless the commissioner
23 certifies that, after all actions taken under this chapter, the
24 local revenue level [~~wealth per student~~] of each district involved
25 will be equal to or less than the applicable level permitted by
26 Subsection (a).

27 Sec. 49.102 [~~41.062~~]. GOVERNING LAW. Except to the extent

1 of any conflict with this chapter and except for any requirement
2 that detached property must be annexed to a school district that is
3 contiguous to the detached territory, the annexation and detachment
4 is governed by Chapter 13.

5 Sec. 49.103 [~~41.063~~]. ALLOCATION OF APPRAISED VALUE OF
6 DIVIDED UNIT. If portions of a parcel or other item of property are
7 located in different school districts as a result of a detachment
8 and annexation under this subchapter, the parcel or other item of
9 property shall be appraised for taxation as a unit, and the
10 agreement shall allocate the taxable value of the property between
11 the districts.

12 Sec. 49.104 [~~41.064~~]. ALLOCATION OF INDEBTEDNESS. The
13 annexation agreement may allocate to the receiving district any
14 portion of the indebtedness of the district from which the
15 territory is detached, and the receiving district assumes and is
16 liable for the allocated indebtedness.

17 Sec. 49.105 [~~41.065~~]. NOTICE. As soon as practicable after
18 the agreement is executed, the districts involved shall notify each
19 affected property owner and the appraisal district in which the
20 affected property is located.

21 SECTION 1.048. Chapter 49, Education Code, as added by this
22 Act, is amended by adding Subchapter D, and a heading is added to
23 that subchapter to read as follows:

24 SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

25 SECTION 1.049. Sections 41.091, 41.092, 41.093, 41.094,
26 41.095, 41.096, 41.097, and 41.099, Education Code, are transferred
27 to Subchapter D, Chapter 49, Education Code, as added by this Act,

1 redesignated as Sections 49.151, 49.152, 49.153, 49.154, 49.155,
 2 49.156, 49.157, and 49.158, Education Code, and amended to read as
 3 follows:

4 Sec. 49.151 [~~41.091~~]. AGREEMENT. A school district with a
 5 local revenue [~~wealth per student that exceeds the equalized~~
 6 ~~wealth~~] level in excess of entitlement may execute an agreement
 7 with the commissioner to purchase attendance credit [~~credits~~] in an
 8 amount sufficient, in combination with any other actions taken
 9 under this chapter, to reduce the district's local revenue level
 10 [~~wealth per student~~] to a level that is equal to or less than the
 11 [~~equalized wealth~~] level established under Section 48.257.

12 Sec. 49.152 [~~41.092~~]. CREDIT. The amount of [~~(a) For each~~]
 13 credit purchased decreases the dollar amount of a district's local
 14 revenue level [~~, the weighted average daily attendance of the~~
 15 ~~purchasing school district is increased by one student in weighted~~
 16 ~~average daily attendance~~] for purposes of determining whether the
 17 district exceeds the [~~equalized wealth~~] level established under
 18 Section 48.257.

19 [~~(b) A credit is not used in determining a school district's~~
 20 ~~scholastic population, average daily attendance, or weighted~~
 21 ~~average daily attendance for purposes of Chapter 42 or 43.~~]

22 Sec. 49.153 [~~41.093~~]. COST. (a) The total [~~Subject to~~
 23 ~~subsection (b-1), the~~] cost of [~~each~~] credit is the [~~an~~] amount
 24 [~~equal to the greater of:~~

25 [~~(1) the amount~~] of the district's maintenance and
 26 operations tax revenue that exceeds the level established under
 27 Section 48.257 [~~per student in weighted average daily attendance~~

1 ~~for the school year for which the contract is executed; or~~

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

6 (b) For purposes of this section, a school district's
7 maintenance and operations tax revenue does not include any amounts
8 paid into a tax increment fund under Chapter 311, Tax Code.

9 ~~[(b-1) If the guaranteed level of state and local funds per~~
10 ~~weighted student per cent of tax effort under Section~~
11 ~~42.302(a-1)(1) for which state funds are appropriated for a school~~
12 ~~year is an amount at least equal to the amount of revenue per~~
13 ~~weighted student per cent of tax effort available to the Austin~~
14 ~~Independent School District, as determined by the commissioner in~~
15 ~~cooperation with the Legislative Budget Board, the commissioner, in~~
16 ~~computing the amounts described by Subsections (a)(1) and (2) and~~
17 ~~determining the cost of an attendance credit, shall exclude~~
18 ~~maintenance and operations tax revenue resulting from the tax rate~~
19 ~~described by Section 41.002(a)(2).]~~

20 (c) The cost of ~~an~~ attendance credit for a school district
21 is computed using the final tax collections of the district.

22 Sec. 49.154 [~~41.094~~]. PAYMENT. (a) A school district
23 shall pay for credit ~~[credits]~~ purchased:

24 (1) in equal monthly payments as determined by the
25 commissioner beginning February 15 and ending August 15 of the
26 school year for which the agreement is in effect; or

27 (2) in one payment for the total amount required to be

1 paid by the district not later than August 15 of the school year for
2 which the agreement is in effect.

3 (a-1) If a school district elects to pay for credit
4 purchased in the manner provided by Subsection (a)(2), the district
5 must notify the commissioner not later than February 15 of the
6 school year for which the agreement is in effect.

7 (b) Receipts shall be deposited in the state treasury and
8 may be used only for foundation school program purposes.

9 Sec. 49.155 [~~41.095~~]. DURATION. An agreement under this
10 section is valid for one school year and, subject to Section 49.156
11 [~~41.096~~], may be renewed annually.

12 Sec. 49.156 [~~41.096~~]. VOTER APPROVAL. (a) After first
13 executing an agreement under this section, the board of trustees
14 shall order and conduct an election, in the manner provided by
15 Sections 13.003(d)-(g), to obtain voter approval of the agreement.

16 (b) The ballot shall be printed to permit voting for or
17 against the proposition: "Authorizing the board of trustees of
18 _____ School District to purchase attendance credit [~~credits~~]
19 from the state with local tax revenues."

20 (c) The proposition is approved if the proposition receives
21 a favorable vote of a majority of the votes cast. If the
22 proposition is approved, the agreement executed by the board is
23 ratified, and the board has continuing authority to execute
24 agreements under this subchapter on behalf of the district without
25 further voter approval.

26 Sec. 49.157 [~~41.097~~]. CREDIT FOR APPRAISAL COSTS. [~~(a)~~]
27 The total amount required under Section 49.153 [~~41.093~~] for a

1 district to purchase attendance credit [~~credits~~] under this
 2 subchapter for any school year is reduced by an amount equal to the
 3 product of the district's total costs under Section 6.06, Tax Code,
 4 for the appraisal district or districts in which it participates
 5 multiplied by a percentage that is computed by dividing the total
 6 amount required under Section 49.153 [~~41.093~~] by the total amount
 7 of taxes imposed in the district for that year less any amounts paid
 8 into a tax increment fund under Chapter 311, Tax Code.

9 ~~[(b) A school district is entitled to a reduction under~~
 10 ~~Subsection (a) beginning with the 1996-1997 school year. For that~~
 11 ~~school year, the reduction to which a district is entitled is the~~
 12 ~~sum of the amounts computed under Subsection (a) for the 1993-1994,~~
 13 ~~1994-1995, 1995-1996, and 1996-1997 school years. If that amount~~
 14 ~~exceeds the total amount required under Section 41.093 for the~~
 15 ~~1996-1997 school year, the difference is carried forward and the~~
 16 ~~total amount required under Section 41.093 is reduced each~~
 17 ~~subsequent school year until the total amount of the credit has been~~
 18 ~~applied to such reductions].~~

19 Sec. 49.158 [~~41.099~~]. LIMITATION. (a) Sections 49.154 and
 20 49.157 [~~41.002(e), 41.094, 41.097, and 41.098~~] apply only to a
 21 district that:

22 (1) executes an agreement to purchase [~~all~~] attendance
 23 credit [~~credits~~] necessary to reduce the district's local revenue
 24 [~~wealth per student to the equalized wealth~~] level to the level
 25 established under Section 48.257;

26 (2) executes an agreement to purchase attendance
 27 credit [~~credits~~] and an agreement under Subchapter E to contract

1 for the education of nonresident students who transfer to and are
2 educated in the district but who are not charged tuition; or

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

5 (A) to an extent that does not provide more than
6 10 percent of the reduction in local revenue [~~wealth per student~~]
7 required for the district to achieve a local revenue level [~~wealth~~
8 ~~per student~~] that is equal to or less than the [~~equalized wealth~~]
9 level established under Section 48.257; and

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

17 (b) A district that executes an agreement under Subsection
18 (a)(3) must pay full market value for any good or service the
19 district obtains through the consortium.

20 SECTION 1.050. Chapter 49, Education Code, as added by this
21 Act, is amended by adding Subchapter E, and a heading is added to
22 that subchapter to read as follows:

23 SUBCHAPTER E. EDUCATION OF NONRESIDENT STUDENTS

24 SECTION 1.051. Sections [41.121](#), [41.122](#), and [41.123](#),
25 Education Code, are transferred to Subchapter E, Chapter 49,
26 Education Code, as added by this Act, redesignated as Sections
27 49.201, 49.202, and 49.203, Education Code, and amended to read as

1 follows:

2 Sec. 49.201 [~~41.121~~]. AGREEMENT. [~~(a)~~] The board of
3 trustees of a district with a local revenue [~~wealth per student that~~
4 ~~exceeds the equalized wealth~~] level in excess of entitlement may
5 execute an agreement to educate the students of another district in
6 a number that, when the weighted average daily attendance of the
7 students served is added to the weighted average daily attendance
8 of the contracting district, is sufficient, in combination with any
9 other actions taken under this chapter, to reduce the district's
10 local revenue level [~~wealth per student~~] to a level that is equal to
11 or less than the [~~equalized wealth~~] level established under Section
12 48.257. The agreement is not effective unless the commissioner
13 certifies that the transfer of weighted average daily attendance
14 will not result in any of the contracting districts' local revenue
15 level [~~wealth per student~~] being greater than the [~~equalized~~
16 ~~wealth~~] level established under Section 48.257 and that the
17 agreement requires an expenditure per student in weighted average
18 daily attendance that is at least equal to the amount per student in
19 weighted average daily attendance required under Section 49.153
20 [~~41.093~~].

21 Sec. 49.202 [~~41.122~~]. VOTER APPROVAL. (a) After first
22 executing an agreement under this subchapter other than an
23 agreement under Section 49.205 [~~41.125~~], the board of trustees of
24 the district that will be educating nonresident students shall
25 order and conduct an election, in the manner provided by Sections
26 13.003(d)-(g), to obtain voter approval of the agreement.

27 (b) The ballot shall be printed to permit voting for or

1 against the proposition: "Authorizing the board of trustees of
2 _____ School District to educate students of other school
3 districts with local tax revenues."

4 (c) The proposition is approved if the proposition receives
5 a favorable vote of a majority of the votes cast. If the
6 proposition is approved, the agreement executed by the board is
7 ratified, and the board has continuing authority to execute
8 agreements under this subchapter on behalf of the district without
9 further voter approval.

10 Sec. 49.203 [~~41.123~~]. WADA COUNT. For purposes of Chapter
11 48 [~~42~~], students served under an agreement under this subchapter
12 are counted only in the weighted average daily attendance of the
13 district providing the services, except that students served under
14 an agreement authorized by Section 49.205 [~~41.125~~] are counted in a
15 manner determined by the commissioner.

16 SECTION 1.052. Section 41.124, Education Code, as amended
17 by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the 85th
18 Legislature, Regular Session, 2017, is transferred to Subchapter E,
19 Chapter 49, Education Code, as added by this Act, redesignated as
20 Section 49.204, Education Code, and reenacted and amended to read
21 as follows:

22 Sec. 49.204 [~~41.124~~]. TRANSFERS. (a) The board of
23 trustees of a school district with a local revenue [~~wealth per~~
24 ~~student that exceeds the equalized wealth~~] level in excess of
25 entitlement may reduce the district's local revenue level [~~wealth~~
26 ~~per student~~] by serving nonresident students who transfer to the
27 district and are educated by the district but who are not charged

1 tuition. A district that exercises the option under this
 2 subsection is not required to execute an agreement with the school
 3 district in which a transferring student resides and must certify
 4 to the commissioner that the district has not charged or received
 5 tuition for the transferring students.

6 (b) ~~[A school district with a wealth per student that
 7 exceeds the equalized wealth level that pays tuition to another
 8 school district for the education of students that reside in the
 9 district may apply the amount of tuition paid toward the cost of the
 10 option chosen by the district to reduce its wealth per student. The
 11 amount applied under this subsection may not exceed the amount
 12 determined under Section 41.093 as the cost of an attendance credit
 13 for the district. The commissioner may require any reports
 14 necessary to document the tuition payments.]~~

15 ~~[(c)]~~ A school district that receives tuition for a student
 16 from a school district with a local revenue ~~[wealth per student that
 17 exceeds the equalized wealth]~~ level in excess of entitlement may
 18 not claim attendance for that student for purposes of Chapters ~~[42~~
 19 ~~and]~~ 46 and 48 and the instructional materials and technology
 20 allotment under Section 31.0211.

21 SECTION 1.053. Section 41.125, Education Code, is
 22 transferred to Subchapter E, Chapter 49, Education Code, as added
 23 by this Act, redesignated as Section 49.205, Education Code, and
 24 amended to read as follows:

25 Sec. 49.205 ~~[41.125]~~. CAREER AND TECHNOLOGY EDUCATION
 26 PROGRAMS. (a) The board of trustees of a school district with a
 27 local revenue ~~[wealth per student that exceeds the equalized~~

1 ~~wealth~~] level in excess of entitlement may reduce the district's
2 local revenue level [~~wealth per student~~] by executing an agreement
3 to provide students of one or more other districts with career and
4 technology education through a program designated as an area
5 program for career and technology education.

6 (b) The agreement is not effective unless the commissioner
7 certifies that:

8 (1) implementation of the agreement will not result in
9 any of the affected districts' local revenue level [~~wealth per~~
10 ~~student~~] being greater than the [~~equalized wealth~~] level
11 established under Section 48.257; and

12 (2) the agreement requires the district with a local
13 revenue [~~wealth per student that exceeds the equalized wealth~~]
14 level in excess of entitlement to make expenditures benefiting
15 students from other districts in an amount at least equal to the
16 amount that would be required for the district to purchase [~~the~~
17 ~~number of~~] attendance credit [~~credits~~] under Subchapter D
18 necessary, in combination with any other actions taken under this
19 chapter other than an action under this section, to reduce the
20 district's local revenue level [~~wealth per student~~] to a level that
21 is equal to or less than the [~~equalized wealth~~] level established
22 under Section 48.257.

23 SECTION 1.054. Subchapter F, Chapter 41, Education Code, is
24 transferred to Chapter 49, Education Code, as added by this Act,
25 redesignated as Subchapter F, Chapter 49, Education Code, and
26 amended to read as follows:

27 SUBCHAPTER F. TAX BASE CONSOLIDATION

1 Sec. 49.251 [~~41.151~~]. AGREEMENT. The board of trustees of
2 two or more school districts may execute an agreement to conduct an
3 election on the creation of a consolidated taxing district for the
4 maintenance and operation of the component school districts. The
5 agreement is subject to approval by the commissioner. The
6 agreement is not effective unless the commissioner certifies that
7 the consolidated taxing district will have a local revenue level
8 [~~wealth per student~~] equal to or less than the [~~equalized wealth~~]
9 level established under Section 48.257 after all actions taken
10 under this chapter.

11 Sec. 49.252 [~~41.152~~]. DATE OF ELECTION. Any agreement
12 under this subchapter must provide for the ordering of an election
13 to be held on the same date in each district.

14 Sec. 49.253 [~~41.153~~]. PROPOSITION. (a) The ballot shall
15 be printed to permit voting for or against the proposition:
16 "Creation of a consolidated taxing district composed of the
17 territory of _____ school districts, and
18 authorizing the levy, assessment, and collection of annual ad
19 valorem taxes for the maintenance of the public free schools within
20 that taxing district at a rate not to exceed \$_____ on the \$100
21 valuation of taxable property."

22 (b) The rate to be included in the proposition shall be
23 provided by the agreement among the districts but may not exceed the
24 maximum rate provided by law for independent school districts.

25 Sec. 49.254 [~~41.154~~]. APPROVAL. The proposition is
26 approved only if the proposition receives a favorable vote of the
27 majority of the votes cast within each participating school

1 district.

2 Sec. 49.255 [~~41.155~~]. CONSOLIDATED TAXING DISTRICT. A
3 consolidated taxing district is a school district established for
4 the limited purpose of exercising the taxing power authorized by
5 Section 3, Article VII, Texas Constitution, and distributing the
6 revenue to its component school districts.

7 Sec. 49.256 [~~41.156~~]. GOVERNANCE. (a) The consolidated
8 taxing district is governed by the boards of the component school
9 districts acting jointly.

10 (b) Any action taken by the joint board must receive a
11 favorable vote of a majority of each component district's board of
12 trustees.

13 Sec. 49.257 [~~41.157~~]. MAINTENANCE TAX. (a) The joint
14 board shall levy a maintenance tax for the benefit of the component
15 school districts not later than September 1 of each year or as soon
16 thereafter as practicable.

17 (b) Each component district shall bear a share of the costs
18 of assessing and collecting taxes in proportion to the component
19 district's share of weighted average daily attendance in the
20 consolidated taxing district.

21 (c) A component district may not levy an ad valorem tax for
22 the maintenance and operation of the schools.

23 (d) Notwithstanding Section 45.003, the consolidated taxing
24 district may levy, assess, and collect a maintenance tax for the
25 benefit of the component districts at a rate that exceeds \$1.50 per
26 \$100 valuation of taxable property to the extent necessary to pay
27 contracted obligations on the lease purchase of permanent

1 improvements to real property entered into on or before May 12,
2 1993. The proposition to impose taxes at the necessary rate must be
3 submitted to the voters in the manner provided by Section [45.003](#).

4 Sec. [49.258](#) [~~[41.158](#)~~]. REVENUE DISTRIBUTION. The
5 consolidated taxing district shall distribute maintenance tax
6 revenue to the component districts on the basis of the number of
7 students in weighted average daily attendance in the component
8 districts.

9 Sec. [49.259](#) [~~[41.159](#)~~]. TAXES OF COMPONENT DISTRICTS. (a)
10 The governing board of a component school district of a
11 consolidated taxing district that has consolidated for maintenance
12 and operation purposes only may issue bonds and levy, pledge, and
13 collect ad valorem taxes within that component district sufficient
14 to pay the principal of and interest on those bonds as provided by
15 Chapter [45](#).

16 (b) A component district levying an ad valorem tax under
17 this section or Section [49.260\(b\)\(1\)](#) [~~[41.160\(b\)\(1\)](#)~~] is entitled to
18 the guaranteed yield provided by Subchapter E [~~F~~], Chapter [48](#) [[42](#)],
19 for that portion of its tax rate that, when added to the maintenance
20 tax levied by the consolidated taxing unit, does not exceed the
21 limitation provided by Section [48.203](#) [~~[42.303](#)~~].

22 Sec. [49.260](#) [~~[41.160](#)~~]. OPTIONAL TOTAL TAX BASE
23 CONSOLIDATION. (a) An agreement executed under Section [49.251](#)
24 [~~[41.151](#)~~] may provide for total tax base consolidation instead of
25 consolidation for maintenance and operation purposes only.

26 (b) Under an agreement providing for total tax base
27 consolidation:

1 (1) the component districts may not levy maintenance
2 or bond taxes, except to the extent necessary to retire bonds and
3 other obligations issued before the effective date of the
4 consolidation;

5 (2) the joint board may issue bonds and levy, pledge,
6 and collect ad valorem taxes sufficient to pay the principal of and
7 interest on those bonds, and issue refunding bonds, as provided by
8 Chapter 45 for independent school districts; and

9 (3) to the end of the ballot proposition required
10 under Section 49.253(a) [~~41.153(a)~~] shall be added ", and further
11 to create a consolidated tax base for the repayment of all bonded
12 indebtedness issued by the joint board of the taxing district after
13 the effective date of the consolidation and to authorize the joint
14 board to levy, pledge, and collect ad valorem taxes at a rate
15 sufficient to pay the principal of and interest on those bonds."

16 (c) Under an agreement providing for total tax base
17 consolidation:

18 (1) the component districts may provide for the
19 consolidated taxing district to assume all of the indebtedness of
20 all component districts; and

21 (2) to the end of the ballot proposition required by
22 Section 49.253(a) [~~41.153(a)~~] shall be added ", and further to
23 create a consolidated tax base for the repayment of all bonded
24 indebtedness issued by the joint board of the taxing district or
25 previously issued by the component school districts and to
26 authorize the joint board to levy, pledge, and collect ad valorem
27 taxes at a rate sufficient to pay the principal of and interest on

1 those bonds."

2 SECTION 1.055. Subchapter G, Chapter 41, Education Code, is
3 transferred to Chapter 49, Education Code, as added by this Act,
4 redesignated as Subchapter G, Chapter 49, Education Code, and
5 amended to read as follows:

6 SUBCHAPTER G. DETACHMENT AND ANNEXATION BY COMMISSIONER

7 Sec. 49.301 [~~41.201~~]. DEFINITION. In this subchapter,
8 "mineral property" means a real property mineral interest that has
9 been severed from the surface estate by a mineral lease creating a
10 determinable fee or by a conveyance that creates an interest
11 taxable separately from the surface estate. A mineral property
12 includes each royalty interest, working interest, or other
13 undivided interest in the mineral property.

14 Sec. 49.302 [~~41.202~~]. DETERMINATION OF TAXABLE VALUE. (a)
15 For purposes of this subchapter, the taxable value of an individual
16 parcel or other item of property and the total taxable value of
17 property in a school district resulting from the detachment of
18 property from or annexation of property to that district is
19 determined by applying the appraisal ratio for the appropriate
20 category of property determined under Subchapter M, Chapter 403,
21 Government Code, for the preceding tax year to the taxable value of
22 the detached or annexed property determined under Title 1, Tax
23 Code, for the preceding tax year.

24 (b) For purposes of this subchapter, the taxable value of
25 all or a portion of a parcel or item of real property includes the
26 taxable value of personal property having taxable situs at the same
27 location as the real property.

1 Sec. 49.303 [~~41.203~~]. PROPERTY SUBJECT TO DETACHMENT AND
2 ANNEXATION. (a) Only the following property may be detached and
3 annexed under this subchapter:

4 (1) a mineral property;

5 (2) real property used in the operation of a public
6 utility, including a pipeline, pipeline gathering system, or
7 railroad or other rail system; and

8 (3) real property used primarily for industrial or
9 other commercial purposes, other than property used primarily for
10 agriculture or for residential purposes.

11 (b) If a final judgment of a court determines that a mineral
12 interest may not be annexed and detached as provided by this
13 subchapter without an attendant annexation and detachment of the
14 surface estate or any other interest in the same land, the
15 detachment and annexation of a mineral interest under this
16 subchapter includes the surface estate and each other interest in
17 the land covered by the mineral interest.

18 Sec. 49.304 [~~41.204~~]. TAXATION OF PERSONAL PROPERTY.
19 Personal property having a taxable situs at the same location as
20 real property detached and annexed under this subchapter is taxable
21 by the school district to which the real property is annexed.

22 Sec. 49.305 [~~41.205~~]. DETACHMENT OF PROPERTY. (a) The
23 commissioner shall detach property under this section from each
24 school district from which the commissioner is required under
25 Section 49.004 [~~41.004~~] to detach property under this subchapter.

26 (b) The commissioner shall detach from each school district
27 covered by Subsection (a) one or more whole parcels or items of

1 property in descending order of the taxable value of each parcel or
2 item, beginning with the parcel or item having the greatest taxable
3 value, until the school district's local revenue level [~~wealth per~~
4 ~~student~~] is equal to or less than the [~~equalized wealth~~] level
5 established under Section 48.257, except as otherwise provided by
6 Subsection (c).

7 (c) If the detachment of whole parcels or items of property
8 [7] as provided by Subsection (a) would result in a district's local
9 revenue level [~~wealth per student~~] that is less than the [~~equalized~~
10 ~~wealth~~] level established under Section 48.257 by more than the
11 product of \$10,000 multiplied by weighted average daily attendance,
12 the commissioner may not detach the last parcel or item of property
13 and shall detach the next one or more parcels or items of property
14 in descending order of taxable value that would result in the school
15 district having a local revenue level [~~wealth per student~~] that is
16 equal to or less than the [~~equalized wealth~~] level established
17 under Section 48.257 by not more than the product of \$10,000
18 multiplied by weighted average daily attendance.

19 (d) Notwithstanding Subsections (a), (b), and (c), the
20 commissioner may detach only a portion of a parcel or item of
21 property if:

22 (1) it is not possible under this subchapter to reduce
23 the district's local revenue level [~~wealth per student~~] to a level
24 that is equal to or less than the [~~equalized wealth~~] level
25 established under Section 48.257 [~~this subchapter~~] unless some or
26 all of the parcel or item of property is detached and the detachment
27 of the whole parcel or item would result in the district from which

1 it is detached having a local revenue level [~~wealth per student~~]
 2 that is less than the [~~equalized wealth~~] level established under
 3 Section 48.257 by more than the product of \$10,000 multiplied by
 4 weighted average daily attendance; or

5 (2) the commissioner determines that a partial
 6 detachment of that parcel or item of property is preferable to the
 7 detachment of one or more other parcels or items having a lower
 8 taxable value in order to minimize the number of parcels or items of
 9 property to be detached consistent with the purposes of this
 10 chapter.

11 Sec. 49.306 [~~41.206~~]. ANNEXATION OF PROPERTY. (a) The
 12 commissioner shall annex property detached under Section 49.305
 13 [~~41.205~~] to school districts eligible for annexation in accordance
 14 with this section. A school district is eligible for annexation of
 15 property to it under this subchapter only if, before any
 16 detachments or annexations are made in a year, the district's
 17 taxable value of property does not exceed the value necessary to
 18 generate maintenance and operations tax revenue in the amount equal
 19 to the district's entitlement under Section 48.202(a-1)(2) [~~wealth~~
 20 per student is less than the greatest level for which funds are
 21 provided under Subchapter F, Chapter 42].

22 (b) Property may be annexed to a school district without
 23 regard to whether the property is contiguous to other property in
 24 that district.

25 (c) The commissioner shall annex property detached from
 26 school districts beginning with the property detached from the
 27 school district with the greatest local revenue level in excess of

1 entitlement [~~wealth per student~~] before detachment, and continuing
2 with the property detached from each other school district in
3 descending order of the district's local revenue level in excess of
4 entitlement [~~wealth per student~~] before detachment.

5 (d) The commissioner shall annex the parcels or items of
6 property detached from a school district to other school districts
7 that are eligible for annexation of property in descending order of
8 the taxable value of each parcel or item according to the following
9 priorities:

10 (1) first, to the eligible school districts assigned
11 to the same county as the school district from which the property is
12 detached whose total adopted tax rate for the preceding tax year
13 does not exceed by more than \$0.15 the total tax rate adopted for
14 that year by the school district from which the property is
15 detached;

16 (2) second, to the eligible school districts served by
17 the same regional education service center as the district from
18 which the property is detached whose total adopted tax rate for the
19 preceding tax year does not exceed by more than \$0.10 the total tax
20 rate adopted for that year by the school district from which the
21 property is detached; and

22 (3) third, to other eligible school districts whose
23 total adopted tax rate for the preceding tax year does not exceed by
24 more than \$0.05 the total tax rate adopted for that year by the
25 school district from which the property is detached.

26 (e) If the districts identified by Subsection (d) for a
27 school district are insufficient to annex all the property detached

1 from the school district, the commissioner shall increase, for
2 purposes of this section, all the maximum difference in tax rates
3 allowed under Subsection (d) in increments of \$0.01 until the
4 districts are identified that are sufficient to annex all the
5 property detached from the district.

6 (f) If only one school district is eligible to annex
7 property detached from a school district within a priority group
8 established by Subsections (d) and (e), the commissioner shall
9 annex property to that district until it reaches the taxable value
10 of property necessary to generate maintenance and operations tax
11 revenue in the amount equal to the district's entitlement under
12 Section 48.202(a-1)(2) [a wealth per student equal as nearly as
13 possible to the greatest level for which funds are provided under
14 Subchapter F, Chapter 42], by annexing whole parcels or items of
15 property. Any remaining detached property shall be annexed to
16 eligible school districts in the next priority group as provided by
17 this section.

18 (g) If more than one school district is eligible to annex
19 property detached from a school district within a priority group
20 established by Subsections (d) and (e), the commissioner shall
21 first annex property to the district within the priority group to
22 which could be annexed the most taxable value of property without
23 increasing the district's taxable value of property to an amount
24 that exceeds the amount necessary to generate maintenance and
25 operations tax revenue in the amount equal to the district's
26 entitlement under Section 48.202(a-1)(2) [its wealth per student
27 above the greatest level for which funds are provided under

1 ~~Subchapter F, Chapter 42~~], until that district reaches a taxable
2 value of property necessary to generate maintenance and operations
3 tax revenue in the amount equal to the district's entitlement under
4 Section 48.202(a-1)(2) [wealth per student equal as nearly as
5 possible to the greatest level for which funds are provided under
6 ~~Subchapter F, Chapter 42~~], by annexing whole parcels or items of
7 property. Then any additional detached property shall be annexed
8 in the same manner to other eligible school districts in the same
9 priority group in descending order of capacity to receive taxable
10 value of annexed property without increasing the district's taxable
11 value of property to an amount that exceeds the amount necessary to
12 generate maintenance and operations tax revenue in the amount equal
13 to the district's entitlement under Section 48.202(a-1)(2) [wealth
14 per student above the greatest level for which funds are provided
15 under Subchapter F, Chapter 42]. If every school district in a
16 priority group reaches a taxable value of property necessary to
17 generate maintenance and operations tax revenue in the amount equal
18 to the district's entitlement under Section 48.202(a-1)(2) [wealth
19 per student equal to the greatest level for which funds are provided
20 under Subchapter F, Chapter 42], as nearly as possible, the
21 remaining detached property shall be annexed to school districts in
22 the next priority group in the manner provided by this section.

23 (h) For purposes of this section, a portion of a parcel or
24 item of property detached in that subdivided form from a school
25 district is treated as a whole parcel or item of property.

26 (i) The commissioner may order the annexation of a portion
27 of a parcel or item of property, including a portion of property

1 treated as a whole parcel or item under Subsection (h), if:

2 (1) the annexation of the whole parcel or item would
3 result in the district eligible to receive it in the appropriate
4 priority order provided by this section having a local revenue
5 level [~~wealth per student~~] greater than the amount by which the
6 product of \$10,000 multiplied by weighted average daily attendance
7 exceeds the taxable value of property necessary to generate
8 maintenance and operations tax revenue in the amount equal to the
9 district's entitlement under Section 48.202(a-1)(2) [~~more than the~~
10 ~~greatest level for which funds are provided under Subchapter F,~~
11 ~~Chapter 42~~]; or

12 (2) the commissioner determines that annexation of
13 portions of the parcel or item would reduce disparities in district
14 taxable values of property necessary to generate maintenance and
15 operations tax revenue in the amount equal to a district's
16 entitlement under Section 48.202(a-1)(2) [~~wealth per student~~] more
17 efficiently than would be possible if the parcel or item were
18 annexed as a whole.

19 (j) The commissioner may modify the priorities established
20 by this section as the commissioner considers reasonable to
21 minimize or reduce the number of school districts to which the
22 property detached from a school district is annexed, to minimize or
23 reduce the geographic dispersal of property in a school district,
24 to minimize or reduce disparities in school district taxable values
25 of property necessary to generate maintenance and operations tax
26 revenue in the amount equal to a district's entitlement under
27 Section 48.202(a-1)(2) [~~wealth per student~~] that would otherwise

1 result, or to minimize or reduce any administrative burden or
2 expense.

3 (k) For purposes of this section, a school district is
4 assigned to a county if the school district is assigned to that
5 county in the 1992-1993 Texas School Directory published by the
6 Central Education Agency.

7 Sec. 49.307 [~~41.207~~]. LIMITATIONS ON DETACHMENT AND
8 ANNEXATION. The commissioner may detach and annex property under
9 this subchapter only if:

10 (1) the property is not exempt from ad valorem
11 taxation under Section 11.20 or 11.21, Tax Code; and

12 (2) the property does not contain a building or
13 structure owned by the United States, this state, or a political
14 subdivision of this state that is exempt from ad valorem taxation
15 under law.

16 Sec. 49.308 [~~41.208~~]. ORDERS AND NOTICE. (a) The
17 commissioner shall order any detachments and annexations of
18 property under this subchapter not later than November 8 of each
19 year.

20 (b) As soon as practicable after issuing the order under
21 Subsection (a), the commissioner shall notify each affected school
22 district and the appraisal district in which the affected property
23 is located of the determination.

24 Sec. 49.309 [~~41.209~~]. TREATMENT OF SUBDIVIDED PROPERTY.

25 (a) If the commissioner orders the detachment or annexation of a
26 portion of a parcel or item of property under this subchapter, the
27 order shall specify the portion of the taxable value of the property

1 to be detached or annexed and may, but need not, describe the
2 specific area of the parcel or item to be detached or annexed.

3 (b) If an order for the detachment or annexation of a
4 portion of a parcel or item of property does not describe the
5 specific area of the parcel or item to be detached or annexed, the
6 commissioner, as soon as practicable after issuing the order, shall
7 determine the specific area to be detached or annexed and shall
8 certify that determination to the appraisal district for the county
9 in which the property is located.

10 (c) If portions of a parcel or item of property are located
11 in two or more school districts as the result of a detachment or
12 annexation, the parcel or item shall be appraised for taxation as a
13 unit, and the commissioner shall determine the portion of the
14 taxable value of the property that is located in each of those
15 school districts based on the square footage of the property, or any
16 other reasonable method adopted by the commissioner.

17 Sec. 49.310 [~~41.210~~]. DUTIES OF CHIEF APPRAISER. (a) The
18 chief appraiser of each appraisal district shall cooperate with the
19 commissioner in administering this subchapter. The commissioner
20 may require the chief appraiser to submit any reports or provide any
21 information available to the chief appraiser in the form and at the
22 times required by the commissioner.

23 (b) As soon as practicable after the detachment and
24 annexation of property, the chief appraiser of the appraisal
25 district in which the property is located shall send a written
26 notice of the detachment and annexation to the owner of any property
27 taxable in a different school district as a result of the detachment

1 and annexation. The notice must include the name of the school
2 district by which the property is taxable after the detachment and
3 annexation.

4 (c) The commissioner may reimburse an appraisal district
5 for any costs incurred in administering this subchapter and may
6 condition the reimbursement or the amount of the reimbursement on
7 the timely submission of reports or information required by the
8 commissioner or the satisfactory performance of any other action
9 required or requested by the commissioner.

10 Sec. 49.311 [~~41.211~~]. STUDENT ATTENDANCE. A student who
11 is a resident of real property detached from a school district may
12 choose to attend school in that district or in the district to which
13 the property is annexed. For purposes of determining average daily
14 attendance under Section 48.005 [~~42.005~~], the student shall be
15 counted in the district to which the property is annexed. If the
16 student chooses to attend school in the district from which the
17 property is detached, the state shall withhold any foundation
18 school funds from the district to which the property is annexed and
19 shall allocate to the district in which the student is attending
20 school those funds and the amount of funds equal to the difference
21 between the state funds the district is receiving for the student
22 and the district's cost in educating the student.

23 Sec. 49.312 [~~41.212~~]. BOND TAXES. Property detached from
24 a school district is released from the obligation for any tax to pay
25 principal and interest on bonds authorized by the district before
26 detachment. The property is subject to any tax to pay principal or
27 interest on bonds authorized by the district to which the property

1 is annexed whether authorized before or after annexation.

2 Sec. 49.313 [~~41.213~~]. DETERMINATION BY COMMISSIONER
3 FINAL. A decision or determination of the commissioner under this
4 subchapter is final and not appealable.

5 SECTION 1.056. Subchapter H, Chapter 41, Education Code, is
6 transferred to Chapter 49, Education Code, as added by this Act,
7 redesignated as Subchapter H, Chapter 49, Education Code, and
8 amended to read as follows:

9 SUBCHAPTER H. CONSOLIDATION BY COMMISSIONER

10 Sec. 49.351 [~~41.251~~]. COMMISSIONER ORDER. If the
11 commissioner is required under Section 49.004 [~~41.004~~] to order the
12 consolidation of districts, the consolidation is governed by this
13 subchapter. The commissioner's order shall be effective on a date
14 determined by the commissioner, but not later than the earliest
15 practicable date after November 8.

16 Sec. 49.352 [~~41.252~~]. SELECTION CRITERIA. (a) In
17 selecting the districts to be consolidated with a district that has
18 taxable values of property in an amount that exceeds the local
19 revenue level established under Section 48.257 [~~a property wealth~~
20 ~~greater than the equalized wealth level~~], the commissioner shall
21 select one or more districts [~~with a wealth per student~~] that, when
22 consolidated, will result in a consolidated district with a local
23 revenue level [~~wealth per student~~] equal to or less than the
24 [~~equalized wealth~~] level established under Section 48.257. In
25 achieving that result, the commissioner shall give priority to
26 school districts in the following order:

27 (1) first, to the contiguous district that has the

1 lowest local revenue level [~~wealth per student~~] and is located in
2 the same county;

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

6 (3) third, to a contiguous district with a local
7 revenue level [~~property wealth~~] below the [~~equalized wealth~~] level
8 established under Section 48.257 that has requested the
9 commissioner that it be considered in a consolidation plan;

10 (4) fourth, to include as few districts as possible
11 that have the lowest local revenue levels below the [~~fall below the~~
12 ~~equalized wealth~~] level established under Section 48.257 within the
13 consolidation order that have not requested the commissioner to be
14 included;

15 (5) fifth, to the district that has the lowest local
16 revenue level [~~wealth per student~~] and is located in the same
17 regional education service center area; and

18 (6) sixth, to a district that has a tax rate similar to
19 that of the district that has a local revenue level [~~property~~
20 ~~wealth~~] greater than the [~~equalized wealth~~] level established under
21 Section 48.257.

22 (b) The commissioner may not select a district that has been
23 created as a result of consolidation by agreement under Subchapter
24 B to be consolidated under this subchapter with a district that has
25 a local revenue level [~~property wealth~~] greater than the [~~equalized~~
26 ~~wealth~~] level established under Section 48.257.

27 (c) In applying the selection criteria specified by

1 Subsection (a), if more than two districts are to be consolidated,
2 the commissioner shall select the third and each subsequent
3 district to be consolidated by treating the district that has a
4 local revenue level [~~property wealth~~] greater than the [~~equalized~~
5 ~~wealth~~] level established under Section 48.257 and the district or
6 districts previously selected for consolidation as one district.

7 Sec. 49.353 [~~41.253~~]. GOVERNANCE. (a) Until the initial
8 trustees elected as provided by Subsection (b) have qualified and
9 taken office, a district consolidated under this subchapter is
10 governed by a transitional board of trustees consisting of the
11 board of trustees of the district having the greatest student
12 membership on the last day of the school year preceding the
13 consolidation plus one member of the board of trustees of each other
14 consolidating district selected by that board.

15 (b) The transitional board of trustees shall divide the
16 consolidated district into nine single-member trustee districts in
17 accordance with the procedures provided by Section 11.052. The
18 transitional board shall order an election for the initial board of
19 trustees to be held on the first May uniform election date after the
20 effective date of a consolidation order.

21 (c) Members of the board of trustees of a consolidated
22 district serve staggered terms of office for four years.

23 (d) Section 13.156 applies to districts consolidated under
24 this subchapter.

25 Sec. 49.354 [~~41.254~~]. DISSOLUTION OF CONSOLIDATED
26 DISTRICT. (a) If the legislature abolishes ad valorem taxes for
27 public school maintenance and operations and adopts another method

1 of funding public education, the board of trustees of a
2 consolidated district created under this subchapter may dissolve
3 the consolidated district, provided that the dissolution is
4 approved by a majority of those voters residing within the district
5 participating in an election called for the purpose of approving
6 the dissolution of the consolidated school district.

7 (b) If a consolidated district is dissolved, each of the
8 former districts is restored as a separate district and is
9 classified as an independent district.

10 (c) Title to real property of the consolidated district is
11 allocated to the restored district in which the property is
12 located. Title to proportionate shares of the fund balances and
13 personal property of the consolidated district, as determined by
14 Subsection (e), are allocated to each restored district.

15 (d) Each of the restored districts assumes and is liable
16 for:

17 (1) indebtedness of the consolidated district that
18 relates to real property allocated to the district; and

19 (2) a proportionate share, as determined by Subsection
20 (e), of indebtedness of the consolidated district that does not
21 relate to real property.

22 (e) A restored district's proportionate share of fund
23 balances, personal property, or indebtedness is equal to the
24 proportion that the number of students in average daily attendance
25 in the restored district bears to the number of students in average
26 daily attendance in the consolidated district.

27 Sec. 49.355 [~~41.255~~]. FUND BALANCES. Fund balances of a

1 school district consolidated under this subchapter may be used only
2 for the benefit of the schools within the district that generated
3 the funds.

4 Sec. 49.356 [~~41.256~~]. EMPLOYMENT CONTRACTS. A
5 consolidated district created under this subchapter shall honor an
6 employment contract entered into by a consolidating district.

7 Sec. 49.357 [~~41.257~~]. APPLICATION OF [~~SMALL AND~~] SPARSE
8 ADJUSTMENT [~~ADJUSTMENTS~~] AND SMALL AND TRANSPORTATION ALLOTMENTS
9 [~~ALLOTMENT~~]. The budget of the consolidated district must apply
10 the benefit of the adjustment or allotment to the schools of the
11 consolidating district to which Section 48.052 [~~42.103~~], 48.101
12 [~~42.105~~], or 48.151 [~~42.155~~] would have applied in the event that
13 the consolidated district still qualifies as a small or sparse
14 district.

15 SECTION 1.057. The heading to Subchapter A, Chapter 316,
16 Government Code, is amended to read as follows:

17 SUBCHAPTER A. LIMIT ON GROWTH OF APPROPRIATIONS; DETERMINATIONS
18 REGARDING PUBLIC SCHOOL FINANCE

19 SECTION 1.058. Section 316.002(a), Government Code, is
20 amended to read as follows:

21 (a) Before the Legislative Budget Board submits the budget
22 as prescribed by Section 322.008(c), the board shall:

23 (1) establish for purposes of Section 316.001:

24 (A) [~~(1)~~] the estimated rate of growth of the
25 state's economy from the current biennium to the next biennium;

26 (B) [~~(2)~~] the level of appropriations for the
27 current biennium from state tax revenues not dedicated by the

1 constitution; and

2 (C) [~~3~~] the amount of state tax revenues not
3 dedicated by the constitution that could be appropriated for the
4 next biennium within the limit established by the estimated rate of
5 growth of the state's economy; and

6 (2) determine for purposes of the Foundation School
7 Program under Chapter 48, Education Code:

8 (A) the estimated state share of the program for
9 the next biennium, excluding any anticipated federal funding;

10 (B) the estimated reduction in the state share of
11 the program from the current biennium to the next biennium
12 attributable to the rate of growth of the taxable value of property
13 in the state for the next biennium, based on the estimates submitted
14 under Section 48.269, Education Code;

15 (C) the cost per cent of reducing the state
16 compression percentage under Section 48.255, Education Code, for
17 the next biennium; and

18 (D) a recommended state compression percentage
19 under Section 48.255, Education Code, for the next biennium, based
20 on the determinations made under Subdivision (1) and Paragraphs
21 (A), (B), and (C).

22 SECTION 1.059. Section 316.007(a), Government Code, is
23 amended to read as follows:

24 (a) The Legislative Budget Board shall include in its budget
25 recommendations:

26 (1) the proposed limit of appropriations from state
27 tax revenues not dedicated by the constitution; and

1 (2) the recommended state compression percentage
2 under Section 48.255, Education Code.

3 SECTION 1.060. Section 322.008(b), Government Code, is
4 amended to read as follows:

5 (b) The general appropriations bill may include for
6 purposes of information the funding elements computed by the
7 Legislative Budget Board under Section 316.002(a)(2) [~~42.007,~~
8 ~~Education Code, excluding the values for each school district~~
9 ~~calculated under Section 42.007(c)(2), Education Code. If the~~
10 ~~funding elements are included, the funding elements under Section~~
11 ~~42.007(c)(3), Education Code, shall be reported in dollar amounts~~
12 ~~per pupil]~~.

13 SECTION 1.061. Sections 825.405(a), (b), (e), and (f),
14 Government Code, are amended to read as follows:

15 (a) An employing school district or an open-enrollment
16 charter school, as applicable, shall pay the state's contribution
17 on the portion of a member's salary that exceeds the statutory
18 minimum salary for [~~For~~] members:

19 (1) entitled to the minimum salary for certain school
20 personnel under Section 21.402, Education Code;

21 (2) [~~, and for members~~] who would have been entitled to
22 the minimum salary for certain school personnel under former
23 Section 16.056, Education Code, as that section existed on January
24 1, 1995; and

25 (3) who would be entitled to the minimum salary for
26 certain school personnel under Section 21.402, Education Code, if
27 the member was employed by a school district subject to that section

1 instead of being employed by:

2 (A) an open-enrollment charter school; or

3 (B) a school district that has adopted a local
4 innovation plan under Chapter 12A, Education Code, that exempts the
5 district's employees from the minimum salary schedule under that
6 section~~[, the employing district shall pay the state's contribution~~
7 ~~on the portion of the member's salary that exceeds the statutory~~
8 ~~minimum salary].~~

9 (b) For purposes of this section, ~~[~~⁺

10 ~~[(1)]~~ the statutory minimum salary for a member
11 described by:

12 (1) Subsection (a)(1) [certain school personnel under
13 Section 21.402, Education Code, is the salary provided by Section
14 21.402, Education Code ~~[that section multiplied by the cost of~~
15 ~~education adjustment applicable under Section 42.102, Education~~
16 ~~Code, to the district in which the member is employed]; [and]~~

17 (2) Subsection (a)(2) [the statutory minimum salary
18 for members who would have been entitled to the minimum salary for
19 certain school personnel under former Section 16.056, Education
20 Code, as that section existed on January 1, 1995, is a minimum
21 salary computed in the same manner as the minimum salary for certain
22 school personnel under Section 21.402, Education Code; and

23 (3) Subsection (a)(3) is the minimum salary the member
24 would have been entitled to if the member was subject to Section
25 21.402, Education Code~~[, multiplied by the cost of education~~
26 ~~adjustment applicable under Section 42.102, Education Code, to the~~
27 ~~district in which the member is employed].~~

1 (e) After the end of each school year, the retirement system
2 shall certify to the commissioner of education:

3 (1) the names of any employers [~~employing districts~~]
4 that have failed to remit, within the period required by Section
5 825.408, all contributions required under this section for the
6 school year; and

7 (2) the amounts of the unpaid contributions.

8 (f) If the commissioner of education receives a
9 certification under Subsection (e), the commissioner shall direct
10 the comptroller of public accounts to withhold the amount
11 certified, plus interest computed at the rate and in the manner
12 provided by Section 825.408, from the first state money payable to
13 the employer [~~school district~~]. The amount withheld shall be
14 deposited to the credit of the appropriate accounts of the
15 retirement system.

16 SECTION 1.062. Section 26.08, Tax Code, is amended by
17 amending Subsections (a), (b), (i), and (n) and adding Subsections
18 (a-1) and (n-1) to read as follows:

19 (a) If the governing body of a school district adopts a tax
20 rate that exceeds the district's voter-approved [~~rollback~~] tax
21 rate, the registered voters of the district at an election held for
22 that purpose must determine whether to approve the adopted tax
23 rate.

24 (a-1) When increased expenditure of money by a school
25 district is necessary to respond to a disaster, including a
26 tornado, hurricane, flood, or other calamity, but not including a
27 drought, that has impacted a school district and the governor has

1 requested federal disaster assistance for the area in which the
 2 school district is located, an election is not required under this
 3 section to approve the tax rate adopted by the governing body for
 4 the year following the year in which the disaster occurs. A tax
 5 rate adopted under this subsection applies only in the year for
 6 which the rate is adopted. If a district adopts a tax rate under
 7 this subsection, the amount by which that rate exceeds the
 8 district's voter-approved tax rate for that tax year may not be
 9 considered when calculating the district's voter-approved tax rate
 10 for the tax year following the year in which the district adopts the
 11 rate.

12 (b) The governing body shall order that the election be held
 13 in the school district on the next uniform election [~~a~~] date
 14 prescribed by [~~not less than 30 or more than 90 days after the day on~~
 15 ~~which it adopted the tax rate.~~] Section 41.001, Election Code, that
 16 occurs after the date of the election order and that allows
 17 sufficient time to comply with the requirements of other law [~~does~~
 18 ~~not apply to the election unless a date specified by that section~~
 19 ~~falls within the time permitted by this section~~]. At the election,
 20 the ballots shall be prepared to permit voting for or against the
 21 proposition: "Voter approval of [~~Approving~~] the ad valorem tax
 22 rate of ____ (insert adopted tax rate) [~~\$_____ per \$100 valuation~~] in
 23 (name of school district) for the current year, a rate that will
 24 result in an increase of _____ (insert percentage increase in
 25 maintenance and operations tax revenue under the adopted tax rate
 26 as compared to maintenance and operations tax revenue in the
 27 preceding tax year) percent in maintenance and operations tax

1 revenue for the district for the current year as compared to the
 2 preceding year, which is an additional \$_____ (insert dollar amount
 3 of increase in maintenance and operations tax revenue under the
 4 adopted tax rate as compared to maintenance and operations tax
 5 revenue in the preceding tax year) [is \$_____ higher per \$100
 6 valuation than the school district rollback tax rate, for the
 7 purpose of (description of purpose of increase)]." [The ballot
 8 proposition must include the adopted tax rate and the difference
 9 between that rate and the rollback tax rate in the appropriate
 10 places.]

11 (i) For purposes of this section, "enrichment tax rate" has
 12 the meaning assigned by Section 45.0032, Education Code [the
 13 effective maintenance and operations tax rate of a school district
 14 is the tax rate that, applied to the current total value for the
 15 district, would impose taxes in an amount that, when added to state
 16 funds that would be distributed to the district under Chapter 42,
 17 Education Code, for the school year beginning in the current tax
 18 year using that tax rate, would provide the same amount of state
 19 funds distributed under Chapter 42, Education Code, and maintenance
 20 and operations taxes of the district per student in weighted
 21 average daily attendance for that school year that would have been
 22 available to the district in the preceding year if the funding
 23 elements for Chapters 41 and 42, Education Code, for the current
 24 year had been in effect for the preceding year].

25 (n) For purposes of this section, the voter-approved
 26 [rollback] tax rate of a school district [whose maintenance and
 27 operations tax rate for the 2005 tax year was \$1.50 or less per \$100

1 ~~of taxable value]~~ is:

2 (1) for the 2019 [~~2006~~] tax year, the sum of the
3 following:

4 (A) the rate [~~that is equal to 88.67 percent of~~
5 ~~the maintenance and operations tax rate adopted by the district for~~
6 ~~the 2005 tax year, the rate of \$0.04] per \$100 of taxable value that
7 is equal to the product of the state compression percentage, as
8 determined under Section 48.255, Education Code, for the 2019 tax
9 year and \$1.00;~~

10 (B) the greater of:

11 (i) the district's maintenance and
12 operations tax rate for the 2018 tax year, less the sum of:

13 (a) \$1.00; and

14 (b) any amount by which the district
15 is required to reduce the district's enrichment tax rate under
16 Section 48.202(f), Education Code, in the 2019 tax year; or

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

19 (C) [~~and~~] the district's current debt rate; and

20 (2) for the 2020 [~~2007~~] and subsequent tax years, the
21 sum [~~lesser~~] of the following:

22 (A) [~~the sum of the following:~~

23 [~~(i)~~] the rate per \$100 of taxable value
24 that is equal to the product of the state compression percentage, as
25 determined under Section 48.255 [~~42.2516~~], Education Code, for the
26 current year and \$1.00 [~~\$1.50~~];

27 (B) the greater of:

1 (i) the district's enrichment tax rate for
2 the preceding tax year, less any amount by which the district is
3 required to reduce the district's enrichment tax rate under Section
4 48.202(f), Education Code, in the current tax year; or

5 (ii) the rate of \$0.05 [~~\$0.04~~] per \$100 of
6 taxable value; and

7 (C) [~~(iii) the rate that is equal to the sum of~~
8 ~~the differences for the 2006 and each subsequent tax year between~~
9 ~~the adopted tax rate of the district for that year if the rate was~~
10 ~~approved at an election under this section and the rollback tax rate~~
11 ~~of the district for that year; and~~

12 [~~(iv)~~] the district's current debt rate[~~+~~
13 ~~or~~

14 [~~(B) the sum of the following:~~

15 [~~(i) the effective maintenance and~~
16 ~~operations tax rate of the district as computed under Subsection~~
17 ~~(i) or (k), as applicable;~~

18 [~~(ii) the rate per \$100 of taxable value~~
19 ~~that is equal to the product of the state compression percentage, as~~
20 ~~determined under Section 42.2516, Education Code, for the current~~
21 ~~year and \$0.06; and~~

22 [~~(iii) the district's current debt rate].~~

23 (n-1) For the 2020 tax year, a school district shall
24 substitute "\$0.04" for "\$0.05" in Subsection (n)(2)(B)(ii) if the
25 governing body of the district does not adopt by unanimous vote for
26 that tax year a maintenance and operations tax rate at least equal
27 to the sum of the rate described by Subsection (n)(2)(A) and the

1 rate of \$0.05 per \$100 of taxable value.

2 SECTION 1.063. (a) This section takes effect only if
3 H.B. 2, 86th Legislature, Regular Session, 2019, or another act of
4 that legislature that amends Chapter 26, Tax Code, to change the
5 term "effective tax rate" to "no-new-revenue tax rate" becomes law.

6 (b) Effective January 1, 2020, Section 26.08(g), Tax Code,
7 is amended to read as follows:

8 (g) In a school district that received distributions from an
9 equalization tax imposed under former Chapter 18, Education Code,
10 the no-new-revenue tax [~~effective~~] rate of that tax as of the date
11 of the county unit system's abolition is added to the district's
12 rollback tax rate.

13 SECTION 1.064. As soon as practicable after the effective
14 date of this section, using funds appropriated for the purpose, the
15 commissioner of education shall distribute funding to school
16 districts and open-enrollment charter schools for each full-time
17 equivalent student in a special education program under Subchapter
18 A, Chapter 29, Education Code, in proportion to the weights
19 provided for the student under Section 48.102, Education Code, as
20 transferred, redesignated, and amended by this Act, in the amount
21 necessary to comply with the maintenance of state financial support
22 required under 20 U.S.C. Section 1412(a)(18) for the state fiscal
23 year ending August 31, 2019.

24 ARTICLE 2. PUBLIC EDUCATION

25 SECTION 2.001. Subchapter C, Chapter 7, Education Code, is
26 amended by adding Section 7.070 to read as follows:

27 Sec. 7.070. COORDINATION OF DATA COLLECTION. The

1 commissioner may enter into agreements with appropriate entities as
2 necessary to provide for the collection of data regarding college,
3 career, and military readiness of public school students, including
4 data maintained by:

5 (1) governmental agencies of the United States, this
6 state, or another state;

7 (2) political subdivisions of this state or another
8 state;

9 (3) public or private institutions of higher
10 education; and

11 (4) relevant private organizations.

12 SECTION 2.002. Subchapter D, Chapter 11, Education Code, is
13 amended by adding Sections 11.185 and 11.186 to read as follows:

14 Sec. 11.185. EARLY CHILDHOOD LITERACY AND MATHEMATICS
15 PROFICIENCY PLANS. (a) The board of trustees of each school
16 district shall adopt and post on the district's Internet website
17 early childhood literacy and mathematics proficiency plans that set
18 specific annual goals for the following five school years to reach
19 quantifiable goals for student performance in reading and
20 mathematics at each campus.

21 (b) Each plan adopted under Subsection (a) must:

22 (1) identify annual goals for students in each group
23 evaluated under the closing the gaps domain under Section
24 39.053(c)(3);

25 (2) include annual goals for aggregate student growth
26 on the third grade reading or mathematics assessment instrument, as
27 applicable, administered under Section 39.023 or on an alternative

1 assessment instrument determined by the board of trustees;

2 (3) provide for targeted professional development for
3 classroom teachers in kindergarten or first, second, or third grade
4 who are assigned to campuses that the board of trustees identifies
5 as not meeting the plan's goals;

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

9 (A) coordinate implementation of the plan; and

10 (B) submit an annual report to the board of
11 trustees on the district's progress toward the goals set under the
12 plan; and

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

15 (c) Each plan adopted under Subsection (a) may set separate
16 goals for students in a bilingual education or special language
17 program under Subchapter B, Chapter 29.

18 (d) The professional development provided to classroom
19 teachers under Subsection (b)(3) must, as appropriate, consider the
20 unique needs of students in a bilingual education or special
21 language program under Subchapter B, Chapter 29.

22 (e) A school district shall post the annual report described
23 by Subsection (b)(4)(B) on the district's Internet website and on
24 the Internet website, if any, of each campus in the district.

25 Sec. 11.186. COLLEGE, CAREER, AND MILITARY READINESS PLANS.

26 (a) The board of trustees of each school district shall adopt
27 college, career, and military readiness plans that set specific

1 annual goals for the following five school years to reach
2 quantifiable goals for measures of student college, career, and
3 military readiness at each campus.

4 (b) Each plan adopted under Subsection (a) must:

5 (1) identify annual goals for students in each group
6 evaluated under the closing the gaps domain under Section
7 39.053(c)(3);

8 (2) include annual goals for aggregate student growth
9 on college, career, and military readiness indicators evaluated
10 under the student achievement domain under Section 39.053(c)(1);

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

14 (A) coordinate implementation of the plan; and

15 (B) submit an annual report to the board of
16 trustees on the district's progress toward the goals set under the
17 plan; and

18 (4) be reviewed annually by the board of trustees at a
19 public meeting.

20 (c) A school district shall post the annual report described
21 by Subsection (b)(3)(B) on the district's Internet website and on
22 the Internet website, if any, of each campus in the district.

23 SECTION 2.003. Section 12.104(b), Education Code, as
24 amended by Chapters 324 (S.B. 1488), 522 (S.B. 179), and 735 (S.B.
25 1153), Acts of the 85th Legislature, Regular Session, 2017, is
26 reenacted and amended to read as follows:

27 (b) An open-enrollment charter school is subject to:

- 1 (1) a provision of this title establishing a criminal
2 offense;
- 3 (2) the provisions in Chapter 554, Government Code;
4 and
- 5 (3) [~~2~~] a prohibition, restriction, or requirement,
6 as applicable, imposed by this title or a rule adopted under this
7 title, relating to:
- 8 (A) the Public Education Information Management
9 System (PEIMS) to the extent necessary to monitor compliance with
10 this subchapter as determined by the commissioner;
- 11 (B) criminal history records under Subchapter C,
12 Chapter 22;
- 13 (C) reading instruments and accelerated reading
14 instruction programs under Section 28.006;
- 15 (D) accelerated instruction under Section
16 28.0211;
- 17 (E) high school graduation requirements under
18 Section 28.025;
- 19 (F) special education programs under Subchapter
20 A, Chapter 29;
- 21 (G) bilingual education under Subchapter B,
22 Chapter 29;
- 23 (H) prekindergarten programs under Subchapter E
24 or E-1, Chapter 29;
- 25 (I) extracurricular activities under Section
26 33.081;
- 27 (J) discipline management practices or behavior

1 management techniques under Section 37.0021;
2 (K) health and safety under Chapter 38;
3 (L) public school accountability under
4 Subchapters B, C, D, F, G, and J, Chapter 39, and Chapter 39A;
5 (M) the requirement under Section 21.006 to
6 report an educator's misconduct;
7 (N) intensive programs of instruction under
8 Section 28.0213;
9 (O) the right of a school employee to report a
10 crime, as provided by Section 37.148; ~~and~~
11 (P) bullying prevention policies and procedures
12 under Section 37.0832;
13 (Q) the right of a school under Section 37.0052
14 to place a student who has engaged in certain bullying behavior in a
15 disciplinary alternative education program or to expel the student;
16 ~~and~~
17 (R) the right under Section 37.0151 to report to
18 local law enforcement certain conduct constituting assault or
19 harassment;
20 (S) [~~(P)~~] a parent's right to information
21 regarding the provision of assistance for learning difficulties to
22 the parent's child as provided by Sections 26.004(b)(11) and
23 26.0081(c) and (d);
24 (T) the early childhood literacy and mathematics
25 proficiency plans under Section 11.185; and
26 (U) the college, career, and military readiness
27 plans under Section 11.186.

1 SECTION 2.004. Subchapter J, Chapter 21, Education Code, is
2 amended by adding Section 21.465 to read as follows:

3 Sec. 21.465. AUTISM TRAINING. (a) A school district may
4 provide a salary incentive or similar compensation to a teacher who
5 completes training provided by a regional education service center
6 relating to autism.

7 (b) A school district that decides to provide an incentive
8 or compensation under Subsection (a) shall adopt a policy to
9 implement this section.

10 SECTION 2.005. Section 25.085, Education Code, is amended
11 by adding Subsection (i) to read as follows:

12 (i) Notwithstanding any other provision of this section, a
13 student enrolled in a school district is not required to attend
14 school for any additional instructional days described by Section
15 25.0841.

16 SECTION 2.006. Section 28.006, Education Code, is amended
17 by amending Subsections (b), (c), (d), (f), and (i) and adding
18 Subsections (b-1), (c-2), (c-3), and (l) to read as follows:

19 (b) The commissioner shall adopt a list of reading
20 instruments that a school district may use to diagnose student
21 reading development and comprehension. For use in diagnosing the
22 reading development and comprehension of kindergarten students,
23 the commissioner shall adopt a [~~include on the commissioner's list~~
24 ~~at least two~~] multidimensional assessment tool that includes
25 [~~tools. A multidimensional assessment tool on the commissioner's~~
26 ~~list must either include~~] a reading instrument and tests [~~test~~] at
27 least three developmental skills, including literacy[~~, or test at~~

1 ~~least two developmental skills, other than literacy, and be~~
2 ~~administered in conjunction with a separate reading instrument that~~
3 ~~is on a list adopted under this subsection].~~ A multidimensional
4 assessment tool administered as provided by this subsection is
5 considered to be a reading instrument for purposes of this section.
6 A district-level committee established under Subchapter F, Chapter
7 11, may adopt a list of reading instruments for use in the district
8 in a grade level other than kindergarten in addition to the reading
9 instruments on the commissioner's list. Each reading instrument
10 adopted by the commissioner or a district-level committee must be
11 based on scientific research concerning reading skills development
12 and reading comprehension. A list of reading instruments adopted
13 under this subsection must provide for diagnosing the reading
14 development and comprehension of students participating in a
15 program under Subchapter B, Chapter 29.

16 (b-1) The commissioner may approve an alternative reading
17 instrument for use in diagnosing the reading development and
18 comprehension of kindergarten students that complies with the
19 requirements under Subsection (b).

20 (c) Each school district shall administer, at the
21 [~~kindergarten and~~] first and second grade levels, a reading
22 instrument on the list adopted by the commissioner or by the
23 district-level committee. The district shall administer the
24 reading instrument in accordance with the commissioner's
25 recommendations under Subsection (a)(1).

26 (c-2) Each school district shall administer at the
27 kindergarten level a reading instrument adopted by the commissioner

1 under Subsection (b) or approved by the commissioner under
2 Subsection (b-1). The district shall administer the reading
3 instrument in accordance with the commissioner's recommendations
4 under Subsection (a)(1).

5 (c-3) The commissioner by rule shall determine the
6 performance on the reading instrument adopted under Subsection (b)
7 that indicates kindergarten readiness.

8 (d) The superintendent of each school district shall:

9 (1) report to the commissioner and the board of
10 trustees of the district the results of the reading instruments;

11 (2) not later than the 30th calendar day after the date
12 on which a reading instrument was administered report, in writing,
13 to a student's parent or guardian the student's results on the
14 [~~reading~~] instrument; and

15 (3) using the school readiness certification system
16 provided to the school district in accordance with Section
17 29.161(e), report electronically each student's raw score on the
18 reading instrument to the agency for use in the school readiness
19 certification system.

20 (f) This section may be implemented only if funds are
21 appropriated for administering the reading instruments or if the
22 reading instrument to be administered is provided to school
23 districts at no cost to the districts. Funds, other than local
24 funds, may be used to pay the cost of administering a reading
25 instrument only if the instrument is on the list adopted by the
26 commissioner.

27 (i) The commissioner shall certify, not later than July 1 of

1 each school year or as soon as practicable thereafter, whether
2 sufficient funds have been appropriated statewide for the purposes
3 of this section or whether the applicable reading instruments have
4 been provided to school districts at no cost to the districts. A
5 determination by the commissioner is final and may not be appealed.
6 For purposes of certification, the commissioner may not consider
7 Foundation School Program funds.

8 (1) The commissioner may adopt rules as necessary to
9 implement this section. Section 2001.0045, Government Code, does
10 not apply to rules adopted under this subsection.

11 SECTION 2.007. Section 29.122, Education Code, is amended
12 to read as follows:

13 Sec. 29.122. ESTABLISHMENT. (a) Using criteria established
14 by the State Board of Education, each school district shall adopt a
15 process for identifying and serving gifted and talented students in
16 the district and shall establish a program for those students in
17 each grade level. A district may establish a shared services
18 arrangement program with one or more other districts.

19 (b) Each school district shall adopt a policy regarding the
20 use of funds to support the district's program for gifted and
21 talented students.

22 SECTION 2.008. Subchapter D, Chapter 29, Education Code, is
23 amended by adding Section 29.124 to read as follows:

24 Sec. 29.124. CERTIFICATION AND REPORTING REQUIRED. (a)
25 Each school district shall annually certify to the commissioner
26 that the district has established a program for gifted and talented
27 students as required by this subchapter and that the program is

1 consistent with the state plan developed under Section 29.123.

2 (b) If the commissioner determines that a school district
3 has failed to comply with Subsection (a) for a school year, the
4 commissioner shall reduce the total amount of funding to which the
5 district is entitled under Chapter 48 for that school year by an
6 amount equal to the basic allotment multiplied by the product of:

7 (1) 0.12; and

8 (2) an amount equal to five percent of the students in
9 average daily attendance in the district.

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

14 (d) At the same time that a school district makes the
15 certification required under Subsection (a), the district shall
16 report to the commissioner regarding the use of funds on the
17 district's program for gifted and talented students as provided by
18 State Board of Education rule.

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

23 SECTION 2.009. Section 29.153, Education Code, is amended
24 by amending Subsections (c) and (d) and adding Subsections (c-1),
25 (d-1), and (d-2) to read as follows:

26 (c) A prekindergarten class under this section may [~~shall~~]
27 be operated on a half-day basis for children under four years of age

1 and shall be operated on a full-day basis for children who are at
2 least four years of age. A district is not required to provide
3 transportation for a prekindergarten class, but transportation, if
4 provided, is included for funding purposes as part of the regular
5 transportation system.

6 (c-1) A prekindergarten class under this section for
7 children who are least four years of age must comply with the
8 program standards required for high quality prekindergarten
9 programs under Subchapter E-1.

10 (d) Subject to Subsections (d-1) and (d-2), on [On]
11 application of a district, the commissioner shall [may] exempt a
12 district from the application of all or any part of this section,
13 including all or any part of Subchapter E-1 for a prekindergarten
14 class described by Subsection (c-1), if the commissioner determines
15 that:

16 (1) the district would be required to construct
17 classroom facilities in order to provide prekindergarten classes;
18 or

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

22 (d-1) A district may not receive an exemption under
23 Subsection (d) unless the district has solicited and considered at
24 a public meeting proposals for partnerships with public or private
25 entities regarding prekindergarten classes required under this
26 section. A decision of the board of trustees regarding a
27 partnership described by this subsection is final.

1 (d-2) An exemption under Subsection (d) may not be granted
2 for a period longer than three school years and may be renewed only
3 once.

4 SECTION 2.010. Section 29.1531(a), Education Code, is
5 amended to read as follows:

6 (a) A school district may offer on a tuition basis or use
7 district funds to provide:

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

11 (2) half-day and full-day prekindergarten classes to
12 children not eligible for classes under Section 29.153.

13 SECTION 2.011. Section 29.1532(c), Education Code, is
14 amended to read as follows:

15 (c) A school district that offers prekindergarten classes [~~7~~
16 ~~including a high quality prekindergarten program class under~~
17 ~~Subchapter E-1,~~] shall include the following information in the
18 district's Public Education Information Management System (PEIMS)
19 report:

20 (1) demographic information, as determined by the
21 commissioner, on students enrolled in district and campus
22 prekindergarten classes, including the number of students who are
23 eligible for classes under Section 29.153;

24 (2) the numbers of half-day and full-day
25 prekindergarten classes offered by the district and campus;

26 (3) the number of half-day prekindergarten classes for
27 which the district has received an exemption from full-day

1 operation under Section 29.153(d);

2 (4) the sources of funding for the prekindergarten
3 classes;

4 (5) [~~4~~] the class size and ratio of instructional
5 staff to students for each prekindergarten program class offered by
6 the district and campus;

7 (6) [~~5~~] if the district elects to administer an
8 assessment instrument under Section 29.169 to students enrolled in
9 district and campus prekindergarten program classes, a description
10 and the results of each type of assessment instrument; and

11 (7) [~~6~~] curricula used in the district's
12 prekindergarten program classes.

13 SECTION 2.012. Section 29.1543, Education Code, is amended
14 to read as follows:

15 Sec. 29.1543. EARLY EDUCATION REPORTS. The agency shall
16 produce and make available to the public on the agency's Internet
17 website annual district and campus-level reports containing
18 information from the previous school year on early education in
19 school districts and open-enrollment charter schools. A report
20 under this section must contain:

21 (1) the information required by Section 29.1532(c) to
22 be reported through the Public Education Information Management
23 System (PEIMS);

24 (2) a description of the diagnostic reading
25 instruments administered in accordance with Section 28.006(c) or
26 (c-2);

27 (3) the number of students who were administered a

1 diagnostic reading instrument administered in accordance with
2 Section [28.006\(c\)](#) or (c-2);

3 (4) the number of students whose scores from a
4 diagnostic reading instrument administered in accordance with
5 Section [28.006\(c\)](#) or (c-2) indicate reading proficiency; ~~and~~

6 (5) the number of kindergarten students who were
7 enrolled in a prekindergarten program in the previous school year
8 in the same district or school as the district or school in which
9 the student attends kindergarten;

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

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

17 (A) whether the student met the kindergarten
18 readiness standard on the reading instrument adopted under Section
19 [28.006](#);

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

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

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

27 SECTION 2.013. Section [29.162](#), Education Code, is amended

1 developed by the Common Core State Standards Initiative.

2 SECTION 2.017. Section 29.170(a), Education Code, is
3 amended to read as follows:

4 (a) The commissioner shall evaluate the use and
5 effectiveness of prekindergarten funding [~~provided under this~~
6 ~~subchapter~~] in improving student learning. The commissioner shall
7 identify effective instruction strategies implemented by school
8 districts under this subchapter.

9 SECTION 2.018. Section 29.171(a), Education Code, is
10 amended to read as follows:

11 (a) A school district that offers a prekindergarten
12 [~~participating in the grant~~] program under this subchapter may
13 enter into a contract with an eligible private provider to provide
14 services or equipment for the program.

15 SECTION 2.019. Section 29.172, Education Code, is amended
16 to read as follows:

17 Sec. 29.172. RULES. (a) The commissioner may adopt rules
18 necessary to implement this subchapter.

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

21 SECTION 2.020. Section 29.190(a), Education Code, is
22 amended to read as follows:

23 (a) A student is entitled to a subsidy under this section
24 if:

25 (1) the student:

26 (A) successfully completes the career and
27 technology program of a school district in which the student

1 receives training and instruction for employment; or

2 (B) is enrolled in a special education program
3 under Subchapter A; and

4 (2) the student passes a certification examination to
5 qualify for a license or certificate that is an industry
6 certification for purposes of Section 39.053(c)(1)(B)(v).

7 SECTION 2.021. Subchapter F, Chapter 29, Education Code, is
8 amended by adding Section 29.194 to read as follows:

9 Sec. 29.194. SUMMER CAREER AND TECHNOLOGY EDUCATION GRANT
10 PROGRAM. (a) From funds appropriated or available for the purpose,
11 the commissioner, in cooperation with an appropriate private
12 entity, shall establish a grant program to provide funding to
13 school districts for career and technology education courses
14 offered during the summer.

15 (b) The commissioner may solicit and accept gifts,
16 donations, or other contributions for the grant program established
17 under this section.

18 (c) The commissioner may adopt rules as necessary to
19 implement this section.

20 SECTION 2.022. Subchapter Z, Chapter 29, Education Code, is
21 amended by adding Section 29.924 to read as follows:

22 Sec. 29.924. BLENDED LEARNING GRANT PROGRAM. (a) In this
23 section, "blended learning" means an instructional delivery method
24 that combines classroom and online instruction.

25 (b) From funds appropriated or available for purposes of
26 this section, the commissioner shall establish a grant program to
27 assist school districts and open-enrollment charter schools in

1 developing and implementing effective blended learning models. In
2 awarding grants under the program, the commissioner shall give
3 priority to school districts and open-enrollment charter schools
4 that have the highest enrollment of students who are educationally
5 disadvantaged.

6 (c) A school district or open-enrollment charter school
7 that receives a grant under this section must:

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

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

13 (3) after completion of the training under Subdivision
14 (2):

15 (A) certify to the agency that the blended
16 learning model has been implemented; and

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

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

22 (d) A plan to implement a blended learning model developed
23 under Subsection (c) must:

24 (1) during the first year require implementation of
25 the model across an entire grade level at a campus and permit
26 subsequent expansion of the model to additional grade levels at the
27 campus or, if the campus has achieved full implementation of the

1 model across all grade levels, to additional campuses in a manner
2 that provides students a consistent learning experience;

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

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

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

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

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

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

23 (e) Funds awarded under the grant program may be used only
24 to implement a program under this section and satisfy the
25 requirements under Subsection (c).

26 (f) A school district or open-enrollment charter school may
27 receive a grant under this section for not more than four

1 consecutive school years.

2 (g) The commissioner shall adopt rules as necessary to
3 implement this section, including rules establishing an
4 application and selection process for awarding grants under this
5 section and a list of programs that may be used for training under
6 Subsection (c)(2). In adopting rules under this subsection, the
7 commissioner may not impose any requirements on a school district's
8 or open-enrollment charter school's plan to implement a blended
9 learning model not listed under Subsection (d).

10 (h) A decision of the commissioner under this section is
11 final and may not be appealed.

12 SECTION 2.023. Sections 39.0261(a), (e), and (f), Education
13 Code, are amended to read as follows:

14 (a) In addition to the assessment instruments otherwise
15 authorized or required by this subchapter:

16 (1) each school year and at state cost, a school
17 district may administer to students in the spring of the eighth
18 grade an established, valid, reliable, and nationally
19 norm-referenced preliminary college preparation assessment
20 instrument for the purpose of diagnosing the academic strengths and
21 deficiencies of students before entrance into high school;

22 (2) each school year and at state cost, a school
23 district may administer to students in the 10th grade an
24 established, valid, reliable, and nationally norm-referenced
25 preliminary college preparation assessment instrument for the
26 purpose of measuring a student's progress toward readiness for
27 college and the workplace; and

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

4 (A) ~~[7]~~ one of the valid, reliable, and
5 nationally norm-referenced assessment instruments used by colleges
6 and universities as part of their undergraduate admissions
7 processes; or

8 (B) the assessment instrument designated by the
9 Texas Higher Education Coordinating Board under Section 51.334.

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

17 (f) The provisions of this section regarding assessment
18 instruments administered under Subsection (a)(1) or (2) apply only
19 if the legislature appropriates funds for those purposes [~~of this~~
20 ~~section~~].

21 SECTION 2.024. Section 39.306(a), Education Code, is
22 amended to read as follows:

23 (a) Each board of trustees shall publish an annual report
24 describing the educational performance of the district and of each
25 campus in the district that includes uniform student performance
26 and descriptive information as determined under rules adopted by
27 the commissioner. The annual report must also include:

1 (1) campus performance objectives established under
2 Section 11.253 and the progress of each campus toward those
3 objectives, which shall be available to the public;

4 (2) information indicating the district's
5 accreditation status and identifying each district campus awarded a
6 distinction designation under Subchapter G or considered an
7 unacceptable campus under Chapter 39A;

8 (3) the district's current special education
9 compliance status with the agency;

10 (4) a statement of the number, rate, and type of
11 violent or criminal incidents that occurred on each district
12 campus, to the extent permitted under the Family Educational Rights
13 and Privacy Act of 1974 (20 U.S.C. Section 1232g);

14 (5) information concerning school violence prevention
15 and violence intervention policies and procedures that the district
16 is using to protect students;

17 (6) the findings that result from evaluations
18 conducted under the Safe and Drug-Free Schools and Communities Act
19 of 1994 (20 U.S.C. Section 7101 et seq.); ~~and~~

20 (7) information received under Section 51.403(e) for
21 each high school campus in the district, presented in a form
22 determined by the commissioner; and

23 (8) the progress of the district and each campus in the
24 district toward meeting the goals set in the district's:

25 (A) early childhood literacy and mathematics
26 proficiency plans adopted under Section 11.185; and

27 (B) college, career, and military readiness

1 plans adopted under Section 11.186.

2 ARTICLE 3. CONFORMING CHANGES

3 SECTION 3.001. Section 7.028(a), Education Code, is amended
4 to read as follows:

5 (a) Except as provided by Section 29.001(5), 29.010(a), or
6 39.057, the agency may monitor compliance with requirements
7 applicable to a process or program provided by a school district,
8 campus, program, or school granted charters under Chapter 12,
9 including the process described by Subchapter F, Chapter 11, or a
10 program described by Subchapter B, C, D, E, F, H, or I, Chapter 29,
11 Subchapter A, Chapter 37, or Section 38.003, and the use of funds
12 provided for such a program under Subchapter C or D, Chapter 48
13 [42], only as necessary to ensure:

- 14 (1) compliance with federal law and regulations;
- 15 (2) financial accountability, including compliance
16 with grant requirements; and
- 17 (3) data integrity for purposes of:
- 18 (A) the Public Education Information Management
19 System (PEIMS); and
- 20 (B) accountability under Chapters 39 and 39A.

21 SECTION 3.002. Sections 7.055(b)(34) and (35), Education
22 Code, are amended to read as follows:

23 (34) The commissioner shall perform duties in
24 connection with the options for local revenue levels in excess of
25 entitlement [~~equalized wealth level~~] under Chapter 49 [41].

26 (35) The commissioner shall perform duties in
27 connection with the Foundation School Program as prescribed by

1 Chapter 48 [42].

2 SECTION 3.003. Sections 7.062(a) and (c), Education Code,
3 are amended to read as follows:

4 (a) In this section, "wealth per student" means a school
5 district's taxable value of property as determined under Subchapter
6 M, Chapter 403, Government Code, or, if applicable, Section 48.258
7 [42.2521], divided by the district's average daily attendance as
8 determined under Section 48.005 [42.005].

9 (c) Except as otherwise provided by this subsection, if the
10 commissioner certifies that the amount appropriated for a state
11 fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds
12 the amount to which school districts are entitled under those
13 subchapters for that year, the commissioner shall use the excess
14 funds, in an amount not to exceed \$20 million in any state fiscal
15 year, for the purpose of making grants under this section. The use
16 of excess funds under this subsection has priority over any
17 provision of Chapter 48 [42] that permits or directs the use of
18 excess foundation school program funds, including Sections 48.258
19 [42.2517, 42.2521], 48.259 [42.2522], and 48.267 [42.2531]. The
20 commissioner is required to use excess funds as provided by this
21 subsection only if the commissioner is not required to reduce the
22 total amount of state funds allocated to school districts under
23 Section 48.266(f) [42.253(h)].

24 SECTION 3.004. Section 7.102(c)(30), Education Code, is
25 amended to read as follows:

26 (30) The board shall perform duties in connection with
27 the Foundation School Program as prescribed by Chapter 48 [42].

1 SECTION 3.005. Section 8.051(d), Education Code, is amended
2 to read as follows:

3 (d) Each regional education service center shall maintain
4 core services for purchase by school districts and campuses. The
5 core services are:

6 (1) training and assistance in:

7 (A) teaching each subject area assessed under
8 Section 39.023; and

9 (B) providing instruction in personal financial
10 literacy as required under Section 28.0021;

11 (2) training and assistance in providing a gifted and
12 talented program and each program that qualifies for a funding
13 allotment under Section 48.102 [~~42.151~~], 48.104 [~~42.152~~], or 48.105
14 [~~42.153, or 42.156~~];

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

18 (4) training and assistance to teachers,
19 administrators, members of district boards of trustees, and members
20 of site-based decision-making committees;

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

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

26 SECTION 3.006. Section 8.056, Education Code, is amended to
27 read as follows:

1 Sec. 8.056. LIMITATION ON COMPENSATION FOR CERTAIN
2 SERVICES. A regional education service center that acts as a fiscal
3 agent or broker in connection with an agreement between two school
4 districts under Subchapter E, Chapter 49 [~~41~~], may not, unless
5 authorized in writing by the district receiving transferred funds
6 in accordance with the agreement:

7 (1) be compensated by the districts in an amount that
8 exceeds the administrative cost of providing the service; or

9 (2) otherwise retain for use by the center any amount
10 other than the compensation permitted under Subdivision (1) from
11 the funds transferred between the districts in accordance with the
12 agreement.

13 SECTION 3.007. Section 11.158(a), Education Code, is
14 amended to read as follows:

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

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

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

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

26 (4) a fee for personal physical education and athletic
27 equipment and apparel, although any student may provide the

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

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

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

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

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

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

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

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

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

25 (13) a fee for a course offered during summer school,
26 except that the board may charge a fee for a course required for
27 graduation only if the course is also offered without a fee during

1 the regular school year;

2 (14) a reasonable fee for transportation of a student
3 who lives within two miles of the school the student attends to and
4 from that school, except that the board may not charge a fee for
5 transportation for which the school district receives funds under
6 Section 48.151(d) [~~42.155(d)~~];

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

13 (16) if the district does not receive any funds under
14 Section 48.151 [~~42.155~~] and does not participate in a county
15 transportation system for which an allotment is provided under
16 Section 48.151(i) [~~42.155(i)~~], a reasonable fee for the
17 transportation of a student to and from the school the student
18 attends.

19 SECTION 3.008. Section 11.174(a), Education Code, is
20 amended to read as follows:

21 (a) A school district campus qualifies for an exemption from
22 intervention as provided by Subsection (f) and qualifies for
23 funding as provided by Section 48.252 [~~42.2511~~] if the board of
24 trustees of the district contracts to partner to operate the
25 district campus as provided by this section with:

26 (1) the governing body of an open-enrollment charter
27 school; or

1 (2) on approval by the commissioner, an entity granted
2 a charter by the district under Subchapter C, Chapter 12, that is
3 eligible to be awarded a charter under Section 12.101(a).

4 SECTION 3.009. Section 12.013(b), Education Code, is
5 amended to read as follows:

6 (b) A home-rule school district is subject to:

7 (1) a provision of this title establishing a criminal
8 offense;

9 (2) a provision of this title relating to limitations
10 on liability; and

11 (3) a prohibition, restriction, or requirement, as
12 applicable, imposed by this title or a rule adopted under this
13 title, relating to:

14 (A) the Public Education Information Management
15 System (PEIMS) to the extent necessary to monitor compliance with
16 this subchapter as determined by the commissioner;

17 (B) educator certification under Chapter 21 and
18 educator rights under Sections 21.407, 21.408, and 22.001;

19 (C) criminal history records under Subchapter C,
20 Chapter 22;

21 (D) student admissions under Section 25.001;

22 (E) school attendance under Sections 25.085,
23 25.086, and 25.087;

24 (F) inter-district or inter-county transfers of
25 students under Subchapter B, Chapter 25;

26 (G) elementary class size limits under Section
27 25.112, in the case of any campus in the district that fails to

- 1 satisfy any standard under Section 39.054(e);
- 2 (H) high school graduation under Section 28.025;
- 3 (I) special education programs under Subchapter
- 4 A, Chapter 29;
- 5 (J) bilingual education under Subchapter B,
- 6 Chapter 29;
- 7 (K) prekindergarten programs under Subchapter E,
- 8 Chapter 29;
- 9 (L) safety provisions relating to the
- 10 transportation of students under Sections 34.002, 34.003, 34.004,
- 11 and 34.008;
- 12 (M) computation and distribution of state aid
- 13 under Chapters 31, [~~42, and~~ 43, and 48;
- 14 (N) extracurricular activities under Section
- 15 33.081;
- 16 (O) health and safety under Chapter 38;
- 17 (P) public school accountability under
- 18 Subchapters B, C, D, and J, Chapter 39, and Chapter 39A;
- 19 (Q) options for local revenue levels in excess of
- 20 entitlement [~~equalized wealth~~] under Chapter 49 [~~41~~];
- 21 (R) a bond or other obligation or tax rate under
- 22 Chapters [~~42,~~ 43, [~~and~~ 45, and 48; and
- 23 (S) purchasing under Chapter 44.

24 SECTION 3.010. Section 12.029(b), Education Code, is

25 amended to read as follows:

26 (b) Except as provided by Subchapter H, Chapter 49 [~~41~~], if

27 two or more school districts having different status, one of which

1 is home-rule school district status, consolidate into a single
2 district, the petition under Section 13.003 initiating the
3 consolidation must state the status for the consolidated district.
4 The ballot shall be printed to permit voting for or against the
5 proposition: "Consolidation of (names of school districts) into a
6 single school district governed as (status of school district
7 specified in the petition)."

8 SECTION 3.011. Section 13.051(c), Education Code, is
9 amended to read as follows:

10 (c) Territory that does not have residents may be detached
11 from a school district and annexed to another school district if:

12 (1) the total taxable value of the property in the
13 territory according to the most recent certified appraisal roll for
14 each school district is not greater than:

15 (A) five percent of the district's taxable value
16 of all property in that district as determined under Subchapter M,
17 Chapter 403, Government Code; and

18 (B) \$5,000 property value per student in average
19 daily attendance as determined under Section 48.005 [~~42.005~~]; and

20 (2) the school district from which the property will
21 be detached does not own any real property located in the territory.

22 SECTION 3.012. Sections 13.054(f) and (i), Education Code,
23 are amended to read as follows:

24 (f) For five years beginning with the school year in which
25 the annexation occurs, a school district shall receive additional
26 funding under this subsection or Subsection (h). The amount of
27 funding shall be determined by multiplying the lesser of the

1 enlarged district's local fund assignment computed under Section
2 48.256 [~~42.252~~] or the enlarged district's total cost of tier one by
3 a fraction, the numerator of which is the number of students
4 residing in the territory annexed to the receiving district
5 preceding the date of the annexation and the denominator of which is
6 the number of students residing in the district as enlarged on the
7 date of the annexation.

8 (i) The funding provided under Subsection (f), (g), or (h)
9 is in addition to other funding the district receives through other
10 provisions of this code, including Chapters 48 [~~41~~] and 49 [~~42~~].

11 SECTION 3.013. Sections 13.282(a) and (b), Education Code,
12 are amended to read as follows:

13 (a) The amount of incentive aid payments may not exceed the
14 difference between:

15 (1) the sum of the entitlements computed under Section
16 48.266 [~~42.253~~] that would have been paid to the districts included
17 in the reorganized district if the districts had not been
18 consolidated; and

19 (2) the amount to which the reorganized district is
20 entitled under Section 48.266 [~~42.253~~].

21 (b) If the reorganized district is not eligible for an
22 entitlement under Section 48.266 [~~42.253~~], the amount of the
23 incentive aid payments may not exceed the sum of the entitlements
24 computed under Section 48.266 [~~42.253~~] for which the districts
25 included in the reorganized district were eligible in the school
26 year when they were consolidated.

27 SECTION 3.014. Section 13.283, Education Code, is amended

1 to read as follows:

2 Sec. 13.283. PAYMENTS REDUCED. The incentive aid payments
3 shall be reduced in direct proportion to any reduction in the
4 average daily attendance as determined under Section 48.005
5 [~~42.005~~] of the reorganized school district for the preceding year.

6 SECTION 3.015. Section 21.402(a), Education Code, is
7 amended to read as follows:

8 (a) Except as provided by Subsection (e-1) or (f), a school
9 district must pay each classroom teacher, full-time librarian,
10 full-time school counselor certified under Subchapter B, or
11 full-time school nurse not less than the minimum monthly salary,
12 based on the employee's level of experience in addition to other
13 factors, as determined by commissioner rule, determined by the
14 following formula:

$$15 \qquad \qquad \qquad MS = SF \times FS$$

16 where:

17 "MS" is the minimum monthly salary;

18 "SF" is the applicable salary factor specified by Subsection
19 (c); and

20 "FS" is the amount, as determined by the commissioner under
21 Subsection (b), of the basic allotment as provided by Section
22 48.051(a) [~~42.101(a)~~] or (b) for a school district with a
23 maintenance and operations tax rate at least equal to the state
24 maximum compressed tax rate, as defined by Section 48.051(a)
25 [~~42.101(a)~~].

26 SECTION 3.016. Section 21.4021(a), Education Code, is
27 amended to read as follows:

1 (a) Notwithstanding Section 21.401 and subject to Section
2 21.4022, the board of trustees of a school district may, in
3 accordance with district policy, implement a furlough program and
4 reduce the number of days of service otherwise required under
5 Section 21.401 by not more than six days of service during a school
6 year if the commissioner certifies in accordance with Section
7 48.010 [~~42.009~~] that the district will be provided with less state
8 and local funding for that year than was provided to the district
9 for the 2010-2011 school year.

10 SECTION 3.017. Section 21.410(h), Education Code, is
11 amended to read as follows:

12 (h) A grant a school district receives under this section is
13 in addition to any funding the district receives under Chapter 48
14 [42]. The commissioner shall distribute funds under this section
15 with the Foundation School Program payment to which the district is
16 entitled as soon as practicable after the end of the school year as
17 determined by the commissioner. A district to which Chapter 49 [~~41~~]
18 applies is entitled to the grants paid under this section. The
19 commissioner shall determine the timing of the distribution of
20 grants to a district that does not receive Foundation School
21 Program payments.

22 SECTION 3.018. Section 21.411(h), Education Code, is
23 amended to read as follows:

24 (h) A grant a school district receives under this section is
25 in addition to any funding the district receives under Chapter 48
26 [42]. The commissioner shall distribute funds under this section
27 with the Foundation School Program payment to which the district is

1 entitled as soon as practicable after the end of the school year as
2 determined by the commissioner. A district to which Chapter 49 [41]
3 applies is entitled to the grants paid under this section. The
4 commissioner shall determine the timing of the distribution of
5 grants to a district that does not receive Foundation School
6 Program payments.

7 SECTION 3.019. Section 21.412(h), Education Code, is
8 amended to read as follows:

9 (h) A grant a school district receives under this section is
10 in addition to any funding the district receives under Chapter 48
11 [42]. The commissioner shall distribute funds under this section
12 with the Foundation School Program payment to which the district is
13 entitled as soon as practicable after the end of the school year as
14 determined by the commissioner. A district to which Chapter 49 [41]
15 applies is entitled to the grants paid under this section. The
16 commissioner shall determine the timing of the distribution of
17 grants to a district that does not receive Foundation School
18 Program payments.

19 SECTION 3.020. Section 21.413(h), Education Code, is
20 amended to read as follows:

21 (h) A grant a school district receives under this section is
22 in addition to any funding the district receives under Chapter 48
23 [42]. The commissioner shall distribute funds under this section
24 with the Foundation School Program payment to which the district is
25 entitled as soon as practicable after the end of the school year as
26 determined by the commissioner. A district to which Chapter 49 [41]
27 applies is entitled to the grants paid under this section. The

1 commissioner shall determine the timing of the distribution of
2 grants to a district that does not receive Foundation School
3 Program payments.

4 SECTION 3.021. Section 25.001(a), Education Code, is
5 amended to read as follows:

6 (a) A person who, on the first day of September of any school
7 year, is at least five years of age and under 21 years of age, or is
8 at least 21 years of age and under 26 years of age and is admitted by
9 a school district to complete the requirements for a high school
10 diploma is entitled to the benefits of the available school fund for
11 that year. Any other person enrolled in a prekindergarten class
12 under Section 29.153 [~~or Subchapter E-1, Chapter 29,~~] is entitled
13 to the benefits of the available school fund.

14 SECTION 3.022. Section 25.008(b), Education Code, is
15 amended to read as follows:

16 (b) Subsection (a) does not apply to enrollment in a program
17 under Section 29.088 or [~~7~~] 29.090 [~~7, or 29.098~~] or in a similar
18 intensive program.

19 SECTION 3.023. Section 25.081(e), Education Code, is
20 amended to read as follows:

21 (e) A school district or education program is exempt from
22 the minimum minutes of operation requirement if the district's or
23 program's average daily attendance is calculated under Section
24 48.005(j) [~~42.005(j)~~].

25 SECTION 3.024. Section 25.081(f), Education Code, as added
26 by Chapter 851 (H.B. 2442), Acts of the 85th Legislature, Regular
27 Session, 2017, is amended to read as follows:

1 (f) The commissioner may proportionally reduce the amount
2 of funding a district receives under Chapter [~~41, 42, or~~] 46, 48, or
3 49 and the average daily attendance calculation for the district if
4 the district operates on a calendar that provides fewer minutes of
5 operation than required under Subsection (a).

6 SECTION 3.025. Sections 25.112(a) and (b), Education Code,
7 are amended to read as follows:

8 (a) Except as otherwise authorized by this section, a school
9 district may not enroll more than 22 students in a kindergarten,
10 first, second, third, or fourth grade class. That limitation does
11 not apply during:

12 (1) any 12-week period of the school year selected by
13 the district, in the case of a district whose average daily
14 attendance is adjusted under Section 48.005(c) [~~42.005(c)~~]; or

15 (2) the last 12 weeks of any school year in the case of
16 any other district.

17 (b) Not later than the 30th day after the first day of the
18 12-week period for which a district whose average daily attendance
19 is adjusted under Section 48.005(c) [~~42.005(c)~~] is claiming an
20 exemption under Subsection (a), the district shall notify the
21 commissioner in writing that the district is claiming an exemption
22 for the period stated in the notice.

23 SECTION 3.026. Section 28.0061(b), Education Code, is
24 amended to read as follows:

25 (b) A school district is eligible to participate in the
26 pilot program if, as determined by the commissioner, the district
27 has low student performance on:

1 (1) a reading instrument administered in accordance
2 with Section 28.006(c) or (c-2); or

3 (2) a third grade reading assessment instrument
4 administered under Section 39.023(a).

5 SECTION 3.027. Section 28.0211(m-1), Education Code, is
6 amended to read as follows:

7 (m-1) For purposes of certification under Subsection (m),
8 the commissioner may not consider Foundation School Program funds
9 except for compensatory education funds under Section 48.104
10 [~~42.152~~]. This section may be implemented only if the commissioner
11 certifies that sufficient funds have been appropriated during a
12 school year for administering the accelerated instruction programs
13 specified under this section and Section 28.0217, including teacher
14 training for that purpose.

15 SECTION 3.028. Section 29.001, Education Code, is amended
16 to read as follows:

17 Sec. 29.001. STATEWIDE PLAN. The agency shall develop, and
18 modify as necessary, a statewide design, consistent with federal
19 law, for the delivery of services to children with disabilities in
20 this state that includes rules for the administration and funding
21 of the special education program so that a free appropriate public
22 education is available to all of those children between the ages of
23 three and 21. The statewide design shall include the provision of
24 services primarily through school districts and shared services
25 arrangements, supplemented by regional education service
26 centers. The agency shall also develop and implement a statewide
27 plan with programmatic content that includes procedures designed

1 to:

2 (1) ensure state compliance with requirements for
3 supplemental federal funding for all state-administered programs
4 involving the delivery of instructional or related services to
5 students with disabilities;

6 (2) facilitate interagency coordination when other
7 state agencies are involved in the delivery of instructional or
8 related services to students with disabilities;

9 (3) periodically assess statewide personnel needs in
10 all areas of specialization related to special education and pursue
11 strategies to meet those needs through a consortium of
12 representatives from regional education service centers, local
13 education agencies, and institutions of higher education and
14 through other available alternatives;

15 (4) ensure that regional education service centers
16 throughout the state maintain a regional support function, which
17 may include direct service delivery and a component designed to
18 facilitate the placement of students with disabilities who cannot
19 be appropriately served in their resident districts;

20 (5) allow the agency to effectively monitor and
21 periodically conduct site visits of all school districts to ensure
22 that rules adopted under this section are applied in a consistent
23 and uniform manner, to ensure that districts are complying with
24 those rules, and to ensure that annual statistical reports filed by
25 the districts and not otherwise available through the Public
26 Education Information Management System under Sections 48.008 and
27 48.009 [~~Section 42.006~~] are accurate and complete;

1 (6) ensure that appropriately trained personnel are
2 involved in the diagnostic and evaluative procedures operating in
3 all districts and that those personnel routinely serve on district
4 admissions, review, and dismissal committees;

5 (7) ensure that an individualized education program
6 for each student with a disability is properly developed,
7 implemented, and maintained in the least restrictive environment
8 that is appropriate to meet the student's educational needs;

9 (8) ensure that, when appropriate, each student with a
10 disability is provided an opportunity to participate in career and
11 technology and physical education classes, in addition to
12 participating in regular or special classes;

13 (9) ensure that each student with a disability is
14 provided necessary related services;

15 (10) ensure that an individual assigned to act as a
16 surrogate parent for a child with a disability, as provided by 20
17 U.S.C. Section 1415(b), is required to:

18 (A) complete a training program that complies
19 with minimum standards established by agency rule;

20 (B) visit the child and the child's school;

21 (C) consult with persons involved in the child's
22 education, including teachers, caseworkers, court-appointed
23 volunteers, guardians ad litem, attorneys ad litem, foster parents,
24 and caretakers;

25 (D) review the child's educational records;

26 (E) attend meetings of the child's admission,
27 review, and dismissal committee;

1 (F) exercise independent judgment in pursuing
2 the child's interests; and

3 (G) exercise the child's due process rights under
4 applicable state and federal law; and

5 (11) ensure that each district develops a process to
6 be used by a teacher who instructs a student with a disability in a
7 regular classroom setting:

8 (A) to request a review of the student's
9 individualized education program;

10 (B) to provide input in the development of the
11 student's individualized education program;

12 (C) that provides for a timely district response
13 to the teacher's request; and

14 (D) that provides for notification to the
15 student's parent or legal guardian of that response.

16 SECTION 3.029. Section 29.002, Education Code, is amended
17 to read as follows:

18 Sec. 29.002. DEFINITION. In this subchapter, "special
19 services" means:

20 (1) special education instruction, which may be
21 provided by professional and supported by paraprofessional
22 personnel in the regular classroom or in an instructional
23 arrangement described by Section 48.102 [~~42.151~~]; and

24 (2) related services, which are developmental,
25 corrective, supportive, or evaluative services, not instructional
26 in nature, that may be required for the student to benefit from
27 special education instruction and for implementation of a student's

1 individualized education program.

2 SECTION 3.030. Section 29.008(b), Education Code, is
3 amended to read as follows:

4 (b) Except as provided by Subsection (c), costs of an
5 approved contract for residential placement may be paid from a
6 combination of federal, state, and local funds. The local share of
7 the total contract cost for each student is that portion of the
8 local tax effort that exceeds the district's local fund assignment
9 under Section 48.256 [42.252], divided by the average daily
10 attendance in the district. If the contract involves a private
11 facility, the state share of the total contract cost is that amount
12 remaining after subtracting the local share. If the contract
13 involves a public facility, the state share is that amount
14 remaining after subtracting the local share from the portion of the
15 contract that involves the costs of instructional and related
16 services. For purposes of this subsection, "local tax effort"
17 means the total amount of money generated by taxes imposed for debt
18 service and maintenance and operation less any amounts paid into a
19 tax increment fund under Chapter 311, Tax Code.

20 SECTION 3.031. Section 29.014(d), Education Code, is
21 amended to read as follows:

22 (d) The basic allotment for a student enrolled in a district
23 to which this section applies is adjusted by[+]

24 [~~(1) the cost of education adjustment under Section~~
25 ~~42.102 for the school district in which the district is~~
26 ~~geographically located, and~~

27 [~~(2)~~] the weight for a homebound student under Section

1 48.102(a) [~~42.151(a)~~].

2 SECTION 3.032. Section 29.018(b), Education Code, is
3 amended to read as follows:

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

6 (1) the district does not receive sufficient funds,
7 including state funds provided under Section 48.102 [~~42.151~~] and
8 federal funds, for a student with disabilities to pay for the
9 special education services provided to the student; or

10 (2) the district does not receive sufficient funds,
11 including state funds provided under Section 48.102 [~~42.151~~] and
12 federal funds, for all students with disabilities in the district
13 to pay for the special education services provided to the students.

14 SECTION 3.033. Section 29.022(u)(3), Education Code, is
15 amended to read as follows:

16 (3) "Self-contained classroom" does not include a
17 classroom that is a resource room instructional arrangement under
18 Section 48.102 [~~42.151~~].

19 SECTION 3.034. Section 29.081(b-2), Education Code, is
20 amended to read as follows:

21 (b-2) A district that is required to provide accelerated
22 instruction under Subsection (b-1) shall separately budget
23 sufficient funds, including funds under Section 48.104 [~~42.152~~],
24 for that purpose. [~~A district may not budget funds received under
25 Section 42.152 for any other purpose until the district adopts a
26 budget to support additional accelerated instruction under
27 Subsection (b-1).~~]

1 SECTION 3.035. Section 29.082(a), Education Code, is
2 amended to read as follows:

3 (a) A school district may set aside an amount from the
4 district's allotment under Section 48.104 [~~42.152~~] or may apply to
5 the agency for funding of an extended year program for a period not
6 to exceed 30 instructional days for students in:

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

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

13 SECTION 3.036. Section 29.086(e), Education Code, is
14 amended to read as follows:

15 (e) The amount of a grant under this section must take into
16 account funds distributed to the school district under Chapter 48
17 [~~42~~].

18 SECTION 3.037. Sections 29.087(h) and (j), Education Code,
19 are amended to read as follows:

20 (h) A student who has received a high school equivalency
21 certificate is entitled to enroll in a public school as authorized
22 by Section 25.001 and is entitled to the benefits of the Foundation
23 School Program under Section 48.003 [~~42.003~~] in the same manner as
24 any other student who has not received a high school diploma.

25 (j) For purposes of funding under Chapters [~~41, 42, and~~] 46,
26 48, and 49, a student attending a program authorized by this section
27 may be counted in attendance only for the actual number of hours

1 each school day the student attends the program, in accordance with
2 Section 25.081.

3 SECTION 3.038. Section 29.089(b), Education Code, is
4 amended to read as follows:

5 (b) The commissioner, in consultation with the governor,
6 lieutenant governor, and speaker of the house of representatives,
7 by rule shall determine accountability standards under this section
8 for a school district providing a mentoring services program using
9 funds allocated under Section 48.104 [42.152].

10 SECTION 3.039. Sections 29.203(b) and (c), Education Code,
11 are amended to read as follows:

12 (b) A school district is entitled to the allotment provided
13 by Section 48.107 [42.157] for each eligible student using a public
14 education grant. If the district has a local revenue level [~~wealth~~
15 ~~per student~~] greater than the guaranteed local revenue [~~wealth~~
16 level but less than the [~~equalized wealth~~] level established under
17 Section 48.257, a school district is entitled under rules adopted
18 by the commissioner to additional state aid in an amount equal to
19 the difference between the cost to the district of providing
20 services to a student using a public education grant and the sum of
21 the state aid received because of the allotment under Section
22 48.107 [42.157] and money from the available school fund
23 attributable to the student.

24 (c) A school district is entitled to additional facilities
25 assistance under Section 48.301 [42.4101] if the district agrees
26 to:

27 (1) accept a number of students using public education

1 grants that is at least one percent of the district's average daily
2 attendance for the preceding school year; and

3 (2) provide services to each student until the student
4 either voluntarily decides to attend a school in a different
5 district or graduates from high school.

6 SECTION 3.040. Section 29.203(g)(2), Education Code, is
7 amended to read as follows:

8 (2) "Guaranteed local revenue [~~wealth~~] level" means a
9 local revenue level [~~wealth per student~~] equal to the dollar amount
10 guaranteed level of state and local funds per weighted student per
11 cent of tax effort, as provided by Section 48.202 [~~42.302~~],
12 multiplied by 10,000.

13 SECTION 3.041. Section 29.403(b), Education Code, is
14 amended to read as follows:

15 (b) A student who is enrolled in a program under this
16 subchapter is included in determining the average daily attendance
17 under Section 48.005 [~~42.005~~] of the partnering school district.

18 SECTION 3.042. Sections 29.918(a) and (b), Education Code,
19 are amended to read as follows:

20 (a) Notwithstanding Section 48.104 [~~39.234 or 42.152~~], a
21 school district or open-enrollment charter school with a high
22 dropout rate, as determined by the commissioner, must submit a plan
23 to the commissioner describing the manner in which the district or
24 charter school intends to use the compensatory education allotment
25 under Section 48.104 [~~42.152 and the high school allotment under~~
26 ~~Section 42.160~~] for developing and implementing research-based
27 strategies for dropout prevention. The district or charter school

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

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

15 SECTION 3.043. Section 30A.002(a), Education Code, is
16 amended to read as follows:

17 (a) A student is eligible to enroll in a course provided
18 through the state virtual school network only if the student:

19 (1) on September 1 of the school year:

20 (A) is younger than 21 years of age; or

21 (B) is younger than 26 years of age and entitled
22 to the benefits of the Foundation School Program under Section
23 48.003 [~~42.003~~];

24 (2) has not graduated from high school; and

25 (3) is otherwise eligible to enroll in a public school
26 in this state.

27 SECTION 3.044. Section 30A.153(a), Education Code, is

1 amended to read as follows:

2 (a) Subject to the limitation imposed under Subsection
3 (a-1), a school district or open-enrollment charter school in which
4 a student is enrolled is entitled to funding under Chapter 48 [42]
5 or in accordance with the terms of a charter granted under Section
6 12.101 for the student's enrollment in an electronic course offered
7 through the state virtual school network in the same manner that the
8 district or school is entitled to funding for the student's
9 enrollment in courses provided in a traditional classroom setting,
10 provided that the student successfully completes the electronic
11 course.

12 SECTION 3.045. Section 34.002(c), Education Code, is
13 amended to read as follows:

14 (c) A school district that fails or refuses to meet the
15 safety standards for school buses established under this section is
16 ineligible to share in the transportation allotment under Section
17 48.151 [42.155] until the first anniversary of the date the
18 district begins complying with the safety standards.

19 SECTION 3.046. Section 37.0061, Education Code, is amended
20 to read as follows:

21 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
22 JUVENILE RESIDENTIAL FACILITIES. A school district that provides
23 education services to pre-adjudicated and post-adjudicated
24 students who are confined by court order in a juvenile residential
25 facility operated by a juvenile board is entitled to count such
26 students in the district's average daily attendance for purposes of
27 receipt of state funds under the Foundation School Program. If the

1 district has a local revenue level [~~wealth per student~~] greater
2 than the guaranteed local revenue [~~wealth~~] level but less than the
3 [~~equalized wealth~~] level established under Section 48.257, the
4 district in which the student is enrolled on the date a court orders
5 the student to be confined to a juvenile residential facility shall
6 transfer to the district providing education services an amount
7 equal to the difference between the average Foundation School
8 Program costs per student of the district providing education
9 services and the sum of the state aid and the money from the
10 available school fund received by the district that is attributable
11 to the student for the portion of the school year for which the
12 district provides education services to the student.

13 SECTION 3.047. Section 37.011(h), Education Code, is
14 amended to read as follows:

15 (h) Academically, the mission of juvenile justice
16 alternative education programs shall be to enable students to
17 perform at grade level. For purposes of accountability under
18 Chapters 39 and 39A, a student enrolled in a juvenile justice
19 alternative education program is reported as if the student were
20 enrolled at the student's assigned campus in the student's
21 regularly assigned education program, including a special
22 education program. Annually the Texas Juvenile Justice
23 Department, with the agreement of the commissioner, shall develop
24 and implement a system of accountability consistent with Chapters
25 39 and 39A, where appropriate, to assure that students make
26 progress toward grade level while attending a juvenile justice
27 alternative education program. The department shall adopt rules

1 for the distribution of funds appropriated under this section to
2 juvenile boards in counties required to establish juvenile justice
3 alternative education programs. Except as determined by the
4 commissioner, a student served by a juvenile justice alternative
5 education program on the basis of an expulsion required under
6 Section 37.007(a), (d), or (e) is not eligible for Foundation
7 School Program funding under Chapter ~~42~~ 31 or 48 if the
8 juvenile justice alternative education program receives funding
9 from the department under this subchapter.

10 SECTION 3.048. Section 39.0233(a), Education Code, is
11 amended to read as follows:

12 (a) The agency, in coordination with the Texas Higher
13 Education Coordinating Board, shall adopt a series of questions to
14 be included in an end-of-course assessment instrument administered
15 under Section 39.023(c) to be used for purposes of Subchapter F-1,
16 Chapter 51. The questions adopted under this subsection must be
17 developed in a manner consistent with any college readiness
18 standards adopted under ~~[Section 39.233 and]~~ Subchapter F-1,
19 Chapter 51.

20 SECTION 3.049. Section 39.027(f), Education Code, is
21 amended to read as follows:

22 (f) In this section, "average daily attendance" is computed
23 in the manner provided by Section 48.005 ~~[42.005]~~.

24 SECTION 3.050. Section 39.408, Education Code, is amended
25 to read as follows:

26 Sec. 39.408. ELIGIBILITY CRITERIA FOR CERTAIN GRANT
27 PROGRAMS. A school district or campus is eligible to participate in

1 programs under Sections 21.4541, 29.095, and 29.096[, ~~29.097, and~~
2 ~~29.098~~] if the district or campus exhibited during each of the three
3 preceding school years characteristics that strongly correlate
4 with high dropout rates.

5 SECTION 3.051. Section 39.413, Education Code, is amended
6 to read as follows:

7 Sec. 39.413. FUNDING FOR CERTAIN PROGRAMS. (a) From funds
8 appropriated, the Texas Higher Education Coordinating Board shall
9 allocate \$8.75 million each year to establish mathematics, science,
10 and technology teacher preparation academies under Section
11 61.0766[, ~~provide funding to the commissioner of education to~~
12 ~~implement and administer the program under Section 29.098,~~] and
13 award grants under Section 61.0762(a)(3).

14 (b) The Texas Higher Education Coordinating Board shall
15 establish mathematics, science, and technology teacher preparation
16 academies under Section 61.0766[, ~~provide funding to the~~
17 ~~commissioner of education to implement and administer the program~~
18 ~~under Section 29.098,~~] and award grants under Section 61.0762(a)(3)
19 in a manner consistent with the goals of this subchapter and the
20 goals in "Closing the Gaps," the state's master plan for higher
21 education.

22 SECTION 3.052. Section 39A.903, Education Code, is amended
23 to read as follows:

24 Sec. 39A.903. COSTS PAID BY SCHOOL DISTRICT. The costs of
25 providing a monitor, conservator, management team, campus
26 intervention team, technical assistance team, managing entity, or
27 service provider under this chapter shall be paid by the school

1 district. If the district fails or refuses to pay the costs in a
2 timely manner, the commissioner may:

3 (1) pay the costs using amounts withheld from any
4 funds to which the district is otherwise entitled; or

5 (2) recover the amount of the costs in the manner
6 provided for recovery of an overallocation of state funds under
7 Section 48.272 [~~42.258~~].

8 SECTION 3.053. Section 43.002(b), Education Code, is
9 amended to read as follows:

10 (b) Of the amounts available for transfer from the general
11 revenue fund to the available school fund for the months of January
12 and February of each fiscal year, no more than the amount necessary
13 to enable the comptroller to distribute from the available school
14 fund an amount equal to 9-1/2 percent of the estimated annual
15 available school fund apportionment to category 1 school districts,
16 as defined by Section 48.273 [~~42.259~~], and 3-1/2 percent of the
17 estimated annual available school fund apportionment to category 2
18 school districts, as defined by Section 48.273 [~~42.259~~], may be
19 transferred from the general revenue fund to the available school
20 fund. Any remaining amount that would otherwise be available for
21 transfer for the months of January and February shall be
22 transferred from the general revenue fund to the available school
23 fund in equal amounts in June and in August of the same fiscal year.

24 SECTION 3.054. Section 44.0011, Education Code, is amended
25 to read as follows:

26 Sec. 44.0011. FISCAL YEAR. The fiscal year of a school
27 district begins on July 1 or September 1 of each year, as determined

1 by the board of trustees of the district. The commissioner may adopt
2 rules concerning the submission of information by a district under
3 Chapter 39, 39A, or 48 [42] based on the fiscal year of the
4 district.

5 SECTION 3.055. Section 44.004(c), Education Code, is
6 amended to read as follows:

7 (c) The notice of public meeting to discuss and adopt the
8 budget and the proposed tax rate may not be smaller than one-quarter
9 page of a standard-size or a tabloid-size newspaper, and the
10 headline on the notice must be in 18-point or larger type. Subject
11 to Subsection (d), the notice must:

12 (1) contain a statement in the following form:

13 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE
14 "The (name of school district) will hold a public meeting at
15 (time, date, year) in (name of room, building, physical location,
16 city, state). The purpose of this meeting is to discuss the school
17 district's budget that will determine the tax rate that will be
18 adopted. Public participation in the discussion is invited." The
19 statement of the purpose of the meeting must be in bold type. In
20 reduced type, the notice must state: "The tax rate that is
21 ultimately adopted at this meeting or at a separate meeting at a
22 later date may not exceed the proposed rate shown below unless the
23 district publishes a revised notice containing the same information
24 and comparisons set out below and holds another public meeting to
25 discuss the revised notice.";

26 (2) contain a section entitled "Comparison of Proposed
27 Budget with Last Year's Budget," which must show the difference,

1 expressed as a percent increase or decrease, as applicable, in the
2 amounts budgeted for the preceding fiscal year and the amount
3 budgeted for the fiscal year that begins in the current tax year for
4 each of the following:

5 (A) maintenance and operations;

6 (B) debt service; and

7 (C) total expenditures;

8 (3) contain a section entitled "Total Appraised Value
9 and Total Taxable Value," which must show the total appraised value
10 and the total taxable value of all property and the total appraised
11 value and the total taxable value of new property taxable by the
12 district in the preceding tax year and the current tax year as
13 calculated under Section 26.04, Tax Code;

14 (4) contain a statement of the total amount of the
15 outstanding and unpaid bonded indebtedness of the school district;

16 (5) contain a section entitled "Comparison of Proposed
17 Rates with Last Year's Rates," which must:

18 (A) show in rows the tax rates described by
19 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of
20 property, for columns entitled "Maintenance & Operations,"
21 "Interest & Sinking Fund," and "Total," which is the sum of
22 "Maintenance & Operations" and "Interest & Sinking Fund":

23 (i) the school district's "Last Year's
24 Rate";

25 (ii) the "Rate to Maintain Same Level of
26 Maintenance & Operations Revenue & Pay Debt Service," which:

27 (a) in the case of "Maintenance &

1 Operations," is the tax rate that, when applied to the current
2 taxable value for the district, as certified by the chief appraiser
3 under Section 26.01, Tax Code, and as adjusted to reflect changes
4 made by the chief appraiser as of the time the notice is prepared,
5 would impose taxes in an amount that, when added to state funds to
6 be distributed to the district under Chapter 48 [42], would provide
7 the same amount of maintenance and operations taxes and state funds
8 distributed under Chapter 48 [42] per student in average daily
9 attendance for the applicable school year that was available to the
10 district in the preceding school year; and

11 (b) in the case of "Interest & Sinking
12 Fund," is the tax rate that, when applied to the current taxable
13 value for the district, as certified by the chief appraiser under
14 Section 26.01, Tax Code, and as adjusted to reflect changes made by
15 the chief appraiser as of the time the notice is prepared, and when
16 multiplied by the district's anticipated collection rate, would
17 impose taxes in an amount that, when added to state funds to be
18 distributed to the district under Chapter 46 and any excess taxes
19 collected to service the district's debt during the preceding tax
20 year but not used for that purpose during that year, would provide
21 the amount required to service the district's debt; and

22 (iii) the "Proposed Rate";

23 (B) contain fourth and fifth columns aligned with
24 the columns required by Paragraph (A) that show, for each row
25 required by Paragraph (A):

26 (i) the "Local Revenue per Student," which
27 is computed by multiplying the district's total taxable value of

1 property, as certified by the chief appraiser for the applicable
2 school year under Section 26.01, Tax Code, and as adjusted to
3 reflect changes made by the chief appraiser as of the time the
4 notice is prepared, by the total tax rate, and dividing the product
5 by the number of students in average daily attendance in the
6 district for the applicable school year; and

7 (ii) the "State Revenue per Student," which
8 is computed by determining the amount of state aid received or to be
9 received by the district under Chapters ~~[42,]~~ 43, ~~[and]~~ 46, and 48
10 and dividing that amount by the number of students in average daily
11 attendance in the district for the applicable school year; and

12 (C) contain an asterisk after each calculation
13 for "Interest & Sinking Fund" and a footnote to the section that, in
14 reduced type, states "The Interest & Sinking Fund tax revenue is
15 used to pay for bonded indebtedness on construction, equipment, or
16 both. The bonds, and the tax rate necessary to pay those bonds, were
17 approved by the voters of this district.";

18 (6) contain a section entitled "Comparison of Proposed
19 Levy with Last Year's Levy on Average Residence," which must:

20 (A) show in rows the information described by
21 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns
22 entitled "Last Year" and "This Year":

23 (i) "Average Market Value of Residences,"
24 determined using the same group of residences for each year;

25 (ii) "Average Taxable Value of Residences,"
26 determined after taking into account the limitation on the
27 appraised value of residences under Section 23.23, Tax Code, and

1 after subtracting all homestead exemptions applicable in each year,
2 other than exemptions available only to disabled persons or persons
3 65 years of age or older or their surviving spouses, and using the
4 same group of residences for each year;

5 (iii) "Last Year's Rate Versus Proposed
6 Rate per \$100 Value"; and

7 (iv) "Taxes Due on Average Residence,"
8 determined using the same group of residences for each year; and

9 (B) contain the following information: "Increase
10 (Decrease) in Taxes" expressed in dollars and cents, which is
11 computed by subtracting the "Taxes Due on Average Residence" for
12 the preceding tax year from the "Taxes Due on Average Residence" for
13 the current tax year;

14 (7) contain the following statement in bold print:
15 "Under state law, the dollar amount of school taxes imposed on the
16 residence of a person 65 years of age or older or of the surviving
17 spouse of such a person, if the surviving spouse was 55 years of age
18 or older when the person died, may not be increased above the amount
19 paid in the first year after the person turned 65, regardless of
20 changes in tax rate or property value.";

21 (8) contain the following statement in bold print:
22 "Notice of Voter-Approved [~~Rollback~~] Rate: The highest tax rate the
23 district can adopt before requiring voter approval at an election
24 is (the school district voter-approved [~~rollback~~] rate determined
25 under Section 26.08, Tax Code). This election will be automatically
26 held if the district adopts a rate in excess of the voter-approved
27 [~~rollback~~] rate of (the school district rollback rate)."; and

1 (9) contain a section entitled "Fund Balances," which
2 must include the estimated amount of interest and sinking fund
3 balances and the estimated amount of maintenance and operation or
4 general fund balances remaining at the end of the current fiscal
5 year that are not encumbered with or by corresponding debt
6 obligation, less estimated funds necessary for the operation of the
7 district before the receipt of the first payment under Chapter 48
8 [42] in the succeeding school year.

9 SECTION 3.056. Section 44.051, Education Code, is amended
10 to read as follows:

11 Sec. 44.051. INTERFERENCE WITH OPERATION OF FOUNDATION
12 SCHOOL PROGRAM. An offense under Section 37.10, Penal Code, is a
13 felony of the third degree if it is shown on trial of the offense
14 that the governmental record was a record, form, report, or budget
15 required under Chapter 48 [42] or rules adopted under that chapter.
16 If the actor's intent is to defraud the state or the public school
17 system, the offense is a felony of the second degree.

18 SECTION 3.057. Section 45.0011(e), Education Code, is
19 amended to read as follows:

20 (e) In this section, average daily attendance is determined
21 in the manner provided by Section 48.005 [42.005].

22 SECTION 3.058. Sections 45.0031(b) and (c), Education Code,
23 are amended to read as follows:

24 (b) A district may demonstrate the ability to comply with
25 Subsection (a) by using the most recent taxable value of property in
26 the district, combined with state assistance to which the district
27 is entitled under Chapter [~~42~~ 46 or 48] that may be lawfully used

1 for the payment of bonds.

2 (c) A district may demonstrate the ability to comply with
3 Subsection (a) by using a projected future taxable value of
4 property in the district anticipated for the earlier of the tax year
5 five years after the current tax year or the tax year in which the
6 final payment is due for the bonds submitted to the attorney
7 general, combined with state assistance to which the district is
8 entitled under Chapter [~~42 or~~] 46 or 48 that may be lawfully used
9 for the payment of bonds. The district must submit to the attorney
10 general a certification of the district's projected taxable value
11 of property that is prepared by a registered professional appraiser
12 certified under Chapter 1151, Occupations Code, who has
13 demonstrated professional experience in projecting taxable values
14 of property or who can by contract obtain any necessary assistance
15 from a person who has that experience. To demonstrate the
16 professional experience required by this subsection, a registered
17 professional appraiser must provide to the district written
18 documentation relating to two previous projects for which the
19 appraiser projected taxable values of property. Until the bonds
20 submitted to the attorney general are approved or disapproved, the
21 district must maintain the documentation and on request provide the
22 documentation to the attorney general or comptroller. The
23 certification of the district's projected taxable value of property
24 must be signed by the district's superintendent. The attorney
25 general must base a determination of whether the district has
26 complied with Subsection (a) on a taxable value of property that is
27 equal to 90 percent of the value certified under this subsection.

1 SECTION 3.059. Section [45.251\(2\)](#), Education Code, is
2 amended to read as follows:

3 (2) "Foundation School Program" means the program
4 established under Chapters [~~41, 42, and~~] [46, 48, and 49](#), or any
5 successor program of state appropriated funding for school
6 districts in this state.

7 SECTION 3.060. Section [45.259\(d\)](#), Education Code, is
8 amended to read as follows:

9 (d) If money appropriated for the Foundation School Program
10 is used for purposes of this subchapter and as a result there is
11 insufficient money to fully fund the Foundation School Program, the
12 commissioner shall, to the extent necessary, reduce each school
13 district's foundation school fund allocations, other than any
14 portion appropriated from the available school fund, in the same
15 manner provided by Section [48.266\(f\)](#) [~~42.253(h)~~] for a case in
16 which school district entitlements exceed the amount
17 appropriated. The following fiscal year, a district's entitlement
18 under Section [48.266](#) [~~42.253~~] is increased by an amount equal to the
19 reduction under this subsection.

20 SECTION 3.061. Section [45.261\(a\)](#), Education Code, is
21 amended to read as follows:

22 (a) If the commissioner orders payment from the money
23 appropriated to the Foundation School Program on behalf of a school
24 district that is not required to reduce its local revenue level
25 [~~wealth per student~~] under Section 48.257 [~~Chapter 41~~], the
26 commissioner shall direct the comptroller to withhold the amount
27 paid from the first state money payable to the district. If the

1 commissioner orders payment from the money appropriated to the
2 Foundation School Program on behalf of a school district that is
3 required to reduce its local revenue level [~~wealth per student~~]
4 under Section 48.257 [~~Chapter 41~~], the commissioner shall increase
5 amounts due from the district under Chapter 49 [~~that chapter~~] in a
6 total amount equal to the amount of payments made on behalf of the
7 district under this subchapter. Amounts withheld or received
8 under this subsection shall be used for the Foundation School
9 Program.

10 SECTION 3.062. Section 45.263(b), Education Code, is
11 amended to read as follows:

12 (b) In adopting rules under Subsection (a), the
13 commissioner shall establish an annual deadline by which a school
14 district must pay the debt service on bonds for which credit
15 enhancement is provided under this subchapter. The deadline
16 established may not be later than the 10th day before the date
17 specified under Section 48.273 [~~42.259~~] for payment to school
18 districts of the final Foundation School Program installment for a
19 state fiscal year.

20 SECTION 3.063. Section 46.003(a), Education Code, is
21 amended to read as follows:

22 (a) For each year, except as provided by Sections 46.005 and
23 46.006, a school district is guaranteed a specified amount per
24 student in state and local funds for each cent of tax effort, up to
25 the maximum rate under Subsection (b), to pay the principal of and
26 interest on eligible bonds issued to construct, acquire, renovate,
27 or improve an instructional facility. The amount of state support

1 is determined by the formula:

$$2 \quad \text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

3 where:

4 "FYA" is the guaranteed facilities yield amount of state
5 funds allocated to the district for the year;

6 "FYL" is the dollar amount guaranteed level of state and
7 local funds per student per cent of tax effort, which is \$35 or a
8 greater amount for any year provided by appropriation;

9 "ADA" is the greater of the number of students in average
10 daily attendance, as determined under Section 48.005 [~~42.005~~], in
11 the district or 400;

12 "BTR" is the district's bond tax rate for the current year,
13 which is determined by dividing the amount budgeted by the district
14 for payment of eligible bonds by the quotient of the district's
15 taxable value of property as determined under Subchapter M, Chapter
16 403, Government Code, or, if applicable, Section 48.258 [~~42.2521~~],
17 divided by 100; and

18 "DPV" is the district's taxable value of property as
19 determined under Subchapter M, Chapter 403, Government Code, or, if
20 applicable, Section 48.258 [~~42.2521~~].

21 SECTION 3.064. Section 46.006(g), Education Code, is
22 amended to read as follows:

23 (g) In this section, "wealth per student" means a school
24 district's taxable value of property as determined under Subchapter
25 M, Chapter 403, Government Code, or, if applicable, Section 48.258
26 [~~42.2521~~], divided by the district's average daily attendance as
27 determined under Section 48.005 [~~42.005~~].

1 SECTION 3.065. Sections 46.009(b), (c), (e), and (f),
2 Education Code, are amended to read as follows:

3 (b) If the amount appropriated for purposes of this
4 subchapter for a year is less than the total amount determined under
5 Subsection (a) for that year, the commissioner shall:

6 (1) transfer from the Foundation School Program to the
7 instructional facilities program the amount by which the total
8 amount determined under Subsection (a) exceeds the amount
9 appropriated; and

10 (2) reduce each district's foundation school fund
11 allocations in the manner provided by Section 48.266(f)
12 [~~42.253(h)~~].

13 (c) Warrants for payments under this subchapter shall be
14 approved and transmitted to school district treasurers or
15 depositories in the same manner as warrants for payments under
16 Chapter 48 [~~42~~].

17 (e) Section 48.272 [~~42.258~~] applies to payments under this
18 subchapter.

19 (f) If a school district would have received a greater
20 amount under this subchapter for the applicable school year using
21 the adjusted value determined under Section 48.271 [~~42.257~~], the
22 commissioner shall add the difference between the adjusted value
23 and the amount the district received under this subchapter to
24 subsequent distributions to the district under this subchapter.

25 SECTION 3.066. Section 46.0111(e), Education Code, is
26 amended to read as follows:

27 (e) The state's share is state property. The school

1 district shall send to the comptroller any portion of the state's
2 share not used by the school district to repair the defective
3 design, construction, renovation, or improvement of the
4 instructional facility on which the action is brought or to replace
5 the facility. Section 48.272 [~~42.258~~] applies to the state's share
6 under this subsection.

7 SECTION 3.067. Section 46.013, Education Code, is amended
8 to read as follows:

9 Sec. 46.013. MULTIPLE ALLOTMENTS PROHIBITED. A school
10 district is not entitled to state assistance under this subchapter
11 based on taxes with respect to which the district receives state
12 assistance under Subchapter E [~~F~~], Chapter 48 [~~42~~].

13 SECTION 3.068. Section 46.032(a), Education Code, is
14 amended to read as follows:

15 (a) Each school district is guaranteed a specified amount
16 per student in state and local funds for each cent of tax effort to
17 pay the principal of and interest on eligible bonds. The amount of
18 state support, subject only to the maximum amount under Section
19 46.034, is determined by the formula:

$$20 \quad \text{EDA} = (\text{EDGL} \times \text{ADA} \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

21 where:

22 "EDA" is the amount of state funds to be allocated to the
23 district for assistance with existing debt;

24 "EDGL" is the dollar amount guaranteed level of state and
25 local funds per student per cent of tax effort, which is the lesser
26 of:

27 (1) \$40 or a greater amount for any year provided by

1 appropriation; or

2 (2) the amount that would result in a total additional
3 amount of state funds under this subchapter for the current year
4 equal to \$60 million in excess of the state funds to which school
5 districts would have been entitled under this section if the
6 guaranteed level amount were \$35;

7 "ADA" is the number of students in average daily attendance,
8 as determined under Section 48.005 [~~42.005~~], in the district;

9 "EDTR" is the existing debt tax rate of the district, which is
10 determined by dividing the amount budgeted by the district for
11 payment of eligible bonds by the quotient of the district's taxable
12 value of property as determined under Subchapter M, Chapter 403,
13 Government Code, or, if applicable, under Section 48.258 [~~42.2521~~],
14 divided by 100; and

15 "DPV" is the district's taxable value of property as
16 determined under Subchapter M, Chapter 403, Government Code, or, if
17 applicable, under Section 48.258 [~~42.2521~~].

18 SECTION 3.069. Section 46.037, Education Code, is amended
19 to read as follows:

20 Sec. 46.037. MULTIPLE ALLOTMENTS PROHIBITED. A school
21 district is not entitled to state assistance under this subchapter
22 based on taxes with respect to which the district receives state
23 assistance under Subchapter E [~~F~~], Chapter 48 [~~42~~].

24 SECTION 3.070. Section 79.10(f), Education Code, is amended
25 to read as follows:

26 (f) For each student enrolled in the academy, the academy is
27 entitled to allotments from the foundation school fund under

1 Chapter 48 [42] as if the academy were a school district without a
2 tier one local share for purposes of Section 48.266 [42.253]. If
3 in any academic year the amount of the allotments under this
4 subsection exceeds the amount of state funds paid to the academy in
5 the first fiscal year of the academy's operation, the commissioner
6 of education shall set aside from the total amount of funds to which
7 school districts are entitled under Section 48.266(c) [42.253(e)]
8 an amount equal to the excess amount and shall distribute that
9 amount to the academy. After deducting the amount set aside and
10 paid to the academy by the commissioner of education under this
11 subsection, the commissioner of education shall reduce the amount
12 to which each district is entitled under Section 48.266(c)
13 [42.253(e)] in the manner described by Section 48.266(f)
14 [42.253(h)]. A determination of the commissioner of education
15 under this subsection is final and may not be appealed.

16 SECTION 3.071. Section 87.208, Education Code, is amended
17 to read as follows:

18 Sec. 87.208. SEABORNE CONSERVATION CORPS. If the board of
19 regents of The Texas A&M University System administers a program
20 that is substantially similar to the Seaborne Conservation Corps as
21 it was administered by the board during the 1998-1999 school year,
22 the program is entitled, for each student enrolled, to allotments
23 from the Foundation School Program under Chapter 48 [42] as if the
24 program were a school district, except that the program has a local
25 share applied that is equivalent to the local fund assignment of the
26 school district in which the principal facilities of the program
27 are located.

1 SECTION 3.072. Section [87.505\(g\)](#), Education Code, is
2 amended to read as follows:

3 (g) For each student enrolled in the academy, the academy is
4 entitled to allotments from the foundation school fund under
5 Chapter [48](#) [[42](#)] as if the academy were a school district without a
6 tier one local share for purposes of Section [48.266](#) [~~[42.253](#)~~]. If
7 in any academic year the amount of the allotments under this
8 subsection exceeds the amount of state funds paid to the academy in
9 the first fiscal year of the academy's operation, the commissioner
10 of education shall set aside from the total amount of funds to which
11 school districts are entitled under Section [48.266\(c\)](#) [~~[42.253\(c\)](#)~~]
12 an amount equal to the excess amount and shall distribute that
13 amount to the academy. After deducting the amount set aside and
14 paid to the academy by the commissioner of education under this
15 subsection, the commissioner of education shall reduce the amount
16 to which each district is entitled under Section [48.266\(c\)](#)
17 [~~[42.253\(c\)](#)~~] in the manner described by Section [48.266\(f\)](#)
18 [~~[42.253\(h\)](#)~~]. A determination of the commissioner of education
19 under this subsection is final and may not be appealed.

20 SECTION 3.073. Section [96.707\(k\)](#), Education Code, is
21 amended to read as follows:

22 (k) For each student enrolled in the academy, the academy is
23 entitled to allotments from the Foundation School Program under
24 Chapter [48](#) [[42](#)] as if the academy were a school district without a
25 tier one local share for purposes of Section [48.266](#) [~~[42.253](#)~~].

26 SECTION 3.074. Sections [105.301\(e\)](#) and (f), Education Code,
27 are amended to read as follows:

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

4 (1) professional employees of the academy are entitled
5 to the limited liability of an employee under Section 22.0511,
6 22.0512, or 22.052;

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

9 (3) for each student enrolled, the academy is entitled
10 to allotments from the foundation school program under Chapter 48
11 [42] as if the academy were a school district without a tier one
12 local share for purposes of Section 48.266 [~~42.253~~].

13 (f) If in any academic year the amount of the allotments
14 under Subsection (e)(3) exceeds the amount of state funds paid to
15 the academy under this section in the fiscal year ending August 31,
16 2003, the commissioner shall set aside from the total amount of
17 funds to which school districts are entitled under Section
18 48.266(c) [~~42.253(c)~~] an amount equal to the excess amount and
19 shall distribute that amount to the academy. After deducting the
20 amount set aside and paid to the academy by the commissioner under
21 this subsection, the commissioner shall reduce the amount to which
22 each district is entitled under Section 48.266(c) [~~42.253(c)~~] in
23 the manner described by Section 48.266(f) [~~42.253(h)~~]. A
24 determination of the commissioner under this section is final and
25 may not be appealed.

26 SECTION 3.075. Section 317.005(f), Government Code, is
27 amended to read as follows:

1 (f) The governor or board may adopt an order under this
2 section withholding or transferring any portion of the total amount
3 appropriated to finance the foundation school program for a fiscal
4 year. The governor or board may not adopt such an order if it would
5 result in an allocation of money between particular programs or
6 statutory allotments under the foundation school program contrary
7 to the statutory proration formula provided by Section 48.266(f)
8 [~~42.253(h)~~], Education Code. The governor or board may transfer an
9 amount to the total amount appropriated to finance the foundation
10 school program for a fiscal year and may increase the basic
11 allotment. The governor or board may adjust allocations of amounts
12 between particular programs or statutory allotments under the
13 foundation school program only for the purpose of conforming the
14 allocations to actual pupil enrollments or attendance.

15 SECTION 3.076. Section 403.093(d), Government Code, as
16 amended by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the
17 85th Legislature, Regular Session, 2017, is reenacted to read as
18 follows:

19 (d) The comptroller shall transfer from the general revenue
20 fund to the foundation school fund an amount of money necessary to
21 fund the foundation school program as provided by Chapter 48 [42],
22 Education Code. The comptroller shall make the transfers in
23 installments as necessary to comply with Section 48.273 [~~42.259~~],
24 Education Code, and permit the Texas Education Agency, to the
25 extent authorized by the General Appropriations Act, to make
26 temporary transfers from the foundation school fund for payment of
27 the instructional materials and technology allotment under Section

1 31.0211, Education Code. Unless an earlier date is necessary for
2 purposes of temporary transfers for payment of the instructional
3 materials and technology allotment, an installment must be made not
4 earlier than two days before the date an installment to school
5 districts is required by Section 48.273 [~~42.259~~], Education Code,
6 and must not exceed the amount necessary for that payment and any
7 temporary transfers for payment of the instructional materials and
8 technology allotment.

9 SECTION 3.077. Section 403.302(a), Government Code, is
10 amended to read as follows:

11 (a) The comptroller shall conduct a study using comparable
12 sales and generally accepted auditing and sampling techniques to
13 determine the total taxable value of all property in each school
14 district. The study shall determine the taxable value of all
15 property and of each category of property in the district and the
16 productivity value of all land that qualifies for appraisal on the
17 basis of its productive capacity and for which the owner has applied
18 for and received a productivity appraisal. The comptroller shall
19 make appropriate adjustments in the study to account for actions
20 taken under Chapter 49 [~~41~~], Education Code.

21 SECTION 3.078. Section 403.303(b), Government Code, is
22 amended to read as follows:

23 (b) After receipt of a petition, the comptroller shall hold
24 a hearing. The comptroller has the burden to prove the accuracy of
25 the findings. Until a final decision is made by the comptroller,
26 the taxable value of property in the district is determined, with
27 respect to property subject to the protest, according to the value

1 claimed by the school district or property owner, except that the
2 value to be used while a final decision is pending may not be less
3 than the appraisal roll value for the year of the study. If after a
4 hearing the comptroller concludes that the findings should be
5 changed, the comptroller shall order the appropriate changes and
6 shall certify to the commissioner of education the changes in the
7 values of the school district that brought the protest, the values
8 of the school district named by the property owner who brought the
9 protest, or, if the comptroller by rule allows an appraisal
10 district to bring a protest, the values of the school district named
11 by the appraisal district that brought the protest. The
12 comptroller may not order a change in the values of a school
13 district as a result of a protest brought by another school
14 district, a property owner in the other school district, or an
15 appraisal district that appraises property for the other school
16 district. The comptroller shall complete all protest hearings and
17 certify all changes as necessary to comply with Chapter 48 [~~42~~],
18 Education Code. A hearing conducted under this subsection is not a
19 contested case for purposes of Section 2001.003.

20 SECTION 3.079. Section 404.121(1), Government Code, is
21 amended to read as follows:

22 (1) "Cash flow deficit" for any period means the
23 excess, if any, of expenditures paid and transfers made from the
24 general revenue fund in the period, including payments provided by
25 Section 48.273 [~~42.259~~], Education Code, over taxes and other
26 revenues deposited to the fund in the period, other than revenues
27 deposited pursuant to Section 403.092, that are legally available

1 for the expenditures and transfers.

2 SECTION 3.080. Section 437.117(a), Government Code, is
3 amended to read as follows:

4 (a) For each student enrolled in the Texas Challenge
5 Academy, the department is entitled to allotments from the
6 Foundation School Program under Chapter 48 [42], Education Code, as
7 if the academy were a school district without a tier one local share
8 for purposes of Section 48.266 [42.253], Education Code.

9 SECTION 3.081. Section 466.355(c), Government Code, as
10 repealed by Chapter 431 (S.B. 559), Acts of the 83rd Legislature,
11 Regular Session, 2013, and amended by Chapter 1410 (S.B. 758), Acts
12 of the 83rd Legislature, Regular Session, 2013, is reenacted and
13 amended to read as follows:

14 (c) Each August the comptroller shall:

15 (1) estimate the amount to be transferred to the
16 foundation school fund on or before September 15; and

17 (2) notwithstanding Subsection (b)(4), transfer the
18 amount estimated in Subdivision (1) to the foundation school fund
19 before August installment payments are made under Section 48.273
20 [42.259], Education Code.

21 SECTION 3.082. Section 1371.001(4), Government Code, is
22 amended to read as follows:

23 (4) "Issuer" means:

24 (A) a home-rule municipality that:

25 (i) adopted its charter under Section 5,
26 Article XI, Texas Constitution;

27 (ii) has a population of 50,000 or more; and

1 (iii) has outstanding long-term
2 indebtedness that is rated by a nationally recognized rating agency
3 for municipal securities in one of the four highest rating
4 categories for a long-term obligation;

5 (B) a conservation and reclamation district
6 created and organized as a river authority under Section 52,
7 Article III, or Section 59, Article XVI, Texas Constitution;

8 (C) a joint powers agency organized and operating
9 under Chapter 163, Utilities Code;

10 (D) a metropolitan rapid transit authority,
11 regional transportation authority, or coordinated county
12 transportation authority created, organized, or operating under
13 Chapter 451, 452, or 460, Transportation Code;

14 (E) a conservation and reclamation district
15 organized or operating as a navigation district under Section 52,
16 Article III, or Section 59, Article XVI, Texas Constitution;

17 (F) a district organized or operating under
18 Section 59, Article XVI, Texas Constitution, that has all or part of
19 two or more municipalities within its boundaries;

20 (G) a state agency, including a state institution
21 of higher education;

22 (H) a hospital authority created or operating
23 under Chapter 262 or 264, Health and Safety Code, in a county that:

24 (i) has a population of more than 3.3
25 million; or

26 (ii) is included, in whole or in part, in a
27 standard metropolitan statistical area of this state that includes

1 a county with a population of more than 2.2 million;

2 (I) a hospital district in a county that has a
3 population of more than two million;

4 (J) a nonprofit corporation organized to
5 exercise the powers of a higher education loan authority under
6 Section 53B.47(e), Education Code;

7 (K) a county:

8 (i) that has a population of 3.3 million or
9 more; or

10 (ii) that, on the date of issuance of
11 obligations under this chapter, has authorized, outstanding, or any
12 combination of authorized and outstanding, indebtedness of at least
13 \$100 million secured by and payable from the county's ad valorem
14 taxes and the authorized long-term indebtedness of which is rated
15 by a nationally recognized rating agency of securities issued by
16 local governments in one of the four highest rating categories for a
17 long-term obligation;

18 (L) an independent school district that has an
19 average daily attendance of 50,000 or more as determined under
20 Section 48.005 [~~42.005~~], Education Code;

21 (M) a municipality or county operating under
22 Chapter 334, Local Government Code;

23 (N) a district created under Chapter 335, Local
24 Government Code;

25 (O) a junior college district that has a total
26 headcount enrollment of 40,000 or more based on enrollment in the
27 most recent regular semester; or

1 (P) an issuer, as defined by Section 1201.002,
2 that has:

3 (i) a principal amount of at least \$100
4 million in outstanding long-term indebtedness, in long-term
5 indebtedness proposed to be issued, or in a combination of
6 outstanding or proposed long-term indebtedness; and

7 (ii) some amount of long-term indebtedness
8 outstanding or proposed to be issued that is rated in one of the
9 four highest rating categories for long-term debt instruments by a
10 nationally recognized rating agency for municipal securities,
11 without regard to the effect of any credit agreement or other form
12 of credit enhancement entered into in connection with the
13 obligation.

14 SECTION 3.083. Section 1431.001(3), Government Code, is
15 amended to read as follows:

16 (3) "Eligible school district" means an independent
17 school district that has an average daily attendance of 190,000 or
18 more as determined under Section 48.005 [~~42.005~~], Education Code.

19 SECTION 3.084. Section 2175.304(c), Government Code, is
20 amended to read as follows:

21 (c) The procedures established under Subsection (b) must
22 give preference to transferring the property directly to a public
23 school or school district or to an assistance organization
24 designated by the school district before disposing of the property
25 in another manner. If more than one public school or school
26 district or assistance organization seeks to acquire the same
27 property on substantially the same terms, the system, institution,

1 or agency shall give preference to a public school that is
2 considered low-performing by the commissioner of education or to a
3 school district that has a taxable wealth per student that entitles
4 the district to an allotment of state funds under Subchapter E [~~F~~],
5 Chapter 48 [~~42~~], Education Code, or to the assistance organization
6 designated by such a school district.

7 SECTION 3.085. Section 221.0071(d), Human Resources Code,
8 is amended to read as follows:

9 (d) A charter school operating under a charter granted under
10 this section is entitled to receive open-enrollment charter school
11 funding under Chapter 48 [~~42~~], Education Code, in the same manner as
12 an open-enrollment charter school operating under Subchapter D,
13 Chapter 12, Education Code.

14 SECTION 3.086. Section 1579.251(a), Insurance Code, is
15 amended to read as follows:

16 (a) The state shall assist employees of participating
17 school districts and charter schools in the purchase of group
18 health coverage under this chapter by providing for each covered
19 employee the amount of \$900 each state fiscal year or a greater
20 amount as provided by the General Appropriations Act. The state
21 contribution shall be distributed through the school finance
22 formulas under Chapters 48 [~~41~~] and 49 [~~42~~], Education Code, and
23 used by school districts and charter schools as provided by
24 Section 48.275 [~~42.260~~], Education Code.

25 SECTION 3.087. Section 1581.053, Insurance Code, is amended
26 to read as follows:

27 Sec. 1581.053. USE OF STATE FUNDS. (a) To comply with

1 Section 1581.052, a school district or participating charter school
2 may use state funds received under Chapter 48 [42], Education Code,
3 other than funds that may be used under that chapter only for a
4 specific purpose.

5 (b) Notwithstanding Subsection (a), amounts a district or
6 school is required to use to pay contributions under a group health
7 coverage plan for district or school employees under Section
8 48.275 [42.260], Education Code, other than amounts described by
9 Section 48.275(c)(2) [42.260(c)(2)(B)], are not used in computing
10 whether the district or school complies with Section 1581.052.

11 SECTION 3.088. Section 37.10(c)(2), Penal Code, is amended
12 to read as follows:

13 (2) An offense under this section is a felony of the
14 third degree if it is shown on the trial of the offense that the
15 governmental record was:

16 (A) a public school record, report, or assessment
17 instrument required under Chapter 39, Education Code, data reported
18 for a school district or open-enrollment charter school to the
19 Texas Education Agency through the Public Education Information
20 Management System (PEIMS) described by Sections 48.008 and 48.009
21 [Section 42.006], Education Code, under a law or rule requiring
22 that reporting, or a license, certificate, permit, seal, title,
23 letter of patent, or similar document issued by government, by
24 another state, or by the United States, unless the actor's intent is
25 to defraud or harm another, in which event the offense is a felony
26 of the second degree;

27 (B) a written report of a medical, chemical,

1 toxicological, ballistic, or other expert examination or test
2 performed on physical evidence for the purpose of determining the
3 connection or relevance of the evidence to a criminal action;

4 (C) a written report of the certification,
5 inspection, or maintenance record of an instrument, apparatus,
6 implement, machine, or other similar device used in the course of an
7 examination or test performed on physical evidence for the purpose
8 of determining the connection or relevance of the evidence to a
9 criminal action; or

10 (D) a search warrant issued by a magistrate.

11 SECTION 3.089. Section 39.03(d), Penal Code, is amended to
12 read as follows:

13 (d) An offense under this section is a Class A misdemeanor,
14 except that an offense is a felony of the third degree if the public
15 servant acted with the intent to impair the accuracy of data
16 reported to the Texas Education Agency through the Public Education
17 Information Management System (PEIMS) described by Sections 48.008
18 and 48.009 [~~Section 42.006~~], Education Code, under a law requiring
19 that reporting.

20 SECTION 3.090. Section 21.01, Tax Code, is amended to read
21 as follows:

22 Sec. 21.01. REAL PROPERTY. Real property is taxable by a
23 taxing unit if located in the unit on January 1, except as provided
24 by Chapter 49 [~~41~~], Education Code.

25 SECTION 3.091. Sections 21.02(b) and (c), Tax Code, are
26 amended to read as follows:

27 (b) Tangible personal property having taxable situs at the

1 same location as real property detached from a school district and
2 annexed by another school district under Chapter 49 [~~41~~], Education
3 Code, is taxable in the tax year in which the detachment and
4 annexation occurs by the same school district by which the real
5 property is taxable in that tax year under Chapter 49 [~~41~~],
6 Education Code. For purposes of this subsection and Chapter 49
7 [~~41~~], Education Code, tangible personal property has taxable situs
8 at the same location as real property detached and annexed under
9 Chapter 49 [~~41~~], Education Code, if the detachment and annexation
10 of the real property, had it occurred before January 1 of the tax
11 year, would have changed the taxable situs of the tangible personal
12 property determined as provided by Subsection (a) from the school
13 district from which the real property was detached to the school
14 district to which the real property was annexed.

15 (c) Tangible personal property has taxable situs in a school
16 district that is the result of a consolidation under Chapter 49
17 [~~41~~], Education Code, in the year in which the consolidation occurs
18 if the property would have had taxable situs in the consolidated
19 district in that year had the consolidation occurred before January
20 1 of that year.

21 SECTION 3.092. Section 25.25(k), Tax Code, is amended to
22 read as follows:

23 (k) The chief appraiser shall change the appraisal records
24 and school district appraisal rolls promptly to reflect the
25 detachment and annexation of property among school districts under
26 Subchapter C or G, Chapter 49 [~~41~~], Education Code.

27 SECTION 3.093. Section 311.013(n), Tax Code, is amended to

1 read as follows:

2 (n) This subsection applies only to a school district whose
3 taxable value computed under Section 403.302(d), Government Code,
4 is reduced in accordance with Subdivision (4) of that
5 subsection. In addition to the amount otherwise required to be
6 paid into the tax increment fund, the district shall pay into the
7 fund an amount equal to the amount by which the amount of taxes the
8 district would have been required to pay into the fund in the
9 current year if the district levied taxes at the rate the district
10 levied in 2005 exceeds the amount the district is otherwise
11 required to pay into the fund in the year of the reduction. This
12 additional amount may not exceed the amount the school district
13 receives in state aid for the current tax year under Section 48.253
14 [~~42.2514~~], Education Code. The school district shall pay the
15 additional amount after the district receives the state aid to
16 which the district is entitled for the current tax year under
17 Section 48.253 [~~42.2514~~], Education Code.

18 SECTION 3.094. Section 312.002(g), Tax Code, is amended to
19 read as follows:

20 (g) "Taxing unit" has the meaning assigned by Section 1.04,
21 except that for a tax abatement agreement executed on or after
22 September 1, 2001, the term does not include a school district that
23 is subject to Chapter 48 [~~42~~], Education Code, and that is organized
24 primarily to provide general elementary and secondary public
25 education.

26 SECTION 3.095. Section 312.210(b), Tax Code, is amended to
27 read as follows:

1 (b) A tax abatement agreement with the owner of real
2 property or tangible personal property that is located in the
3 reinvestment zone described by Subsection (a) and in a school
4 district that has a local revenue level [~~wealth per student~~] that
5 does not exceed the [~~equalized wealth~~] level established under
6 Section 48.257 must exempt from taxation:

7 (1) the portion of the value of the property in the
8 amount specified in the joint agreement among the municipality,
9 county, and junior college district; and

10 (2) an amount equal to 10 percent of the maximum
11 portion of the value of the property that may under Section
12 [312.204](#)(a) be otherwise exempted from taxation.

13 SECTION 3.096. Section [313.027](#)(i), Tax Code, is amended to
14 read as follows:

15 (i) A person and the school district may not enter into an
16 agreement under which the person agrees to provide supplemental
17 payments to a school district or any other entity on behalf of a
18 school district in an amount that exceeds an amount equal to the
19 greater of \$100 per student per year in average daily attendance, as
20 defined by Section [48.005](#) [~~42.005~~], Education Code, or \$50,000 per
21 year, or for a period that exceeds the period beginning with the
22 period described by Section [313.021](#)(4) and ending December 31 of
23 the third tax year after the date the person's eligibility for a
24 limitation under this chapter expires. This limit does not apply
25 to amounts described by Subsection (f)(1) or (2).

26 ARTICLE 4. REPEALER

27 SECTION 4.001. (a) The following provisions of the

1 Education Code are repealed:

- 2 (1) Sections 28.006(d-1) and (e);
- 3 (2) Section 29.097;
- 4 (3) Section 29.098;
- 5 (4) Section 29.165;
- 6 (5) Section 29.166;
- 7 (6) Sections 29.203(g)(1) and (3);
- 8 (7) Section 39.233;
- 9 (8) Section 39.234;
- 10 (9) the headings to Chapters 41 and 42;
- 11 (10) the heading to Subchapter A, Chapter 41;
- 12 (11) Section 41.002;
- 13 (12) Section 41.0041;
- 14 (13) the heading to Subchapter D, Chapter 41;
- 15 (14) Section 41.0931;
- 16 (15) Section 41.098;
- 17 (16) the heading to Subchapter E, Chapter 41;
- 18 (17) the heading to Subchapter A, Chapter 42;
- 19 (18) the heading to Section 42.006;
- 20 (19) Section 42.007;
- 21 (20) the heading to Subchapter B, Chapter 42;
- 22 (21) Section 42.102;
- 23 (22) Section 42.103;
- 24 (23) Section 42.104;
- 25 (24) the heading to Subchapter C, Chapter 42;
- 26 (25) Section 42.1541;
- 27 (26) Section 42.156;

- 1 (27) Section 42.160;
- 2 (28) the heading to Subchapter E, Chapter 42;
- 3 (29) Section 42.2513;
- 4 (30) Section 42.2517;
- 5 (31) Section 42.2518;
- 6 (32) Section 42.262;
- 7 (33) the headings to Subchapters F and G, Chapter 42;
- 8 and
- 9 (34) Section 42.352.

10 (b) The following provisions of the Tax Code are repealed:

- 11 (1) Sections 26.08(o) and (p); and
- 12 (2) Section 312.210(c).

13 ARTICLE 5. TRANSITION; CONFLICT OF LAW

14 SECTION 5.001. (a) Except as provided by Subsection (b) of
15 this section, Article 2 of this Act applies beginning with the
16 2019-2020 school year.

17 (b) Section 28.006, Education Code, as amended by this Act,
18 applies beginning with the 2020-2021 school year.

19 SECTION 5.002. Except as otherwise provided by this Act,
20 Section 26.08, Tax Code, as amended by this Act, applies beginning
21 with the 2019 tax year.

22 SECTION 5.003. Notwithstanding any provision of the
23 Education Code, for the 2019 tax year, a school district that took
24 action to comply with publication requirements under Section
25 44.004, Education Code, before the effective date of this Act may
26 amend the district's previously published notices to comply with
27 the changes made to the district's permissible and proposed tax

1 rates as a result of this Act by posting those changes on the
2 district's Internet website. A school district that complied with
3 the law in effect at the time of the district's original publication
4 may hold the district's scheduled public hearing as originally
5 published.

6 SECTION 5.004. Not later than September 1, 2019, the
7 commissioner of education by rule shall establish an indirect cost
8 allotment under Section 48.102(h), Education Code, as redesignated
9 and amended by this Act, at the level in effect for the 2018-2019
10 school year under former Section 42.151(h), Education Code.

11 SECTION 5.005. Not later than December 1, 2020, each school
12 district shall submit to the legislature a report on salary or wage
13 increases provided to district employees under Section 48.051(c),
14 Education Code, as added by this Act, for the 2019-2020 school year.
15 The report must include for each salary or wage increase:

- 16 (1) the employee's position at the school district;
17 and
18 (2) the amount of the increase.

19 SECTION 5.006. To the extent of any conflict, this Act
20 prevails over another Act of the 86th Legislature, Regular Session,
21 2019, regardless of the relative dates of enactment.

22 ARTICLE 6. EFFECTIVE DATE

23 SECTION 6.001. (a) Except as provided by Subsections (b),
24 (c), (d), and (e) of this section or as otherwise provided by this
25 Act, this Act takes effect September 1, 2019.

26 (b) Section 11.184, Education Code, as added by this Act,
27 takes effect January 1, 2020.

1 (c) Section 48.1041, Education Code, as added by this Act,
2 and Section 1.064 of this Act take effect immediately if this Act
3 receives a vote of two-thirds of all the members elected to each
4 house, as provided by Section 39, Article III, Texas Constitution.
5 If this Act does not receive the vote necessary for Section 48.1041,
6 Education Code, as added by this Act, to have immediate effect, that
7 section takes effect September 1, 2019.

8 (d) Section 48.005(o), Education Code, as added by this Act,
9 takes effect September 1, 2021.

10 (e) Article 2 of this Act takes effect immediately if this
11 Act receives a vote of two-thirds of all the members elected to each
12 house, as provided by Section 39, Article III, Texas Constitution.
13 If this Act does not receive the vote necessary for immediate
14 effect, Article 2 of this Act takes effect September 1, 2019.