

By: Huberty, Bernal, Zerwas,
King of Hemphill, Allen, et al.

H.B. No. 3

Substitute the following for H.B. No. 3:

By: King of Hemphill

C.S.H.B. No. 3

A BILL TO BE ENTITLED

AN ACT

relating to public school finance and public education.

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

ARTICLE 1. PUBLIC SCHOOL FINANCE

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

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

(b) 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.

(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:

(1) from a list of auditors approved by the state auditor as provided by Subsection (e); and

(2) not later than three months before the date on which the district holds an election to adopt a maintenance and operations tax rate.

(e) The state auditor must select auditors to include on an

1 approved list based on an auditor's:

2 (1) experience examining fiscal management and
3 efficiency of school districts or other governmental entities; and

4 (2) ability to minimize expenses associated with an
5 efficiency audit.

6 (f) An auditor selected to be included on the state
7 auditor's list under Subsection (e) must provide the state auditor
8 with information regarding fees and expenses, including the methods
9 for calculating audit fees. The state auditor must make this
10 information available to the board of trustees of a school district
11 on request.

12 (g) An auditor selected by the board of trustees of a school
13 district must maintain independence from the district and complete
14 the efficiency audit not later than three months after the date the
15 auditor was selected. If the auditor does not complete the audit
16 within the time period required by this subsection, the district
17 may hold an election to adopt a maintenance and operations tax rate
18 without the results of the audit.

19 (h) The results of an efficiency audit conducted under this
20 section must be posted on the school district's Internet website
21 before the election at which the district seeks voter approval to
22 adopt a tax rate, except as provided by Subsection (g).

23 (i) A school district shall provide all documents, records,
24 and personnel requested by the auditor as needed to conduct the
25 audit in an efficient manner. If a school district fails to timely
26 comply with this subsection, the auditor shall report the
27 district's failure to the agency and the district's board of

1 trustees.

2 (j) The state auditor may adopt rules as necessary to
3 implement this section.

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

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

16 (a-1) In addition to the funding provided by Subsection (a),
17 a charter holder is entitled to receive for the open-enrollment
18 charter school an allotment per student in average daily attendance
19 in an amount equal to the difference between:

20 (1) the state average adjusted allotment that would
21 have been provided under former Section 42.103 as that section
22 existed on January 1, 2018; and

23 (2) the basic allotment under Section 48.051 to which
24 the charter holder is entitled. [In determining funding for an
25 open-enrollment charter school under Subsection (a):

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

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

4 (a-2) In addition to the funding provided by Subsections
5 ~~[Subsection]~~ (a) and (a-1), a charter holder is entitled to receive
6 for the open-enrollment charter school enrichment funding under
7 Section 48.202 [~~42.302~~] based on the state average tax effort.

8 (a-3) In addition to the funding provided by Subsections
9 (a), (a-1), and (a-2), a charter holder is entitled to receive
10 funding for the open-enrollment charter school under Subchapter D,
11 Chapter 48, if the charter holder would be entitled to the funding
12 if the school were a school district.

13 SECTION 1.003. Section 25.084, Education Code, is amended
14 by amending Subsection (b) and adding Subsection (c) to read as
15 follows:

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

20 (c) A district that adopts a year-round system under this
21 section may receive the incentive aid under Section 25.0841 if the
22 district meets the criteria for receiving the incentive under that
23 section.

24 SECTION 1.004. Subchapter C, Chapter 25, Education Code, is
25 amended by adding Section 25.0841 to read as follows:

26 Sec. 25.0841. INCENTIVE FOR ADDITIONAL INSTRUCTIONAL DAYS.

27 (a) The commissioner shall adjust the average daily attendance of a

1 school district or open-enrollment charter school under Section
2 48.005 in the manner provided by Subsection (b) if the district or
3 school:

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

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

11 (b) For a school district or open-enrollment charter school
12 described by Subsection (a), the commissioner shall increase the
13 average daily attendance of the district or school under Section
14 48.005 by the amount that results from the quotient of the sum of
15 attendance for each of the 30 additional instructional days of
16 half-day instruction that are provided divided by 30.

17 (c) The commissioner may provide the incentive under this
18 section to a school district or open-enrollment charter school that
19 intended, but due to circumstances beyond the district's or
20 school's control, including the occurrence of a natural disaster
21 affecting the district or school, was unable to meet the
22 requirement for instruction under Section 25.081 plus an additional
23 30 days of half-day instruction. The commissioner may
24 proportionately reduce the incentive provided to a district or
25 school described by this subsection.

26 (d) This section does not prohibit a school district from
27 providing the minimum number of minutes of operational and

1 instructional time required under Section 25.081 and commissioner
2 rules adopted under that section over fewer than 180 days of
3 instruction.

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

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

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

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

17 (2) Section 45.0032; and

18 (3) Section 48.255.

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

25 SECTION 1.006. Section 45.003, Education Code, is amended
26 by amending Subsections (d) and (f) and adding Subsection (g) to
27 read as follows:

1 (d) A proposition submitted to authorize the levy of
2 maintenance taxes must include the question of whether the
3 governing board or commissioners court may levy, assess, and
4 collect annual ad valorem taxes for the further maintenance of
5 public schools, at a rate not to exceed the rate stated in the
6 proposition. For any year, the maintenance tax rate per \$100 of
7 taxable value adopted by the district may not exceed \$1.17 [~~the rate~~
8 ~~equal to the sum of \$0.17 and the product of the state compression~~
9 ~~percentage, as determined under Section 42.2516, multiplied by~~
10 ~~\$1.50~~].

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

16 (1) \$0.17; and

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

21 (g) For a district to which Subsection (f) applies, revenue
22 generated from any cents of maintenance tax effort that exceeds
23 \$1.17 per \$100 of taxable value is not subject to the limit on local
24 revenue under Section 48.257.

25 SECTION 1.007. Subchapter A, Chapter 45, Education Code, is
26 amended by adding Section 45.0032 to read as follows:

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

1 (a) Except as provided by Subsection (c), a school district's tier
2 one maintenance and operations tax rate is the number of cents
3 levied by the district for maintenance and operations that does not
4 exceed the product of the state compression percentage, as
5 determined under Section 48.255, multiplied by \$1.00.

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

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

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

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

24 (b-1) Notwithstanding Subsection (b)(1), a district's
25 enrichment tax rate described by that subsection may not exceed:

26 (1) for the 2019-2020 school year, six cents over the
27 maximum tax rate described by Subsection (a); and

1 (2) for the 2020-2021 school year, seven cents over
2 the maximum tax rate described by Subsection (a).

3 (b-2) Subsection (b-1) and this subsection expire September
4 1, 2021.

5 (c) For a district to which Section 45.003(f) applies, the
6 reference to a value of \$1.00 under Subsection (a) is replaced with
7 the value equal to the product of 66.67 percent multiplied by the
8 maintenance and operations tax rate adopted by the district for the
9 2005 tax year.

10 SECTION 1.008. Subtitle I, Title 2, Education Code, is
11 amended by adding Chapter 48, and a heading is added to that chapter
12 to read as follows:

13 CHAPTER 48. FOUNDATION SCHOOL PROGRAM

14 SECTION 1.009. Chapter 48, Education Code, as added by this
15 Act, is amended by adding Subchapter A, and a heading is added to
16 that subchapter to read as follows:

17 SUBCHAPTER A. GENERAL PROVISIONS

18 SECTION 1.010. Sections 42.001, 42.002, 42.003, 42.004,
19 42.005, 42.0051, and 42.0052, Education Code, are transferred to
20 Subchapter A, Chapter 48, Education Code, as added by this Act,
21 redesignated as Sections 48.001, 48.002, 48.003, 48.004, 48.005,
22 48.006, and 48.007, Education Code, and amended to read as follows:

23 Sec. 48.001 [~~42.001~~]. STATE POLICY. (a) It is the policy
24 of this state that the provision of public education is a state
25 responsibility and that a thorough and efficient system be provided
26 and substantially financed through state revenue sources so that
27 each student enrolled in the public school system shall have access

1 to programs and services that are appropriate to the student's
2 educational needs and that are substantially equal to those
3 available to any similar student, notwithstanding varying local
4 economic factors.

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

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

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

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

21 (b) The Foundation School Program consists of:

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

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

27 (B) substantially equal access to funds to

1 provide an enriched program; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 basis of:

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

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

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

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

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

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

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

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

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

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

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

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

1 (i) A district or a charter school operating under Chapter
2 12 that operates a prekindergarten program is eligible to receive
3 one-half of average daily attendance under Subsection (a) if the
4 district's or charter school's prekindergarten program provides at
5 least 32,400 minutes of instructional time to students.

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

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

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

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

17 (4) a school program offered at a correctional
18 facility; or

19 (5) a school operating under Section 29.259.

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

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

26 (2) any campus or site expansion approved on or after
27 January 1, 2015, provided that the charter school received an

1 academic accountability performance rating of C or higher, and the
2 campus or site expansion is approved by the commissioner.

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

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

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

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

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

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

1 ~~school year.]~~

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

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

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

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

22 (e) A district that receives an adjustment under this
23 section may not receive any additional adjustment under Section
24 48.005(d) [~~42.005(d)~~] for the decline in average daily attendance
25 on which the adjustment under this section is based.

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

1 district's average daily attendance as determined under Section
2 48.005 [~~42.005~~].

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

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

15 SECTION 1.011. Sections 42.006(a), (b), (c), and (d),
16 Education Code, are transferred to Subchapter A, Chapter 48,
17 Education Code, as added by this Act, redesignated as Section
18 48.008, Education Code, and amended to read as follows:

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

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

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

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

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

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

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

22 SECTION 1.012. Sections 42.006(a-1), (a-3), and (a-4),
23 Education Code, Section 42.006(a-2), Education Code, as added by
24 Chapter 550 (S.B. 490), Acts of the 85th Legislature, Regular
25 Session, 2017, and Section 42.006(a-2), as added by Chapter 916
26 (S.B. 1404), Acts of the 85th Legislature, Regular Session, 2017,
27 are transferred to Subchapter A, Chapter 48, Education Code, as

1 added by this Act, redesignated as Section 48.009, Education Code,
2 and amended to read as follows:

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

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

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

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

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

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

25 ~~[(a-2) The commissioner by rule shall require each school~~
26 ~~district and open-enrollment charter school to report through the~~
27 ~~Public Education Information Management System information for~~

1 ~~each campus of the district or school regarding:~~

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

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

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

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

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

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

1 SECTION 1.013. Section 42.009, Education Code, is
2 transferred to Subchapter A, Chapter 48, Education Code, as added
3 by this Act, redesignated as Section 48.010, Education Code, and
4 amended to read as follows:

5 Sec. 48.010 [42.009]. DETERMINATION OF FUNDING LEVELS.

6 (a) Not later than July 1 of each year, the commissioner shall
7 determine for each school district whether the estimated amount of
8 state and local funding per student in weighted average daily
9 attendance to be provided to the district under the Foundation
10 School Program for maintenance and operations for the following
11 school year is less than the amount provided to the district for the
12 2010-2011 school year. If the amount estimated to be provided is
13 less, the commissioner shall certify the percentage decrease in
14 funding to be provided to the district.

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

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

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

25 (3) determine a district's weighted average daily
26 attendance in accordance with this chapter as it existed on January
27 1, 2011.

1 SECTION 1.014. Subchapter A, Chapter 48, Education Code, as
2 added by this Act, is amended by adding Section 48.011 to read as
3 follows:

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

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

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

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

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

20 SECTION 1.015. Chapter 48, Education Code, as added by this
21 Act, is amended by adding Subchapter B, and a heading is added to
22 that subchapter to read as follows:

23 SUBCHAPTER B. BASIC ENTITLEMENT

24 SECTION 1.016. Sections [42.101](#) and [42.105](#), Education Code,
25 are transferred to Subchapter B, Chapter 48, Education Code, as
26 added by this Act, redesignated as Sections 48.051 and 48.052,
27 Education Code, and amended to read as follows:

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

$$9 \quad A = \underline{\$6,030} [\underline{\$4,765}] \times \underline{TR/MCR} [(\underline{DCR/MCR})]$$

10 where:

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

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

17 and

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

21 [~~(a-1) Notwithstanding Subsection (a), for a school~~
 22 ~~district that adopted a maintenance and operations tax rate for the~~
 23 ~~2005 tax year below the maximum rate permitted by law for that year,~~
 24 ~~the district's compressed tax rate ("DCR") includes the portion of~~
 25 ~~the district's current maintenance and operations tax rate in~~
 26 ~~excess of the first six cents above the district's compressed tax~~
 27 ~~rate, as defined by Subsection (a), until the district's compressed~~

1 ~~tax rate computed in accordance with this subsection is equal to the~~
2 ~~state maximum compressed tax rate ("MCR").]~~

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

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

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

12 ~~and~~

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

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

1 daily attendance. An average daily attendance of 60 students shall
2 be the basis of providing the [~~adjusted~~] basic allotment if a
3 district offers a kindergarten through grade 6 program and has
4 preceding or current year's average daily attendance of at least 40
5 students or is 30 miles or more by bus route from the nearest high
6 school district.

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

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

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

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

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

1 SECTION 1.017. Subchapter B, Chapter 48, Education Code, as
2 added by this Act, is amended by adding Section 48.053 to read as
3 follows:

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

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

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

17 (d) A school district that receives funding under
18 Subsection (b) for a school year may not charge tuition or fees to
19 students enrolled in the district who are residents of this state
20 for that school year, other than fees authorized under Section
21 11.158.

22 (e) From the total amount of funds appropriated for the
23 Foundation School Program for each school year, the commissioner
24 shall withhold an amount of funding equal to the total amount to
25 which school districts are entitled under Subsection (b) for that
26 school year, less any amount declined under Subsection (c), and
27 shall distribute that amount to those districts accordingly. The

1 commissioner shall use a payment schedule consistent with the
2 payment schedule adopted for open-enrollment charter schools.

3 SECTION 1.018. Chapter 48, Education Code, as added by this
4 Act, is amended by adding Subchapter C, and a heading is added to
5 that subchapter to read as follows:

6 SUBCHAPTER C. STUDENT-BASED ALLOTMENTS

7 SECTION 1.019. Subchapter C, Chapter 48, Education Code, as
8 added by this Act, is amended by adding Section 48.101 to read as
9 follows:

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

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

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

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

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

$$24 \quad \underline{AA = ((1,600 - ADA) \times .0004) \times BA}$$

25 (c) A school district that offers a kindergarten through
26 grade 12 program and has less than 5,000 students in average daily
27 attendance is entitled to an annual allotment for each student in

1 average daily attendance based on the formula, of the following
2 formulas, that results in the greatest annual allotment:

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

5 (2) $AA = ((5,000 - ADA) \times .000025) \times BA.$

6 SECTION 1.020. Section 42.151, Education Code, is
7 transferred to Subchapter C, Chapter 48, Education Code, as added
8 by this Act, redesignated as Section 48.102, Education Code, and
9 amended to read as follows:

10 Sec. 48.102 [42.151]. SPECIAL EDUCATION. (a) For each
11 student in average daily attendance in a special education program
12 under Subchapter A, Chapter 29, in a mainstream instructional
13 arrangement, a school district is entitled to an annual allotment
14 equal to the ~~[adjusted]~~ basic allotment, or, if applicable, the sum
15 of the basic allotment and the allotment under Section 48.101 to
16 which the district is entitled, multiplied by 1.1. For each
17 full-time equivalent student in average daily attendance in a
18 special education program under Subchapter A, Chapter 29, in an
19 instructional arrangement other than a mainstream instructional
20 arrangement, a district is entitled to an annual allotment equal to
21 the ~~[adjusted]~~ basic allotment, or, if applicable, the sum of the
22 basic allotment and the allotment under Section 48.101 to which the
23 district is entitled, multiplied by a weight determined according
24 to instructional arrangement as follows:

- 25 Homebound 5.0
- 26 Hospital class 3.0
- 27 Speech therapy 5.0

1 Resource room 3.0
2 Self-contained, mild and moderate,
3 regular campus 3.0
4 Self-contained, severe, regular campus 3.0
5 Off home campus 2.7
6 Nonpublic day school 1.7
7 Vocational adjustment class 2.3

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

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

24 (d) For funding purposes the contact hours credited per day
25 for each student in the resource room; self-contained, mild and
26 moderate; and self-contained, severe, instructional arrangements
27 may not exceed the average of the statewide total contact hours

1 credited per day for those three instructional arrangements in the
2 1992-1993 school year.

3 (e) The commissioner [~~State Board of Education~~] by rule
4 shall prescribe the qualifications an instructional arrangement
5 must meet in order to be funded as a particular instructional
6 arrangement under this section. In prescribing the qualifications
7 that a mainstream instructional arrangement must meet, the
8 commissioner [~~board~~] shall establish requirements that students
9 with disabilities and their teachers receive the direct, indirect,
10 and support services that are necessary to enrich the regular
11 classroom and enable student success.

12 (f) In this section, "full-time equivalent student" means
13 30 hours of contact a week between a special education student and
14 special education program personnel.

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

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

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

1 (j) [~~(k)~~] A school district that provides an extended year
2 program required by federal law for special education students who
3 may regress is entitled to receive funds in an amount equal to 75
4 percent, or a lesser percentage determined by the commissioner, of
5 the ~~[adjusted]~~ basic allotment, or, if applicable, the sum of the
6 basic allotment and the allotment under Section 48.101 to which the
7 district is entitled [~~or adjusted allotment, as applicable,~~] for
8 each full-time equivalent student in average daily attendance,
9 multiplied by the amount designated for the student's instructional
10 arrangement under this section, for each day the program is
11 provided divided by the number of days in the minimum school year.
12 The total amount of state funding for extended year services under
13 this section may not exceed \$10 million per year. A school district
14 may use funds received under this section only in providing an
15 extended year program.

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

1 (1) If the commissioner determines that the total amount of
2 funding under this section for any school year is less than the
3 amount required under 20 U.S.C. Section 1412(a)(18), the
4 commissioner shall increase the total amount of funding under this
5 section for that school year as necessary to comply with that
6 provision. If the amount of funding available for purposes of this
7 section is insufficient to fully fund the amount determined
8 necessary under this subsection, the commissioner shall reduce
9 other funding provided under this chapter in the manner provided by
10 Section 48.266(f) to achieve the necessary amount of funding under
11 this subsection.

12 SECTION 1.021. Subchapter C, Chapter 48, Education Code, as
13 added by this Act, is amended by adding Section 48.103 to read as
14 follows:

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

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

23 (1) is receiving instruction that:

24 (A) meets applicable dyslexia program criteria
25 established by the agency; and

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

1 (2) has received the instruction described by
2 Subdivision (1) and is permitted, on the basis of having dyslexia or
3 a related disorder, to use modifications in the classroom and
4 accommodations in the administration of assessment instruments
5 under Section 39.023.

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

9 SECTION 1.022. Section 42.152, Education Code, is
10 transferred to Subchapter C, Chapter 48, Education Code, as added
11 by this Act, redesignated as Section 48.104, Education Code, and
12 amended to read as follows:

13 Sec. 48.104 [~~42.152~~]. COMPENSATORY EDUCATION ALLOTMENT.

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

25 (b) For each student who is educationally disadvantaged and
26 resides in an economically disadvantaged census block as determined
27 by the commissioner under Subsection (c), a district is entitled to

1 an annual allotment equal to the basic allotment multiplied by the
2 weight assigned to the student's census block under Subsection (d).

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

11 (1) the median household income;

12 (2) the average educational attainment of the
13 population;

14 (3) the percentage of single-parent households;

15 (4) the rate of homeownership; and

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

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

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

1 ~~students is determined:~~

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

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

7 (f) For a student who qualifies for an allotment under
8 multiple provisions of this section, the school district is
9 entitled to an allotment for the student under the provision that
10 would result in the greatest amount of funding.

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

19 (h) Not later than March 1 of each year, the commissioner
20 shall:

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

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

27 (i) The state demographer, the Department of Agriculture,

1 and any other state agency with relevant information shall assist
2 the commissioner in performing the commissioner's duties under this
3 section.

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

10 ~~[(c) Funds allocated under this section shall be used to~~
11 ~~fund supplemental programs and services designed to eliminate any~~
12 ~~disparity in performance on assessment instruments administered~~
13 ~~under Subchapter B, Chapter 39, or disparity in the rates of high~~
14 ~~school completion between students at risk of dropping out of~~
15 ~~school, as defined by Section 29.081, and all other students.~~
16 ~~Specifically, the funds, other than an indirect cost allotment~~
17 ~~established under State Board of Education rule, which may not~~
18 ~~exceed 45 percent, may be used to meet the costs of providing a~~
19 ~~compensatory, intensive, or accelerated instruction program under~~
20 ~~Section 29.081 or a disciplinary alternative education program~~
21 ~~established under Section 37.008, to pay the costs associated with~~
22 ~~placing students in a juvenile justice alternative education~~
23 ~~program established under Section 37.011, or to support a program~~
24 ~~eligible under Title I of the Elementary and Secondary Education~~
25 ~~Act of 1965, as provided by Pub. L. No. 103-382 and its subsequent~~
26 ~~amendments, and by federal regulations implementing that Act, at a~~
27 ~~campus at which at least 40 percent of the students are~~

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

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

22 ~~[(1) an accelerated reading instruction program under~~
23 ~~Section 28.006(g), or~~

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

26 ~~[(c-2) Notwithstanding Subsection (c), funds allocated~~
27 ~~under this section may be used to fund a district's mentoring~~

1 ~~services program under Section 29.089.~~

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

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

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

27 ~~[(q-2) If a review of the report submitted under Subsection~~

1 ~~(q), using the risk-based system, indicates that a district is at~~
2 ~~high risk of having misused compensatory education funds, the~~
3 ~~commissioner shall notify the district of that determination. The~~
4 ~~district must respond to the commissioner not later than the 30th~~
5 ~~day after the date the commissioner notifies the district of the~~
6 ~~commissioner's determination. If the district's response does not~~
7 ~~change the commissioner's determination that the district is at~~
8 ~~high risk of having misused compensatory education funds or if the~~
9 ~~district does not respond in a timely manner, the commissioner~~
10 ~~shall:~~

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

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

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

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

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

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

5 ~~[(q-4) The commissioner, in the year following a local audit~~
6 ~~of compensatory education expenditures, shall withhold from a~~
7 ~~district's foundation school fund payment an amount equal to the~~
8 ~~amount of compensatory education funds the agency determines were~~
9 ~~not used in compliance with Subsection (c). The commissioner shall~~
10 ~~release to a district funds withheld under this subsection when the~~
11 ~~district provides to the commissioner a detailed plan to spend~~
12 ~~those funds in compliance with Subsection (c).~~

13 ~~[(r) The commissioner shall grant a one-year exemption from~~
14 ~~the requirements of Subsections (q)-(q-4) to a school district in~~
15 ~~which the group of students who have failed to perform~~
16 ~~satisfactorily in the preceding school year on an assessment~~
17 ~~instrument required under Section 39.023(a), (c), or (l)~~
18 ~~subsequently performs on those assessment instruments at a level~~
19 ~~that meets or exceeds a level prescribed by commissioner rule. Each~~
20 ~~year the commissioner, based on the most recent information~~
21 ~~available, shall determine if a school district is entitled to an~~
22 ~~exemption for the following school year and notify the district of~~
23 ~~that determination.]~~

24 SECTION 1.023. Subchapter C, Chapter 48, Education Code, as
25 added by this Act, is amended by adding Section 48.1041 to read as
26 follows:

27 Sec. 48.1041. COMPENSATORY EDUCATION ALLOTMENT ADVISORY

1 COMMITTEE. (a) The commissioner shall establish an advisory
2 committee to advise the agency in adopting rules for the
3 compensatory education allotment under Section 48.104, including
4 rules establishing the economic criteria described by Section
5 48.104(c)(5).

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

8 (1) school district superintendents and chief
9 financial officers;

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

13 (3) demographers;

14 (4) experts on census data;

15 (5) public school finance experts; and

16 (6) appropriate employees of the agency.

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

21 (d) Chapter 2110, Government Code, does not apply to the
22 advisory committee.

23 (e) This section expires and the advisory committee is
24 abolished September 1, 2021.

25 SECTION 1.024. Sections 42.153, 42.154, and 42.157,
26 Education Code, are transferred to Subchapter C, Chapter 48,
27 Education Code, as added by this Act, redesignated as Sections

1 48.105, 48.106, and 48.107, Education Code, and amended to read as
2 follows:

3 Sec. 48.105 [~~42.153~~]. BILINGUAL EDUCATION ALLOTMENT.

4 [~~(a)~~] For each student in average daily attendance in a bilingual
5 education or special language program under Subchapter B, Chapter
6 29, a district is entitled to an annual allotment equal to the
7 [~~adjusted~~] basic allotment multiplied by:

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

10 (A) 0.1; or

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

14 (2) for a student not described by Subdivision (1),
15 0.05 if the student is in a bilingual education program using a dual
16 language immersion/two-way program model.

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

23 [~~(c) A district's bilingual education or special language~~
24 ~~allocation may be used only for program and student evaluation,~~
25 ~~instructional materials and equipment, staff development,~~
26 ~~supplemental staff expenses, salary supplements for teachers, and~~
27 ~~other supplies required for quality instruction and smaller class~~

1 size.]

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

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

10 (2) \$50, if the student is enrolled in two or more
11 advanced career and technology education classes for a total of
12 three or more credits.

13 (b) In this section:

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

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

21 ~~[(c) Funds allocated under this section, other than an~~
22 ~~indirect cost allotment established under State Board of Education~~
23 ~~rule, must be used in providing career and technology education~~
24 ~~programs in grades nine through 12 or career and technology~~
25 ~~education programs for students with disabilities in grades seven~~
26 ~~through 12 under Sections 29.182, 29.183, and 29.184.~~

27 ~~[(d) The commissioner shall conduct a cost-benefit~~

1 ~~comparison between career and technology education programs and~~
2 ~~mathematics and science programs.~~

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

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

14 (a) Except as provided by Subsection (b), for each student in
15 average daily attendance who is using a public education grant
16 under Subchapter G, Chapter [29](#), to attend school in a district other
17 than the district in which the student resides, the district in
18 which the student attends school is entitled to an annual allotment
19 equal to the [~~adjusted~~] basic allotment multiplied by a weight of
20 0.1.

21 (b) The total number of allotments under this section to
22 which a district is entitled may not exceed the number by which the
23 number of students using public education grants to attend school
24 in the district exceeds the number of students who reside in the
25 district and use public education grants to attend school in
26 another district.

27 SECTION 1.025. Subchapter C, Chapter 48, Education Code, as

1 added by this Act, is amended by adding Section 48.108 to read as
2 follows:

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

7 (1) educationally disadvantaged; or

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

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

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

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

23 SECTION 1.026. Chapter 48, Education Code, as added by this
24 Act, is amended by adding Subchapter D, and a heading is added to
25 that subchapter to read as follows:

26 SUBCHAPTER D. ADDITIONAL FUNDING

27 SECTION 1.027. Sections 42.155 and 42.158, Education Code,

1 are transferred to Subchapter D, Chapter 48, Education Code, as
2 added by this Act, redesignated as Sections 48.151 and 48.152,
3 Education Code, and amended to read as follows:

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

7 (b) As used in this section:

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

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

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

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

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

23 (c) Each district or county operating a regular
24 transportation system is entitled to an allotment based on a rate
25 per mile [~~the daily cost~~] per regular eligible student set [~~of~~
26 ~~operating and maintaining the regular transportation system and the~~
27 ~~linear density of that system. In determining the cost, the~~

1 ~~commissioner shall give consideration to factors affecting the~~
2 ~~actual cost of providing these transportation services in each~~
3 ~~district or county. The average actual cost is to be computed by the~~
4 ~~commissioner and included for consideration] by the legislature in~~
5 the General Appropriations Act. [~~The allotment per mile of approved~~
6 ~~route may not exceed the amount set by appropriation.~~]

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

13 (d-1) For purposes of Subsection (d), each board of trustees
14 shall provide to the commissioner an explanation of the hazardous
15 traffic conditions or areas presenting a high risk of violence
16 applicable to that district and shall identify the specific
17 hazardous or high-risk areas for which the allocation is
18 requested. A hazardous traffic condition exists where no walkway
19 is provided and children must walk along or cross a freeway or
20 expressway, an underpass, an overpass or a bridge, an uncontrolled
21 major traffic artery, an industrial or commercial area, or another
22 comparable condition. An area presents a high risk of violence if
23 law enforcement records indicate a high incidence of violent crimes
24 in the area. Each board of trustees requesting funds for an area
25 presenting a high risk of violence must, in addition to the
26 explanation required by this subsection, provide the commissioner
27 with consolidated law enforcement records that document violent

1 crimes identified by reporting agencies within the relevant
2 jurisdiction.

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

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

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

1 school or to an approved post-secondary institution under a
2 contract for instruction approved by the agency, or from a district
3 campus to a location at which students are provided work-based
4 learning under the district's career and technology program shall
5 be reimbursed based on the number of actual miles traveled times the
6 district's official extracurricular travel per mile rate as set by
7 the board of trustees and approved by the agency.

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

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

24 (i) In the case of a district belonging to a county
25 transportation system, the district's transportation allotment for
26 purposes of determining a district's foundation school program
27 allocations is determined on the basis of the number of approved

1 daily route miles in the district [~~multiplied by the allotment per~~
2 ~~mile to which the county transportation system is entitled~~].

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

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

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

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

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

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

5 (2) "New instructional facility" includes:

6 (A) a newly constructed instructional facility;

7 (B) a repurposed instructional facility; and

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

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

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

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

25 (e) [~~(c)~~] For purposes of this section, the number of
26 additional students in average daily attendance at a facility is
27 the difference between the number of students in average daily

1 attendance in the current year at that facility and the number of
2 students in average daily attendance at that facility in the
3 preceding year.

4 (f) The [~~(d) Subject to Subsection (d-1), the~~] amount
5 appropriated for allotments under this section may not exceed \$100
6 [~~\$25~~] million in a school year. If the total amount of allotments
7 to which districts are entitled under this section for a school year
8 exceeds the amount appropriated under this subsection, the
9 commissioner shall reduce each district's allotment under this
10 section in the manner provided by Section 48.266(f) [~~42.253(h)~~].

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

25 [~~(e) A school district that is required to take action under~~
26 ~~Chapter 41 to reduce its wealth per student to the equalized wealth~~
27 ~~level is entitled to a credit, in the amount of the allotments to~~

1 ~~which the district is entitled under this section, against the~~
2 ~~total amount required under Section 41.093 for the district to~~
3 ~~purchase attendance credits. A school district that is otherwise~~
4 ~~ineligible for state aid under this chapter is entitled to receive~~
5 ~~allotments under this section.~~

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

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

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

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

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

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

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

17 SECTION 1.028. Subchapter D, Chapter 48, Education Code, as
18 added by this Act, is amended by adding Section 48.153 to read as
19 follows:

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

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

27 (2) if the district qualifies as a rural school

1 district, for each student in average daily attendance in the
2 district.

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

5 (c) Funding allocated under this section must be used to
6 incentivize and provide pay increases to effective classroom
7 teachers to teach:

8 (1) at high needs campuses;

9 (2) at rural districts or schools; and

10 (3) in areas experiencing a critical shortage of
11 teachers.

12 (d) A school district that receives funding under this
13 section shall:

14 (1) use a collaborative process that includes
15 educators, parents, and community members to develop a method to
16 identify effective classroom teachers within and outside the
17 district;

18 (2) develop a policy that:

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

21 (i) at high needs campuses;

22 (ii) at rural districts or schools; or

23 (iii) in areas experiencing a critical
24 shortage of teachers; and

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

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

3 (e) The agency shall conduct an evaluation of the
4 effectiveness of the educator effectiveness allotment. A school
5 district that receives funding under this section shall participate
6 in the evaluation.

7 (f) Information received by the agency under Subsection (e)
8 is confidential and may not be used in evaluating individual
9 teachers.

10 SECTION 1.029. Section [42.106](#), Education Code, is
11 transferred to Subchapter D, Chapter 48, Education Code, as added
12 by this Act, redesignated as Section 48.154, and amended to read as
13 follows:

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

21 SECTION 1.030. Subchapter D, Chapter 48, Education Code, as
22 added by this Act, is amended by adding Sections 48.155 and 48.156
23 to read as follows:

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

1 Sec. 48.156. CERTIFICATION EXAMINATION REIMBURSEMENT. A
2 school district is entitled to reimbursement for the amount of a
3 subsidy paid by the district for a student's certification
4 examination under Section 29.190(a) as provided by Section
5 29.190(c).

6 SECTION 1.031. Chapter 48, Education Code, as added by this
7 Act, is amended by adding Subchapter E, and a heading is added to
8 that subchapter to read as follows:

9 SUBCHAPTER E. TIER TWO ENTITLEMENT

10 SECTION 1.032. Sections 42.301, 42.302, 42.303, and 42.304,
11 Education Code, are transferred to Subchapter E, Chapter 48,
12 Education Code, as added by this Act, redesignated as Sections
13 48.201, 48.202, 48.203, and 48.204, Education Code, and amended to
14 read as follows:

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

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

1 GYA = (GL X WADA X DTR X 100) - LR

2 where:

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

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

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

15 "DTR" is the district enrichment tax rate of the school
16 district, which is determined by subtracting the amounts specified
17 by Subsection (b) from the total amount of maintenance and
18 operations taxes collected by the school district for the
19 applicable school year and dividing the difference by the quotient
20 of the district's taxable value of property as determined under
21 Subchapter M, Chapter 403, Government Code, or, if applicable,
22 under Section 48.258 [~~42.2521~~], divided by 100; and

23 "LR" is the local revenue, which is determined by multiplying
24 "DTR" by the quotient of the district's taxable value of property as
25 determined under Subchapter M, Chapter 403, Government Code, or, if
26 applicable, under Section 48.258 [~~42.2521~~], divided by 100.

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

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

3 (1) the greater of the amount of district tax revenue
4 per weighted student per cent of tax effort [~~that would be~~
5 available to a school district at the 96th percentile of wealth per
6 weighted student [~~the Austin Independent School District, as~~
7 ~~determined by the commissioner in cooperation with the Legislative~~
8 ~~Budget Board, if the reduction of the limitation on tax increases as~~
9 ~~provided by Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not~~
10 ~~apply,~~] or the amount that results from multiplying 6,030, or the
11 greater amount provided under Section 48.051(b), if applicable, by
12 0.016 [~~of district tax revenue per weighted student per cent of tax~~
13 ~~effort used for purposes of this subdivision in the preceding~~
14 ~~school year], for the first eight [~~six~~] cents by which the
15 district's maintenance and operations tax rate exceeds the
16 district's tier one tax rate [~~equal to the sum of the product of the~~
17 ~~state compression percentage, as determined under Section 42.2516,~~
18 ~~multiplied by the maintenance and operations tax rate adopted by~~
19 ~~the district for the 2005 tax year and any additional tax effort~~
20 ~~included in calculating the district's compressed tax rate under~~
21 ~~Section 42.101(a-1)]; and~~~~

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

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

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

4 (a-3) Notwithstanding Subsections (a) and (a-1), a school
5 district is entitled to the dollar amount guaranteed level of state
6 and local funds per weighted student per cent of tax effort
7 described by Subsection (a-1)(1) for:

8 (1) for the 2019-2020 school year, the first six cents
9 by which the district's maintenance and operations tax rate exceeds
10 the district's tier one tax rate; and

11 (2) for the 2020-2021 school year, the first seven
12 cents by which the district's maintenance and operations tax rate
13 exceeds the district's tier one tax rate.

14 (a-4) Subsection (a-3) and this subsection expire September
15 1, 2021.

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

20 (1) the district's local fund assignment under Section
21 48.256 [~~42.252~~]; or

22 (2) taxes paid into a tax increment fund under Chapter
23 311, Tax Code.

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

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

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

11 (f) For a school year in which a school district's dollar
12 amount guaranteed level of state and local funds under Subsection
13 (a-1)(2) results in a greater amount of state and local revenue per
14 weighted student per cent of tax effort than for the preceding
15 school year, the school district shall reduce the district's tax
16 rate under Section 45.0032(b)(2) for that tax year to a rate that
17 results in the amount of state and local revenue per weighted
18 student per cent of tax effort available to the district for the
19 preceding year. A school district is not entitled to the amount
20 equal to the increase of revenue described under this section
21 during the tax year in which the district must reduce the district's
22 tax rate. This subsection does not apply if the amount of state
23 funds appropriated for a school year specifically excludes the
24 amount necessary to provide the dollar amount guaranteed level of
25 state and local funds per weighted student per cent of tax effort
26 under Subsection (a-1)(2) [~~If a school district imposes a~~
27 ~~maintenance and operations tax at a rate greater than the rate equal~~

1 ~~to the product of the state compression percentage, as determined~~
2 ~~under Section 42.2516, multiplied by the maintenance and operations~~
3 ~~tax rate adopted by the district for the 2005 tax year, the district~~
4 ~~is entitled to receive an allotment under this section on the basis~~
5 ~~of that greater tax effort].~~

6 Sec. 48.203 [~~42.303~~]. LIMITATION ON ENRICHMENT TAX RATE.
7 The district enrichment tax rate ("DTR") under Section 48.202
8 [~~42.302~~] may not exceed the amount per \$100 of valuation by which
9 the maximum rate permitted under Section 45.003 exceeds the rate
10 used to determine the district's local share under Section 48.256
11 [~~42.252~~], or a greater amount for any year provided by
12 appropriation.

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

19 SECTION 1.033. Chapter 48, Education Code, as added by this
20 Act, is amended by adding Subchapter F, and a heading is added to
21 that subchapter to read as follows:

22 SUBCHAPTER F. FINANCING THE PROGRAM

23 SECTION 1.034. Sections 42.251, 42.2511, 42.2514, 42.2515,
24 42.2516, and 42.252, Education Code, are transferred to Subchapter
25 F, Chapter 48, Education Code, as added by this Act, redesignated as
26 Sections 48.251, 48.252, 48.253, 48.254, 48.255, and 48.256,
27 Education Code, and amended to read as follows:

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

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

6 (A) the basic allotment under Subchapter B;
7 (B) [~~and~~] the student-based [~~special~~] allotments
8 under Subchapter C; and

9 (C) the additional funding under Subchapter D;
10 and

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

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

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

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

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

27 (3) [~~state available school funds distributed in~~

1 ~~accordance with law; and~~

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

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

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

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

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

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

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

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

26 Sec. 48.253 [~~42.2514~~]. ADDITIONAL STATE AID FOR TAX
27 INCREMENT FINANCING PAYMENTS. (a) For each school year, a school

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

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

9 (c) This section does not apply to an amount a district is
10 required to pay for an obligation refinanced or renewed after
11 September 1, 2019.

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

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

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

27 (b) The [~~tax rate for the 2005 tax year that serves as the~~

1 ~~basis for state funding. If the~~ state compression percentage is:

2 (1) 96 percent; or

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

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

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

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

20
$$\text{LFA} = \text{TR} \times \text{DPV}$$

21 where:

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

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

1 ~~lesser of:~~

2 ~~[(1) \$1.50; or~~

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

5 "DPV" is the taxable value of property in the school district
6 for the preceding tax year determined under Subchapter M, Chapter
7 403, Government Code.

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

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

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

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

26 SECTION 1.035. Subchapter F, Chapter 48, Education Code, as
27 added by this Act, is amended by adding Section 48.257 to read as

1 follows:

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

3 (a) Subject to Subsection (b), if a school district's tier one
4 revenue level, which is the district's tier one local share under
5 Section 48.256, exceeds the district's entitlement under Section
6 48.266(a)(1) less the district's distribution from the state
7 available school fund, the district must reduce the district's tier
8 one revenue level in accordance with Chapter 49 to a level not to
9 exceed the district's entitlement under Section 48.266(a)(1) less
10 the district's distribution from the state available school fund.

11 (b) This subsection applies only to a school district to
12 which Subsection (a) applies. If the sum of a district's
13 maintenance and operations tax collections for the current tax year
14 minus the district's tier one revenue level under Subsection (a) is
15 less than the amount of the district's entitlement under Section
16 48.266(a)(1), the agency shall adjust the amount of the district's
17 tier one revenue level under Subsection (a) to ensure that the
18 district retains the amount of local funds necessary for the
19 district's entitlement under Section 48.266(a)(1).

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

27 (d) Except as provided by Subsection (e), a school district

1 is entitled to retain the total amount of the district's tier two
 2 local share described by Section 48.266(a)(5)(A).

3 (e) In any school year for which the amount of state funds
 4 appropriated specifically excludes the amount necessary to provide
 5 the dollar amount guaranteed level of state and local funds per
 6 weighted student per cent of tax effort under Section
 7 48.202(a-1)(1), a district may only retain the amount of the
 8 district's tier two local share described by Section
 9 48.266(a)(5)(A) equal to the amount of revenue that would be
 10 generated based on the amount appropriated for the dollar amount
 11 guaranteed level of state and local funds.

12 (f) If the amount of a school district's tier two local
 13 share described by Section 48.266(a)(5)(B) to which a district is
 14 entitled exceeds the amount described by Section 48.202(a-1)(2),
 15 the district must reduce the district's revenue in accordance with
 16 Chapter 49 to a level not to exceed the amount described by Section
 17 48.202 (a-1)(2).

18 SECTION 1.036. Sections 42.2521, 42.2522, 42.2523,
 19 42.2524, 42.2525, 42.2526, 42.2527, 42.2528, 42.253, 42.2531,
 20 42.2532, 42.254, 42.255, 42.257, 42.258, 42.259, 42.2591, and
 21 42.260, Education Code, are transferred to Subchapter F, Chapter
 22 48, Education Code, as added by this Act, redesignated as Sections
 23 48.258, 48.259, 48.260, 48.261, 48.262, 48.263, 48.264, 48.265,
 24 48.266, 48.267, 48.268, 48.269, 48.270, 48.271, 48.272, 48.273,
 25 48.274, and 48.275, Education Code, and amended to read as follows:

26 Sec. 48.258 [~~42.2521~~]. ADJUSTMENT FOR RAPID DECLINE IN
 27 TAXABLE VALUE OF PROPERTY. (a) For purposes of Chapters [~~41 and~~]

1 46 and 49 and this chapter, and to the extent money specifically
2 authorized to be used under this section is available, the
3 commissioner shall adjust the taxable value of property in a school
4 district that, due to factors beyond the control of the board of
5 trustees, experiences a rapid decline in the tax base used in
6 calculating taxable values in excess of four percent of the tax base
7 used in the preceding year.

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

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

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

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

23 (2) the commissioner determines that the total amount
24 of state funds appropriated for purposes of the Foundation School
25 Program for the school year exceeds the amount of state funds
26 distributed to school districts in accordance with Section 48.266
27 [~~42.253~~] based on the taxable values of property in school

1 districts computed in accordance with Section 403.302(d),
2 Government Code, without any deduction for residence homestead
3 exemptions granted under Section 11.13(n), Tax Code.

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

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

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

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

21 (d) If the commissioner determines that the amount of funds
22 available under Subsection (a)(1) or (2) does not at least equal the
23 total amount of state funding to which districts would be entitled
24 if state funding under this chapter were based on the taxable values
25 of property in school districts computed in accordance with Section
26 403.302(d)(2), Government Code, the commissioner may, to the extent
27 necessary, provide state funding based on a uniform lesser fraction

1 of the deduction under Section 403.302(d)(2), Government Code.

2 (e) The commissioner shall notify school districts as soon
3 as practicable as to the availability of funds under this section.
4 For purposes of computing a ratification [~~rollback~~] tax rate under
5 Section 26.08, Tax Code, a district shall adjust the district's tax
6 rate limit to reflect assistance received under this section.

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

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

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

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

26 (b) During the two-year period following the date of the
27 governor's initial proclamation or executive order declaring a

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (f) ~~[(i)]~~ Notwithstanding any other provision of this

1 section, the commissioner may permit a district to use amounts
2 provided to a district under this section to pay the costs of
3 replacing a facility instead of repairing the facility. The
4 commissioner shall ensure that a district that elects to replace a
5 facility does not receive an amount under this section that exceeds
6 the lesser of:

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

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

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

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

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

24 (b) Beginning with the first school year that follows the
25 first school year in which students receive high school diplomas
26 under the pilot program authorized by Section 28.0255 and
27 continuing for every subsequent school year that the district

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

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

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

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

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

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

25 Sec. 48.265 [~~42.2528~~]. EXCESS FUNDS FOR VIDEO SURVEILLANCE
26 OF SPECIAL EDUCATION SETTINGS. (a) Notwithstanding any other
27 provision of law, if the commissioner determines that the amount

1 appropriated for the purposes of the Foundation School Program
2 exceeds the amount to which school districts are entitled under
3 this chapter, the commissioner by rule shall establish a grant
4 program through which excess funds are awarded as grants for the
5 purchase of video equipment, or for the reimbursement of costs for
6 previously purchased video equipment, used for monitoring special
7 education classrooms or other special education settings required
8 under Section [29.022](#).

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

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

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

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

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

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

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

27 (3) the amount of money allocated to the district from

1 the available school fund;

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

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

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

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

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

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

27 (d) The commissioner shall approve warrants to each school

1 district equaling the amount of its entitlement except as provided
2 by this section. Warrants for all money expended according to this
3 chapter shall be approved and transmitted to treasurers or
4 depositories of school districts in the same manner that warrants
5 for state payments are transmitted. The total amount of the
6 warrants issued under this section may not exceed the total amount
7 appropriated for Foundation School Program purposes for that fiscal
8 year.

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

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

1 enact the proposed transfer and appropriation and there are not
2 funds available under Subsection (h) [~~(j)~~], the commissioner shall
3 adjust the total amounts due to each school district and
4 open-enrollment charter school under this chapter and the total
5 amounts necessary for each school district to comply with the
6 requirements of Chapter 49 [41] by an amount determined by applying
7 to each district and school the same percentage adjustment to the
8 total amount of state and local revenue due to the district or
9 school under this chapter and Chapter 49 [41] so that the total
10 amount of the adjustment to all districts and schools results in an
11 amount equal to the total adjustment necessary. The following
12 fiscal year:

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

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

20 (g) [~~(i)~~] Not later than March 1 each year, the commissioner
21 shall determine the actual amount of state funds to which each
22 school district is entitled under the allocation formulas in this
23 chapter for the current school year and shall compare that amount
24 with the amount of the warrants issued to each district for that
25 year. If the amount of the warrants differs from the amount to
26 which a district is entitled because of variations in the
27 district's tax rate, student enrollment, or taxable value of

1 property, the commissioner shall adjust the district's entitlement
2 for the next fiscal year accordingly.

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

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

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

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

25 (1) in the fiscal year in which the adjustment is made,
26 cause the amount to which school districts are entitled under this
27 chapter to exceed the amount appropriated for purposes of the

1 Foundation School Program for that year; and

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

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

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

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

27 Sec. 48.269 [~~42.254~~]. ESTIMATES REQUIRED. (a) Not later

1 than October 1 of each even-numbered year:

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

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

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

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

22 Sec. 48.271 [~~42.257~~]. EFFECT OF APPRAISAL APPEAL. (a) If
23 the final determination of an appeal under Chapter 42, Tax Code,
24 results in a reduction in the taxable value of property that exceeds
25 five percent of the total taxable value of property in the school
26 district for the same tax year determined under Subchapter M,
27 Chapter 403, Government Code, the commissioner shall request the

1 comptroller to adjust its taxable property value findings for that
2 year consistent with the final determination of the appraisal
3 appeal.

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

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

11 (a) If a school district has received an overallocation of state
12 funds, the agency shall, by withholding from subsequent allocations
13 of state funds for the current or subsequent school year or by
14 requesting and obtaining a refund, recover from the district an
15 amount equal to the overallocation.

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

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

1 certify the amount of the debt to the attorney general for
2 collection.

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

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

6 (a) In this section:

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

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

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

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

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

23 (1) 15 percent of the yearly entitlement of the
24 district shall be paid in an installment to be made on or before the
25 25th day of September of a fiscal year;

26 (2) 80 percent of the yearly entitlement of the
27 district shall be paid in eight equal installments to be made on or

1 before the 25th day of October, November, December, January, March,
2 May, June, and July; and

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

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

8 (1) 22 percent of the yearly entitlement of the
9 district shall be paid in an installment to be made on or before the
10 25th day of September of a fiscal year;

11 (2) 18 percent of the yearly entitlement of the
12 district shall be paid in an installment to be made on or before the
13 25th day of October;

14 (3) 9.5 percent of the yearly entitlement of the
15 district shall be paid in an installment to be made on or before the
16 25th day of November;

17 (4) 7.5 percent of the yearly entitlement of the
18 district shall be paid in an installment to be made on or before the
19 25th day of April;

20 (5) five percent of the yearly entitlement of the
21 district shall be paid in an installment to be made on or before the
22 25th day of May;

23 (6) 10 percent of the yearly entitlement of the
24 district shall be paid in an installment to be made on or before the
25 25th day of June;

26 (7) 13 percent of the yearly entitlement of the
27 district shall be paid in an installment to be made on or before the

1 25th day of July; and

2 (8) 15 percent of the yearly entitlement of the
3 district shall be paid in an installment to be made on or before the
4 25th day of August.

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

7 (1) 45 percent of the yearly entitlement of the
8 district shall be paid in an installment to be made on or before the
9 25th day of September of a fiscal year;

10 (2) 35 percent of the yearly entitlement of the
11 district shall be paid in an installment to be made on or before the
12 25th day of October; and

13 (3) 20 percent of the yearly entitlement of the
14 district shall be paid in an installment to be made on or before the
15 25th day of August.

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

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

27 (g) The commissioner shall make all annual Foundation

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

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

23 (b) An open-enrollment charter school that qualifies to
24 receive funding as provided by this section is entitled to receive
25 funding in that manner for three school years. On the expiration
26 of that period, the commissioner shall determine the eligibility of
27 the open-enrollment charter school to continue receiving payments

1 from the foundation school fund under this section for an
2 additional three school years. Subsequently, the open-enrollment
3 charter school must reestablish eligibility in the manner provided
4 by this subsection every three school years.

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

8 (1) 22 percent of the yearly entitlement of the school
9 shall be paid in an installment to be made on or before the 25th day
10 of September of a fiscal year;

11 (2) 18 percent of the yearly entitlement of the school
12 shall be paid in an installment to be made on or before the 25th day
13 of October;

14 (3) 9.5 percent of the yearly entitlement of the
15 school shall be paid in an installment to be made on or before the
16 25th day of November;

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

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

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

26 (7) four percent of the yearly entitlement of the
27 school shall be paid in an installment to be made on or before the

1 25th day of March;

2 (8) 7.5 percent of the yearly entitlement of the
3 school shall be paid in an installment to be made on or before the
4 25th day of April;

5 (9) five percent of the yearly entitlement of the
6 school shall be paid in an installment to be made on or before the
7 25th day of May;

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

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

14 (12) eight percent of the yearly entitlement of the
15 school shall be paid in an installment to be made on or before the
16 25th day of August.

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

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

25 Sec. 48.275 [~~42.260~~]. USE OF CERTAIN FUNDS. (a) In this
26 section, "participating charter school" means an open-enrollment
27 charter school that participates in the uniform group coverage

1 program established under Chapter 1579, Insurance Code.

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

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

13 (1) the amount determined by multiplying the amount of
14 \$900 or the amount specified in the General Appropriations Act for
15 that year for purposes of the state contribution under Section
16 1579.251, Insurance Code, by the number of district or school
17 employees who participate in a group health coverage plan provided
18 by or through the district or school; and

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

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

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

1 SECTION 1.037. Subchapter F, Chapter 48, Education Code, as
2 added by this Act, is amended by adding Sections 48.277 and 48.278
3 to read as follows:

4 Sec. 48.277. FORMULA TRANSITION GRANT. (a) Subject to
5 Subsection (b), a school district is entitled to receive an annual
6 allotment in the amount equal to the difference, if the difference
7 is greater than zero, that results from subtracting the total
8 maintenance and operations revenue per student in average daily
9 attendance for the school year for the current school year from the
10 lesser of:

11 (1) the district's total maintenance and operations
12 revenue per student in average daily attendance for the 2018-2019
13 school year; or

14 (2) 125 percent of the statewide average amount of
15 maintenance and operations revenue per student in average daily
16 attendance for the 2018-2019 school year.

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

19 (1) include all state and local funding, except for:

20 (A) any funding provided under this section or
21 former Subchapter H, Chapter 42; or

22 (B) any funding resulting from:

23 (i) reimbursement for disaster remediation
24 costs under former Sections 41.0931 and 42.2524;

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

27 (iii) an adjustment for property value

1 affected by a state of disaster under former Section 42.2523;

2 (2) reduce the amounts calculated under Subsections
3 (a)(1) and (2) by:

4 (A) for the 2020-2021 school year, 10 percent;
5 and

6 (B) for the 2021-2022 school year, 20 percent;

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

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

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

18 (d) A school district is not entitled to an allotment under
19 this section beginning with the 2022-2023 school year.

20 (e) This section expires September 1, 2024.

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

27 (b) For purposes of calculating a district's allotment

1 under Subsection (a), the commissioner shall reduce the amount to
2 which a district is entitled under Subsection (a) by:

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

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

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

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

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

8 SECTION 1.038. Chapter 48, Education Code, as added by this
9 Act, is amended by adding Subchapter G, and a heading is added to
10 that subchapter to read as follows:

11 SUBCHAPTER G. MISCELLANEOUS PROVISIONS

12 SECTION 1.039. Section 42.4101, Education Code, is
13 transferred to Subchapter G, Chapter 48, Education Code, as added
14 by this Act, redesignated as Section 48.301, Education Code, and
15 amended to read as follows:

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

20 (b) The amount of additional assistance under this section
21 is computed by subtracting the number of students residing in the
22 district and using public education grants to attend school in
23 another district for the year in which the assistance is granted
24 from the number of students using public education grants to attend
25 school in the district for that year and multiplying the difference
26 by \$266.

27 ~~[(c) If a district to which this section applies is entitled~~

1 ~~to the maximum amount of assistance under Section 42.406, the~~
2 ~~maximum is increased by the amount of additional assistance to~~
3 ~~which the district is entitled under this section.]~~

4 SECTION 1.040. Subtitle I, Title 2, Education Code, is
5 amended by adding Chapter 49, and a heading is added to that chapter
6 to read as follows:

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

9 SECTION 1.041. Chapter 49, Education Code, as added by this
10 Act, is amended by adding Subchapter A, and a heading is added to
11 that subchapter to read as follows:

12 SUBCHAPTER A. GENERAL PROVISIONS

13 SECTION 1.042. Sections 41.001, 41.003, 41.0031, 41.004,
14 41.005, 41.006, 41.007, 41.008, 41.009, 41.010, 41.011, 41.012, and
15 41.013, Education Code, are transferred to Subchapter A, Chapter
16 49, Education Code, as added by this Act, redesignated as Sections
17 49.001, 49.002, 49.003, 49.004, 49.005, 49.006, 49.007, 49.008,
18 49.009, 49.010, 49.011, 49.012, and 49.013, Education Code, and
19 amended to read as follows:

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

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

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

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

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

9 (1) consolidation with another district as provided by
10 Subchapter B;

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

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

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

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

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

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

26 (2) the amount ~~[number]~~ of attendance credit ~~[credits]~~
27 a district purchases under Subchapter D or the number of

1 nonresident students a district educates under Subchapter E for a
2 school year.

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

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

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

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

17 (b) If, before the dates provided by this subsection, a
18 district notified under Subsection (a)(1) has not successfully
19 exercised one or more options under Section 49.002 [~~41.003~~] that
20 reduce the district's local revenue level [~~wealth per student~~] to a
21 level equal to or less than the [~~equalized wealth~~] level
22 established under Section 48.257, the commissioner shall order the
23 detachment of property from that district as provided by Subchapter
24 G. If that detachment will not reduce the district's local revenue
25 level [~~wealth per student~~] to a level equal to or less than the
26 [~~equalized wealth~~] level established under Section 48.257, the
27 commissioner may not detach property under Subchapter G but shall

1 order the consolidation of the district with one or more other
2 districts as provided by Subchapter H. An agreement under Section
3 49.002(1) [~~41.003(1)~~] or (2) must be executed not later than
4 September 1 immediately following the notice under Subsection (a).
5 An election for an option under Section 49.002(3) [~~41.003(3)~~], (4),
6 or (5) must be ordered before September 1 immediately following the
7 notice under Subsection (a).

8 (c) A district notified under Subsection (a) may not adopt a
9 tax rate for the tax year in which the district receives the notice
10 until the commissioner certifies that the district has reduced the
11 district's local revenue level in excess of entitlement to the
12 [~~achieved the equalized wealth~~] level established under Section
13 48.257.

14 (d) A detachment and annexation or consolidation under this
15 chapter:

16 (1) is effective for Foundation School Program funding
17 purposes for the school year that begins in the calendar year in
18 which the detachment and annexation or consolidation is agreed to
19 or ordered; and

20 (2) applies to the ad valorem taxation of property
21 beginning with the tax year in which the agreement or order is
22 effective.

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

27 Sec. 49.006 [~~41.006~~]. RULES. [~~(a)~~] The commissioner may

1 adopt rules necessary for the implementation of this chapter. [~~The~~
2 ~~rules may provide for the commissioner to make necessary~~
3 ~~adjustments to the provisions of Chapter 42, including providing~~
4 ~~for the commissioner to make an adjustment in the funding element~~
5 ~~established by Section 42.302, at the earliest date practicable, to~~
6 ~~the amount the commissioner believes, taking into consideration~~
7 ~~options exercised by school districts under this chapter and~~
8 ~~estimates of student enrollments, will match appropriation levels.~~

9 [~~(b) As necessary for the effective and efficient~~
10 ~~administration of this chapter, the commissioner may modify~~
11 ~~effective dates and time periods for actions described by this~~
12 ~~chapter.~~]

13 Sec. 49.007 [~~41.007~~]. COMMISSIONER TO APPROVE SUBSEQUENT
14 BOUNDARY CHANGES. A school district that is involved in an action
15 under this chapter that results in boundary changes to the district
16 or in the consolidation of tax bases is subject to consolidation,
17 detachment, or annexation under Chapter 13 only if the commissioner
18 certifies that the change under Chapter 13 will not result in a
19 district with a local revenue [~~wealth per student that exceeds the~~
20 ~~equalized wealth~~] level in excess of entitlement.

21 Sec. 49.008 [~~41.008~~]. HOMESTEAD EXEMPTIONS. (a) The
22 governing board of a school district that results from
23 consolidation under this chapter, including a consolidated taxing
24 district under Subchapter F, for the tax year in which the
25 consolidation occurs may determine whether to adopt a homestead
26 exemption provided by Section 11.13, Tax Code, and may set the
27 amount of the exemption, if adopted, at any time before the school

1 district adopts a tax rate for that tax year. This section applies
2 only to an exemption that the governing board of a school district
3 is authorized to adopt or change in amount under Section 11.13, Tax
4 Code.

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

7 Sec. 49.009 [~~41.009~~]. TAX ABATEMENTS. (a) A tax abatement
8 agreement executed by a school district that is involved in
9 consolidation or in detachment and annexation of territory under
10 this chapter is not affected and applies to the taxation of the
11 property covered by the agreement as if executed by the district
12 within which the property is included.

13 (b) The commissioner shall determine the local revenue
14 [~~wealth per student~~] of a school district under this chapter as if
15 any tax abatement agreement executed by a school district on or
16 after May 31, 1993, had not been executed.

17 Sec. 49.010 [~~41.010~~]. TAX INCREMENT OBLIGATIONS. (a) The
18 payment of tax increments under Chapter 311, Tax Code, is not
19 affected by the consolidation of territory or tax bases or by
20 annexation under this chapter. In each tax year a school district
21 paying a tax increment from taxes on property over which the
22 district has assumed taxing power is entitled to retain the same
23 percentage of the tax increment from that property that the
24 district in which the property was located before the consolidation
25 or annexation could have retained for the respective tax year.

26 (b) This section does not apply to the payment of tax
27 increments for an obligation refinanced or renewed after September

1 1, 2019.

2 Sec. 49.011 [~~41.011~~]. CONTINGENCY. (a) If any of the
3 options described by Section 49.002 [~~41.003~~] as applied to a school
4 district are held invalid by a final decision of a court of
5 competent jurisdiction, a school district is entitled to exercise
6 any of the remaining valid options in accordance with a schedule
7 approved by the commissioner.

8 (b) If a final order of a court of competent jurisdiction
9 should hold each of the options provided by Section 49.002 [~~41.003~~]
10 invalid, the commissioner shall act under Subchapter G or H to
11 reduce the local revenue [~~achieve the equalized wealth~~] level in
12 excess of entitlement only after notice and hearing is afforded to
13 each school district affected by the order. The commissioner shall
14 adopt a plan that least disrupts the affected school districts. If
15 because the exigency to adopt a plan prevents the commissioner from
16 giving a reasonable time for notice and hearing, the commissioner
17 shall timely give notice to and hold a hearing for the affected
18 school districts, but in no event less than 30 days from time of
19 notice to the date of hearing.

20 (c) If a final order of a court of competent jurisdiction
21 should hold an option provided by Section 49.002 [~~41.003~~] invalid
22 and order a refund to a district of any amounts paid by a district
23 choosing that option, the amount shall be refunded but held in
24 reserve and not expended by the district until released by order of
25 the commissioner. The commissioner shall order the release
26 immediately on the commissioner's determination that, through one
27 of the means provided by law, the district has reduced the

1 district's local revenue level in excess of entitlement to the
2 [achieved the equalized wealth] level established under Section
3 48.257. The amount released shall be deducted from any state aid
4 payable to the district according to a schedule adopted by the
5 commissioner.

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

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

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

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

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

22 SECTION 1.043. Subchapter B, Chapter 41, Education Code, is
23 transferred to Chapter 49, Education Code, as added by this Act,
24 redesignated as Subchapter B, Chapter 49, Education Code, and
25 amended to read as follows:

26 SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

27 Sec. 49.051 [~~41.031~~]. AGREEMENT. The governing boards of

1 any two or more school districts may consolidate the districts by
2 agreement in accordance with this subchapter to establish a
3 consolidated district with a local revenue level [~~wealth per~~
4 ~~student~~] equal to or less than the [~~equalized wealth~~] level
5 established under Section 48.257. The agreement is not effective
6 unless the commissioner certifies that the consolidated district,
7 as a result of actions taken under this chapter, will have a local
8 revenue level [~~wealth per student~~] equal to or less than the
9 [~~equalized wealth~~] level established under Section 48.257.

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

16 Sec. 49.053 [~~41.033~~]. GOVERNANCE PLAN. (a) The agreement
17 among the consolidating districts may include a governance plan
18 designed to preserve community-based and site-based decision
19 making within the consolidated district, including the delegation
20 of specific powers of the governing board of the district other than
21 the power to levy taxes, including a provision authorized by
22 Section 13.158(b).

23 (b) The governance plan may provide for a transitional board
24 of trustees during the first year after consolidation, but
25 beginning with the next year the board of trustees must be elected
26 from within the boundaries of the consolidated district. If the
27 consolidating districts elect trustees from single-member

1 districts, the consolidated district must adopt a plan to elect its
2 board of trustees from single-member districts.

3 Sec. 49.054 [~~41.034~~]. INCENTIVE AID. (a) For the first and
4 second school years after creation of a consolidated district under
5 this subchapter, the commissioner shall adjust allotments to the
6 consolidated district to the extent necessary to preserve the
7 effects of an adjustment under Section 48.052 [~~42.102, 42.103, or~~
8 ~~42.105~~] to which either of the consolidating districts would have
9 been entitled but for the consolidation.

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

13 (c) Four or more districts that consolidate into one
14 district under this subchapter within a period of one year may elect
15 to receive incentive aid under this section or to receive incentive
16 aid for not more than five years under Subchapter G, Chapter 13.
17 Incentive aid under this subsection may not provide the
18 consolidated district with more revenue in state and local funds
19 than the district would receive at the [~~equalized wealth~~]
20 established under Section 48.257.

21 SECTION 1.044. Subchapter C, Chapter 41, Education Code, is
22 transferred to Chapter 49, Education Code, as added by this Act,
23 redesignated as Subchapter C, Chapter 49, Education Code, and
24 amended to read as follows:

25 SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

26 Sec. 49.101 [~~41.061~~]. AGREEMENT. (a) By agreement of the
27 governing boards of two school districts, territory may be detached

1 from one of the districts and annexed to the other district if,
2 after the action:

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

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

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

16 Sec. 49.102 [~~41.062~~]. GOVERNING LAW. Except to the extent
17 of any conflict with this chapter and except for any requirement
18 that detached property must be annexed to a school district that is
19 contiguous to the detached territory, the annexation and detachment
20 is governed by Chapter 13.

21 Sec. 49.103 [~~41.063~~]. ALLOCATION OF APPRAISED VALUE OF
22 DIVIDED UNIT. If portions of a parcel or other item of property are
23 located in different school districts as a result of a detachment
24 and annexation under this subchapter, the parcel or other item of
25 property shall be appraised for taxation as a unit, and the
26 agreement shall allocate the taxable value of the property between
27 the districts.

1 Sec. 49.104 [~~41.064~~]. ALLOCATION OF INDEBTEDNESS. The
2 annexation agreement may allocate to the receiving district any
3 portion of the indebtedness of the district from which the
4 territory is detached, and the receiving district assumes and is
5 liable for the allocated indebtedness.

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

10 SECTION 1.045. Chapter 49, Education Code, as added by this
11 Act, is amended by adding Subchapter D, and a heading is added to
12 that subchapter to read as follows:

13 SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

14 SECTION 1.046. Sections 41.091, 41.092, 41.093, 41.094,
15 41.095, 41.096, 41.097, and 41.099, Education Code, are transferred
16 to Subchapter D, Chapter 49, Education Code, as added by this Act,
17 redesignated as Sections 49.151, 49.152, 49.153, 49.154, 49.155,
18 49.156, 49.157, and 49.158, Education Code, and amended to read as
19 follows:

20 Sec. 49.151 [~~41.091~~]. AGREEMENT. A school district with a
21 local revenue [~~wealth per student that exceeds the equalized~~
22 ~~wealth~~] level in excess of entitlement may execute an agreement
23 with the commissioner to purchase attendance credit [~~credits~~] in an
24 amount sufficient, in combination with any other actions taken
25 under this chapter, to reduce the district's local revenue level
26 [~~wealth per student~~] to a level that is equal to or less than the
27 [~~equalized wealth~~] level established under Section 48.257.

1 Sec. 49.152 [~~41.092~~]. CREDIT. The amount of [~~(a) For each~~]
 2 credit purchased decreases the dollar amount of a district's local
 3 revenue level [~~, the weighted average daily attendance of the~~
 4 ~~purchasing school district is increased by one student in weighted~~
 5 ~~average daily attendance]~~ for purposes of determining whether the
 6 district exceeds the [~~equalized wealth~~] level established under
 7 Section 48.257.

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

11 Sec. 49.153 [~~41.093~~]. COST. (a) The total [~~Subject to~~
 12 ~~Subsection (b-1), the~~] cost of [~~each~~] credit is the [~~an~~] amount
 13 [~~equal to the greater of:~~

14 ~~[(1) the amount]~~ of the district's maintenance and
 15 operations tax revenue that exceeds the level established under
 16 Section 48.257 [~~per student in weighted average daily attendance~~
 17 ~~for the school year for which the contract is executed, or~~

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

22 (b) For purposes of this section, a school district's
 23 maintenance and operations tax revenue does not include any amounts
 24 paid into a tax increment fund under Chapter 311, Tax Code. This
 25 subsection does not apply to any amounts paid into a tax increment
 26 fund for an obligation refinanced or renewed after September 1,
 27 2019.

1 ~~[(b-1) If the guaranteed level of state and local funds per~~
2 ~~weighted student per cent of tax effort under Section~~
3 ~~42.302(a-1)(1) for which state funds are appropriated for a school~~
4 ~~year is an amount at least equal to the amount of revenue per~~
5 ~~weighted student per cent of tax effort available to the Austin~~
6 ~~Independent School District, as determined by the commissioner in~~
7 ~~cooperation with the Legislative Budget Board, the commissioner, in~~
8 ~~computing the amounts described by Subsections (a)(1) and (2) and~~
9 ~~determining the cost of an attendance credit, shall exclude~~
10 ~~maintenance and operations tax revenue resulting from the tax rate~~
11 ~~described by Section 41.002(a)(2).]~~

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

14 Sec. 49.154 [~~41.094~~]. PAYMENT. (a) A school district
15 shall pay for credit ~~credits~~ purchased in equal monthly payments
16 as determined by the commissioner beginning February 15 and ending
17 August 15 of the school year for which the agreement is in effect.

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

20 Sec. 49.155 [~~41.095~~]. DURATION. An agreement under this
21 section is valid for one school year and, subject to Section 49.156
22 [~~41.096~~], may be renewed annually.

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

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

1 against the proposition: "Authorizing the board of trustees of
2 _____ School District to purchase attendance credit [~~credits~~]
3 from the state with local tax revenues."

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

10 Sec. 49.157 [~~41.097~~]. CREDIT FOR APPRAISAL COSTS. (a) The
11 total amount required under Section 49.153 [~~41.093~~] for a district
12 to purchase attendance credit [~~credits~~] under this subchapter for
13 any school year is reduced by an amount equal to the product of the
14 district's total costs under Section 6.06, Tax Code, for the
15 appraisal district or districts in which it participates multiplied
16 by a percentage that is computed by dividing the total amount
17 required under Section 49.153 [~~41.093~~] by the total amount of taxes
18 imposed in the district for that year less any amounts paid into a
19 tax increment fund under Chapter 311, Tax Code, subject to
20 Subsection (b).

21 (b) Amounts paid for an obligation refinanced or renewed
22 after September 1, 2019, are not included for purposes of
23 calculating amounts paid into a tax increment fund under Chapter
24 311, Tax Code, under Subsection (a) [~~A school district is entitled~~
25 ~~to a reduction under Subsection (a) beginning with the 1996-1997~~
26 ~~school year. For that school year, the reduction to which a~~
27 ~~district is entitled is the sum of the amounts computed under~~

1 ~~Subsection (a) for the 1993-1994, 1994-1995, 1995-1996, and~~
 2 ~~1996-1997 school years. If that amount exceeds the total amount~~
 3 ~~required under Section 41.093 for the 1996-1997 school year, the~~
 4 ~~difference is carried forward and the total amount required under~~
 5 ~~Section 41.093 is reduced each subsequent school year until the~~
 6 ~~total amount of the credit has been applied to such reductions].~~

7 Sec. 49.158 [~~41.099~~]. LIMITATION. (a) Sections 49.154 and
 8 49.157 [~~41.002(e), 41.094, 41.097, and 41.098~~] apply only to a
 9 district that:

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

14 (2) executes an agreement to purchase attendance
 15 credit [~~credits~~] and an agreement under Subchapter E to contract
 16 for the education of nonresident students who transfer to and are
 17 educated in the district but who are not charged tuition; or

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

20 (A) to an extent that does not provide more than
 21 10 percent of the reduction in local revenue [~~wealth per student~~]
 22 required for the district to achieve a local revenue level [~~wealth~~
 23 ~~per student~~] that is equal to or less than the [~~equalized wealth~~]
 24 level established under Section 48.257; and

25 (B) under which all revenue paid by the district
 26 to other districts, in excess of the reduction in state aid that
 27 results from counting the weighted average daily attendance of the

1 students served in the contracting district, is required to be used
 2 for funding a consortium of at least three districts in a county
 3 with a population of less than 40,000 that is formed to support a
 4 technology initiative.

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

8 SECTION 1.047. Chapter 49, Education Code, as added by this
 9 Act, is amended by adding Subchapter E, and a heading is added to
 10 that subchapter to read as follows:

11 SUBCHAPTER E. EDUCATION OF NONRESIDENT STUDENTS

12 SECTION 1.048. Sections 41.121, 41.122, and 41.123,
 13 Education Code, are transferred to Subchapter E, Chapter 49,
 14 Education Code, as added by this Act, redesignated as Sections
 15 49.201, 49.202, and 49.203, Education Code, and amended to read as
 16 follows:

17 Sec. 49.201 [~~41.121~~]. AGREEMENT. [~~(a)~~] The board of
 18 trustees of a district with a local revenue [~~wealth per student that~~
 19 ~~exceeds the equalized wealth~~] level in excess of entitlement may
 20 execute an agreement to educate the students of another district in
 21 a number that, when the weighted average daily attendance of the
 22 students served is added to the weighted average daily attendance
 23 of the contracting district, is sufficient, in combination with any
 24 other actions taken under this chapter, to reduce the district's
 25 local revenue level [~~wealth per student~~] to a level that is equal to
 26 or less than the [~~equalized wealth~~] level established under Section
 27 48.257. The agreement is not effective unless the commissioner

1 certifies that the transfer of weighted average daily attendance
2 will not result in any of the contracting districts' local revenue
3 level [~~wealth per student~~] being greater than the [~~equalized~~
4 ~~wealth~~] level established under Section 48.257 and that the
5 agreement requires an expenditure per student in weighted average
6 daily attendance that is at least equal to the amount per student in
7 weighted average daily attendance required under Section 49.153
8 [~~41.093~~].

9 Sec. 49.202 [~~41.122~~]. VOTER APPROVAL. (a) After first
10 executing an agreement under this subchapter other than an
11 agreement under Section 49.205 [~~41.125~~], the board of trustees of
12 the district that will be educating nonresident students shall
13 order and conduct an election, in the manner provided by Sections
14 13.003(d)-(g), to obtain voter approval of the agreement.

15 (b) The ballot shall be printed to permit voting for or
16 against the proposition: "Authorizing the board of trustees of
17 _____ School District to educate students of other school
18 districts with local tax revenues."

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

25 Sec. 49.203 [~~41.123~~]. WADA COUNT. For purposes of Chapter
26 48 [~~42~~], students served under an agreement under this subchapter
27 are counted only in the weighted average daily attendance of the

1 district providing the services, except that students served under
2 an agreement authorized by Section 49.205 [~~41.125~~] are counted in a
3 manner determined by the commissioner.

4 SECTION 1.049. Section 41.124, Education Code, as amended
5 by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the 85th
6 Legislature, Regular Session, 2017, is transferred to Subchapter E,
7 Chapter 49, Education Code, as added by this Act, redesignated as
8 Section 49.204, Education Code, and reenacted and amended to read
9 as follows:

10 Sec. 49.204 [~~41.124~~]. TRANSFERS. (a) The board of
11 trustees of a school district with a local revenue [~~wealth per~~
12 ~~student that exceeds the equalized wealth~~] level in excess of
13 entitlement may reduce the district's local revenue level [~~wealth~~
14 ~~per student~~] by serving nonresident students who transfer to the
15 district and are educated by the district but who are not charged
16 tuition. A district that exercises the option under this
17 subsection is not required to execute an agreement with the school
18 district in which a transferring student resides and must certify
19 to the commissioner that the district has not charged or received
20 tuition for the transferring students.

21 (b) [~~A school district with a wealth per student that~~
22 ~~exceeds the equalized wealth level that pays tuition to another~~
23 ~~school district for the education of students that reside in the~~
24 ~~district may apply the amount of tuition paid toward the cost of the~~
25 ~~option chosen by the district to reduce its wealth per student. The~~
26 ~~amount applied under this subsection may not exceed the amount~~
27 ~~determined under Section 41.093 as the cost of an attendance credit~~

1 ~~for the district. The commissioner may require any reports~~
2 ~~necessary to document the tuition payments.~~

3 ~~[(c)]~~ A school district that receives tuition for a student
4 from a school district with a local revenue ~~[wealth per student that~~
5 ~~exceeds the equalized wealth]~~ level in excess of entitlement may
6 not claim attendance for that student for purposes of Chapters ~~[42~~
7 ~~and]~~ 46 and 48 and the instructional materials and technology
8 allotment under Section 31.0211.

9 SECTION 1.050. Section 41.125, Education Code, is
10 transferred to Subchapter E, Chapter 49, Education Code, as added
11 by this Act, redesignated as Section 49.205, Education Code, and
12 amended to read as follows:

13 Sec. 49.205 ~~[41.125]~~. CAREER AND TECHNOLOGY EDUCATION
14 PROGRAMS. (a) The board of trustees of a school district with a
15 local revenue ~~[wealth per student that exceeds the equalized~~
16 ~~wealth]~~ level in excess of entitlement may reduce the district's
17 local revenue level ~~[wealth per student]~~ by executing an agreement
18 to provide students of one or more other districts with career and
19 technology education through a program designated as an area
20 program for career and technology education.

21 (b) The agreement is not effective unless the commissioner
22 certifies that:

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

27 (2) the agreement requires the district with a local

1 revenue [~~wealth per student that exceeds the equalized wealth~~]
 2 level in excess of entitlement to make expenditures benefiting
 3 students from other districts in an amount at least equal to the
 4 amount that would be required for the district to purchase [~~the~~
 5 ~~number of~~] attendance credit [~~credits~~] under Subchapter D
 6 necessary, in combination with any other actions taken under this
 7 chapter other than an action under this section, to reduce the
 8 district's local revenue level [~~wealth per student~~] to a level that
 9 is equal to or less than the [~~equalized wealth~~] level established
 10 under Section 48.257.

11 SECTION 1.051. Subchapter F, Chapter 41, Education Code, is
 12 transferred to Chapter 49, Education Code, as added by this Act,
 13 redesignated as Subchapter F, Chapter 49, Education Code, and
 14 amended to read as follows:

15 SUBCHAPTER F. TAX BASE CONSOLIDATION

16 Sec. 49.251 [~~41.151~~]. AGREEMENT. The board of trustees of
 17 two or more school districts may execute an agreement to conduct an
 18 election on the creation of a consolidated taxing district for the
 19 maintenance and operation of the component school districts. The
 20 agreement is subject to approval by the commissioner. The
 21 agreement is not effective unless the commissioner certifies that
 22 the consolidated taxing district will have a local revenue level
 23 [~~wealth per student~~] equal to or less than the [~~equalized wealth~~]
 24 level established under Section 48.257 after all actions taken
 25 under this chapter.

26 Sec. 49.252 [~~41.152~~]. DATE OF ELECTION. Any agreement
 27 under this subchapter must provide for the ordering of an election

1 to be held on the same date in each district.

2 Sec. 49.253 [~~41.153~~]. PROPOSITION. (a) The ballot shall
3 be printed to permit voting for or against the proposition:
4 "Creation of a consolidated taxing district composed of the
5 territory of _____ school districts, and
6 authorizing the levy, assessment, and collection of annual ad
7 valorem taxes for the maintenance of the public free schools within
8 that taxing district at a rate not to exceed \$_____ on the \$100
9 valuation of taxable property."

10 (b) The rate to be included in the proposition shall be
11 provided by the agreement among the districts but may not exceed the
12 maximum rate provided by law for independent school districts.

13 Sec. 49.254 [~~41.154~~]. APPROVAL. The proposition is
14 approved only if the proposition receives a favorable vote of the
15 majority of the votes cast within each participating school
16 district.

17 Sec. 49.255 [~~41.155~~]. CONSOLIDATED TAXING DISTRICT. A
18 consolidated taxing district is a school district established for
19 the limited purpose of exercising the taxing power authorized by
20 Section 3, Article VII, Texas Constitution, and distributing the
21 revenue to its component school districts.

22 Sec. 49.256 [~~41.156~~]. GOVERNANCE. (a) The consolidated
23 taxing district is governed by the boards of the component school
24 districts acting jointly.

25 (b) Any action taken by the joint board must receive a
26 favorable vote of a majority of each component district's board of
27 trustees.

1 Sec. 49.257 [~~41.157~~]. MAINTENANCE TAX. (a) The joint
2 board shall levy a maintenance tax for the benefit of the component
3 school districts not later than September 1 of each year or as soon
4 thereafter as practicable.

5 (b) Each component district shall bear a share of the costs
6 of assessing and collecting taxes in proportion to the component
7 district's share of weighted average daily attendance in the
8 consolidated taxing district.

9 (c) A component district may not levy an ad valorem tax for
10 the maintenance and operation of the schools.

11 (d) Notwithstanding Section 45.003, the consolidated taxing
12 district may levy, assess, and collect a maintenance tax for the
13 benefit of the component districts at a rate that exceeds \$1.50 per
14 \$100 valuation of taxable property to the extent necessary to pay
15 contracted obligations on the lease purchase of permanent
16 improvements to real property entered into on or before May 12,
17 1993. The proposition to impose taxes at the necessary rate must be
18 submitted to the voters in the manner provided by Section 45.003.

19 Sec. 49.258 [~~41.158~~]. REVENUE DISTRIBUTION. The
20 consolidated taxing district shall distribute maintenance tax
21 revenue to the component districts on the basis of the number of
22 students in weighted average daily attendance in the component
23 districts.

24 Sec. 49.259 [~~41.159~~]. TAXES OF COMPONENT DISTRICTS. (a)
25 The governing board of a component school district of a
26 consolidated taxing district that has consolidated for maintenance
27 and operation purposes only may issue bonds and levy, pledge, and

1 collect ad valorem taxes within that component district sufficient
 2 to pay the principal of and interest on those bonds as provided by
 3 Chapter 45.

4 (b) A component district levying an ad valorem tax under
 5 this section or Section 49.260(b)(1) [~~41.160(b)(1)~~] is entitled to
 6 the guaranteed yield provided by Subchapter E [~~F~~], Chapter 48 [~~42~~],
 7 for that portion of its tax rate that, when added to the maintenance
 8 tax levied by the consolidated taxing unit, does not exceed the
 9 limitation provided by Section 48.203 [~~42.303~~].

10 Sec. 49.260 [~~41.160~~]. OPTIONAL TOTAL TAX BASE
 11 CONSOLIDATION. (a) An agreement executed under Section 49.251
 12 [~~41.151~~] may provide for total tax base consolidation instead of
 13 consolidation for maintenance and operation purposes only.

14 (b) Under an agreement providing for total tax base
 15 consolidation:

16 (1) the component districts may not levy maintenance
 17 or bond taxes, except to the extent necessary to retire bonds and
 18 other obligations issued before the effective date of the
 19 consolidation;

20 (2) the joint board may issue bonds and levy, pledge,
 21 and collect ad valorem taxes sufficient to pay the principal of and
 22 interest on those bonds, and issue refunding bonds, as provided by
 23 Chapter 45 for independent school districts; and

24 (3) to the end of the ballot proposition required
 25 under Section 49.253(a) [~~41.153(a)~~] shall be added ", and further
 26 to create a consolidated tax base for the repayment of all bonded
 27 indebtedness issued by the joint board of the taxing district after

1 the effective date of the consolidation and to authorize the joint
2 board to levy, pledge, and collect ad valorem taxes at a rate
3 sufficient to pay the principal of and interest on those bonds."

4 (c) Under an agreement providing for total tax base
5 consolidation:

6 (1) the component districts may provide for the
7 consolidated taxing district to assume all of the indebtedness of
8 all component districts; and

9 (2) to the end of the ballot proposition required by
10 Section 49.253(a) [~~41.153(a)~~] shall be added ", and further to
11 create a consolidated tax base for the repayment of all bonded
12 indebtedness issued by the joint board of the taxing district or
13 previously issued by the component school districts and to
14 authorize the joint board to levy, pledge, and collect ad valorem
15 taxes at a rate sufficient to pay the principal of and interest on
16 those bonds."

17 SECTION 1.052. Subchapter G, Chapter 41, Education Code, is
18 transferred to Chapter 49, Education Code, as added by this Act,
19 redesignated as Subchapter G, Chapter 49, Education Code, and
20 amended to read as follows:

21 SUBCHAPTER G. DETACHMENT AND ANNEXATION BY COMMISSIONER

22 Sec. 49.301 [~~41.201~~]. DEFINITION. In this subchapter,
23 "mineral property" means a real property mineral interest that has
24 been severed from the surface estate by a mineral lease creating a
25 determinable fee or by a conveyance that creates an interest
26 taxable separately from the surface estate. A mineral property
27 includes each royalty interest, working interest, or other

1 undivided interest in the mineral property.

2 Sec. 49.302 [~~41.202~~]. DETERMINATION OF TAXABLE VALUE. (a)
3 For purposes of this subchapter, the taxable value of an individual
4 parcel or other item of property and the total taxable value of
5 property in a school district resulting from the detachment of
6 property from or annexation of property to that district is
7 determined by applying the appraisal ratio for the appropriate
8 category of property determined under Subchapter M, Chapter 403,
9 Government Code, for the preceding tax year to the taxable value of
10 the detached or annexed property determined under Title 1, Tax
11 Code, for the preceding tax year.

12 (b) For purposes of this subchapter, the taxable value of
13 all or a portion of a parcel or item of real property includes the
14 taxable value of personal property having taxable situs at the same
15 location as the real property.

16 Sec. 49.303 [~~41.203~~]. PROPERTY SUBJECT TO DETACHMENT AND
17 ANNEXATION. (a) Only the following property may be detached and
18 annexed under this subchapter:

19 (1) a mineral property;

20 (2) real property used in the operation of a public
21 utility, including a pipeline, pipeline gathering system, or
22 railroad or other rail system; and

23 (3) real property used primarily for industrial or
24 other commercial purposes, other than property used primarily for
25 agriculture or for residential purposes.

26 (b) If a final judgment of a court determines that a mineral
27 interest may not be annexed and detached as provided by this

1 subchapter without an attendant annexation and detachment of the
 2 surface estate or any other interest in the same land, the
 3 detachment and annexation of a mineral interest under this
 4 subchapter includes the surface estate and each other interest in
 5 the land covered by the mineral interest.

6 Sec. 49.304 [~~41.204~~]. TAXATION OF PERSONAL PROPERTY.
 7 Personal property having a taxable situs at the same location as
 8 real property detached and annexed under this subchapter is taxable
 9 by the school district to which the real property is annexed.

10 Sec. 49.305 [~~41.205~~]. DETACHMENT OF PROPERTY. (a) The
 11 commissioner shall detach property under this section from each
 12 school district from which the commissioner is required under
 13 Section 49.004 [~~41.004~~] to detach property under this subchapter.

14 (b) The commissioner shall detach from each school district
 15 covered by Subsection (a) one or more whole parcels or items of
 16 property in descending order of the taxable value of each parcel or
 17 item, beginning with the parcel or item having the greatest taxable
 18 value, until the school district's local revenue level [~~wealth per~~
 19 ~~student~~] is equal to or less than the [~~equalized wealth~~] level
 20 established under Section 48.257, except as otherwise provided by
 21 Subsection (c).

22 (c) If the detachment of whole parcels or items of property
 23 [~~r~~] as provided by Subsection (a) would result in a district's local
 24 revenue level [~~wealth per student~~] that is less than the [~~equalized~~
 25 ~~wealth~~] level established under Section 48.257 by more than the
 26 product of \$10,000 multiplied by weighted average daily attendance,
 27 the commissioner may not detach the last parcel or item of property

1 and shall detach the next one or more parcels or items of property
2 in descending order of taxable value that would result in the school
3 district having a local revenue level [~~wealth per student~~] that is
4 equal to or less than the [~~equalized wealth~~] level established
5 under Section 48.257 by not more than the product of \$10,000
6 multiplied by weighted average daily attendance.

7 (d) Notwithstanding Subsections (a), (b), and (c), the
8 commissioner may detach only a portion of a parcel or item of
9 property if:

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

20 (2) the commissioner determines that a partial
21 detachment of that parcel or item of property is preferable to the
22 detachment of one or more other parcels or items having a lower
23 taxable value in order to minimize the number of parcels or items of
24 property to be detached consistent with the purposes of this
25 chapter.

26 Sec. 49.306 [~~41.206~~]. ANNEXATION OF PROPERTY. (a) The
27 commissioner shall annex property detached under Section 49.305

1 ~~[41.205]~~ to school districts eligible for annexation in accordance
2 with this section. A school district is eligible for annexation of
3 property to it under this subchapter only if, before any
4 detachments or annexations are made in a year, the district's
5 taxable value of property does not exceed the value necessary to
6 generate maintenance and operations tax revenue in the amount equal
7 to the district's entitlement under Section 48.202(a-1)(2) ~~[wealth~~
8 ~~per student is less than the greatest level for which funds are~~
9 ~~provided under Subchapter F, Chapter 42]~~.

10 (b) Property may be annexed to a school district without
11 regard to whether the property is contiguous to other property in
12 that district.

13 (c) The commissioner shall annex property detached from
14 school districts beginning with the property detached from the
15 school district with the greatest local revenue level in excess of
16 entitlement ~~[wealth per student]~~ before detachment, and continuing
17 with the property detached from each other school district in
18 descending order of the district's local revenue level in excess of
19 entitlement ~~[wealth per student]~~ before detachment.

20 (d) The commissioner shall annex the parcels or items of
21 property detached from a school district to other school districts
22 that are eligible for annexation of property in descending order of
23 the taxable value of each parcel or item according to the following
24 priorities:

25 (1) first, to the eligible school districts assigned
26 to the same county as the school district from which the property is
27 detached whose total adopted tax rate for the preceding tax year

1 does not exceed by more than \$0.15 the total tax rate adopted for
2 that year by the school district from which the property is
3 detached;

4 (2) second, to the eligible school districts served by
5 the same regional education service center as the district from
6 which the property is detached whose total adopted tax rate for the
7 preceding tax year does not exceed by more than \$0.10 the total tax
8 rate adopted for that year by the school district from which the
9 property is detached; and

10 (3) third, to other eligible school districts whose
11 total adopted tax rate for the preceding tax year does not exceed by
12 more than \$0.05 the total tax rate adopted for that year by the
13 school district from which the property is detached.

14 (e) If the districts identified by Subsection (d) for a
15 school district are insufficient to annex all the property detached
16 from the school district, the commissioner shall increase, for
17 purposes of this section, all the maximum difference in tax rates
18 allowed under Subsection (d) in increments of \$0.01 until the
19 districts are identified that are sufficient to annex all the
20 property detached from the district.

21 (f) If only one school district is eligible to annex
22 property detached from a school district within a priority group
23 established by Subsections (d) and (e), the commissioner shall
24 annex property to that district until it reaches the taxable value
25 of property necessary to generate maintenance and operations tax
26 revenue in the amount equal to the district's entitlement under
27 Section 48.202(a-1)(2) [~~a wealth per student equal as nearly as~~

1 ~~possible to the greatest level for which funds are provided under~~
2 ~~Subchapter F, Chapter 42]~~, by annexing whole parcels or items of
3 property. Any remaining detached property shall be annexed to
4 eligible school districts in the next priority group as provided by
5 this section.

6 (g) If more than one school district is eligible to annex
7 property detached from a school district within a priority group
8 established by Subsections (d) and (e), the commissioner shall
9 first annex property to the district within the priority group to
10 which could be annexed the most taxable value of property without
11 increasing the district's taxable value of property to an amount
12 that exceeds the amount necessary to generate maintenance and
13 operations tax revenue in the amount equal to the district's
14 entitlement under Section 48.202(a-1)(2) [~~its wealth per student~~
15 ~~above the greatest level for which funds are provided under~~
16 ~~Subchapter F, Chapter 42]~~, until that district reaches a taxable
17 value of property necessary to generate maintenance and operations
18 tax revenue in the amount equal to the district's entitlement under
19 Section 48.202(a-1)(2) [~~wealth per student equal as nearly as~~
20 ~~possible to the greatest level for which funds are provided under~~
21 ~~Subchapter F, Chapter 42]~~, by annexing whole parcels or items of
22 property. Then any additional detached property shall be annexed
23 in the same manner to other eligible school districts in the same
24 priority group in descending order of capacity to receive taxable
25 value of annexed property without increasing the district's taxable
26 value of property to an amount that exceeds the amount necessary to
27 generate maintenance and operations tax revenue in the amount equal

1 to the district's entitlement under Section 48.202(a-1)(2) [~~wealth~~
 2 ~~per student above the greatest level for which funds are provided~~
 3 ~~under Subchapter F, Chapter 42~~]. If every school district in a
 4 priority group reaches a taxable value of property necessary to
 5 generate maintenance and operations tax revenue in the amount equal
 6 to the district's entitlement under Section 48.202(a-1)(2) [~~wealth~~
 7 ~~per student equal to the greatest level for which funds are provided~~
 8 ~~under Subchapter F, Chapter 42~~], as nearly as possible, the
 9 remaining detached property shall be annexed to school districts in
 10 the next priority group in the manner provided by this section.

11 (h) For purposes of this section, a portion of a parcel or
 12 item of property detached in that subdivided form from a school
 13 district is treated as a whole parcel or item of property.

14 (i) The commissioner may order the annexation of a portion
 15 of a parcel or item of property, including a portion of property
 16 treated as a whole parcel or item under Subsection (h), if:

17 (1) the annexation of the whole parcel or item would
 18 result in the district eligible to receive it in the appropriate
 19 priority order provided by this section having a local revenue
 20 level [~~wealth per student~~] greater than the amount by which the
 21 product of \$10,000 multiplied by weighted average daily attendance
 22 exceeds the taxable value of property necessary to generate
 23 maintenance and operations tax revenue in the amount equal to the
 24 district's entitlement under Section 48.202(a-1)(2) [~~more than the~~
 25 ~~greatest level for which funds are provided under Subchapter F,~~
 26 ~~Chapter 42~~]; or

27 (2) the commissioner determines that annexation of

1 portions of the parcel or item would reduce disparities in district
2 taxable values of property necessary to generate maintenance and
3 operations tax revenue in the amount equal to a district's
4 entitlement under Section 48.202(a-1)(2) [~~wealth per student~~] more
5 efficiently than would be possible if the parcel or item were
6 annexed as a whole.

7 (j) The commissioner may modify the priorities established
8 by this section as the commissioner considers reasonable to
9 minimize or reduce the number of school districts to which the
10 property detached from a school district is annexed, to minimize or
11 reduce the geographic dispersal of property in a school district,
12 to minimize or reduce disparities in school district taxable values
13 of property necessary to generate maintenance and operations tax
14 revenue in the amount equal to a district's entitlement under
15 Section 48.202(a-1)(2) [~~wealth per student~~] that would otherwise
16 result, or to minimize or reduce any administrative burden or
17 expense.

18 (k) For purposes of this section, a school district is
19 assigned to a county if the school district is assigned to that
20 county in the 1992-1993 Texas School Directory published by the
21 Central Education Agency.

22 Sec. 49.307 [~~41.207~~]. LIMITATIONS ON DETACHMENT AND
23 ANNEXATION. The commissioner may detach and annex property under
24 this subchapter only if:

25 (1) the property is not exempt from ad valorem
26 taxation under Section 11.20 or 11.21, Tax Code; and

27 (2) the property does not contain a building or

1 structure owned by the United States, this state, or a political
2 subdivision of this state that is exempt from ad valorem taxation
3 under law.

4 Sec. 49.308 [~~41.208~~]. ORDERS AND NOTICE. (a) The
5 commissioner shall order any detachments and annexations of
6 property under this subchapter not later than November 8 of each
7 year.

8 (b) As soon as practicable after issuing the order under
9 Subsection (a), the commissioner shall notify each affected school
10 district and the appraisal district in which the affected property
11 is located of the determination.

12 Sec. 49.309 [~~41.209~~]. TREATMENT OF SUBDIVIDED PROPERTY.

13 (a) If the commissioner orders the detachment or annexation of a
14 portion of a parcel or item of property under this subchapter, the
15 order shall specify the portion of the taxable value of the property
16 to be detached or annexed and may, but need not, describe the
17 specific area of the parcel or item to be detached or annexed.

18 (b) If an order for the detachment or annexation of a
19 portion of a parcel or item of property does not describe the
20 specific area of the parcel or item to be detached or annexed, the
21 commissioner, as soon as practicable after issuing the order, shall
22 determine the specific area to be detached or annexed and shall
23 certify that determination to the appraisal district for the county
24 in which the property is located.

25 (c) If portions of a parcel or item of property are located
26 in two or more school districts as the result of a detachment or
27 annexation, the parcel or item shall be appraised for taxation as a

1 unit, and the commissioner shall determine the portion of the
2 taxable value of the property that is located in each of those
3 school districts based on the square footage of the property, or any
4 other reasonable method adopted by the commissioner.

5 Sec. 49.310 [~~41.210~~]. DUTIES OF CHIEF APPRAISER. (a) The
6 chief appraiser of each appraisal district shall cooperate with the
7 commissioner in administering this subchapter. The commissioner
8 may require the chief appraiser to submit any reports or provide any
9 information available to the chief appraiser in the form and at the
10 times required by the commissioner.

11 (b) As soon as practicable after the detachment and
12 annexation of property, the chief appraiser of the appraisal
13 district in which the property is located shall send a written
14 notice of the detachment and annexation to the owner of any property
15 taxable in a different school district as a result of the detachment
16 and annexation. The notice must include the name of the school
17 district by which the property is taxable after the detachment and
18 annexation.

19 (c) The commissioner may reimburse an appraisal district
20 for any costs incurred in administering this subchapter and may
21 condition the reimbursement or the amount of the reimbursement on
22 the timely submission of reports or information required by the
23 commissioner or the satisfactory performance of any other action
24 required or requested by the commissioner.

25 Sec. 49.311 [~~41.211~~]. STUDENT ATTENDANCE. A student who
26 is a resident of real property detached from a school district may
27 choose to attend school in that district or in the district to which

1 the property is annexed. For purposes of determining average daily
2 attendance under Section 48.005 [~~42.005~~], the student shall be
3 counted in the district to which the property is annexed. If the
4 student chooses to attend school in the district from which the
5 property is detached, the state shall withhold any foundation
6 school funds from the district to which the property is annexed and
7 shall allocate to the district in which the student is attending
8 school those funds and the amount of funds equal to the difference
9 between the state funds the district is receiving for the student
10 and the district's cost in educating the student.

11 Sec. 49.312 [~~41.212~~]. BOND TAXES. Property detached from
12 a school district is released from the obligation for any tax to pay
13 principal and interest on bonds authorized by the district before
14 detachment. The property is subject to any tax to pay principal or
15 interest on bonds authorized by the district to which the property
16 is annexed whether authorized before or after annexation.

17 Sec. 49.313 [~~41.213~~]. DETERMINATION BY COMMISSIONER
18 FINAL. A decision or determination of the commissioner under this
19 subchapter is final and not appealable.

20 SECTION 1.053. Subchapter H, Chapter 41, Education Code, is
21 transferred to Chapter 49, Education Code, as added by this Act,
22 redesignated as Subchapter H, Chapter 49, Education Code, and
23 amended to read as follows:

24 SUBCHAPTER H. CONSOLIDATION BY COMMISSIONER

25 Sec. 49.351 [~~41.251~~]. COMMISSIONER ORDER. If the
26 commissioner is required under Section 49.004 [~~41.004~~] to order the
27 consolidation of districts, the consolidation is governed by this

1 subchapter. The commissioner's order shall be effective on a date
2 determined by the commissioner, but not later than the earliest
3 practicable date after November 8.

4 Sec. 49.352 [~~41.252~~]. SELECTION CRITERIA. (a) In
5 selecting the districts to be consolidated with a district that has
6 taxable values of property in an amount that exceeds the local
7 revenue level established under Section 48.257 [~~a property wealth~~
8 ~~greater than the equalized wealth level~~], the commissioner shall
9 select one or more districts [~~with a wealth per student~~] that, when
10 consolidated, will result in a consolidated district with a local
11 revenue level [~~wealth per student~~] equal to or less than the
12 [~~equalized wealth~~] level established under Section 48.257. In
13 achieving that result, the commissioner shall give priority to
14 school districts in the following order:

15 (1) first, to the contiguous district that has the
16 lowest local revenue level [~~wealth per student~~] and is located in
17 the same county;

18 (2) second, to the district that has the lowest local
19 revenue level [~~wealth per student~~] and is located in the same
20 county;

21 (3) third, to a contiguous district with a local
22 revenue level [~~property wealth~~] below the [~~equalized wealth~~] level
23 established under Section 48.257 that has requested the
24 commissioner that it be considered in a consolidation plan;

25 (4) fourth, to include as few districts as possible
26 that have the lowest local revenue levels below the [~~fall below the~~
27 ~~equalized wealth~~] level established under Section 48.257 within the

1 consolidation order that have not requested the commissioner to be
2 included;

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

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

10 (b) The commissioner may not select a district that has been
11 created as a result of consolidation by agreement under Subchapter
12 B to be consolidated under this subchapter with a district that has
13 a local revenue level [~~property wealth~~] greater than the [~~equalized~~
14 ~~wealth~~] level established under Section 48.257.

15 (c) In applying the selection criteria specified by
16 Subsection (a), if more than two districts are to be consolidated,
17 the commissioner shall select the third and each subsequent
18 district to be consolidated by treating the district that has a
19 local revenue level [~~property wealth~~] greater than the [~~equalized~~
20 ~~wealth~~] level established under Section 48.257 and the district or
21 districts previously selected for consolidation as one district.

22 Sec. 49.353 [~~41.253~~]. GOVERNANCE. (a) Until the initial
23 trustees elected as provided by Subsection (b) have qualified and
24 taken office, a district consolidated under this subchapter is
25 governed by a transitional board of trustees consisting of the
26 board of trustees of the district having the greatest student
27 membership on the last day of the school year preceding the

1 consolidation plus one member of the board of trustees of each other
2 consolidating district selected by that board.

3 (b) The transitional board of trustees shall divide the
4 consolidated district into nine single-member trustee districts in
5 accordance with the procedures provided by Section 11.052. The
6 transitional board shall order an election for the initial board of
7 trustees to be held on the first May uniform election date after the
8 effective date of a consolidation order.

9 (c) Members of the board of trustees of a consolidated
10 district serve staggered terms of office for four years.

11 (d) Section 13.156 applies to districts consolidated under
12 this subchapter.

13 Sec. 49.354 [~~41.254~~]. DISSOLUTION OF CONSOLIDATED
14 DISTRICT. (a) If the legislature abolishes ad valorem taxes for
15 public school maintenance and operations and adopts another method
16 of funding public education, the board of trustees of a
17 consolidated district created under this subchapter may dissolve
18 the consolidated district, provided that the dissolution is
19 approved by a majority of those voters residing within the district
20 participating in an election called for the purpose of approving
21 the dissolution of the consolidated school district.

22 (b) If a consolidated district is dissolved, each of the
23 former districts is restored as a separate district and is
24 classified as an independent district.

25 (c) Title to real property of the consolidated district is
26 allocated to the restored district in which the property is
27 located. Title to proportionate shares of the fund balances and

1 personal property of the consolidated district, as determined by
2 Subsection (e), are allocated to each restored district.

3 (d) Each of the restored districts assumes and is liable
4 for:

5 (1) indebtedness of the consolidated district that
6 relates to real property allocated to the district; and

7 (2) a proportionate share, as determined by Subsection
8 (e), of indebtedness of the consolidated district that does not
9 relate to real property.

10 (e) A restored district's proportionate share of fund
11 balances, personal property, or indebtedness is equal to the
12 proportion that the number of students in average daily attendance
13 in the restored district bears to the number of students in average
14 daily attendance in the consolidated district.

15 Sec. 49.355 [~~41.255~~]. FUND BALANCES. Fund balances of a
16 school district consolidated under this subchapter may be used only
17 for the benefit of the schools within the district that generated
18 the funds.

19 Sec. 49.356 [~~41.256~~]. EMPLOYMENT CONTRACTS. A
20 consolidated district created under this subchapter shall honor an
21 employment contract entered into by a consolidating district.

22 Sec. 49.357 [~~41.257~~]. APPLICATION OF [~~SMALL AND~~] SPARSE
23 ADJUSTMENT [~~ADJUSTMENTS~~] AND SMALL AND TRANSPORTATION ALLOTMENTS
24 [~~ALLOTMENT~~]. The budget of the consolidated district must apply
25 the benefit of the adjustment or allotment to the schools of the
26 consolidating district to which Section 48.052 [~~42.103~~], 48.101
27 [~~42.105~~], or 48.151 [~~42.155~~] would have applied in the event that

1 the consolidated district still qualifies as a small or sparse
2 district.

3 SECTION 1.054. The heading to Subchapter A, Chapter 316,
4 Government Code, is amended to read as follows:

5 SUBCHAPTER A. LIMIT ON GROWTH OF APPROPRIATIONS; DETERMINATIONS
6 REGARDING PUBLIC SCHOOL FINANCE

7 SECTION 1.055. Section 316.002(a), Government Code, is
8 amended to read as follows:

9 (a) Before the Legislative Budget Board submits the budget
10 as prescribed by Section 322.008(c), the board shall:

11 (1) establish for purposes of Section 316.001:

12 (A) [~~(1)~~] the estimated rate of growth of the
13 state's economy from the current biennium to the next biennium;

14 (B) [~~(2)~~] the level of appropriations for the
15 current biennium from state tax revenues not dedicated by the
16 constitution; and

17 (C) [~~(3)~~] the amount of state tax revenues not
18 dedicated by the constitution that could be appropriated for the
19 next biennium within the limit established by the estimated rate of
20 growth of the state's economy; and

21 (2) determine for purposes of the Foundation School
22 Program under Chapter 48, Education Code:

23 (A) the estimated state share of the program for
24 the next biennium, excluding any anticipated federal funding;

25 (B) the estimated reduction in the state share of
26 the program from the current biennium to the next biennium
27 attributable to the rate of growth of the taxable value of property

1 in the state for the next biennium, based on the estimates submitted
2 under Section 48.269, Education Code;

3 (C) the cost per cent of reducing the state
4 compression percentage under Section 48.255, Education Code, for
5 the next biennium; and

6 (D) a recommended state compression percentage
7 under Section 48.255, Education Code, for the next biennium, based
8 on the determinations made under Subdivision (1) and Paragraphs
9 (A), (B), and (C).

10 SECTION 1.056. Section 316.007(a), Government Code, is
11 amended to read as follows:

12 (a) The Legislative Budget Board shall include in its budget
13 recommendations:

14 (1) the proposed limit of appropriations from state
15 tax revenues not dedicated by the constitution; and

16 (2) the recommended state compression percentage
17 under Section 48.255, Education Code.

18 SECTION 1.057. Section 322.008(b), Government Code, is
19 amended to read as follows:

20 (b) The general appropriations bill may include for
21 purposes of information the funding elements computed by the
22 Legislative Budget Board under Section 316.002(a)(2) [~~42.007,~~
23 ~~Education Code, excluding the values for each school district~~
24 ~~calculated under Section 42.007(c)(2), Education Code. If the~~
25 ~~funding elements are included, the funding elements under Section~~
26 ~~42.007(c)(3), Education Code, shall be reported in dollar amounts~~
27 ~~per pupil].~~

1 SECTION 1.058. Sections 825.405(a), (b), (e), and (f),
2 Government Code, are amended to read as follows:

3 (a) An employing school district or an open-enrollment
4 charter school, as applicable, shall pay the state's contribution
5 on the portion of a member's salary that exceeds the statutory
6 minimum salary for ~~For~~ members:

7 (1) entitled to the minimum salary for certain school
8 personnel under Section 21.402, Education Code;

9 (2) ~~[, and for members]~~ who would have been entitled to
10 the minimum salary for certain school personnel under former
11 Section 16.056, Education Code, as that section existed on January
12 1, 1995; and

13 (3) who would be entitled to the minimum salary for
14 certain school personnel under Section 21.402, Education Code, if
15 the member was employed by a school district subject to that section
16 instead of being employed by:

17 (A) an open-enrollment charter school; or

18 (B) a school district that has adopted a local
19 innovation plan under Chapter 12A, Education Code, that exempts the
20 district's employees from the minimum salary schedule under that
21 section~~[, the employing district shall pay the state's contribution~~
22 ~~on the portion of the member's salary that exceeds the statutory~~
23 ~~minimum salary].~~

24 (b) For purposes of this section, ~~[+~~

25 ~~[-1-]]~~ the statutory minimum salary for a member
26 described by:

27 (1) Subsection (a)(1) ~~[certain school personnel under~~

1 ~~Section 21.402, Education Code,~~ is the salary provided by Section
2 21.402, Education Code [~~that section multiplied by the cost of~~
3 ~~education adjustment applicable under Section 42.102, Education~~
4 ~~Code, to the district in which the member is employed]; [and]~~

5 (2) Subsection (a)(2) [~~the statutory minimum salary~~
6 ~~for members who would have been entitled to the minimum salary for~~
7 ~~certain school personnel under former Section 16.056, Education~~
8 ~~Code, as that section existed on January 1, 1995,]~~ is a minimum
9 salary computed in the same manner as the minimum salary for certain
10 school personnel under Section 21.402, Education Code; and

11 (3) Subsection (a)(3) is the minimum salary the member
12 would have been entitled to if the member was subject to Section
13 21.402, Education Code [~~, multiplied by the cost of education~~
14 ~~adjustment applicable under Section 42.102, Education Code, to the~~
15 ~~district in which the member is employed].~~

16 (e) After the end of each school year, the retirement system
17 shall certify to the commissioner of education:

18 (1) the names of any employers [~~employing districts~~]
19 that have failed to remit, within the period required by Section
20 825.408, all contributions required under this section for the
21 school year; and

22 (2) the amounts of the unpaid contributions.

23 (f) If the commissioner of education receives a
24 certification under Subsection (e), the commissioner shall direct
25 the comptroller of public accounts to withhold the amount
26 certified, plus interest computed at the rate and in the manner
27 provided by Section 825.408, from the first state money payable to

1 the employer [~~school district~~]. The amount withheld shall be
2 deposited to the credit of the appropriate accounts of the
3 retirement system.

4 SECTION 1.059. Section 26.08, Tax Code, is amended by
5 amending Subsections (a), (b), (i), (n), and (o) and adding
6 Subsections (a-1) and (n-1) to read as follows:

7 (a) If the governing body of a school district adopts a tax
8 rate that exceeds the district's rollback tax rate, the registered
9 voters of the district at an election held for that purpose must
10 determine whether to approve the adopted tax rate.

11 (a-1) When increased expenditure of money by a school
12 district is necessary to respond to a disaster, including a
13 tornado, hurricane, flood, or other calamity, but not including a
14 drought, that has impacted a school district and the governor has
15 requested federal disaster assistance for the area in which the
16 school district is located, an election is not required under this
17 section to approve the tax rate adopted by the governing body for
18 the year following the year in which the disaster occurs. A tax
19 rate adopted under this subsection applies only in the year for
20 which the rate is adopted. If a district adopts a tax rate under
21 this subsection, the amount by which that rate exceeds the
22 district's rollback tax rate for that tax year may not be considered
23 when calculating the district's rollback tax rate for the tax year
24 following the year in which the district adopts the rate.

25 (b) The governing body shall order that the election be held
26 in the school district on the next uniform election [a] date
27 prescribed by [~~not less than 30 or more than 90 days after the day on~~

1 ~~which it adopted the tax rate.]~~ Section 41.001, Election Code, that
2 occurs after the date of the election order and that allows
3 sufficient time to comply with the requirements of other law [~~does~~
4 ~~not apply to the election unless a date specified by that section~~
5 ~~falls within the time permitted by this section)]. At the election,
6 the ballots shall be prepared to permit voting for or against the
7 proposition: "Ratifying [~~Approving~~] the ad valorem tax rate of ____
8 (insert adopted tax rate) [~~per \$100 valuation~~] in (name of
9 school district) for the current year, a rate that will result in an
10 increase of ____ (insert percentage increase in maintenance and
11 operations tax revenue under the adopted tax rate as compared to
12 maintenance and operations tax revenue in the preceding tax year)
13 percent in maintenance and operations tax revenue for the district
14 for the current year as compared to the preceding year, which is an
15 additional \$____ (insert dollar amount of increase in maintenance
16 and operations tax revenue under the adopted tax rate as compared to
17 maintenance and operations tax revenue in the preceding tax year)
18 [~~is \$____ higher per \$100 valuation than the school district~~
19 ~~rollback tax rate, for the purpose of (description of purpose of~~
20 ~~increase)]." [~~The ballot proposition must include the adopted tax~~
21 ~~rate and the difference between that rate and the rollback tax rate~~
22 ~~in the appropriate places.]~~~~~~

23 (i) For purposes of this section, "enrichment tax rate" has
24 the meaning assigned by Section 45.0032, Education Code [~~the~~
25 ~~effective maintenance and operations tax rate of a school district~~
26 ~~is the tax rate that, applied to the current total value for the~~
27 ~~district, would impose taxes in an amount that, when added to state~~

1 ~~funds that would be distributed to the district under Chapter 42,~~
 2 ~~Education Code, for the school year beginning in the current tax~~
 3 ~~year using that tax rate, would provide the same amount of state~~
 4 ~~funds distributed under Chapter 42, Education Code, and maintenance~~
 5 ~~and operations taxes of the district per student in weighted~~
 6 ~~average daily attendance for that school year that would have been~~
 7 ~~available to the district in the preceding year if the funding~~
 8 ~~elements for Chapters 41 and 42, Education Code, for the current~~
 9 ~~year had been in effect for the preceding year].~~

10 (n) For purposes of this section, the rollback tax rate of a
 11 school district [~~whose maintenance and operations tax rate for the~~
 12 ~~2005 tax year was \$1.50 or less per \$100 of taxable value] is:~~

13 (1) for the 2019 [~~2006~~] tax year, the sum of the
 14 following:

15 (A) the rate [that is equal to 88.67 percent of
 16 the maintenance and operations tax rate adopted by the district for
 17 the 2005 tax year, the rate of \$0.04] per \$100 of taxable value that
 18 is equal to the product of the state compression percentage, as
 19 determined under Section 48.255, Education Code, for the 2019 tax
 20 year and \$1.00;

21 (B) the greater of:

22 (i) the district's enrichment tax rate for
 23 the 2018 tax year, adjusted as required under Section 45.0032,
 24 Education Code, less any amount by which the district is required to
 25 reduce the district's enrichment tax rate under Section 48.202(f),
 26 Education Code, in the 2019 tax year; or

27 (ii) the rate of \$0.04 per \$100 of taxable

1 value; and

2 (C) [~~and~~] the district's current debt rate; and

3 (2) for the 2020 [~~2007~~] and subsequent tax years, the
4 sum [~~lesser~~] of the following:

5 (A) [~~the sum of the following:~~

6 [(i)] the rate per \$100 of taxable value
7 that is equal to the product of the state compression percentage, as
8 determined under Section 48.255 [~~42.2516~~], Education Code, for the
9 current year and \$1.00 [~~\$1.50~~];

10 (B) the greater of:

11 (i) the district's enrichment tax rate for
12 the preceding tax year, less any amount by which the district is
13 required to reduce the district's enrichment tax rate under Section
14 48.202(f), Education Code, in the current tax year; or

15 (ii) the rate of \$0.05 [~~\$0.04~~] per \$100 of
16 taxable value; and

17 (C) [~~(iii) the rate that is equal to the sum of~~
18 ~~the differences for the 2006 and each subsequent tax year between~~
19 ~~the adopted tax rate of the district for that year if the rate was~~
20 ~~approved at an election under this section and the rollback tax rate~~
21 ~~of the district for that year; and~~

22 [(iv)] the district's current debt rate[~~+~~
23 ~~or~~

24 [(B) ~~the sum of the following:~~

25 [(i) ~~the effective maintenance and~~
26 ~~operations tax rate of the district as computed under Subsection~~
27 ~~(i) or (k), as applicable;~~

1 ~~[(ii) the rate per \$100 of taxable value~~
2 ~~that is equal to the product of the state compression percentage, as~~
3 ~~determined under Section 42.2516, Education Code, for the current~~
4 ~~year and \$0.06; and~~

5 ~~[(iii) the district's current debt rate].~~

6 (n-1) For the 2020 tax year, a school district shall
7 substitute "\$0.04" for "\$0.05" in Subsection (n)(2)(B)(ii) if the
8 governing body of the district does not adopt by unanimous vote for
9 that tax year a maintenance and operations tax rate at least equal
10 to the sum of the rate described by Subsection (n)(2)(A) and the
11 rate of \$0.05 per \$100 of taxable value.

12 (o) For purposes of this section, the rollback tax rate of a
13 school district whose maintenance and operations tax rate for the
14 2005 tax year was greater than \$1.50 per \$100 of taxable value is
15 computed in the manner provided by Subsection (n) except that 66.67
16 percent of the maintenance and operations tax rate per \$100 of
17 taxable value adopted by the district for the 2005 tax year is
18 substituted for \$1.00 [~~\$1.50~~] in a computation under that
19 subsection.

20 ARTICLE 2. PUBLIC EDUCATION

21 SECTION 2.001. Subchapter C, Chapter 7, Education Code, is
22 amended by adding Section 7.070 to read as follows:

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

1 (1) governmental agencies of the United States, this
2 state, or another state;

3 (2) political subdivisions of this state or another
4 state;

5 (3) public or private institutions of higher
6 education; and

7 (4) relevant private organizations.

8 SECTION 2.002. Subchapter D, Chapter 11, Education Code, is
9 amended by adding Section 11.185 to read as follows:

10 Sec. 11.185. EARLY CHILDHOOD LITERACY AND MATHEMATICS
11 PROFICIENCY PLANS. (a) The board of trustees of each school
12 district shall adopt early childhood literacy and mathematics
13 proficiency plans that set specific annual goals for the following
14 five school years to reach quantifiable goals for student
15 performance in reading and mathematics at each campus.

16 (b) Each plan adopted under Subsection (a) must:

17 (1) identify annual goals for students in each group
18 evaluated under the closing the gaps domain under Section
19 39.053(c)(3);

20 (2) include annual goals for aggregate student growth
21 on the third grade reading or mathematics assessment instrument, as
22 applicable, administered under Section 39.023 or on an alternative
23 assessment instrument determined by the board of trustees;

24 (3) provide for targeted professional development for
25 classroom teachers in kindergarten or first, second, or third grade
26 who are assigned to campuses that the board of trustees identifies
27 as not meeting the plan's goals;

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

4 (A) coordinate implementation of the plan; and
5 (B) submit an annual report to the board of
6 trustees on the district's progress toward the goals set under the
7 plan; and

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

10 (c) Each plan adopted under Subsection (a) may set separate
11 goals for students in a bilingual education or special language
12 program under Subchapter B, Chapter 29.

13 (d) The professional development provided to classroom
14 teachers under Subsection (b)(3) must, as appropriate, consider the
15 unique needs of students in a bilingual education or special
16 language program under Subchapter B, Chapter 29.

17 (e) The commissioner may adopt rules as necessary to
18 implement this section.

19 SECTION 2.003. Section 12.104(b), Education Code, as
20 amended by Chapters 324 (S.B. 1488), 522 (S.B. 179), and 735 (S.B.
21 1153), Acts of the 85th Legislature, Regular Session, 2017, is
22 reenacted and amended to read as follows:

23 (b) An open-enrollment charter school is subject to:

24 (1) a provision of this title establishing a criminal
25 offense; and

26 (2) a prohibition, restriction, or requirement, as
27 applicable, imposed by this title or a rule adopted under this

1 title, relating to:

2 (A) the Public Education Information Management
3 System (PEIMS) to the extent necessary to monitor compliance with
4 this subchapter as determined by the commissioner;

5 (B) criminal history records under Subchapter C,
6 Chapter 22;

7 (C) reading instruments and accelerated reading
8 instruction programs under Section 28.006;

9 (D) accelerated instruction under Section
10 28.0211;

11 (E) high school graduation requirements under
12 Section 28.025;

13 (F) special education programs under Subchapter
14 A, Chapter 29;

15 (G) bilingual education under Subchapter B,
16 Chapter 29;

17 (H) prekindergarten programs under Subchapter E
18 or E-1, Chapter 29;

19 (I) extracurricular activities under Section
20 33.081;

21 (J) discipline management practices or behavior
22 management techniques under Section 37.0021;

23 (K) health and safety under Chapter 38;

24 (L) public school accountability under
25 Subchapters B, C, D, F, G, and J, Chapter 39, and Chapter 39A;

26 (M) the requirement under Section 21.006 to
27 report an educator's misconduct;

1 (N) intensive programs of instruction under
2 Section 28.0213;

3 (O) the right of a school employee to report a
4 crime, as provided by Section 37.148; ~~and~~

5 (P) bullying prevention policies and procedures
6 under Section 37.0832;

7 (Q) the right of a school under Section 37.0052
8 to place a student who has engaged in certain bullying behavior in a
9 disciplinary alternative education program or to expel the student;
10 ~~and~~

11 (R) the right under Section 37.0151 to report to
12 local law enforcement certain conduct constituting assault or
13 harassment;

14 (S) ~~(P)~~ a parent's right to information
15 regarding the provision of assistance for learning difficulties to
16 the parent's child as provided by Sections 26.004(b)(11) and
17 26.0081(c) and (d); and

18 (T) the early childhood literacy and mathematics
19 proficiency plans under Section 11.185.

20 SECTION 2.004. Section 25.085, Education Code, is amended
21 by adding Subsection (i) to read as follows:

22 (i) Notwithstanding any other provision of this section, a
23 student enrolled in a school district is not required to attend
24 school for any additional instructional days described by Section
25 25.0841.

26 SECTION 2.005. Section 28.006, Education Code, is amended
27 by amending Subsections (b), (c), (d), (f), and (i) and adding

1 Subsections (b-1), (c-2), (c-3), and (l) to read as follows:

2 (b) The commissioner shall adopt a list of reading
3 instruments that a school district may use to diagnose student
4 reading development and comprehension. For use in diagnosing the
5 reading development and comprehension of kindergarten students,
6 the commissioner shall adopt a ~~[include on the commissioner's list~~
7 ~~at least two]~~ multidimensional assessment tool that includes
8 ~~[tools. A multidimensional assessment tool on the commissioner's~~
9 ~~list must either include]~~ a reading instrument and tests ~~[test]~~ at
10 least three developmental skills, including literacy~~[, or test at~~
11 ~~least two developmental skills, other than literacy, and be~~
12 ~~administered in conjunction with a separate reading instrument that~~
13 ~~is on a list adopted under this subsection]~~. A multidimensional
14 assessment tool administered as provided by this subsection is
15 considered to be a reading instrument for purposes of this section.
16 A district-level committee established under Subchapter F, Chapter
17 [11](#), may adopt a list of reading instruments for use in the district
18 in a grade level other than kindergarten in addition to the reading
19 instruments on the commissioner's list. Each reading instrument
20 adopted by the commissioner or a district-level committee must be
21 based on scientific research concerning reading skills development
22 and reading comprehension. A list of reading instruments adopted
23 under this subsection must provide for diagnosing the reading
24 development and comprehension of students participating in a
25 program under Subchapter B, Chapter [29](#).

26 (b-1) The commissioner may approve an alternative reading
27 instrument for use in diagnosing the reading development and

1 comprehension of kindergarten students that complies with the
2 requirements under Subsection (b).

3 (c) Each school district shall administer, at the
4 [~~kindergarten and~~] first and second grade levels, a reading
5 instrument on the list adopted by the commissioner or by the
6 district-level committee. The district shall administer the
7 reading instrument in accordance with the commissioner's
8 recommendations under Subsection (a)(1).

9 (c-2) Each school district shall administer at the
10 kindergarten level a reading instrument adopted by the commissioner
11 under Subsection (b) or approved by the commissioner under
12 Subsection (b-1). The district shall administer the reading
13 instrument in accordance with the commissioner's recommendations
14 under Subsection (a)(1).

15 (c-3) The commissioner by rule shall determine the
16 performance on the reading instrument adopted under Subsection (b)
17 that indicates kindergarten readiness.

18 (d) The superintendent of each school district shall:

19 (1) report to the commissioner and the board of
20 trustees of the district the results of the reading instruments;

21 (2) not later than the 30th day after the date on which
22 a reading instrument was administered report, in writing, to a
23 student's parent or guardian the student's results on the [~~reading~~]
24 instrument; and

25 (3) using the school readiness certification system
26 provided to the school district in accordance with Section
27 [29.161\(e\)](#), report electronically each student's raw score on the

1 reading instrument to the agency for use in the school readiness
2 certification system.

3 (f) This section may be implemented only if funds are
4 appropriated for administering the reading instruments or if the
5 reading instrument to be administered is provided to school
6 districts at no cost to the districts. Funds, other than local
7 funds, may be used to pay the cost of administering a reading
8 instrument only if the instrument is on the list adopted by the
9 commissioner.

10 (i) The commissioner shall certify, not later than July 1 of
11 each school year or as soon as practicable thereafter, whether
12 sufficient funds have been appropriated statewide for the purposes
13 of this section or whether the applicable reading instruments have
14 been provided to school districts at no cost to the districts. A
15 determination by the commissioner is final and may not be appealed.
16 For purposes of certification, the commissioner may not consider
17 Foundation School Program funds.

18 (l) The commissioner may adopt rules as necessary to
19 implement this section. Section 2001.0045, Government Code, does
20 not apply to rules adopted under this subsection.

21 SECTION 2.006. Subchapter D, Chapter 29, Education Code, is
22 amended by adding Section 29.124 to read as follows:

23 Sec. 29.124. CERTIFICATION REQUIRED. (a) Each school
24 district shall annually certify to the commissioner that the
25 district has established a program for gifted and talented students
26 as required by this subchapter.

27 (b) If the commissioner determines that a school district

1 has failed to comply with Subsection (a) for a school year, the
2 commissioner shall reduce the total amount of funding to which the
3 district is entitled under Chapter 48 for that school year by an
4 amount equal to the basic allotment multiplied by the product of:

5 (1) 0.12; and

6 (2) an amount equal to five percent of the students in
7 average daily attendance in the district.

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

12 SECTION 2.007. Section 29.153, Education Code, is amended
13 by amending Subsections (c) and (d) and adding Subsections (c-1),
14 (d-1), and (d-2) to read as follows:

15 (c) A prekindergarten class under this section may [~~shall~~]
16 be operated on a half-day basis for children under four years of age
17 and shall be operated on a full-day basis for children who are at
18 least four years of age. A district is not required to provide
19 transportation for a prekindergarten class, but transportation, if
20 provided, is included for funding purposes as part of the regular
21 transportation system.

22 (c-1) A prekindergarten class under this section for
23 children who are least four years of age must comply with the
24 program standards required for high quality prekindergarten
25 programs under Subchapter E-1.

26 (d) Subject to Subsections (d-1) and (d-2), on [~~On~~]
27 application of a district, the commissioner shall [~~may~~] exempt a

1 district from the application of all or any part of this section,
2 including all or any part of Subchapter E-1 for a prekindergarten
3 class described by Subsection (c-1), if the commissioner determines
4 that:

5 (1) the district would be required to construct
6 classroom facilities in order to provide prekindergarten classes;
7 or

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

11 (d-1) A district may not receive an exemption under
12 Subsection (d) unless the district has solicited and considered at
13 a public meeting proposals for partnerships with public or private
14 entities regarding prekindergarten classes required under this
15 section. A decision of the board of trustees regarding a
16 partnership described by this subsection is final.

17 (d-2) An exemption under Subsection (d) may not be granted
18 for a period longer than three school years and may be renewed only
19 once.

20 SECTION 2.008. Section 29.1531(a), Education Code, is
21 amended to read as follows:

22 (a) A school district may offer on a tuition basis or use
23 district funds to provide:

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

27 (2) half-day and full-day prekindergarten classes to

1 children not eligible for classes under Section 29.153.

2 SECTION 2.009. Section 29.1532(c), Education Code, is
3 amended to read as follows:

4 (c) A school district that offers prekindergarten classes [~~7~~
5 ~~including a high quality prekindergarten program class under~~
6 ~~Subchapter E-1,~~] shall include the following information in the
7 district's Public Education Information Management System (PEIMS)
8 report:

9 (1) demographic information, as determined by the
10 commissioner, on students enrolled in district and campus
11 prekindergarten classes, including the number of students who are
12 eligible for classes under Section 29.153;

13 (2) the numbers of half-day and full-day
14 prekindergarten classes offered by the district and campus;

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

18 (4) the sources of funding for the prekindergarten
19 classes;

20 (5) [~~4~~] the class size and ratio of instructional
21 staff to students for each prekindergarten program class offered by
22 the district and campus;

23 (6) [~~5~~] if the district elects to administer an
24 assessment instrument under Section 29.169 to students enrolled in
25 district and campus prekindergarten program classes, a description
26 and the results of each type of assessment instrument; and

27 (7) [~~6~~] curricula used in the district's

1 prekindergarten program classes.

2 SECTION 2.010. Section 29.1543, Education Code, is amended
3 to read as follows:

4 Sec. 29.1543. EARLY EDUCATION REPORTS. The agency shall
5 produce and make available to the public on the agency's Internet
6 website annual district and campus-level reports containing
7 information from the previous school year on early education in
8 school districts and open-enrollment charter schools. A report
9 under this section must contain:

10 (1) the information required by Section 29.1532(c) to
11 be reported through the Public Education Information Management
12 System (PEIMS);

13 (2) a description of the diagnostic reading
14 instruments administered in accordance with Section 28.006(c) or
15 (c-2);

16 (3) the number of students who were administered a
17 diagnostic reading instrument administered in accordance with
18 Section 28.006(c) or (c-2);

19 (4) the number of students whose scores from a
20 diagnostic reading instrument administered in accordance with
21 Section 28.006(c) or (c-2) indicate reading proficiency; ~~and~~

22 (5) the number of kindergarten students who were
23 enrolled in a prekindergarten program in the previous school year
24 in the same district or school as the district or school in which
25 the student attends kindergarten;

26 (6) the number and percentage of students who perform
27 satisfactorily on the third grade reading or mathematics assessment

1 instrument administered under Section 39.023, disaggregated by
2 whether the student was eligible for free prekindergarten under
3 Section 29.153;

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

6 (A) whether the student met the kindergarten
7 readiness standard on the reading instrument adopted under Section
8 28.006;

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

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

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

16 SECTION 2.011. Section 29.162, Education Code, is amended
17 to read as follows:

18 Sec. 29.162. RULES [~~DETERMINATION OF FULL-DAY AND~~
19 ~~HALF-DAY~~]. (a) The commissioner may adopt rules for this
20 subchapter, including rules establishing full-day and half-day
21 minutes of operation requirements as provided by Section 25.081.

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

24 SECTION 2.012. The heading to Subchapter E-1, Chapter 29,
25 Education Code, is amended to read as follows:

26 SUBCHAPTER E-1. HIGH QUALITY PREKINDERGARTEN [~~GRANT~~] PROGRAM

27 REQUIREMENTS

1 SECTION 2.013. Section 29.164, Education Code, is amended
2 to read as follows:

3 Sec. 29.164. DEFINITION. In this subchapter, "program"
4 means a high quality prekindergarten ~~[grant]~~ program required under
5 Section 29.153(c-1) to be provided free of tuition or fees in
6 accordance with this subchapter.

7 SECTION 2.014. Section 29.167(a), Education Code, is
8 amended to read as follows:

9 (a) A school district shall select and implement a
10 curriculum for a prekindergarten ~~[grant]~~ program ~~[under this~~
11 ~~subchapter]~~ that:

12 (1) includes the prekindergarten guidelines
13 established by the agency;

14 (2) measures the progress of students in meeting the
15 recommended learning outcomes; and

16 (3) does not use national curriculum standards
17 developed by the Common Core State Standards Initiative.

18 SECTION 2.015. Section 29.170(a), Education Code, is
19 amended to read as follows:

20 (a) The commissioner shall evaluate the use and
21 effectiveness of prekindergarten funding ~~[provided under this~~
22 ~~subchapter]~~ in improving student learning. The commissioner shall
23 identify effective instruction strategies implemented by school
24 districts under this subchapter.

25 SECTION 2.016. Section 29.171(a), Education Code, is
26 amended to read as follows:

27 (a) A school district that offers a prekindergarten

1 ~~[participating in the grant]~~ program under this subchapter may
2 enter into a contract with an eligible private provider to provide
3 services or equipment for the program.

4 SECTION 2.017. Section 29.172, Education Code, is amended
5 to read as follows:

6 Sec. 29.172. RULES. (a) The commissioner may adopt rules
7 necessary to implement this subchapter.

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

10 SECTION 2.018. Section 29.190(a), Education Code, is
11 amended to read as follows:

12 (a) A student is entitled to a subsidy under this section
13 if:

14 (1) the student:

15 (A) successfully completes the career and
16 technology program of a school district in which the student
17 receives training and instruction for employment; or

18 (B) is enrolled in a special education program
19 under Subchapter A; and

20 (2) the student passes a certification examination to
21 qualify for a license or certificate that is an industry
22 certification for purposes of Section 39.053(c)(1)(B)(v).

23 SECTION 2.019. Subchapter Z, Chapter 29, Education Code, is
24 amended by adding Sections 29.924 and 29.925 to read as follows:

25 Sec. 29.924. BLENDED LEARNING GRANT PROGRAM. (a) In this
26 section, "blended learning" means an instructional delivery method
27 that combines classroom and online instruction.

1 (b) From funds appropriated or available for purposes of
2 this section, the commissioner shall establish a grant program to
3 assist school districts and open-enrollment charter schools in
4 developing and implementing effective blended learning models. In
5 awarding grants under the program, the commissioner shall give
6 priority to school districts and open-enrollment charter schools
7 that have the highest enrollment of students who are educationally
8 disadvantaged.

9 (c) A school district or open-enrollment charter school
10 that receives a grant under this section must:

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

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

16 (3) after completion of the training under Subdivision
17 (2):

18 (A) certify to the agency that the blended
19 learning model has been implemented; and

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

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

25 (d) A plan to implement a blended learning model developed
26 under Subsection (c) must:

27 (1) during the first year require implementation of

1 the model across an entire grade level at a campus and permit
2 subsequent expansion of the model to additional grade levels at the
3 campus or, if the campus has achieved full implementation of the
4 model across all grade levels, to additional campuses in a manner
5 that provides students a consistent learning experience;

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

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

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

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

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

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

26 (e) Funds awarded under the grant program may be used only
27 to implement a program under this section and satisfy the

1 requirements under Subsection (c).

2 (f) A school district or open-enrollment charter school may
3 receive a grant under this section for not more than four
4 consecutive school years.

5 (g) The commissioner shall adopt rules as necessary to
6 implement this section, including rules establishing an
7 application and selection process for awarding grants under this
8 section and a list of programs that may be used for training under
9 Subsection (c)(2). In adopting rules under this subsection, the
10 commissioner may not impose any requirements on a school district's
11 or open-enrollment charter school's plan to implement a blended
12 learning model not listed under Subsection (d).

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

15 Sec. 29.925. ACADEMIC SERVICES GRANT PROGRAM. (a) In this
16 section:

17 (1) "Committee" means an admission, review, and
18 dismissal committee or a team established for a student under
19 Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794).

20 (2) "Parent" means a resident of this state who is a
21 natural or adoptive parent, managing or possessory conservator,
22 legal guardian, custodian, or other person with legal authority to
23 act on behalf of a child.

24 (3) "Program" means the grant program established
25 under this section.

26 (4) "Program participant" means a student and a parent
27 of a student who has been accepted into the program.

1 (b) From funds appropriated or available for the purpose,
2 the commissioner shall establish and administer a grant program to
3 provide funding to school districts and open-enrollment charter
4 schools for eligible students to obtain academic services that:

5 (1) supplement the student's public education;

6 (2) promote and improve the student's overall academic
7 performance; and

8 (3) exceed the level of services that the student's
9 committee has determined to be necessary for the student to receive
10 a free appropriate public education.

11 (c) A student is eligible to participate in the program if:

12 (1) the student is enrolled in a school district or
13 open-enrollment charter school and was enrolled in that district or
14 school during the entire preceding school year;

15 (2) the student is educationally disadvantaged;

16 (3) the student has one or more of the following
17 disabilities:

18 (A) dyslexia;

19 (B) autism;

20 (C) speech disability; or

21 (D) learning disability; and

22 (4) for one or more disabilities listed in Subdivision

23 (3):

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

26 (B) the student is covered by Section 504,
27 Rehabilitation Act of 1973 (29 U.S.C. Section 794).

1 (d) On or before the date established by commissioner rule,
2 each school district or open-enrollment charter school annually
3 shall provide information regarding the program to a parent of each
4 student enrolled in the district or school who may be eligible to
5 participate in the program.

6 (e) On or before the date established by commissioner rule,
7 a parent of an eligible student may apply on behalf of the student
8 for participation in the program for the school year for which the
9 application is made. The school district or open-enrollment
10 charter school in which the student is enrolled shall assist the
11 parent in making the application and shall submit the application
12 to the agency on behalf of the parent.

13 (f) The agency shall develop and provide to each school
14 district and open-enrollment charter school:

15 (1) information regarding the program that the
16 district or school may use for purposes of Subsection (d); and

17 (2) an application form for the program.

18 (g) In accepting students into the program, the
19 commissioner shall, to the greatest extent possible, ensure that
20 the accepted students reflect the diversity of the state.

21 (h) A student participating in the program may not be
22 excused from school to receive academic services under the program.

23 (i) Funds received under the program may be used only for
24 the following services or goods provided to a program participant
25 by an education service provider or vendor of educational products
26 approved by the commissioner under Subsection (1):

27 (1) costs of transportation for the student to receive

1 educational support services;

2 (2) the cost of instructional materials, as that term
3 is defined by Section 31.002; and

4 (3) fees for academic educational therapies or support
5 services provided by a practitioner or provider.

6 (j) The parent of a student participating in the program, in
7 consultation with the student's committee, shall select the
8 services or goods allowed under Subsection (i) to be provided to the
9 student under the program and the appropriate education service
10 provider or vendor of educational products to provide those
11 services or goods. On the parent's selection, using money
12 distributed under the program, the school district or
13 open-enrollment charter school at which the parent's student is
14 enrolled shall contract with the selected education service
15 provider or vendor of educational products to provide the selected
16 services or goods to the student.

17 (k) An education service provider or vendor of educational
18 products may not solicit or provide incentives to any potential or
19 current program participant to select the provider or vendor to
20 provide services or goods using money distributed under the
21 program.

22 (l) An education service provider or vendor of educational
23 products must apply to and be approved by the commissioner to
24 receive money distributed under the program. To be eligible for
25 approval, an education service provider or vendor of educational
26 products must:

27 (1) have operated for at least three consecutive

1 years, including at least one year in this state;

2 (2) provide to the commissioner:

3 (A) a current financial audit from a certified
4 public accountant;

5 (B) documentation indicating that the provider
6 or vendor has completed a national criminal history record
7 information review within a period established by commissioner
8 rule; and

9 (C) a list of any national or state licenses,
10 certifications, or credentials possessed by the provider or vendor;
11 and

12 (3) agree not to use the national curriculum standards
13 developed by the Common Core State Standards Initiative.

14 (m) A parent of a student participating in the program or a
15 member of the student's committee may appeal the commissioner's
16 rejection of an application submitted under Subsection (l) in
17 accordance with rules established by the commissioner. The
18 commissioner's decision regarding the appeal is final and may not
19 be further appealed.

20 (n) At least once each semester, an education service
21 provider or vendor of educational products selected to provide
22 services or goods to a student participating in the program shall
23 meet with the student's parent and the members of the student's
24 committee at a time and place determined by the school district or
25 open-enrollment charter school at which the student is enrolled to
26 discuss the student's progress and to evaluate the continued use of
27 the provider or vendor.

1 (o) The commissioner annually shall review each approved
2 education service provider or vendor of educational products and,
3 as appropriate, renew or revoke that approval.

4 (p) A student's participation in the program does not affect
5 the student's rights or a school district's or open-enrollment
6 charter school's obligations with respect to the student under the
7 Individuals with Disabilities Education Act (20 U.S.C. Section 1400
8 et seq.); Section 504, Rehabilitation Act of 1973 (29 U.S.C.
9 Section 794); or the Americans with Disabilities Act of 1990 (42
10 U.S.C. Section 12101 et seq.).

11 (q) Each school district or open-enrollment charter school
12 in which a participating student is enrolled shall submit an annual
13 report to the agency on the use of grant funds awarded under this
14 section.

15 (q-1) Not later than December 30, 2020, the agency shall
16 review the performance of the program and submit to the legislature
17 a report on the agency's conclusions. In conducting the review, the
18 agency shall solicit input from program participants and
19 participating school districts and open-enrollment charter
20 schools. This subsection expires September 1, 2021.

21 (r) The commissioner shall adopt rules as necessary to
22 implement this section.

23 SECTION 2.020. Sections 39.0261(a), (e), and (f), Education
24 Code, are amended to read as follows:

25 (a) In addition to the assessment instruments otherwise
26 authorized or required by this subchapter:

27 (1) each school year and at state cost, a school

1 district may administer to students in the spring of the eighth
2 grade an established, valid, reliable, and nationally
3 norm-referenced preliminary college preparation assessment
4 instrument for the purpose of diagnosing the academic strengths and
5 deficiencies of students before entrance into high school;

6 (2) each school year and at state cost, a school
7 district may administer to students in the 10th grade an
8 established, valid, reliable, and nationally norm-referenced
9 preliminary college preparation assessment instrument for the
10 purpose of measuring a student's progress toward readiness for
11 college and the workplace; and

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

15 (A) ~~[7]~~ one of the valid, reliable, and
16 nationally norm-referenced assessment instruments used by colleges
17 and universities as part of their undergraduate admissions
18 processes; or

19 (B) the assessment instrument designated by the
20 Texas Higher Education Coordinating Board under Section 51.334.

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

1 (f) The provisions of this section regarding assessment
2 instruments administered under Subsection (a)(1) or (2) apply only
3 if the legislature appropriates funds for those purposes [~~of this~~
4 ~~section~~].

5 SECTION 2.021. Section 39.306(a), Education Code, is
6 amended to read as follows:

7 (a) Each board of trustees shall publish an annual report
8 describing the educational performance of the district and of each
9 campus in the district that includes uniform student performance
10 and descriptive information as determined under rules adopted by
11 the commissioner. The annual report must also include:

12 (1) campus performance objectives established under
13 Section 11.253 and the progress of each campus toward those
14 objectives, which shall be available to the public;

15 (2) information indicating the district's
16 accreditation status and identifying each district campus awarded a
17 distinction designation under Subchapter G or considered an
18 unacceptable campus under Chapter 39A;

19 (3) the district's current special education
20 compliance status with the agency;

21 (4) a statement of the number, rate, and type of
22 violent or criminal incidents that occurred on each district
23 campus, to the extent permitted under the Family Educational Rights
24 and Privacy Act of 1974 (20 U.S.C. Section 1232g);

25 (5) information concerning school violence prevention
26 and violence intervention policies and procedures that the district
27 is using to protect students;

1 (6) the findings that result from evaluations
2 conducted under the Safe and Drug-Free Schools and Communities Act
3 of 1994 (20 U.S.C. Section 7101 et seq.); ~~and~~

4 (7) information received under Section 51.403(e) for
5 each high school campus in the district, presented in a form
6 determined by the commissioner; and

7 (8) the progress of the district and each campus in the
8 district toward meeting the goals set in the district's early
9 childhood literacy and mathematics proficiency plans adopted under
10 Section 11.185.

11 ARTICLE 3. CONFORMING CHANGES

12 SECTION 3.001. Section 7.028(a), Education Code, is amended
13 to read as follows:

14 (a) Except as provided by Section 29.001(5), 29.010(a), or
15 39.057, the agency may monitor compliance with requirements
16 applicable to a process or program provided by a school district,
17 campus, program, or school granted charters under Chapter 12,
18 including the process described by Subchapter F, Chapter 11, or a
19 program described by Subchapter B, C, D, E, F, H, or I, Chapter 29,
20 Subchapter A, Chapter 37, or Section 38.003, and the use of funds
21 provided for such a program under Subchapter C or D, Chapter 48
22 [42], only as necessary to ensure:

23 (1) compliance with federal law and regulations;

24 (2) financial accountability, including compliance
25 with grant requirements; and

26 (3) data integrity for purposes of:

27 (A) the Public Education Information Management

1 System (PEIMS); and

2 (B) accountability under Chapters 39 and 39A.

3 SECTION 3.002. Sections 7.055(b)(34) and (35), Education
4 Code, are amended to read as follows:

5 (34) The commissioner shall perform duties in
6 connection with the options for local revenue levels in excess of
7 entitlement [~~equalized wealth level~~] under Chapter 49 [~~41~~].

8 (35) The commissioner shall perform duties in
9 connection with the Foundation School Program as prescribed by
10 Chapter 48 [~~42~~].

11 SECTION 3.003. Sections 7.062(a) and (c), Education Code,
12 are amended to read as follows:

13 (a) In this section, "wealth per student" means a school
14 district's taxable value of property as determined under Subchapter
15 M, Chapter 403, Government Code, or, if applicable, Section 48.258
16 [~~42.2521~~], divided by the district's average daily attendance as
17 determined under Section 48.005 [~~42.005~~].

18 (c) Except as otherwise provided by this subsection, if the
19 commissioner certifies that the amount appropriated for a state
20 fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds
21 the amount to which school districts are entitled under those
22 subchapters for that year, the commissioner shall use the excess
23 funds, in an amount not to exceed \$20 million in any state fiscal
24 year, for the purpose of making grants under this section. The use
25 of excess funds under this subsection has priority over any
26 provision of Chapter 48 [~~42~~] that permits or directs the use of
27 excess foundation school program funds, including Sections

1 ~~[42.2517,]~~ 48.258 ~~[42.2521]~~, 48.259 ~~[42.2522]~~, and 48.267
2 ~~[42.2531]~~. The commissioner is required to use excess funds as
3 provided by this subsection only if the commissioner is not
4 required to reduce the total amount of state funds allocated to
5 school districts under Section 48.266(f) ~~[42.253(h)]~~.

6 SECTION 3.004. Section 7.102(c)(30), Education Code, is
7 amended to read as follows:

8 (30) The board shall perform duties in connection with
9 the Foundation School Program as prescribed by Chapter 48 ~~[42]~~.

10 SECTION 3.005. Section 8.051(d), Education Code, is amended
11 to read as follows:

12 (d) Each regional education service center shall maintain
13 core services for purchase by school districts and campuses. The
14 core services are:

15 (1) training and assistance in:

16 (A) teaching each subject area assessed under
17 Section 39.023; and

18 (B) providing instruction in personal financial
19 literacy as required under Section 28.0021;

20 (2) training and assistance in providing a gifted and
21 talented program and each program that qualifies for a funding
22 allotment under Section 48.102 ~~[42.151]~~, 48.104 ~~[42.152]~~, or 48.105
23 ~~[42.153, or 42.156]~~;

24 (3) assistance specifically designed for a school
25 district or campus assigned an unacceptable performance rating
26 under Section 39.054;

27 (4) training and assistance to teachers,

1 administrators, members of district boards of trustees, and members
2 of site-based decision-making committees;

3 (5) assistance specifically designed for a school
4 district that is considered out of compliance with state or federal
5 special education requirements, based on the agency's most recent
6 compliance review of the district's special education programs; and

7 (6) assistance in complying with state laws and rules.

8 SECTION 3.006. Section 8.056, Education Code, is amended to
9 read as follows:

10 Sec. 8.056. LIMITATION ON COMPENSATION FOR CERTAIN
11 SERVICES. A regional education service center that acts as a fiscal
12 agent or broker in connection with an agreement between two school
13 districts under Subchapter E, Chapter 49 [~~41~~], may not, unless
14 authorized in writing by the district receiving transferred funds
15 in accordance with the agreement:

16 (1) be compensated by the districts in an amount that
17 exceeds the administrative cost of providing the service; or

18 (2) otherwise retain for use by the center any amount
19 other than the compensation permitted under Subdivision (1) from
20 the funds transferred between the districts in accordance with the
21 agreement.

22 SECTION 3.007. Section 11.158(a), Education Code, is
23 amended to read as follows:

24 (a) The board of trustees of an independent school district
25 may require payment of:

26 (1) a fee for materials used in any program in which
27 the resultant product in excess of minimum requirements becomes, at

1 the student's option, the personal property of the student, if the
2 fee does not exceed the cost of materials;

3 (2) membership dues in student organizations or clubs
4 and admission fees or charges for attending extracurricular
5 activities, if membership or attendance is voluntary;

6 (3) a security deposit for the return of materials,
7 supplies, or equipment;

8 (4) a fee for personal physical education and athletic
9 equipment and apparel, although any student may provide the
10 student's own equipment or apparel if it meets reasonable
11 requirements and standards relating to health and safety
12 established by the board;

13 (5) a fee for items of personal use or products that a
14 student may purchase at the student's option, such as student
15 publications, class rings, annuals, and graduation announcements;

16 (6) a fee specifically permitted by any other statute;

17 (7) a fee for an authorized voluntary student health
18 and accident benefit plan;

19 (8) a reasonable fee, not to exceed the actual annual
20 maintenance cost, for the use of musical instruments and uniforms
21 owned or rented by the district;

22 (9) a fee for items of personal apparel that become the
23 property of the student and that are used in extracurricular
24 activities;

25 (10) a parking fee or a fee for an identification card;

26 (11) a fee for a driver training course, not to exceed
27 the actual district cost per student in the program for the current

1 school year;

2 (12) a fee for a course offered for credit that
3 requires the use of facilities not available on the school premises
4 or the employment of an educator who is not part of the school's
5 regular staff, if participation in the course is at the student's
6 option;

7 (13) a fee for a course offered during summer school,
8 except that the board may charge a fee for a course required for
9 graduation only if the course is also offered without a fee during
10 the regular school year;

11 (14) a reasonable fee for transportation of a student
12 who lives within two miles of the school the student attends to and
13 from that school, except that the board may not charge a fee for
14 transportation for which the school district receives funds under
15 Section 48.151(d) [~~42.155(d)~~];

16 (15) a reasonable fee, not to exceed \$50, for costs
17 associated with an educational program offered outside of regular
18 school hours through which a student who was absent from class
19 receives instruction voluntarily for the purpose of making up the
20 missed instruction and meeting the level of attendance required
21 under Section 25.092; or

22 (16) if the district does not receive any funds under
23 Section 48.151 [~~42.155~~] and does not participate in a county
24 transportation system for which an allotment is provided under
25 Section 48.151(i) [~~42.155(i)~~], a reasonable fee for the
26 transportation of a student to and from the school the student
27 attends.

1 SECTION 3.008. Section 11.174(a), Education Code, is
2 amended to read as follows:

3 (a) A school district campus qualifies for an exemption from
4 intervention as provided by Subsection (f) and qualifies for
5 funding as provided by Section 48.252 [~~42.2511~~] if the board of
6 trustees of the district contracts to partner to operate the
7 district campus as provided by this section with:

8 (1) the governing body of an open-enrollment charter
9 school; or

10 (2) on approval by the commissioner, an entity granted
11 a charter by the district under Subchapter C, Chapter 12, that is
12 eligible to be awarded a charter under Section 12.101(a).

13 SECTION 3.009. Section 12.013(b), Education Code, is
14 amended to read as follows:

15 (b) A home-rule school district is subject to:

16 (1) a provision of this title establishing a criminal
17 offense;

18 (2) a provision of this title relating to limitations
19 on liability; and

20 (3) a prohibition, restriction, or requirement, as
21 applicable, imposed by this title or a rule adopted under this
22 title, relating to:

23 (A) the Public Education Information Management
24 System (PEIMS) to the extent necessary to monitor compliance with
25 this subchapter as determined by the commissioner;

26 (B) educator certification under Chapter 21 and
27 educator rights under Sections 21.407, 21.408, and 22.001;

- 1 (C) criminal history records under Subchapter C,
2 Chapter 22;
- 3 (D) student admissions under Section 25.001;
- 4 (E) school attendance under Sections 25.085,
5 25.086, and 25.087;
- 6 (F) inter-district or inter-county transfers of
7 students under Subchapter B, Chapter 25;
- 8 (G) elementary class size limits under Section
9 25.112, in the case of any campus in the district that fails to
10 satisfy any standard under Section 39.054(e);
- 11 (H) high school graduation under Section 28.025;
- 12 (I) special education programs under Subchapter
13 A, Chapter 29;
- 14 (J) bilingual education under Subchapter B,
15 Chapter 29;
- 16 (K) prekindergarten programs under Subchapter E,
17 Chapter 29;
- 18 (L) safety provisions relating to the
19 transportation of students under Sections 34.002, 34.003, 34.004,
20 and 34.008;
- 21 (M) computation and distribution of state aid
22 under Chapters 31, ~~42, and~~ 43, and 48;
- 23 (N) extracurricular activities under Section
24 33.081;
- 25 (O) health and safety under Chapter 38;
- 26 (P) public school accountability under
27 Subchapters B, C, D, and J, Chapter 39, and Chapter 39A;

1 (Q) options for local revenue levels in excess of
2 entitlement [~~equalized wealth~~] under Chapter 49 [41];

3 (R) a bond or other obligation or tax rate under
4 Chapters [~~42, 43, and 45~~], 43, 45, and 48; and

5 (S) purchasing under Chapter 44.

6 SECTION 3.010. Section 12.029(b), Education Code, is
7 amended to read as follows:

8 (b) Except as provided by Subchapter H, Chapter 49 [41], if
9 two or more school districts having different status, one of which
10 is home-rule school district status, consolidate into a single
11 district, the petition under Section 13.003 initiating the
12 consolidation must state the status for the consolidated district.
13 The ballot shall be printed to permit voting for or against the
14 proposition: "Consolidation of (names of school districts) into a
15 single school district governed as (status of school district
16 specified in the petition)."

17 SECTION 3.011. Section 13.051(c), Education Code, is
18 amended to read as follows:

19 (c) Territory that does not have residents may be detached
20 from a school district and annexed to another school district if:

21 (1) the total taxable value of the property in the
22 territory according to the most recent certified appraisal roll for
23 each school district is not greater than:

24 (A) five percent of the district's taxable value
25 of all property in that district as determined under Subchapter M,
26 Chapter 403, Government Code; and

27 (B) \$5,000 property value per student in average

1 daily attendance as determined under Section 48.005 [~~42.005~~]; and

2 (2) the school district from which the property will
3 be detached does not own any real property located in the territory.

4 SECTION 3.012. Sections 13.054(f) and (i), Education Code,
5 are amended to read as follows:

6 (f) For five years beginning with the school year in which
7 the annexation occurs, a school district shall receive additional
8 funding under this subsection or Subsection (h). The amount of
9 funding shall be determined by multiplying the lesser of the
10 enlarged district's local fund assignment computed under Section
11 48.256 [~~42.252~~] or the enlarged district's total cost of tier one by
12 a fraction, the numerator of which is the number of students
13 residing in the territory annexed to the receiving district
14 preceding the date of the annexation and the denominator of which is
15 the number of students residing in the district as enlarged on the
16 date of the annexation.

17 (i) The funding provided under Subsection (f), (g), or (h)
18 is in addition to other funding the district receives through other
19 provisions of this code, including Chapters 48 [~~41~~] and 49 [~~42~~].

20 SECTION 3.013. Sections 13.282(a) and (b), Education Code,
21 are amended to read as follows:

22 (a) The amount of incentive aid payments may not exceed the
23 difference between:

24 (1) the sum of the entitlements computed under Section
25 48.266 [~~42.253~~] that would have been paid to the districts included
26 in the reorganized district if the districts had not been
27 consolidated; and

1 (c); and

2 "FS" is the amount, as determined by the commissioner under
3 Subsection (b), of the basic allotment as provided by Section
4 48.051(a) [~~42.101(a)~~] or (b) for a school district with a
5 maintenance and operations tax rate at least equal to the state
6 maximum compressed tax rate, as defined by Section 48.051(a)
7 [~~42.101(a)~~].

8 SECTION 3.016. Section 21.4021(a), Education Code, is
9 amended to read as follows:

10 (a) Notwithstanding Section 21.401 and subject to Section
11 21.4022, the board of trustees of a school district may, in
12 accordance with district policy, implement a furlough program and
13 reduce the number of days of service otherwise required under
14 Section 21.401 by not more than six days of service during a school
15 year if the commissioner certifies in accordance with Section
16 48.010 [~~42.009~~] that the district will be provided with less state
17 and local funding for that year than was provided to the district
18 for the 2010-2011 school year.

19 SECTION 3.017. Section 21.410(h), Education Code, is
20 amended to read as follows:

21 (h) A grant a school district receives under this section is
22 in addition to any funding the district receives under Chapter 48
23 [~~42~~]. The commissioner shall distribute funds under this section
24 with the Foundation School Program payment to which the district is
25 entitled as soon as practicable after the end of the school year as
26 determined by the commissioner. A district to which Chapter 49 [~~41~~]
27 applies is entitled to the grants paid under this section. The

1 commissioner shall determine the timing of the distribution of
2 grants to a district that does not receive Foundation School
3 Program payments.

4 SECTION 3.018. Section 21.411(h), Education Code, is
5 amended to read as follows:

6 (h) A grant a school district receives under this section is
7 in addition to any funding the district receives under Chapter 48
8 [42]. The commissioner shall distribute funds under this section
9 with the Foundation School Program payment to which the district is
10 entitled as soon as practicable after the end of the school year as
11 determined by the commissioner. A district to which Chapter 49 [41]
12 applies is entitled to the grants paid under this section. The
13 commissioner shall determine the timing of the distribution of
14 grants to a district that does not receive Foundation School
15 Program payments.

16 SECTION 3.019. Section 21.412(h), Education Code, is
17 amended to read as follows:

18 (h) A grant a school district receives under this section is
19 in addition to any funding the district receives under Chapter 48
20 [42]. The commissioner shall distribute funds under this section
21 with the Foundation School Program payment to which the district is
22 entitled as soon as practicable after the end of the school year as
23 determined by the commissioner. A district to which Chapter 49 [41]
24 applies is entitled to the grants paid under this section. The
25 commissioner shall determine the timing of the distribution of
26 grants to a district that does not receive Foundation School
27 Program payments.

1 SECTION 3.020. Section 21.413(h), Education Code, is
2 amended to read as follows:

3 (h) A grant a school district receives under this section is
4 in addition to any funding the district receives under Chapter 48
5 [~~42~~]. The commissioner shall distribute funds under this section
6 with the Foundation School Program payment to which the district is
7 entitled as soon as practicable after the end of the school year as
8 determined by the commissioner. A district to which Chapter 49 [~~41~~]
9 applies is entitled to the grants paid under this section. The
10 commissioner shall determine the timing of the distribution of
11 grants to a district that does not receive Foundation School
12 Program payments.

13 SECTION 3.021. Section 25.001(a), Education Code, is
14 amended to read as follows:

15 (a) A person who, on the first day of September of any school
16 year, is at least five years of age and under 21 years of age, or is
17 at least 21 years of age and under 26 years of age and is admitted by
18 a school district to complete the requirements for a high school
19 diploma is entitled to the benefits of the available school fund for
20 that year. Any other person enrolled in a prekindergarten class
21 under Section 29.153 [~~or Subchapter E-1, Chapter 29,~~] is entitled
22 to the benefits of the available school fund.

23 SECTION 3.022. Section 25.008(b), Education Code, is
24 amended to read as follows:

25 (b) Subsection (a) does not apply to enrollment in a program
26 under Section 29.088 or [~~7~~] 29.090 [~~7~~, ~~or 29.098~~] or in a similar
27 intensive program.

1 SECTION 3.023. Section 25.081(e), Education Code, is
2 amended to read as follows:

3 (e) A school district or education program is exempt from
4 the minimum minutes of operation requirement if the district's or
5 program's average daily attendance is calculated under Section
6 48.005(j) [~~42.005(j)~~].

7 SECTION 3.024. Section 25.081(f), Education Code, as added
8 by Chapter 851 (H.B. 2442), Acts of the 85th Legislature, Regular
9 Session, 2017, is amended to read as follows:

10 (f) The commissioner may proportionally reduce the amount
11 of funding a district receives under Chapter [~~41, 42, or~~ 46, 48, or
12 49 and the average daily attendance calculation for the district if
13 the district operates on a calendar that provides fewer minutes of
14 operation than required under Subsection (a).

15 SECTION 3.025. Sections 25.112(a) and (b), Education Code,
16 are amended to read as follows:

17 (a) Except as otherwise authorized by this section, a school
18 district may not enroll more than 22 students in a kindergarten,
19 first, second, third, or fourth grade class. That limitation does
20 not apply during:

21 (1) any 12-week period of the school year selected by
22 the district, in the case of a district whose average daily
23 attendance is adjusted under Section 48.005(c) [~~42.005(c)~~]; or

24 (2) the last 12 weeks of any school year in the case of
25 any other district.

26 (b) Not later than the 30th day after the first day of the
27 12-week period for which a district whose average daily attendance

1 is adjusted under Section 48.005(c) [~~42.005(c)~~] is claiming an
2 exemption under Subsection (a), the district shall notify the
3 commissioner in writing that the district is claiming an exemption
4 for the period stated in the notice.

5 SECTION 3.026. Section 28.0061(b), Education Code, is
6 amended to read as follows:

7 (b) A school district is eligible to participate in the
8 pilot program if, as determined by the commissioner, the district
9 has low student performance on:

10 (1) a reading instrument administered in accordance
11 with Section 28.006(c) or (c-2); or

12 (2) a third grade reading assessment instrument
13 administered under Section 39.023(a).

14 SECTION 3.027. Section 28.0211(m-1), Education Code, is
15 amended to read as follows:

16 (m-1) For purposes of certification under Subsection (m),
17 the commissioner may not consider Foundation School Program funds
18 except for compensatory education funds under Section 48.104
19 [~~42.152~~]. This section may be implemented only if the commissioner
20 certifies that sufficient funds have been appropriated during a
21 school year for administering the accelerated instruction programs
22 specified under this section and Section 28.0217, including teacher
23 training for that purpose.

24 SECTION 3.028. Section 29.001, Education Code, is amended
25 to read as follows:

26 Sec. 29.001. STATEWIDE PLAN. The agency shall develop, and
27 modify as necessary, a statewide design, consistent with federal

1 law, for the delivery of services to children with disabilities in
2 this state that includes rules for the administration and funding
3 of the special education program so that a free appropriate public
4 education is available to all of those children between the ages of
5 three and 21. The statewide design shall include the provision of
6 services primarily through school districts and shared services
7 arrangements, supplemented by regional education service
8 centers. The agency shall also develop and implement a statewide
9 plan with programmatic content that includes procedures designed
10 to:

11 (1) ensure state compliance with requirements for
12 supplemental federal funding for all state-administered programs
13 involving the delivery of instructional or related services to
14 students with disabilities;

15 (2) facilitate interagency coordination when other
16 state agencies are involved in the delivery of instructional or
17 related services to students with disabilities;

18 (3) periodically assess statewide personnel needs in
19 all areas of specialization related to special education and pursue
20 strategies to meet those needs through a consortium of
21 representatives from regional education service centers, local
22 education agencies, and institutions of higher education and
23 through other available alternatives;

24 (4) ensure that regional education service centers
25 throughout the state maintain a regional support function, which
26 may include direct service delivery and a component designed to
27 facilitate the placement of students with disabilities who cannot

1 be appropriately served in their resident districts;

2 (5) allow the agency to effectively monitor and
3 periodically conduct site visits of all school districts to ensure
4 that rules adopted under this section are applied in a consistent
5 and uniform manner, to ensure that districts are complying with
6 those rules, and to ensure that annual statistical reports filed by
7 the districts and not otherwise available through the Public
8 Education Information Management System under Sections 48.008 and
9 48.009 [~~Section 42.006~~] are accurate and complete;

10 (6) ensure that appropriately trained personnel are
11 involved in the diagnostic and evaluative procedures operating in
12 all districts and that those personnel routinely serve on district
13 admissions, review, and dismissal committees;

14 (7) ensure that an individualized education program
15 for each student with a disability is properly developed,
16 implemented, and maintained in the least restrictive environment
17 that is appropriate to meet the student's educational needs;

18 (8) ensure that, when appropriate, each student with a
19 disability is provided an opportunity to participate in career and
20 technology and physical education classes, in addition to
21 participating in regular or special classes;

22 (9) ensure that each student with a disability is
23 provided necessary related services;

24 (10) ensure that an individual assigned to act as a
25 surrogate parent for a child with a disability, as provided by 20
26 U.S.C. Section 1415(b), is required to:

27 (A) complete a training program that complies

1 with minimum standards established by agency rule;

2 (B) visit the child and the child's school;

3 (C) consult with persons involved in the child's
4 education, including teachers, caseworkers, court-appointed
5 volunteers, guardians ad litem, attorneys ad litem, foster parents,
6 and caretakers;

7 (D) review the child's educational records;

8 (E) attend meetings of the child's admission,
9 review, and dismissal committee;

10 (F) exercise independent judgment in pursuing
11 the child's interests; and

12 (G) exercise the child's due process rights under
13 applicable state and federal law; and

14 (11) ensure that each district develops a process to
15 be used by a teacher who instructs a student with a disability in a
16 regular classroom setting:

17 (A) to request a review of the student's
18 individualized education program;

19 (B) to provide input in the development of the
20 student's individualized education program;

21 (C) that provides for a timely district response
22 to the teacher's request; and

23 (D) that provides for notification to the
24 student's parent or legal guardian of that response.

25 SECTION 3.029. Section 29.002, Education Code, is amended
26 to read as follows:

27 Sec. 29.002. DEFINITION. In this subchapter, "special

1 services" means:

2 (1) special education instruction, which may be
3 provided by professional and supported by paraprofessional
4 personnel in the regular classroom or in an instructional
5 arrangement described by Section 48.102 [~~42.151~~]; and

6 (2) related services, which are developmental,
7 corrective, supportive, or evaluative services, not instructional
8 in nature, that may be required for the student to benefit from
9 special education instruction and for implementation of a student's
10 individualized education program.

11 SECTION 3.030. Section 29.008(b), Education Code, is
12 amended to read as follows:

13 (b) Except as provided by Subsection (c), costs of an
14 approved contract for residential placement may be paid from a
15 combination of federal, state, and local funds. The local share of
16 the total contract cost for each student is that portion of the
17 local tax effort that exceeds the district's local fund assignment
18 under Section 48.256 [~~42.252~~], divided by the average daily
19 attendance in the district. If the contract involves a private
20 facility, the state share of the total contract cost is that amount
21 remaining after subtracting the local share. If the contract
22 involves a public facility, the state share is that amount
23 remaining after subtracting the local share from the portion of the
24 contract that involves the costs of instructional and related
25 services. For purposes of this subsection, "local tax effort"
26 means the total amount of money generated by taxes imposed for debt
27 service and maintenance and operation less any amounts paid into a

1 tax increment fund under Chapter 311, Tax Code.

2 SECTION 3.031. Section 29.014(d), Education Code, is
3 amended to read as follows:

4 (d) The basic allotment for a student enrolled in a district
5 to which this section applies is adjusted by[+]

6 [~~(1) the cost of education adjustment under Section~~
7 ~~42.102 for the school district in which the district is~~
8 ~~geographically located; and~~

9 [(2)] the weight for a homebound student under Section
10 48.102(a) [~~42.151(a)~~].

11 SECTION 3.032. Section 29.018(b), Education Code, is
12 amended to read as follows:

13 (b) A school district is eligible to apply for a grant under
14 this section if:

15 (1) the district does not receive sufficient funds,
16 including state funds provided under Section 48.102 [~~42.151~~] and
17 federal funds, for a student with disabilities to pay for the
18 special education services provided to the student; or

19 (2) the district does not receive sufficient funds,
20 including state funds provided under Section 48.102 [~~42.151~~] and
21 federal funds, for all students with disabilities in the district
22 to pay for the special education services provided to the students.

23 SECTION 3.033. Section 29.022(u)(3), Education Code, is
24 amended to read as follows:

25 (3) "Self-contained classroom" does not include a
26 classroom that is a resource room instructional arrangement under
27 Section 48.102 [~~42.151~~].

1 SECTION 3.034. Section 29.081(b-2), Education Code, is
2 amended to read as follows:

3 (b-2) A district that is required to provide accelerated
4 instruction under Subsection (b-1) shall separately budget
5 sufficient funds, including funds under Section 48.104 [42.152],
6 for that purpose. [~~A district may not budget funds received under
7 Section 42.152 for any other purpose until the district adopts a
8 budget to support additional accelerated instruction under
9 Subsection (b-1).~~]

10 SECTION 3.035. Section 29.082(a), Education Code, is
11 amended to read as follows:

12 (a) A school district may set aside an amount from the
13 district's allotment under Section 48.104 [42.152] or may apply to
14 the agency for funding of an extended year program for a period not
15 to exceed 30 instructional days for students in:

16 (1) kindergarten through grade 11 who are identified
17 as likely not to be promoted to the next grade level for the
18 succeeding school year; or

19 (2) grade 12 who are identified as likely not to
20 graduate from high school before the beginning of the succeeding
21 school year.

22 SECTION 3.036. Section 29.086(e), Education Code, is
23 amended to read as follows:

24 (e) The amount of a grant under this section must take into
25 account funds distributed to the school district under Chapter 48
26 [42].

27 SECTION 3.037. Sections 29.087(h) and (j), Education Code,

1 are amended to read as follows:

2 (h) A student who has received a high school equivalency
3 certificate is entitled to enroll in a public school as authorized
4 by Section 25.001 and is entitled to the benefits of the Foundation
5 School Program under Section 48.003 [~~42.003~~] in the same manner as
6 any other student who has not received a high school diploma.

7 (j) For purposes of funding under Chapters [~~41, 42, and~~] 46,
8 48, and 49, a student attending a program authorized by this section
9 may be counted in attendance only for the actual number of hours
10 each school day the student attends the program, in accordance with
11 Section 25.081.

12 SECTION 3.038. Section 29.089(b), Education Code, is
13 amended to read as follows:

14 (b) The commissioner, in consultation with the governor,
15 lieutenant governor, and speaker of the house of representatives,
16 by rule shall determine accountability standards under this section
17 for a school district providing a mentoring services program using
18 funds allocated under Section 48.104 [~~42.152~~].

19 SECTION 3.039. Sections 29.203(b) and (c), Education Code,
20 are amended to read as follows:

21 (b) A school district is entitled to the allotment provided
22 by Section 48.107 [~~42.157~~] for each eligible student using a public
23 education grant. If the district has a local revenue level [~~wealth~~
24 ~~per student~~] greater than the guaranteed local revenue [~~wealth~~
25 level but less than the [~~equalized wealth~~] level established under
26 Section 48.257, a school district is entitled under rules adopted
27 by the commissioner to additional state aid in an amount equal to

1 the difference between the cost to the district of providing
2 services to a student using a public education grant and the sum of
3 the state aid received because of the allotment under Section
4 48.107 [~~42.157~~] and money from the available school fund
5 attributable to the student.

6 (c) A school district is entitled to additional facilities
7 assistance under Section 48.301 [~~42.4101~~] if the district agrees
8 to:

9 (1) accept a number of students using public education
10 grants that is at least one percent of the district's average daily
11 attendance for the preceding school year; and

12 (2) provide services to each student until the student
13 either voluntarily decides to attend a school in a different
14 district or graduates from high school.

15 SECTION 3.040. Section 29.203(g)(2), Education Code, is
16 amended to read as follows:

17 (2) "Guaranteed local revenue [~~wealth~~] level" means a
18 local revenue level [~~wealth per student~~] equal to the dollar amount
19 guaranteed level of state and local funds per weighted student per
20 cent of tax effort, as provided by Section 48.202 [~~42.302~~],
21 multiplied by 10,000.

22 SECTION 3.041. Section 29.403(b), Education Code, is
23 amended to read as follows:

24 (b) A student who is enrolled in a program under this
25 subchapter is included in determining the average daily attendance
26 under Section 48.005 [~~42.005~~] of the partnering school district.

27 SECTION 3.042. Sections 29.918(a) and (b), Education Code,

1 are amended to read as follows:

2 (a) Notwithstanding Section 48.104 [~~39.234~~ or ~~42.152~~], a
3 school district or open-enrollment charter school with a high
4 dropout rate, as determined by the commissioner, must submit a plan
5 to the commissioner describing the manner in which the district or
6 charter school intends to use the compensatory education allotment
7 under Section 48.104 [~~42.152~~ and the high school allotment under
8 ~~Section 42.160~~] for developing and implementing research-based
9 strategies for dropout prevention. The district or charter school
10 shall submit the plan not later than December 1 of each school year
11 preceding the school year in which the district or charter school
12 will receive the compensatory education allotment [~~or high school~~
13 ~~allotment~~] to which the plan applies.

14 (b) A school district or open-enrollment charter school to
15 which this section applies may not spend or obligate more than 25
16 percent of the district's or charter school's compensatory
17 education allotment [~~or high school allotment~~] unless the
18 commissioner approves the plan submitted under Subsection
19 (a). The commissioner shall complete an initial review of the
20 district's or charter school's plan not later than March 1 of the
21 school year preceding the school year in which the district or
22 charter school will receive the compensatory education allotment
23 [~~or high school allotment~~] to which the plan applies.

24 SECTION 3.043. Section 30A.002(a), Education Code, is
25 amended to read as follows:

26 (a) A student is eligible to enroll in a course provided
27 through the state virtual school network only if the student:

- 1 (1) on September 1 of the school year:
- 2 (A) is younger than 21 years of age; or
- 3 (B) is younger than 26 years of age and entitled
- 4 to the benefits of the Foundation School Program under Section
- 5 48.003 [~~42.003~~];
- 6 (2) has not graduated from high school; and
- 7 (3) is otherwise eligible to enroll in a public school
- 8 in this state.

9 SECTION 3.044. Section 30A.153(a), Education Code, is

10 amended to read as follows:

11 (a) Subject to the limitation imposed under Subsection

12 (a-1), a school district or open-enrollment charter school in which

13 a student is enrolled is entitled to funding under Chapter 48 [~~42~~]

14 or in accordance with the terms of a charter granted under Section

15 12.101 for the student's enrollment in an electronic course offered

16 through the state virtual school network in the same manner that the

17 district or school is entitled to funding for the student's

18 enrollment in courses provided in a traditional classroom setting,

19 provided that the student successfully completes the electronic

20 course.

21 SECTION 3.045. Section 34.002(c), Education Code, is

22 amended to read as follows:

23 (c) A school district that fails or refuses to meet the

24 safety standards for school buses established under this section is

25 ineligible to share in the transportation allotment under Section

26 48.151 [~~42.155~~] until the first anniversary of the date the

27 district begins complying with the safety standards.

1 SECTION 3.046. Section 37.0061, Education Code, is amended
2 to read as follows:

3 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
4 JUVENILE RESIDENTIAL FACILITIES. A school district that provides
5 education services to pre-adjudicated and post-adjudicated
6 students who are confined by court order in a juvenile residential
7 facility operated by a juvenile board is entitled to count such
8 students in the district's average daily attendance for purposes of
9 receipt of state funds under the Foundation School Program. If the
10 district has a local revenue level [~~wealth per student~~] greater
11 than the guaranteed local revenue [~~wealth~~] level but less than the
12 [~~equalized wealth~~] level established under Section 48.257, the
13 district in which the student is enrolled on the date a court orders
14 the student to be confined to a juvenile residential facility shall
15 transfer to the district providing education services an amount
16 equal to the difference between the average Foundation School
17 Program costs per student of the district providing education
18 services and the sum of the state aid and the money from the
19 available school fund received by the district that is attributable
20 to the student for the portion of the school year for which the
21 district provides education services to the student.

22 SECTION 3.047. Section 37.011(h), Education Code, is
23 amended to read as follows:

24 (h) Academically, the mission of juvenile justice
25 alternative education programs shall be to enable students to
26 perform at grade level. For purposes of accountability under
27 Chapters 39 and 39A, a student enrolled in a juvenile justice

1 alternative education program is reported as if the student were
2 enrolled at the student's assigned campus in the student's
3 regularly assigned education program, including a special
4 education program. Annually the Texas Juvenile Justice
5 Department, with the agreement of the commissioner, shall develop
6 and implement a system of accountability consistent with Chapters
7 39 and 39A, where appropriate, to assure that students make
8 progress toward grade level while attending a juvenile justice
9 alternative education program. The department shall adopt rules
10 for the distribution of funds appropriated under this section to
11 juvenile boards in counties required to establish juvenile justice
12 alternative education programs. Except as determined by the
13 commissioner, a student served by a juvenile justice alternative
14 education program on the basis of an expulsion required under
15 Section 37.007(a), (d), or (e) is not eligible for Foundation
16 School Program funding under Chapter [~~42 or~~ 31 or 48 if the
17 juvenile justice alternative education program receives funding
18 from the department under this subchapter.

19 SECTION 3.048. Section 39.0233(a), Education Code, is
20 amended to read as follows:

21 (a) The agency, in coordination with the Texas Higher
22 Education Coordinating Board, shall adopt a series of questions to
23 be included in an end-of-course assessment instrument administered
24 under Section 39.023(c) to be used for purposes of Subchapter F-1,
25 Chapter 51. The questions adopted under this subsection must be
26 developed in a manner consistent with any college readiness
27 standards adopted under [~~Section 39.233 and~~] Subchapter F-1,

1 Chapter 51.

2 SECTION 3.049. Section 39.027(f), Education Code, is
3 amended to read as follows:

4 (f) In this section, "average daily attendance" is computed
5 in the manner provided by Section 48.005 [~~42.005~~].

6 SECTION 3.050. Section 39.408, Education Code, is amended
7 to read as follows:

8 Sec. 39.408. ELIGIBILITY CRITERIA FOR CERTAIN GRANT
9 PROGRAMS. A school district or campus is eligible to participate in
10 programs under Sections 21.4541, 29.095, and 29.096 [~~, 29.097, and~~
11 ~~29.098~~] if the district or campus exhibited during each of the three
12 preceding school years characteristics that strongly correlate
13 with high dropout rates.

14 SECTION 3.051. Section 39.413, Education Code, is amended
15 to read as follows:

16 Sec. 39.413. FUNDING FOR CERTAIN PROGRAMS. (a) From funds
17 appropriated, the Texas Higher Education Coordinating Board shall
18 allocate \$8.75 million each year to establish mathematics, science,
19 and technology teacher preparation academies under Section
20 61.0766 [~~, provide funding to the commissioner of education to~~
21 ~~implement and administer the program under Section 29.098,~~] and
22 award grants under Section 61.0762(a)(3).

23 (b) The Texas Higher Education Coordinating Board shall
24 establish mathematics, science, and technology teacher preparation
25 academies under Section 61.0766 [~~, provide funding to the~~
26 ~~commissioner of education to implement and administer the program~~
27 ~~under Section 29.098,~~] and award grants under Section 61.0762(a)(3)

1 in a manner consistent with the goals of this subchapter and the
2 goals in "Closing the Gaps," the state's master plan for higher
3 education.

4 SECTION 3.052. Section 39A.903, Education Code, is amended
5 to read as follows:

6 Sec. 39A.903. COSTS PAID BY SCHOOL DISTRICT. The costs of
7 providing a monitor, conservator, management team, campus
8 intervention team, technical assistance team, managing entity, or
9 service provider under this chapter shall be paid by the school
10 district. If the district fails or refuses to pay the costs in a
11 timely manner, the commissioner may:

12 (1) pay the costs using amounts withheld from any
13 funds to which the district is otherwise entitled; or

14 (2) recover the amount of the costs in the manner
15 provided for recovery of an overallocation of state funds under
16 Section 48.272 [~~42.258~~].

17 SECTION 3.053. Section 43.002(b), Education Code, is
18 amended to read as follows:

19 (b) Of the amounts available for transfer from the general
20 revenue fund to the available school fund for the months of January
21 and February of each fiscal year, no more than the amount necessary
22 to enable the comptroller to distribute from the available school
23 fund an amount equal to 9-1/2 percent of the estimated annual
24 available school fund apportionment to category 1 school districts,
25 as defined by Section 48.273 [~~42.259~~], and 3-1/2 percent of the
26 estimated annual available school fund apportionment to category 2
27 school districts, as defined by Section 48.273 [~~42.259~~], may be

1 transferred from the general revenue fund to the available school
2 fund. Any remaining amount that would otherwise be available for
3 transfer for the months of January and February shall be
4 transferred from the general revenue fund to the available school
5 fund in equal amounts in June and in August of the same fiscal year.

6 SECTION 3.054. Section 44.0011, Education Code, is amended
7 to read as follows:

8 Sec. 44.0011. FISCAL YEAR. The fiscal year of a school
9 district begins on July 1 or September 1 of each year, as determined
10 by the board of trustees of the district. The commissioner may adopt
11 rules concerning the submission of information by a district under
12 Chapter 39, 39A, or 48 [~~42~~] based on the fiscal year of the
13 district.

14 SECTION 3.055. Section 44.004(c), Education Code, is
15 amended to read as follows:

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

21 (1) contain a statement in the following form:

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

23 "The (name of school district) will hold a public meeting at
24 (time, date, year) in (name of room, building, physical location,
25 city, state). The purpose of this meeting is to discuss the school
26 district's budget that will determine the tax rate that will be
27 adopted. Public participation in the discussion is invited." The

1 statement of the purpose of the meeting must be in bold type. In
2 reduced type, the notice must state: "The tax rate that is
3 ultimately adopted at this meeting or at a separate meeting at a
4 later date may not exceed the proposed rate shown below unless the
5 district publishes a revised notice containing the same information
6 and comparisons set out below and holds another public meeting to
7 discuss the revised notice.";

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

14 (A) maintenance and operations;

15 (B) debt service; and

16 (C) total expenditures;

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

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

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

27 (A) show in rows the tax rates described by

1 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of
2 property, for columns entitled "Maintenance & Operations,"
3 "Interest & Sinking Fund," and "Total," which is the sum of
4 "Maintenance & Operations" and "Interest & Sinking Fund":

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

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

9 (a) in the case of "Maintenance &
10 Operations," is the tax rate that, when applied to the current
11 taxable value for the district, as certified by the chief appraiser
12 under Section 26.01, Tax Code, and as adjusted to reflect changes
13 made by the chief appraiser as of the time the notice is prepared,
14 would impose taxes in an amount that, when added to state funds to
15 be distributed to the district under Chapter 48 [42], would provide
16 the same amount of maintenance and operations taxes and state funds
17 distributed under Chapter 48 [42] per student in average daily
18 attendance for the applicable school year that was available to the
19 district in the preceding school year; and

20 (b) in the case of "Interest & Sinking
21 Fund," is the tax rate that, when applied to the current taxable
22 value for the district, as certified by the chief appraiser under
23 Section 26.01, Tax Code, and as adjusted to reflect changes made by
24 the chief appraiser as of the time the notice is prepared, and when
25 multiplied by the district's anticipated collection rate, would
26 impose taxes in an amount that, when added to state funds to be
27 distributed to the district under Chapter 46 and any excess taxes

1 collected to service the district's debt during the preceding tax
2 year but not used for that purpose during that year, would provide
3 the amount required to service the district's debt; and

4 (iii) the "Proposed Rate";

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

8 (i) the "Local Revenue per Student," which
9 is computed by multiplying the district's total taxable value of
10 property, as certified by the chief appraiser for the applicable
11 school year under Section 26.01, Tax Code, and as adjusted to
12 reflect changes made by the chief appraiser as of the time the
13 notice is prepared, by the total tax rate, and dividing the product
14 by the number of students in average daily attendance in the
15 district for the applicable school year; and

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

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

27 (6) contain a section entitled "Comparison of Proposed

1 Levy with Last Year's Levy on Average Residence," which must:

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

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

7 (ii) "Average Taxable Value of Residences,"
8 determined after taking into account the limitation on the
9 appraised value of residences under Section 23.23, Tax Code, and
10 after subtracting all homestead exemptions applicable in each year,
11 other than exemptions available only to disabled persons or persons
12 65 years of age or older or their surviving spouses, and using the
13 same group of residences for each year;

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

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

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

23 (7) contain the following statement in bold print:
24 "Under state law, the dollar amount of school taxes imposed on the
25 residence of a person 65 years of age or older or of the surviving
26 spouse of such a person, if the surviving spouse was 55 years of age
27 or older when the person died, may not be increased above the amount

1 paid in the first year after the person turned 65, regardless of
2 changes in tax rate or property value.";

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

10 (9) contain a section entitled "Fund Balances," which
11 must include the estimated amount of interest and sinking fund
12 balances and the estimated amount of maintenance and operation or
13 general fund balances remaining at the end of the current fiscal
14 year that are not encumbered with or by corresponding debt
15 obligation, less estimated funds necessary for the operation of the
16 district before the receipt of the first payment under Chapter 48
17 [42] in the succeeding school year.

18 SECTION 3.056. Section 44.051, Education Code, is amended
19 to read as follows:

20 Sec. 44.051. INTERFERENCE WITH OPERATION OF FOUNDATION
21 SCHOOL PROGRAM. An offense under Section 37.10, Penal Code, is a
22 felony of the third degree if it is shown on trial of the offense
23 that the governmental record was a record, form, report, or budget
24 required under Chapter 48 [42] or rules adopted under that chapter.
25 If the actor's intent is to defraud the state or the public school
26 system, the offense is a felony of the second degree.

27 SECTION 3.057. Section 45.0011(e), Education Code, is

1 amended to read as follows:

2 (e) In this section, average daily attendance is determined
3 in the manner provided by Section 48.005 [~~42.005~~].

4 SECTION 3.058. Sections 45.0031(b) and (c), Education Code,
5 are amended to read as follows:

6 (b) A district may demonstrate the ability to comply with
7 Subsection (a) by using the most recent taxable value of property in
8 the district, combined with state assistance to which the district
9 is entitled under Chapter [~~42 or~~] 46 or 48 that may be lawfully used
10 for the payment of bonds.

11 (c) A district may demonstrate the ability to comply with
12 Subsection (a) by using a projected future taxable value of
13 property in the district anticipated for the earlier of the tax year
14 five years after the current tax year or the tax year in which the
15 final payment is due for the bonds submitted to the attorney
16 general, combined with state assistance to which the district is
17 entitled under Chapter [~~42 or~~] 46 or 48 that may be lawfully used
18 for the payment of bonds. The district must submit to the attorney
19 general a certification of the district's projected taxable value
20 of property that is prepared by a registered professional appraiser
21 certified under Chapter 1151, Occupations Code, who has
22 demonstrated professional experience in projecting taxable values
23 of property or who can by contract obtain any necessary assistance
24 from a person who has that experience. To demonstrate the
25 professional experience required by this subsection, a registered
26 professional appraiser must provide to the district written
27 documentation relating to two previous projects for which the

1 appraiser projected taxable values of property. Until the bonds
2 submitted to the attorney general are approved or disapproved, the
3 district must maintain the documentation and on request provide the
4 documentation to the attorney general or comptroller. The
5 certification of the district's projected taxable value of property
6 must be signed by the district's superintendent. The attorney
7 general must base a determination of whether the district has
8 complied with Subsection (a) on a taxable value of property that is
9 equal to 90 percent of the value certified under this subsection.

10 SECTION 3.059. Section 45.251(2), Education Code, is
11 amended to read as follows:

12 (2) "Foundation School Program" means the program
13 established under Chapters [~~41, 42, and~~] 46, 48, and 49, or any
14 successor program of state appropriated funding for school
15 districts in this state.

16 SECTION 3.060. Section 45.259(d), Education Code, is
17 amended to read as follows:

18 (d) If money appropriated for the Foundation School Program
19 is used for purposes of this subchapter and as a result there is
20 insufficient money to fully fund the Foundation School Program, the
21 commissioner shall, to the extent necessary, reduce each school
22 district's foundation school fund allocations, other than any
23 portion appropriated from the available school fund, in the same
24 manner provided by Section 48.266(f) [~~42.253~~(h)] for a case in
25 which school district entitlements exceed the amount
26 appropriated. The following fiscal year, a district's entitlement
27 under Section 48.266 [~~42.253~~] is increased by an amount equal to the

1 reduction under this subsection.

2 SECTION 3.061. Section [45.261\(a\)](#), Education Code, is
3 amended to read as follows:

4 (a) If the commissioner orders payment from the money
5 appropriated to the Foundation School Program on behalf of a school
6 district that is not required to reduce its local revenue level
7 [~~wealth per student~~] under Section 48.257 [~~Chapter 41~~], the
8 commissioner shall direct the comptroller to withhold the amount
9 paid from the first state money payable to the district. If the
10 commissioner orders payment from the money appropriated to the
11 Foundation School Program on behalf of a school district that is
12 required to reduce its local revenue level [~~wealth per student~~]
13 under Section 48.257 [~~Chapter 41~~], the commissioner shall increase
14 amounts due from the district under Chapter 49 [~~that chapter~~] in a
15 total amount equal to the amount of payments made on behalf of the
16 district under this subchapter. Amounts withheld or received
17 under this subsection shall be used for the Foundation School
18 Program.

19 SECTION 3.062. Section [45.263\(b\)](#), Education Code, is
20 amended to read as follows:

21 (b) In adopting rules under Subsection (a), the
22 commissioner shall establish an annual deadline by which a school
23 district must pay the debt service on bonds for which credit
24 enhancement is provided under this subchapter. The deadline
25 established may not be later than the 10th day before the date
26 specified under Section 48.273 [~~42.259~~] for payment to school
27 districts of the final Foundation School Program installment for a

1 state fiscal year.

2 SECTION 3.063. Section 46.003(a), Education Code, is
3 amended to read as follows:

4 (a) For each year, except as provided by Sections 46.005 and
5 46.006, a school district is guaranteed a specified amount per
6 student in state and local funds for each cent of tax effort, up to
7 the maximum rate under Subsection (b), to pay the principal of and
8 interest on eligible bonds issued to construct, acquire, renovate,
9 or improve an instructional facility. The amount of state support
10 is determined by the formula:

$$11 \quad \text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

12 where:

13 "FYA" is the guaranteed facilities yield amount of state
14 funds allocated to the district for the year;

15 "FYL" is the dollar amount guaranteed level of state and
16 local funds per student per cent of tax effort, which is \$35 or a
17 greater amount for any year provided by appropriation;

18 "ADA" is the greater of the number of students in average
19 daily attendance, as determined under Section 48.005 [~~42.005~~], in
20 the district or 400;

21 "BTR" is the district's bond tax rate for the current year,
22 which is determined by dividing the amount budgeted by the district
23 for payment of eligible bonds by the quotient of the district's
24 taxable value of property as determined under Subchapter M, Chapter
25 403, Government Code, or, if applicable, Section 48.258 [~~42.2521~~],
26 divided by 100; and

27 "DPV" is the district's taxable value of property as

1 determined under Subchapter M, Chapter 403, Government Code, or, if
2 applicable, Section 48.258 [~~42.2521~~].

3 SECTION 3.064. Section 46.006(g), Education Code, is
4 amended to read as follows:

5 (g) In this section, "wealth per student" means a school
6 district's taxable value of property as determined under Subchapter
7 M, Chapter 403, Government Code, or, if applicable, Section 48.258
8 [~~42.2521~~], divided by the district's average daily attendance as
9 determined under Section 48.005 [~~42.005~~].

10 SECTION 3.065. Sections 46.009(b), (c), (e), and (f),
11 Education Code, are amended to read as follows:

12 (b) If the amount appropriated for purposes of this
13 subchapter for a year is less than the total amount determined under
14 Subsection (a) for that year, the commissioner shall:

15 (1) transfer from the Foundation School Program to the
16 instructional facilities program the amount by which the total
17 amount determined under Subsection (a) exceeds the amount
18 appropriated; and

19 (2) reduce each district's foundation school fund
20 allocations in the manner provided by Section 48.266(f)
21 [~~42.253(h)~~].

22 (c) Warrants for payments under this subchapter shall be
23 approved and transmitted to school district treasurers or
24 depositories in the same manner as warrants for payments under
25 Chapter 48 [~~42~~].

26 (e) Section 48.272 [~~42.258~~] applies to payments under this
27 subchapter.

1 (f) If a school district would have received a greater
2 amount under this subchapter for the applicable school year using
3 the adjusted value determined under Section 48.271 [~~42.257~~], the
4 commissioner shall add the difference between the adjusted value
5 and the amount the district received under this subchapter to
6 subsequent distributions to the district under this subchapter.

7 SECTION 3.066. Section 46.0111(e), Education Code, is
8 amended to read as follows:

9 (e) The state's share is state property. The school
10 district shall send to the comptroller any portion of the state's
11 share not used by the school district to repair the defective
12 design, construction, renovation, or improvement of the
13 instructional facility on which the action is brought or to replace
14 the facility. Section 48.272 [~~42.258~~] applies to the state's share
15 under this subsection.

16 SECTION 3.067. Section 46.013, Education Code, is amended
17 to read as follows:

18 Sec. 46.013. MULTIPLE ALLOTMENTS PROHIBITED. A school
19 district is not entitled to state assistance under this subchapter
20 based on taxes with respect to which the district receives state
21 assistance under Subchapter E [~~F~~], Chapter 48 [~~42~~].

22 SECTION 3.068. Section 46.032(a), Education Code, is
23 amended to read as follows:

24 (a) Each school district is guaranteed a specified amount
25 per student in state and local funds for each cent of tax effort to
26 pay the principal of and interest on eligible bonds. The amount of
27 state support, subject only to the maximum amount under Section

1 46.034, is determined by the formula:

2
$$\text{EDA} = (\text{EDGL} \times \text{ADA} \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

3 where:

4 "EDA" is the amount of state funds to be allocated to the
5 district for assistance with existing debt;

6 "EDGL" is the dollar amount guaranteed level of state and
7 local funds per student per cent of tax effort, which is the lesser
8 of:

9 (1) \$40 or a greater amount for any year provided by
10 appropriation; or

11 (2) the amount that would result in a total additional
12 amount of state funds under this subchapter for the current year
13 equal to \$60 million in excess of the state funds to which school
14 districts would have been entitled under this section if the
15 guaranteed level amount were \$35;

16 "ADA" is the number of students in average daily attendance,
17 as determined under Section 48.005 [~~42.005~~], in the district;

18 "EDTR" is the existing debt tax rate of the district, which is
19 determined by dividing the amount budgeted by the district for
20 payment of eligible bonds by the quotient of the district's taxable
21 value of property as determined under Subchapter M, Chapter 403,
22 Government Code, or, if applicable, under Section 48.258 [~~42.2521~~],
23 divided by 100; and

24 "DPV" is the district's taxable value of property as
25 determined under Subchapter M, Chapter 403, Government Code, or, if
26 applicable, under Section 48.258 [~~42.2521~~].

27 SECTION 3.069. Section 46.037, Education Code, is amended

1 to read as follows:

2 Sec. 46.037. MULTIPLE ALLOTMENTS PROHIBITED. A school
3 district is not entitled to state assistance under this subchapter
4 based on taxes with respect to which the district receives state
5 assistance under Subchapter E [~~F~~], Chapter 48 [42].

6 SECTION 3.070. Section 79.10(f), Education Code, is amended
7 to read as follows:

8 (f) For each student enrolled in the academy, the academy is
9 entitled to allotments from the foundation school fund under
10 Chapter 48 [42] as if the academy were a school district without a
11 tier one local share for purposes of Section 48.266 [~~42.253~~]. If
12 in any academic year the amount of the allotments under this
13 subsection exceeds the amount of state funds paid to the academy in
14 the first fiscal year of the academy's operation, the commissioner
15 of education shall set aside from the total amount of funds to which
16 school districts are entitled under Section 48.266(c) [~~42.253(c)~~]
17 an amount equal to the excess amount and shall distribute that
18 amount to the academy. After deducting the amount set aside and
19 paid to the academy by the commissioner of education under this
20 subsection, the commissioner of education shall reduce the amount
21 to which each district is entitled under Section 48.266(c)
22 [~~42.253(c)~~] in the manner described by Section 48.266(f)
23 [~~42.253(h)~~]. A determination of the commissioner of education
24 under this subsection is final and may not be appealed.

25 SECTION 3.071. Section 87.208, Education Code, is amended
26 to read as follows:

27 Sec. 87.208. SEABORNE CONSERVATION CORPS. If the board of

1 regents of The Texas A&M University System administers a program
2 that is substantially similar to the Seaborne Conservation Corps as
3 it was administered by the board during the 1998-1999 school year,
4 the program is entitled, for each student enrolled, to allotments
5 from the Foundation School Program under Chapter 48 [~~42~~] as if the
6 program were a school district, except that the program has a local
7 share applied that is equivalent to the local fund assignment of the
8 school district in which the principal facilities of the program
9 are located.

10 SECTION 3.072. Section 87.505(g), Education Code, is
11 amended to read as follows:

12 (g) For each student enrolled in the academy, the academy is
13 entitled to allotments from the foundation school fund under
14 Chapter 48 [~~42~~] as if the academy were a school district without a
15 tier one local share for purposes of Section 48.266 [~~42.253~~]. If
16 in any academic year the amount of the allotments under this
17 subsection exceeds the amount of state funds paid to the academy in
18 the first fiscal year of the academy's operation, the commissioner
19 of education shall set aside from the total amount of funds to which
20 school districts are entitled under Section 48.266(c) [~~42.253(c)~~]
21 an amount equal to the excess amount and shall distribute that
22 amount to the academy. After deducting the amount set aside and
23 paid to the academy by the commissioner of education under this
24 subsection, the commissioner of education shall reduce the amount
25 to which each district is entitled under Section 48.266(c)
26 [~~42.253(c)~~] in the manner described by Section 48.266(f)
27 [~~42.253(h)~~]. A determination of the commissioner of education

1 under this subsection is final and may not be appealed.

2 SECTION 3.073. Section 96.707(k), Education Code, is
3 amended to read as follows:

4 (k) For each student enrolled in the academy, the academy is
5 entitled to allotments from the Foundation School Program under
6 Chapter 48 [42] as if the academy were a school district without a
7 tier one local share for purposes of Section 48.266 [42.253].

8 SECTION 3.074. Sections 105.301(e) and (f), Education Code,
9 are amended to read as follows:

10 (e) The academy is not subject to the provisions of this
11 code, or to the rules of the Texas Education Agency, regulating
12 public schools, except that:

13 (1) professional employees of the academy are entitled
14 to the limited liability of an employee under Section 22.0511,
15 22.0512, or 22.052;

16 (2) a student's attendance at the academy satisfies
17 compulsory school attendance requirements; and

18 (3) for each student enrolled, the academy is entitled
19 to allotments from the foundation school program under Chapter 48
20 [42] as if the academy were a school district without a tier one
21 local share for purposes of Section 48.266 [42.253].

22 (f) If in any academic year the amount of the allotments
23 under Subsection (e)(3) exceeds the amount of state funds paid to
24 the academy under this section in the fiscal year ending August 31,
25 2003, the commissioner shall set aside from the total amount of
26 funds to which school districts are entitled under Section
27 48.266(c) [42.253(e)] an amount equal to the excess amount and

1 shall distribute that amount to the academy. After deducting the
2 amount set aside and paid to the academy by the commissioner under
3 this subsection, the commissioner shall reduce the amount to which
4 each district is entitled under Section 48.266(c) [~~42.253(c)~~] in
5 the manner described by Section 48.266(f) [~~42.253(h)~~]. A
6 determination of the commissioner under this section is final and
7 may not be appealed.

8 SECTION 3.075. Section 317.005(f), Government Code, is
9 amended to read as follows:

10 (f) The governor or board may adopt an order under this
11 section withholding or transferring any portion of the total amount
12 appropriated to finance the foundation school program for a fiscal
13 year. The governor or board may not adopt such an order if it would
14 result in an allocation of money between particular programs or
15 statutory allotments under the foundation school program contrary
16 to the statutory proration formula provided by Section 48.266(f)
17 [~~42.253(h)~~], Education Code. The governor or board may transfer an
18 amount to the total amount appropriated to finance the foundation
19 school program for a fiscal year and may increase the basic
20 allotment. The governor or board may adjust allocations of amounts
21 between particular programs or statutory allotments under the
22 foundation school program only for the purpose of conforming the
23 allocations to actual pupil enrollments or attendance.

24 SECTION 3.076. Section 403.093(d), Government Code, as
25 amended by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the
26 85th Legislature, Regular Session, 2017, is reenacted to read as
27 follows:

1 (d) The comptroller shall transfer from the general revenue
2 fund to the foundation school fund an amount of money necessary to
3 fund the foundation school program as provided by Chapter 48 [~~42~~],
4 Education Code. The comptroller shall make the transfers in
5 installments as necessary to comply with Section 48.273 [~~42.259~~],
6 Education Code, and permit the Texas Education Agency, to the
7 extent authorized by the General Appropriations Act, to make
8 temporary transfers from the foundation school fund for payment of
9 the instructional materials and technology allotment under Section
10 31.0211, Education Code. Unless an earlier date is necessary for
11 purposes of temporary transfers for payment of the instructional
12 materials and technology allotment, an installment must be made not
13 earlier than two days before the date an installment to school
14 districts is required by Section 48.273 [~~42.259~~], Education Code,
15 and must not exceed the amount necessary for that payment and any
16 temporary transfers for payment of the instructional materials and
17 technology allotment.

18 SECTION 3.077. Section 403.302(a), Government Code, is
19 amended to read as follows:

20 (a) The comptroller shall conduct a study using comparable
21 sales and generally accepted auditing and sampling techniques to
22 determine the total taxable value of all property in each school
23 district. The study shall determine the taxable value of all
24 property and of each category of property in the district and the
25 productivity value of all land that qualifies for appraisal on the
26 basis of its productive capacity and for which the owner has applied
27 for and received a productivity appraisal. The comptroller shall

1 make appropriate adjustments in the study to account for actions
2 taken under Chapter 49 [41], Education Code.

3 SECTION 3.078. Section 403.303(b), Government Code, is
4 amended to read as follows:

5 (b) After receipt of a petition, the comptroller shall hold
6 a hearing. The comptroller has the burden to prove the accuracy of
7 the findings. Until a final decision is made by the comptroller,
8 the taxable value of property in the district is determined, with
9 respect to property subject to the protest, according to the value
10 claimed by the school district or property owner, except that the
11 value to be used while a final decision is pending may not be less
12 than the appraisal roll value for the year of the study. If after a
13 hearing the comptroller concludes that the findings should be
14 changed, the comptroller shall order the appropriate changes and
15 shall certify to the commissioner of education the changes in the
16 values of the school district that brought the protest, the values
17 of the school district named by the property owner who brought the
18 protest, or, if the comptroller by rule allows an appraisal
19 district to bring a protest, the values of the school district named
20 by the appraisal district that brought the protest. The
21 comptroller may not order a change in the values of a school
22 district as a result of a protest brought by another school
23 district, a property owner in the other school district, or an
24 appraisal district that appraises property for the other school
25 district. The comptroller shall complete all protest hearings and
26 certify all changes as necessary to comply with Chapter 48 [42],
27 Education Code. A hearing conducted under this subsection is not a

1 contested case for purposes of Section 2001.003.

2 SECTION 3.079. Section 404.121(1), Government Code, is
3 amended to read as follows:

4 (1) "Cash flow deficit" for any period means the
5 excess, if any, of expenditures paid and transfers made from the
6 general revenue fund in the period, including payments provided by
7 Section 48.273 [~~42.259~~], Education Code, over taxes and other
8 revenues deposited to the fund in the period, other than revenues
9 deposited pursuant to Section 403.092, that are legally available
10 for the expenditures and transfers.

11 SECTION 3.080. Section 437.117(a), Government Code, is
12 amended to read as follows:

13 (a) For each student enrolled in the Texas Challenge
14 Academy, the department is entitled to allotments from the
15 Foundation School Program under Chapter 48 [~~42~~], Education Code, as
16 if the academy were a school district without a tier one local share
17 for purposes of Section 48.266 [~~42.253~~], Education Code.

18 SECTION 3.081. Section 466.355(c), Government Code, as
19 repealed by Chapter 431 (S.B. 559), Acts of the 83rd Legislature,
20 Regular Session, 2013, and amended by Chapter 1410 (S.B. 758), Acts
21 of the 83rd Legislature, Regular Session, 2013, is reenacted and
22 amended to read as follows:

23 (c) Each August the comptroller shall:

24 (1) estimate the amount to be transferred to the
25 foundation school fund on or before September 15; and

26 (2) notwithstanding Subsection (b)(4), transfer the
27 amount estimated in Subdivision (1) to the foundation school fund

1 before August installment payments are made under Section 48.273
2 [~~42.259~~], Education Code.

3 SECTION 3.082. Section 1371.001(4), Government Code, is
4 amended to read as follows:

5 (4) "Issuer" means:

6 (A) a home-rule municipality that:

7 (i) adopted its charter under Section 5,
8 Article XI, Texas Constitution;

9 (ii) has a population of 50,000 or more; and

10 (iii) has outstanding long-term
11 indebtedness that is rated by a nationally recognized rating agency
12 for municipal securities in one of the four highest rating
13 categories for a long-term obligation;

14 (B) a conservation and reclamation district
15 created and organized as a river authority under Section 52,
16 Article III, or Section 59, Article XVI, Texas Constitution;

17 (C) a joint powers agency organized and operating
18 under Chapter 163, Utilities Code;

19 (D) a metropolitan rapid transit authority,
20 regional transportation authority, or coordinated county
21 transportation authority created, organized, or operating under
22 Chapter 451, 452, or 460, Transportation Code;

23 (E) a conservation and reclamation district
24 organized or operating as a navigation district under Section 52,
25 Article III, or Section 59, Article XVI, Texas Constitution;

26 (F) a district organized or operating under
27 Section 59, Article XVI, Texas Constitution, that has all or part of

1 two or more municipalities within its boundaries;

2 (G) a state agency, including a state institution
3 of higher education;

4 (H) a hospital authority created or operating
5 under Chapter 262 or 264, Health and Safety Code, in a county that:

6 (i) has a population of more than 3.3
7 million; or

8 (ii) is included, in whole or in part, in a
9 standard metropolitan statistical area of this state that includes
10 a county with a population of more than 2.2 million;

11 (I) a hospital district in a county that has a
12 population of more than two million;

13 (J) a nonprofit corporation organized to
14 exercise the powers of a higher education loan authority under
15 Section 53B.47(e), Education Code;

16 (K) a county:

17 (i) that has a population of 3.3 million or
18 more; or

19 (ii) that, on the date of issuance of
20 obligations under this chapter, has authorized, outstanding, or any
21 combination of authorized and outstanding, indebtedness of at least
22 \$100 million secured by and payable from the county's ad valorem
23 taxes and the authorized long-term indebtedness of which is rated
24 by a nationally recognized rating agency of securities issued by
25 local governments in one of the four highest rating categories for a
26 long-term obligation;

27 (L) an independent school district that has an

1 average daily attendance of 50,000 or more as determined under
2 Section 48.005 [~~42.005~~], Education Code;

3 (M) a municipality or county operating under
4 Chapter 334, Local Government Code;

5 (N) a district created under Chapter 335, Local
6 Government Code;

7 (O) a junior college district that has a total
8 headcount enrollment of 40,000 or more based on enrollment in the
9 most recent regular semester; or

10 (P) an issuer, as defined by Section 1201.002,
11 that has:

12 (i) a principal amount of at least \$100
13 million in outstanding long-term indebtedness, in long-term
14 indebtedness proposed to be issued, or in a combination of
15 outstanding or proposed long-term indebtedness; and

16 (ii) some amount of long-term indebtedness
17 outstanding or proposed to be issued that is rated in one of the
18 four highest rating categories for long-term debt instruments by a
19 nationally recognized rating agency for municipal securities,
20 without regard to the effect of any credit agreement or other form
21 of credit enhancement entered into in connection with the
22 obligation.

23 SECTION 3.083. Section 1431.001(3), Government Code, is
24 amended to read as follows:

25 (3) "Eligible school district" means an independent
26 school district that has an average daily attendance of 190,000 or
27 more as determined under Section 48.005 [~~42.005~~], Education Code.

1 SECTION 3.084. Section 2175.304(c), Government Code, is
2 amended to read as follows:

3 (c) The procedures established under Subsection (b) must
4 give preference to transferring the property directly to a public
5 school or school district or to an assistance organization
6 designated by the school district before disposing of the property
7 in another manner. If more than one public school or school
8 district or assistance organization seeks to acquire the same
9 property on substantially the same terms, the system, institution,
10 or agency shall give preference to a public school that is
11 considered low-performing by the commissioner of education or to a
12 school district that has a taxable wealth per student that entitles
13 the district to an allotment of state funds under Subchapter E [~~F~~],
14 Chapter 48 [~~42~~], Education Code, or to the assistance organization
15 designated by such a school district.

16 SECTION 3.085. Section 221.0071(d), Human Resources Code,
17 is amended to read as follows:

18 (d) A charter school operating under a charter granted under
19 this section is entitled to receive open-enrollment charter school
20 funding under Chapter 48 [~~42~~], Education Code, in the same manner as
21 an open-enrollment charter school operating under Subchapter D,
22 Chapter 12, Education Code.

23 SECTION 3.086. Section 1579.251(a), Insurance Code, is
24 amended to read as follows:

25 (a) The state shall assist employees of participating
26 school districts and charter schools in the purchase of group
27 health coverage under this chapter by providing for each covered

1 employee the amount of \$900 each state fiscal year or a greater
2 amount as provided by the General Appropriations Act. The state
3 contribution shall be distributed through the school finance
4 formulas under Chapters 48 [41] and 49 [42], Education Code, and
5 used by school districts and charter schools as provided by
6 Section 48.275 [42.260], Education Code.

7 SECTION 3.087. Section 1581.053, Insurance Code, is amended
8 to read as follows:

9 Sec. 1581.053. USE OF STATE FUNDS. (a) To comply with
10 Section 1581.052, a school district or participating charter school
11 may use state funds received under Chapter 48 [42], Education Code,
12 other than funds that may be used under that chapter only for a
13 specific purpose.

14 (b) Notwithstanding Subsection (a), amounts a district or
15 school is required to use to pay contributions under a group health
16 coverage plan for district or school employees under Section
17 48.275 [42.260], Education Code, other than amounts described by
18 Section 48.275(c)(2) [42.260(c)(2)(B)], are not used in computing
19 whether the district or school complies with Section 1581.052.

20 SECTION 3.088. Section 37.10(c)(2), Penal Code, is amended
21 to read as follows:

22 (2) An offense under this section is a felony of the
23 third degree if it is shown on the trial of the offense that the
24 governmental record was:

25 (A) a public school record, report, or assessment
26 instrument required under Chapter 39, Education Code, data reported
27 for a school district or open-enrollment charter school to the

1 Texas Education Agency through the Public Education Information
2 Management System (PEIMS) described by Sections 48.008 and 48.009
3 [~~Section 42.006~~], Education Code, under a law or rule requiring
4 that reporting, or a license, certificate, permit, seal, title,
5 letter of patent, or similar document issued by government, by
6 another state, or by the United States, unless the actor's intent is
7 to defraud or harm another, in which event the offense is a felony
8 of the second degree;

9 (B) a written report of a medical, chemical,
10 toxicological, ballistic, or other expert examination or test
11 performed on physical evidence for the purpose of determining the
12 connection or relevance of the evidence to a criminal action;

13 (C) a written report of the certification,
14 inspection, or maintenance record of an instrument, apparatus,
15 implement, machine, or other similar device used in the course of an
16 examination or test performed on physical evidence for the purpose
17 of determining the connection or relevance of the evidence to a
18 criminal action; or

19 (D) a search warrant issued by a magistrate.

20 SECTION 3.089. Section 39.03(d), Penal Code, is amended to
21 read as follows:

22 (d) An offense under this section is a Class A misdemeanor,
23 except that an offense is a felony of the third degree if the public
24 servant acted with the intent to impair the accuracy of data
25 reported to the Texas Education Agency through the Public Education
26 Information Management System (PEIMS) described by Sections 48.008
27 and 48.009 [~~Section 42.006~~], Education Code, under a law requiring

1 that reporting.

2 SECTION 3.090. Section 21.01, Tax Code, is amended to read
3 as follows:

4 Sec. 21.01. REAL PROPERTY. Real property is taxable by a
5 taxing unit if located in the unit on January 1, except as provided
6 by Chapter 49 [41], Education Code.

7 SECTION 3.091. Sections 21.02(b) and (c), Tax Code, are
8 amended to read as follows:

9 (b) Tangible personal property having taxable situs at the
10 same location as real property detached from a school district and
11 annexed by another school district under Chapter 49 [41], Education
12 Code, is taxable in the tax year in which the detachment and
13 annexation occurs by the same school district by which the real
14 property is taxable in that tax year under Chapter 49 [41],
15 Education Code. For purposes of this subsection and Chapter 49
16 [41], Education Code, tangible personal property has taxable situs
17 at the same location as real property detached and annexed under
18 Chapter 49 [41], Education Code, if the detachment and annexation
19 of the real property, had it occurred before January 1 of the tax
20 year, would have changed the taxable situs of the tangible personal
21 property determined as provided by Subsection (a) from the school
22 district from which the real property was detached to the school
23 district to which the real property was annexed.

24 (c) Tangible personal property has taxable situs in a school
25 district that is the result of a consolidation under Chapter 49
26 [41], Education Code, in the year in which the consolidation occurs
27 if the property would have had taxable situs in the consolidated

1 district in that year had the consolidation occurred before January
2 1 of that year.

3 SECTION 3.092. Section 25.25(k), Tax Code, is amended to
4 read as follows:

5 (k) The chief appraiser shall change the appraisal records
6 and school district appraisal rolls promptly to reflect the
7 detachment and annexation of property among school districts under
8 Subchapter C or G, Chapter 49 [41], Education Code.

9 SECTION 3.093. Section 311.013(n), Tax Code, is amended to
10 read as follows:

11 (n) This subsection applies only to a school district whose
12 taxable value computed under Section 403.302(d), Government Code,
13 is reduced in accordance with Subdivision (4) of that
14 subsection. In addition to the amount otherwise required to be
15 paid into the tax increment fund, the district shall pay into the
16 fund an amount equal to the amount by which the amount of taxes the
17 district would have been required to pay into the fund in the
18 current year if the district levied taxes at the rate the district
19 levied in 2005 exceeds the amount the district is otherwise
20 required to pay into the fund in the year of the reduction. This
21 additional amount may not exceed the amount the school district
22 receives in state aid for the current tax year under Section 48.253
23 [42.2514], Education Code. The school district shall pay the
24 additional amount after the district receives the state aid to
25 which the district is entitled for the current tax year under
26 Section 48.253 [42.2514], Education Code.

27 SECTION 3.094. Section 312.002(g), Tax Code, is amended to

1 read as follows:

2 (g) "Taxing unit" has the meaning assigned by Section 1.04,
3 except that for a tax abatement agreement executed on or after
4 September 1, 2001, the term does not include a school district that
5 is subject to Chapter 48 [42], Education Code, and that is organized
6 primarily to provide general elementary and secondary public
7 education.

8 SECTION 3.095. Section 312.210(b), Tax Code, is amended to
9 read as follows:

10 (b) A tax abatement agreement with the owner of real
11 property or tangible personal property that is located in the
12 reinvestment zone described by Subsection (a) and in a school
13 district that has a local revenue level [~~wealth per student~~] that
14 does not exceed the [~~equalized wealth~~] level established under
15 Section 48.257 must exempt from taxation:

16 (1) the portion of the value of the property in the
17 amount specified in the joint agreement among the municipality,
18 county, and junior college district; and

19 (2) an amount equal to 10 percent of the maximum
20 portion of the value of the property that may under Section
21 312.204(a) be otherwise exempted from taxation.

22 SECTION 3.096. Section 313.027(i), Tax Code, is amended to
23 read as follows:

24 (i) A person and the school district may not enter into an
25 agreement under which the person agrees to provide supplemental
26 payments to a school district or any other entity on behalf of a
27 school district in an amount that exceeds an amount equal to the

1 greater of \$100 per student per year in average daily attendance, as
2 defined by Section 48.005 [~~42.005~~], Education Code, or \$50,000 per
3 year, or for a period that exceeds the period beginning with the
4 period described by Section 313.021(4) and ending December 31 of
5 the third tax year after the date the person's eligibility for a
6 limitation under this chapter expires. This limit does not apply
7 to amounts described by Subsection (f)(1) or (2).

8 ARTICLE 4. REPEALER

9 SECTION 4.001. (a) The following provisions of the
10 Education Code are repealed:

- 11 (1) Sections 28.006(d-1) and (e);
- 12 (2) Section 29.097;
- 13 (3) Section 29.098;
- 14 (4) Section 29.165;
- 15 (5) Section 29.166;
- 16 (6) Sections 29.203(g)(1) and (3);
- 17 (7) Section 39.233;
- 18 (8) Section 39.234;
- 19 (9) the headings to Chapters 41 and 42;
- 20 (10) the heading to Subchapter A, Chapter 41;
- 21 (11) Section 41.002;
- 22 (12) Section 41.0041;
- 23 (13) the heading to Subchapter D, Chapter 41;
- 24 (14) Section 41.0931;
- 25 (15) Section 41.098;
- 26 (16) the heading to Subchapter E, Chapter 41;
- 27 (17) the heading to Subchapter A, Chapter 42;

- 1 (18) the heading to Section 42.006;
- 2 (19) Section 42.007;
- 3 (20) the heading to Subchapter B, Chapter 42;
- 4 (21) Section 42.102;
- 5 (22) Section 42.103;
- 6 (23) Section 42.104;
- 7 (24) the heading to Subchapter C, Chapter 42;
- 8 (25) Section 42.1541;
- 9 (26) Section 42.156;
- 10 (27) Section 42.160;
- 11 (28) the heading to Subchapter E, Chapter 42;
- 12 (29) Section 42.2513;
- 13 (30) Section 42.2517;
- 14 (31) Section 42.2518;
- 15 (32) Section 42.262;
- 16 (33) the headings to Subchapters F and G, Chapter 42;
- 17 and
- 18 (34) Section 42.352.

19 (b) The following provisions of the Tax Code are repealed:

- 20 (1) Section 26.08(p); and
- 21 (2) Section 312.210(c).

22 ARTICLE 5. TRANSITION; CONFLICT OF LAW

23 SECTION 5.001. (a) Except as provided by Subsection (b) of
24 this section, Article 2 of this Act applies beginning with the
25 2019-2020 school year.

26 (b) Section 28.006, Education Code, as amended by this Act,
27 applies beginning with the 2020-2021 school year.

1 SECTION 5.002. Section 26.08, Tax Code, as amended by this
2 Act, applies beginning with the 2019 tax year.

3 SECTION 5.003. Notwithstanding any provision of the
4 Education Code, for the 2019 tax year, a school district that took
5 action to comply with publication requirements under Section
6 44.004, Education Code, before the effective date of this Act may
7 amend the district's previously published notices to comply with
8 the changes made to the district's permissible and proposed tax
9 rates as a result of this Act by posting those changes on the
10 district's Internet website. A school district that complied with
11 the law in effect at the time of the district's original publication
12 may hold the district's scheduled public hearing as originally
13 published.

14 SECTION 5.004. To the extent of any conflict, this Act
15 prevails over another Act of the 86th Legislature, Regular Session,
16 2019, regardless of the relative dates of enactment.

17 ARTICLE 6. EFFECTIVE DATE

18 SECTION 6.001. (a) Except as provided by Subsections (b)
19 and (c) of this section, this Act takes effect September 1, 2019.

20 (b) Sections 11.184 and 48.1041, Education Code, as added by
21 this Act, take effect immediately if this Act receives a vote of
22 two-thirds of all the members elected to each house, as provided by
23 Section 39, Article III, Texas Constitution. If this Act does not
24 receive the vote necessary for Sections 11.184 and 48.1041,
25 Education Code, as added by this Act, to have immediate effect,
26 those sections take effect September 1, 2019.

27 (c) Article 2 of this Act takes effect immediately if this

C.S.H.B. No. 3

1 Act receives a vote of two-thirds of all the members elected to each
2 house, as provided by Section 39, Article III, Texas Constitution.
3 If this Act does not receive the vote necessary for immediate
4 effect, Article 2 of this Act takes effect September 1, 2019.