AN ACT

relating to public school finance and public education; creating a criminal offense; authorizing the imposition of a fee.

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 an efficiency audit required under this section.

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

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

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

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

(h) Before an election at which a school district seeks

voter approval to adopt a tax rate the board of trustees of the school district must hold an open meeting to discuss the results of the efficiency audit conducted under this section. Not later than 30 days before the date of the election, the results of an efficiency audit conducted under this section must be posted on the school district's Internet website.

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

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

(a) A charter holder is entitled to receive for the open-enrollment charter school funding under Chapter 48 [~~42~~] equal to the amount of funding per student in weighted average daily attendance, excluding the adjustment under Section 48.052, the funding under Sections 48.101, 48.110, 48.111, and 48.112, and enrichment funding under Section 48.202(a) [~~42.302(a)~~], to which the charter holder would be entitled for the school under Chapter 48 [~~42~~] if the school were a school district without a tier one local share for purposes of Section 48.266 [~~42.253~~].

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

[~~(1) adjustments under Sections 42.102, 42.104, and~~

~~42.105 are based on the average adjustment for the state; and~~

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

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

(1) the product of:

(A) the quotient of:

(i) the total amount of funding provided to eligible school districts under Section 48.101(b) or (c); and

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

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

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

(ii) the total number of students in average daily attendance in school districts statewide; and

(2) $125.

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

(a-4) In addition to the funding provided by Subsections

(a), (a-2), and (a-3), a charter holder is entitled to receive funding for the open-enrollment charter school under Sections 48.110 and 48.112 and Subchapter D, Chapter 48, if the charter holder would be entitled to the funding if the school were a school district.

SECTION 1.003. Section 13.054(f), Education Code, is amended to read as follows:

(f) For five years beginning with the school year in which the annexation occurs, a school district shall receive additional funding under this subsection or Subsection (h). The amount of funding shall be determined by multiplying the lesser of the enlarged district's local fund assignment computed under Section 48.256 [~~42.252~~] or the enlarged district's total cost of tier one by a fraction, the numerator of which is the number of students residing in the territory annexed to the receiving district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the annexation, and dividing the resulting product by the state compression percentage, as determined under Section 48.255.

SECTION 1.004. (a) Effective September 1, 2019, Section 25.084(b), Education Code, is amended to read as follows:

(b) The operation of schools year-round by a district does not affect the amount of state funds to which the district is entitled under Chapter 48 [~~42~~].

(b) Effective September 1, 2020, Section 25.084, Education Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

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

(c) A district that adopts a year-round system under this section may receive the incentive aid under Section 48.0051 if the district meets the criteria for receiving the incentive under that section.

SECTION 1.005. Section 30.003, Education Code, is amended by amending Subsection (f-1) and adding Subsection (f-2) to read as follows:

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

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

(2) Section 45.0032; and

(3) Section 48.255.

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

SECTION 1.006. Section 44.004, Education Code, is amended by amending Subsections (c), (e), and (i) and adding Subsection (c-2) to read as follows:

(c) The notice of public meeting to discuss and adopt the budget and the proposed tax rate may not be smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and the headline on the notice must be in 18-point or larger type. Subject to Subsection (d), the notice must:

(1) contain a statement in the following form:

"NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

"The (name of school district) will hold a public meeting at (time, date, year) in (name of room, building, physical location, city, state). The purpose of this meeting is to discuss the school district's budget that will determine the tax rate that will be adopted. Public participation in the discussion is invited." The statement of the purpose of the meeting must be in bold type. In reduced type, the notice must state: "The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice.";

(2) contain a section entitled "Comparison of Proposed Budget with Last Year's Budget," which must show the difference, expressed as a percent increase or decrease, as applicable, in the amounts budgeted for the preceding fiscal year and the amount budgeted for the fiscal year that begins in the current tax year for

each of the following:

(A) maintenance and operations;

(B) debt service; and

(C) total expenditures;

(3) contain a section entitled "Total Appraised Value and Total Taxable Value," which must show the total appraised value and the total taxable value of all property and the total appraised value and the total taxable value of new property taxable by the district in the preceding tax year and the current tax year as calculated under Section 26.04, Tax Code;

(4) contain a statement of the total amount of the outstanding and unpaid bonded indebtedness of the school district;

(5) contain a section entitled "Comparison of Proposed Rates with Last Year's Rates," which must:

(A) show in rows the tax rates described by Subparagraphs (i)-(iii), expressed as amounts per $100 valuation of property, for columns entitled "Maintenance & Operations," "Interest & Sinking Fund," and "Total," which is the sum of "Maintenance & Operations" and "Interest & Sinking Fund":

(i) the school district's "Last Year's Rate";

(ii) the "Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service," which:

(a) in the case of "Maintenance & Operations," is the tax rate that, when applied to the current taxable value for the district, as certified by the chief appraiser under Section 26.01, Tax Code, and as adjusted to reflect changes

made by the chief appraiser as of the time the notice is prepared, would impose taxes in an amount that, when added to state funds to be distributed to the district under Chapter 48 [~~42~~], would provide the same amount of maintenance and operations taxes and state funds distributed under Chapter 48 [~~42~~] per student in average daily attendance for the applicable school year that was available to the district in the preceding school year; and

(b) in the case of "Interest & Sinking Fund," is the tax rate that, when applied to the current taxable value for the district, as certified by the chief appraiser under Section 26.01, Tax Code, and as adjusted to reflect changes made by the chief appraiser as of the time the notice is prepared, and when multiplied by the district's anticipated collection rate, would impose taxes in an amount that, when added to state funds to be distributed to the district under Chapter 46 and any excess taxes collected to service the district's debt during the preceding tax year but not used for that purpose during that year, would provide the amount required to service the district's debt; and

(iii) the "Proposed Rate";

(B) contain fourth and fifth columns aligned with the columns required by Paragraph (A) that show, for each row required by Paragraph (A):

(i) the "Local Revenue per Student," which is computed by multiplying the district's total taxable value of property, as certified by the chief appraiser for the applicable school year under Section 26.01, Tax Code, and as adjusted to reflect changes made by the chief appraiser as of the time the

notice is prepared, by the total tax rate, and dividing the product by the number of students in average daily attendance in the district for the applicable school year; and

(ii) the "State Revenue per Student," which is computed by determining the amount of state aid received or to be received by the district under Chapters [~~42,~~] 43, [~~and~~] 46, and 48 and dividing that amount by the number of students in average daily attendance in the district for the applicable school year; and

(C) contain an asterisk after each calculation for "Interest & Sinking Fund" and a footnote to the section that, in reduced type, states "The Interest & Sinking Fund tax revenue is used to pay for bonded indebtedness on construction, equipment, or both. The bonds, and the tax rate necessary to pay those bonds, were approved by the voters of this district.";

(6) contain a section entitled "Comparison of Proposed Levy with Last Year's Levy on Average Residence," which must:

(A) show in rows the information described by Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns entitled "Last Year" and "This Year":

(i) "Average Market Value of Residences," determined using the same group of residences for each year;

(ii) "Average Taxable Value of Residences," determined after taking into account the limitation on the appraised value of residences under Section 23.23, Tax Code, and after subtracting all homestead exemptions applicable in each year, other than exemptions available only to disabled persons or persons 65 years of age or older or their surviving spouses, and using the

same group of residences for each year;

(iii) "Last Year's Rate Versus Proposed Rate per $100 Value"; and

(iv) "Taxes Due on Average Residence," determined using the same group of residences for each year; and

(B) contain the following information: "Increase (Decrease) in Taxes" expressed in dollars and cents, which is computed by subtracting the "Taxes Due on Average Residence" for the preceding tax year from the "Taxes Due on Average Residence" for the current tax year;

(7) contain the following statement in bold print: "Under state law, the dollar amount of school taxes imposed on the residence of a person 65 years of age or older or of the surviving spouse of such a person, if the surviving spouse was 55 years of age or older when the person died, may not be increased above the amount paid in the first year after the person turned 65, regardless of changes in tax rate or property value.";

(8) contain the following statement in bold print: "Notice of Voter-Approval [~~Rollback~~] Rate: The highest tax rate the district can adopt before requiring voter approval at an election is (the school district voter-approval [~~rollback~~] rate determined under Section 26.08, Tax Code). This election will be automatically held if the district adopts a rate in excess of the voter-approval [~~rollback~~] rate of (the school district voter-approval [~~rollback~~] rate)."; and

(9) contain a section entitled "Fund Balances," which must include the estimated amount of interest and sinking fund

balances and the estimated amount of maintenance and operation or general fund balances remaining at the end of the current fiscal year that are not encumbered with or by corresponding debt obligation, less estimated funds necessary for the operation of the district before the receipt of the first payment under Chapter 48 [~~42~~] in the succeeding school year.

(c-2) The notice described by Subsection (c) must include a statement that a school district may not increase the district's maintenance and operations tax rate to create a surplus in maintenance and operations tax revenue for the purpose of paying the district's debt service.

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

(i) A school district that uses a certified estimate, as authorized by Subsection (h), may adopt a budget at the public meeting designated in the notice prepared using the estimate, but the district may not adopt a tax rate before the district receives the certified appraisal roll for the district required by Section 26.01(a), Tax Code. After receipt of the certified appraisal roll, the district must publish a revised notice and hold another public meeting before the district may adopt a tax rate that exceeds:

(1) the rate proposed in the notice prepared using the estimate; or

(2) the district's voter-approval [~~rollback~~] rate determined under Section 26.08, Tax Code, using the certified appraisal roll.

SECTION 1.007. Subchapter A, Chapter 45, Education Code, is amended by adding Section 45.0021 to read as follows:

Sec. 45.0021. RESTRICTION ON MAINTENANCE TAX LEVY. (a) A school district may not increase the rate of the district's maintenance taxes described by Section 45.002 to create a surplus in maintenance tax revenue for the purpose of paying the district's debt service.

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

SECTION 1.008. Section 45.003, Education Code, is amended by adding Subsections (b-1) and (d-1) and amending Subsections (d) and (f) to read as follows:

(b-1) The ballot proposition under Subsection (b) must include the following statement: "THIS IS A PROPERTY TAX INCREASE."

(d) A proposition submitted to authorize the levy of maintenance taxes must include the question of whether the governing board or commissioners court may levy, assess, and collect annual ad valorem taxes for the further maintenance of

public schools, at a rate not to exceed the rate stated in the proposition. For any year, the maintenance tax rate per $100 of taxable value adopted by the district may not exceed the rate equal to the sum of $0.17 and the product of the state compression percentage, as determined under Section 48.255 [~~42.2516~~], multiplied by $1.00 [~~$1.50~~].

(d-1) Except as otherwise provided by this subsection or Section 26.08(a-1), Tax Code, if the voter-approval tax rate of a school district under Section 26.08(n), Tax Code, excluding the district's current debt rate under Section 26.08(n)(1)(C), Tax Code, for the 2019 tax year is equal to or exceeds $0.97 per $100 of taxable value, the district may not adopt a maintenance and operations tax rate for the 2019 tax year that exceeds the district's voter-approval rate, excluding the district's current debt rate under Section 26.08(n)(1)(C), Tax Code. A school district that, before January 1, 2019, adopted a strategic plan through action taken by the board of trustees in a public meeting that proposed a maintenance and operations tax rate for the 2019 tax year that exceeds the rate permitted under this subsection may, subject to voter approval, adopt the rate proposed in the plan minus the amount by which the district is required to reduce the district's enrichment tax rate under Section 48.202(f). This subsection expires September 1, 2020.

(f) Notwithstanding any other law, a district that levied a maintenance tax for the 2005 tax year at a rate greater than $1.50 per $100 of taxable value in the district as permitted by special law may not levy a maintenance tax at a rate that exceeds the rate

per $100 of taxable value that is equal to the sum of:

(1) $0.17; and

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

SECTION 1.009. Subchapter A, Chapter 45, Education Code, is amended by adding Section 45.0032 to read as follows:

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

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

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

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

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

(c) For a district to which Section 45.003(f) applies, any cents of maintenance and operations tax effort that exceeds the maximum rate permitted under Section 45.003(d) are not included in the district's tier one maintenance and operations tax rate under Subsection (a) or the district's enrichment tax rate under Subsection (b), and the district is not entitled to the guaranteed yield amount of state funds under Section 48.202 for those cents of tax effort.

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

(e) For the 2019 tax year, Section 48.202(f) applies to a district's maintenance and operations tax rate after adjusting the district's rate in accordance with this section. This subsection expires September 1, 2020.

SECTION 1.010. Subtitle I, Title 2, Education Code, is amended by adding Chapter 47 to read as follows:

CHAPTER 47. TAX REDUCTION AND EXCELLENCE IN EDUCATION FUND

Sec. 47.001. DEFINITION. In this chapter, "fund" means the tax reduction and excellence in education fund.

Sec. 47.002. FUND ESTABLISHED. (a) The tax reduction and excellence in education fund is a special fund in the state treasury outside the general revenue fund.

(b) The fund consists of:

(1) money appropriated by the legislature for deposit to the credit of the fund;

(2) gifts to the state for the purposes of the fund; and

(3) money directed by law for deposit to the credit of the fund.

Sec. 47.003. USES OF FUND. Except as otherwise provided by this chapter, money in the fund may be appropriated only:

(1) to pay the cost of tier one allotments under Chapter 48; or

(2) for the purpose of reducing school district maintenance and operations ad valorem tax rates.

Sec. 47.004. DEPOSIT OF CERTAIN MONEY DEDICATED FOR SCHOOL DISTRICT AD VALOREM TAX RATE REDUCTION. (a) The comptroller shall deposit to the credit of the fund money that Section 49-g, Article III, Texas Constitution, dedicates to the purpose of reducing school district maintenance and operations ad valorem tax rates.

(b) Money deposited to the fund under this section may be

appropriated from the fund only for the purpose described by Section 47.003(2).

Sec. 47.005. CERTAIN MONEY DISTRIBUTED TO AVAILABLE SCHOOL FUND. (a) Of the money distributed to the available school fund each year under Section 5(g), Article VII, Texas Constitution, the amount that exceeds the first $300 million is considered part of the tax reduction and excellence in education fund.

(b) Money considered part of the fund as described by Subsection (a) may be appropriated only to pay the cost of tier one allotments under Chapter 48.

Sec. 47.006. DEPOSIT OF MONEY BASED ON CERTAIN SALES AND USE TAX COLLECTIONS. (a) The comptroller shall deposit to the credit of the fund on or before the fifth business day after the end of each month an amount of general revenue equal to the amount of state sales and use tax revenue collected by marketplace providers on sales of taxable items made through the marketplace under Section 151.0242, Tax Code, and remitted to this state during the preceding month, less any amount of that revenue the comptroller estimates would have been collected and remitted if Section 151.0242 were not law.

(b) Money deposited to the fund under this section may be appropriated from the fund only for the purpose described by Section 47.003(2).

SECTION 1.011. Subtitle I, Title 2, Education Code, is amended by adding Chapter 48, and a heading is added to that chapter to read as follows:

CHAPTER 48. FOUNDATION SCHOOL PROGRAM

SECTION 1.012. Chapter 48, Education Code, as added by this Act, is amended by adding Subchapter A, and a heading is added to that subchapter to read as follows:

SUBCHAPTER A. GENERAL PROVISIONS

SECTION 1.013. Sections 42.001, 42.002, 42.003, 42.004, and 42.005, Education Code, are transferred to Subchapter A, Chapter 48, Education Code, as added by this Act, redesignated as Sections 48.001, 48.002, 48.003, 48.004, and 48.005, Education Code, and amended to read as follows:

Sec. 48.001 [~~42.001~~]. STATE POLICY. (a) It is the policy of this state that the provision of public education is a state responsibility and that a thorough and efficient system be provided and substantially financed through state revenue sources so that each student enrolled in the public school system shall have access to programs and services that are appropriate to the student's educational needs and that are substantially equal to those available to any similar student, notwithstanding varying local economic factors.

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

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

the state has:

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

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

(b) The Foundation School Program consists of:

(1) two tiers that in combination provide for:

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

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

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

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

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

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

(b) A student to whom Subsection (a) does not apply is

entitled to the benefits of the Foundation School Program if the student is enrolled in a prekindergarten class under Section 29.153 [~~or Subchapter E-1, Chapter 29~~].

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) The commissioner may adjust the average daily

attendance of a school district in which a disaster, flood, extreme weather condition, fuel curtailment, or other calamity has a significant effect on the district's attendance.

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

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

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

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

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

(g-1) The commissioner shall adopt rules to calculate average daily attendance for students participating in a blended learning program in which classroom instruction is supplemented

with applied workforce learning opportunities, including participation of students in internships, externships, and apprenticeships.

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

(i) A district or a charter school operating under Chapter 12 that operates a prekindergarten program is eligible to receive one-half of average daily attendance under Subsection (a) if the district's or charter school's prekindergarten program provides at least 32,400 minutes of instructional time to students.

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

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

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

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

(4) a school program offered at a correctional

facility; or

(5) a school operating under Section 29.259.

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

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

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

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

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

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

(2) establish the requirements necessary for a school district or charter school to be eligible for one-half of average daily attendance, which may differ based on the instructional

program offered by the district or charter school; and

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

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

SECTION 1.014. Effective September 1, 2020, Subchapter A, Chapter 48, Education Code, as added by this Act, is amended by adding Section 48.0051 to read as follows:

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

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

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

(a-1) A school district entitled to an incentive under this

section and funding for a campus under Section 48.252 may receive only the incentive or funding for the campus, as applicable, that would result in the greater amount of funding.

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

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

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

(e) The agency shall assist school districts and open-enrollment charter schools in qualifying for the incentive under this section.

(f) A school district or open-enrollment charter school may use funding attributable to the incentive provided under this section to pay costs associated with providing academic instruction in a voluntary summer program for students enrolled in the district or school.

(g) The commissioner shall adopt rules necessary for the implementation of this section.

SECTION 1.015. Sections 42.0051 and 42.0052, Education Code, are transferred to Subchapter A, Chapter 48, Education Code, as added by this Act, redesignated as Sections 48.006 and 48.007, Education Code, and amended to read as follows:

Sec. 48.006 [~~42.0051~~]. AVERAGE DAILY ATTENDANCE FOR DISTRICTS IN DISASTER AREA. (a) The [~~From funds specifically appropriated for the purpose or other funds available to the commissioner for that purpose, the~~] commissioner may [~~shall~~] adjust the average daily attendance 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, if the district experiences a decline in average daily attendance that is reasonably attributable to the impact of the disaster.

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

(c) The commissioner may [~~shall~~] make the adjustment under [~~required by~~] this section for the two-year period following the

date of the governor's initial proclamation or executive order declaring the state of disaster.

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

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

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

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

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

SECTION 1.016. Sections 42.006(a), (b), (c), and (d), Education Code, are transferred to Subchapter A, Chapter 48, Education Code, as added by this Act, redesignated as Section

48.008, Education Code, and amended to read as follows:

Sec. 48.008. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS). (a) Each school district shall participate in the Public Education Information Management System (PEIMS) and shall provide through that system information required for the administration of this chapter and of other appropriate provisions of this code.

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

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

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

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

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

(d) The commissioner's rules must ensure that the Public

Education Information Management System links student performance data to other related information for purposes of efficient and effective allocation of scarce school resources, to the extent practicable using existing agency resources and appropriations.

SECTION 1.017. Sections 42.006(a-1), (a-3), and (a-4), Education Code, Section 42.006(a-2), Education Code, as added by Chapter 550 (S.B. 490), Acts of the 85th Legislature, Regular Session, 2017, and Section 42.006(a-2), as added by Chapter 916 (S.B. 1404), Acts of the 85th Legislature, Regular Session, 2017, are transferred to Subchapter A, Chapter 48, Education Code, as added by this Act, redesignated as Section 48.009, Education Code, and amended to read as follows:

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

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

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

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

[~~(a-2) The commissioner by rule shall require each school district and open-enrollment charter school to report through the Public Education Information Management System information regarding~~] the availability of school counselors, including [~~at~~

~~each campus. The commissioner's rules shall require a district or school to report~~] the number of full-time equivalent school counselors, [~~providing counseling services~~] at each [~~a~~] campus;

(3) [~~. For purposes of this subsection, "full-time equivalent school counselor" means 40 hours of counseling services a week. The agency shall maintain the information provided in accordance with this subsection.~~

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

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

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

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

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

[~~(a-4) The commissioner by rule shall require each school district and open-enrollment charter school to annually report through the Public Education Information Management System information regarding~~] the total number of students enrolled in the district or school to whom the district or school provided aids, accommodations, or services under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), at any time during the year for which the report is made.

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

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

SECTION 1.018. Section 42.009, Education Code, is transferred to Subchapter A, Chapter 48, Education Code, as added by this Act, redesignated as Section 48.010, Education Code, and amended to read as follows:

Sec. 48.010 [~~42.009~~]. DETERMINATION OF FUNDING LEVELS. (a) Not later than July 1 of each year, the commissioner shall determine for each school district whether the estimated amount of state and local funding per student in weighted average daily attendance to be provided to the district under the Foundation School Program for maintenance and operations for the following school year is less than the amount provided to the district for the 2010-2011 school year. If the amount estimated to be provided is less, the commissioner shall certify the percentage decrease in

funding to be provided to the district.

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

(1) make adjustments as necessary to reflect changes in a school district's maintenance and operations tax rate;

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

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

SECTION 1.019. Subchapter A, Chapter 48, Education Code, as added by this Act, is amended by adding Sections 48.011 and 48.012 to read as follows:

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

(a-1) The commissioner may modify dates relating to the adoption of a school district's maintenance and operations tax rate and, if applicable, an election required for the district to adopt that rate as necessary to implement the changes made by H.B. 3, 86th

Legislature, Regular Session, 2019.

(b) Before making an adjustment under Subsection (a) or (a-1), the commissioner shall notify and must receive approval from the Legislative Budget Board and the office of the governor.

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

(d) Beginning with the 2021-2022 school year, the commissioner may not make an adjustment under Subsection (a) or (a-1).

(e) This section expires September 1, 2023.

Sec. 48.012. STUDY ON GEOGRAPHIC EDUCATION COST VARIATIONS AND TRANSPORTATION COSTS. (a) The agency shall enter into a memorandum of understanding with a public institution of higher education to conduct a study on:

(1) geographic variations in known resource costs and costs of education due to factors beyond the control of school districts; and

(2) school district transportation costs.

(b) The study must include a review of cost drivers for school districts.

(c) Not later than December 1, 2020, the agency shall submit to the legislature a report on the results of the study.

(d) This section expires September 1, 2021.

SECTION 1.020. Chapter 48, Education Code, as added by this Act, is amended by adding Subchapter B, and a heading is added to

that subchapter to read as follows:

SUBCHAPTER B. BASIC ENTITLEMENT

SECTION 1.021. Sections 42.101 and 42.105, Education Code, are transferred to Subchapter B, Chapter 48, Education Code, as added by this Act, redesignated as Sections 48.051 and 48.052, Education Code, and amended to read as follows:

Sec. 48.051 [~~42.101~~]. BASIC ALLOTMENT. (a) For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment equal to the lesser of $6,160 [~~$4,765~~] or the amount that results from the following formula:

A = $6,160 [~~$4,765~~] X TR/MCR [~~(DCR/MCR)~~]

where:

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

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

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

[~~(a-1) Notwithstanding Subsection (a), for a school~~

~~district that adopted a maintenance and operations tax rate for the 2005 tax year below the maximum rate permitted by law for that year, the district's compressed tax rate ("DCR") includes the portion of the district's current maintenance and operations tax rate in excess of the first six cents above the district's compressed tax rate, as defined by Subsection (a), until the district's compressed tax rate computed in accordance with this subsection is equal to the state maximum compressed tax rate ("MCR").~~]

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

(c) During any school year for which the maximum amount of the basic allotment provided under Subsection (a) or (b) is greater than the maximum amount provided for the preceding school year, a school district must use at least 30 percent of the amount, if the amount is greater than zero, that equals the product of the average daily attendance of the district multiplied by the amount of the difference between the district's funding under this chapter per student in average daily attendance for the current school year and the preceding school year to provide compensation increases to full-time district employees other than administrators as follows:

(1) 75 percent must be used to increase the compensation paid to classroom teachers, full-time librarians, full-time school counselors certified under Subchapter B, Chapter 21, and full-time school nurses, prioritizing differentiated compensation for classroom teachers with more than five years of experience; and

(2) 25 percent may be used as determined by the

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

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

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

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

(d) In this section, "compensation" includes benefits such as insurance premiums.

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

be the basis of providing the [~~adjusted~~] basic allotment if a district offers a kindergarten through grade 6 program and has preceding or current year's average daily attendance of at least 40 students or is 30 miles or more by bus route from the nearest high school district.

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

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

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

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

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

SECTION 1.022. Subchapter B, Chapter 48, Education Code, as

added by this Act, is amended by adding Section 48.053 to read as follows:

Sec. 48.053. ALLOTMENT FOR CERTAIN SPECIAL-PURPOSE SCHOOL DISTRICTS. (a) This section applies only to a special-purpose school district established under Section 11.351 that is operated by a general academic teaching institution, as that term is defined by Section 61.003.

(b) For each student who resides in this state and is enrolled in the district, a school district to which this section applies is entitled to funding under this chapter as if the district had no tier one local share for purposes of Section 48.256.

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

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

SECTION 1.023. Chapter 48, Education Code, as added by this Act, is amended by adding Subchapter C, and a heading is added to that subchapter to read as follows:

SUBCHAPTER C. STUDENT-BASED ALLOTMENTS

SECTION 1.024. Subchapter C, Chapter 48, Education Code, as added by this Act, is amended by adding Section 48.101 to read as follows:

Sec. 48.101. SMALL AND MID-SIZED DISTRICT ALLOTMENT. (a) Small and mid-sized districts are entitled to an annual allotment

in accordance with this section. In this section:

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

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

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

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

AA = ((1,600 - ADA) X .0004) X BA

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

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

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

(d) Instead of the allotment under Subsection (b) or (c)(1), a school district that has fewer than 300 students in average daily attendance and is the only school district located in and operating in a county is entitled to an annual allotment for each student in average daily attendance based on the following formula:

AA = ((1,600 - ADA) X .00047) X BA

SECTION 1.025. 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

Off home campus 2.7

Nonpublic day school 1.7

Vocational adjustment class 2.3

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

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

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

(e) The commissioner [~~State Board of Education~~] by rule shall prescribe the qualifications an instructional arrangement must meet in order to be funded as a particular instructional

arrangement under this section. In prescribing the qualifications that a mainstream instructional arrangement must meet, the commissioner [~~board~~] shall establish requirements that students with disabilities and their teachers receive the direct, indirect, and support services that are necessary to enrich the regular classroom and enable student success.

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

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

(h) At least 55 percent of the funds [~~Funds~~] allocated under this section[~~, other than an indirect cost allotment established under State Board of Education rule,~~] must be used in the special education program under Subchapter A, Chapter 29.

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

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

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

SECTION 1.026. Subchapter C, Chapter 48, Education Code, as added by this Act, is amended by adding Section 48.1021 to read as follows:

Sec. 48.1021. SPECIAL EDUCATION ALLOTMENT ADVISORY COMMITTEE. (a) The commissioner shall establish an advisory

committee to develop and make recommendations regarding methods of financing special education under the public school finance system.

(b) The advisory committee consists of the following members appointed by the commissioner:

(1) a parent of a student eligible to participate in a school district's special education program under Section 29.003;

(2) a director of a school district's special education program under Subchapter A, Chapter 29;

(3) a teacher certified in special education;

(4) a diagnostician;

(5) a licensed specialist in school psychology;

(6) a provider who provides related services, as described by Section 29.002(2);

(7) a superintendent of a school district;

(8) a member of a school district's board of trustees;

(9) a representative of a disability advocacy organization;

(10) a member of the special education continuing advisory committee under Section 29.006;

(11) a teacher certified in general education;

(12) a student eligible to participate in a school district's special education program under Section 29.003;

(13) a representative of a regional education service center; and

(14) a school district official who handles business and finance matters for the district.

(c) Not later than May 1, 2020, the advisory committee, with

assistance from the Legislative Budget Board, shall submit to the lieutenant governor, the speaker of the house of representatives, and the standing legislative committees with primary jurisdiction over public education a report on methods of financing special education under the public school finance system. The report must include:

(1) a description of the current funding methods;

(2) an analysis of the possible implementation of a method of financing special education based on the services and supports each student receives instead of instructional arrangement;

(3) data on current special education expenditures from a representative sample of school districts; and

(4) recommendations for improvements to the current funding methods or for the implementation of new funding methods.

(d) This section expires September 1, 2021.

SECTION 1.027. Subchapter C, Chapter 48, Education Code, as added by this Act, is amended by adding Section 48.103 to read as follows:

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

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

(1) is receiving services for dyslexia or a related disorder in accordance with:

(A) an individualized education program developed for the student under Section 29.005; or

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

(2) is receiving instruction that:

(A) meets applicable dyslexia program criteria established by the State Board of Education; and

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

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

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

(d) A school district may use an amount not to exceed 20 percent of the allotment provided for a qualifying student under this section to contract with a private provider to provide supplemental academic services to the student that are recommended under the student's program or plan described by Subsection (b). A student may not be excused from school to receive supplemental academic services provided under this subsection.

SECTION 1.028. Section 42.152, Education Code, is transferred to Subchapter C, Chapter 48, Education Code, as added

by this Act, redesignated as Section 48.104, Education Code, and amended to read as follows:

Sec. 48.104 [~~42.152~~]. COMPENSATORY EDUCATION ALLOTMENT. (a) For each student who [~~is educationally disadvantaged or who is a student who~~] does not have a disability and resides in a residential placement facility in a district in which the student's parent or legal guardian does not reside, a district is entitled to an annual allotment equal to the [~~adjusted~~] basic allotment multiplied by 0.2 or, if the student is educationally disadvantaged, 0.275. For[~~, and by 2.41 for~~] each full-time equivalent student who is in a remedial and support program under Section 29.081 because the student is pregnant, a district is entitled to an annual allotment equal to the basic allotment multiplied by 2.41.

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

(c) For purposes of the allotment under Subsection (b), the commissioner shall establish an index for economically disadvantaged census block groups in the state that provides criteria for determining which census block groups are economically disadvantaged and categorizes economically disadvantaged census block groups in five tiers according to relative severity of economic disadvantage. In determining the severity of economic

disadvantage in a census block group, the commissioner shall consider:

(1) the median household income;

(2) the average educational attainment of the population;

(3) the percentage of single-parent households;

(4) the rate of homeownership; and

(5) other economic criteria the commissioner determines likely to disadvantage a student's preparedness and ability to learn.

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

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

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

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

(f) [~~(b-1)~~] A student receiving a full-time virtual education through the state virtual school network may be included

in determining the number of [~~educationally disadvantaged~~] students who are educationally disadvantaged and reside in an economically disadvantaged census block group under Subsection (b) or (e), as applicable, if the school district submits to the commissioner a plan detailing the enhanced services that will be provided to the student and the commissioner approves the plan.

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

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

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

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

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

(j) The commissioner shall adopt rules for the method of determining the number of students who qualify for an allotment under this section at a campus that participates in the Community

Eligibility Provision administered by the United States Department of Agriculture, as provided by the Healthy, Hunger-Free Kids Act of 2010 (Pub. L. No. 111-296).

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

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

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

(k) At least 55 percent of the funds [~~(c) Funds~~] allocated under this section must [~~shall~~] be used to:

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

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

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

(2) [~~. Specifically, the funds, other than an indirect cost allotment established under State Board of Education rule, which may not exceed 45 percent, may be used to meet the costs of providing a compensatory, intensive, or accelerated instruction program under Section 29.081 or a disciplinary alternative~~

~~education program established under Section 37.008, to pay the costs associated with placing students in a juvenile justice alternative education program established under Section 37.011, or to~~] support a program eligible under Title I of the Elementary and Secondary Education Act of 1965, as provided by Pub. L. No. 103-382 and its subsequent amendments, and by federal regulations implementing that Act[~~, at a campus at which at least 40 percent of the students are educationally disadvantaged~~].

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

(1) must:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[~~(q-1) The commissioner shall develop a system to identify school districts that are at high risk of having used compensatory education funds other than in compliance with Subsection (c) or of having inadequately reported compensatory education expenditures. If a review of the report submitted under Subsection (q), using the risk-based system, indicates that a district is not at high risk of having misused compensatory education funds or of having inadequately reported compensatory education expenditures, the district may not be required to perform a local audit of compensatory education expenditures and is not subject to on-site~~

~~monitoring under this section.~~

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

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

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

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

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

~~district of the action the district is expected to take, the commissioner may:~~

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

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

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

[~~(r) The commissioner shall grant a one-year exemption from the requirements of Subsections (q)-(q-4) to a school district in which the group of students who have failed to perform satisfactorily in the preceding school year on an assessment instrument required under Section 39.023(a), (c), or (l) subsequently performs on those assessment instruments at a level~~

~~that meets or exceeds a level prescribed by commissioner rule. Each year the commissioner, based on the most recent information available, shall determine if a school district is entitled to an exemption for the following school year and notify the district of that determination.~~]

SECTION 1.029. Subchapter C, Chapter 48, Education Code, as added by this Act, is amended by adding Section 48.1041 to read as follows:

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

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

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

(A) a dropout recovery school or program; or

(B) a residential treatment facility;

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

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

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

(1) school district superintendents and chief

financial officers;

(2) classroom teachers;

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

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

(5) demographers;

(6) experts on census data;

(7) public school finance experts; and

(8) appropriate employees of the agency.

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

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

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

(f) Not less than once every two years, the advisory committee shall review census and student data and provide recommendations to the agency regarding any suggested changes to the rules adopted for the compensatory education allotment under Section 48.104.

SECTION 1.030. Sections 42.153, 42.154, and 42.157, Education Code, are transferred to Subchapter C, Chapter 48, Education Code, as added by this Act, redesignated as Sections

48.105, 48.106, and 48.107, Education Code, and amended to read as follows:

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

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

(A) 0.1; or

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

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

(b) At least 55 percent of the funds [~~Funds~~] allocated under this section[~~, other than an indirect cost allotment established under State Board of Education rule,~~] must be used in providing bilingual education or special language programs under Subchapter B, Chapter 29[~~, and must be accounted for under existing agency reporting and auditing procedures~~].

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

and other supplies required for quality instruction [~~and smaller class size~~].

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

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

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

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

(e) The commissioner, in the year following a determination under Subsection (d) that a school district was not in compliance with Subsection (b) for the 2021-2022 school year or a subsequent school year, shall withhold from the district's foundation school fund payment an amount equal to the amount of bilingual education or special language funds the commissioner determines were not used in compliance with Subsection (b). The commissioner shall release to a district funds withheld under this subsection when the district provides to the commissioner a detailed plan to spend those funds in compliance with Subsection (b). In determining whether a school district is subject to the withholding of funding required under this subsection, the commissioner may consider the district's average use of funds for the three preceding school years.

Sec. 48.106 [~~42.154~~]. CAREER AND TECHNOLOGY EDUCATION

ALLOTMENT. (a) For each full-time equivalent student in average daily attendance in an approved career and technology education program in grades 7 [~~nine~~] through 12 [~~or in career and technology education programs for students with disabilities in grades seven through 12~~], a district is entitled to:

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

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

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

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

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

(b) In this section:

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

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

(c) At least 55 percent of the funds [~~Funds~~] allocated under this section[~~, other than an indirect cost allotment established under State Board of Education rule,~~] must be used in providing

career and technology education programs in grades 7 [~~nine~~] through 12 [~~or career and technology education programs for students with disabilities in grades seven through 12 under Sections 29.182, 29.183, and 29.184~~].

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

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

Sec. 48.107 [~~42.157~~]. PUBLIC EDUCATION GRANT ALLOTMENT. (a) Except as provided by Subsection (b), for each student in average daily attendance who is using a public education grant under Subchapter G, Chapter 29, to attend school in a district other than the district in which the student resides, the district in which the student attends school is entitled to an annual allotment equal to the [~~adjusted~~] basic allotment multiplied by a weight of 0.1.

(b) The total number of allotments under this section to which a district is entitled may not exceed the number by which the

number of students using public education grants to attend school in the district exceeds the number of students who reside in the district and use public education grants to attend school in another district.

SECTION 1.031. Subchapter C, Chapter 48, Education Code, as added by this Act, is amended by adding Sections 48.108, 48.110, 48.1101, 48.111, 48.112, and 48.114 to read as follows:

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

(1) educationally disadvantaged; or

(2) a student of limited English proficiency, as defined by Section 29.052, and is in a bilingual education or special language program under Subchapter B, Chapter 29.

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

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

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

Sec. 48.110. COLLEGE, CAREER, OR MILITARY READINESS OUTCOMES BONUS. (a) The purpose of this section is to further the goal set under the state's master plan for higher education developed under Section 61.051 for at least 60 percent of all adults aged 25 to 34 in this state to achieve a postsecondary degree or workforce credential by 2030.

(b) For purposes of the outcomes bonus under this section, the commissioner shall determine the threshold percentage as provided by Subsection (g) for college, career, or military readiness as described by Subsection (f) for each of the following cohorts:

(1) annual graduates who are educationally disadvantaged;

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

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

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

(d) For each annual graduate in a cohort described by

Subsection (b) who demonstrates college, career, or military readiness as described by Subsection (f) in excess of the minimum number of students determined for the applicable district cohort under Subsection (c), a school district is entitled to an annual outcomes bonus of:

(1) if the annual graduate is educationally disadvantaged, $5,000;

(2) if the annual graduate is not educationally disadvantaged, $3,000; and

(3) if the annual graduate is enrolled in a special education program under Subchapter A, Chapter 29, $2,000, regardless of whether the annual graduate is educationally disadvantaged.

(e) A school district is entitled to an outcomes bonus under each subdivision of Subsection (d) for which an annual graduate qualifies.

(f) For purposes of this section, an annual graduate demonstrates:

(1) college readiness if the annual graduate:

(A) achieves college readiness standards used for accountability purposes under Chapter 39 on the ACT, the SAT, or an assessment instrument designated by the Texas Higher Education Coordinating Board under Section 51.334; and

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

(2) career readiness if the annual graduate:

(A) achieves college readiness standards used for accountability purposes under Chapter 39 on the ACT, the SAT, or an assessment instrument designated by the Texas Higher Education Coordinating Board under Section 51.334; and

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

(3) military readiness if the annual graduate:

(A) achieves a passing score set by the applicable military branch on the Armed Services Vocational Aptitude Battery; and

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

(g) The commissioner shall establish the threshold percentages under Subsection (b) using the 25th percentile of statewide college, career, or military readiness as described by Subsection (f) for the applicable cohort of annual graduates during the 2016-2017 school year.

(h) On application by a school district, the commissioner may allow annual graduates from the district to satisfy the requirement for demonstrating career readiness under Subsection (f)(2)(B) by successfully completing a coherent sequence of courses required to obtain an industry-accepted certificate. The district must demonstrate in the application that the district is unable to provide sufficient courses or programs to enable students enrolled at the district to earn an industry-accepted certificate within the time period established by the commissioner under Subsection

(f)(2)(B). The commissioner by rule shall provide the criteria required for an application under this subsection.

(i) At least 55 percent of the funds allocated under this section must be used in grades 8 through 12 to improve college, career, and military readiness outcomes as described by Subsection (f).

Sec. 48.1101. STUDY ON ALTERNATIVE CAREER READINESS MEASURES FOR SMALL AND RURAL DISTRICTS. (a) The agency shall conduct a study on alternative career readiness measures for small and rural school districts to determine if annual graduates demonstrate career readiness under Section 48.110(f)(2)(B).

(b) Not later than January 1, 2021, the agency shall submit to the legislature a report on the results of the study and any recommendations for legislative or other action.

(c) This section expires September 1, 2021.

Sec. 48.111. FAST GROWTH ALLOTMENT. A school district in which the growth in student enrollment in the district over the preceding three school years is in the top quartile of student enrollment growth in school districts in the state for that period, as determined by the commissioner, is entitled to an annual allotment equal to the basic allotment multiplied by 0.04 for each student in average daily attendance.

Sec. 48.112. TEACHER INCENTIVE ALLOTMENT. (a) In this section, "rural campus" means a school campus that is:

(1) located in:

(A) an area that is not designated as an urbanized area or an urban cluster by the United States Census

Bureau; and

(B) a school district with fewer than 5,000 enrolled students; or

(2) designated as a rural campus under rules adopted by the commissioner.

(b) To ensure classroom teachers in this state have access to a six-figure salary, the allotment provided to a school district under this section offers resources to the district to increase teacher compensation and prioritize funding for high needs and rural district campuses.

(c) For each classroom teacher with a teacher designation under Section 21.3521 employed by a school district, the school district is entitled to an allotment equal to the following applicable base amount increased by the high needs and rural factor as determined under Subsection (d):

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

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

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

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

Subsection (e):

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

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

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

(e) Except as provided by Subsection (f), a point value for each student at a district campus shall be assigned as follows:

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

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

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

(g) A district is entitled to receive an increased allotment under this section in the amount necessary for reimbursement for any fees paid under Section 21.3521.

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

(i) A district shall annually certify that:

(1) funds received under this section were used as follows:

(A) at least 90 percent of each allotment received under Subsection (c) was used for the compensation of teachers employed at the campus at which the teacher for whom the district received the allotment is employed; and

(B) any other funds received under this section were used for costs associated with implementing Section 21.3521, including efforts to support teachers in obtaining designations; and

(2) the district prioritized high needs campuses in the district in using funds received under this section.

Sec. 48.114. MENTOR PROGRAM ALLOTMENT. (a) A school district that has implemented a mentoring program for classroom teachers who have less than two years of teaching experience under Section 21.458 is entitled to an allotment as determined under Subsection (b) to fund the mentoring program and to provide stipends for mentor teachers.

(b) The commissioner shall adopt a formula to determine the amount to which each district described by Subsection (a) is entitled.

(c) Funding provided to districts under this section may be used only for providing:

(1) mentor teacher stipends;

(2) scheduled release time for mentor teachers and the classroom teachers to whom they are assigned for meeting and engaging in mentoring activities; and

(3) mentoring support through providers of mentor training.

SECTION 1.032. Chapter 48, Education Code, as added by this Act, is amended by adding Subchapter D, and a heading is added to that subchapter to read as follows:

SUBCHAPTER D. ADDITIONAL FUNDING

SECTION 1.033. Sections 42.155 and 42.158, Education Code, are transferred to Subchapter D, Chapter 48, Education Code, as added by this Act, redesignated as Sections 48.151 and 48.152, Education Code, and amended to read as follows:

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

(b) As used in this section:

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

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

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

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

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

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

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

(d-1) For purposes of Subsection (d), each board of trustees shall provide to the commissioner an explanation of the hazardous traffic conditions or areas presenting a high risk of violence applicable to that district and shall identify the specific hazardous or high-risk areas for which the allocation is requested. A hazardous traffic condition exists where no walkway is provided and children must walk along or cross a freeway or expressway, an underpass, an overpass or a bridge, an uncontrolled major traffic artery, an industrial or commercial area, or another comparable condition. An area presents a high risk of violence if

law enforcement records indicate a high incidence of violent crimes in the area. Each board of trustees requesting funds for an area presenting a high risk of violence must, in addition to the explanation required by this subsection, provide the commissioner with consolidated law enforcement records that document violent crimes identified by reporting agencies within the relevant jurisdiction.

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

(e) The commissioner may grant an amount set by appropriation for private or commercial transportation for eligible students from isolated areas. The need for this type of transportation grant shall be determined on an individual basis and the amount granted shall not exceed the actual cost. The grants may be made only in extreme hardship cases. A grant may not be made if

the students live within two miles of an approved school bus route.

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

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

(h) Funds allotted under this section must be used in

providing transportation services.

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

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

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

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

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

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

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

(2) "New instructional facility" includes:

(A) a newly constructed instructional facility;

(B) a repurposed instructional facility; and

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

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

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

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

allotment of $1,000 for each additional student in average daily attendance at the facility.

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

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

[~~(d-1) In addition to the appropriation amount described by Subsection (d), the amount of $1 million may be appropriated each school year to supplement the allotment to which a school district is entitled under this section that may be provided using the appropriation amount described by Subsection (d). The commissioner shall first apply the funds appropriated under this subsection to prevent any reduction under Subsection (d) in the allotment for attendance at an eligible high school instructional facility, subject to the maximum amount of $1,000 for each student in average daily attendance. Any funds remaining after preventing all reductions in amounts due for high school instructional facilities may be applied proportionally to all other eligible~~

~~instructional facilities, subject to the maximum amount of $1,000 for each student in average daily attendance.~~

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

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

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

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

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

[~~(A) a newly constructed instructional facility;~~

[~~(B) a repurposed instructional facility; and~~

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

SECTION 1.034. Subchapter D, Chapter 48, Education Code, as added by this Act, is amended by adding Section 48.153 to read as follows:

<u>Sec. 48.153. DROPOUT RECOVERY SCHOOL AND RESIDENTIAL PLACEMENT FACILITY ALLOTMENT. A school district or open-enrollment charter school is entitled to $275 for each student in average daily</u>

attendance who:

(1) resides in a residential placement facility; or

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

SECTION 1.035. Section 42.106, Education Code, is transferred to Subchapter D, Chapter 48, Education Code, as added by this Act, redesignated as Section 48.154, and amended to read as follows:

Sec. 48.154 [~~42.106~~]. TUITION ALLOTMENT FOR DISTRICTS NOT OFFERING ALL GRADE LEVELS. A school district that contracts for students residing in the district to be educated in another district under Section 25.039(a) is entitled to receive an allotment equal to the total amount of tuition required to be paid by the district under Section 25.039, not to exceed the amount specified by commissioner rule under Section 25.039(b).

SECTION 1.036. Subchapter D, Chapter 48, Education Code, as added by this Act, is amended by adding Sections 48.155 and 48.156 to read as follows:

Sec. 48.155. COLLEGE PREPARATION ASSESSMENT REIMBURSEMENT. A school district is entitled to reimbursement for the amount of fees paid by the district for the administration of an assessment instrument under Section 39.0261(a)(3).

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

29.190(c).

SECTION 1.037. Chapter 48, Education Code, as added by this Act, is amended by adding Subchapter E, and a heading is added to that subchapter to read as follows:

SUBCHAPTER E. TIER TWO ENTITLEMENT

SECTION 1.038. Sections 42.301, 42.302, 42.303, and 42.304, Education Code, are transferred to Subchapter E, Chapter 48, Education Code, as added by this Act, redesignated as Sections 48.201, 48.202, 48.203, and 48.204, Education Code, and amended to read as follows:

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

Sec. 48.202 [~~42.302~~]. TIER TWO ALLOTMENT. (a) Each school district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the district's local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 48.203 [~~42.303~~], is determined by the formula:

$$GYA = (GL \times WADA \times DTR \times 100) - LR$$

where:

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

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

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

"DTR" is the district enrichment tax rate of the school district, which is determined by subtracting the amounts specified by Subsection (b) from the total amount of maintenance and operations taxes collected by the school district for the applicable school year and dividing the difference by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258 or by the quotient of the value of "DPV" as determined under Section 48.256(d) if that subsection applies to the district [~~42.2521~~], divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258 or by the quotient of the value of "DPV" as determined under Section 48.256(d) if that subsection applies to the district [~~42.2521~~], divided by 100.

(a-1) For purposes of Subsection (a), the dollar amount

guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") for a school district is:

(1) the greater of the amount of district tax revenue per weighted student per cent of tax effort [~~that would be~~] available to a school district at the 96th percentile of wealth per weighted student [~~the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, if the reduction of the limitation on tax increases as provided by Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply,~~] or the amount that results from multiplying 6,160, or the greater amount provided under Section 48.051(b), if applicable, by 0.016 [~~of district tax revenue per weighted student per cent of tax effort used for purposes of this subdivision in the preceding school year~~], for the first eight [~~six~~] cents by which the district's maintenance and operations tax rate exceeds the district's tier one tax rate [~~equal to the sum of the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year and any additional tax effort included in calculating the district's compressed tax rate under Section 42.101(a-1)~~]; and

(2) subject to Subsection (f), the amount that results from multiplying $6,160, or the greater amount provided under Section 48.051(b), if applicable, by 0.008 [~~$31.95~~], for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (1).

(a-2) The limitation on district enrichment tax rate

("DTR") under Section 48.203 [~~42.303~~] does not apply to the district's maintenance and operations tax effort described by Subsection (a-1)(1).

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

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

(2) taxes paid into a tax increment fund under Chapter 311, Tax Code.

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

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

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

(f) For a school year in which the dollar amount guaranteed level of state and local funds per weighted student per cent of tax

effort ("GL") under Subsection (a-1)(2) exceeds the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") under Subsection (a-1)(2) for the preceding school year, a school district shall reduce the district's tax rate under Section 45.0032(b)(2) for the tax year that corresponds to that school year to a rate that results in the amount of state and local funds per weighted student per cent of tax effort available to the district at the dollar amount guaranteed level for the preceding school year. A school district is not entitled to the amount equal to the increase of revenue described by this subsection for the school year for which the district must reduce the district's tax rate. Unless Section 26.08(a-1), Tax Code, applies to the district, for a tax year in which a district must reduce the district's tax rate under this subsection, the district may not increase the district's maintenance and operations tax rate to a rate that exceeds the maximum maintenance and operations tax rate permitted under Section 45.003(d) or (f), as applicable, minus the reduction of tax effort required under this subsection. This subsection does not apply if the amount of state funds appropriated for a school year specifically excludes the amount necessary to provide the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort under Subsection (a-1)(2) [~~If a school district imposes a maintenance and operations tax at a rate greater than the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, the district~~

~~is entitled to receive an allotment under this section on the basis of that greater tax effort~~].

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

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

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

SECTION 1.039. Chapter 48, Education Code, as added by this Act, is amended by adding Subchapter F, and a heading is added to that subchapter to read as follows:

SUBCHAPTER F. FINANCING THE PROGRAM

SECTION 1.040. Sections 42.251, 42.2511, 42.2514, 42.2515, 42.2516, and 42.252, Education Code, are transferred to Subchapter F, Chapter 48, Education Code, as added by this Act, redesignated as

Sections 48.251, 48.252, 48.253, 48.254, 48.255, and 48.256, Education Code, and amended to read as follows:

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

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

(A) the basic allotment under Subchapter B;

(B) [~~and~~] the student-based [~~special~~] allotments under Subchapter C; and

(C) the additional funding under Subchapter D; and

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

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

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

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

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

~~effort~~]; and

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

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

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

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

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

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

(1) the amount described by Section 12.106; and

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

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

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

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

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

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

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

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

(1) 93 percent; or

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

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

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

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

LFA = TR X DPV

where:

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

"TR" is the school district's adopted tier one maintenance and operations [~~a~~] tax rate, as described by Section 45.0032(a) [~~which~~] for each hundred dollars of valuation [~~is an effective tax rate of the amount equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the lesser of:~~

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

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

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

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

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

(c) Appeals of district values shall be held pursuant to Section 403.303, Government Code.

(d) This subsection applies to a school district in which the board of trustees entered into a written agreement with a property owner under Section 313.027, Tax Code, for the implementation of a limitation on appraised value under Subchapter B or C, Chapter 313, Tax Code. For purposes of determining "DPV" under Subsection (a) for a school district to which this subsection

applies, the commissioner shall exclude a portion of the market value of property not otherwise fully taxable by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter. The comptroller shall provide information to the agency necessary for this subsection. A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year.

(e) Subsection (d) does not apply to property that was the subject of an application under Subchapter B or C, Chapter 313, Tax Code, made after May 1, 2009, that the comptroller recommended should be disapproved. [~~A school district must raise its total local share of the Foundation School Program to be eligible to receive foundation school fund payments.~~]

SECTION 1.041. Subchapter F, Chapter 48, Education Code, as added by this Act, is amended by adding Section 48.257 to read as follows:

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

(b) This subsection applies only to a school district to

which Subsection (a) applies. If a district's maintenance and operations tax collections from the tax rate described by Section 45.0032(a) for the current tax year minus the required reduction in a district's tier one revenue level under Subsection (a) results in an amount that is less than the amount of the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund, the agency shall adjust the amount of the reduction required in the district's tier one revenue level under Subsection (a) up to the amount of local funds necessary for the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund.

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

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

(e) In any school year for which the amount of state funds appropriated specifically excludes the amount necessary to provide the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort under Section 48.202(a-1)(1), a district may only retain the amount of the district's tier two local share described by Section

48.266(a)(5)(A) equal to the amount of revenue that would be generated based on the amount appropriated for the dollar amount guaranteed level of state and local funds.

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

(g) For a district to which Section 45.003(f) applies, revenue generated from any cents of maintenance and operations tax effort that exceeds the maximum rate permitted under Section 45.003(d) is subject to the revenue limit established under Subsection (f).

SECTION 1.042. Sections 42.2521, 42.2522, 42.2523, 42.2524, 42.2525, 42.2526, 42.2527, 42.2528, 42.253, 42.2531, 42.2532, 42.254, 42.255, 42.257, 42.258, 42.259, 42.2591, and 42.260, Education Code, are transferred to Subchapter F, Chapter 48, Education Code, as added by this Act, redesignated as Sections 48.258, 48.259, 48.260, 48.261, 48.262, 48.263, 48.264, 48.265, 48.266, 48.267, 48.268, 48.269, 48.270, 48.271, 48.272, 48.273, 48.274, and 48.275, Education Code, and amended to read as follows:

Sec. 48.258 [~~42.2521~~]. ADJUSTMENT FOR RAPID DECLINE IN TAXABLE VALUE OF PROPERTY. (a) For purposes of Chapters [~~41 and~~] 46 and 49 and this chapter, and to the extent money specifically authorized to be used under this section is available, the commissioner shall adjust the taxable value of property in a school

district that, due to factors beyond the control of the board of trustees, experiences a rapid decline in the tax base used in calculating taxable values in excess of four percent of the tax base used in the preceding year.

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

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

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

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

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

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

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

(2) give priority to school districts that, due to factors beyond the control of the board of trustees, experience a rapid decline in the tax base used in calculating taxable values in excess of four percent of the tax base used in the preceding year.

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

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

(e) The commissioner shall notify school districts as soon as practicable as to the availability of funds under this section.

For purposes of computing a voter-approval [~~rollback~~] tax rate under Section 26.08, Tax Code, a district shall adjust the district's tax rate limit to reflect assistance received under this section.

Sec. 48.260 [~~42.2523~~]. ADJUSTMENT FOR PROPERTY VALUE AFFECTED BY STATE OF DISASTER. (a) For purposes of Chapters [~~41 and~~] 46 and 49 and this chapter, the commissioner shall adjust the taxable value of property of a school district all or part of which is located in an area declared a disaster area by the governor under Chapter 418, Government Code, as necessary to ensure that the district receives funding based as soon as possible on property values as affected by the disaster.

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

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

Sec. 48.261 [~~42.2524~~]. REIMBURSEMENT FOR DISASTER REMEDIATION COSTS. (a) This section applies only to 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, and that incurs disaster remediation costs as a result of the disaster.

(b) During the two-year period following the date of the governor's initial proclamation or executive order declaring a state of disaster, a district may apply to the commissioner for reimbursement of disaster remediation costs that the district pays

during that period and does not anticipate recovering through insurance proceeds, federal disaster relief payments, or another similar source of reimbursement.

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

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

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

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

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

(d) [~~If the amount of money available for purposes of reimbursing school districts not required to take action under Chapter 41 is not sufficient to fully reimburse each district's disaster remediation costs, the commissioner shall reduce the~~

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

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

(e) [~~(f) A district required to take action under Chapter 41:~~

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

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

[~~(h)~~] The commissioner shall adopt rules necessary to implement this section, including rules:

(1) defining "disaster remediation costs" for purposes of this section, which must include the cost to repair or replace vehicles or computers damaged in the disaster; and

(2) specifying the type of documentation required under Subsection (d) [~~(e)~~].

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

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

(2) the amount necessary to replace the facility.

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

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

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

(b) Beginning with the first school year that follows the first school year in which students receive high school diplomas under the pilot program authorized by Section 28.0255 and

continuing for every subsequent school year that the district operates the pilot program, the commissioner shall provide funding for the district's prekindergarten program under Section 29.153 on a full-day basis for a number of prekindergarten students equal to twice the number of students who received a high school diploma under the pilot program authorized by Section 28.0255 during the preceding school year.

(c) This section expires September 1, 2023.

Sec. 48.264 [~~42.2527~~]. ADJUSTMENT FOR CERTAIN DISTRICTS WITH EARLY HIGH SCHOOL GRADUATION PROGRAMS. (a) As a pilot program to enable the state to evaluate the benefit of providing additional funding at the prekindergarten level for low-income students, the commissioner shall provide prekindergarten funding in accordance with this section to a school district located in a county that borders the United Mexican States and the Gulf of Mexico.

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

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

(d) This section expires September 1, 2023.

Sec. 48.265 [~~42.2528~~]. EXCESS FUNDS FOR VIDEO SURVEILLANCE OF SPECIAL EDUCATION SETTINGS. (a) Notwithstanding any other

provision of law, if the commissioner determines that the amount appropriated for the purposes of the Foundation School Program exceeds the amount to which school districts are entitled under this chapter, the commissioner by rule shall establish a grant program through which excess funds are awarded as grants for the purchase of video equipment, or for the reimbursement of costs for previously purchased video equipment, used for monitoring special education classrooms or other special education settings required under Section 29.022.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) [~~(h)~~] If the amount appropriated for the Foundation School Program for the second year of a state fiscal biennium is less than the amount to which school districts and open-enrollment charter schools are entitled for that year, the commissioner shall certify the amount of the difference to the Legislative Budget Board not later than January 1 of the second year of the state fiscal biennium. The Legislative Budget Board shall propose to the legislature that the certified amount be transferred to the foundation school fund from the economic stabilization fund and appropriated for the purpose of increases in allocations under this

subsection. If the legislature fails during the regular session to enact the proposed transfer and appropriation and there are not funds available under Subsection (h) [~~(j)~~], the commissioner shall adjust the total amounts due to each school district and open-enrollment charter school under this chapter and the total amounts necessary for each school district to comply with the requirements of Chapter 49 [~~41~~] by an amount determined by applying to each district and school the same percentage adjustment to the total amount of state and local revenue due to the district or school under this chapter and Chapter 49 [~~41~~] so that the total amount of the adjustment to all districts and schools results in an amount equal to the total adjustment necessary. The following fiscal year:

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

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

(g) [~~(i)~~] Not later than March 1 each year, the commissioner shall determine the actual amount of state funds to which each school district is entitled under the allocation formulas in this chapter for the current school year and shall compare that amount with the amount of the warrants issued to each district for that year. If the amount of the warrants differs from the amount to which a district is entitled because of variations in the

district's tax rate, student enrollment, or taxable value of property, the commissioner shall adjust the district's entitlement for the next fiscal year accordingly.

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

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

Sec. 48.267 [~~42.2531~~]. ADJUSTMENT BY COMMISSIONER. (a) The commissioner may make adjustments to amounts due to a school district under this chapter or Chapter 46, or to amounts necessary for a district to comply with the requirements of Chapter 49 [~~41~~], as provided by this section.

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

(1) in the fiscal year in which the adjustment is made, cause the amount to which school districts are entitled under this

chapter to exceed the amount appropriated for purposes of the Foundation School Program for that year; and

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

(c) The commissioner shall recover the benefit of any adjustment made under this section by making offsetting adjustments in the school district's taxable value of property or ad valorem tax collections for purposes of this chapter or Chapter [~~41 or~~] 46 or 49 on a final determination of the taxable value of property that was the basis of the original adjustment, or in the second school year following the year in which the adjustment is made, whichever is earlier.

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

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

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

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

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

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

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

Sec. 48.271 [~~42.257~~]. EFFECT OF APPRAISAL APPEAL. (a) If the final determination of an appeal under Chapter 42, Tax Code, results in a reduction in the taxable value of property that exceeds five percent of the total taxable value of property in the school district for the same tax year determined under Subchapter M,

Chapter 403, Government Code, the commissioner shall request the comptroller to adjust its taxable property value findings for that year consistent with the final determination of the appraisal appeal.

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

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

Sec. 48.272 [~~42.258~~]. RECOVERY OF OVERALLOCATED FUNDS. (a) If a school district has received an overallocation of state funds, the agency shall, by withholding from subsequent allocations of state funds for the current or subsequent school year or by requesting and obtaining a refund, recover from the district an amount equal to the overallocation.

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

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

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

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

(f) The agency may not review school district expenditures that occurred seven or more years before the review.

Sec. 48.273 [~~42.259~~]. FOUNDATION SCHOOL FUND TRANSFERS. (a) In this section:

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

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

statewide average wealth per student.

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

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

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

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

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

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

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

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

(2) 18 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the

25th day of October;

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

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

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

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

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

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

(d) Payments from the foundation school fund to each category 3 school district shall be made as follows:

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

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

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

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

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

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

Sec. 48.274 [~~42.2591~~]. FOUNDATION SCHOOL FUND TRANSFERS TO CERTAIN CHARTER SCHOOLS. (a) On the request of an open-enrollment charter school, the commissioner shall compare the

student enrollment of the open-enrollment charter school for the current school year to the student enrollment of the school during the preceding school year. If the number of students enrolled at the open-enrollment charter school for the current school year has increased by 10 percent or more from the number of students enrolled during the preceding school year, the open-enrollment charter school may request that payments from the foundation school fund to the school for the following school year and each subsequent school year, subject to Subsection (b), be made according to the schedule provided under Subsection (c).

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

(c) Payments from the foundation school fund to an open-enrollment charter school under this section shall be made as follows:

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

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

of October;

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

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

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

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

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

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

(9) five percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of May;

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

(11) seven percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the

25th day of July; and

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

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

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

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

(b) The amount of additional funds to which each school district or participating charter school is entitled due to the increases in formula funding made by H.B. No. 3343, Acts of the 77th Legislature, Regular Session, 2001, and any subsequent legislation amending the provisions amended by that Act that increase formula funding under Chapter 49 [~~41~~] and this chapter to school districts and charter schools is available for purposes of Subsection (c).

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

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

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

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

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

SECTION 1.043. Subchapter F, Chapter 48, Education Code, as added by this Act, is amended by adding Sections 48.277, 48.278, and 48.279 to read as follows:

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

(1) 103 percent of the district's or school's total maintenance and operations revenue per student in average daily

attendance for the 2019-2020 school year that the district or school would have received under former Chapters 41 and 42, as those chapters existed on January 1, 2019; or

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

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

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

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

(B) in a school year ending in an odd-numbered year, the 2019-2020 or 2020-2021 school year, whichever is greater;

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

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

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

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

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

(4) if a school district or open-enrollment charter

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

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

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

(d-1) Subject to Subsection (d-2), a school district or open-enrollment charter school is entitled to receive an annual allotment for each student in average daily attendance in the amount equal to the difference, if the difference is greater than zero, that results from subtracting the total maintenance and operations revenue per student in average daily attendance for the current school year from the total maintenance and operations revenue per student in average daily attendance that would have been available to the district or school under former Chapters 41 and 42, as those chapters existed on January 1, 2019. For purposes of calculating a district's maintenance and operations revenue under this subsection, the commissioner shall:

(1) apply Subsection (b); and

(2) in calculating a district's maintenance and operations revenue under former Chapters 41 and 42, as those

chapters existed on January 1, 2019, exclude any additional revenue the district would have received under former Sections 41.002(e) through (g), as those sections existed on January 1, 2019.

(d-2) A school district or open-enrollment charter school may only receive an allotment under Subsection (a) or (d-1), whichever is greater, but not both.

(d-3) Subsections (d-1) and (d-2) and this subsection expire September 1, 2021.

(e) This section expires September 1, 2025.

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

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

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

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

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

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

(c) This section expires September 1, 2024.

Sec. 48.279. MAINTENANCE OF STATE FINANCIAL SUPPORT FOR SPECIAL EDUCATION. (a) Funds appropriated for purposes of this section or transferred in accordance with this section are state funds for purposes of compliance with the requirements regarding

maintenance of state financial support for special education under 20 U.S.C. Section 1412(a)(18). The commissioner shall identify the amount of funding described by this subsection and separate that amount from other funding provided under this chapter.

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

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

(d) If federal funds are withheld for a school year due to noncompliance with requirements regarding maintenance of state financial support under 20 U.S.C. Section 1412(a)(18), the commissioner shall use for that school year an amount of funds described by Subsection (a) equal to the amount of withheld funds in

the same manner and for the same purposes as the withheld funds would have been provided.

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

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

SECTION 1.044. Chapter 48, Education Code, as added by this Act, is amended by adding Subchapter G, and a heading is added to that subchapter to read as follows:

SUBCHAPTER G. MISCELLANEOUS PROVISIONS

SECTION 1.045. Section 42.4101, Education Code, is transferred to Subchapter G, Chapter 48, Education Code, as added by this Act, redesignated as Section 48.301, Education Code, and amended to read as follows:

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

(b) The amount of additional assistance under this section is computed by subtracting the number of students residing in the district and using public education grants to attend school in another district for the year in which the assistance is granted from the number of students using public education grants to attend

school in the district for that year and multiplying the difference by $266.

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

SECTION 1.046. Subchapter G, Chapter 48, Education Code, as added by this Act, is amended by adding Section 48.302 to read as follows:

Sec. 48.302. SUBSIDY FOR HIGH SCHOOL EQUIVALENCY EXAMINATION FOR CERTAIN INDIVIDUALS. (a) In this section, "commission" means the Texas Workforce Commission.

(b) The agency shall enter into a memorandum of understanding with the commission for the agency to transfer to the commission funds specifically appropriated to the agency for the commission to provide to an individual who is 21 years of age or older a subsidy in an amount equal to the cost of taking one high school equivalency examination administered under Section 7.111.

(c) The commission shall adopt rules to implement the subsidy program described by Subsection (b), including rules regarding eligibility requirements.

SECTION 1.047. Subtitle I, Title 2, Education Code, is amended by adding Chapter 49, and a heading is added to that chapter to read as follows:

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

SECTION 1.048. Chapter 49, Education Code, as added by this

Act, is amended by adding Subchapter A, and a heading is added to that subchapter to read as follows:

SUBCHAPTER A. GENERAL PROVISIONS

SECTION 1.049. Sections 41.001, 41.003, 41.0031, 41.004, 41.005, 41.006, 41.007, 41.008, 41.009, 41.010, 41.011, 41.012, and 41.013, Education Code, are transferred to Subchapter A, Chapter 49, Education Code, as added by this Act, redesignated as Sections 49.001, 49.002, 49.003, 49.004, 49.005, 49.006, 49.007, 49.008, 49.009, 49.010, 49.011, 49.012, and 49.013, Education Code, and amended to read as follows:

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

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

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

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

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

(1) consolidation with another district as provided by

Subchapter B;

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

(3) purchase of average daily attendance credit as provided by Subchapter D;

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

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

Sec. 49.003 [~~41.0031~~]. INCLUSION OF ATTENDANCE CREDIT [~~CREDITS~~] AND NONRESIDENTS IN WEIGHTED AVERAGE DAILY ATTENDANCE. In determining whether a school district has a local revenue [~~wealth per student less than or equal to the equalized wealth~~] level in excess of entitlement, the commissioner shall use:

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

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

Sec. 49.004 [~~41.004~~]. ANNUAL REVIEW OF LOCAL REVENUES [~~PROPERTY WEALTH~~]. (a) Not later than July 15 of each year, using the estimates [~~estimate~~] of enrollment and taxable property value under Section 48.269 [~~42.254~~], the commissioner shall review the local revenue level [~~wealth per student~~] of school districts in the state and shall notify:

(1) each district with a local revenue level in excess

of entitlement [~~wealth per student exceeding the equalized wealth level~~];

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

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

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

(c) A district notified under Subsection (a) may not adopt a

tax rate for the tax year in which the district receives the notice until the commissioner certifies that the district has reduced the district's local revenue level in excess of entitlement to the [~~achieved the equalized wealth~~] level established under Section 48.257.

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

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

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

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

Sec. 49.006 [~~41.006~~]. RULES. (a) The commissioner may adopt rules necessary for the implementation of this chapter. The rules may provide for the commissioner to make necessary adjustments to the provisions of Chapter 48 [~~42~~], including providing for the commissioner to make an adjustment in the funding element established by Section 48.202 [~~42.302~~], at the earliest date practicable, to the amount the commissioner believes, taking into consideration options exercised by school districts under this chapter and estimates of student enrollments, will match

appropriation levels.

(b) As necessary for the effective and efficient administration of this chapter, the commissioner may modify effective dates and time periods for actions described by this chapter.

Sec. 49.007 [~~41.007~~]. COMMISSIONER TO APPROVE SUBSEQUENT BOUNDARY CHANGES. A school district that is involved in an action under this chapter that results in boundary changes to the district or in the consolidation of tax bases is subject to consolidation, detachment, or annexation under Chapter 13 only if the commissioner certifies that the change under Chapter 13 will not result in a district with a local revenue [~~wealth per student that exceeds the equalized wealth~~] level in excess of entitlement.

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

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

Sec. 49.009 [~~41.009~~]. TAX ABATEMENTS. (a) A tax abatement

agreement executed by a school district that is involved in consolidation or in detachment and annexation of territory under this chapter is not affected and applies to the taxation of the property covered by the agreement as if executed by the district within which the property is included.

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

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

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

(b) If a final order of a court of competent jurisdiction should hold each of the options provided by Section 49.002 [~~41.003~~] invalid, the commissioner shall act under Subchapter G or H to

reduce the local revenue [~~achieve the equalized wealth~~] level in excess of entitlement only after notice and hearing is afforded to each school district affected by the order. The commissioner shall adopt a plan that least disrupts the affected school districts. If because the exigency to adopt a plan prevents the commissioner from giving a reasonable time for notice and hearing, the commissioner shall timely give notice to and hold a hearing for the affected school districts, but in no event less than 30 days from time of notice to the date of hearing.

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

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

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

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

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

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

SECTION 1.050. Subchapter B, Chapter 41, Education Code, is transferred to Chapter 49, Education Code, as added by this Act, redesignated as Subchapter B, Chapter 49, Education Code, and amended to read as follows:

SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

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

Sec. 49.052 [~~41.032~~]. GOVERNING LAW. Except to the extent

modified by the terms of the agreement, the consolidated district is governed by the applicable provisions of Subchapter D, Chapter 13, other than a provision requiring consolidating districts to be contiguous. The agreement may not be inconsistent with the requirements of this subchapter.

Sec. 49.053 [~~41.033~~]. GOVERNANCE PLAN. (a) The agreement among the consolidating districts may include a governance plan designed to preserve community-based and site-based decision making within the consolidated district, including the delegation of specific powers of the governing board of the district other than the power to levy taxes, including a provision authorized by Section 13.158(b).

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

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

(b) Except as provided by Subsection (c), a district

receiving incentive aid payments under this section is not entitled to incentive aid under Subchapter G, Chapter 13.

(c) Four or more districts that consolidate into one district under this subchapter within a period of one year may elect to receive incentive aid under this section or to receive incentive aid for not more than five years under Subchapter G, Chapter 13. Incentive aid under this subsection may not provide the consolidated district with more revenue in state and local funds than the district would receive at the [~~equalized wealth~~] level established under Section 48.257.

SECTION 1.051. Subchapter C, Chapter 41, Education Code, is transferred to Chapter 49, Education Code, as added by this Act, redesignated as Subchapter C, Chapter 49, Education Code, and amended to read as follows:

SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

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

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

(2) the local revenue level [~~wealth per student~~] of the district to which territory is annexed is not greater than the dollar amount guaranteed level of [~~greatest level for which~~] funds [~~are~~] provided under Section 48.202(a-1)(2) [~~Subchapter F, Chapter~~

~~42~~].

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

Sec. 49.102 [~~41.062~~]. GOVERNING LAW. Except to the extent of any conflict with this chapter and except for any requirement that detached property must be annexed to a school district that is contiguous to the detached territory, the annexation and detachment is governed by Chapter 13.

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

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

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

SECTION 1.052. Chapter 49, Education Code, as added by this Act, is amended by adding Subchapter D, and a heading is added to that subchapter to read as follows:

SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

SECTION 1.053. Sections 41.091, 41.092, 41.093, 41.094, 41.095, 41.096, 41.097, and 41.099, Education Code, are transferred to Subchapter D, Chapter 49, Education Code, as added by this Act, redesignated as Sections 49.151, 49.152, 49.153, 49.154, 49.155, 49.156, 49.157, and 49.158, Education Code, and amended to read as follows:

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

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

[~~(b) A credit is not used in determining a school district's scholastic population, average daily attendance, or weighted~~

~~average daily attendance for purposes of Chapter 42 or 43.~~]

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

[~~(1) the amount~~] of the district's maintenance and operations tax revenue that exceeds the level established under Section 48.257 [~~per student in weighted average daily attendance for the school year for which the contract is executed; or~~

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

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

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

(c) The cost of [~~an~~] attendance credit for a school district

is computed using the final tax collections of the district.

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

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

(2) in one payment for the total amount required to be paid by the district not later than August 15 of the school year for which the agreement is in effect.

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

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

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

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

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

(c) The proposition is approved if the proposition receives

a favorable vote of a majority of the votes cast. If the proposition is approved, the agreement executed by the board is ratified, and the board has continuing authority to execute agreements under this subchapter on behalf of the district without further voter approval.

Sec. 49.157 [~~41.097~~]. CREDIT FOR APPRAISAL COSTS. [~~(a)~~] The total amount required under Section 49.153 [~~41.093~~] for a district to purchase attendance credit [~~credits~~] under this subchapter for any school year is reduced by an amount equal to the product of the district's total costs under Section 6.06, Tax Code, for the appraisal district or districts in which it participates multiplied by a percentage that is computed by dividing the total amount required under Section 49.153 [~~41.093~~] by the total amount of taxes imposed in the district for that year less any amounts paid into a tax increment fund under Chapter 311, Tax Code.

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

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

district that:

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

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

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

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

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

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

SECTION 1.054. Chapter 49, Education Code, as added by this

Act, is amended by adding Subchapter E, and a heading is added to that subchapter to read as follows:

SUBCHAPTER E. EDUCATION OF NONRESIDENT STUDENTS

SECTION 1.055. Sections 41.121, 41.122, and 41.123, Education Code, are transferred to Subchapter E, Chapter 49, Education Code, as added by this Act, redesignated as Sections 49.201, 49.202, and 49.203, Education Code, and amended to read as follows:

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

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

(b) The ballot shall be printed to permit voting for or against the proposition: "Authorizing the board of trustees of _____ School District to educate students of other school districts with local tax revenues."

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

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

SECTION 1.056. Section 41.124, Education Code, as amended by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the 85th Legislature, Regular Session, 2017, is transferred to Subchapter E, Chapter 49, Education Code, as added by this Act, redesignated as Section 49.204, Education Code, and reenacted and amended to read

as follows:

Sec. 49.204 [~~41.124~~]. TRANSFERS. (a) The board of trustees of a school district with a local revenue [~~wealth per student that exceeds the equalized wealth~~] level in excess of entitlement may reduce the district's local revenue level [~~wealth per student~~] by serving nonresident students who transfer to the district and are educated by the district but who are not charged tuition. A district that exercises the option under this subsection is not required to execute an agreement with the school district in which a transferring student resides and must certify to the commissioner that the district has not charged or received tuition for the transferring students.

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

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

SECTION 1.057. Section 41.125, Education Code, is transferred to Subchapter E, Chapter 49, Education Code, as added by this Act, redesignated as Section 49.205, Education Code, and amended to read as follows:

Sec. 49.205 [~~41.125~~]. CAREER AND TECHNOLOGY EDUCATION PROGRAMS. (a) The board of trustees of a school district with a local revenue [~~wealth per student that exceeds the equalized wealth~~] level in excess of entitlement may reduce the district's local revenue level [~~wealth per student~~] by executing an agreement to provide students of one or more other districts with career and technology education through a program designated as an area program for career and technology education.

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

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

(2) the agreement requires the district with a local revenue [~~wealth per student that exceeds the equalized wealth~~] level in excess of entitlement to make expenditures benefiting students from other districts in an amount at least equal to the amount that would be required for the district to purchase [~~the number of~~] attendance credit [~~credits~~] under Subchapter D necessary, in combination with any other actions taken under this chapter other than an action under this section, to reduce the district's local revenue level [~~wealth per student~~] to a level that

is equal to or less than the [~~equalized wealth~~] level established under Section 48.257.

SECTION 1.058. Subchapter F, Chapter 41, Education Code, is transferred to Chapter 49, Education Code, as added by this Act, redesignated as Subchapter F, Chapter 49, Education Code, and amended to read as follows:

SUBCHAPTER F. TAX BASE CONSOLIDATION

Sec. 49.251 [~~41.151~~]. AGREEMENT. The board of trustees of two or more school districts may execute an agreement to conduct an election on the creation of a consolidated taxing district for the maintenance and operation of the component school districts. The agreement is subject to approval by the commissioner. The agreement is not effective unless the commissioner certifies that the consolidated taxing district will have a local revenue level [~~wealth per student~~] equal to or less than the [~~equalized wealth~~] level established under Section 48.257 after all actions taken under this chapter.

Sec. 49.252 [~~41.152~~]. DATE OF ELECTION. Any agreement under this subchapter must provide for the ordering of an election to be held on the same date in each district.

Sec. 49.253 [~~41.153~~]. PROPOSITION. (a) The ballot shall be printed to permit voting for or against the proposition: "Creation of a consolidated taxing district composed of the territory of _____ school districts, and authorizing the levy, assessment, and collection of annual ad valorem taxes for the maintenance of the public free schools within that taxing district at a rate not to exceed $_____ on the $100

valuation of taxable property."

(b) The rate to be included in the proposition shall be provided by the agreement among the districts but may not exceed the maximum rate provided by law for independent school districts.

Sec. 49.254 [~~41.154~~]. APPROVAL. The proposition is approved only if the proposition receives a favorable vote of the majority of the votes cast within each participating school district.

Sec. 49.255 [~~41.155~~]. CONSOLIDATED TAXING DISTRICT. A consolidated taxing district is a school district established for the limited purpose of exercising the taxing power authorized by Section 3, Article VII, Texas Constitution, and distributing the revenue to its component school districts.

Sec. 49.256 [~~41.156~~]. GOVERNANCE. (a) The consolidated taxing district is governed by the boards of the component school districts acting jointly.

(b) Any action taken by the joint board must receive a favorable vote of a majority of each component district's board of trustees.

Sec. 49.257 [~~41.157~~]. MAINTENANCE TAX. (a) The joint board shall levy a maintenance tax for the benefit of the component school districts not later than September 1 of each year or as soon thereafter as practicable.

(b) Each component district shall bear a share of the costs of assessing and collecting taxes in proportion to the component district's share of weighted average daily attendance in the consolidated taxing district.

(c) A component district may not levy an ad valorem tax for the maintenance and operation of the schools.

(d) Notwithstanding Section 45.003, the consolidated taxing district may levy, assess, and collect a maintenance tax for the benefit of the component districts at a rate that exceeds $1.50 per $100 valuation of taxable property to the extent necessary to pay contracted obligations on the lease purchase of permanent improvements to real property entered into on or before May 12, 1993. The proposition to impose taxes at the necessary rate must be submitted to the voters in the manner provided by Section 45.003.

Sec. 49.258 [~~41.158~~]. REVENUE DISTRIBUTION. The consolidated taxing district shall distribute maintenance tax revenue to the component districts on the basis of the number of students in weighted average daily attendance in the component districts.

Sec. 49.259 [~~41.159~~]. TAXES OF COMPONENT DISTRICTS. (a) The governing board of a component school district of a consolidated taxing district that has consolidated for maintenance and operation purposes only may issue bonds and levy, pledge, and collect ad valorem taxes within that component district sufficient to pay the principal of and interest on those bonds as provided by Chapter 45.

(b) A component district levying an ad valorem tax under this section or Section 49.260(b)(1) [~~41.160(b)(1)~~] is entitled to the guaranteed yield provided by Subchapter E [~~F~~], Chapter 48 [~~42~~], for that portion of its tax rate that, when added to the maintenance tax levied by the consolidated taxing unit, does not exceed the

limitation provided by Section 48.203 [~~42.303~~].

Sec. 49.260 [~~41.160~~]. OPTIONAL TOTAL TAX BASE CONSOLIDATION. (a) An agreement executed under Section 49.251 [~~41.151~~] may provide for total tax base consolidation instead of consolidation for maintenance and operation purposes only.

(b) Under an agreement providing for total tax base consolidation:

(1) the component districts may not levy maintenance or bond taxes, except to the extent necessary to retire bonds and other obligations issued before the effective date of the consolidation;

(2) the joint board may issue bonds and levy, pledge, and collect ad valorem taxes sufficient to pay the principal of and interest on those bonds, and issue refunding bonds, as provided by Chapter 45 for independent school districts; and

(3) to the end of the ballot proposition required under Section 49.253(a) [~~41.153(a)~~] shall be added ", and further to create a consolidated tax base for the repayment of all bonded indebtedness issued by the joint board of the taxing district after the effective date of the consolidation and to authorize the joint board to levy, pledge, and collect ad valorem taxes at a rate sufficient to pay the principal of and interest on those bonds."

(c) Under an agreement providing for total tax base consolidation:

(1) the component districts may provide for the consolidated taxing district to assume all of the indebtedness of all component districts; and

(2) to the end of the ballot proposition required by Section 49.253(a) [~~41.153(a)~~] shall be added ", and further to create a consolidated tax base for the repayment of all bonded indebtedness issued by the joint board of the taxing district or previously issued by the component school districts and to authorize the joint board to levy, pledge, and collect ad valorem taxes at a rate sufficient to pay the principal of and interest on those bonds."

SECTION 1.059. Subchapter G, Chapter 41, Education Code, is transferred to Chapter 49, Education Code, as added by this Act, redesignated as Subchapter G, Chapter 49, Education Code, and amended to read as follows:

SUBCHAPTER G. DETACHMENT AND ANNEXATION BY COMMISSIONER

Sec. 49.301 [~~41.201~~]. DEFINITION. In this subchapter, "mineral property" means a real property mineral interest that has been severed from the surface estate by a mineral lease creating a determinable fee or by a conveyance that creates an interest taxable separately from the surface estate. A mineral property includes each royalty interest, working interest, or other undivided interest in the mineral property.

Sec. 49.302 [~~41.202~~]. DETERMINATION OF TAXABLE VALUE. (a) For purposes of this subchapter, the taxable value of an individual parcel or other item of property and the total taxable value of property in a school district resulting from the detachment of property from or annexation of property to that district is determined by applying the appraisal ratio for the appropriate category of property determined under Subchapter M, Chapter 403,

Government Code, for the preceding tax year to the taxable value of the detached or annexed property determined under Title 1, Tax Code, for the preceding tax year.

(b) For purposes of this subchapter, the taxable value of all or a portion of a parcel or item of real property includes the taxable value of personal property having taxable situs at the same location as the real property.

Sec. 49.303 [~~41.203~~]. PROPERTY SUBJECT TO DETACHMENT AND ANNEXATION. (a) Only the following property may be detached and annexed under this subchapter:

(1) a mineral property;

(2) real property used in the operation of a public utility, including a pipeline, pipeline gathering system, or railroad or other rail system; and

(3) real property used primarily for industrial or other commercial purposes, other than property used primarily for agriculture or for residential purposes.

(b) If a final judgment of a court determines that a mineral interest may not be annexed and detached as provided by this subchapter without an attendant annexation and detachment of the surface estate or any other interest in the same land, the detachment and annexation of a mineral interest under this subchapter includes the surface estate and each other interest in the land covered by the mineral interest.

Sec. 49.304 [~~41.204~~]. TAXATION OF PERSONAL PROPERTY. Personal property having a taxable situs at the same location as real property detached and annexed under this subchapter is taxable

by the school district to which the real property is annexed.

Sec. 49.305 [~~41.205~~]. DETACHMENT OF PROPERTY. (a) The commissioner shall detach property under this section from each school district from which the commissioner is required under Section 49.004 [~~41.004~~] to detach property under this subchapter.

(b) The commissioner shall detach from each school district covered by Subsection (a) one or more whole parcels or items of property in descending order of the taxable value of each parcel or item, beginning with the parcel or item having the greatest taxable value, until the school district's local revenue level [~~wealth per student~~] is equal to or less than the [~~equalized wealth~~] level established under Section 48.257, except as otherwise provided by Subsection (c).

(c) If the detachment of whole parcels or items of property [~~,~~] as provided by Subsection (a) would result in a district's local revenue level [~~wealth per student~~] that is less than the [~~equalized wealth~~] level established under Section 48.257 by more than the product of $10,000 multiplied by weighted average daily attendance, the commissioner may not detach the last parcel or item of property and shall detach the next one or more parcels or items of property in descending order of taxable value that would result in the school district having a local revenue level [~~wealth per student~~] that is equal to or less than the [~~equalized wealth~~] level established under Section 48.257 by not more than the product of $10,000 multiplied by weighted average daily attendance.

(d) Notwithstanding Subsections (a), (b), and (c), the commissioner may detach only a portion of a parcel or item of

property if:

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

(2) the commissioner determines that a partial detachment of that parcel or item of property is preferable to the detachment of one or more other parcels or items having a lower taxable value in order to minimize the number of parcels or items of property to be detached consistent with the purposes of this chapter.

Sec. 49.306 [~~41.206~~]. ANNEXATION OF PROPERTY. (a) The commissioner shall annex property detached under Section 49.305 [~~41.205~~] to school districts eligible for annexation in accordance with this section. A school district is eligible for annexation of property to it under this subchapter only if, before any detachments or annexations are made in a year, the district's taxable value of property does not exceed the value necessary to generate maintenance and operations tax revenue in the amount equal to the district's entitlement under Section 48.202(a-1)(2) [~~wealth per student is less than the greatest level for which funds are~~

~~provided under Subchapter F, Chapter 42~~].

(b) Property may be annexed to a school district without regard to whether the property is contiguous to other property in that district.

(c) The commissioner shall annex property detached from school districts beginning with the property detached from the school district with the greatest local revenue level in excess of entitlement [~~wealth per student~~] before detachment, and continuing with the property detached from each other school district in descending order of the district's local revenue level in excess of entitlement [~~wealth per student~~] before detachment.

(d) The commissioner shall annex the parcels or items of property detached from a school district to other school districts that are eligible for annexation of property in descending order of the taxable value of each parcel or item according to the following priorities:

(1) first, to the eligible school districts assigned to the same county as the school district from which the property is detached whose total adopted tax rate for the preceding tax year does not exceed by more than $0.15 the total tax rate adopted for that year by the school district from which the property is detached;

(2) second, to the eligible school districts served by the same regional education service center as the district from which the property is detached whose total adopted tax rate for the preceding tax year does not exceed by more than $0.10 the total tax rate adopted for that year by the school district from which the

property is detached; and

(3) third, to other eligible school districts whose total adopted tax rate for the preceding tax year does not exceed by more than $0.05 the total tax rate adopted for that year by the school district from which the property is detached.

(e) If the districts identified by Subsection (d) for a school district are insufficient to annex all the property detached from the school district, the commissioner shall increase, for purposes of this section, all the maximum difference in tax rates allowed under Subsection (d) in increments of $0.01 until the districts are identified that are sufficient to annex all the property detached from the district.

(f) If only one school district is eligible to annex property detached from a school district within a priority group established by Subsections (d) and (e), the commissioner shall annex property to that district until it reaches the taxable value of property necessary to generate maintenance and operations tax revenue in the amount equal to the district's entitlement under Section 48.202(a-1)(2) [~~a wealth per student equal as nearly as possible to the greatest level for which funds are provided under Subchapter F, Chapter 42~~], by annexing whole parcels or items of property. Any remaining detached property shall be annexed to eligible school districts in the next priority group as provided by this section.

(g) If more than one school district is eligible to annex property detached from a school district within a priority group established by Subsections (d) and (e), the commissioner shall

first annex property to the district within the priority group to which could be annexed the most taxable value of property without increasing the district's taxable value of property to an amount that exceeds the amount necessary to generate maintenance and operations tax revenue in the amount equal to the district's entitlement under Section 48.202(a-1)(2) [~~its wealth per student above the greatest level for which funds are provided under Subchapter F, Chapter 42~~], until that district reaches a taxable value of property necessary to generate maintenance and operations tax revenue in the amount equal to the district's entitlement under Section 48.202(a-1)(2) [~~wealth per student equal as nearly as possible to the greatest level for which funds are provided under Subchapter F, Chapter 42~~], by annexing whole parcels or items of property. Then any additional detached property shall be annexed in the same manner to other eligible school districts in the same priority group in descending order of capacity to receive taxable value of annexed property without increasing the district's taxable value of property to an amount that exceeds the amount necessary to generate maintenance and operations tax revenue in the amount equal to the district's entitlement under Section 48.202(a-1)(2) [~~wealth per student above the greatest level for which funds are provided under Subchapter F, Chapter 42~~]. If every school district in a priority group reaches a taxable value of property necessary to generate maintenance and operations tax revenue in the amount equal to the district's entitlement under Section 48.202(a-1)(2) [~~wealth per student equal to the greatest level for which funds are provided under Subchapter F, Chapter 42~~], as nearly as possible, the

remaining detached property shall be annexed to school districts in the next priority group in the manner provided by this section.

(h) For purposes of this section, a portion of a parcel or item of property detached in that subdivided form from a school district is treated as a whole parcel or item of property.

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

(1) the annexation of the whole parcel or item would result in the district eligible to receive it in the appropriate priority order provided by this section having a local revenue level [~~wealth per student~~] greater than the amount by which the product of $10,000 multiplied by weighted average daily attendance exceeds the taxable value of property necessary to generate maintenance and operations tax revenue in the amount equal to the district's entitlement under Section 48.202(a-1)(2) [~~more than the greatest level for which funds are provided under Subchapter F, Chapter 42~~]; or

(2) the commissioner determines that annexation of portions of the parcel or item would reduce disparities in district taxable values of property necessary to generate maintenance and operations tax revenue in the amount equal to a district's entitlement under Section 48.202(a-1)(2) [~~wealth per student~~] more efficiently than would be possible if the parcel or item were annexed as a whole.

(j) The commissioner may modify the priorities established by this section as the commissioner considers reasonable to

minimize or reduce the number of school districts to which the property detached from a school district is annexed, to minimize or reduce the geographic dispersal of property in a school district, to minimize or reduce disparities in school district taxable values of property necessary to generate maintenance and operations tax revenue in the amount equal to a district's entitlement under Section 48.202(a-1)(2) [~~wealth per student~~] that would otherwise result, or to minimize or reduce any administrative burden or expense.

(k) For purposes of this section, a school district is assigned to a county if the school district is assigned to that county in the 1992-1993 Texas School Directory published by the Central Education Agency.

Sec. 49.307 [~~41.207~~]. LIMITATIONS ON DETACHMENT AND ANNEXATION. The commissioner may detach and annex property under this subchapter only if:

(1) the property is not exempt from ad valorem taxation under Section 11.20 or 11.21, Tax Code; and

(2) the property does not contain a building or structure owned by the United States, this state, or a political subdivision of this state that is exempt from ad valorem taxation under law.

Sec. 49.308 [~~41.208~~]. ORDERS AND NOTICE. (a) The commissioner shall order any detachments and annexations of property under this subchapter not later than November 8 of each year.

(b) As soon as practicable after issuing the order under

Subsection (a), the commissioner shall notify each affected school district and the appraisal district in which the affected property is located of the determination.

Sec. 49.309 [~~41.209~~]. TREATMENT OF SUBDIVIDED PROPERTY. (a) If the commissioner orders the detachment or annexation of a portion of a parcel or item of property under this subchapter, the order shall specify the portion of the taxable value of the property to be detached or annexed and may, but need not, describe the specific area of the parcel or item to be detached or annexed.

(b) If an order for the detachment or annexation of a portion of a parcel or item of property does not describe the specific area of the parcel or item to be detached or annexed, the commissioner, as soon as practicable after issuing the order, shall determine the specific area to be detached or annexed and shall certify that determination to the appraisal district for the county in which the property is located.

(c) If portions of a parcel or item of property are located in two or more school districts as the result of a detachment or annexation, the parcel or item shall be appraised for taxation as a unit, and the commissioner shall determine the portion of the taxable value of the property that is located in each of those school districts based on the square footage of the property, or any other reasonable method adopted by the commissioner.

Sec. 49.310 [~~41.210~~]. DUTIES OF CHIEF APPRAISER. (a) The chief appraiser of each appraisal district shall cooperate with the commissioner in administering this subchapter. The commissioner may require the chief appraiser to submit any reports or provide any

information available to the chief appraiser in the form and at the times required by the commissioner.

(b) As soon as practicable after the detachment and annexation of property, the chief appraiser of the appraisal district in which the property is located shall send a written notice of the detachment and annexation to the owner of any property taxable in a different school district as a result of the detachment and annexation. The notice must include the name of the school district by which the property is taxable after the detachment and annexation.

(c) The commissioner may reimburse an appraisal district for any costs incurred in administering this subchapter and may condition the reimbursement or the amount of the reimbursement on the timely submission of reports or information required by the commissioner or the satisfactory performance of any other action required or requested by the commissioner.

Sec. 49.311 [~~41.211~~]. STUDENT ATTENDANCE. A student who is a resident of real property detached from a school district may choose to attend school in that district or in the district to which the property is annexed. For purposes of determining average daily attendance under Section 48.005 [~~42.005~~], the student shall be counted in the district to which the property is annexed. If the student chooses to attend school in the district from which the property is detached, the state shall withhold any foundation school funds from the district to which the property is annexed and shall allocate to the district in which the student is attending school those funds and the amount of funds equal to the difference

between the state funds the district is receiving for the student and the district's cost in educating the student.

Sec. 49.312 [~~41.212~~]. BOND TAXES. Property detached from a school district is released from the obligation for any tax to pay principal and interest on bonds authorized by the district before detachment. The property is subject to any tax to pay principal or interest on bonds authorized by the district to which the property is annexed whether authorized before or after annexation.

Sec. 49.313 [~~41.213~~]. DETERMINATION BY COMMISSIONER FINAL. A decision or determination of the commissioner under this subchapter is final and not appealable.

SECTION 1.060. Subchapter H, Chapter 41, Education Code, is transferred to Chapter 49, Education Code, as added by this Act, redesignated as Subchapter H, Chapter 49, Education Code, and amended to read as follows:

SUBCHAPTER H. CONSOLIDATION BY COMMISSIONER

Sec. 49.351 [~~41.251~~]. COMMISSIONER ORDER. If the commissioner is required under Section 49.004 [~~41.004~~] to order the consolidation of districts, the consolidation is governed by this subchapter. The commissioner's order shall be effective on a date determined by the commissioner, but not later than the earliest practicable date after November 8.

Sec. 49.352 [~~41.252~~]. SELECTION CRITERIA. (a) In selecting the districts to be consolidated with a district that has taxable values of property in an amount that exceeds the local revenue level established under Section 48.257 [~~a property wealth greater than the equalized wealth level~~], the commissioner shall

select one or more districts [~~with a wealth per student~~] that, when consolidated, will result in a consolidated district with a local revenue level [~~wealth per student~~] equal to or less than the [~~equalized wealth~~] level established under Section 48.257. In achieving that result, the commissioner shall give priority to school districts in the following order:

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

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

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

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

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

(6) sixth, to a district that has a tax rate similar to that of the district that has a local revenue level [~~property wealth~~] greater than the [~~equalized wealth~~] level established under

Section 48.257.

(b) The commissioner may not select a district that has been created as a result of consolidation by agreement under Subchapter B to be consolidated under this subchapter with a district that has a local revenue level [~~property wealth~~] greater than the [~~equalized wealth~~] level established under Section 48.257.

(c) In applying the selection criteria specified by Subsection (a), if more than two districts are to be consolidated, the commissioner shall select the third and each subsequent district to be consolidated by treating the district that has a local revenue level [~~property wealth~~] greater than the [~~equalized wealth~~] level established under Section 48.257 and the district or districts previously selected for consolidation as one district.

Sec. 49.353 [~~41.253~~]. GOVERNANCE. (a) Until the initial trustees elected as provided by Subsection (b) have qualified and taken office, a district consolidated under this subchapter is governed by a transitional board of trustees consisting of the board of trustees of the district having the greatest student membership on the last day of the school year preceding the consolidation plus one member of the board of trustees of each other consolidating district selected by that board.

(b) The transitional board of trustees shall divide the consolidated district into nine single-member trustee districts in accordance with the procedures provided by Section 11.052. The transitional board shall order an election for the initial board of trustees to be held on the first May uniform election date after the effective date of a consolidation order.

(c) Members of the board of trustees of a consolidated district serve staggered terms of office for four years.

(d) Section 13.156 applies to districts consolidated under this subchapter.

Sec. 49.354 [~~41.254~~]. DISSOLUTION OF CONSOLIDATED DISTRICT. (a) If the legislature abolishes ad valorem taxes for public school maintenance and operations and adopts another method of funding public education, the board of trustees of a consolidated district created under this subchapter may dissolve the consolidated district, provided that the dissolution is approved by a majority of those voters residing within the district participating in an election called for the purpose of approving the dissolution of the consolidated school district.

(b) If a consolidated district is dissolved, each of the former districts is restored as a separate district and is classified as an independent district.

(c) Title to real property of the consolidated district is allocated to the restored district in which the property is located. Title to proportionate shares of the fund balances and personal property of the consolidated district, as determined by Subsection (e), are allocated to each restored district.

(d) Each of the restored districts assumes and is liable for:

(1) indebtedness of the consolidated district that relates to real property allocated to the district; and

(2) a proportionate share, as determined by Subsection (e), of indebtedness of the consolidated district that does not

relate to real property.

(e) A restored district's proportionate share of fund balances, personal property, or indebtedness is equal to the proportion that the number of students in average daily attendance in the restored district bears to the number of students in average daily attendance in the consolidated district.

Sec. 49.355 [~~41.255~~]. FUND BALANCES. Fund balances of a school district consolidated under this subchapter may be used only for the benefit of the schools within the district that generated the funds.

Sec. 49.356 [~~41.256~~]. EMPLOYMENT CONTRACTS. A consolidated district created under this subchapter shall honor an employment contract entered into by a consolidating district.

Sec. 49.357 [~~41.257~~]. APPLICATION OF [~~SMALL AND~~] SPARSE ADJUSTMENT [~~ADJUSTMENTS~~] AND SMALL AND TRANSPORTATION ALLOTMENTS [~~ALLOTMENT~~]. The budget of the consolidated district must apply the benefit of the adjustment or allotment to the schools of the consolidating district to which Section 48.052 [~~42.103~~], 48.101 [~~42.105~~], or 48.151 [~~42.155~~] would have applied in the event that the consolidated district still qualifies as a small or sparse district.

SECTION 1.061. Section 403.302(d), Government Code, is amended to read as follows:

(d) For the purposes of this section, "taxable value" means the market value of all taxable property less:

(1) the total dollar amount of any residence homestead exemptions lawfully granted under Section 11.13(b) or (c), Tax

Code, in the year that is the subject of the study for each school district;

(2) one-half of the total dollar amount of any residence homestead exemptions granted under Section 11.13(n), Tax Code, in the year that is the subject of the study for each school district;

(3) the total dollar amount of any exemptions granted before May 31, 1993, within a reinvestment zone under agreements authorized by Chapter 312, Tax Code;

(4) subject to Subsection (e), the total dollar amount of any captured appraised value of property that:

(A) is within a reinvestment zone created on or before May 31, 1999, or is proposed to be included within the boundaries of a reinvestment zone as the boundaries of the zone and the proposed portion of tax increment paid into the tax increment fund by a school district are described in a written notification provided by the municipality or the board of directors of the zone to the governing bodies of the other taxing units in the manner provided by former Section 311.003(e), Tax Code, before May 31, 1999, and within the boundaries of the zone as those boundaries existed on September 1, 1999, including subsequent improvements to the property regardless of when made;

(B) generates taxes paid into a tax increment fund created under Chapter 311, Tax Code, under a reinvestment zone financing plan approved under Section 311.011(d), Tax Code, on or before September 1, 1999; and

(C) is eligible for tax increment financing under

Chapter 311, Tax Code;

(5) the total dollar amount of any captured appraised value of property that:

(A) is within a reinvestment zone:

(i) created on or before December 31, 2008, by a municipality with a population of less than 18,000; and

(ii) the project plan for which includes the alteration, remodeling, repair, or reconstruction of a structure that is included on the National Register of Historic Places and requires that a portion of the tax increment of the zone be used for the improvement or construction of related facilities or for affordable housing;

(B) generates school district taxes that are paid into a tax increment fund created under Chapter 311, Tax Code; and

(C) is eligible for tax increment financing under Chapter 311, Tax Code;

(6) the total dollar amount of any exemptions granted under Section 11.251 or 11.253, Tax Code;

(7) the difference between the comptroller's estimate of the market value and the productivity value of land that qualifies for appraisal on the basis of its productive capacity, except that the productivity value estimated by the comptroller may not exceed the fair market value of the land;

(8) the portion of the appraised value of residence homesteads of individuals who receive a tax limitation under Section 11.26, Tax Code, on which school district taxes are not imposed in the year that is the subject of the study, calculated as

if the residence homesteads were appraised at the full value required by law;

(9) a portion of the market value of property not otherwise fully taxable by the district at market value because of[~~:~~

[~~(A)~~] action required by statute or the constitution of this state, other than Section 11.311, Tax Code, that, if the tax rate adopted by the district is applied to it, produces an amount equal to the difference between the tax that the district would have imposed on the property if the property were fully taxable at market value and the tax that the district is actually authorized to impose on the property, if this subsection does not otherwise require that portion to be deducted; [~~or~~

[~~(B) action taken by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter;~~]

(10) the market value of all tangible personal property, other than manufactured homes, owned by a family or individual and not held or used for the production of income;

(11) the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.06, Tax Code;

(12) the portion of the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.065, Tax Code; and

(13) the amount by which the market value of a residence homestead to which Section 23.23, Tax Code, applies

exceeds the appraised value of that property as calculated under that section.

SECTION 1.062. Sections 825.405(a), (b), (e), and (f), Government Code, are amended to read as follows:

(a) An employing school district or an open-enrollment charter school, as applicable, shall pay the state's contribution on the portion of a member's salary that exceeds the statutory minimum salary for [~~For~~] members:

(1) entitled to the minimum salary for certain school personnel under Section 21.402, Education Code;

(2) [~~, and for members~~] who would have been entitled to the minimum salary for certain school personnel under former Section 16.056, Education Code, as that section existed on January 1, 1995; and

(3) who would be entitled to the minimum salary for certain school personnel under Section 21.402, Education Code, if the member was employed by a school district subject to that section instead of being employed by:

(A) an open-enrollment charter school; or

(B) a school district that has adopted a local innovation plan under Chapter 12A, Education Code, that exempts the district's employees from the minimum salary schedule under that section[~~, the employing district shall pay the state's contribution on the portion of the member's salary that exceeds the statutory minimum salary~~].

(b) For purposes of this section, [~~:~~

[~~(1)~~] the statutory minimum salary for a member

described by:

(1) Subsection (a)(1) [~~certain school personnel under Section 21.402, Education Code,~~] is the salary provided by Section 21.402, Education Code [~~that section multiplied by the cost of education adjustment applicable under Section 42.102, Education Code, to the district in which the member is employed~~]; [~~and~~]

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

(3) Subsection (a)(3) is the minimum salary the member would have been entitled to if the member was subject to Section 21.402, Education Code[~~, multiplied by the cost of education adjustment applicable under Section 42.102, Education Code, to the district in which the member is employed~~].

(e) After the end of each school year, the retirement system shall certify to the commissioner of education:

(1) the names of any employers [~~employing districts~~] that have failed to remit, within the period required by Section 825.408, all contributions required under this section for the school year; and

(2) the amounts of the unpaid contributions.

(f) If the commissioner of education receives a certification under Subsection (e), the commissioner shall direct the comptroller of public accounts to withhold the amount

certified, plus interest computed at the rate and in the manner provided by Section 825.408, from the first state money payable to the employer [~~school district~~]. The amount withheld shall be deposited to the credit of the appropriate accounts of the retirement system.

SECTION 1.063. Section 26.08, Tax Code, is amended by amending Subsections (a), (b), (i), and (n) and adding Subsections (a-1) and (n-1) to read as follows:

(a) If the governing body of a school district adopts a tax rate that exceeds the district's voter-approval [~~rollback~~] tax rate, the registered voters of the district at an election held for that purpose must determine whether to approve the adopted tax rate.

(a-1) When increased expenditure of money by a school district is necessary to respond to a disaster, including a tornado, hurricane, flood, wildfire, or other calamity, but not including a drought, that has impacted a school district and the governor has requested federal disaster assistance for the area in which the school district is located, an election is not required under this section to approve the tax rate adopted by the governing body for the year following the year in which the disaster occurs. A tax rate adopted under this subsection applies only in the year for which the rate is adopted. If a district adopts a tax rate under this subsection, the amount by which that rate exceeds the district's voter-approval tax rate for that tax year may not be considered when calculating the district's voter-approval tax rate for the tax year following the year in which the district adopts the

rate.

(b) The governing body shall order that the election be held in the school district on the next uniform election [~~a~~] date prescribed by [~~not less than 30 or more than 90 days after the day on which it adopted the tax rate.~~] Section 41.001, Election Code, that occurs after the date of the election order and that allows sufficient time to comply with the requirements of other law [~~does not apply to the election unless a date specified by that section falls within the time permitted by this section~~]. At the election, the ballots shall be prepared to permit voting for or against the proposition: "Ratifying [~~Approving~~] the ad valorem tax rate of ___ (insert adopted tax rate) [~~$_____ per $100 valuation~~] in (name of school district) for the current year, a rate that will result in an increase of _____ (insert percentage increase in maintenance and operations tax revenue under the adopted tax rate as compared to maintenance and operations tax revenue in the preceding tax year) percent in maintenance and operations tax revenue for the district for the current year as compared to the preceding year, which is an additional $____ (insert dollar amount of increase in maintenance and operations tax revenue under the adopted tax rate as compared to maintenance and operations tax revenue in the preceding tax year) [~~is $_____ higher per $100 valuation than the school district rollback tax rate, for the purpose of (description of purpose of increase)~~]." [~~The ballot proposition must include the adopted tax rate and the difference between that rate and the rollback tax rate in the appropriate places.~~]

(i) For purposes of this section, "enrichment tax rate" has

the meaning assigned by Section 45.0032, Education Code [~~the effective maintenance and operations tax rate of a school district is the tax rate that, applied to the current total value for the district, would impose taxes in an amount that, when added to state funds that would be distributed to the district under Chapter 42, Education Code, for the school year beginning in the current tax year using that tax rate, would provide the same amount of state funds distributed under Chapter 42, Education Code, and maintenance and operations taxes of the district per student in weighted average daily attendance for that school year that would have been available to the district in the preceding year if the funding elements for Chapters 41 and 42, Education Code, for the current year had been in effect for the preceding year~~].

(n) For purposes of this section, the voter-approval [~~rollback~~] tax rate of a school district [~~whose maintenance and operations tax rate for the 2005 tax year was $1.50 or less per $100 of taxable value~~] is:

(1) for the 2019 [~~2006~~] tax year, the sum of the following:

(A) the rate [~~that is equal to 88.67 percent of the maintenance and operations tax rate adopted by the district for the 2005 tax year, the rate of $0.04~~] per $100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 48.255, Education Code, for the 2019 tax year and $1.00;

(B) the greater of:

(i) the district's maintenance and

operations tax rate for the 2018 tax year, less the sum of:

(a) $1.00; and

(b) any amount by which the district is required to reduce the district's enrichment tax rate under Section 48.202(f), Education Code, in the 2019 tax year; or

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

(C) [~~, and~~] the district's current debt rate; and

(2) for the 2020 [~~2007~~] and subsequent tax years, the sum [~~lesser~~] of the following:

(A) [~~the sum of the following:~~

[~~(i)~~] the rate per $100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 48.255 [~~42.2516~~], Education Code, for the current year and $1.00 [~~$1.50~~];

(B) the greater of:

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

(ii) the rate of $0.05 [~~$0.04~~] per $100 of taxable value; and

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

[~~(iv)~~] the district's current debt rate[~~, or~~

[~~(B) the sum of the following:~~

[~~(i) the effective maintenance and operations tax rate of the district as computed under Subsection (i) or (k), as applicable;~~

[~~(ii) the rate per $100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 42.2516, Education Code, for the current year and $0.06; and~~

[~~(iii) the district's current debt rate~~].

(n-1) For the 2020 tax year, a school district shall substitute "$0.04" for "$0.05" in Subsection (n)(2)(B)(ii) if the governing body of the district does not adopt by unanimous vote for that tax year a maintenance and operations tax rate at least equal to the sum of the rate described by Subsection (n)(2)(A) and the rate of $0.05 per $100 of taxable value.

SECTION 1.064. Chapter 26, Tax Code, is amended by adding Section 26.151 to read as follows:

Sec. 26.151. ESCROW ACCOUNT FOR PROPERTY TAXES. (a) In this section:

(1) "Home loan" has the meaning assigned by Section 343.001, Finance Code.

(2) "Home loan servicer" means a person who:

(A) receives scheduled payments from a borrower under the terms of a home loan, including amounts for escrow accounts; and

(B) makes the payments of principal and interest to the owner of the loan or other third party and makes any other payments with respect to the amounts received from the borrower as may be required under the terms of the servicing loan document or servicing contract.

(3) "Property tax escrow account" means an escrow account maintained by a lender or loan servicer to hold funds prepaid by the borrower on a loan for the payment of property taxes on real property securing the loan as the taxes become due.

(b) To the extent that H.B. 3, 86th Legislature, Regular Session, 2019, has the effect of reducing property taxes in this state, a lender or home loan servicer of a home loan that maintains a property tax escrow account must take into account the effect of that legislation in establishing the borrower's annual property tax payments to be held in that account and immediately adjust the borrower's monthly payments accordingly.

(c) This section expires September 1, 2023.

SECTION 1.065. Effective January 1, 2020, Sections 26.08(d) and (g), Tax Code, are amended to read as follows:

(d) If the proposition is not approved as provided by Subsection (c), the governing body may not adopt a tax rate for the school district for the current year that exceeds the school district's voter-approval [~~rollback~~] tax rate.

(g) In a school district that received distributions from an equalization tax imposed under former Chapter 18, Education Code, the no-new-revenue [~~effective~~] rate of that tax as of the date of the county unit system's abolition is added to the district's

voter-approval [~~rollback~~] tax rate.

ARTICLE 1A. PROPERTY TAX COMPRESSION

SECTION 1A.001. Effective September 1, 2020, Section 13.054, Education Code, is amended by amending Subsection (f) and adding Subsection (f-1) to read as follows:

(f) For five years beginning with the school year in which the annexation occurs, a school district shall receive additional funding under this subsection or Subsection (h). The amount of funding shall be determined by multiplying the lesser of the enlarged district's local fund assignment computed under Section 48.256 [~~42.252~~] or the enlarged district's total cost of tier one by a fraction, the numerator of which is the number of students residing in the territory annexed to the receiving district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the annexation, and multiplying the resulting product by the quotient of the enlarged district's maximum compressed tax rate, as determined under Section 48.2551, for the current school year divided by the receiving district's maximum compressed tax rate, as determined under Section 48.2551, for the year in which the annexation occurred.

(f-1) Notwithstanding Subsection (f), for an annexation that occurred before September 1, 2019, for five years beginning with the school year in which the annexation occurs, a school district shall receive additional funding under this subsection or Subsection (h). The amount of funding shall be determined by multiplying the lesser of the enlarged district's local fund

assignment computed under Section 48.256 or the enlarged district's total cost of tier one by a fraction, the numerator of which is the number of students residing in the territory annexed to the receiving district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the annexation, and dividing the receiving district's maximum compressed tax rate, as determined under Section 48.2551. This subsection expires September 1, 2021.

SECTION 1A.002. Effective September 1, 2020, Section 30.003, Education Code, is amended by amending Subsection (f-1) and adding Subsection (f-2) to read as follows:

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

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

(2) Section 45.0032;

(3) Section 48.255; and

(4) Section 48.2551.

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

educational purposes.

SECTION 1A.003. Effective September 1, 2020, Section 45.003(d), Education Code, is amended to read as follows:

(d) A proposition submitted to authorize the levy of maintenance taxes must include the question of whether the governing board or commissioners court may levy, assess, and collect annual ad valorem taxes for the further maintenance of public schools, at a rate not to exceed the rate stated in the proposition. For any year, the maintenance tax rate per $100 of taxable value adopted by the district may not exceed the rate equal to the sum of $0.17 and the district's maximum compressed rate [~~product of the state compression percentage~~], as determined under Section 48.2551 [~~42.2516, multiplied by $1.50~~].

SECTION 1A.004. (a) Effective September 1, 2020, Section 45.0032, Education Code, as added by this Act, is amended by adding Subsection (a) to read as follows:

(a) A school district's tier one maintenance and operations tax rate is the number of cents levied by the district for maintenance and operations that does not exceed the maximum compressed rate, as determined under Section 48.2551.

(b) Section 45.0032(a), Education Code, as added by Article 1 of this Act, expires on the effective date of this section.

SECTION 1A.005. Effective September 1, 2020, Section 42.101, Education Code, is transferred to Subchapter B, Chapter 48, Education Code, as added by this Act, redesignated as Section 48.051, Education Code, and amended to read as follows:

Sec. 48.051 [~~42.101~~]. BASIC ALLOTMENT. (a) For each

student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment equal to the lesser of $6,160 [~~$4,765~~] or the amount that results from the following formula:

A = $6,160 [~~$4,765~~] X TR/MCR [~~(DCR/MCR)~~]

where:

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

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

"MCR" is the district's [~~state~~] maximum compressed tax rate, as determined under Section 48.2551 [~~which is the product of the state compression percentage, as determined under Section 42.2516, multiplied by $1.50~~].

[~~(a-1) Notwithstanding Subsection (a), for a school district that adopted a maintenance and operations tax rate for the 2005 tax year below the maximum rate permitted by law for that year, the district's compressed tax rate ("DCR") includes the portion of the district's current maintenance and operations tax rate in excess of the first six cents above the district's compressed tax rate, as defined by Subsection (a), until the district's compressed~~

~~tax rate computed in accordance with this subsection is equal to the state maximum compressed tax rate ("MCR").~~]

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

(c) During any school year for which the maximum amount of the basic allotment provided under Subsection (a) or (b) is greater than the maximum amount provided for the preceding school year, a school district must use at least 30 percent of the amount, if the amount is greater than zero, that equals the product of the average daily attendance of the district multiplied by the amount of the difference between the district's funding under this chapter per student in average daily attendance for the current school year and the preceding school year to provide compensation increases to full-time district employees other than administrators as follows:

(1) 75 percent must be used to increase the compensation paid to classroom teachers, full-time librarians, full-time school counselors certified under Subchapter B, Chapter 21, and full-time school nurses, prioritizing differentiated compensation for classroom teachers with more than five years of experience; and

(2) 25 percent may be used as determined by the district to increase compensation paid to full-time district employees [~~This subsection applies to a school district for which the compressed tax rate ("DCR") is determined in accordance with Subsection (a-1). Any reduction in the district's adopted maintenance and operations tax rate is applied to the following components of the district's tax rate in the order specified:~~

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

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

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

(d) In this section, "compensation" includes benefits such as insurance premiums.

SECTION 1A.006. Effective September 1, 2020, Section 42.2516, Education Code, is transferred to Subchapter F, Chapter 48, Education Code, as added by this Act, redesignated as Section 48.255, Education Code, and amended to read as follows:

Sec. 48.255 [~~42.2516~~]. STATE COMPRESSION PERCENTAGE. (a) In this title, "state compression percentage" means the percentage of the rate of $1.00 per $100 valuation of taxable property that is used to determine a school district's maximum compressed [~~adopted maintenance and operations~~] tax rate under Section 48.2551.

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

(1) 93 percent, or a lower percentage set [~~not established~~] by appropriation for a school year;

(2) the percentage determined by the following formula:

SCP = PYCP X 1.025/(1 + ECPV); or

(3) the percentage determined under this section for the preceding school year.

(c) For purposes of Subsection (b)(2):

(1) "SCP" is the state compression percentage;

(2) "PYCP" is the state compression percentage for the preceding school year; and

(3) "ECPV" is the estimated percentage change in total taxable property value for the applicable tax year as determined based on the estimate submitted to the legislature under Section 48.269. [~~, the commissioner shall determine the state compression percentage for each school year based on the percentage by which a district is able to reduce the district's maintenance and operations tax rate for that year, as compared to the district's adopted maintenance and operations tax rate for the 2005 tax year, as a result of state funds appropriated for that year from the property tax relief fund established under Section 403.109, Government Code, or from another funding source available for school district property tax relief.~~

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

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

SECTION 1A.007. Effective September 1, 2020, Subchapter F, Chapter 48, Education Code, as added by this Act, is amended by adding Sections 48.2551, 48.2552, 48.2553, and 48.2554 to read as follows:

Sec. 48.2551. MAXIMUM COMPRESSED TAX RATE. (a) In this section:

(1) "DPV" has the meaning assigned by Section 48.256;

(2) "E" is the expiration of the exclusion of

appraised property value for the preceding tax year that is recognized as taxable property value for the current tax year, which is the sum of the following:

(A) property value that is no longer subject to a limitation on appraised value under Chapter 313, Tax Code; and

(B) property value under Section 311.013(n), Tax Code, that is no longer excluded from the calculation of "DPV" from the preceding year because of refinancing or renewal after September 1, 2019;

(3) "MCR" is the district's maximum compressed rate, which is the tax rate for the current tax year per $100 of valuation of taxable property at which the district must levy a maintenance and operations tax to receive the full amount of the tier one allotment to which the district is entitled under this chapter;

(4) "PYDPV" is the district's value of "DPV" for the preceding tax year; and

(5) "PYMCR" is the district's value of "MCR" for the preceding tax year.

(b) Except as provided by Subsection (c), a district's maximum compressed rate ("MCR") is the lesser of:

(1) the rate determined by the following applicable formula:

(A) if "DPV" exceeds "PYDPV" by an amount equal to or greater than 2.5 percent:

MCR = (1.025((PYDPV+E) X PYMCR))/DPV; or

(B) if Paragraph (A) does not apply:

MCR = PYMCR; or

(2) the product of the state compression percentage, as determined under Section 48.255, for the current tax year, multiplied by $1.00.

(c) Notwithstanding Subsection (b), for a district to which Section 48.2552(b) applies, the district's maximum compressed rate is the value calculated for "MCR" under Subsection (b)(1)(B).

(c-1) For purposes of determining a district's maximum compressed rate ("MCR") under Subsection (b) for the 2020-2021 school year, the value of "PYMCR" is $1.00. This subsection expires September 1, 2021.

(d) The agency shall calculate and make available school districts' maximum compressed rates, as determined under this section.

(e) It is the intent of the legislature that the state continue to fund public schools at the same or similar level as the state would have if this section had not taken effect.

Sec. 48.2552. LIMITATION ON MAXIMUM COMPRESSED RATE. (a) Each year, the agency shall evaluate the difference between school districts' maximum compressed rates, as determined under Section 48.2551.

(b) If a school district has a maximum compressed rate that is less than 90 percent of another school district's maximum compressed rate, the district's maximum compressed rate is calculated under Section 48.2551(c) until the agency determines that the difference between the district's and another district's maximum compressed rates is not more than 10 percent.

(c) The amount of revenue available to the state as a result

of the differences in the amount of state aid and reduction in local revenue between calculating a district's maximum compressed rate in accordance with Subsection (b) and calculating the district's maximum compressed rate under Section 48.2551 shall be used to lower the state compression percentage under Section 48.255. The agency shall provide estimates to the legislature of the reduction of the state compression percentage based on this subsection.

Sec. 48.2553. PERMITTED TAX RATE FOR MAINTENANCE OF 2020-2021 SCHOOL YEAR BASIC ALLOTMENT. (a) Notwithstanding any other provision of this title or Chapter 26, Tax Code, if the maximum amount of the basic allotment provided under Section 48.051(a) or (b) for a school year is less than the maximum amount provided for the 2020-2021 school year, subject to Subsection (b), a school district may adopt a maintenance and operations tax rate that exceeds the maximum compressed tax rate permitted under Section 48.2551, provided that:

(1) the rate adopted by the district was previously approved by voters for a tax year subsequent to the 2005 tax year; and

(2) the rate may not exceed the lesser of:

(A) $1.17; or

(B) the district's maximum compressed tax rate and the additional tax rate necessary to generate the amount of revenue equal to the difference in per student funding.

(b) Before adopting a maintenance and operations tax rate under Subsection (a), a school district must receive approval from the agency. To receive approval from the agency under this

subsection the district must submit the following information:

(1) a statement detailing the loss of funding to the district that resulted from the decline in the maximum amount of the basic allotment provided under Section 48.051(a) or (b);

(2) the proposed additional tax effort and the amount of funding the proposed additional tax effort will generate;

(3) evidence that the proposed additional tax effort described by Subdivision (2) had been previously authorized by voters subsequent to the 2005 tax year; and

(4) any other information required by the commissioner.

(c) The agency's approval of a district's tax rate under Subsection (b) expires at the end of each tax year.

(d) Any additional tax effort by a school district authorized under this section is not:

(1) eligible for funding under Subchapter B, C, or D;

(2) eligible for the guaranteed yield amount of state funds under Section 48.202; or

(3) subject to the limit on local revenue under Section 48.257.

(e) The commissioner shall reduce state aid or adjust the limit on local revenue under Section 48.257 in an amount equal to the amount of revenue generated by a school district's tax effort that is not in compliance with this section or Section 48.2551.

(f) This section does not apply to a school district to which Section 45.003(f) applies.

Sec. 48.2554. STUDY ON DISTRICT PROPERTY TAX COMPRESSION.

(a) The Legislative Budget Board, in conjunction with other appropriate state agencies, shall study possible methods of providing property tax relief through the reduction of school district maintenance and operations taxes. The study must evaluate:

(1) potential sources of revenue that may be used to reduce school district maintenance and operations taxes;

(2) methods of limiting increases in maintenance and operations tax revenue that adjust for enrollment growth, inflation, and other relevant factors; and

(3) for each method of providing property tax relief considered:

(A) any difference in anticipated benefits to property taxpayers based on the school district in which the taxpayer resides;

(B) the cost to the state; and

(C) the anticipated impact on equity in the public school finance system.

(b) Not later than September 1, 2020, the Legislative Budget Board shall submit to the governor, the lieutenant governor, and the speaker of the house of representatives a report on the results of the study and any recommendations for legislative or other action.

(c) This section expires September 1, 2021.

SECTION 1A.008. Effective January 1, 2020, Section 26.08(n), Tax Code, is amended to read as follows:

(n) For purposes of this section, the voter-approval

[~~rollback~~] tax rate of a school district [~~whose maintenance and operations tax rate for the 2005 tax year was $1.50 or less per $100 of taxable value~~] is the sum of the following:

(1) [~~for the 2006 tax year, the sum of the rate that is equal to 88.67 percent of the maintenance and operations tax rate adopted by the district for the 2005 tax year, the rate of $0.04 per $100 of taxable value, and the district's current debt rate; and~~

[~~(2) for the 2007 and subsequent tax years, the lesser of the following:~~

[~~(A) the sum of the following:~~

[~~(i)~~] the rate per $100 of taxable value that is equal to the district's maximum compressed tax rate [~~product of the state compression percentage~~], as determined under Section 48.2551 [~~42.2516~~], Education Code, for the current year [~~and $1.50~~];

(2) the greater of:

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

(B) [~~(ii)~~] the rate of $0.05 [~~$0.04~~] per $100 of taxable value; and

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

[~~(iv)~~] the district's current debt rate[~~; or~~

[~~(B) the sum of the following:~~

[~~(i) the effective maintenance and operations tax rate of the district as computed under Subsection (i) or (k), as applicable;~~

[~~(ii) the rate per $100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 42.2516, Education Code, for the current year and $0.06; and~~

[~~(iii) the district's current debt rate~~].

ARTICLE 2. PUBLIC EDUCATION

SECTION 2.001. Section 7.028(a), Education Code, is amended to read as follows:

(a) Except as provided by Section 21.006(k), 22.093(l), 22.096, 29.001(5), 29.010(a), or 39.057, the agency may monitor compliance with requirements applicable to a process or program provided by a school district, campus, program, or school granted charters under Chapter 12, including the process described by Subchapter F, Chapter 11, or a program described by Subchapter B, C, D, E, F, H, or I, Chapter 29, Subchapter A, Chapter 37, or Section 38.003, [~~and the use of funds provided for such a program under Subchapter C, Chapter 42,~~] only as necessary to ensure:

(1) compliance with federal law and regulations;

(2) financial accountability, including compliance with grant requirements; [~~and~~]

(3) data integrity for purposes of:

(A) the Public Education Information Management System (PEIMS); and

(B) accountability under Chapters 39 and 39A; and

(4) qualification for funding under Chapter 48.

SECTION 2.002. Subchapter C, Chapter 7, Education Code, is amended by adding Section 7.070 to read as follows:

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

(1) governmental agencies of the United States, this state, or another state;

(2) political subdivisions of this state or another state;

(3) public or private institutions of higher education; and

(4) relevant private organizations.

SECTION 2.003. Subchapter D, Chapter 11, Education Code, is amended by adding Sections 11.185 and 11.186 to read as follows:

Sec. 11.185. EARLY CHILDHOOD LITERACY AND MATHEMATICS PROFICIENCY PLANS. (a) The board of trustees of each school district shall adopt and post on the district's Internet website early childhood literacy and mathematics proficiency plans that set specific annual goals for the following five school years to reach quantifiable goals for student performance in reading and mathematics at each campus.

(b) Each plan adopted under Subsection (a) must:

(1) identify annual goals for students in each group evaluated under the closing the gaps domain under Section 39.053(c)(3);

(2) include annual goals for aggregate student growth on the third grade reading or mathematics assessment instrument, as applicable, administered under Section 39.023 or on an alternative assessment instrument determined by the board of trustees;

(3) provide for targeted professional development for classroom teachers in kindergarten or first, second, or third grade who are assigned to campuses that the board of trustees identifies as not meeting the plan's goals;

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

(A) coordinate implementation of the plan; and

(B) submit an annual report to the board of trustees on the district's progress toward the goals set under the plan; and

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

(c) Each plan adopted under Subsection (a) may set separate goals for students in a bilingual education or special language program under Subchapter B, Chapter 29.

(d) The professional development provided to classroom teachers under Subsection (b)(3) must, as appropriate, consider the unique needs of students in a bilingual education or special

language program under Subchapter B, Chapter 29.

(e) A school district shall post the annual report described by Subsection (b)(4)(B) on the district's Internet website and on the Internet website, if any, of each campus in the district.

Sec. 11.186. COLLEGE, CAREER, AND MILITARY READINESS PLANS. (a) The board of trustees of each school district shall adopt college, career, and military readiness plans that set specific annual goals for the following five school years to reach quantifiable goals for measures of student college, career, and military readiness at each campus.

(b) Each plan adopted under Subsection (a) must:

(1) identify annual goals for students in each group evaluated under the closing the gaps domain under Section 39.053(c)(3);

(2) include annual goals for aggregate student growth on college, career, and military readiness indicators evaluated under the student achievement domain under Section 39.053(c)(1);

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

(A) coordinate implementation of the plan; and

(B) submit an annual report to the board of trustees on the district's progress toward the goals set under the plan; and

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

(c) A school district shall post the annual report described

by Subsection (b)(3)(B) on the district's Internet website and on the Internet website, if any, of each campus in the district.

SECTION 2.004. Section 12.104(b), Education Code, as amended by Chapters 324 (S.B. 1488), 522 (S.B. 179), and 735 (S.B. 1153), Acts of the 85th Legislature, Regular Session, 2017, is reenacted and amended to read as follows:

(b) An open-enrollment charter school is subject to:

(1) a provision of this title establishing a criminal offense;

(2) the provisions in Chapter 554, Government Code; and

(3) [~~(2)~~] a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A) the Public Education Information Management System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

(B) criminal history records under Subchapter C, Chapter 22;

(C) reading instruments and accelerated reading instruction programs under Section 28.006;

(D) accelerated instruction under Section 28.0211;

(E) high school graduation requirements under Section 28.025;

(F) special education programs under Subchapter A, Chapter 29;

(G) bilingual education under Subchapter B, Chapter 29;

(H) prekindergarten programs under Subchapter E or E-1, Chapter 29;

(I) extracurricular activities under Section 33.081;

(J) discipline management practices or behavior management techniques under Section 37.0021;

(K) health and safety under Chapter 38;

(L) public school accountability under Subchapters B, C, D, F, G, and J, Chapter 39, and Chapter 39A;

(M) the requirement under Section 21.006 to report an educator's misconduct;

(N) intensive programs of instruction under Section 28.0213;

(O) the right of a school employee to report a crime, as provided by Section 37.148; [~~and~~]

(P) bullying prevention policies and procedures under Section 37.0832;

(Q) the right of a school under Section 37.0052 to place a student who has engaged in certain bullying behavior in a disciplinary alternative education program or to expel the student; [~~and~~]

(R) the right under Section 37.0151 to report to local law enforcement certain conduct constituting assault or harassment;

(S) [~~(P)~~] a parent's right to information

regarding the provision of assistance for learning difficulties to the parent's child as provided by Sections 26.004(b)(11) and 26.0081(c) and (d);

(T) the early childhood literacy and mathematics proficiency plans under Section 11.185; and

(U) the college, career, and military readiness plans under Section 11.186.

SECTION 2.005. Section 21.048, Education Code, is amended by adding Subsection (a-2) to read as follows:

(a-2) The board shall adopt rules that provide that in order to teach any grade level from prekindergarten through grade six a person must demonstrate proficiency in the science of teaching reading on a certification examination for each class of certificate issued by the board after January 1, 2021.

SECTION 2.006. Subchapter B, Chapter 21, Education Code, is amended by adding Sections 21.063 and 21.064 to read as follows:

Sec. 21.063. TEACHER DESIGNATIONS ON CERTIFICATE. The board shall place on or remove from a teacher's certificate the appropriate designation issued to the teacher under Section 21.3521:

(1) after being notified by the agency of the issuance or removal of the designation; or

(2) if the board determines that removal of the designation is necessary because of action taken against the teacher's certificate.

Sec. 21.064. LEGACY MASTER TEACHER CERTIFICATIONS. (a) The board shall recognize a master teacher certificate issued under

former Section 21.0481, 21.0482, 21.0483, or 21.0484 until the certificate expires. The board shall note a designation of "legacy" on the certificate.

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

SECTION 2.007. Section 21.352(c), Education Code, is amended to read as follows:

(c) Except as otherwise provided by this subsection, appraisal must be done at least once for [~~during~~] each school year. A teacher may be appraised less frequently if the teacher agrees in writing and the teacher's most recent evaluation rated the teacher as at least proficient, or the equivalent, and did not identify any area of deficiency. A teacher who is appraised less frequently than annually must be appraised at least once during each period of five school years. The district shall maintain a written copy of the evaluation of each teacher's performance in the teacher's personnel file. Each teacher is entitled to receive a written copy of the evaluation promptly on its completion. After receiving a written copy of the evaluation, a teacher is entitled to a second appraisal by a different appraiser or to submit a written rebuttal to the evaluation to be attached to the evaluation in the teacher's personnel file. The evaluation and any rebuttal may be given to another school district at which the teacher has applied for employment at the request of that district.

SECTION 2.008. Subchapter H, Chapter 21, Education Code, is amended by adding Section 21.3521 to read as follows:

Sec. 21.3521. LOCAL OPTIONAL TEACHER DESIGNATION SYSTEM. (a) Subject to Subsection (b), a school district or open-enrollment charter school may designate a certified classroom teacher as a master, exemplary, or recognized teacher for a five-year period based on the results from single year or multiyear appraisals that comply with Section 21.351 or 21.352.

(b) The commissioner shall establish performance and validity standards for each local optional teacher designation system. The performance standards:

(1) must provide a mathematical possibility that all teachers eligible for a designation may earn the designation; and

(2) may not require a district to use an assessment instrument adopted under Section 39.023 to evaluate teacher performance.

(c) Notwithstanding performance standards established under Subsection (b), a classroom teacher that holds a National Board Certification issued by the National Board for Professional Teaching Standards may be designated as recognized.

(d) The commissioner shall:

(1) ensure that local optional teacher designation systems:

(A) meet the requirements of this section; and

(B) prioritize high needs campuses; and

(2) enter into a memorandum of understanding with Texas Tech University to monitor the quality and fairness of local optional teacher designation systems.

(e) The agency shall develop and provide technical

assistance for school districts and open-enrollment charter schools that request assistance in implementing a local optional teacher designation system, including assistance in prioritizing high needs campuses.

(f) A teacher has no vested property right in a teacher designation assigned to the teacher under this section. A teacher designation issued under this section is void in the determination that the designation was issued improperly. Subchapters C through H, Chapter 2001, Government Code, do not apply to the voiding of a teacher designation under this subsection.

(g) The agency shall periodically conduct evaluations of the effectiveness of the local optional teacher designation systems under this section and the teacher incentive allotment under Section 48.112 and report the results of the evaluations to the legislature. A school district or open-enrollment charter school that has implemented a local optional teacher designation system or received funds under the teacher incentive allotment shall participate in the evaluations.

(h) The agency shall collect information necessary to implement this section. Information otherwise confidential remains confidential and is not subject to Chapter 552, Government Code.

(i) The commissioner may adopt fees to implement this section. A fee adopted by the agency under this section is not subject to Sections 2001.0045 and 2001.0221, Government Code.

(j) The commissioner may adopt rules to implement this section. A decision made by the commissioner under this section is final and may not be appealed.

SECTION 2.009. Section 21.458, Education Code, is amended by adding Subsections (a-1), (b-1), (f), (f-1), and (g) and amending Subsections (b) and (d) to read as follows:

(a-1) To be assigned as a mentor, a teacher must agree to serve as a mentor teacher for at least one school year. The assignment must begin not later than the 30th day of employment of the classroom teacher to whom the mentor teacher is assigned. A district must agree to assign a mentor to a new classroom teacher for at least two school years.

(b) The commissioner shall adopt rules necessary to administer this section, including rules concerning the duties and qualifications of a teacher who serves as a mentor and the number of classroom teachers that may be assigned to a mentor. The rules concerning qualifications must require that to serve as a mentor a teacher must:

(1) complete a research-based mentor and induction training program approved by the commissioner;

(2) complete a mentor training program provided by the district; [~~and~~]

(3) have at least three complete years of teaching experience with a superior record of assisting students, as a whole, in achieving improvement in student performance; and

(4) demonstrate interpersonal skills, instructional effectiveness, and leadership skills.

(b-1) A school district must provide training to mentor teachers and any appropriate district and campus employees who work with the classroom teacher or supervise the classroom teacher. The

training must be completed by the mentor teacher and the district and campus employees before the beginning of the school year. The district shall also provide supplemental training to mentor teachers and employees during the school year. The training must include content related to best mentorship practices.

(d) In adopting rules under this section [~~Subsection (c)~~], the commissioner shall rely on research-based mentoring programs that, through external evaluation, have demonstrated success.

(f) A mentor teacher must meet with each classroom teacher assigned to the mentor not less than 12 hours each semester. Observations of the mentor by the classroom teacher being mentored or of the classroom teacher being mentored by the mentor may count toward the 12 hours of meeting time required for the semester. Except as provided by Subsection (f-1), the mentoring sessions must address the following topics:

(1) orientation to the context, policies, and practices of the school district;

(2) data-driven instructional practices;

(3) specific instructional coaching cycles, including coaching regarding conferences between parents and the classroom teacher;

(4) professional development; and

(5) professional expectations.

(f-1) Subject to approval by the agency, in determining the topics to be addressed in the mentoring sessions, a school district may create an appropriate curriculum that meets the district needs.

(g) A school district must:

(1) designate a specific time during the regularly contracted school day for meetings between mentor teachers and classroom teachers assigned to a mentor; and

(2) schedule release time or a reduced teaching load for mentor teachers and classroom teachers under this section to facilitate mentoring activities, including classroom observations or participation in supportive coaching.

SECTION 2.010. Subchapter J, Chapter 21, Education Code, is amended by adding Section 21.465 to read as follows:

Sec. 21.465. AUTISM TRAINING. (a) A school district may provide a salary incentive or similar compensation to a teacher who completes training provided by a regional education service center relating to autism.

(b) A school district that decides to provide an incentive or compensation under Subsection (a) shall adopt a policy to implement this section.

SECTION 2.011. Effective September 1, 2020, Section 25.085, Education Code, is amended by adding Subsection (i) to read as follows:

(i) Notwithstanding any other provision of this section, a student enrolled in a school district is not required to attend school for any additional instructional days described by Section 48.0051.

SECTION 2.012. Section 28.006, Education Code, is amended by amending Subsections (b), (c), (d), and (f) and adding Subsections (b-1), (c-2), (c-3), and (l) to read as follows:

(b) The commissioner shall adopt a list of reading

instruments that a school district may use to diagnose student reading development and comprehension. For use in diagnosing the reading development and comprehension of kindergarten students, the commissioner shall adopt a [~~include on the commissioner's list at least two~~] multidimensional assessment tool that includes [~~tools. A multidimensional assessment tool on the commissioner's list must either include~~] a reading instrument and tests [~~test~~] at least three developmental skills, including literacy[~~, or test at least two developmental skills, other than literacy, and be administered in conjunction with a separate reading instrument that is on a list adopted under this subsection~~]. A multidimensional assessment tool administered as provided by this subsection is considered to be a reading instrument for purposes of this section. A district-level committee established under Subchapter F, Chapter 11, may adopt a list of reading instruments for use in the district in a grade level other than kindergarten in addition to the reading instruments on the commissioner's list. Each reading instrument adopted by the commissioner or a district-level committee must be based on scientific research concerning reading skills development and reading comprehension. A list of reading instruments adopted under this subsection must provide for diagnosing the reading development and comprehension of students participating in a program under Subchapter B, Chapter 29.

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

(c) Each school district shall administer, at the [~~kindergarten and~~] first and second grade levels, a reading instrument on the list adopted by the commissioner or by the district-level committee. The district shall administer the reading instrument in accordance with the commissioner's recommendations under Subsection (a)(1).

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

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

(d) The superintendent of each school district shall:

(1) report to the commissioner and the board of trustees of the district the results of the reading instruments;

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

(3) using the school readiness certification system provided to the school district in accordance with Section 29.161(e), report electronically each student's raw score on the reading instrument to the agency for use in the school readiness certification system.

(f) The agency shall ensure at least one reading instrument for each grade level for which a reading instrument is required to be administered under this section is available to school districts at no cost. [~~This section may be implemented only if funds are appropriated for administering the reading instruments. Funds, other than local funds, may be used to pay the cost of administering a reading instrument only if the instrument is on the list adopted by the commissioner.~~]

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

SECTION 2.013. Subchapter A, Chapter 28, Education Code, is amended by adding Section 28.0062 to read as follows:

Sec. 28.0062. READING STANDARDS FOR KINDERGARTEN THROUGH THIRD GRADE. (a) Each school district and open-enrollment charter school shall:

(1) provide for the use of a phonics curriculum that uses systematic direct instruction in kindergarten through third grade to ensure all students obtain necessary early literacy skills;

(2) ensure that:

(A) not later than the 2021-2022 school year, each classroom teacher in kindergarten or first, second, or third grade and each principal at a campus with kindergarten or first, second, or third grade has attended a teacher literacy achievement academy developed under Section 21.4552; and

(B) each classroom teacher and each principal

initially employed in a grade level or at a campus described by Paragraph (A) for the 2021-2022 school year or a subsequent school year has attended a teacher literacy achievement academy developed under Section 21.4552 before the teacher's or principal's first year of placement in that grade level or campus; and

(3) certify to the agency that the district or school:

(A) prioritizes placement of highly effective teachers in kindergarten through second grade; and

(B) has integrated reading instruments used to diagnose reading development and comprehension to support each student in prekindergarten through third grade.

(b) The agency shall provide assistance to school districts and open-enrollment charter schools in complying with the requirements under this section.

(c) The agency shall:

(1) monitor the implementation of this section; and

(2) periodically report to the legislature on the implementation of this section and the effectiveness of this section in improving educational outcomes.

(d) The commissioner shall establish an advisory board to assist the agency in fulfilling the agency's duties under this section. Chapter 2110, Government Code, does not apply to the advisory board.

(e) The commissioner may adopt rules to implement this section.

SECTION 2.014. Section 28.025(c), Education Code, is amended to read as follows:

(c) A person may receive a diploma if the person is eligible for a diploma under Section 28.0251. In other cases, a student may graduate and receive a diploma only if:

(1) the student successfully completes the curriculum requirements identified by the State Board of Education under Subsection (a) and complies with Sections 28.0256 and [~~Section~~] 39.025; or

(2) the student successfully completes an individualized education program developed under Section 29.005.

SECTION 2.015. Subchapter B, Chapter 28, Education Code, is amended by adding Section 28.0256 to read as follows:

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

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

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

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

(3) a school counselor authorizes the student to

decline to complete and submit the financial aid application for good cause, as determined by the school counselor.

(c) A school district or open-enrollment charter school shall adopt a form to be used for purposes of Subsection (b). The form must be:

(1) approved by the agency; and

(2) made available in English, Spanish, and any other language spoken by a majority of the students enrolled in a bilingual education or special language program under Subchapter B, Chapter 29, in the district or school.

(d) If a school counselor notifies a school district whether a student has complied with this section for purposes of determining whether the student meets high school graduation requirements under Section 28.025, the school counselor may only indicate whether the student has complied with this section and may not indicate the manner in which the student complied.

(e) The commissioner shall adopt rules as necessary to implement this section, including rules to:

(1) establish:

(A) a timeline for:

(i) the distribution to students of the free application for federal student aid or Texas application for state financial aid and the form adopted under Subsection (c); and

(ii) the submission of a form under Subsection (b);

(B) standards regarding the information that a school district or open-enrollment charter school must provide to

students regarding:

(i) in accordance with Section 33.007(b)(5), instructions for filling out the free application for federal student aid or Texas application for state financial aid; and

(ii) the options available to a student under Subsection (b) if the student wishes to decline to complete and submit a financial aid application; and

(C) the method by which a student must provide to a school district or open-enrollment charter school proof that the student has completed and submitted the free application for federal student aid or Texas application for state financial aid as required by this section;

(2) require each school district to report to the agency:

(A) the number of students who completed and submitted a financial aid application under Subsection (a); and

(B) the number of students who received an exception from complying with Subsection (a) under Subsection (b); and

(3) ensure compliance with federal law regarding confidentiality of student educational information, including the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g), and any state law relating to the privacy of student information.

(f) The agency shall establish an advisory committee to assist the agency in adopting rules under Subsection (e) to

implement this section and to develop recommendations for that purpose. The advisory committee is composed of:

(1) school counselors;

(2) school administrators; and

(3) stakeholders to represent the needs of interested students.

(g) Not later than January 1, 2021, the agency shall report the advisory committee's recommendations to the standing committee of each house of the legislature with jurisdiction over public education. Subsection (f) and this subsection expire January 1, 2023.

SECTION 2.016. Subchapter B, Chapter 29, Education Code, is amended by adding Section 29.065 to read as follows:

Sec. 29.065. ASSISTANCE BY AGENCY. The agency shall develop tools to assist school districts and open-enrollment charter schools in implementing bilingual education and special language programs under this chapter.

SECTION 2.017. Section 29.122, Education Code, is amended to read as follows:

Sec. 29.122. ESTABLISHMENT. (a) Using criteria established by the State Board of Education, each school district shall adopt a process for identifying and serving gifted and talented students in the district and shall establish a program for those students in each grade level. A district may establish a shared services arrangement program with one or more other districts.

(b) Each school district shall adopt a policy regarding the use of funds to support the district's program for gifted and

talented students.

SECTION 2.018. Subchapter D, Chapter 29, Education Code, is amended by adding Section 29.124 to read as follows:

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

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

(1) 0.12; and

(2) an amount equal to five percent of the students in average daily attendance in the district.

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

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

(e) Nothing in this section may be construed as limiting the number of students that a school district may identify as gifted and

talented or serve under the district's program for gifted and talented students.

SECTION 2.019. Section 29.153, Education Code, is amended by amending Subsections (c) and (d) and adding Subsections (c-1), (d-1), (d-2), and (g) to read as follows:

(c) A prekindergarten class under this section may [~~shall~~] be operated on a half-day basis for children under four years of age and shall be operated on a full-day basis for children who are at least four years of age. A district is not required to provide transportation for a prekindergarten class, but transportation, if provided, is included for funding purposes as part of the regular transportation system.

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

(d) Subject to Subsections (d-1) and (d-2), on [~~On~~] application of a district, the commissioner shall [~~may~~] exempt a district from the application of all or any part of this section, including all or any part of Subchapter E-1 for a prekindergarten class described by Subsection (c-1), if the commissioner determines that:

(1) the district would be required to construct classroom facilities in order to provide prekindergarten classes; or

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

class under this section.

(d-1) A district may not receive an exemption under Subsection (d) unless the district has solicited and considered at a public meeting proposals for partnerships with public or private entities regarding prekindergarten classes required under this section. A decision of the board of trustees regarding a partnership described by this subsection is final.

(d-2) An exemption under Subsection (d) may not be granted for a period longer than three school years and may be renewed only once.

(g) Before a school district or open-enrollment charter school may construct, repurpose, or lease a classroom facility, or issue bonds for the construction or repurposing of a classroom facility, to provide the prekindergarten classes required under this section, the district or school must solicit and consider proposals for partnerships to provide those classes with community-based child-care providers who:

(1) are a Texas Rising Star Program provider with a three-star certification or higher;

(2) are nationally accredited;

(3) are a Head Start program provider;

(4) are a Texas School Ready! participant; or

(5) meet the requirements under Section 29.1532.

SECTION 2.020. Section 29.1531(a), Education Code, is amended to read as follows:

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

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

(2) half-day and full-day prekindergarten classes to children not eligible for classes under Section 29.153.

SECTION 2.021. Section 29.1532(c), Education Code, is amended to read as follows:

(c) A school district that offers prekindergarten classes[~~, including a high quality prekindergarten program class under Subchapter E-1,~~] shall include the following information in the district's Public Education Information Management System (PEIMS) report:

(1) demographic information, as determined by the commissioner, on students enrolled in district and campus prekindergarten classes, including the number of students who are eligible for classes under Section 29.153;

(2) the numbers of half-day and full-day prekindergarten classes offered by the district and campus;

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

(4) the sources of funding for the prekindergarten classes;

(5) [~~(4)~~] the class size and ratio of instructional staff to students for each prekindergarten program class offered by the district and campus;

(6) [~~(5)~~] if the district elects to administer an

assessment instrument under Section 29.169 to students enrolled in district and campus prekindergarten program classes, a description and the results of each type of assessment instrument; and

(7) [~~(6)~~] curricula used in the district's prekindergarten program classes.

SECTION 2.022. Section 29.1543, Education Code, is amended to read as follows:

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

(1) the information required by Section 29.1532(c) to be reported through the Public Education Information Management System (PEIMS);

(2) a description of the diagnostic reading instruments administered in accordance with Section 28.006(c) or (c-2);

(3) the number of students who were administered a diagnostic reading instrument administered in accordance with Section 28.006(c) or (c-2);

(4) the number of students whose scores from a diagnostic reading instrument administered in accordance with Section 28.006(c) or (c-2) indicate reading proficiency; [~~and~~]

(5) the number of kindergarten students who were enrolled in a prekindergarten program in the previous school year

in the same district or school as the district or school in which the student attends kindergarten;

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

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

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

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

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

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

SECTION 2.023. Subchapter E, Chapter 29, Education Code, is amended by adding Section 29.1544 to read as follows:

Sec. 29.1544. REPORTING OF CERTAIN INFORMATION REGARDING PREKINDERGARTEN PROGRAMS; AGENCY REPORT. (a) The agency by rule shall require each school district that offers a prekindergarten program under Section 29.153 and each private entity that provides a prekindergarten program under contract with a school district to report the following information in the form and manner prescribed

by the agency for each prekindergarten class offered by the district or private entity:

(1) the number of students in each prekindergarten class;

(2) the number of certified teachers in each prekindergarten class;

(3) the number of teacher's aides in each prekindergarten class;

(4) whether each prekindergarten class is full-day or half-day; and

(5) if the district offers half-day classes, whether the district offers two half-day classes per day.

(b) From the information submitted under Subsection (a), the agency shall determine the total number of teachers and teacher's aides in prekindergarten classes in this state.

(c) From the information submitted under Subsection (a) and for purposes of calculating the student/teacher ratio for each prekindergarten class offered by a school district or private entity that provides a prekindergarten program under contract with a school district, the agency shall count each teacher or teacher's aide:

(1) once for a full-day class; and

(2) twice for a half-day class if the district offers two half-day classes per day.

(d) Not later than August 1 of each year, the agency shall prepare and submit a report to the legislature based on the information collected under Subsection (a).

SECTION 2.024. Section 29.162, Education Code, is amended to read as follows:

Sec. 29.162. RULES [~~DETERMINATION OF FULL-DAY AND HALF-DAY~~]. (a) The commissioner may adopt rules for this subchapter, including rules establishing full-day and half-day minutes of operation requirements as provided by Section 25.081.

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

SECTION 2.025. The heading to Subchapter E-1, Chapter 29, Education Code, is amended to read as follows:

SUBCHAPTER E-1. HIGH QUALITY PREKINDERGARTEN [~~GRANT~~] PROGRAM REQUIREMENTS

SECTION 2.026. Section 29.164, Education Code, is amended to read as follows:

Sec. 29.164. DEFINITION. In this subchapter, "program" means a high quality prekindergarten [~~grant~~] program required under Section 29.153(c-1) to be provided free of tuition or fees in accordance with this subchapter.

SECTION 2.027. Section 29.167(a), Education Code, is amended to read as follows:

(a) A school district shall select and implement a curriculum for a prekindergarten [~~grant~~] program [~~under this subchapter~~] that:

(1) includes the prekindergarten guidelines established by the agency;

(2) measures the progress of students in meeting the recommended learning outcomes; and

(3) does not use national curriculum standards developed by the Common Core State Standards Initiative.

SECTION 2.028. Section 29.170(a), Education Code, is amended to read as follows:

(a) The commissioner shall evaluate the use and effectiveness of prekindergarten funding [~~provided under this subchapter~~] in improving student learning. The commissioner shall identify effective instruction strategies implemented by school districts under this subchapter.

SECTION 2.029. Section 29.171(a), Education Code, is amended to read as follows:

(a) A school district that offers a prekindergarten [~~participating in the grant~~] program under this subchapter may enter into a contract with an eligible private provider to provide services or equipment for the program.

SECTION 2.030. Section 29.172, Education Code, is amended to read as follows:

Sec. 29.172. RULES. (a) The commissioner may adopt rules necessary to implement this subchapter.

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

SECTION 2.031. Section 29.190, Education Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) A student is entitled to a subsidy under this section if:

(1) the student:

(A) successfully completes the career and technology program of a school district in which the student receives training and instruction for employment; or

(B) is enrolled in a special education program under Subchapter A; and

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

(a-1) A student may not receive more than one subsidy under this section.

SECTION 2.032. Subchapter F, Chapter 29, Education Code, is amended by adding Section 29.194 to read as follows:

Sec. 29.194. SUMMER CAREER AND TECHNOLOGY EDUCATION GRANT PROGRAM. (a) From funds appropriated or available for the purpose, the commissioner, in cooperation with an appropriate private entity, shall establish a grant program to provide funding to school districts for career and technology education courses offered during the summer.

(b) The commissioner may solicit and accept gifts, donations, or other contributions for the grant program established under this section.

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

SECTION 2.033. Subchapter Z, Chapter 29, Education Code, is amended by adding Section 29.924 to read as follows:

Sec. 29.924. BLENDED LEARNING GRANT PROGRAM. (a) In this

section, "blended learning" means an instructional delivery method that combines classroom and online instruction.

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

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

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

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

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

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

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

(4) provide any other information to the agency as

necessary for the implementation of this section.

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

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

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

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

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

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

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

(4) require the use of a proficiency-based assessment to inform instruction and provide teachers with relevant

information regarding strengths and gaps in a student's learning and proficiency in the essential knowledge and skills.

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

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

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

SECTION 2.034. Sections 39.0261(a), (e), and (f), Education Code, are amended to read as follows:

(a) In addition to the assessment instruments otherwise authorized or required by this subchapter:

(1) each school year and at state cost, a school district may administer to students in the spring of the eighth grade an established, valid, reliable, and nationally norm-referenced preliminary college preparation assessment instrument for the purpose of diagnosing the academic strengths and deficiencies of students before entrance into high school;

(2) each school year and at state cost, a school

district may administer to students in the 10th grade an established, valid, reliable, and nationally norm-referenced preliminary college preparation assessment instrument for the purpose of measuring a student's progress toward readiness for college and the workplace; and

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

(A) [~~,~~] one of the valid, reliable, and nationally norm-referenced assessment instruments used by colleges and universities as part of their undergraduate admissions processes; or

(B) the assessment instrument designated by the Texas Higher Education Coordinating Board under Section 51.334.

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

(f) The provisions of this section regarding assessment instruments administered under Subsection (a)(1) or (2) apply only if the legislature appropriates funds for those purposes [~~of this section~~].

SECTION 2.035. Section 39.306(a), Education Code, is amended to read as follows:

(a) Each board of trustees shall publish an annual report describing the educational performance of the district and of each campus in the district that includes uniform student performance and descriptive information as determined under rules adopted by the commissioner. The annual report must also include:

(1) campus performance objectives established under Section 11.253 and the progress of each campus toward those objectives, which shall be available to the public;

(2) information indicating the district's accreditation status and identifying each district campus awarded a distinction designation under Subchapter G or considered an unacceptable campus under Chapter 39A;

(3) the district's current special education compliance status with the agency;

(4) a statement of the number, rate, and type of violent or criminal incidents that occurred on each district campus, to the extent permitted under the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g);

(5) information concerning school violence prevention and violence intervention policies and procedures that the district is using to protect students;

(6) the findings that result from evaluations conducted under the Safe and Drug-Free Schools and Communities Act of 1994 (20 U.S.C. Section 7101 et seq.); [~~and~~]

(7) information received under Section 51.403(e) for each high school campus in the district, presented in a form determined by the commissioner; and

(8) the progress of the district and each campus in the district toward meeting the goals set in the district's:

(A) early childhood literacy and mathematics proficiency plans adopted under Section 11.185; and

(B) college, career, and military readiness plans adopted under Section 11.186.

SECTION 2.036. Subchapter Z, Chapter 39A, Education Code, is amended by adding Section 39A.907 to read as follows:

Sec. 39A.907. ASSESSMENT INSTRUMENT STUDY. (a) The commissioner shall enter into a memorandum of understanding with a public institution of higher education to conduct a study to determine whether, for each applicable grade level, each assessment instrument administered under Section 39.023(a) during the 2018-2019 school year or scheduled to be administered during the 2019-2020 school year:

(1) is written at the appropriate reading level for students in that grade level; and

(2) includes only:

(A) passages, questions, answers, and other content aligned with the essential knowledge and skills adopted by the State Board of Education for the applicable subject for the grade level at which the assessment instrument is administered or for any previous grade level; and

(B) passages written at a reading level not higher than the grade level at which the assessment instrument is administered.

(b) Not later than December 1, 2019, the commissioner shall

submit a report to the legislature and the presiding officer of each legislative standing committee with jurisdiction over primary and secondary education that includes the results of the study.

ARTICLE 2A. PROVISIONS REGARDING EMPLOYING, TERMINATING, AND REPORTING MISCONDUCT OF PUBLIC SCHOOL AND RELATED ENTITY PERSONNEL

SECTION 2A.001. Section 12.027(a), Education Code, is amended to read as follows:

(a) The State Board of Education may place on probation or revoke a home-rule school district charter of a school district if the board determines that the district:

(1) committed a material violation of the charter, including by failure to comply with the duty to discharge or refuse to hire certain employees or applicants for employment, as provided by Section 12.0271;

(2) failed to satisfy generally accepted accounting standards of fiscal management; or

(3) failed to comply with this subchapter or other applicable federal or state law or rule.

SECTION 2A.002. Subchapter B, Chapter 12, Education Code, is amended by adding Section 12.0271 to read as follows:

Sec. 12.0271. FAILURE TO DISCHARGE OR REFUSE TO HIRE CERTAIN EMPLOYEES OR APPLICANTS. A home-rule school district commits a material violation of the school district's charter if the school district fails to comply with the duty to discharge or refuse to hire certain employees or applicants for employment under Section 22.085 or 22.092.

SECTION 2A.003. Section 12.056(b), Education Code, is

amended to read as follows:

(b) A campus or program for which a charter is granted under this subchapter is subject to:

(1) a provision of this title establishing a criminal offense; and

(2) a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A) the Public Education Information Management System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

(B) criminal history records under Subchapter C, Chapter 22;

(C) high school graduation under Section 28.025;

(D) special education programs under Subchapter A, Chapter 29;

(E) bilingual education under Subchapter B, Chapter 29;

(F) prekindergarten programs under Subchapter E, Chapter 29;

(G) extracurricular activities under Section 33.081;

(H) health and safety under Chapter 38; [~~and~~]

(I) public school accountability under Subchapters B, C, D, F, and J, Chapter 39, and Chapter 39A; and

(J) the duty to discharge or refuse to hire certain employees or applicants for employment under Section

12.1059.

SECTION 2A.004. Section 12.063(a), Education Code, is amended to read as follows:

(a) A board of trustees may place on probation or revoke a charter it grants if the board determines that the campus or program:

(1) committed a material violation of the charter, including by failure to comply with the duty to discharge or refuse to hire certain employees or applicants for employment, as provided by Section 12.0631;

(2) failed to satisfy generally accepted accounting standards of fiscal management; or

(3) failed to comply with this subchapter, another law, or a state agency rule.

SECTION 2A.005. Subchapter C, Chapter 12, Education Code, is amended by adding Section 12.0631 to read as follows:

Sec. 12.0631. FAILURE TO DISCHARGE OR REFUSE TO HIRE CERTAIN EMPLOYEES OR APPLICANTS. A campus or campus program granted a charter under this subchapter commits a material violation of its charter if the campus or program fails to comply with the duty to discharge or refuse to hire certain employees or applicants for employment under Section 12.1059, 22.085, or 22.092.

SECTION 2A.006. Section 12.1059, Education Code, is amended to read as follows:

Sec. 12.1059. REQUIREMENTS [~~AGENCY APPROVAL REQUIRED~~] FOR EMPLOYMENT OF CERTAIN EMPLOYEES. A person may not be employed by or serve as a teacher, librarian, educational aide, administrator, or

school counselor for an open-enrollment charter school unless:

(1) the person has been approved by the agency following a review of the person's national criminal history record information as provided by Section 22.0832; and

(2) the school has confirmed that the person is not included in the registry under Section 22.092.

SECTION 2A.007. Section 12.115(a), Education Code, is amended to read as follows:

(a) Except as provided by Subsection (c), the commissioner shall revoke the charter of an open-enrollment charter school or reconstitute the governing body of the charter holder if the commissioner determines that the charter holder:

(1) committed a material violation of the charter, including by a failure to:

(A) satisfy accountability provisions prescribed by the charter; or

(B) comply with the duty to discharge or refuse to hire certain employees or applicants for employment, as provided by Section 12.1151;

(2) failed to satisfy generally accepted accounting standards of fiscal management;

(3) failed to protect the health, safety, or welfare of the students enrolled at the school;

(4) failed to comply with this subchapter or another applicable law or rule;

(5) failed to satisfy the performance framework standards adopted under Section 12.1181; or

(6) is imminently insolvent as determined by the commissioner in accordance with commissioner rule.

SECTION 2A.008. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1151 to read as follows:

Sec. 12.1151. FAILURE TO DISCHARGE OR REFUSE TO HIRE CERTAIN EMPLOYEES OR APPLICANTS. An open-enrollment charter school commits a material violation of the school's charter if the school fails to comply with the duty to discharge or refuse to hire certain employees or applicants for employment under Section 12.1059, 22.085, or 22.092.

SECTION 2A.009. Section 12A.008, Education Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) The commissioner may terminate a district's designation as a district of innovation if the district fails to comply with the duty to discharge or refuse to hire certain employees or applicants for employment under Section 12.1059, applicable to the district under Section 12A.004(a)(1), or Section 22.085 or 22.092.

SECTION 2A.010. Section 21.006, Education Code, is amended by amending Subsections (a), (b), (b-1), (b-2), (c-1), (d), and (e) and adding Subsections (g-1) and (k) to read as follows:

(a) In this section:

(1) "Abuse"[~~, "abuse"~~] has the meaning assigned by Section 261.001, Family Code, and includes any sexual conduct involving an educator and a student or minor.

(2) "Other charter entity" means:

(A) a school district operating under a home-rule

school district charter adopted under Subchapter B, Chapter 12;

(B) a campus or campus program operating under a charter granted under Subchapter C, Chapter 12; and

(C) an entity that contracts to partner with a school district under Section 11.174(a)(2) to operate a district campus under a charter granted to the entity by the district under Subchapter C, Chapter 12.

(b) In addition to the reporting requirement under Section 261.101, Family Code, the superintendent or director of a school district, district of innovation, open-enrollment charter school, other charter entity, regional education service center, or shared services arrangement shall notify the State Board for Educator Certification if:

(1) an educator employed by or seeking employment by the school district, district of innovation, charter school, other charter entity, service center, or shared services arrangement has a criminal record and the school district, district of innovation, charter school, other charter entity, service center, or shared services arrangement obtained information about the educator's criminal record by a means other than the criminal history clearinghouse established under Section 411.0845, Government Code;

(2) an educator's employment at the school district, district of innovation, charter school, other charter entity, service center, or shared services arrangement was terminated and there is evidence that the educator:

(A) abused or otherwise committed an unlawful act with a student or minor;

(A-1) was involved in a romantic relationship with or solicited or engaged in sexual contact with a student or minor;

(B) possessed, transferred, sold, or distributed a controlled substance, as defined by Chapter 481, Health and Safety Code, or by 21 U.S.C. Section 801 et seq.;

(C) illegally transferred, appropriated, or expended funds or other property of the school district, district of innovation, charter school, other charter entity, service center, or shared services arrangement;

(D) attempted by fraudulent or unauthorized means to obtain or alter a professional certificate or license for the purpose of promotion or additional compensation; or

(E) committed a criminal offense or any part of a criminal offense on school property or at a school-sponsored event;

(3) the educator resigned and there is evidence that the educator engaged in misconduct described by Subdivision (2); or

(4) the educator engaged in conduct that violated the assessment instrument security procedures established under Section 39.0301.

(b-1) A superintendent or director of a school district, district of innovation, open-enrollment charter school, other charter entity, regional education service center, or shared services arrangement shall complete an investigation of an educator that involves evidence that the educator may have engaged in misconduct described by Subsection (b)(2)(A) or (A-1), despite the educator's resignation from employment before completion of the

investigation.

(b-2) The principal of a school district, district of innovation, [~~or~~] open-enrollment charter school, or other charter entity campus must notify the superintendent or director of the school district, district of innovation, [~~or~~] charter school, or other charter entity not later than the seventh business day after the date:

(1) of an educator's termination of employment or resignation following an alleged incident of misconduct described by Subsection (b); or

(2) the principal knew about an educator's criminal record under Subsection (b)(1).

(c-1) The report under Subsection (c):

(1) must be:

(A) [~~(1)~~] in writing; and

(B) [~~(2)~~] in a form prescribed by the board; and

(2) may be filed through the Internet portal developed and maintained by the State Board for Educator Certification under Subsection (g-1).

(d) The superintendent or director shall notify the board of trustees or governing body of the school district, open-enrollment charter school, other charter entity, regional education service center, or shared services arrangement and the educator of the filing of the report required by Subsection (c).

(e) A superintendent, director, or principal of a school district, district of innovation, open-enrollment charter school, other charter entity, regional education service center, or shared

services arrangement who in good faith and while acting in an official capacity files a report with the State Board for Educator Certification under this section or communicates with another superintendent, director, or principal concerning an educator's criminal record or alleged incident of misconduct is immune from civil or criminal liability that might otherwise be incurred or imposed.

(g-1) The State Board for Educator Certification shall develop and maintain an Internet portal through which a report required under Subsection (c) may be confidentially and securely filed.

(k) The commissioner may review the records of a school district, district of innovation, open-enrollment charter school, other charter entity, regional education service center, or shared services arrangement to ensure compliance with the requirement to report misconduct under this section.

SECTION 2A.011. Section 21.0061, Education Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:

(a) The board of trustees or governing body of a school district, district of innovation, open-enrollment charter school, other charter entity, regional education service center, or shared services arrangement shall adopt a policy under which notice is provided to the parent or guardian of a student with whom an educator is alleged to have engaged in misconduct described by Section 21.006(b)(2)(A) or (A-1) informing the parent or guardian:

(1) that the alleged misconduct occurred;

(2) whether the educator was terminated following an investigation of the alleged misconduct or resigned before completion of the investigation; and

(3) whether a report was submitted to the State Board for Educator Certification concerning the alleged misconduct.

(c) In this section, "other charter entity" has the meaning assigned by Section 21.006.

SECTION 2A.012. Subchapter B, Chapter 21, Education Code, is amended by adding Section 21.0585 to read as follows:

Sec. 21.0585. NOTICE TO AGENCY REGARDING REVOCATION OF CERTIFICATE OR PERMIT FOR CERTAIN MISCONDUCT. The board shall promptly notify the agency for purposes of Section 22.092 if the board revokes a certificate or permit of a person on a finding that the person engaged in misconduct described by Section 21.006(b)(2)(A) or (A-1).

SECTION 2A.013. Subchapter C, Chapter 22, Education Code, is amended by adding Sections 22.0815 and 22.0825 to read as follows:

Sec. 22.0815. APPLICABILITY OF SUBCHAPTER TO DISTRICTS OF INNOVATION AND OTHER CHARTER ENTITIES. (a) In this section, "other charter entity" has the meaning assigned by Section 21.006.

(b) A prohibition, restriction, or requirement imposed by this subchapter on an open-enrollment charter school applies to the same extent to a district of innovation or other charter entity.

(c) The failure of a district of innovation to provide information required under Section 22.0832 may result in termination of the district's designation as a district of

innovation.

Sec. 22.0825. ACCESS TO CRIMINAL HISTORY RECORDS BY TEXAS EDUCATION AGENCY. (a) In this section, "other charter entity" has the meaning assigned by Section 21.006.

(b) The agency shall subscribe to the criminal history clearinghouse as provided by Section 411.0845, Government Code, and may obtain from any law enforcement or criminal justice agency all criminal history record information and all records contained in any closed criminal investigation file that relate to a specific applicant for employment or current or former employee of a school district, district of innovation, open-enrollment charter school, other charter entity, regional education service center, or shared services arrangement.

SECTION 2A.014. The heading to Section 22.085, Education Code, is amended to read as follows:

Sec. 22.085. EMPLOYEES AND APPLICANTS CONVICTED OF OR PLACED ON DEFERRED ADJUDICATION COMMUNITY SUPERVISION FOR CERTAIN OFFENSES.

SECTION 2A.015. Sections 22.085(a) and (e), Education Code, are amended to read as follows:

(a) A school district, open-enrollment charter school, or shared services arrangement shall discharge or refuse to hire an employee or applicant for employment if the district, school, or shared services arrangement obtains information through a criminal history record information review that[~~:~~

[~~(1)~~] the employee or applicant has been:

(1) convicted of or placed on deferred adjudication

community supervision for[~~:~~

[~~(A) a felony offense under Title 5, Penal Code;~~

[~~(B)~~] an offense for [~~on conviction of~~] which a defendant is required to register as a sex offender under Chapter 62, Code of Criminal Procedure; or

(2) convicted of:

(A) a felony offense under Title 5, Penal Code, if the victim of the offense was under 18 years of age at the time the offense was committed; or

(B) [~~(C)~~] an offense under the laws of another state or federal law that is equivalent to an offense under Subdivision (1) or Paragraph (A) [~~or (B); and~~

[~~(2) at the time the offense occurred, the victim of the offense described by Subdivision (1) was under 18 years of age or was enrolled in a public school~~].

(e) The State Board for Educator Certification may impose a sanction on an educator who does not discharge an employee or refuse to hire an applicant for employment if the educator knows or should have known, through a criminal history record information review, that the employee or applicant has been:

(1) convicted of or placed on deferred adjudication community supervision for an offense described by Subsection (a)(1); or

(2) convicted of an offense described by Subsection (a)(2) [~~(a)~~].

SECTION 2A.016. Chapter 22, Education Code, is amended by adding Subchapter C-1 to read as follows:

SUBCHAPTER C-1. PERSONS NOT ELIGIBLE FOR EMPLOYMENT IN PUBLIC SCHOOLS

Sec. 22.091. DEFINITION. In this subchapter, "other charter entity" has the meaning assigned by Section 21.006.

Sec. 22.092. REGISTRY OF PERSONS NOT ELIGIBLE FOR EMPLOYMENT IN PUBLIC SCHOOLS. (a) The agency shall maintain and make available through the Internet portal developed and maintained by the agency under Section 22.095 a registry of persons who are not eligible to be employed by a school district, district of innovation, open-enrollment charter school, other charter entity, regional education service center, or shared services arrangement.

(b) A school district, district of innovation, open-enrollment charter school, other charter entity, regional education service center, or shared services arrangement shall discharge or refuse to hire a person listed on the registry maintained under this section.

(c) The registry maintained under this section must list the following persons as not eligible to be employed by public schools:

(1) a person determined by the agency under Section 22.0832 as a person who would not be eligible for educator certification under Subchapter B, Chapter 21;

(2) a person determined by the agency to be not eligible for employment based on the person's criminal history record information review, as provided by Section 22.0833;

(3) a person who is not eligible for employment based on criminal history record information received by the agency under Section 21.058(b);

(4) a person whose certification or permit issued under Subchapter B, Chapter 21, is revoked by the State Board for Educator Certification on a finding that the person engaged in misconduct described by Section 21.006(b)(2)(A) or (A-1); and

(5) a person who is determined by the commissioner under Section 22.094 to have engaged in misconduct described by Section 22.093(c)(1)(A) or (B).

(d) The agency shall provide private schools and public schools equivalent access to the registry maintained under this section.

(e) The agency shall adopt rules as necessary to implement this section.

Sec. 22.093. REQUIREMENT TO REPORT EMPLOYEE MISCONDUCT. (a) In this section, "abuse" has the meaning assigned by Section 261.001, Family Code, and includes any sexual conduct involving a student or minor.

(b) This section applies to a person who is employed by a school district, district of innovation, open-enrollment charter school, other charter entity, regional education service center, or shared services arrangement and who does not hold a certification or permit issued under Subchapter B, Chapter 21.

(c) In addition to the reporting requirement under Section 261.101, Family Code, the superintendent or director of a school district, district of innovation, open-enrollment charter school, other charter entity, regional education service center, or shared services arrangement shall notify the commissioner if:

(1) an employee's employment at the school district,

district of innovation, charter school, other charter entity, service center, or shared services arrangement was terminated and there is evidence that the employee:

(A) abused or otherwise committed an unlawful act with a student or minor; or

(B) was involved in a romantic relationship with or solicited or engaged in sexual contact with a student or minor; or

(2) the employee resigned and there is evidence that the employee engaged in misconduct described by Subdivision (1).

(d) A superintendent or director of a school district, district of innovation, open-enrollment charter school, other charter entity, regional education service center, or shared services arrangement shall complete an investigation of an employee that involves evidence that the employee may have engaged in misconduct described by Subsection (c)(1)(A) or (B), despite the employee's resignation from employment before completion of the investigation.

(e) The principal of a school district, district of innovation, open-enrollment charter school, or other charter entity campus must notify the superintendent or director of the school district, district of innovation, charter school, or other charter entity not later than the seventh business day after the date of an employee's termination of employment or resignation following an alleged incident of misconduct described by Subsection (c)(1)(A) or (B).

(f) The superintendent or director must notify the

commissioner by filing a report with the commissioner not later than the seventh business day after the date the superintendent or director receives a report from a principal under Subsection (e) or knew about an employee's termination of employment or resignation following an alleged incident of misconduct described by Subsection (c)(1)(A) or (B). The report must be:

(1) in writing; and

(2) in a form prescribed by the commissioner.

(g) The superintendent or director shall notify the board of trustees or governing body of the school district, district of innovation, open-enrollment charter school, other charter entity, regional education service center, or shared services arrangement and the employee of the filing of the report required by Subsection (f).

(h) A superintendent or director who in good faith and while acting in an official capacity files a report with the commissioner under Subsection (f) or a principal who in good faith and while acting in an official capacity notifies a superintendent or director under Subsection (e) is immune from civil or criminal liability that might otherwise be incurred or imposed.

(i) The commissioner shall refer an educator who fails to file a report in violation of Subsection (f) to the State Board for Educator Certification, and the board shall determine whether to impose sanctions against the educator.

(j) The name of a student or minor who is the victim of abuse or unlawful conduct by an employee must be included in a report filed under this section, but the name of the student or minor is

not public information under Chapter 552, Government Code.

(k) A superintendent or director required to file a report under Subsection (f) commits an offense if the superintendent or director fails to file the report by the date required by that subsection with intent to conceal an employee's criminal record or alleged incident of misconduct. A principal required to notify a superintendent or director about an employee's alleged incident of misconduct under Subsection (e) commits an offense if the principal fails to provide the notice by the date required by that subsection with intent to conceal an employee's alleged incident of misconduct. An offense under this subsection is a state jail felony.

(l) The commissioner may review the records of a school district, district of innovation, open-enrollment charter school, other charter entity, regional education service center, or shared services arrangement to ensure compliance with the requirement to report misconduct under this section.

(m) The commissioner shall adopt rules as necessary to implement this section.

Sec. 22.094. NOTICE OF ALLEGED MISCONDUCT; INVESTIGATION; HEARING. (a) A person described by Section 22.093(b) and who is the subject of a report that alleges misconduct described by Section 22.093(c)(1)(A) or (B) is entitled to a hearing on the merits of the allegations of misconduct under the procedures provided by Chapter 2001, Government Code, to contest the allegation in the report.

(b) On receiving a report filed under Section 22.093(f), the

commissioner shall promptly send to the person who is the subject of the report a notice that includes:

(1) a statement informing the person that the person must request a hearing on the merits of the allegations of misconduct within the period provided by Subsection (c);

(2) a request that the person submit a written response within the period provided by Subsection (c) to show cause why the commissioner should not pursue an investigation; and

(3) a statement informing the person that if the person does not timely submit a written response to show cause as provided by Subdivision (2), the agency shall provide information indicating the person is under investigation in the manner provided by Subsection (d).

(c) A person entitled to a hearing under Subsection (a) must request a hearing and submit a written response to show cause not later than the 10th day after the date the person receives the notice from the commissioner provided under Subsection (b).

(d) If a person who receives notice provided under Subsection (b) does not timely submit a written response to show cause why the commissioner should not pursue an investigation, the commissioner shall instruct the agency to make available through the Internet portal developed and maintained by the agency under Section 22.095 information indicating that the person is under investigation for alleged misconduct.

(e) If a person entitled to a hearing under Subsection (a) does not request a hearing as provided by Subsection (c), the commissioner shall:

(1) based on the report filed under Section 22.093(f), make a determination whether the person engaged in misconduct; and

(2) if the commissioner determines that the person engaged in misconduct described by Section 22.093(c)(1)(A) or (B), instruct the agency to add the person's name to the registry maintained under Section 22.092.

(f) If a person entitled to a hearing under Subsection (a) requests a hearing as provided by Subsection (c) and the final decision in that hearing determines that the person engaged in misconduct described by Section 22.093(c)(1)(A) or (B), the commissioner shall instruct the agency to add the person's name to the registry maintained under Section 22.092.

(g) If a person entitled to a hearing under Subsection (a) requests a hearing as provided by Subsection (c) and the final decision in that hearing determines that the person did not engage in misconduct described by Section 22.093(c)(1)(A) or (B), the commissioner shall instruct the agency to immediately remove from the Internet portal developed and maintained by the agency under Section 22.095 the information indicating that the person is under investigation for alleged misconduct.

(h) The commissioner shall adopt rules as necessary to implement this section.

Sec. 22.095. INTERNET PORTAL. The agency shall develop and maintain an Internet portal through which:

(1) a report required under Section 22.093(f) may be confidentially and securely filed; and

(2) the agency makes available:

(A) the registry of persons who are not eligible to be employed in public schools as described by Section 22.092; and

(B) information indicating that a person is under investigation for alleged misconduct in accordance with Section 22.094(d), provided that the agency must provide the information through a procedure other than the registry described under Paragraph (A).

Sec. 22.096. COMPLIANCE MONITORING. The agency shall periodically conduct site visits and review the records of school districts, districts of innovation, open-enrollment charter schools, other charter entities, regional education service centers, and shared services arrangements to ensure compliance with Section 22.092(b).

SECTION 2A.017. Section 39.0302(a), Education Code, is amended to read as follows:

(a) During an agency investigation or audit of a school district under Section 39.0301(e) or (f), an accreditation investigation under Section 39.057(a)(8) or (14), a compliance review under Section 21.006(k), 22.093(l), or 22.096, or an investigation by the State Board for Educator Certification of an educator for an alleged violation of an assessment instrument security procedure established under Section 39.0301(a), the commissioner may issue a subpoena to compel the attendance of a relevant witness or the production, for inspection or copying, of relevant evidence that is located in this state.

ARTICLE 3. CONFORMING CHANGES

SECTION 3.001. Sections 7.055(b)(34) and (35), Education

Code, are amended to read as follows:

(34) The commissioner shall perform duties in connection with the options for local revenue levels in excess of entitlement [~~equalized wealth level~~] under Chapter 49 [~~41~~].

(35) The commissioner shall perform duties in connection with the Foundation School Program as prescribed by Chapter 48 [~~42~~].

SECTION 3.002. Sections 7.062(a) and (c), Education Code, are amended to read as follows:

(a) In this section, "wealth per student" means a school district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 48.258 [~~42.2521~~], divided by the district's average daily attendance as determined under Section 48.005 [~~42.005~~].

(c) Except as otherwise provided by this subsection, if the commissioner certifies that the amount appropriated for a state fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds the amount to which school districts are entitled under those subchapters for that year, the commissioner shall use the excess funds, in an amount not to exceed $20 million in any state fiscal year, for the purpose of making grants under this section. The use of excess funds under this subsection has priority over any provision of Chapter 48 [~~42~~] that permits or directs the use of excess foundation school program funds, including Sections 48.258 [~~42.2517, 42.2521~~], 48.259 [~~42.2522~~], and 48.267 [~~42.2531~~]. The commissioner is required to use excess funds as provided by this subsection only if the commissioner is not required to reduce the

total amount of state funds allocated to school districts under Section 48.266(f) [~~42.253(h)~~].

SECTION 3.003. Section 7.102(c)(30), Education Code, is amended to read as follows:

(30) The board shall perform duties in connection with the Foundation School Program as prescribed by Chapter 48 [~~42~~].

SECTION 3.004. Section 8.051(d), Education Code, is amended to read as follows:

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

(1) training and assistance in:

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

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

(2) training and assistance in providing a gifted and talented program and each program that qualifies for a funding allotment under Section 48.102 [~~42.151~~], 48.104 [~~42.152~~], or 48.105 [~~42.153, or 42.156~~];

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

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

(5) assistance specifically designed for a school

district that is considered out of compliance with state or federal special education requirements, based on the agency's most recent compliance review of the district's special education programs; and

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

SECTION 3.005. Section 8.056, Education Code, is amended to read as follows:

Sec. 8.056. LIMITATION ON COMPENSATION FOR CERTAIN SERVICES. A regional education service center that acts as a fiscal agent or broker in connection with an agreement between two school districts under Subchapter E, Chapter 49 [~~41~~], may not, unless authorized in writing by the district receiving transferred funds in accordance with the agreement:

(1) be compensated by the districts in an amount that exceeds the administrative cost of providing the service; or

(2) otherwise retain for use by the center any amount other than the compensation permitted under Subdivision (1) from the funds transferred between the districts in accordance with the agreement.

SECTION 3.006. Section 11.158(a), Education Code, is amended to read as follows:

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

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

(2) membership dues in student organizations or clubs

and admission fees or charges for attending extracurricular activities, if membership or attendance is voluntary;

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

(4) a fee for personal physical education and athletic equipment and apparel, although any student may provide the student's own equipment or apparel if it meets reasonable requirements and standards relating to health and safety established by the board;

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

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

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

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

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

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

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

(12) a fee for a course offered for credit that requires the use of facilities not available on the school premises

or the employment of an educator who is not part of the school's regular staff, if participation in the course is at the student's option;

(13) a fee for a course offered during summer school, except that the board may charge a fee for a course required for graduation only if the course is also offered without a fee during the regular school year;

(14) a reasonable fee for transportation of a student who lives within two miles of the school the student attends to and from that school, except that the board may not charge a fee for transportation for which the school district receives funds under Section 48.151(d) [~~42.155(d)~~];

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

(16) if the district does not receive any funds under Section 48.151 [~~42.155~~] and does not participate in a county transportation system for which an allotment is provided under Section 48.151(i) [~~42.155(i)~~], a reasonable fee for the transportation of a student to and from the school the student attends.

SECTION 3.007. Section 11.174(a), Education Code, is amended to read as follows:

(a) A school district campus qualifies for an exemption from

intervention as provided by Subsection (f) and qualifies for funding as provided by Section 48.252 [~~42.2511~~] if the board of trustees of the district contracts to partner to operate the district campus as provided by this section with:

(1) the governing body of an open-enrollment charter school; or

(2) on approval by the commissioner, an entity granted a charter by the district under Subchapter C, Chapter 12, that is eligible to be awarded a charter under Section 12.101(a).

SECTION 3.008. Section 12.013(b), Education Code, is amended to read as follows:

(b) A home-rule school district is subject to:

(1) a provision of this title establishing a criminal offense;

(2) a provision of this title relating to limitations on liability; and

(3) a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A) the Public Education Information Management System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

(B) educator certification under Chapter 21 and educator rights under Sections 21.407, 21.408, and 22.001;

(C) criminal history records under Subchapter C, Chapter 22;

(D) student admissions under Section 25.001;

(E) school attendance under Sections 25.085, 25.086, and 25.087;

(F) inter-district or inter-county transfers of students under Subchapter B, Chapter 25;

(G) elementary class size limits under Section 25.112, in the case of any campus in the district that fails to satisfy any standard under Section 39.054(e);

(H) high school graduation under Section 28.025;

(I) special education programs under Subchapter A, Chapter 29;

(J) bilingual education under Subchapter B, Chapter 29;

(K) prekindergarten programs under Subchapter E, Chapter 29;

(L) safety provisions relating to the transportation of students under Sections 34.002, 34.003, 34.004, and 34.008;

(M) computation and distribution of state aid under Chapters 31, [~~42, and~~] 43, and 48;

(N) extracurricular activities under Section 33.081;

(O) health and safety under Chapter 38;

(P) public school accountability under Subchapters B, C, D, and J, Chapter 39, and Chapter 39A;

(Q) options for local revenue levels in excess of entitlement [~~equalized wealth~~] under Chapter 49 [~~41~~];

(R) a bond or other obligation or tax rate under

Chapters [~~42,~~] 43, [~~and~~] 45, and 48; and

(S) purchasing under Chapter 44.

SECTION 3.009. Section 12.029(b), Education Code, is amended to read as follows:

(b) Except as provided by Subchapter H, Chapter 49 [~~41~~], if two or more school districts having different status, one of which is home-rule school district status, consolidate into a single district, the petition under Section 13.003 initiating the consolidation must state the status for the consolidated district. The ballot shall be printed to permit voting for or against the proposition: "Consolidation of (names of school districts) into a single school district governed as (status of school district specified in the petition)."

SECTION 3.010. Section 13.051(c), Education Code, is amended to read as follows:

(c) Territory that does not have residents may be detached from a school district and annexed to another school district if:

(1) the total taxable value of the property in the territory according to the most recent certified appraisal roll for each school district is not greater than:

(A) five percent of the district's taxable value of all property in that district as determined under Subchapter M, Chapter 403, Government Code; and

(B) $5,000 property value per student in average daily attendance as determined under Section 48.005 [~~42.005~~]; and

(2) the school district from which the property will be detached does not own any real property located in the territory.

SECTION 3.011. Section 13.054(i), Education Code, is amended to read as follows:

(i) The funding provided under Subsection (f), (g), or (h) is in addition to other funding the district receives through other provisions of this code, including Chapters 48 [~~41~~] and 49 [~~42~~].

SECTION 3.012. Sections 13.282(a) and (b), Education Code, are amended to read as follows:

(a) The amount of incentive aid payments may not exceed the difference between:

(1) the sum of the entitlements computed under Section 48.266 [~~42.253~~] that would have been paid to the districts included in the reorganized district if the districts had not been consolidated; and

(2) the amount to which the reorganized district is entitled under Section 48.266 [~~42.253~~].

(b) If the reorganized district is not eligible for an entitlement under Section 48.266 [~~42.253~~], the amount of the incentive aid payments may not exceed the sum of the entitlements computed under Section 48.266 [~~42.253~~] for which the districts included in the reorganized district were eligible in the school year when they were consolidated.

SECTION 3.013. Section 13.283, Education Code, is amended to read as follows:

Sec. 13.283. PAYMENTS REDUCED. The incentive aid payments shall be reduced in direct proportion to any reduction in the average daily attendance as determined under Section 48.005 [~~42.005~~] of the reorganized school district for the preceding year.

SECTION 3.014. Section 21.402(a), Education Code, is amended to read as follows:

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

$$MS = SF \times FS$$

where:

"MS" is the minimum monthly salary;

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

"FS" is the amount, as determined by the commissioner under Subsection (b), of the basic allotment as provided by Section 48.051(a) [~~42.101(a)~~] or (b) for a school district with a maintenance and operations tax rate at least equal to the state maximum compressed tax rate, as defined by Section 48.051(a) [~~42.101(a)~~].

SECTION 3.015. Section 21.4021(a), Education Code, is amended to read as follows:

(a) Notwithstanding Section 21.401 and subject to Section 21.4022, the board of trustees of a school district may, in accordance with district policy, implement a furlough program and reduce the number of days of service otherwise required under Section 21.401 by not more than six days of service during a school

year if the commissioner certifies in accordance with Section 48.010 [~~42.009~~] that the district will be provided with less state and local funding for that year than was provided to the district for the 2010-2011 school year.

SECTION 3.016. Section 25.001(a), Education Code, is amended to read as follows:

(a) A person who, on the first day of September of any school year, is at least five years of age and under 21 years of age, or is at least 21 years of age and under 26 years of age and is admitted by a school district to complete the requirements for a high school diploma is entitled to the benefits of the available school fund for that year. Any other person enrolled in a prekindergarten class under Section 29.153 [~~or Subchapter E-1, Chapter 29,~~] is entitled to the benefits of the available school fund.

SECTION 3.017. Section 25.008(b), Education Code, is amended to read as follows:

(b) Subsection (a) does not apply to enrollment in a program under Section 29.088 or [~~,~~] 29.090[~~, or 29.098~~] or in a similar intensive program.

SECTION 3.018. Section 25.081(e), Education Code, is amended to read as follows:

(e) A school district or education program is exempt from the minimum minutes of operation requirement if the district's or program's average daily attendance is calculated under Section 48.005(j) [~~42.005(j)~~].

SECTION 3.019. Section 25.081(f), Education Code, as added by Chapter 851 (H.B. 2442), Acts of the 85th Legislature, Regular

Session, 2017, is amended to read as follows:

(f) The commissioner may proportionally reduce the amount of funding a district receives under Chapter [~~41, 42, or~~] 46, 48, or 49 and the average daily attendance calculation for the district if the district operates on a calendar that provides fewer minutes of operation than required under Subsection (a).

SECTION 3.020. Sections 25.112(a) and (b), Education Code, are amended to read as follows:

(a) Except as otherwise authorized by this section, a school district may not enroll more than 22 students in a kindergarten, first, second, third, or fourth grade class. That limitation does not apply during:

(1) any 12-week period of the school year selected by the district, in the case of a district whose average daily attendance is adjusted under Section 48.005(c) [~~42.005(c)~~]; or

(2) the last 12 weeks of any school year in the case of any other district.

(b) Not later than the 30th day after the first day of the 12-week period for which a district whose average daily attendance is adjusted under Section 48.005(c) [~~42.005(c)~~] is claiming an exemption under Subsection (a), the district shall notify the commissioner in writing that the district is claiming an exemption for the period stated in the notice.

SECTION 3.021. Section 28.0061(b), Education Code, is amended to read as follows:

(b) A school district is eligible to participate in the pilot program if, as determined by the commissioner, the district

has low student performance on:

(1) a reading instrument administered in accordance with Section 28.006(c) or (c-2); or

(2) a third grade reading assessment instrument administered under Section 39.023(a).

SECTION 3.022. Section 28.0211(m-1), Education Code, is amended to read as follows:

(m-1) For purposes of certification under Subsection (m), the commissioner may not consider Foundation School Program funds except for compensatory education funds under Section 48.104 [~~42.152~~]. This section may be implemented only if the commissioner certifies that sufficient funds have been appropriated during a school year for administering the accelerated instruction programs specified under this section and Section 28.0217, including teacher training for that purpose.

SECTION 3.023. Section 29.001, Education Code, is amended to read as follows:

Sec. 29.001. STATEWIDE PLAN. The agency shall develop, and modify as necessary, a statewide design, consistent with federal law, for the delivery of services to children with disabilities in this state that includes rules for the administration and funding of the special education program so that a free appropriate public education is available to all of those children between the ages of three and 21. The statewide design shall include the provision of services primarily through school districts and shared services arrangements, supplemented by regional education service centers. The agency shall also develop and implement a statewide

plan with programmatic content that includes procedures designed to:

(1) ensure state compliance with requirements for supplemental federal funding for all state-administered programs involving the delivery of instructional or related services to students with disabilities;

(2) facilitate interagency coordination when other state agencies are involved in the delivery of instructional or related services to students with disabilities;

(3) periodically assess statewide personnel needs in all areas of specialization related to special education and pursue strategies to meet those needs through a consortium of representatives from regional education service centers, local education agencies, and institutions of higher education and through other available alternatives;

(4) ensure that regional education service centers throughout the state maintain a regional support function, which may include direct service delivery and a component designed to facilitate the placement of students with disabilities who cannot be appropriately served in their resident districts;

(5) allow the agency to effectively monitor and periodically conduct site visits of all school districts to ensure that rules adopted under this section are applied in a consistent and uniform manner, to ensure that districts are complying with those rules, and to ensure that annual statistical reports filed by the districts and not otherwise available through the Public Education Information Management System under Sections 48.008 and

48.009 [~~Section 42.006~~] are accurate and complete;

(6) ensure that appropriately trained personnel are involved in the diagnostic and evaluative procedures operating in all districts and that those personnel routinely serve on district admissions, review, and dismissal committees;

(7) ensure that an individualized education program for each student with a disability is properly developed, implemented, and maintained in the least restrictive environment that is appropriate to meet the student's educational needs;

(8) ensure that, when appropriate, each student with a disability is provided an opportunity to participate in career and technology and physical education classes, in addition to participating in regular or special classes;

(9) ensure that each student with a disability is provided necessary related services;

(10) ensure that an individual assigned to act as a surrogate parent for a child with a disability, as provided by 20 U.S.C. Section 1415(b), is required to:

(A) complete a training program that complies with minimum standards established by agency rule;

(B) visit the child and the child's school;

(C) consult with persons involved in the child's education, including teachers, caseworkers, court-appointed volunteers, guardians ad litem, attorneys ad litem, foster parents, and caretakers;

(D) review the child's educational records;

(E) attend meetings of the child's admission,

review, and dismissal committee;

(F) exercise independent judgment in pursuing the child's interests; and

(G) exercise the child's due process rights under applicable state and federal law; and

(11) ensure that each district develops a process to be used by a teacher who instructs a student with a disability in a regular classroom setting:

(A) to request a review of the student's individualized education program;

(B) to provide input in the development of the student's individualized education program;

(C) that provides for a timely district response to the teacher's request; and

(D) that provides for notification to the student's parent or legal guardian of that response.

SECTION 3.024. Section 29.002, Education Code, is amended to read as follows:

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

(1) special education instruction, which may be provided by professional and supported by paraprofessional personnel in the regular classroom or in an instructional arrangement described by Section 48.102 [~~42.151~~]; and

(2) related services, which are developmental, corrective, supportive, or evaluative services, not instructional in nature, that may be required for the student to benefit from

special education instruction and for implementation of a student's individualized education program.

SECTION 3.025. Section 29.008(b), Education Code, is amended to read as follows:

(b) Except as provided by Subsection (c), costs of an approved contract for residential placement may be paid from a combination of federal, state, and local funds. The local share of the total contract cost for each student is that portion of the local tax effort that exceeds the district's local fund assignment under Section 48.256 [~~42.252~~], divided by the average daily attendance in the district. If the contract involves a private facility, the state share of the total contract cost is that amount remaining after subtracting the local share. If the contract involves a public facility, the state share is that amount remaining after subtracting the local share from the portion of the contract that involves the costs of instructional and related services. For purposes of this subsection, "local tax effort" means the total amount of money generated by taxes imposed for debt service and maintenance and operation less any amounts paid into a tax increment fund under Chapter 311, Tax Code.

SECTION 3.026. Section 29.014(d), Education Code, is amended to read as follows:

(d) The basic allotment for a student enrolled in a district to which this section applies is adjusted by[~~:~~

[~~(1) the cost of education adjustment under Section 42.102 for the school district in which the district is geographically located; and~~

[~~(2)~~] the weight for a homebound student under Section 48.102(a) [~~42.151(a)~~].

SECTION 3.027. Section 29.018(b), Education Code, is amended to read as follows:

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

(1) the district does not receive sufficient funds, including state funds provided under Section 48.102 [~~42.151~~] and federal funds, for a student with disabilities to pay for the special education services provided to the student; or

(2) the district does not receive sufficient funds, including state funds provided under Section 48.102 [~~42.151~~] and federal funds, for all students with disabilities in the district to pay for the special education services provided to the students.

SECTION 3.028. Section 29.022(u)(3), Education Code, is amended to read as follows:

(3) "Self-contained classroom" does not include a classroom that is a resource room instructional arrangement under Section 48.102 [~~42.151~~].

SECTION 3.029. Section 29.081(b-2), Education Code, is amended to read as follows:

(b-2) A district that is required to provide accelerated instruction under Subsection (b-1) shall separately budget sufficient funds, including funds under Section 48.104 [~~42.152~~], for that purpose. [~~A district may not budget funds received under Section 42.152 for any other purpose until the district adopts a budget to support additional accelerated instruction under~~

~~Subsection (b-1).~~]

SECTION 3.030. Section 29.082(a), Education Code, is amended to read as follows:

(a) A school district may set aside an amount from the district's allotment under Section 48.104 [~~42.152~~] or may apply to the agency for funding of an extended year program for a period not to exceed 30 instructional days for students in:

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

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

SECTION 3.031. Section 29.086(e), Education Code, is amended to read as follows:

(e) The amount of a grant under this section must take into account funds distributed to the school district under Chapter 48 [~~42~~].

SECTION 3.032. Sections 29.087(h) and (j), Education Code, are amended to read as follows:

(h) A student who has received a high school equivalency certificate is entitled to enroll in a public school as authorized by Section 25.001 and is entitled to the benefits of the Foundation School Program under Section 48.003 [~~42.003~~] in the same manner as any other student who has not received a high school diploma.

(j) For purposes of funding under Chapters [~~41, 42, and~~] 46, 48, and 49, a student attending a program authorized by this section

may be counted in attendance only for the actual number of hours each school day the student attends the program, in accordance with Section 25.081.

SECTION 3.033. Section 29.089(b), Education Code, is amended to read as follows:

(b) The commissioner, in consultation with the governor, lieutenant governor, and speaker of the house of representatives, by rule shall determine accountability standards under this section for a school district providing a mentoring services program using funds allocated under Section 48.104 [~~42.152~~].

SECTION 3.034. Sections 29.203(b) and (c), Education Code, are amended to read as follows:

(b) A school district is entitled to the allotment provided by Section 48.107 [~~42.157~~] for each eligible student using a public education grant. If the district has a local revenue level [~~wealth per student~~] greater than the guaranteed local revenue [~~wealth~~] level but less than the [~~equalized wealth~~] level established under Section 48.257, a school district is entitled under rules adopted by the commissioner to additional state aid in an amount equal to the difference between the cost to the district of providing services to a student using a public education grant and the sum of the state aid received because of the allotment under Section 48.107 [~~42.157~~] and money from the available school fund attributable to the student.

(c) A school district is entitled to additional facilities assistance under Section 48.301 [~~42.4101~~] if the district agrees to:

(1) accept a number of students using public education grants that is at least one percent of the district's average daily attendance for the preceding school year; and

(2) provide services to each student until the student either voluntarily decides to attend a school in a different district or graduates from high school.

SECTION 3.035. Section 29.203(g)(2), Education Code, is amended to read as follows:

(2) "Guaranteed local revenue [~~wealth~~] level" means a local revenue level [~~wealth per student~~] equal to the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, as provided by Section 48.202 [~~42.302~~], multiplied by 10,000.

SECTION 3.036. Section 29.403(b), Education Code, is amended to read as follows:

(b) A student who is enrolled in a program under this subchapter is included in determining the average daily attendance under Section 48.005 [~~42.005~~] of the partnering school district.

SECTION 3.037. Sections 29.918(a) and (b), Education Code, are amended to read as follows:

(a) Notwithstanding Section 48.104 [~~39.234 or 42.152~~], a school district or open-enrollment charter school with a high dropout rate, as determined by the commissioner, must submit a plan to the commissioner describing the manner in which the district or charter school intends to use the compensatory education allotment under Section 48.104 [~~42.152 and the high school allotment under Section 42.160~~] for developing and implementing research-based

strategies for dropout prevention. The district or charter school shall submit the plan not later than December 1 of each school year preceding the school year in which the district or charter school will receive the compensatory education allotment [~~or high school allotment~~] to which the plan applies.

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

SECTION 3.038. Section 30A.002(a), Education Code, is amended to read as follows:

(a) A student is eligible to enroll in a course provided through the state virtual school network only if the student:

(1) on September 1 of the school year:

(A) is younger than 21 years of age; or

(B) is younger than 26 years of age and entitled to the benefits of the Foundation School Program under Section 48.003 [~~42.003~~];

(2) has not graduated from high school; and

(3) is otherwise eligible to enroll in a public school in this state.

SECTION 3.039. Section 30A.153(a), Education Code, is amended to read as follows:

(a) Subject to the limitation imposed under Subsection (a-1), a school district or open-enrollment charter school in which a student is enrolled is entitled to funding under Chapter 48 [~~42~~] or in accordance with the terms of a charter granted under Section 12.101 for the student's enrollment in an electronic course offered through the state virtual school network in the same manner that the district or school is entitled to funding for the student's enrollment in courses provided in a traditional classroom setting, provided that the student successfully completes the electronic course.

SECTION 3.040. Section 34.002(c), Education Code, is amended to read as follows:

(c) A school district that fails or refuses to meet the safety standards for school buses established under this section is ineligible to share in the transportation allotment under Section 48.151 [~~42.155~~] until the first anniversary of the date the district begins complying with the safety standards.

SECTION 3.041. Section 37.0061, Education Code, is amended to read as follows:

Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN JUVENILE RESIDENTIAL FACILITIES. A school district that provides education services to pre-adjudicated and post-adjudicated students who are confined by court order in a juvenile residential facility operated by a juvenile board is entitled to count such students in the district's average daily attendance for purposes of

receipt of state funds under the Foundation School Program. If the district has a local revenue level [~~wealth per student~~] greater than the guaranteed local revenue [~~wealth~~] level but less than the [~~equalized wealth~~] level established under Section 48.257, the district in which the student is enrolled on the date a court orders the student to be confined to a juvenile residential facility shall transfer to the district providing education services an amount equal to the difference between the average Foundation School Program costs per student of the district providing education services and the sum of the state aid and the money from the available school fund received by the district that is attributable to the student for the portion of the school year for which the district provides education services to the student.

SECTION 3.042. Section 37.011(h), Education Code, is amended to read as follows:

(h) Academically, the mission of juvenile justice alternative education programs shall be to enable students to perform at grade level. For purposes of accountability under Chapters 39 and 39A, a student enrolled in a juvenile justice alternative education program is reported as if the student were enrolled at the student's assigned campus in the student's regularly assigned education program, including a special education program. Annually the Texas Juvenile Justice Department, with the agreement of the commissioner, shall develop and implement a system of accountability consistent with Chapters 39 and 39A, where appropriate, to assure that students make progress toward grade level while attending a juvenile justice

alternative education program. The department shall adopt rules for the distribution of funds appropriated under this section to juvenile boards in counties required to establish juvenile justice alternative education programs. Except as determined by the commissioner, a student served by a juvenile justice alternative education program on the basis of an expulsion required under Section 37.007(a), (d), or (e) is not eligible for Foundation School Program funding under Chapter [~~42 or~~] 31 or 48 if the juvenile justice alternative education program receives funding from the department under this subchapter.

SECTION 3.043. Section 39.0233(a), Education Code, is amended to read as follows:

(a) The agency, in coordination with the Texas Higher Education Coordinating Board, shall adopt a series of questions to be included in an end-of-course assessment instrument administered under Section 39.023(c) to be used for purposes of Subchapter F-1, Chapter 51. The questions adopted under this subsection must be developed in a manner consistent with any college readiness standards adopted under [~~Section 39.233 and~~] Subchapter F-1, Chapter 51.

SECTION 3.044. Section 39.027(f), Education Code, is amended to read as follows:

(f) In this section, "average daily attendance" is computed in the manner provided by Section 48.005 [~~42.005~~].

SECTION 3.045. Section 39.408, Education Code, is amended to read as follows:

Sec. 39.408. ELIGIBILITY CRITERIA FOR CERTAIN GRANT

PROGRAMS. A school district or campus is eligible to participate in programs under Sections 21.4541, 29.095, and 29.096[~~, 29.097, and 29.098~~] if the district or campus exhibited during each of the three preceding school years characteristics that strongly correlate with high dropout rates.

SECTION 3.046. Section 39.413, Education Code, is amended to read as follows:

Sec. 39.413. FUNDING FOR CERTAIN PROGRAMS. (a) From funds appropriated, the Texas Higher Education Coordinating Board shall allocate $8.75 million each year to establish mathematics, science, and technology teacher preparation academies under Section 61.0766[~~, provide funding to the commissioner of education to implement and administer the program under Section 29.098,~~] and award grants under Section 61.0762(a)(3).

(b) The Texas Higher Education Coordinating Board shall establish mathematics, science, and technology teacher preparation academies under Section 61.0766[~~, provide funding to the commissioner of education to implement and administer the program under Section 29.098,~~] and award grants under Section 61.0762(a)(3) in a manner consistent with the goals of this subchapter and the goals in "Closing the Gaps," the state's master plan for higher education.

SECTION 3.047. Section 39A.903, Education Code, is amended to read as follows:

Sec. 39A.903. COSTS PAID BY SCHOOL DISTRICT. The costs of providing a monitor, conservator, management team, campus intervention team, technical assistance team, managing entity, or

service provider under this chapter shall be paid by the school district. If the district fails or refuses to pay the costs in a timely manner, the commissioner may:

(1) pay the costs using amounts withheld from any funds to which the district is otherwise entitled; or

(2) recover the amount of the costs in the manner provided for recovery of an overallocation of state funds under Section 48.272 [~~42.258~~].

SECTION 3.048. Section 43.002(b), Education Code, is amended to read as follows:

(b) Of the amounts available for transfer from the general revenue fund to the available school fund for the months of January and February of each fiscal year, no more than the amount necessary to enable the comptroller to distribute from the available school fund an amount equal to 9-1/2 percent of the estimated annual available school fund apportionment to category 1 school districts, as defined by Section 48.273 [~~42.259~~], and 3-1/2 percent of the estimated annual available school fund apportionment to category 2 school districts, as defined by Section 48.273 [~~42.259~~], may be transferred from the general revenue fund to the available school fund. Any remaining amount that would otherwise be available for transfer for the months of January and February shall be transferred from the general revenue fund to the available school fund in equal amounts in June and in August of the same fiscal year.

SECTION 3.049. Section 44.0011, Education Code, is amended to read as follows:

Sec. 44.0011. FISCAL YEAR. The fiscal year of a school

district begins on July 1 or September 1 of each year, as determined by the board of trustees of the district. The commissioner may adopt rules concerning the submission of information by a district under Chapter 39, 39A, or 48 [~~42~~] based on the fiscal year of the district.

SECTION 3.050. Section 44.051, Education Code, is amended to read as follows:

Sec. 44.051. INTERFERENCE WITH OPERATION OF FOUNDATION SCHOOL PROGRAM. An offense under Section 37.10, Penal Code, is a felony of the third degree if it is shown on trial of the offense that the governmental record was a record, form, report, or budget required under Chapter 48 [~~42~~] or rules adopted under that chapter. If the actor's intent is to defraud the state or the public school system, the offense is a felony of the second degree.

SECTION 3.051. Section 45.0011(e), Education Code, is amended to read as follows:

(e) In this section, average daily attendance is determined in the manner provided by Section 48.005 [~~42.005~~].

SECTION 3.052. Sections 45.0031(b) and (c), Education Code, are amended to read as follows:

(b) A district may demonstrate the ability to comply with Subsection (a) by using the most recent taxable value of property in the district, combined with state assistance to which the district is entitled under Chapter [~~42 or~~] 46 or 48 that may be lawfully used for the payment of bonds.

(c) A district may demonstrate the ability to comply with Subsection (a) by using a projected future taxable value of

property in the district anticipated for the earlier of the tax year five years after the current tax year or the tax year in which the final payment is due for the bonds submitted to the attorney general, combined with state assistance to which the district is entitled under Chapter [~~42 or~~] 46 or 48 that may be lawfully used for the payment of bonds. The district must submit to the attorney general a certification of the district's projected taxable value of property that is prepared by a registered professional appraiser certified under Chapter 1151, Occupations Code, who has demonstrated professional experience in projecting taxable values of property or who can by contract obtain any necessary assistance from a person who has that experience. To demonstrate the professional experience required by this subsection, a registered professional appraiser must provide to the district written documentation relating to two previous projects for which the appraiser projected taxable values of property. Until the bonds submitted to the attorney general are approved or disapproved, the district must maintain the documentation and on request provide the documentation to the attorney general or comptroller. The certification of the district's projected taxable value of property must be signed by the district's superintendent. The attorney general must base a determination of whether the district has complied with Subsection (a) on a taxable value of property that is equal to 90 percent of the value certified under this subsection.

SECTION 3.053. Effective January 1, 2020, Section 45.105(e), Education Code, is amended to read as follows:

(e) The governing body of an independent school district

that governs a junior college district under Subchapter B, Chapter 130, in a county with a population of more than two million may dedicate a specific percentage of the local tax levy to the use of the junior college district for facilities and equipment or for the maintenance and operating expenses of the junior college district. To be effective, the dedication must be made by the governing body on or before the date on which the governing body adopts its tax rate for a year. The amount of local tax funds derived from the percentage of the local tax levy dedicated to a junior college district from a tax levy may not exceed the amount that would be levied by five percent of the no-new-revenue [~~effective~~] tax rate for the tax year calculated as provided by Section 26.04, Tax Code, on all property taxable by the school district. All real property purchased with these funds is the property of the school district, but is subject to the exclusive control of the governing body of the junior college district for as long as the junior college district uses the property for educational purposes.

SECTION 3.054. Section 45.251(2), Education Code, is amended to read as follows:

(2) "Foundation School Program" means the program established under Chapters [~~41, 42, and~~] 46, 48, and 49, or any successor program of state appropriated funding for school districts in this state.

SECTION 3.055. Section 45.259(d), Education Code, is amended to read as follows:

(d) If money appropriated for the Foundation School Program is used for purposes of this subchapter and as a result there is

insufficient money to fully fund the Foundation School Program, the commissioner shall, to the extent necessary, reduce each school district's foundation school fund allocations, other than any portion appropriated from the available school fund, in the same manner provided by Section 48.266(f) [~~42.253(h)~~] for a case in which school district entitlements exceed the amount appropriated. The following fiscal year, a district's entitlement under Section 48.266 [~~42.253~~] is increased by an amount equal to the reduction under this subsection.

SECTION 3.056. Section 45.261(a), Education Code, is amended to read as follows:

(a) If the commissioner orders payment from the money appropriated to the Foundation School Program on behalf of a school district that is not required to reduce its local revenue level [~~wealth per student~~] under Section 48.257 [~~Chapter 41~~], the commissioner shall direct the comptroller to withhold the amount paid from the first state money payable to the district. If the commissioner orders payment from the money appropriated to the Foundation School Program on behalf of a school district that is required to reduce its local revenue level [~~wealth per student~~] under Section 48.257 [~~Chapter 41~~], the commissioner shall increase amounts due from the district under Chapter 49 [~~that chapter~~] in a total amount equal to the amount of payments made on behalf of the district under this subchapter. Amounts withheld or received under this subsection shall be used for the Foundation School Program.

SECTION 3.057. Effective January 1, 2020, Section

45.261(e), Education Code, is amended to read as follows:

(e) Any part of a school district's tax rate attributable to producing revenue for purposes of Subsection (c)(1) is considered part of the district's:

(1) current debt rate for purposes of computing a voter-approval [~~rollback~~] tax rate under Section 26.08, Tax Code; and

(2) interest and sinking fund tax rate.

SECTION 3.058. Section 45.263(b), Education Code, is amended to read as follows:

(b) In adopting rules under Subsection (a), the commissioner shall establish an annual deadline by which a school district must pay the debt service on bonds for which credit enhancement is provided under this subchapter. The deadline established may not be later than the 10th day before the date specified under Section 48.273 [~~42.259~~] for payment to school districts of the final Foundation School Program installment for a state fiscal year.

SECTION 3.059. Section 46.003(a), Education Code, is amended to read as follows:

(a) For each year, except as provided by Sections 46.005 and 46.006, a school district is guaranteed a specified amount per student in state and local funds for each cent of tax effort, up to the maximum rate under Subsection (b), to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate, or improve an instructional facility. The amount of state support is determined by the formula:

FYA = (FYL X ADA X BTR X 100) - (BTR X (DPV/100))

where:

"FYA" is the guaranteed facilities yield amount of state funds allocated to the district for the year;

"FYL" is the dollar amount guaranteed level of state and local funds per student per cent of tax effort, which is $35 or a greater amount for any year provided by appropriation;

"ADA" is the greater of the number of students in average daily attendance, as determined under Section 48.005 [~~42.005~~], in the district or 400;

"BTR" is the district's bond tax rate for the current year, which is determined by dividing the amount budgeted by the district for payment of eligible bonds by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 48.258 [~~42.2521~~], divided by 100; and

"DPV" is the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 48.258 [~~42.2521~~].

SECTION 3.060. Section 46.006(g), Education Code, is amended to read as follows:

(g) In this section, "wealth per student" means a school district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 48.258 [~~42.2521~~], divided by the district's average daily attendance as determined under Section 48.005 [~~42.005~~].

SECTION 3.061. Sections 46.009(b), (c), (e), and (f),

Education Code, are amended to read as follows:

(b) If the amount appropriated for purposes of this subchapter for a year is less than the total amount determined under Subsection (a) for that year, the commissioner shall:

(1) transfer from the Foundation School Program to the instructional facilities program the amount by which the total amount determined under Subsection (a) exceeds the amount appropriated; and

(2) reduce each district's foundation school fund allocations in the manner provided by Section 48.266(f) [~~42.253(h)~~].

(c) Warrants for payments under this subchapter shall be approved and transmitted to school district treasurers or depositories in the same manner as warrants for payments under Chapter 48 [~~42~~].

(e) Section 48.272 [~~42.258~~] applies to payments under this subchapter.

(f) If a school district would have received a greater amount under this subchapter for the applicable school year using the adjusted value determined under Section 48.271 [~~42.257~~], the commissioner shall add the difference between the adjusted value and the amount the district received under this subchapter to subsequent distributions to the district under this subchapter.

SECTION 3.062. Section 46.0111(e), Education Code, is amended to read as follows:

(e) The state's share is state property. The school district shall send to the comptroller any portion of the state's

share not used by the school district to repair the defective design, construction, renovation, or improvement of the instructional facility on which the action is brought or to replace the facility. Section 48.272 [~~42.258~~] applies to the state's share under this subsection.

SECTION 3.063. Section 46.013, Education Code, is amended to read as follows:

Sec. 46.013. MULTIPLE ALLOTMENTS PROHIBITED. A school district is not entitled to state assistance under this subchapter based on taxes with respect to which the district receives state assistance under Subchapter E [~~F~~], Chapter 48 [~~42~~].

SECTION 3.064. Section 46.032(a), Education Code, is amended to read as follows:

(a) Each school district is guaranteed a specified amount per student in state and local funds for each cent of tax effort to pay the principal of and interest on eligible bonds. The amount of state support, subject only to the maximum amount under Section 46.034, is determined by the formula:

EDA = (EDGL X ADA X EDTR X 100) - (EDTR X (DPV/100))

where:

"EDA" is the amount of state funds to be allocated to the district for assistance with existing debt;

"EDGL" is the dollar amount guaranteed level of state and local funds per student per cent of tax effort, which is the lesser of:

(1) $40 or a greater amount for any year provided by appropriation; or

(2) the amount that would result in a total additional amount of state funds under this subchapter for the current year equal to $60 million in excess of the state funds to which school districts would have been entitled under this section if the guaranteed level amount were $35;

"ADA" is the number of students in average daily attendance, as determined under Section 48.005 [~~42.005~~], in the district;

"EDTR" is the existing debt tax rate of the district, which is determined by dividing the amount budgeted by the district for payment of eligible bonds by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258 [~~42.2521~~], divided by 100; and

"DPV" is the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258 [~~42.2521~~].

SECTION 3.065. Section 46.037, Education Code, is amended to read as follows:

Sec. 46.037. MULTIPLE ALLOTMENTS PROHIBITED. A school district is not entitled to state assistance under this subchapter based on taxes with respect to which the district receives state assistance under Subchapter E [~~F~~], Chapter 48 [~~42~~].

SECTION 3.066. Section 61.0766(e), Education Code, is amended to read as follows:

(e) An academy program may:

(1) provide financial assistance for the purpose of allowing participants to complete the program [~~and obtain a master~~

~~teacher certificate under Section 21.0482, 21.0483, or 21.0484~~];

(2) include programs in leadership skills to develop training, mentoring, and coaching skills;

(3) deliver coursework electronically for some or all of the program; and

(4) provide for ongoing professional development and coordination with specific public school instructional programs.

SECTION 3.067. Section 79.10(f), Education Code, is amended to read as follows:

(f) For each student enrolled in the academy, the academy is entitled to allotments from the foundation school fund under Chapter 48 [~~42~~] as if the academy were a school district without a tier one local share for purposes of Section 48.266 [~~42.253~~]. If in any academic year the amount of the allotments under this subsection exceeds the amount of state funds paid to the academy in the first fiscal year of the academy's operation, the commissioner of education shall set aside from the total amount of funds to which school districts are entitled under Section 48.266(c) [~~42.253(c)~~] an amount equal to the excess amount and shall distribute that amount to the academy. After deducting the amount set aside and paid to the academy by the commissioner of education under this subsection, the commissioner of education shall reduce the amount to which each district is entitled under Section 48.266(c) [~~42.253(c)~~] in the manner described by Section 48.266(f) [~~42.253(h)~~]. A determination of the commissioner of education under this subsection is final and may not be appealed.

SECTION 3.068. Section 87.208, Education Code, is amended

to read as follows:

Sec. 87.208. SEABORNE CONSERVATION CORPS. If the board of regents of The Texas A&M University System administers a program that is substantially similar to the Seaborne Conservation Corps as it was administered by the board during the 1998-1999 school year, the program is entitled, for each student enrolled, to allotments from the Foundation School Program under Chapter 48 [~~42~~] as if the program were a school district, except that the program has a local share applied that is equivalent to the local fund assignment of the school district in which the principal facilities of the program are located.

SECTION 3.069. Section 87.505(g), Education Code, is amended to read as follows:

(g) For each student enrolled in the academy, the academy is entitled to allotments from the foundation school fund under Chapter 48 [~~42~~] as if the academy were a school district without a tier one local share for purposes of Section 48.266 [~~42.253~~]. If in any academic year the amount of the allotments under this subsection exceeds the amount of state funds paid to the academy in the first fiscal year of the academy's operation, the commissioner of education shall set aside from the total amount of funds to which school districts are entitled under Section 48.266(c) [~~42.253(c)~~] an amount equal to the excess amount and shall distribute that amount to the academy. After deducting the amount set aside and paid to the academy by the commissioner of education under this subsection, the commissioner of education shall reduce the amount to which each district is entitled under Section 48.266(c)

[~~42.253(c)~~] in the manner described by Section 48.266(f) [~~42.253(h)~~]. A determination of the commissioner of education under this subsection is final and may not be appealed.

SECTION 3.070. Section 96.707(k), Education Code, is amended to read as follows:

(k) For each student enrolled in the academy, the academy is entitled to allotments from the Foundation School Program under Chapter 48 [~~42~~] as if the academy were a school district without a tier one local share for purposes of Section 48.266 [~~42.253~~].

SECTION 3.071. Sections 105.301(e) and (f), Education Code, are amended to read as follows:

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

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

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

(3) for each student enrolled, the academy is entitled to allotments from the foundation school program under Chapter 48 [~~42~~] as if the academy were a school district without a tier one local share for purposes of Section 48.266 [~~42.253~~].

(f) If in any academic year the amount of the allotments under Subsection (e)(3) exceeds the amount of state funds paid to the academy under this section in the fiscal year ending August 31, 2003, the commissioner shall set aside from the total amount of

funds to which school districts are entitled under Section 48.266(c) [~~42.253(c)~~] an amount equal to the excess amount and shall distribute that amount to the academy. After deducting the amount set aside and paid to the academy by the commissioner under this subsection, the commissioner shall reduce the amount to which each district is entitled under Section 48.266(c) [~~42.253(c)~~] in the manner described by Section 48.266(f) [~~42.253(h)~~]. A determination of the commissioner under this section is final and may not be appealed.

SECTION 3.072. Section 317.005(f), Government Code, is amended to read as follows:

(f) The governor or board may adopt an order under this section withholding or transferring any portion of the total amount appropriated to finance the foundation school program for a fiscal year. The governor or board may not adopt such an order if it would result in an allocation of money between particular programs or statutory allotments under the foundation school program contrary to the statutory proration formula provided by Section 48.266(f) [~~42.253(h)~~], Education Code. The governor or board may transfer an amount to the total amount appropriated to finance the foundation school program for a fiscal year and may increase the basic allotment. The governor or board may adjust allocations of amounts between particular programs or statutory allotments under the foundation school program only for the purpose of conforming the allocations to actual pupil enrollments or attendance.

SECTION 3.073. Section 403.093(d), Government Code, as amended by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the

85th Legislature, Regular Session, 2017, is reenacted and amended to read as follows:

(d) The comptroller shall transfer from the general revenue fund to the foundation school fund an amount of money necessary to fund the foundation school program as provided by Chapter 48 [~~42~~], Education Code. The comptroller shall make the transfers in installments as necessary to comply with Section 48.273 [~~42.259~~], Education Code, and permit the Texas Education Agency, to the extent authorized by the General Appropriations Act, to make temporary transfers from the foundation school fund for payment of the instructional materials and technology allotment under Section 31.0211, Education Code. Unless an earlier date is necessary for purposes of temporary transfers for payment of the instructional materials and technology allotment, an installment must be made not earlier than two days before the date an installment to school districts is required by Section 48.273 [~~42.259~~], Education Code, and must not exceed the amount necessary for that payment and any temporary transfers for payment of the instructional materials and technology allotment.

SECTION 3.074. Section 403.302(a), Government Code, is amended to read as follows:

(a) The comptroller shall conduct a study using comparable sales and generally accepted auditing and sampling techniques to determine the total taxable value of all property in each school district. The study shall determine the taxable value of all property and of each category of property in the district and the productivity value of all land that qualifies for appraisal on the

basis of its productive capacity and for which the owner has applied for and received a productivity appraisal. The comptroller shall make appropriate adjustments in the study to account for actions taken under Chapter 49 [~~41~~], Education Code.

SECTION 3.075. Section 403.303(b), Government Code, is amended to read as follows:

(b) After receipt of a petition, the comptroller shall hold a hearing. The comptroller has the burden to prove the accuracy of the findings. Until a final decision is made by the comptroller, the taxable value of property in the district is determined, with respect to property subject to the protest, according to the value claimed by the school district or property owner, except that the value to be used while a final decision is pending may not be less than the appraisal roll value for the year of the study. If after a hearing the comptroller concludes that the findings should be changed, the comptroller shall order the appropriate changes and shall certify to the commissioner of education the changes in the values of the school district that brought the protest, the values of the school district named by the property owner who brought the protest, or, if the comptroller by rule allows an appraisal district to bring a protest, the values of the school district named by the appraisal district that brought the protest. The comptroller may not order a change in the values of a school district as a result of a protest brought by another school district, a property owner in the other school district, or an appraisal district that appraises property for the other school district. The comptroller shall complete all protest hearings and

certify all changes as necessary to comply with Chapter 48 [~~42~~], Education Code. A hearing conducted under this subsection is not a contested case for purposes of Section 2001.003.

SECTION 3.076. Section 404.121(1), Government Code, is amended to read as follows:

(1) "Cash flow deficit" for any period means the excess, if any, of expenditures paid and transfers made from the general revenue fund in the period, including payments provided by Section 48.273 [~~42.259~~], Education Code, over taxes and other revenues deposited to the fund in the period, other than revenues deposited pursuant to Section 403.092, that are legally available for the expenditures and transfers.

SECTION 3.077. Section 437.117(a), Government Code, is amended to read as follows:

(a) For each student enrolled in the Texas ChalleNGe Academy, the department is entitled to allotments from the Foundation School Program under Chapter 48 [~~42~~], Education Code, as if the academy were a school district without a tier one local share for purposes of Section 48.266 [~~42.253~~], Education Code.

SECTION 3.078. Section 466.355(c), Government Code, as repealed by Chapter 431 (S.B. 559), Acts of the 83rd Legislature, Regular Session, 2013, and amended by Chapter 1410 (S.B. 758), Acts of the 83rd Legislature, Regular Session, 2013, is reenacted and amended to read as follows:

(c) Each August the comptroller shall:

(1) estimate the amount to be transferred to the foundation school fund on or before September 15; and

(2) notwithstanding Subsection (b)(4), transfer the amount estimated in Subdivision (1) to the foundation school fund before August installment payments are made under Section 48.273 [~~42.259~~], Education Code.

SECTION 3.079. Section 822.201(b), Government Code, is amended to read as follows:

(b) "Salary and wages" as used in Subsection (a) means:

(1) normal periodic payments of money for service the right to which accrues on a regular basis in proportion to the service performed;

(2) amounts by which the member's salary is reduced under a salary reduction agreement authorized by Chapter 610;

(3) amounts that would otherwise qualify as salary and wages under Subdivision (1) but are not received directly by the member pursuant to a good faith, voluntary written salary reduction agreement in order to finance payments to a deferred compensation or tax sheltered annuity program specifically authorized by state law or to finance benefit options under a cafeteria plan qualifying under Section 125 of the Internal Revenue Code of 1986, if:

(A) the program or benefit options are made available to all employees of the employer; and

(B) the benefit options in the cafeteria plan are limited to one or more options that provide deferred compensation, group health and disability insurance, group term life insurance, dependent care assistance programs, or group legal services plans;

(4) performance pay awarded to an employee by a school district as part of a total compensation plan approved by the board

of trustees of the district and meeting the requirements of Subsection (e);

(5) the benefit replacement pay a person earns under Subchapter H, Chapter 659, except as provided by Subsection (c);

(6) stipends paid to teachers in accordance with former Section 21.410, 21.411, 21.412, or 21.413, Education Code;

(7) amounts by which the member's salary is reduced or that are deducted from the member's salary as authorized by Subchapter J, Chapter 659;

(8) a merit salary increase made under Section 51.962, Education Code;

(9) amounts received under the relevant parts of the educator excellence awards program under Subchapter O, Chapter 21, Education Code, or a mentoring program under Section 21.458, Education Code, that authorize compensation for service;

(10) salary amounts designated as health care supplementation by an employee under Subchapter D, Chapter 22, Education Code; and

(11) to the extent required by Sections 3401(h) and 414(u)(12), Internal Revenue Code of 1986, differential wage payments received by an individual from an employer on or after January 1, 2009, while the individual is performing qualified military service as defined by Section 414(u), Internal Revenue Code of 1986.

SECTION 3.080. Effective January 1, 2020, Sections 825.405(h) and (i), Government Code, are amended to read as follows:

(h) This section does not apply to state contributions for members employed by a school district in a school year if the district's no-new-revenue [~~effective~~] tax rate for maintenance and operation revenues for the tax year that ended in the preceding school year equals or exceeds 125 percent of the statewide average no-new-revenue [~~effective~~] tax rate for school district maintenance and operation revenues for that tax year. For a tax year, the statewide average no-new-revenue [~~effective~~] tax rate for school district maintenance and operation revenues is the tax rate that, if applied to the statewide total appraised value of taxable property for every school district in the state determined under Section 403.302, would produce an amount equal to the statewide total amount of maintenance and operation taxes imposed in the tax year for every school district in the state.

(i) Not later than the seventh day after the final date the comptroller certifies to the commissioner of education changes to the property value study conducted under Subchapter M, Chapter 403, the comptroller shall certify to the Teacher Retirement System of Texas:

(1) the no-new-revenue [~~effective~~] tax rate for school district maintenance and operation revenues for each school district in the state for the immediately preceding tax year; and

(2) the statewide average no-new-revenue [~~effective~~] tax rate for school district maintenance and operation revenues for the immediately preceding tax year.

SECTION 3.081. Section 1371.001(4), Government Code, is amended to read as follows:

(4) "Issuer" means:

(A) a home-rule municipality that:

(i) adopted its charter under Section 5, Article XI, Texas Constitution;

(ii) has a population of 50,000 or more; and

(iii) has outstanding long-term indebtedness that is rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for a long-term obligation;

(B) a conservation and reclamation district created and organized as a river authority under Section 52, Article III, or Section 59, Article XVI, Texas Constitution;

(C) a joint powers agency organized and operating under Chapter 163, Utilities Code;

(D) a metropolitan rapid transit authority, regional transportation authority, or coordinated county transportation authority created, organized, or operating under Chapter 451, 452, or 460, Transportation Code;

(E) a conservation and reclamation district organized or operating as a navigation district under Section 52, Article III, or Section 59, Article XVI, Texas Constitution;

(F) a district organized or operating under Section 59, Article XVI, Texas Constitution, that has all or part of two or more municipalities within its boundaries;

(G) a state agency, including a state institution of higher education;

(H) a hospital authority created or operating

under Chapter 262 or 264, Health and Safety Code, in a county that:

(i) has a population of more than 3.3 million; or

(ii) is included, in whole or in part, in a standard metropolitan statistical area of this state that includes a county with a population of more than 2.2 million;

(I) a hospital district in a county that has a population of more than two million;

(J) a nonprofit corporation organized to exercise the powers of a higher education loan authority under Section 53B.47(e), Education Code;

(K) a county:

(i) that has a population of 3.3 million or more; or

(ii) that, on the date of issuance of obligations under this chapter, has authorized, outstanding, or any combination of authorized and outstanding, indebtedness of at least $100 million secured by and payable from the county's ad valorem taxes and the authorized long-term indebtedness of which is rated by a nationally recognized rating agency of securities issued by local governments in one of the four highest rating categories for a long-term obligation;

(L) an independent school district that has an average daily attendance of 50,000 or more as determined under Section 48.005 [~~42.005~~], Education Code;

(M) a municipality or county operating under Chapter 334, Local Government Code;

(N) a district created under Chapter 335, Local Government Code;

(O) a junior college district that has a total headcount enrollment of 40,000 or more based on enrollment in the most recent regular semester; or

(P) an issuer, as defined by Section 1201.002, that has:

(i) a principal amount of at least $100 million in outstanding long-term indebtedness, in long-term indebtedness proposed to be issued, or in a combination of outstanding or proposed long-term indebtedness; and

(ii) some amount of long-term indebtedness outstanding or proposed to be issued that is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation.

SECTION 3.082. Section 1431.001(3), Government Code, is amended to read as follows:

(3) "Eligible school district" means an independent school district that has an average daily attendance of 190,000 or more as determined under Section 48.005 [~~42.005~~], Education Code.

SECTION 3.083. Section 2175.304(c), Government Code, is amended to read as follows:

(c) The procedures established under Subsection (b) must give preference to transferring the property directly to a public

school or school district or to an assistance organization designated by the school district before disposing of the property in another manner. If more than one public school or school district or assistance organization seeks to acquire the same property on substantially the same terms, the system, institution, or agency shall give preference to a public school that is considered low-performing by the commissioner of education or to a school district that has a taxable wealth per student that entitles the district to an allotment of state funds under Subchapter E [~~F~~], Chapter 48 [~~42~~], Education Code, or to the assistance organization designated by such a school district.

SECTION 3.084. Section 221.0071(d), Human Resources Code, is amended to read as follows:

(d) A charter school operating under a charter granted under this section is entitled to receive open-enrollment charter school funding under Chapter 48 [~~42~~], Education Code, in the same manner as an open-enrollment charter school operating under Subchapter D, Chapter 12, Education Code.

SECTION 3.085. Section 1579.251(a), Insurance Code, is amended to read as follows:

(a) The state shall assist employees of participating school districts and charter schools in the purchase of group health coverage under this chapter by providing for each covered employee the amount of $900 each state fiscal year or a greater amount as provided by the General Appropriations Act. The state contribution shall be distributed through the school finance formulas under Chapters 48 [~~41~~] and 49 [~~42~~], Education Code, and

used by school districts and charter schools as provided by Section 48.275 [~~42.260~~], Education Code.

SECTION 3.086. Section 1581.053, Insurance Code, is amended to read as follows:

Sec. 1581.053. USE OF STATE FUNDS. (a) To comply with Section 1581.052, a school district or participating charter school may use state funds received under Chapter 48 [~~42~~], Education Code, other than funds that may be used under that chapter only for a specific purpose.

(b) Notwithstanding Subsection (a), amounts a district or school is required to use to pay contributions under a group health coverage plan for district or school employees under Section 48.275 [~~42.260~~], Education Code, other than amounts described by Section 48.275(c)(2) [~~42.260(c)(2)(B)~~], are not used in computing whether the district or school complies with Section 1581.052.

SECTION 3.087. Section 37.10(c)(2), Penal Code, is amended to read as follows:

(2) An offense under this section is a felony of the third degree if it is shown on the trial of the offense that the governmental record was:

(A) a public school record, report, or assessment instrument required under Chapter 39, Education Code, data reported for a school district or open-enrollment charter school to the Texas Education Agency through the Public Education Information Management System (PEIMS) described by Sections 48.008 and 48.009 [~~Section 42.006~~], Education Code, under a law or rule requiring that reporting, or a license, certificate, permit, seal, title,

letter of patent, or similar document issued by government, by another state, or by the United States, unless the actor's intent is to defraud or harm another, in which event the offense is a felony of the second degree;

(B) a written report of a medical, chemical, toxicological, ballistic, or other expert examination or test performed on physical evidence for the purpose of determining the connection or relevance of the evidence to a criminal action;

(C) a written report of the certification, inspection, or maintenance record of an instrument, apparatus, implement, machine, or other similar device used in the course of an examination or test performed on physical evidence for the purpose of determining the connection or relevance of the evidence to a criminal action; or

(D) a search warrant issued by a magistrate.

SECTION 3.088. Section 39.03(d), Penal Code, is amended to read as follows:

(d) An offense under this section is a Class A misdemeanor, except that an offense is a felony of the third degree if the public servant acted with the intent to impair the accuracy of data reported to the Texas Education Agency through the Public Education Information Management System (PEIMS) described by Sections 48.008 and 48.009 [~~Section 42.006~~], Education Code, under a law requiring that reporting.

SECTION 3.089. Section 21.01, Tax Code, is amended to read as follows:

Sec. 21.01. REAL PROPERTY. Real property is taxable by a

taxing unit if located in the unit on January 1, except as provided by Chapter 49 [~~41~~], Education Code.

SECTION 3.090. Sections 21.02(b) and (c), Tax Code, are amended to read as follows:

(b) Tangible personal property having taxable situs at the same location as real property detached from a school district and annexed by another school district under Chapter 49 [~~41~~], Education Code, is taxable in the tax year in which the detachment and annexation occurs by the same school district by which the real property is taxable in that tax year under Chapter 49 [~~41~~], Education Code. For purposes of this subsection and Chapter 49 [~~41~~], Education Code, tangible personal property has taxable situs at the same location as real property detached and annexed under Chapter 49 [~~41~~], Education Code, if the detachment and annexation of the real property, had it occurred before January 1 of the tax year, would have changed the taxable situs of the tangible personal property determined as provided by Subsection (a) from the school district from which the real property was detached to the school district to which the real property was annexed.

(c) Tangible personal property has taxable situs in a school district that is the result of a consolidation under Chapter 49 [~~41~~], Education Code, in the year in which the consolidation occurs if the property would have had taxable situs in the consolidated district in that year had the consolidation occurred before January 1 of that year.

SECTION 3.091. Section 25.25(k), Tax Code, is amended to read as follows:

(k) The chief appraiser shall change the appraisal records and school district appraisal rolls promptly to reflect the detachment and annexation of property among school districts under Subchapter C or G, Chapter 49 [~~41~~], Education Code.

SECTION 3.092. Section 311.013(n), Tax Code, is amended to read as follows:

(n) This subsection applies only to a school district whose taxable value computed under Section 403.302(d), Government Code, is reduced in accordance with Subdivision (4) of that subsection. In addition to the amount otherwise required to be paid into the tax increment fund, the district shall pay into the fund an amount equal to the amount by which the amount of taxes the district would have been required to pay into the fund in the current year if the district levied taxes at the rate the district levied in 2005 exceeds the amount the district is otherwise required to pay into the fund in the year of the reduction. This additional amount may not exceed the amount the school district receives in state aid for the current tax year under Section 48.253 [~~42.2514~~], Education Code. The school district shall pay the additional amount after the district receives the state aid to which the district is entitled for the current tax year under Section 48.253 [~~42.2514~~], Education Code.

SECTION 3.093. Section 312.002(g), Tax Code, is amended to read as follows:

(g) "Taxing unit" has the meaning assigned by Section 1.04, except that for a tax abatement agreement executed on or after September 1, 2001, the term does not include a school district that

is subject to Chapter 48 [~~42~~], Education Code, and that is organized primarily to provide general elementary and secondary public education.

SECTION 3.094. Section 312.210(b), Tax Code, is amended to read as follows:

(b) A tax abatement agreement with the owner of real property or tangible personal property that is located in the reinvestment zone described by Subsection (a) and in a school district that has a local revenue level [~~wealth per student~~] that does not exceed the [~~equalized wealth~~] level established under Section 48.257 must exempt from taxation:

(1) the portion of the value of the property in the amount specified in the joint agreement among the municipality, county, and junior college district; and

(2) an amount equal to 10 percent of the maximum portion of the value of the property that may under Section 312.204(a) be otherwise exempted from taxation.

SECTION 3.095. Section 313.027(i), Tax Code, is amended to read as follows:

(i) A person and the school district may not enter into an agreement under which the person agrees to provide supplemental payments to a school district or any other entity on behalf of a school district in an amount that exceeds an amount equal to the greater of $100 per student per year in average daily attendance, as defined by Section 48.005 [~~42.005~~], Education Code, or $50,000 per year, or for a period that exceeds the period beginning with the period described by Section 313.021(4) and ending December 31 of

the third tax year after the date the person's eligibility for a limitation under this chapter expires. This limit does not apply to amounts described by Subsection (f)(1) or (2).

ARTICLE 4. REPEALER

SECTION 4.001. (a) The following provisions of the Education Code are repealed:

(1) Section 7.102(c)(5);

(2) Section 21.0481;

(3) Section 21.0482;

(4) Section 21.0483;

(5) Section 21.0484;

(6) Section 21.410;

(7) Section 21.411;

(8) Section 21.412;

(9) Section 21.413;

(10) Section 21.458(c);

(11) Sections 28.006(d-1) and (e);

(12) Section 29.097;

(13) Section 29.098;

(14) Section 29.165;

(15) Section 29.166;

(16) Sections 29.203(g)(1) and (3);

(17) Section 39.233;

(18) Section 39.234;

(19) the headings to Chapters 41 and 42;

(20) the heading to Subchapter A, Chapter 41;

(21) Section 41.002;

(22) Section 41.0041;

(23) the heading to Subchapter D, Chapter 41;

(24) Section 41.0931;

(25) Section 41.098;

(26) the heading to Subchapter E, Chapter 41;

(27) the heading to Subchapter A, Chapter 42;

(28) the heading to Section 42.006;

(29) Section 42.007;

(30) the heading to Subchapter B, Chapter 42;

(31) Section 42.102;

(32) Section 42.103;

(33) Section 42.104;

(34) the heading to Subchapter C, Chapter 42;

(35) Section 42.1541;

(36) Section 42.156;

(37) Section 42.160;

(38) the heading to Subchapter E, Chapter 42;

(39) Section 42.2513;

(40) Section 42.2517;

(41) Section 42.2518;

(42) Section 42.262;

(43) the headings to Subchapters F and G, Chapter 42; and

(44) Section 42.352.

(b) Sections 322.008(b) and 403.302(m), Government Code, are repealed.

(c) The following provisions of the Tax Code are repealed:

(1) Sections 26.08(o) and (p); and

(2) Section 312.210(c).

ARTICLE 5. TRANSITION; CONFLICT OF LAW

SECTION 5.001. (a) Except as provided by Subsection (b) or (c) of this section, Article 2 of this Act applies beginning with the 2019-2020 school year.

(b) Section 28.006, Education Code, as amended by this Act, applies beginning with the 2020-2021 school year.

(c) Section 28.025, Education Code, as amended by this Act, and Section 28.0256, Education Code, as added by this Act, apply beginning with students enrolled at the 12th grade level during the 2021-2022 school year.

SECTION 5.002. Except as otherwise provided by this Act, Section 26.08, Tax Code, as amended by this Act, applies beginning with the 2019 tax year. A school district is required to calculate the district's voter-approval tax rate for the 2019 tax year in the manner provided by Section 26.08, Tax Code, as amended by this Act, regardless of whether the district has already calculated that rate or adopted a tax rate for the 2019 tax year before September 1, 2019.

SECTION 5.003. As soon as practicable after September 1, 2019:

(1) the State Board for Educator Certification shall develop the Internet portal required by Section 21.006(g-1), Education Code, as added by this Act; and

(2) the Texas Education Agency shall develop the Internet portal required by Section 22.095, Education Code, as

added by this Act.

SECTION 5.004. The Texas Education Agency shall establish the registry of persons who are not eligible to be employed by a school district, district of innovation, open-enrollment charter school, other charter entity, regional education service center, or shared services arrangement, as required by Section 22.092, Education Code, as added by this Act, as soon as practicable after September 1, 2019, and not later than January 1, 2020.

SECTION 5.005. The State Board for Educator Certification may not issue a new or renew a master teacher certificate issued under Section 21.0481, 21.0482, 21.0483, or 21.0484, Education Code, on or after the effective date of this Act.

SECTION 5.006. Not later than August 1, 2020, the Texas Education Agency shall submit the initial report required under Section 29.1544, Education Code, as added by this Act.

SECTION 5.007. Notwithstanding any provision of the Education Code, for the 2019 tax year, a school district that took action to comply with publication requirements under Section 44.004, Education Code, before the effective date of this Act may amend the district's previously published notices to comply with the changes made to the district's permissible and proposed tax rates as a result of this Act by posting those changes on the district's Internet website. A school district that complied with the law in effect at the time of the district's original publication may hold the district's scheduled public hearing as originally published.

SECTION 5.008. Not later than December 1, 2020, each school

district shall submit to the legislature a report on salary or wage increases provided to district employees under Section 48.051(c), Education Code, as added by this Act, for the 2019-2020 school year. The report must include for each salary or wage increase:

(1) the employee's position at the school district; and

(2) the amount of the increase.

SECTION 5.009. As soon as practicable after the effective date of Section 48.1021, Education Code, as added by this Act, the commissioner of education shall establish and appoint members to the advisory committee required under that section.

SECTION 5.010. (a) Notwithstanding any other law, to secure the best value for the state and ensure the best design, operation, and implementation of assessment instruments, the Texas Education Agency may:

(1) provide an additional period for all respondents to provide new proposals for the assessment solicitations posted in 2019; and

(2) extend the current assessment contracts through the end of the state fiscal biennium ending August 31, 2021.

(b) This section expires September 1, 2021.

SECTION 5.011. (a) The State Board for Educator Certification is required to implement a provision of Article 2A of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the board may, but is not required to, implement a provision of Article 2A of this Act using other

appropriations available for that purpose.

(b) The Texas Education Agency is required to implement a provision of Article 2A of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the agency may, but is not required to, implement a provision of Article 2A of this Act using other appropriations available for that purpose.

SECTION 5.012. If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are declared to be severable.

SECTION 5.013. To the extent of any conflict, this Act prevails over another Act of the 86th Legislature, Regular Session, 2019, regardless of the relative dates of enactment.

ARTICLE 6. EFFECTIVE DATE

SECTION 6.001. (a) Except as otherwise provided by this section or as otherwise provided by this Act, this Act takes effect September 1, 2019.

(b) Section 11.184, Education Code, as added by this Act, takes effect January 1, 2020.

(c) Section 47.006, Education Code, as added by this Act, takes effect only if H.B. 1525 or similar legislation of the 86th Legislature, Regular Session, 2019, relating to the administration and collection of sales and use taxes applicable to sales involving

marketplace providers is enacted and becomes law.

(d) Subject to Subsection (c) of this section, Chapter 47, Education Code, as added by this Act, takes effect January 1, 2020.

(e) Sections 48.1021 and 48.1041, Education Code, as added by this Act, take effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for Sections 48.1021 and 48.1041, Education Code, as added by this Act, to have immediate effect, those sections take effect September 1, 2019.

(f) Article 2 and Section 5.010 of this Act take effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, Article 2 and Section 5.010 of this Act take effect September 1, 2019.

President of the Senate

Speaker of the House

I certify that H.B. No. 3 was passed by the House on April 3, 2019, by the following vote: Yeas 148, Nays 1, 0 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 3 on May 7, 2019, and requested the appointment of a conference committee to consider the differences between the two houses; that the House adopted the conference committee report on H.B. No. 3 on May 25, 2019, by the following vote: Yeas 139, Nays 0, 0 present, not voting; and that the House adopted H.C.R. No. 193 authorizing certain corrections in H.B. No. 3 on May 27, 2019, by the following vote: Yeas 149, Nays 0, 1 present, not voting.

Chief Clerk of the House

H.B. No. 3

I certify that H.B. No. 3 was passed by the Senate, with amendments, on May 6, 2019, by the following vote: Yeas 26, Nays 2, 3 present, not voting; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; that the Senate adopted the conference committee report on H.B. No. 3 on May 25, 2019, by the following vote: Yeas 30, Nays 0; and that the Senate adopted H.C.R. No. 193 authorizing certain corrections in H.B. No. 3 on May 27, 2019, by the following vote: Yeas 31, Nays 0.

_____

Secretary of the Senate

APPROVED: _____

Date

_____

Governor