

By: Huberty

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

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

(a-1) In determining funding for an open-enrollment charter school under Subsection (a):

(1) the adjustment [adjustments] under Section 48.052 is [Sections 42.102, 42.104, and 42.105 are] based on the average adjustment for the state; and

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

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

6 SECTION 1.002. Section 25.084, Education Code, is amended
7 by amending Subsection (b) and adding Subsection (c) to read as
8 follows:

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

13 (c) A district that adopts a year-round system under this
14 section may receive the incentive aid under Section 25.0841 if the
15 district meets the criteria for receiving the incentive under that
16 section.

17 SECTION 1.003. Subchapter C, Chapter 25, Education Code, is
18 amended by adding Section 25.0841 to read as follows:

19 Sec. 25.0841. INCENTIVE FOR ADDITIONAL INSTRUCTIONAL DAYS.

20 (a) The commissioner shall adjust the average daily attendance of a
21 school district under Section 48.005 in the manner provided by
22 Subsection (b) if the district:

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

27 (2) offers an additional 30 days of half-day

1 instruction for students enrolled in prekindergarten through fifth
2 grade.

3 (b) For a school district described by Subsection (a), the
4 commissioner shall increase the average daily attendance of the
5 district under Section 48.005 by the amount that results from the
6 quotient of the sum of attendance for each of the 30 additional
7 instructional days of half-day instruction that are provided
8 divided by 30.

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

17 (d) The commissioner shall adopt rules necessary for the
18 implementation of this section.

19 SECTION 1.004. Section 30.003, Education Code, is amended
20 by amending Subsection (f-1) and adding Subsection (f-2) to read as
21 follows:

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

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

3 (2) Section 45.0032; and

4 (3) Section 48.255.

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

11 SECTION 1.005. Sections 45.003(d) and (f), Education Code,
12 are amended to read as follows:

13 (d) A proposition submitted to authorize the levy of
14 maintenance taxes must include the question of whether the
15 governing board or commissioners court may levy, assess, and
16 collect annual ad valorem taxes for the further maintenance of
17 public schools, at a rate not to exceed the rate stated in the
18 proposition. For any year, the maintenance tax rate per \$100 of
19 taxable value adopted by the district may not exceed the rate equal
20 to the sum of:

21 (1) \$0.17; and

22 (2) the product of the state compression percentage,
23 as determined under Section 48.255 [~~42.2516~~], multiplied by \$1.00
24 [~~\$1.50~~].

25 (f) Notwithstanding any other law, a district that levied a
26 maintenance tax for the 2005 tax year at a rate greater than \$1.50
27 per \$100 of taxable value in the district as permitted by special

1 law may not levy a maintenance tax at a rate that exceeds the rate
2 per \$100 of taxable value that is equal to the sum of:

3 (1) \$0.17; and

4 (2) the product of the state compression percentage,
5 as determined under Section 48.255 [~~42.2516~~], multiplied by the
6 product of 66.67 percent multiplied by the rate of the maintenance
7 tax levied by the district for the 2005 tax year.

8 SECTION 1.006. Subchapter A, Chapter 45, Education Code, is
9 amended by adding Section 45.0032 to read as follows:

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

11 (a) Except as provided by Section 45.003(f), a school district's
12 tier one maintenance and operations tax rate is the portion of the
13 district's total tax rate for maintenance and operations that does
14 not exceed the product of the state compression percentage, as
15 determined under Section 48.255, multiplied by \$1.00.

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 tax rate described by
19 Subsection (a); and

20 (2) any cents of additional maintenance and operations
21 tax effort available to a district that exceeds the tax rate
22 described by Subsection (a) and Subdivision (1).

23 (c) For a district to which Section 45.003(f) applies, the
24 reference to a value of \$1.00 under Subsection (a) is replaced with
25 the value equal to the product of 66.67 percent multiplied by the
26 maintenance and operations tax rate adopted by the district for the
27 2005 tax year.

1 (d) Notwithstanding the provisions of this section, a
2 school district with maintenance and operations taxes at the tax
3 rate described by Section 48.202(a-1)(2) for the 2018-2019 school
4 year, that, after applying Subsection (a) to the district's tax
5 rate, does not comply with Subsection (b), is entitled to:

6 (1) for the 2019-2020 school year, the dollar amount
7 guaranteed level of state and local funds per weighted student per
8 cent of tax effort at the tax rate described by Section
9 48.202(a-1)(2); and

10 (2) for the 2020-2021 school year and each subsequent
11 school year, the dollar amount guaranteed level of state and local
12 funds per weighted student per cent of tax effort at the tax rate
13 described by Section 48.202(a-1)(1) for one cent of tax effort at
14 the tax rate described under Subdivision (1) until the district
15 complies with Subsection (b).

16 SECTION 1.007. Subtitle I, Title 2, Education Code, is
17 amended by adding Chapter 48, and a heading is added to that chapter
18 to read as follows:

19 CHAPTER 48. FOUNDATION SCHOOL PROGRAM

20 SECTION 1.008. Chapter 48, Education Code, as added by this
21 Act, is amended by adding Subchapter A, and a heading is added to
22 that subchapter to read as follows:

23 SUBCHAPTER A. GENERAL PROVISIONS

24 SECTION 1.009. Sections 42.001, 42.002, 42.003, 42.004,
25 42.005, 42.0051, and 42.0052, Education Code, are transferred to
26 Subchapter A, Chapter 48, Education Code, as added by this Act,
27 redesignated as Sections 48.001, 48.002, 48.003, 48.004, 48.005,

1 48.006, and 48.007, Education Code, and amended to read as follows:

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

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

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

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

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

27 (b) The Foundation School Program consists of:

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

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

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

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

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

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

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

19 (b) A student to whom Subsection (a) does not apply is
20 entitled to the benefits of the Foundation School Program if the
21 student is enrolled in a prekindergarten class under Section 29.153
22 or Subchapter E-1, Chapter 29.

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

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

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

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

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

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

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

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

25 (3) for a district that operates under a flexible
26 school day program under Section 29.0822, the average daily
27 attendance as calculated by the commissioner in accordance with

1 Sections 29.0822(d) and (d-1); or

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

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

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

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

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

19 (c-1) The commissioner shall adjust the average daily
20 attendance of a school district that qualifies for the incentive
21 for additional instructional days under Section 25.0841 in the
22 manner provided by that section.

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

27 (e) For each school year, the commissioner shall adjust the

1 average daily attendance of school districts that are entitled to
2 funding on the basis of an adjusted average daily attendance under
3 Subsection (b)(2) so that:

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

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

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

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

21 (g-1) The commissioner shall adopt rules to calculate
22 average daily attendance for students participating in a blended
23 learning program in which classroom instruction is supplemented
24 with applied workforce learning opportunities, including
25 participation of students in internships, externships, and
26 apprenticeships.

27 (h) Subject to rules adopted by the commissioner under

1 Section 48.007(b) [~~42.0052(b)~~], time that a student participates in
2 an off-campus instructional program approved under Section
3 48.007(a) [~~42.0052(a)~~] shall be counted as part of the minimum
4 number of instructional hours required for a student to be
5 considered a full-time student in average daily attendance for
6 purposes of this section.

7 (i) A district or a charter school operating under Chapter
8 12 that operates a prekindergarten program is eligible to receive
9 one-half of average daily attendance under Subsection (a) if the
10 district's or charter school's prekindergarten program provides at
11 least 32,400 minutes of instructional time to students.

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

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

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

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

23 (4) a school program offered at a correctional
24 facility; or

25 (5) a school operating under Section 29.259.

26 (k) A charter school operating under a charter granted under
27 Chapter 12 before January 1, 2015, is eligible to earn full average

1 daily attendance under Subsection (a), as that subsection existed
2 immediately before January 1, 2015, for:

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

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

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

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

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

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

25 (3) proportionally reduce the average daily
26 attendance for a school district if any campus or instructional
27 program in the district provides fewer than the required minimum

1 minutes of instruction to students.

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

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

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

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

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

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

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

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

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

21 SECTION 1.010. Sections 42.006(a), (b), (c), and (d),
22 Education Code, are transferred to Subchapter A, Chapter 48,
23 Education Code, as added by this Act, redesignated as Section
24 48.008, Education Code, and amended to read as follows:

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

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

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

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

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

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

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

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

1 SECTION 1.011. Sections 42.006(a-1), (a-3), and (a-4),
2 Education Code, Section 42.006(a-2), Education Code, as added by
3 Chapter 550 (S.B. 490), Acts of the 85th Legislature, Regular
4 Session, 2017, and Section 42.006(a-2), as added by Chapter 916
5 (S.B. 1404), Acts of the 85th Legislature, Regular Session, 2017,
6 are transferred to Subchapter A, Chapter 48, Education Code, as
7 added by this Act, redesignated as Section 48.009, Education Code,
8 and amended to read as follows:

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

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

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

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

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

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

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

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

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

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

13 (5) ~~[-~~

14 ~~[(a-3) The commissioner by rule shall require each school~~
15 ~~district and open-enrollment charter school to annually report~~
16 ~~through the Public Education Information Management System~~
17 ~~information regarding]~~ the total number of students, other than
18 students described by Subdivision (6) ~~[Subsection (a-4)]~~, enrolled
19 in the district or school with whom the district or school, as
20 applicable, used intervention strategies, as that term is defined
21 by Section 26.004, at any time during the year for which the report
22 is made; and

23 (6) ~~[- The agency shall maintain the information~~
24 ~~provided in accordance with this subsection.~~

25 ~~[(a-4) The commissioner by rule shall require each school~~
26 ~~district and open-enrollment charter school to annually report~~
27 ~~through the Public Education Information Management System~~

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

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

8 SECTION 1.012. Section 42.009, Education Code, is
9 transferred to Subchapter A, Chapter 48, Education Code, as added
10 by this Act, redesignated as Section 48.010, Education Code, and
11 amended to read as follows:

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

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

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

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

26 (2) for a district required to [~~take action under~~
27 ~~Chapter 41 to~~] reduce its local revenue level under Section 48.257

1 ~~[wealth per student to the equalized wealth level]~~, base the
2 determinations on the district's net funding levels after deducting
3 any amounts required to be expended by the district to comply with
4 Chapter 49 [41]; and

5 (3) determine a district's weighted average daily
6 attendance in accordance with this chapter as it existed on January
7 1, 2011.

8 SECTION 1.013. Subchapter A, Chapter 48, Education Code, as
9 added by this Act, is amended by adding Section 48.011 to read as
10 follows:

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

17 (b) Before making an adjustment under Subsection (a), the
18 commissioner shall notify the office of the governor and the
19 Legislative Budget Board. If, not later than the 30th day after the
20 date the office of the governor and the Legislative Budget Board
21 receive notice under this subsection, the commissioner does not
22 receive disapproval from either of the entities, the commissioner
23 may make the adjustment.

24 (c) Each biennium in which the commissioner makes an
25 adjustment under Subsection (a), the commissioner must provide to
26 the district an explanation regarding the changes necessary to
27 resolve the unintended consequences.

1 (d) Beginning with the 2023-2024 school year, the
2 commissioner may not make an adjustment under Subsection (a).

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

4 SECTION 1.014. Chapter 48, Education Code, as added by this
5 Act, is amended by adding Subchapter B, and a heading is added to
6 that subchapter to read as follows:

7 SUBCHAPTER B. BASIC ENTITLEMENT

8 SECTION 1.015. Sections 42.101, 42.105, and 42.106,
9 Education Code, are transferred to Subchapter B, Chapter 48,
10 Education Code, as added by this Act, redesignated as Sections
11 48.051, 48.052, and 48.053, Education Code, and amended to read as
12 follows:

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

21
$$A = \underline{\$6,030} [\underline{\$4,765}] \times \underline{TR/MCR} [(\underline{DCR/MCR})]$$

22 where:

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

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

1 ~~operations tax rate adopted by the district for the 2005 tax year];~~
2 and

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

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

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

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

22 [~~(1) tax effort described by Section 42.302(a-1)(2),~~
23 [~~(2) tax effort described by Section 42.302(a-1)(1),~~
24 and

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

27 Sec. 48.052 [~~42.105~~]. SPARSITY ADJUSTMENT. (a)

1 Notwithstanding Section 48.051 [~~Sections 42.101, 42.102, and~~
2 ~~42.103~~], a school district that has fewer than 130 students in
3 average daily attendance shall be provided a [~~an adjusted~~] basic
4 allotment on the basis of 130 students in average daily attendance
5 if it offers a kindergarten through grade 12 program and has
6 preceding or current year's average daily attendance of at least 90
7 students or is 30 miles or more by bus route from the nearest high
8 school district. A district offering a kindergarten through grade 8
9 program whose preceding or current year's average daily attendance
10 was at least 50 students or which is 30 miles or more by bus route
11 from the nearest high school district shall be provided a [~~an~~
12 ~~adjusted~~] basic allotment on the basis of 75 students in average
13 daily attendance. An average daily attendance of 60 students shall
14 be the basis of providing the [~~adjusted~~] basic allotment if a
15 district offers a kindergarten through grade 6 program and has
16 preceding or current year's average daily attendance of at least 40
17 students or is 30 miles or more by bus route from the nearest high
18 school district.

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

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

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

1 the students reside; and

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

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

13 Sec. 48.053 [~~42.106~~]. TUITION ALLOTMENT FOR DISTRICTS NOT
14 OFFERING ALL GRADE LEVELS. A school district that contracts for
15 students residing in the district to be educated in another
16 district under Section 25.039(a) is entitled to receive an
17 allotment equal to the total amount of tuition required to be paid
18 by the district under Section 25.039, not to exceed the amount
19 specified by commissioner rule under Section 25.039(b).

20 SECTION 1.016. Chapter 48, Education Code, as added by this
21 Act, is amended by adding Subchapter C, and a heading is added to
22 that subchapter to read as follows:

23 SUBCHAPTER C. STUDENT-BASED ALLOTMENTS

24 SECTION 1.017. Subchapter C, Chapter 48, Education Code, as
25 added by this Act, is amended by adding Section 48.101 to read as
26 follows:

27 Sec. 48.101. SMALL AND MID-SIZED DISTRICT ALLOTMENT. (a)

1 Small and mid-sized districts are entitled to an annual allotment
2 in accordance with this section. In this section:

3 (1) "AA" is the district's annual allotment per
4 student;

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

8 (3) "BA" is the basic allotment determined under
9 Section 48.051; and

10 (4) "SS" is the small-sized district allotment
11 determined under Subsection (b).

12 (b) A school district that has more than 450 but not more
13 than 1,600 students in average daily attendance is entitled to an
14 annual allotment for each student in average daily attendance based
15 on the following formula:

16
$$\underline{AA = ((1,600 - ADA) \times .0004) \times BA}$$

17 (c) A school district that has not more than 450 students in
18 average daily attendance is entitled to an annual allotment for
19 each student in average daily attendance based on the following
20 formula:

21
$$\underline{AA = (1 + ((450 - ADA) \times .00015)) \times SS}$$

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

27 (1) the formula in Subsection (b) or (c) for which the

1 district is eligible; or

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

3 SECTION 1.018. Section 42.151, Education Code, is
4 transferred to Subchapter C, Chapter 48, Education Code, as added
5 by this Act, redesignated as Section 48.102, Education Code, and
6 amended to read as follows:

7 Sec. 48.102 [~~42.151~~]. SPECIAL EDUCATION. (a) For each
8 student in average daily attendance in a special education program
9 under Subchapter A, Chapter 29, in a mainstream instructional
10 arrangement, a school district is entitled to an annual allotment
11 equal to the [~~adjusted~~] basic allotment multiplied by 1.1. For each
12 full-time equivalent student in average daily attendance in a
13 special education program under Subchapter A, Chapter 29, in an
14 instructional arrangement other than a mainstream instructional
15 arrangement, a district is entitled to an annual allotment equal to
16 the [~~adjusted~~] basic allotment multiplied by a weight determined
17 according to instructional arrangement as follows:

18	Homebound	5.0
19	Hospital class	3.0
20	Speech therapy	5.0
21	Resource room	3.0
22	Self-contained, mild and moderate, 23 regular campus	3.0
24	Self-contained, severe, regular campus	3.0
25	Off home campus	2.7
26	Nonpublic day school	1.7
27	Vocational adjustment class	2.3

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

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

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

23 (e) The commissioner [~~State Board of Education~~] by rule
24 shall prescribe the qualifications an instructional arrangement
25 must meet in order to be funded as a particular instructional
26 arrangement under this section. In prescribing the qualifications
27 that a mainstream instructional arrangement must meet, the

1 commissioner [~~board~~] shall establish requirements that students
2 with disabilities and their teachers receive the direct, indirect,
3 and support services that are necessary to enrich the regular
4 classroom and enable student success.

5 (f) In this section, "full-time equivalent student" means
6 30 hours of contact a week between a special education student and
7 special education program personnel.

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

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

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

21 (j) [~~(k)~~] A school district that provides an extended year
22 program required by federal law for special education students who
23 may regress is entitled to receive funds in an amount equal to 75
24 percent, or a lesser percentage determined by the commissioner, of
25 the [~~adjusted~~] basic allotment [~~or adjusted allotment, as~~
26 ~~applicable,~~] for each full-time equivalent student in average daily
27 attendance, multiplied by the amount designated for the student's

1 instructional arrangement under this section, for each day the
2 program is provided divided by the number of days in the minimum
3 school year. The total amount of state funding for extended year
4 services under this section may not exceed \$10 million per year. A
5 school district may use funds received under this section only in
6 providing an extended year program.

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

19 (l) The commissioner by rule shall increase the indirect
20 cost allotment established under Subsection (h) and in effect for
21 the 2010-2011 school year in proportion to the average percentage
22 reduction in total state and local maintenance and operations
23 revenue provided under former Chapter 42 for the 2011-2012 school
24 year as a result of S.B. Nos. 1 and 2, Acts of the 82nd Legislature,
25 1st Called Session, 2011.

26 (m) If the commissioner determines that the total amount of
27 funding under this section for any school year is less than the

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

10 SECTION 1.019. Subchapter C, Chapter 48, Education Code, as
11 added by this Act, is amended by adding Section 48.103 to read as
12 follows:

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

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

21 (1) is receiving instruction that:

22 (A) meets applicable dyslexia program criteria
23 established by the agency; and

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

26 (2) has received the instruction described by
27 Subdivision (1) and is permitted, on the basis of having dyslexia or

1 a related disorder, to use modifications in the classroom and
2 accommodations in the administration of assessment instruments
3 under Section 39.023.

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

7 SECTION 1.020. Sections 42.152, 42.153, 42.154, and 42.157,
8 Education Code, are transferred to Subchapter C, Chapter 48,
9 Education Code, as added by this Act, redesignated as Sections
10 48.104, 48.105, 48.106, and 48.107, Education Code, and amended to
11 read as follows:

12 Sec. 48.104 [~~42.152~~]. COMPENSATORY EDUCATION ALLOTMENT.
13 (a) For each student who [~~is educationally disadvantaged or who is~~
14 ~~a student who~~] does not have a disability and resides in a
15 residential placement facility in a district in which the student's
16 parent or legal guardian does not reside, a district is entitled to
17 an annual allotment equal to the [~~adjusted~~] basic allotment
18 multiplied by 0.2. For [~~, and by 2.41 for~~] each full-time equivalent
19 student who is in a remedial and support program under Section
20 29.081 because the student is pregnant, a district is entitled to an
21 annual allotment equal to the basic allotment multiplied by 2.41.

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

27 (c) For purposes of the allotment under Subsection (b), the

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

8 (1) the median household income;

9 (2) the average educational attainment of the
10 population;

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

12 (4) the rate of homeownership; and

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

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

19 (e) If insufficient data is available for any school year to
20 evaluate the level of economic disadvantage in a census block, a
21 school district is entitled to an annual allotment equal to the
22 basic allotment multiplied by 0.2 for each student who resides in
23 that census block and is educationally disadvantaged. For purposes
24 of this subsection [section], the number of educationally
25 disadvantaged students is determined:

26 (1) by averaging the best six months' numbers of
27 students eligible for enrollment in the national school lunch

1 program of free or reduced-price lunches for the preceding school
2 year who resided in that census block; or

3 (2) in the manner provided by commissioner rule.

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

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

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

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

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

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

1 ~~[(c) Funds allocated under this section shall be used to~~
2 ~~fund supplemental programs and services designed to eliminate any~~
3 ~~disparity in performance on assessment instruments administered~~
4 ~~under Subchapter B, Chapter 39, or disparity in the rates of high~~
5 ~~school completion between students at risk of dropping out of~~
6 ~~school, as defined by Section 29.081, and all other students.~~
7 ~~Specifically, the funds, other than an indirect cost allotment~~
8 ~~established under State Board of Education rule, which may not~~
9 ~~exceed 45 percent, may be used to meet the costs of providing a~~
10 ~~compensatory, intensive, or accelerated instruction program under~~
11 ~~Section 29.081 or a disciplinary alternative education program~~
12 ~~established under Section 37.008, to pay the costs associated with~~
13 ~~placing students in a juvenile justice alternative education~~
14 ~~program established under Section 37.011, or to support a program~~
15 ~~eligible under Title I of the Elementary and Secondary Education~~
16 ~~Act of 1965, as provided by Pub. L. No. 103-382 and its subsequent~~
17 ~~amendments, and by federal regulations implementing that Act, at a~~
18 ~~campus at which at least 40 percent of the students are~~
19 ~~educationally disadvantaged. In meeting the costs of providing a~~
20 ~~compensatory, intensive, or accelerated instruction program under~~
21 ~~Section 29.081, a district's compensatory education allotment~~
22 ~~shall be used for costs supplementary to the regular education~~
23 ~~program, such as costs for program and student evaluation,~~
24 ~~instructional materials and equipment and other supplies required~~
25 ~~for quality instruction, supplemental staff expenses, salary for~~
26 ~~teachers of at-risk students, smaller class size, and~~
27 ~~individualized instruction. A home-rule school district or an~~

1 ~~open-enrollment charter school must use funds allocated under~~
2 ~~Subsection (a) for a purpose authorized in this subsection but is~~
3 ~~not otherwise subject to Subchapter C, Chapter 29. For purposes of~~
4 ~~this subsection, a program specifically designed to serve students~~
5 ~~at risk of dropping out of school, as defined by Section 29.081, is~~
6 ~~considered to be a program supplemental to the regular education~~
7 ~~program, and a district may use its compensatory education~~
8 ~~allotment for such a program.~~

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

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

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

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

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

23 ~~[(g) The State Board of Education, with the assistance of~~
24 ~~the comptroller, shall develop and implement by rule reporting and~~
25 ~~auditing systems for district and campus expenditures of~~
26 ~~compensatory education funds to ensure that compensatory education~~
27 ~~funds, other than the indirect cost allotment, are spent only to~~

1 ~~supplement the regular education program as required by Subsection~~
2 ~~(c). The reporting requirements shall be managed electronically to~~
3 ~~minimize local administrative costs. A district shall submit the~~
4 ~~report required by this subsection not later than the 150th day~~
5 ~~after the last day permissible for resubmission of information~~
6 ~~required under Section 42.006.~~

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

18 ~~[(q-2) 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 misused compensatory education funds, the~~
21 ~~commissioner shall notify the district of that determination. The~~
22 ~~district must respond to the commissioner not later than the 30th~~
23 ~~day after the date the commissioner notifies the district of the~~
24 ~~commissioner's determination. If the district's response does not~~
25 ~~change the commissioner's determination that the district is at~~
26 ~~high risk of having misused compensatory education funds or if the~~
27 ~~district does not respond in a timely manner, the commissioner~~

1 shall:

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

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

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

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

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

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

23 ~~[(q-4) The commissioner, in the year following a local audit~~
24 ~~of compensatory education expenditures, shall withhold from a~~
25 ~~district's foundation school fund payment an amount equal to the~~
26 ~~amount of compensatory education funds the agency determines were~~
27 ~~not used in compliance with Subsection (c). The commissioner shall~~

1 ~~release to a district funds withheld under this subsection when the~~
2 ~~district provides to the commissioner a detailed plan to spend~~
3 ~~those funds in compliance with Subsection (c).~~

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

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

16 [~~(a)~~] For each student in average daily attendance in a bilingual
17 education or special language program under Subchapter B, Chapter
18 29, a district is entitled to an annual allotment equal to the
19 [~~adjusted~~] basic allotment multiplied by:

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

22 (A) 0.1; or

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

26 (2) for a student not described by Subdivision (1),
27 0.05.

1 ~~[(b) Funds allocated under this section, other than an~~
2 ~~indirect cost allotment established under State Board of Education~~
3 ~~rule, must be used in providing bilingual education or special~~
4 ~~language programs under Subchapter B, Chapter 29, and must be~~
5 ~~accounted for under existing agency reporting and auditing~~
6 ~~procedures.~~

7 ~~[(c) A district's bilingual education or special language~~
8 ~~allocation may be used only for program and student evaluation,~~
9 ~~instructional materials and equipment, staff development,~~
10 ~~supplemental staff expenses, salary supplements for teachers, and~~
11 ~~other supplies required for quality instruction and smaller class~~
12 ~~size.]~~

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

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

21 (2) \$50, if the student is enrolled in two or more
22 advanced career and technology education classes for a total of
23 three or more credits.

24 (b) In this section:

25 (1) "Career and technology education class" and
26 "career and technology education program" mean a class or program
27 that aligns with requirements for career and technical education

1 under the Strengthening Career and Technical Education for the 21st
2 Century Act (Pub. L. No. 115-224). The terms include a technology
3 applications course [~~on cybersecurity adopted or selected by the~~
4 ~~State Board of Education under Section 28.025(c-10)] .~~

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

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

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

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

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

1 (a) Except as provided by Subsection (b), for each student in
2 average daily attendance who is using a public education grant
3 under Subchapter G, Chapter 29, to attend school in a district other
4 than the district in which the student resides, the district in
5 which the student attends school is entitled to an annual allotment
6 equal to the ~~[adjusted]~~ basic allotment multiplied by a weight of
7 0.1.

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

14 SECTION 1.021. Subchapter C, Chapter 48, Education Code, as
15 added by this Act, is amended by adding Section 48.108 to read as
16 follows:

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

- 21 (1) educationally disadvantaged; or
22 (2) in a bilingual education or special language
23 program under Subchapter B, Chapter 29.

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

26 (c) A school district may receive funding for a student
27 under this section and under Sections 48.104 and 48.105, as

1 applicable, if the student satisfies the requirements of each
2 applicable section.

3 SECTION 1.022. Chapter 48, Education Code, as added by this
4 Act, is amended by adding Subchapter D, and a heading is added to
5 that subchapter to read as follows:

6 SUBCHAPTER D. ADDITIONAL FUNDING

7 SECTION 1.023. Sections 42.155 and 42.158, Education Code,
8 are transferred to Subchapter D, Chapter 48, Education Code, as
9 added by this Act, redesignated as Sections 48.151 and 48.152,
10 Education Code, and amended to read as follows:

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

14 (b) As used in this section:

15 (1) "Regular eligible student" means a student who
16 resides two or more miles from the student's campus of regular
17 attendance, measured along the shortest route that may be traveled
18 on public roads, and who is not classified as a student eligible for
19 special education services.

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

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

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

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

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

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

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

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

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

2 (f) The cost of transporting career and technology
3 education students from one campus to another inside a district or
4 from a sending district to another secondary public school for a
5 career and technology program or an area career and technology
6 school or to an approved post-secondary institution under a
7 contract for instruction approved by the agency shall be reimbursed
8 based on the number of actual miles traveled times the district's
9 official extracurricular travel per mile rate as set by the board of
10 trustees and approved by the agency.

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

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

27 (i) In the case of a district belonging to a county

1 transportation system, the district's transportation allotment for
2 purposes of determining a district's foundation school program
3 allocations is determined on the basis of the number of approved
4 daily route miles in the district [~~multiplied by the allotment per~~
5 ~~mile to which the county transportation system is entitled~~].

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

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

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

26 (m) A school district shall be reimbursed on a per-mile
27 basis for the cost of transporting a dual credit student to another

1 campus in the district, a campus in another district, or a
2 postsecondary educational institution for purposes of attending
3 the course, if the course is not available at the student's campus.

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

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

8 (2) "New instructional facility" includes:

9 (A) a newly constructed instructional facility;

10 (B) a repurposed instructional facility; and

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

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

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

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

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

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

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

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

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

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

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

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

15 ~~[(A) a newly constructed instructional facility,~~

16 ~~[(B) a repurposed instructional facility, and~~

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

20 SECTION 1.024. Subchapter D, Chapter 48, Education Code, as
21 added by this Act, is amended by adding Sections 48.153, 48.154,
22 48.155, 48.156, and 48.157 to read as follows:

23 Sec. 48.153. EDUCATOR SALARY TRANSITION ALLOTMENT FOR
24 MINIMUM SALARY INCREASE. (a) A school district to which Section
25 21.402 applies for the 2019-2020 school year is entitled to receive
26 an annual allotment as determined by the following formula:

27
$$\underline{A = 1.5 \times S - ((\text{CYM\&O} - \text{BYM\&O}) \times \text{ADA})}$$

1 where:

2 "A" is the allotment a district receives for purposes of
3 paying the increased costs associated with the minimum salary
4 schedule under Section 21.402 beginning with the 2019-2020 school
5 year;

6 "S" is the total amount of additional costs a district would
7 be required to pay for salary and benefits for employees subject to
8 the minimum salary schedule in the 2017-2018 school year if the
9 minimum salary schedule for the 2019-2020 school year applied to
10 those employees;

11 "CYM&O" is the amount of a district's maintenance and
12 operations entitlement under this chapter per student in average
13 daily attendance for the current school year;

14 "BYM&O" is the amount of a district's maintenance and
15 operations entitlement under this chapter per student in average
16 daily attendance for the 2018-2019 school year; and

17 "ADA" is the average daily attendance for a district for the
18 current school year.

19 (b) For purposes of calculating the formula in Subsection
20 (a), the commissioner shall:

21 (1) if the value of "A" results in a negative number,
22 use zero for the value of "A";

23 (2) include in the calculation of an employee's salary
24 and benefits an additional 4.2 percent of the amount that the
25 employee is entitled to receive under the minimum salary schedule
26 in effect for the 2019-2020 school year for the increased costs of
27 Medicare and other payroll benefits;

1 (3) exclude 50 percent of the following amounts to
2 which a district is entitled in the calculation of a district's
3 maintenance and operations entitlement:

4 (A) the early reading allotment under Section
5 48.108;

6 (B) the educator effectiveness allotment under
7 Section 48.154; and

8 (C) amounts received as educator effectiveness
9 fee reimbursement under Section 48.157;

10 (4) adjust the calculation under Subsection (a) to
11 reflect:

12 (A) a reduction in tax effort by a district;

13 (B) property value adjustments due to a disaster;

14 (C) any additional state aid due to disaster
15 remediation; and

16 (D) the sparsity adjustment under Section
17 48.052;

18 (5) exclude funding provided to a district for the
19 2018-2019 school year under former Sections 41.002(e)-(g) and
20 former Subchapter H, Chapter 42;

21 (6) if a school district receives a waiver relating to
22 eligibility requirements for the national free or reduced-price
23 lunch program under 42 U.S.C. Section 1751 et seq., use the number
24 of educationally disadvantaged students on which the district's
25 entitlement to compensatory education funds was based for the
26 school year before the school year in which the district received
27 the waiver, adjusted for estimated enrollment growth; and

1 (7) include increased state contributions made under
2 Section 825.405, Government Code, for the current school year as
3 compared to the 2018-2019 school year.

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

6 Sec. 48.154. EDUCATOR EFFECTIVENESS ALLOTMENT. (a) In this
7 section, "classroom teacher" has the meaning assigned by Section
8 21.751.

9 (b) For each classroom teacher with a teacher designation
10 under Subchapter P, Chapter 21, employed by a school district, the
11 school district is entitled to an allotment equal to:

$$A = B + (SCE \times DM)$$

12 where:

13 "A" is the allotment provided to a school district per
14 classroom teacher who holds a teacher designation;

15 "B" is the applicable base amount for a classroom teacher
16 provided under Subsection (c);

17 "SCE" is the state compensatory education factor determined
18 under Subsection (d); and

19 "DM" is the applicable designation multiplier for a classroom
20 teacher under Subsection (e).

21 (c) The base amount for each classroom teacher with a
22 teacher designation is as follows:

23 (1) \$3,000 for each recognized teacher;

24 (2) \$6,000 for each exemplary teacher; and

25 (3) \$12,000 for each master teacher.

26 (d) The state compensatory education factor is the amount
27

1 equal to:

2 (1) the sum of the individual student disadvantage
3 index tier values divided by the total student population of the
4 campus at which the teacher for which the allotment is being
5 calculated is employed, where the individual student disadvantage
6 index tier values are determined as follows:

7 (A) for a student not assigned a weight for the
8 compensatory education allotment under Section 48.104(b), 0;

9 (B) for a student assigned the smallest weight
10 for the compensatory education allotment under Section 48.104(b),
11 0.5;

12 (C) for a student assigned the second smallest
13 weight for the compensatory education allotment under Section
14 48.104(b), 1.0;

15 (D) for a student assigned the third smallest
16 weight for the compensatory education allotment under Section
17 48.104(b), 2.0;

18 (E) for a student assigned the second greatest
19 weight for the compensatory education allotment under Section
20 48.104(b), 3.0; and

21 (F) for a student assigned the greatest weight
22 under Section 48.104(b), 4.0; or

23 (2) if the school district qualifies as a rural school
24 district based on criteria adopted by the commissioner, the value
25 that is the lesser of:

26 (A) 4.0; or

27 (B) the value that results from Subdivision (1)

1 plus 2.0.

2 (e) The designation multiplier is as follows for the
3 applicable teacher designation:

4 (1) \$1,500 for recognized;

5 (2) \$3,000 for exemplary; and

6 (3) \$5,000 for master.

7 (f) A district's allotment under Subsection (b) for a
8 classroom teacher may not be greater than \$32,000.

9 (g) A school district is not eligible for an allotment under
10 Subsection (b) for a classroom teacher whose designation has
11 expired or been revoked.

12 (h) The commissioner shall provide in an easily readable
13 format a list of campuses with the potential allotment amounts that
14 would be available for teachers with designations employed at the
15 campus.

16 (i) A district shall annually certify that all funds
17 received under this section were used for:

18 (1) educator compensation;

19 (2) costs associated with implementing Subchapter P,
20 Chapter 21; or

21 (3) professional development for educators.

22 (j) The commissioner shall provide funding under this
23 section for teacher designations made on the basis of a classroom
24 teacher's performance during the 2018-2019 school year if the
25 district:

26 (1) receives approval from the commissioner during the
27 2019-2020 school year for the district's local teacher designation

1 system; and

2 (2) provides compensation to a classroom teacher for
3 the 2019-2020 school year based on the teacher's qualifying
4 performance for a designation.

5 (j-1) Subsection (j) and this subsection expire September
6 1, 2020.

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

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

15 Sec. 48.157. EDUCATOR EFFECTIVENESS FEE REIMBURSEMENT. (a)
16 A school district is entitled to reimbursement for any fee paid
17 under Subchapter P, Chapter 21, or membership fees paid to the
18 National Board for Professional Standards for the purpose of
19 Section 21.753(b).

20 (b) The commissioner shall provide reimbursement under this
21 section for fees relating to teacher designations made on the basis
22 of a classroom teacher's performance during the 2018-2019 school
23 year if the district:

24 (1) receives approval from the commissioner during the
25 2019-2020 school year for the district's local teacher designation
26 system; and

27 (2) provides compensation to a classroom teacher for

1 the 2019-2020 school year based on the teacher's qualifying
2 performance for a designation.

3 (b-1) Subsection (b) and this subsection expire September
4 1, 2020.

5 SECTION 1.025. Chapter 48, Education Code, as added by this
6 Act, is amended by adding Subchapter E, and a heading is added to
7 that subchapter to read as follows:

8 SUBCHAPTER E. TIER TWO ENTITLEMENT

9 SECTION 1.026. Sections 42.301, 42.302, 42.303, and 42.304,
10 Education Code, are transferred to Subchapter E, Chapter 48,
11 Education Code, as added by this Act, redesignated as Sections
12 48.201, 48.202, 48.203, and 48.204, Education Code, and amended to
13 read as follows:

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

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

27
$$\text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

1 where:

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

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

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

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

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

26 (a-1) For purposes of Subsection (a), the dollar amount
27 guaranteed level of state and local funds per weighted student per

1 cent of tax effort ("GL") for a school district is:

2 (1) the product of [~~greater of~~] the amount of district
3 tax revenue per weighted student per cent of tax effort [~~that would~~
4 ~~be~~] available to a a [~~the Austin Independent School District, as~~
5 ~~determined by the commissioner in cooperation with the Legislative~~
6 ~~Budget Board, if the reduction of the limitation on tax increases as~~
7 ~~provided by Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not~~
8 ~~apply, or the amount of~~] district with maintenance and operations
9 tax revenue per weighted student per cent of tax effort equal to the
10 maximum amount provided per cent under Section 48.051(a) or (b)
11 multiplied by 160 percent [~~used for purposes of this subdivision in~~
12 ~~the preceding school year~~], for the first eight [~~six~~] cents by which
13 the district's maintenance and operations tax rate exceeds the
14 district's tier one tax rate [~~equal to the sum of the product of the~~
15 ~~state compression percentage, as determined under Section 42.2516,~~
16 ~~multiplied by the maintenance and operations tax rate adopted by~~
17 ~~the district for the 2005 tax year and any additional tax effort~~
18 ~~included in calculating the district's compressed tax rate under~~
19 ~~Section 42.101(a-1)]]; and~~

20 (2) subject to Subsection (f), the product of the
21 amount of district tax revenue per weighted student per cent of tax
22 effort available to a district with maintenance and operations tax
23 revenue per weighted student per cent of tax effort equal to the
24 maximum amount provided per cent under Section 48.051(a) or (b)
25 multiplied by 80 percent [~~\$31.95~~], for the district's maintenance
26 and operations tax effort that exceeds the amount of tax effort
27 described by Subdivision (1).

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

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

9 (1) the district's local fund assignment under Section
10 48.256 [~~42.252~~]; or

11 (2) taxes paid into a tax increment fund under Chapter
12 311, Tax Code.

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

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

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

27 (f) For a school year in which a school district's dollar

1 amount guaranteed level of state and local funds under Subsection
 2 (a-1)(2) results in a greater amount of district tax revenue per
 3 weighted student per cent of tax effort than for the preceding
 4 school year, the school district shall reduce the district's tax
 5 rate under Section 45.0032(b)(2) for that tax year to a rate that
 6 results in the amount of district tax revenue per weighted student
 7 per cent of tax effort available to the district for the preceding
 8 year. A school district is not entitled to the amount equal to the
 9 increase of district tax revenue described under this section
 10 during the tax year in which the district must reduce the district's
 11 tax rate. This subsection does not apply if the amount of state
 12 funds for a school year specifically excludes the amount necessary
 13 to provide the dollar amount guaranteed level of state and local
 14 funds per weighted student per cent of tax effort under Subsection
 15 (a-1)(2) [~~If a school district imposes a maintenance and operations~~
 16 ~~tax at a rate greater than the rate equal to the product of the state~~
 17 ~~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, the district is entitled to~~
 20 ~~receive an allotment under this section on the basis of that greater~~
 21 ~~tax effort]~~.

22 Sec. 48.203 [42.303]. LIMITATION ON ENRICHMENT TAX RATE.
 23 The district enrichment tax rate ("DTR") under Section 48.202
 24 [42.302] may not exceed the amount per \$100 of valuation by which
 25 the maximum rate permitted under Section 45.003 exceeds the rate
 26 used to determine the district's local share under Section 48.256
 27 [42.252], or a greater amount for any year provided by

1 appropriation.

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

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

11 SUBCHAPTER F. FINANCING THE PROGRAM

12 SECTION 1.028. Sections 42.251, 42.2511, 42.2514, 42.2515,
13 42.2516, and 42.252, Education Code, are transferred to Subchapter
14 F, Chapter 48, Education Code, as added by this Act, redesignated as
15 Sections 48.251, 48.252, 48.253, 48.254, 48.255, and 48.256,
16 Education Code, and amended to read as follows:

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

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

22 (A) the basic allotment under Subchapter B;

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

25 (C) the additional funding under Subchapter D;

26 and

27 (2) [~~, computed in accordance with this chapter,~~

1 ~~constitute the tier one allotments. The sum of the tier one~~
2 ~~allotments and] the tier two allotment [~~guaranteed yield~~~~

3 ~~allotments]~~ under Subchapter E.
4 (b) The sum of the Foundation School Program maintenance and
5 operations costs for all accredited school districts in this state
6 constitutes [~~F, computed in accordance with this chapter,~~

7 ~~constitute]~~ the total maintenance and operations cost of the
8 Foundation School Program.

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

10 (1) state available school funds distributed in
11 accordance with the law [~~ad valorem tax revenue generated by an~~

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

15 ~~effort]; and~~
16 (3) [~~state available school funds distributed in~~

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

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

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

27 (2) a charter granted by a school district for a

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

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

- 10 (1) the amount described by Section 12.106; and
11 (2) the amount to which the district would be entitled
12 under this chapter.

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

15 Sec. 48.253 [42.2514]. ADDITIONAL STATE AID FOR TAX
16 INCREMENT FINANCING PAYMENTS. (a) For each school year, a school
17 district [~~including a school district that is otherwise ineligible~~
18 ~~for state aid under this chapter,~~] is entitled to state aid in an
19 amount equal to the amount the district is required to pay into the
20 tax increment fund for a reinvestment zone under Section
21 311.013(n), Tax Code.

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

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

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

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

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

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

18 (1) 96 percent; or

19 (2) a lower percentage set [not established] by
20 appropriation for a school year.

21 (c) The [the] commissioner may adopt rules as necessary to
22 implement this section. [shall determine the state compression
23 percentage for each school year based on the percentage by which a
24 district is able to reduce the district's maintenance and
25 operations tax rate for that year, as compared to the district's
26 adopted maintenance and operations tax rate for the 2005 tax year,
27 as a result of state funds appropriated for that year from the

1 ~~property tax relief fund established under Section 403.109,~~
2 ~~Government Code, or from another funding source available for~~
3 ~~school district property tax relief.~~

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

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

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

$$LFA = TR \times DPV$$

11 where:

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

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

19 ~~[(1) \$1.50, or~~

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

22 "DPV" is the taxable value of property in the school district
23 for the preceding tax year determined under Subchapter M, Chapter
24 403, Government Code.

25 ~~[(a-1) Notwithstanding Subsection (a), for a school~~
26 ~~district that adopted a maintenance and operations tax rate for the~~

1 ~~2005 tax year below the maximum rate permitted by law for that year,~~
2 ~~the district's tax rate ("TR") includes the tax effort included in~~
3 ~~calculating the district's compressed tax rate under Section~~
4 ~~42.101(a-1).]~~

5 (b) The commissioner shall adjust the values reported by in ~~in~~
6 ~~the official report of~~ the comptroller ~~[as required by Section~~
7 ~~5.09(a), Tax Code,~~] to reflect reductions in taxable value of
8 property resulting from natural or economic disaster ~~[after January~~
9 ~~1]~~ in the year in which the valuations are determined. The decision
10 of the commissioner is final. An adjustment does not affect the
11 local fund assignment of any other school district.

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

14 (d) A school district must raise its total local share of
15 the Foundation School Program to be eligible to receive foundation
16 school fund payments.

17 SECTION 1.029. Subchapter F, Chapter 48, Education Code, as
18 added by this Act, is amended by adding Section 48.257 to read as
19 follows:

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

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

1 (b) This subsection applies only to a school district to
2 which Subsection (a) applies. If the sum of a district's
3 maintenance and operations tax collections for the current tax year
4 minus the district's tier one revenue level under Subsection (a) is
5 less than the amount of the district's entitlement under Section
6 48.266(a)(1), the agency shall adjust the amount of the district's
7 tier one revenue level under Subsection (a) to ensure that the
8 district retains the amount of local funds necessary for the
9 district's entitlement under Section 48.266(a)(1).

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

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

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

1 guaranteed level of state and local funds.

2 (f) The amount of a school district's tier two local share
 3 described by Section 48.266(a)(5)(B) to which a district is
 4 entitled may not exceed the amount described by Section
 5 48.202(a-1)(2).

6 SECTION 1.030. Sections 41.002(e), (f), and (g), Education
 7 Code, are transferred to Section 48.257, Education Code, as added
 8 by this Act, redesignated as Sections 48.257(g), (h), and (i),
 9 Education Code, and amended to read as follows:

10 (g) [~~(e)~~] Notwithstanding Subsections [~~Subsection~~] (a),
 11 (d), and (f), and except as provided by Subsection (i) [~~(g)~~], in
 12 accordance with a determination of the commissioner, the local
 13 revenue level [~~wealth per student~~] that a school district may have
 14 after exercising an option under Section 49.002(2) [~~41.003(2)~~] or
 15 (3) may not be less than the amount needed to maintain state and
 16 local revenue in an amount equal to state and local revenue per
 17 weighted student for maintenance and operation of the district for
 18 the 1992-1993 school year less the district's current year
 19 distribution per weighted student from the available school fund,
 20 other than amounts distributed under Chapter 31, if the district
 21 imposes an effective tax rate for maintenance and operation of the
 22 district equal to the greater of the district's current tax rate or
 23 \$1.50 on the \$100 valuation of taxable property.

24 (h) [~~(f)~~] For purposes of Subsection (g) [~~(e)~~], a school
 25 district's effective tax rate is determined by dividing the total
 26 amount of taxes collected by the district for the applicable school
 27 year less any amounts paid into a tax increment fund under Chapter

1 311, Tax Code, by the quotient of the district's taxable value of
2 property, as determined under Subchapter M, Chapter 403, Government
3 Code, divided by 100.

4 (i) ~~(g)~~ The local revenue level ~~[wealth per student]~~ that
5 a district may have under Subsection ~~(g)~~ ~~(e)~~ is adjusted as
6 follows:

7
$$\text{ALRL} [\text{AWPS}] = \text{LRL} [\text{WPS}] \times ((\text{ERL} [\text{EWL}] / 280,000 - 1) \times \text{DTR} / 1.17) + 1$$

8 where:

9 "ALRL" ["AWPS"] is the district's local revenue level
10 ~~[wealth per student]~~;

11 "LRL" ["WPS"] is the district's local revenue level
12 ~~[wealth per student]~~ determined under Subsection ~~(g)~~ ~~(e)~~;

13 "ERL" ["EWL"] is the local revenue level under this
14 section to which a district is entitled ~~[equalized wealth level]~~;

15 and

16 "DTR" is the district's adopted maintenance and
17 operations tax rate for the current school year.

18 SECTION 1.031. Section 48.257, Education Code, as added by
19 this Act, is amended by adding Subsections (j) and (j-1) to read as
20 follows:

21 (j) Notwithstanding any other provision of this section,
22 the local revenue level that a school district may have under
23 Subsections (g)-(i) is reduced by the following amounts:

24 (1) for the 2020-2021 school year, an amount equal to
25 20 percent of the difference between the local revenue level for the
26 district calculated under Subsections (g)-(i) and the local revenue
27 level permitted under Subsections (a), (d), and (f);

1 (2) for the 2021-2022 school year, an amount equal to
2 40 percent of the difference between the local revenue level for the
3 district calculated under Subsections (g)-(i) and the local revenue
4 level permitted under Subsections (a), (d), and (f);

5 (3) for the 2022-2023 school year, an amount equal to
6 60 percent of the difference between the local revenue level for the
7 district calculated under Subsections (g)-(i) and the local revenue
8 level permitted under Subsections (a), (d), and (f); and

9 (4) for the 2023-2024 school year, an amount equal to
10 80 percent of the difference between the local revenue level for the
11 district calculated under Subsections (g)-(i) and the local revenue
12 level permitted under Subsections (a), (d), and (f).

13 (j-1) Subsection (j) and this subsection expire September
14 1, 2024.

15 SECTION 1.032. Sections [42.2521](#), [42.2522](#), [42.2523](#),
16 [42.2524](#), [42.2525](#), [42.2526](#), [42.2527](#), [42.2528](#), [42.253](#), [42.2531](#),
17 [42.2532](#), [42.254](#), [42.255](#), [42.257](#), [42.258](#), [42.259](#), [42.2591](#), [42.260](#),
18 and [42.262](#), Education Code, are transferred to Subchapter F,
19 Chapter 48, Education Code, as added by this Act, redesignated as
20 Sections 48.258, 48.259, 48.260, 48.261, 48.262, 48.263, 48.264,
21 48.265, 48.266, 48.267, 48.268, 48.269, 48.270, 48.271, 48.272,
22 48.273, 48.274, 48.275, and 48.276, Education Code, and amended to
23 read as follows:

24 Sec. [48.258](#) [~~[42.2521](#)~~]. ADJUSTMENT FOR RAPID DECLINE IN
25 TAXABLE VALUE OF PROPERTY. (a) For purposes of Chapters [~~41 and~~
26 [46](#) and [49](#) and this chapter, and to the extent money specifically
27 authorized to be used under this section is available, the

1 commissioner shall adjust the taxable value of property in a school
2 district that, due to factors beyond the control of the board of
3 trustees, experiences a rapid decline in the tax base used in
4 calculating taxable values in excess of four percent of the tax base
5 used in the preceding year.

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

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

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

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

21 (2) the commissioner determines that the total amount
22 of state funds appropriated for purposes of the Foundation School
23 Program for the school year exceeds the amount of state funds
24 distributed to school districts in accordance with Section 48.266
25 [~~42.253~~] based on the taxable values of property in school
26 districts computed in accordance with Section 403.302(d),
27 Government Code, without any deduction for residence homestead

1 exemptions granted under Section [11.13\(n\)](#), Tax Code.

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

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

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

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

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

27 (e) The commissioner shall notify school districts as soon

1 as practicable as to the availability of funds under this section.
2 For purposes of computing a ratification [~~rollback~~] tax rate under
3 Section 26.08, Tax Code, a district shall adjust the district's tax
4 rate limit to reflect assistance received under this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (e) ~~[(f)]~~ ~~A district required to take action under Chapter~~
11 ~~41.~~

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

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

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

25 (f) ~~[(i)]~~ Notwithstanding any other provision of this
26 section, the commissioner may permit a district to use amounts
27 provided to a district under this section to pay the costs of

1 replacing a facility instead of repairing the facility. The
2 commissioner shall ensure that a district that elects to replace a
3 facility does not receive an amount under this section that exceeds
4 the lesser of:

- 5 (1) the amount that would be provided to the district
6 if the facility were repaired; or
- 7 (2) the amount necessary to replace the facility.

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

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

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

22 (b) Beginning with the first school year that follows the
23 first school year in which students receive high school diplomas
24 under the pilot program authorized by Section 28.0255 and
25 continuing for every subsequent school year that the district
26 operates the pilot program, the commissioner shall provide funding
27 for the district's prekindergarten program under Section 29.153 on

1 a full-day basis for a number of prekindergarten students equal to
2 twice the number of students who received a high school diploma
3 under the pilot program authorized by Section [28.0255](#) during the
4 preceding school year.

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

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

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

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

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

23 Sec. [48.265](#) [~~[42.2528](#)~~]. EXCESS FUNDS FOR VIDEO SURVEILLANCE
24 OF SPECIAL EDUCATION SETTINGS. (a) Notwithstanding any other
25 provision of law, if the commissioner determines that the amount
26 appropriated for the purposes of the Foundation School Program
27 exceeds the amount to which school districts are entitled under

1 this chapter, the commissioner by rule shall establish a grant
2 program through which excess funds are awarded as grants for the
3 purchase of video equipment, or for the reimbursement of costs for
4 previously purchased video equipment, used for monitoring special
5 education classrooms or other special education settings required
6 under Section 29.022.

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

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

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

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

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

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

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

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

27 (4) the amount of each district's tier one local share

1 under Section 48.256 [~~42.252~~]; and

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

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

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

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

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

25 (d) The commissioner shall approve warrants to each school
26 district equaling the amount of its entitlement except as provided
27 by this section. Warrants for all money expended according to this

1 chapter shall be approved and transmitted to treasurers or
2 depositories of school districts in the same manner that warrants
3 for state payments are transmitted. The total amount of the
4 warrants issued under this section may not exceed the total amount
5 appropriated for Foundation School Program purposes for that fiscal
6 year.

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

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

1 adjust the total amounts due to each school district and
2 open-enrollment charter school under this chapter and the total
3 amounts necessary for each school district to comply with the
4 requirements of Chapter 49 [~~41~~] by an amount determined by applying
5 to each district and school the same percentage adjustment to the
6 total amount of state and local revenue due to the district or
7 school under this chapter and Chapter 49 [~~41~~] so that the total
8 amount of the adjustment to all districts and schools results in an
9 amount equal to the total adjustment necessary. The following
10 fiscal year:

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

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

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

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

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

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

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

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

27 (2) if the adjustment is made in the first year of a

1 state fiscal biennium, cause the amount to which school districts
2 are entitled under this chapter for the second year of the biennium
3 to exceed the amount appropriated for purposes of the Foundation
4 School Program for that year.

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

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

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

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

27 (1) the agency shall submit to the legislature an

1 estimate of the tax rate and student enrollment of each school
2 district for the following biennium; and

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

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

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

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

1 appeal.

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

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

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

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

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

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

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

4 (a) In this section:

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

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

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

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

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

21 (1) 15 percent of the yearly entitlement of the
22 district shall be paid in an installment to be made on or before the
23 25th day of September of a fiscal year;

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

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

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

6 (1) 22 percent of the yearly entitlement of the
7 district shall be paid in an installment to be made on or before the
8 25th day of September of a fiscal year;

9 (2) 18 percent of the yearly entitlement of the
10 district shall be paid in an installment to be made on or before the
11 25th day of October;

12 (3) 9.5 percent of the yearly entitlement of the
13 district shall be paid in an installment to be made on or before the
14 25th day of November;

15 (4) 7.5 percent of the yearly entitlement of the
16 district shall be paid in an installment to be made on or before the
17 25th day of April;

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

21 (6) 10 percent of the yearly entitlement of the
22 district shall be paid in an installment to be made on or before the
23 25th day of June;

24 (7) 13 percent of the yearly entitlement of the
25 district shall be paid in an installment to be made on or before the
26 25th day of July; and

27 (8) 15 percent of the yearly entitlement of the

1 district shall be paid in an installment to be made on or before the
2 25th day of August.

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

5 (1) 45 percent of the yearly entitlement of the
6 district shall be paid in an installment to be made on or before the
7 25th day of September of a fiscal year;

8 (2) 35 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 October; and

11 (3) 20 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 August.

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

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

25 (g) The commissioner shall make all annual Foundation
26 School Program payments under this section for purposes described
27 by Sections [45.252\(a\)\(1\)](#) and (2) before the deadline established

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

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

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

1 charter school must reestablish eligibility in the manner provided
2 by this subsection every three school years.

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

6 (1) 22 percent of the yearly entitlement of the school
7 shall be paid in an installment to be made on or before the 25th day
8 of September of a fiscal year;

9 (2) 18 percent of the yearly entitlement of the school
10 shall be paid in an installment to be made on or before the 25th day
11 of October;

12 (3) 9.5 percent of the yearly entitlement of the
13 school shall be paid in an installment to be made on or before the
14 25th day of November;

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

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

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

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

27 (8) 7.5 percent of the yearly entitlement of the

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

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

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

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

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

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

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

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

27 (b) The amount of additional funds to which each school

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

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

11 (1) the amount determined by multiplying the amount of
12 \$900 or the amount specified in the General Appropriations Act for
13 that year for purposes of the state contribution under Section
14 1579.251, Insurance Code, by the number of district or school
15 employees who participate in a group health coverage plan provided
16 by or through the district or school; and

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

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

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

26 Sec. 48.276 [42.262]. TAX RATE CONVERSION FUND. (a) Each
27 fiscal year, the commissioner shall identify amounts appropriated

1 in the General Appropriations Act from the Foundation School
2 Fund[7] to be deposited in the tax rate conversion fund in the
3 general revenue fund. [~~The amount identified by the commissioner
4 shall be sufficient to provide additional state aid to school
5 districts to which the compressed tax rate modified under Section
6 42.101(a-1) applies, in excess of the level of state aid to which
7 the district would have been entitled had Section 42.101(a-1) not
8 taken effect.~~]

9 (b) For the purposes of state aid payments to school
10 districts under this chapter, the tax rate conversion fund shall be
11 considered to be used in the same manner as the foundation school
12 fund.

13 SECTION 1.033. Subchapter F, Chapter 48, Education Code, as
14 added by this Act, is amended by adding Section 48.277 to read as
15 follows:

16 Sec. 48.277. FORMULA TRANSITION GRANT. (a) Subject to
17 Subsection (b), a school district is entitled to receive an annual
18 allotment in the amount equal to the difference, if the difference
19 is greater than zero, that results from subtracting the total
20 maintenance and operations tax revenue per student in weighted
21 average daily attendance for the school year for the current school
22 year from the lesser of:

23 (1) the district's total maintenance and operations
24 tax revenue per student in weighted average daily attendance for
25 the 2018-2019 school year; or

26 (2) 125 percent of the statewide average amount of
27 maintenance and operations funding per student in weighted average

1 daily attendance for the 2018-2019 school year.

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

4 (1) include all state and federal funding, except for
5 any funding provided under this section or former Subchapter H,
6 Chapter 42;

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

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

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

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

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

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

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

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

26 SECTION 1.034. Chapter 48, Education Code, as added by this
27 Act, is amended by adding Subchapter G, and a heading is added to

1 that subchapter to read as follows:

2 SUBCHAPTER G. SCHOOL FACILITIES INVENTORY AND STANDARDS

3 SECTION 1.035. Sections 42.352 and 42.4101, Education Code,
4 are transferred to Subchapter G, Chapter 48, Education Code, as
5 added by this Act, redesignated as Sections 48.301 and 48.302,
6 Education Code, and amended to read as follows:

7 Sec. 48.301 [42.352]. FACILITIES STANDARDS. The State
8 Board of Education shall establish standards for adequacy of school
9 facilities. The standards shall include requirements related to
10 space, educational adequacy, and construction quality. All
11 facilities constructed after September 1, 1992, must meet the
12 standards in order to be financed with state or local tax funds.

13 Sec. 48.302 [42.4101]. ADDITIONAL ASSISTANCE FOR
14 DISTRICTS WITH STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A
15 district is entitled to additional assistance under this section as
16 provided by Section 29.203(c).

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

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

1 SECTION 1.036. Subtitle I, Title 2, Education Code, is
2 amended by adding Chapter 49, and a heading is added to that chapter
3 to read as follows:

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

6 SECTION 1.037. Chapter 49, Education Code, as added by this
7 Act, is amended by adding Subchapter A, and a heading is added to
8 that subchapter to read as follows:

9 SUBCHAPTER A. GENERAL PROVISIONS

10 SECTION 1.038. Sections 41.001, 41.003, 41.0031, 41.004,
11 41.005, 41.006, 41.007, 41.008, 41.009, 41.010, 41.011, 41.012, and
12 41.013, Education Code, are transferred to Subchapter A, Chapter
13 49, Education Code, as added by this Act, redesignated as Sections
14 49.001, 49.002, 49.003, 49.004, 49.005, 49.006, 49.007, 49.008,
15 49.009, 49.010, 49.011, 49.012, and 49.013, Education Code, and
16 amended to read as follows:

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

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

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

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

27 Sec. 49.002 [~~41.003~~]. OPTIONS TO REDUCE LOCAL REVENUE

1 ~~[ACHIEVE EQUALIZED WEALTH]~~ LEVEL. A district with a local revenue
2 level in excess of entitlement ~~[wealth per student that exceeds the~~
3 ~~equalized wealth level]~~ may take any combination of the following
4 actions to reduce the district's revenue level ~~[achieve the~~
5 ~~equalized wealth level]~~:

6 (1) consolidation with another district as provided by
7 Subchapter B;

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

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

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

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

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

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

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

27 Sec. 49.004 ~~[41.004]~~. ANNUAL REVIEW OF LOCAL REVENUES

1 ~~[PROPERTY WEALTH]~~. (a) Not later than July 15 of each year, using
2 the estimate of enrollment under Section 48.269 [~~42.254~~], the
3 commissioner shall review the local revenue level [~~wealth per~~
4 ~~student~~] of school districts in the state and shall notify:

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

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

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

14 (b) If, before the dates provided by this subsection, a
15 district notified under Subsection (a)(1) has not successfully
16 exercised one or more options under Section 49.002 [~~41.003~~] that
17 reduce the district's local revenue level [~~wealth per student~~] to a
18 level equal to or less than the [~~equalized wealth~~] level
19 established under Section 48.257, the commissioner shall order the
20 detachment of property from that district as provided by Subchapter
21 G. If that detachment will not reduce the district's local revenue
22 level [~~wealth per student~~] to a level equal to or less than the
23 [~~equalized wealth~~] level established under Section 48.257, the
24 commissioner may not detach property under Subchapter G but shall
25 order the consolidation of the district with one or more other
26 districts as provided by Subchapter H. An agreement under Section
27 49.002(1) [~~41.003(1)~~] or (2) must be executed not later than

1 September 1 immediately following the notice under Subsection (a).
2 An election for an option under Section 49.002(3) [~~41.003(3)~~], (4),
3 or (5) must be ordered before September 1 immediately following the
4 notice under Subsection (a).

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

11 (d) A detachment and annexation or consolidation under this
12 chapter:

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

17 (2) applies to the ad valorem taxation of property
18 beginning with the tax year in which the agreement or order is
19 effective.

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

24 Sec. 49.006 [~~41.006~~]. RULES. (a) The commissioner may
25 adopt rules necessary for the implementation of this chapter. The
26 rules may provide for the commissioner to make necessary
27 adjustments to the provisions of Chapter 48 [~~42~~], including

1 providing for the commissioner to make an adjustment in the funding
2 element established by Section 48.202 [~~42.302~~], at the earliest
3 date practicable, to the amount the commissioner believes, taking
4 into consideration options exercised by school districts under this
5 chapter and estimates of student enrollments, will match
6 appropriation levels.

7 (b) As necessary for the effective and efficient
8 administration of this chapter, the commissioner may modify
9 effective dates and time periods for actions described by this
10 chapter.

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

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

1 is authorized to adopt or change in amount under Section 11.13, Tax
2 Code.

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

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

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

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

24 (b) This section does not apply to the payment of tax
25 increments for an obligation refinanced or renewed after September
26 1, 2019.

27 Sec. 49.011 [41.011]. CONTINGENCY. (a) If any of the

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

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

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

1 48.257. The amount released shall be deducted from any state aid
2 payable to the district according to a schedule adopted by the
3 commissioner.

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

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

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

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

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

20 SECTION 1.039. Subchapter B, Chapter 41, Education Code, is
21 transferred to Chapter 49, Education Code, as added by this Act,
22 redesignated as Subchapter B, Chapter 49, Education Code, and
23 amended to read as follows:

24 SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

25 Sec. 49.051 [~~41.031~~]. AGREEMENT. The governing boards of
26 any two or more school districts may consolidate the districts by
27 agreement in accordance with this subchapter to establish a

1 consolidated district with a local revenue level [~~wealth per~~
2 ~~student~~] equal to or less than the [~~equalized wealth~~] level
3 established under Section 48.257. The agreement is not effective
4 unless the commissioner certifies that the consolidated district,
5 as a result of actions taken under this chapter, will have a local
6 revenue level [~~wealth per student~~] equal to or less than the
7 [~~equalized wealth~~] level established under Section 48.257.

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

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

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

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

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

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

19 SECTION 1.040. Subchapter C, Chapter 41, Education Code, is
20 transferred to Chapter 49, Education Code, redesignated as
21 Subchapter C, Chapter 49, Education Code, and amended to read as
22 follows:

23 SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

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

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

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

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

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

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

26 Sec. 49.104 [41.064]. ALLOCATION OF INDEBTEDNESS. The
27 annexation agreement may allocate to the receiving district any

1 portion of the indebtedness of the district from which the
2 territory is detached, and the receiving district assumes and is
3 liable for the allocated indebtedness.

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

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

11 SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

12 SECTION 1.042. Sections 41.091, 41.092, 41.093, 41.094,
13 41.095, 41.096, 41.097, and 41.099, Education Code, are transferred
14 to Subchapter D, Chapter 49, Education Code, as added by this Act,
15 redesignated as Sections 49.151, 49.152, 49.153, 49.154, 49.155,
16 49.156, 49.157, and 49.158, Education Code, and amended to read as
17 follows:

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

26 Sec. 49.152 [~~41.092~~]. CREDIT. The amount of [~~(a) For each~~]
27 credit purchased decreases the dollar amount of a district's local

1 revenue level~~[, the weighted average daily attendance of the~~
 2 ~~purchasing school district is increased by one student in weighted~~
 3 ~~average daily attendance]~~ for purposes of determining whether the
 4 district exceeds the ~~[equalized wealth]~~ level established under
 5 Section 48.257.

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

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

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

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

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

26 ~~[(b-1) If the guaranteed level of state and local funds per~~
 27 ~~weighted student per cent of tax effort under Section~~

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

10 (c) The cost of [an] attendance credit for a school district
11 is computed using the final tax collections of the district.

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

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

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

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

25 (b) The ballot shall be printed to permit voting for or
26 against the proposition: "Authorizing the board of trustees of
27 _____ School District to purchase attendance credit [~~credits~~]"

1 from the state with local tax revenues."

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

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

19 (b) Amounts paid for an obligation refinanced or renewed
20 after September 1, 2019, are not included for purposes of
21 calculating amounts paid into a tax increment fund under Chapter
22 311, Tax Code, under Subsection (a) [~~A school district is entitled~~
23 ~~to a reduction under Subsection (a) beginning with the 1996-1997~~
24 ~~school year. For that school year, the reduction to which a~~
25 ~~district is entitled is the sum of the amounts computed under~~
26 ~~Subsection (a) for the 1993-1994, 1994-1995, 1995-1996, and~~
27 ~~1996-1997 school years. If that amount exceeds the total amount~~

1 ~~required under Section 41.093 for the 1996-1997 school year, the~~
2 ~~difference is carried forward and the total amount required under~~
3 ~~Section 41.093 is reduced each subsequent school year until the~~
4 ~~total amount of the credit has been applied to such reductions].~~

5 Sec. 49.158 [~~41.099~~]. LIMITATION. (a) Sections 48.257(g),
6 49.154, and 49.157 [~~41.002(e), 41.094, 41.097, and 41.098~~] apply
7 only to a district that:

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

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

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

18 (A) to an extent that does not provide more than
19 10 percent of the reduction in local revenue [~~wealth per student~~]
20 required for the district to achieve a local revenue level [~~wealth~~
21 ~~per student~~] that is equal to or less than the [~~equalized wealth~~]
22 level established under Section 48.257; and

23 (B) under which all revenue paid by the district
24 to other districts, in excess of the reduction in state aid that
25 results from counting the weighted average daily attendance of the
26 students served in the contracting district, is required to be used
27 for funding a consortium of at least three districts in a county

1 with a population of less than 40,000 that is formed to support a
2 technology initiative.

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

6 SECTION 1.043. Effective September 1, 2024, Section
7 49.158(a), Education Code, as redesignated by this Act, is amended
8 to read as follows:

9 (a) Sections 49.154 and 49.157 [~~41.002(e), 41.094, 41.097,~~
10 ~~and 41.098~~] apply only to a district that:

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

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

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

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

26 (B) under which all revenue paid by the district
27 to other districts, in excess of the reduction in state aid that

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

6 SECTION 1.044. Chapter 49, 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. EDUCATION OF NONRESIDENT STUDENTS

10 SECTION 1.045. Sections 41.121, 41.122, and 41.123,
11 Education Code, are transferred to Subchapter E, Chapter 49,
12 Education Code, as added by this Act, redesignated as Sections
13 49.201, 49.202, and 49.203, Education Code, and amended to read as
14 follows:

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

1 level [~~wealth per student~~] being greater than the [~~equalized~~
2 ~~wealth~~] level established under Section 48.257 and that the
3 agreement requires an expenditure per student in weighted average
4 daily attendance that is at least equal to the amount per student in
5 weighted average daily attendance required under Section 49.153
6 [~~41.093~~].

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

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

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

23 Sec. 49.203 [~~41.123~~]. WADA COUNT. For purposes of Chapter
24 48 [~~42~~], students served under an agreement under this subchapter
25 are counted only in the weighted average daily attendance of the
26 district providing the services, except that students served under
27 an agreement authorized by Section 49.205 [~~41.125~~] are counted in a

1 manner determined by the commissioner.

2 SECTION 1.046. Section [41.124](#), Education Code, as amended
3 by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the 85th
4 Legislature, Regular Session, 2017, is transferred to Subchapter E,
5 Chapter 49, Education Code, as added by this Act, redesignated as
6 Section 49.204, Education Code, and reenacted and amended to read
7 as follows:

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

19 (b) A school district with a local revenue [~~wealth per~~
20 ~~student that exceeds the equalized wealth~~] level in excess of
21 entitlement that pays tuition to another school district for the
22 education of students that reside in the district may apply the
23 amount of tuition paid toward the cost of the option chosen by the
24 district to reduce its local revenue level [~~wealth per student~~].
25 The amount applied under this subsection may not exceed the amount
26 of maintenance and operations tax revenue for one student in
27 weighted average daily attendance in [~~determined under Section~~

1 ~~41.093 as the cost of an attendance credit for~~ the district. The
2 commissioner may require any reports necessary to document the
3 tuition payments.

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

10 SECTION 1.047. Section 41.125, Education Code, is
11 transferred to Subchapter E, Chapter 49, Education Code, as added
12 by this Act, redesignated as Section 49.205, Education Code, and
13 amended to read as follows:

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

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

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

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

12 SECTION 1.048. Subchapter F, Chapter 41, Education Code, is
13 transferred to Chapter 49, Education Code, as added by this Act,
14 redesignated as Subchapter F, Chapter 49, Education Code, and
15 amended to read as follows:

16 SUBCHAPTER F. TAX BASE CONSOLIDATION

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

27 Sec. 49.252 [~~41.152~~]. DATE OF ELECTION. Any agreement

1 under this subchapter must provide for the ordering of an election
2 to be held on the same date in each district.

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

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

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

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

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

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

1 trustees.

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

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

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

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

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

25 Sec. 49.259 [~~41.159~~]. TAXES OF COMPONENT DISTRICTS. (a)
26 The governing board of a component school district of a
27 consolidated taxing district that has consolidated for maintenance

1 and operation purposes only may issue bonds and levy, pledge, and
2 collect ad valorem taxes within that component district sufficient
3 to pay the principal of and interest on those bonds as provided by
4 Chapter 45.

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

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

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

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

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

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

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

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

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

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

18 SECTION 1.049. Subchapter G, Chapter 41, Education Code, is
19 transferred to Chapter 49, Education Code, as added by this Act,
20 redesignated as Subchapter G, Chapter 49, Education Code, and
21 amended to read as follows:

22 SUBCHAPTER G. DETACHMENT AND ANNEXATION BY COMMISSIONER

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

1 includes each royalty interest, working interest, or other
2 undivided interest in the mineral property.

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

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

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

20 (1) a mineral property;

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

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

27 (b) If a final judgment of a court determines that a mineral

1 interest may not be annexed and detached as provided by this
 2 subchapter without an attendant annexation and detachment of the
 3 surface estate or any other interest in the same land, the
 4 detachment and annexation of a mineral interest under this
 5 subchapter includes the surface estate and each other interest in
 6 the land covered by the mineral interest.

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

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

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

23 (c) If the detachment of whole parcels or items of property
 24 [~~7~~] as provided by Subsection (a) would result in a district's local
 25 revenue level [~~wealth per student~~] that is less than the [~~equalized~~
 26 ~~wealth~~] level established under Section 48.257 by more than the
 27 product of \$10,000 multiplied by weighted average daily attendance,

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

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

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

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

27 Sec. 49.306 [~~41.206~~]. ANNEXATION OF PROPERTY. (a) The

1 commissioner shall annex property detached under Section 49.305
2 [~~41.205~~] to school districts eligible for annexation in accordance
3 with this section. A school district is eligible for annexation of
4 property to it under this subchapter only if, before any
5 detachments or annexations are made in a year, the district's
6 taxable value of property does not exceed the value necessary to
7 generate maintenance and operations tax revenue in the amount equal
8 to the district's entitlement under Section 48.202(a-1)(2) [~~wealth~~
9 ~~per student is less than the greatest level for which funds are~~
10 ~~provided under Subchapter F, Chapter 42~~].

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

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

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

26 (1) first, to the eligible school districts assigned
27 to the same county as the school district from which the property is

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

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

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

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

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

1 Section 48.202(a-1)(2) [~~a wealth per student equal as nearly as~~
2 ~~possible to the greatest level for which funds are provided under~~
3 ~~Subchapter F, Chapter 42~~], by annexing whole parcels or items of
4 property. Any remaining detached property shall be annexed to
5 eligible school districts in the next priority group as provided by
6 this section.

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

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

12 (h) For purposes of this section, a portion of a parcel or
13 item of property detached in that subdivided form from a school
14 district is treated as a whole parcel or item of property.

15 (i) The commissioner may order the annexation of a portion
16 of a parcel or item of property, including a portion of property
17 treated as a whole parcel or item under Subsection (h), if:

18 (1) the annexation of the whole parcel or item would
19 result in the district eligible to receive it in the appropriate
20 priority order provided by this section having a local revenue
21 level [~~wealth per student~~] greater than the amount by which the
22 product of \$10,000 multiplied by weighted average daily attendance
23 exceeds the taxable value of property necessary to generate
24 maintenance and operations tax revenue in the amount equal to the
25 district's entitlement under Section 48.202(a-1)(2) [~~more than the~~
26 ~~greatest level for which funds are provided under Subchapter F,~~
27 ~~Chapter 42]~~; or

1 (2) the commissioner determines that annexation of
2 portions of the parcel or item would reduce disparities in district
3 taxable values of property necessary to generate maintenance and
4 operations tax revenue in the amount equal to a district's
5 entitlement under Section 48.202(a-1)(2) [~~wealth per student~~] more
6 efficiently than would be possible if the parcel or item were
7 annexed as a whole.

8 (j) The commissioner may modify the priorities established
9 by this section as the commissioner considers reasonable to
10 minimize or reduce the number of school districts to which the
11 property detached from a school district is annexed, to minimize or
12 reduce the geographic dispersal of property in a school district,
13 to minimize or reduce disparities in school district taxable values
14 of property necessary to generate maintenance and operations tax
15 revenue in the amount equal to a district's entitlement under
16 Section 48.202(a-1)(2) [~~wealth per student~~] that would otherwise
17 result, or to minimize or reduce any administrative burden or
18 expense.

19 (k) For purposes of this section, a school district is
20 assigned to a county if the school district is assigned to that
21 county in the 1992-1993 Texas School Directory published by the
22 Central Education Agency.

23 Sec. 49.307 [~~41.207~~]. LIMITATIONS ON DETACHMENT AND
24 ANNEXATION. The commissioner may detach and annex property under
25 this subchapter only if:

26 (1) the property is not exempt from ad valorem
27 taxation under Section 11.20 or 11.21, Tax Code; and

1 (2) the property does not contain a building or
2 structure owned by the United States, this state, or a political
3 subdivision of this state that is exempt from ad valorem taxation
4 under law.

5 Sec. 49.308 [~~41.208~~]. ORDERS AND NOTICE. (a) The
6 commissioner shall order any detachments and annexations of
7 property under this subchapter not later than November 8 of each
8 year.

9 (b) As soon as practicable after issuing the order under
10 Subsection (a), the commissioner shall notify each affected school
11 district and the appraisal district in which the affected property
12 is located of the determination.

13 Sec. 49.309 [~~41.209~~]. TREATMENT OF SUBDIVIDED PROPERTY.

14 (a) If the commissioner orders the detachment or annexation of a
15 portion of a parcel or item of property under this subchapter, the
16 order shall specify the portion of the taxable value of the property
17 to be detached or annexed and may, but need not, describe the
18 specific area of the parcel or item to be detached or annexed.

19 (b) If an order for the detachment or annexation of a
20 portion of a parcel or item of property does not describe the
21 specific area of the parcel or item to be detached or annexed, the
22 commissioner, as soon as practicable after issuing the order, shall
23 determine the specific area to be detached or annexed and shall
24 certify that determination to the appraisal district for the county
25 in which the property is located.

26 (c) If portions of a parcel or item of property are located
27 in two or more school districts as the result of a detachment or

1 annexation, the parcel or item shall be appraised for taxation as a
2 unit, and the commissioner shall determine the portion of the
3 taxable value of the property that is located in each of those
4 school districts based on the square footage of the property, or any
5 other reasonable method adopted by the commissioner.

6 Sec. 49.310 [~~41.210~~]. DUTIES OF CHIEF APPRAISER. (a) The
7 chief appraiser of each appraisal district shall cooperate with the
8 commissioner in administering this subchapter. The commissioner
9 may require the chief appraiser to submit any reports or provide any
10 information available to the chief appraiser in the form and at the
11 times required by the commissioner.

12 (b) As soon as practicable after the detachment and
13 annexation of property, the chief appraiser of the appraisal
14 district in which the property is located shall send a written
15 notice of the detachment and annexation to the owner of any property
16 taxable in a different school district as a result of the detachment
17 and annexation. The notice must include the name of the school
18 district by which the property is taxable after the detachment and
19 annexation.

20 (c) The commissioner may reimburse an appraisal district
21 for any costs incurred in administering this subchapter and may
22 condition the reimbursement or the amount of the reimbursement on
23 the timely submission of reports or information required by the
24 commissioner or the satisfactory performance of any other action
25 required or requested by the commissioner.

26 Sec. 49.311 [~~41.211~~]. STUDENT ATTENDANCE. A student who
27 is a resident of real property detached from a school district may

1 choose to attend school in that district or in the district to which
2 the property is annexed. For purposes of determining average daily
3 attendance under Section 48.005 [~~42.005~~], the student shall be
4 counted in the district to which the property is annexed. If the
5 student chooses to attend school in the district from which the
6 property is detached, the state shall withhold any foundation
7 school funds from the district to which the property is annexed and
8 shall allocate to the district in which the student is attending
9 school those funds and the amount of funds equal to the difference
10 between the state funds the district is receiving for the student
11 and the district's cost in educating the student.

12 Sec. 49.312 [~~41.212~~]. BOND TAXES. Property detached from
13 a school district is released from the obligation for any tax to pay
14 principal and interest on bonds authorized by the district before
15 detachment. The property is subject to any tax to pay principal or
16 interest on bonds authorized by the district to which the property
17 is annexed whether authorized before or after annexation.

18 Sec. 49.313 [~~41.213~~]. DETERMINATION BY COMMISSIONER
19 FINAL. A decision or determination of the commissioner under this
20 subchapter is final and not appealable.

21 SECTION 1.050. Subchapter H, Chapter 41, Education Code, is
22 transferred to Chapter 49, Education Code, as added by this Act,
23 redesignated as Subchapter H, Chapter 49, Education Code, and
24 amended to read as follows:

25 SUBCHAPTER H. CONSOLIDATION BY COMMISSIONER

26 Sec. 49.351 [~~41.251~~]. COMMISSIONER ORDER. If the
27 commissioner is required under Section 49.004 [~~41.004~~] to order the

1 consolidation of districts, the consolidation is governed by this
2 subchapter. The commissioner's order shall be effective on a date
3 determined by the commissioner, but not later than the earliest
4 practicable date after November 8.

5 Sec. 49.352 [~~41.252~~]. SELECTION CRITERIA. (a) In
6 selecting the districts to be consolidated with a district that has
7 taxable values of property in an amount that exceeds the local
8 revenue level established under Section 48.257 [~~a property wealth~~
9 ~~greater than the equalized wealth level~~], the commissioner shall
10 select one or more districts [~~with a wealth per student~~] that, when
11 consolidated, will result in a consolidated district with a local
12 revenue level [~~wealth per student~~] equal to or less than the
13 [~~equalized wealth~~] level established under Section 48.257. In
14 achieving that result, the commissioner shall give priority to
15 school districts in the following order:

16 (1) first, to the contiguous district that has the
17 lowest local revenue level [~~wealth per student~~] and is located in
18 the same county;

19 (2) second, to the district that has the lowest local
20 revenue level [~~wealth per student~~] and is located in the same
21 county;

22 (3) third, to a contiguous district with a local
23 revenue level [~~property wealth~~] below the [~~equalized wealth~~] level
24 established under Section 48.257 that has requested the
25 commissioner that it be considered in a consolidation plan;

26 (4) fourth, to include as few districts as possible
27 that have the lowest local revenue levels below the [~~fall below the~~

1 ~~equalized wealth~~] level established under Section 48.257 within the
2 consolidation order that have not requested the commissioner to be
3 included;

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

7 (6) sixth, to a district that has a tax rate similar to
8 that of the district that has a local revenue level [~~property~~
9 ~~wealth~~] greater than the [~~equalized wealth~~] level established under
10 Section 48.257.

11 (b) The commissioner may not select a district that has been
12 created as a result of consolidation by agreement under Subchapter
13 B to be consolidated under this subchapter with a district that has
14 a local revenue level [~~property wealth~~] greater than the [~~equalized~~
15 ~~wealth~~] level established under Section 48.257.

16 (c) In applying the selection criteria specified by
17 Subsection (a), if more than two districts are to be consolidated,
18 the commissioner shall select the third and each subsequent
19 district to be consolidated by treating the district that has a
20 local revenue level [~~property wealth~~] greater than the [~~equalized~~
21 ~~wealth~~] level established under Section 48.257 and the district or
22 districts previously selected for consolidation as one district.

23 Sec. 49.353 [~~41.253~~]. GOVERNANCE. (a) Until the initial
24 trustees elected as provided by Subsection (b) have qualified and
25 taken office, a district consolidated under this subchapter is
26 governed by a transitional board of trustees consisting of the
27 board of trustees of the district having the greatest student

1 membership on the last day of the school year preceding the
2 consolidation plus one member of the board of trustees of each other
3 consolidating district selected by that board.

4 (b) The transitional board of trustees shall divide the
5 consolidated district into nine single-member trustee districts in
6 accordance with the procedures provided by Section 11.052. The
7 transitional board shall order an election for the initial board of
8 trustees to be held on the first May uniform election date after the
9 effective date of a consolidation order.

10 (c) Members of the board of trustees of a consolidated
11 district serve staggered terms of office for four years.

12 (d) Section 13.156 applies to districts consolidated under
13 this subchapter.

14 Sec. 49.354 [~~41.254~~]. DISSOLUTION OF CONSOLIDATED
15 DISTRICT. (a) If the legislature abolishes ad valorem taxes for
16 public school maintenance and operations and adopts another method
17 of funding public education, the board of trustees of a
18 consolidated district created under this subchapter may dissolve
19 the consolidated district, provided that the dissolution is
20 approved by a majority of those voters residing within the district
21 participating in an election called for the purpose of approving
22 the dissolution of the consolidated school district.

23 (b) If a consolidated district is dissolved, each of the
24 former districts is restored as a separate district and is
25 classified as an independent district.

26 (c) Title to real property of the consolidated district is
27 allocated to the restored district in which the property is

1 located. Title to proportionate shares of the fund balances and
2 personal property of the consolidated district, as determined by
3 Subsection (e), are allocated to each restored district.

4 (d) Each of the restored districts assumes and is liable
5 for:

6 (1) indebtedness of the consolidated district that
7 relates to real property allocated to the district; and

8 (2) a proportionate share, as determined by Subsection
9 (e), of indebtedness of the consolidated district that does not
10 relate to real property.

11 (e) A restored district's proportionate share of fund
12 balances, personal property, or indebtedness is equal to the
13 proportion that the number of students in average daily attendance
14 in the restored district bears to the number of students in average
15 daily attendance in the consolidated district.

16 Sec. 49.355 [~~41.255~~]. FUND BALANCES. Fund balances of a
17 school district consolidated under this subchapter may be used only
18 for the benefit of the schools within the district that generated
19 the funds.

20 Sec. 49.356 [~~41.256~~]. EMPLOYMENT CONTRACTS. A
21 consolidated district created under this subchapter shall honor an
22 employment contract entered into by a consolidating district.

23 Sec. 49.357 [~~41.257~~]. APPLICATION OF [~~SMALL AND~~] SPARSE
24 ADJUSTMENT [~~ADJUSTMENTS~~] AND SMALL AND TRANSPORTATION ALLOTMENTS
25 [~~ALLOTMENT~~]. The budget of the consolidated district must apply
26 the benefit of the adjustment or allotment to the schools of the
27 consolidating district to which Section 48.052 [~~42.103~~], 48.101

1 ~~[42.105]~~, or 48.151 ~~[42.155]~~ would have applied in the event that
2 the consolidated district still qualifies as a small or sparse
3 district.

4 SECTION 1.051. The heading to Subchapter A, Chapter 316,
5 Government Code, is amended to read as follows:

6 SUBCHAPTER A. LIMIT ON GROWTH OF APPROPRIATIONS; DETERMINATIONS
7 REGARDING PUBLIC SCHOOL FINANCE

8 SECTION 1.052. Section 316.002(a), Government Code, is
9 amended to read as follows:

10 (a) Before the Legislative Budget Board submits the budget
11 as prescribed by Section 322.008(c), the board shall:

12 (1) establish for purposes of Section 316.001:

13 (A) ~~[(1)]~~ the estimated rate of growth of the
14 state's economy from the current biennium to the next biennium;

15 (B) ~~[(2)]~~ the level of appropriations for the
16 current biennium from state tax revenues not dedicated by the
17 constitution; and

18 (C) ~~[(3)]~~ the amount of state tax revenues not
19 dedicated by the constitution that could be appropriated for the
20 next biennium within the limit established by the estimated rate of
21 growth of the state's economy; and

22 (2) determine for purposes of the Foundation School
23 Program under Chapter 48, Education Code:

24 (A) the estimated state share of the program for
25 the next biennium, including the instructional materials and
26 technology allotment under Section 31.0211, Education Code, and
27 excluding any anticipated federal funding;

1 (B) the estimated reduction in the state share of
2 the program from the current biennium to the next biennium
3 attributable to the rate of growth of the taxable value of property
4 in the state for the next biennium, based on the estimates submitted
5 under Section 48.269, Education Code;

6 (C) the cost per cent of reducing the state
7 compression percentage under Section 48.255, Education Code, for
8 the next biennium; and

9 (D) a recommended state compression percentage
10 under Section 48.255, Education Code, for the next biennium, based
11 on the determinations made under Subdivision (1) and Paragraphs
12 (A), (B), and (C).

13 SECTION 1.053. Section 316.007(a), Government Code, is
14 amended to read as follows:

15 (a) The Legislative Budget Board shall include in its budget
16 recommendations:

17 (1) the proposed limit of appropriations from state
18 tax revenues not dedicated by the constitution; and

19 (2) the recommended state compression percentage
20 under Section 48.255, Education Code.

21 SECTION 1.054. Section 322.008(b), Government Code, is
22 amended to read as follows:

23 (b) The general appropriations bill may include for
24 purposes of information the funding elements computed by the
25 Legislative Budget Board under Section 316.002(a)(2) [~~42.007,~~
26 ~~Education Code, excluding the values for each school district~~
27 ~~calculated under Section 42.007(c)(2), Education Code. If the~~

1 ~~funding elements are included, the funding elements under Section~~
2 ~~42.007(c)(3), Education Code, shall be reported in dollar amounts~~
3 ~~per pupil].~~

4 SECTION 1.055. Sections 825.405(a), (b), (e), and (f),
5 Government Code, are amended to read as follows:

6 (a) An employing school district or an open-enrollment
7 charter school, as applicable, shall pay the state's contribution
8 on the portion of a member's salary that exceeds the statutory
9 minimum salary for ~~For~~ members:

10 (1) entitled to the minimum salary for certain school
11 personnel under Section 21.402, Education Code;

12 (2) [, and for members] who would have been entitled to
13 the minimum salary for certain school personnel under former
14 Section 16.056, Education Code, as that section existed on January
15 1, 1995; and

16 (3) who would be entitled to the minimum salary for
17 certain school personnel under Section 21.402, Education Code, if
18 the member was employed by a school district subject to that section
19 instead of being employed by:

20 (A) an open-enrollment charter school; or

21 (B) a school district that has adopted a local
22 innovation plan under Chapter 12A, Education Code, that exempts the
23 district's employees from the minimum salary schedule under that
24 section~~[, the employing district shall pay the state's contribution~~
25 ~~on the portion of the member's salary that exceeds the statutory~~
26 ~~minimum salary].~~

27 (b) For purposes of this section, [+

1 ~~[(1)]~~ the statutory minimum salary for a member
2 described by:

3 (1) Subsection (a)(1) ~~[certain school personnel under~~
4 ~~Section 21.402, Education Code,~~] is the salary provided by Section
5 21.402, Education Code ~~[that section multiplied by the cost of~~
6 ~~education adjustment applicable under Section 42.102, Education~~
7 ~~Code, to the district in which the member is employed]; [and]~~

8 (2) Subsection (a)(2) ~~[the statutory minimum salary~~
9 ~~for members who would have been entitled to the minimum salary for~~
10 ~~certain school personnel under former Section 16.056, Education~~
11 ~~Code, as that section existed on January 1, 1995,]~~ is a minimum
12 salary computed in the same manner as the minimum salary for certain
13 school personnel under Section 21.402, Education Code; and

14 (3) Subsection (a)(3) is the minimum salary the member
15 would have been entitled to if the member was subject to Section
16 21.402, Education Code ~~[, multiplied by the cost of education~~
17 ~~adjustment applicable under Section 42.102, Education Code, to the~~
18 ~~district in which the member is employed].~~

19 (e) After the end of each school year, the retirement system
20 shall certify to the commissioner of education:

21 (1) the names of any employers ~~[employing districts]~~
22 that have failed to remit, within the period required by Section
23 825.408, all contributions required under this section for the
24 school year; and

25 (2) the amounts of the unpaid contributions.

26 (f) If the commissioner of education receives a
27 certification under Subsection (e), the commissioner shall direct

1 the comptroller of public accounts to withhold the amount
2 certified, plus interest computed at the rate and in the manner
3 provided by Section 825.408, from the first state money payable to
4 the employer [~~school district~~]. The amount withheld shall be
5 deposited to the credit of the appropriate accounts of the
6 retirement system.

7 SECTION 1.056. Section 26.08, Tax Code, is amended by
8 amending Subsections (a), (b), (d), (g), (i), and (n) and adding
9 Subsections (a-1) and (n-1) to read as follows:

10 (a) If the governing body of a school district adopts a tax
11 rate that exceeds the district's ratification [~~rollback~~] tax rate,
12 the registered voters of the district at an election held for that
13 purpose must determine whether to approve the adopted tax rate.

14 (a-1) When increased expenditure of money by a school
15 district is necessary to respond to a disaster, including a
16 tornado, hurricane, flood, or other calamity, but not including a
17 drought, that has impacted a school district and the governor has
18 requested federal disaster assistance for the area in which the
19 school district is located, an election is not required under this
20 section to approve the tax rate adopted by the governing body for
21 the year following the year in which the disaster occurs. A tax
22 rate adopted under this subsection applies only in the year for
23 which the rate is adopted. If a district adopts a tax rate under
24 this subsection, the amount by which that rate exceeds the
25 district's ratification tax rate for that tax year may not be
26 considered when calculating the district's ratification tax rate
27 for the tax year following the year in which the district adopts the

1 rate.

2 (b) The governing body shall order that the election be held
 3 in the school district on the next uniform election [~~a~~] date
 4 prescribed by [~~not less than 30 or more than 90 days after the day on~~
 5 ~~which it adopted the tax rate.~~] Section 41.001, Election Code, that
 6 occurs after the date of the election order and that allows
 7 sufficient time to comply with the requirements of other law [~~does~~
 8 ~~not apply to the election unless a date specified by that section~~
 9 ~~falls within the time permitted by this section)]. At the election,
 10 the ballots shall be prepared to permit voting for or against the
 11 proposition: "Ratifying [~~Approving~~] the ad valorem tax rate of ____
 12 (insert adopted tax rate) [~~per \$100 valuation~~] in (name of
 13 school district) for the current year, a rate that will result in an
 14 increase of ____ (insert percentage increase in maintenance and
 15 operations tax revenue under the adopted tax rate as compared to
 16 maintenance and operations tax revenue in the preceding tax year)
 17 percent in maintenance and operations tax revenue for the district
 18 for the current year as compared to the preceding year, which is an
 19 additional \$____ (insert dollar amount of increase in maintenance
 20 and operations tax revenue under the adopted tax rate as compared to
 21 maintenance and operations tax revenue in the preceding tax year)
 22 [~~is \$____ higher per \$100 valuation than the school district~~
 23 ~~rollback tax rate, for the purpose of (description of purpose of~~
 24 ~~increase)]." [~~The ballot proposition must include the adopted tax~~
 25 ~~rate and the difference between that rate and the rollback tax rate~~
 26 ~~in the appropriate places.]~~~~~~

27 (d) If the proposition is not approved as provided by

1 Subsection (c), the governing body may not adopt a tax rate for the
2 school district for the current year that exceeds the school
3 district's ratification [~~rollback~~] tax rate.

4 (g) In a school district that received distributions from an
5 equalization tax imposed under former Chapter 18, Education Code,
6 the effective rate of that tax as of the date of the county unit
7 system's abolition is added to the district's ratification
8 [~~rollback~~] tax rate.

9 (i) For purposes of this section, "tier one maintenance and
10 operations tax rate" and "enrichment tax rate" have the meanings
11 assigned by Section 45.0032, Education Code [~~the effective~~
12 ~~maintenance and operations tax rate of a school district is the tax~~
13 ~~rate that, applied to the current total value for the district,~~
14 ~~would impose taxes in an amount that, when added to state funds that~~
15 ~~would be distributed to the district under Chapter 42, Education~~
16 ~~Code, for the school year beginning in the current tax year using~~
17 ~~that tax rate, would provide the same amount of state funds~~
18 ~~distributed under Chapter 42, Education Code, and maintenance and~~
19 ~~operations taxes of the district per student in weighted average~~
20 ~~daily attendance for that school year that would have been~~
21 ~~available to the district in the preceding year if the funding~~
22 ~~elements for Chapters 41 and 42, Education Code, for the current~~
23 ~~year had been in effect for the preceding year].~~

24 (n) For purposes of this section, the ratification
25 [~~rollback~~] tax rate of a school district [~~whose maintenance and~~
26 ~~operations tax rate for the 2005 tax year was \$1.50 or less per \$100~~
27 ~~of taxable value]~~ is:

1 (1) for the 2019 [~~2006~~] tax year, the sum of the
2 following:

3 (A) the rate that is equal to 96 [~~88.67~~] percent
4 of the district's tier one maintenance and operations tax rate
5 [~~adopted by the district~~] for the 2018 [~~2005~~] tax year;

6 (B) [~~7~~] the district's enrichment tax rate for
7 the 2018 tax year, less the amount by which the district is required
8 to reduce the district's enrichment tax rate under Section
9 48.202(f), Education Code, in the 2019 tax year; [~~of \$0.04 per \$100~~
10 ~~of taxable value,~~] and

11 (C) the district's current debt rate; and

12 (2) for the 2020 [~~2007~~] and subsequent tax years, the
13 sum [~~lesser~~] of the following:

14 (A) [~~the sum of the following:~~

15 (i) the rate per \$100 of taxable value
16 that is equal to the product of the state compression percentage, as
17 determined under Section 48.255 [~~42.2516~~], Education Code, for the
18 current year and \$1.00 [~~\$1.50~~];

19 (B) the district's enrichment tax rate for the
20 2018 tax year, less the rate by which the district is required to
21 reduce the district's enrichment tax rate under Section 48.202(f),
22 Education Code, in the current tax year [~~(ii) the rate of \$0.04 per~~
23 ~~\$100 of taxable value~~];

24 (C) the greater of:

25 (i) the rate of \$0.05 per \$100 of taxable
26 value, less the district's enrichment tax rate for the preceding
27 tax year; or

1 (ii) zero;
2 (D) [(iii)] the rate that is equal to the sum of
3 the differences for the 2019 [2006] and each subsequent tax year
4 between the adopted tax rate of the district for that year if the
5 rate was approved at an election under this section and the
6 ratification [~~rollback~~] tax rate of the district for that year; and
7 (E) [(iv)] the district's current debt rate [~~+~~ ~~or~~
8 [~~(B) the sum of the following:~~
9 [~~(i) the effective maintenance and~~
10 ~~operations tax rate of the district as computed under Subsection~~
11 ~~(i) or (k), as applicable;~~
12 [~~(ii) the rate per \$100 of taxable value~~
13 ~~that is equal to the product of the state compression percentage, as~~
14 ~~determined under Section 42.2516, Education Code, for the current~~
15 ~~year and \$0.06; and~~
16 [~~(iii) the district's current debt rate]~~.

17 (n-1) This section applies only to a school district that,
18 for the 2018 tax year, adopted a maintenance and operations tax rate
19 equal to the sum of the district's tier one maintenance and
20 operations tax rate and the rate of \$0.04 per \$100 of taxable value.
21 For the 2020 tax year, the district shall substitute "\$0.04" for
22 "\$0.05" in Subsection (n)(2)(C)(i) if the governing body of the
23 district does not adopt by unanimous vote for that tax year a
24 maintenance and operations tax rate at least equal to the sum of the
25 district's tier one maintenance and operations tax rate and the
26 rate of \$0.05 per \$100 of taxable value.

27 ARTICLE 2. PUBLIC EDUCATION

1 SECTION 2.001. Subchapter C, Chapter 7, Education Code, is
2 amended by adding Section 7.070 to read as follows:

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

8 (1) governmental agencies of the United States, this
9 state, or another state;

10 (2) political subdivisions of this state or another
11 state;

12 (3) public or private institutions of higher
13 education; and

14 (4) relevant private organizations.

15 SECTION 2.002. Subchapter D, Chapter 11, Education Code, is
16 amended by adding Section 11.185 to read as follows:

17 Sec. 11.185. EARLY CHILDHOOD LITERACY PLAN. (a) The board
18 of trustees of each school district shall adopt an early childhood
19 literacy plan that sets specific annual goals for the following
20 five school years to reach quantifiable goals for performance on
21 the third grade reading assessment instrument administered under
22 Section 39.023.

23 (b) The plan adopted under Subsection (a) must:

24 (1) identify annual goals for students in each group
25 evaluated under the closing the gaps domain under Section
26 39.053(c)(3);

27 (2) include annual goals for aggregate student growth

1 on an assessment determined by the board of trustees;

2 (3) provide for targeted professional development for
3 classroom teachers in kindergarten or first, second, or third grade
4 who are assigned to campuses that the board of trustees identifies
5 as not meeting the plan's goals;

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

9 (A) coordinate implementation of the plan; and

10 (B) submit an annual report to the board of
11 trustees on the district's progress toward the goals set under the
12 plan; and

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

15 (c) The plan adopted under Subsection (a) may set separate
16 goals for students in a bilingual education or special language
17 program under Subchapter B, Chapter 29.

18 (d) The professional development provided to classroom
19 teachers under Subsection (b)(3) must, as appropriate, consider the
20 unique needs of students in a bilingual education or special
21 language program under Subchapter B, Chapter 29.

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

24 SECTION 2.003. Section 12.104(b), Education Code, as
25 amended by Chapters 324 (S.B. 1488), 522 (S.B. 179), and 735 (S.B.
26 1153), Acts of the 85th Legislature, Regular Session, 2017, is
27 reenacted and amended to read as follows:

1 (b) An open-enrollment charter school is subject to:

2 (1) a provision of this title establishing a criminal
3 offense; and

4 (2) a prohibition, restriction, or requirement, as
5 applicable, imposed by this title or a rule adopted under this
6 title, relating to:

7 (A) the Public Education Information Management
8 System (PEIMS) to the extent necessary to monitor compliance with
9 this subchapter as determined by the commissioner;

10 (B) criminal history records under Subchapter C,
11 Chapter 22;

12 (C) reading instruments and accelerated reading
13 instruction programs under Section 28.006;

14 (D) accelerated instruction under Section
15 28.0211;

16 (E) high school graduation requirements under
17 Section 28.025;

18 (F) special education programs under Subchapter
19 A, Chapter 29;

20 (G) bilingual education under Subchapter B,
21 Chapter 29;

22 (H) prekindergarten programs under Subchapter E
23 or E-1, Chapter 29;

24 (I) extracurricular activities under Section
25 33.081;

26 (J) discipline management practices or behavior
27 management techniques under Section 37.0021;

- 1 (K) health and safety under Chapter 38;
- 2 (L) public school accountability under
3 Subchapters B, C, D, F, G, and J, Chapter 39, and Chapter 39A;
- 4 (M) the requirement under Section 21.006 to
5 report an educator's misconduct;
- 6 (N) intensive programs of instruction under
7 Section 28.0213;
- 8 (O) the right of a school employee to report a
9 crime, as provided by Section 37.148; ~~and~~
- 10 (P) bullying prevention policies and procedures
11 under Section 37.0832;
- 12 (Q) the right of a school under Section 37.0052
13 to place a student who has engaged in certain bullying behavior in a
14 disciplinary alternative education program or to expel the student;
15 ~~and~~
- 16 (R) the right under Section 37.0151 to report to
17 local law enforcement certain conduct constituting assault or
18 harassment;
- 19 (S) ~~(P)~~ a parent's right to information
20 regarding the provision of assistance for learning difficulties to
21 the parent's child as provided by Sections 26.004(b)(11) and
22 26.0081(c) and (d); and
- 23 (T) the early childhood literacy plan under
24 Section 11.185.

25 SECTION 2.004. Subchapter B, Chapter 21, Education Code, is
26 amended by adding Sections 21.063 and 21.064 to read as follows:

27 Sec. 21.063. TEACHER DESIGNATIONS ON CERTIFICATE. (a) The

1 board shall place the appropriate designation issued to a teacher
2 under Subchapter P on the teacher's certificate as soon as
3 practicable after being notified by the agency of the issuance of
4 the designation.

5 (b) The board shall remove a designation under Subchapter P
6 from a teacher's certificate on:

7 (1) expiration of the designation, unless the agency
8 notifies the board that the designation has been renewed; or

9 (2) revocation of the designation under Section
10 21.755(d).

11 Sec. 21.064. LEGACY MASTER TEACHER CERTIFICATIONS. (a)
12 The board shall recognize a master teacher certificate issued under
13 former Section 21.0481, 21.0482, 21.0483, or 21.0484 until the
14 certificate expires. The board shall note a designation of
15 "legacy" on the certificate.

16 (b) A master teacher certificate described by Subsection
17 (a) is not eligible for funding under the educator effectiveness
18 allotment under Section 48.154.

19 SECTION 2.005. Sections 21.351(a) and (c), Education Code,
20 are amended to read as follows:

21 (a) The commissioner shall adopt a recommended appraisal
22 process and criteria on which to appraise the performance of
23 teachers. The criteria must be based on observable, job-related
24 behavior, including:

25 (1) a teacher's [~~teachers'~~] implementation of
26 discipline management procedures; and

27 (2) the performance of a teacher's [~~teachers'~~]

1 students.

2 (c) Under the recommended appraisal process, an appraiser
3 must be the teacher's supervisor or a person approved by the board
4 of trustees. An appraiser who is a classroom teacher may not
5 appraise the performance of another classroom teacher who teaches
6 at the same school campus at which the appraiser teaches, unless it
7 is impractical because of the number of campuses or unless the
8 appraiser is in a supervisory role or is the chair of a department
9 or grade level whose job description includes classroom observation
10 responsibilities.

11 SECTION 2.006. Section 21.355(d), Education Code, is
12 amended to read as follows:

13 (d) A school district or open-enrollment charter school
14 shall ~~may~~ give the agency information regarding the performance
15 of a teacher or administrator, including a document evaluating the
16 performance of a teacher or administrator currently or previously
17 employed by the district or school for purposes of an investigation
18 conducted by the agency.

19 SECTION 2.007. Section 21.402, Education Code, is amended
20 by amending Subsections (a) and (c-1) and adding Subsections (c-2),
21 (c-3), and (c-4) to read as follows:

22 (a) Except as provided by Subsection (e-1) ~~[or (f)]~~, a
23 school district must pay each ~~[classroom teacher]~~ full-time
24 librarian, full-time school counselor certified under Subchapter
25 B, or full-time school nurse not less than the minimum monthly
26 salary, based on the employee's level of experience in addition to
27 other factors, as determined by commissioner rule, determined by

1 the following formula:

2
$$MS = SF \times FS$$

3 where:

4 "MS" is the minimum monthly salary;

5 "SF" is the applicable salary factor specified by Subsection
6 (c); and

7 "FS" is the amount, as determined by the commissioner under
8 Subsection (b), of the basic allotment as provided by Section
9 48.051(a) or (b) [~~42.101(a) or (b)~~] for a school district with a
10 maintenance and operations tax rate at least equal to the state
11 maximum compressed tax rate, as defined by Section 48.051
12 [~~42.101(a)~~].

13 (c-1) Notwithstanding Subsections (a) and (b), each school
14 district shall pay a monthly salary to each [~~classroom teacher,~~
15 ~~full-time speech pathologist,~~] full-time librarian, full-time
16 school counselor certified under Subchapter B, and full-time school
17 nurse that is at least equal to the following monthly salary or the
18 monthly salary determined by the commissioner under Subsections (a)
19 and (b), whichever is greater:

20	Years of	Monthly
21	Experience	Salary
22	0	2,732
23	1	2,791
24	2	2,849
25	3	2,908
26	4	3,032
27	5	3,156

1	6	3,280
2	7	3,395
3	8	3,504
4	9	3,607
5	10	3,704
6	11	3,796
7	12	3,884
8	13	3,965
9	14	4,043
10	15	4,116
11	16	4,186
12	17	4,251
13	18	4,313
14	19	4,372
15	20 & Over	4,427

16 (c-2) Except as provided by Subsection (c-4), a school
 17 district must pay each fully certified classroom teacher not less
 18 than the following monthly salary, based on the teacher's level of
 19 experience in addition to other factors, as determined by
 20 commissioner rule:

21	<u>Years of</u>	<u>Monthly</u>
22	<u>Experience</u>	<u>Salary</u>
23	<u>0</u>	<u>3,300</u>
24	<u>1</u>	<u>3,700</u>
25	<u>2</u>	<u>4,050</u>
26	<u>3</u>	<u>4,350</u>
27	<u>4</u>	<u>4,600</u>

1	<u>5</u>	<u>4,800</u>
2	<u>6</u>	<u>4,950</u>
3	<u>7</u>	<u>5,050</u>
4	<u>8</u>	<u>5,125</u>
5	<u>9</u>	<u>5,175</u>
6	<u>10</u>	<u>5,200</u>
7	<u>11</u>	<u>5,226</u>
8	<u>12</u>	<u>5,250</u>
9	<u>13</u>	<u>5,275</u>
10	<u>14</u>	<u>5,300</u>
11	<u>15</u>	<u>5,310</u>
12	<u>16</u>	<u>5,320</u>
13	<u>17</u>	<u>5,330</u>
14	<u>18</u>	<u>5,340</u>
15	<u>19</u>	<u>5,350</u>
16	<u>20 & Over</u>	<u>5,360</u>

17 (c-3) For purposes of Subsection (c-2), a "fully certified
18 classroom teacher" means a classroom teacher who holds a
19 certificate issued under Subchapter B but does not include:

20 (1) a person who holds an emergency certificate issued
21 under Section 21.041(b)(2);

22 (2) a person who holds a certificate issued pursuant
23 to enrollment in an approved alternative certification program
24 under Section 21.049 but who has not completed all program and other
25 certification requirements;

26 (3) a person who holds a school district teaching
27 permit issued under Section 21.055; or

1 (4) a person employed under a waiver granted by the
2 commissioner under Section 7.056.

3 (c-4) The board of trustees of a school district may adopt a
4 minimum salary schedule based on performance tiers, as determined
5 by teacher appraisal and performance criteria under Sections 21.351
6 and 21.352, instead of years of experience. A minimum salary
7 schedule adopted under this subsection:

8 (1) is not required to have a salary factor based on
9 minimum years of experience for a performance tier;

10 (2) must include:

11 (A) a minimum salary for each performance tier;
12 and

13 (B) at least one performance tier with a minimum
14 salary of not less than the minimum salary under the salary schedule
15 specified by Subsection (c-2) for a classroom teacher with 20 or
16 more years of experience; and

17 (3) may not set a minimum salary at an amount that is
18 less than the minimum salary under the salary schedule specified by
19 Subsection (c-2) for a classroom teacher with zero years of
20 experience.

21 SECTION 2.008. Chapter 21, Education Code, is amended by
22 adding Subchapter P to read as follows:

23 SUBCHAPTER P. RECOGNIZED, EXEMPLARY, AND MASTER TEACHER

24 DESIGNATIONS

25 Sec. 21.751. DEFINITION. In this subchapter, "classroom
26 teacher" includes an individual who:

27 (1) is a teacher of record who teaches at least half

1 the average number of students for a teaching assignment at the
2 school campus at which the teacher is employed; and

3 (2) satisfies the amount of teaching time requirement
4 in the definition of a classroom teacher under Section 5.001 by
5 providing educator leadership, including collaborating with,
6 mentoring, or supporting other teachers.

7 Sec. 21.752. RECOGNIZED, EXEMPLARY, AND MASTER TEACHER
8 DESIGNATIONS. (a) To recognize the performance of teachers in this
9 state, the commissioner shall:

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

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

17 (A) methods to involve staff in locally
18 developing the process for designating teachers under this
19 subchapter; and

20 (B) assistance focusing on problems faced by
21 rural school districts; and

22 (3) subject to Subsection (b), authorize school
23 districts and open-enrollment charter schools to make teacher
24 designations for a five-year period, provided that the district's
25 teacher designation system meets the requirements under Section
26 21.754.

27 (b) The commissioner shall use an institution of higher

1 education to verify that the appraisals of a representative sample
2 of classroom teachers meet the requirements for teacher
3 designations under this subchapter. Verification may include
4 on-site classroom observations or observations by video or audio
5 recording of classroom sessions.

6 Sec. 21.753. ELIGIBILITY CRITERIA FOR TEACHER DESIGNATION.

7 (a) To be eligible for a teacher designation under this subchapter,
8 a classroom teacher must:

9 (1) hold an eligible teaching certificate issued under
10 Subchapter B; and

11 (2) satisfy any additional requirements adopted by the
12 school district or open-enrollment charter school at which the
13 teacher is employed.

14 (b) A school district or open-enrollment charter school may
15 designate a classroom teacher as recognized if the classroom
16 teacher:

17 (1) holds a National Board Certification issued by the
18 National Board for Professional Teaching Standards; and

19 (2) meets the other requirements of this section.

20 (c) Except as provided by Subsection (d), the commissioner
21 may approve a school district or open-enrollment charter school to
22 designate a teacher under this subchapter if the district's or
23 school's designation system under Section 21.754 determines that
24 among teachers in the state in similar teaching assignments, the
25 teacher is:

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

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

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

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

10 Sec. 21.754. DISTRICT TEACHER DESIGNATION SYSTEMS. (a) A
11 district's teacher designation system must incorporate:

12 (1) an educator appraisal system that complies with
13 Section 21.351 or 21.352, including incorporating student
14 performance, which may be measured by student performance over
15 multiple school years;

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

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

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

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

26 (a-1) A school district's or open-enrollment charter
27 school's teacher designation system is not required to incorporate

1 the surveys required under Subsection (a)(2) until the 2022-2023
2 school year. This subsection expires September 1, 2023.

3 (b) The commissioner may not authorize a school district or
4 open-enrollment charter school to make teacher designations under
5 this subchapter until the district's teacher designation system has
6 evaluated classroom teachers in compliance with Subsection (a)(4).

7 (c) The commissioner may develop an auditing process for
8 district teacher designation systems to maintain quality and ensure
9 compliance. The commissioner may, as necessary:

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

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

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

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

19 (d) The commissioner may adopt necessary reporting
20 processes and timelines for the auditing process under Subsection
21 (c).

22 Sec. 21.755. VALIDITY AND EXPIRATION OF TEACHER
23 DESIGNATION. (a) A teacher designation under this subchapter:

24 (1) is valid until the teacher designation expires
25 regardless of whether the teacher:

26 (A) changes teaching assignment;

27 (B) transfers school campuses; or

1 (C) is employed by another school district or
2 open-enrollment charter school; and

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

6 (b) A teacher has no vested property right in a teacher
7 designation assigned to the teacher under this subchapter.

8 (c) A teacher designation issued under this subchapter is
9 void on the determination that the designation was issued
10 improperly. Subchapters C through H, Chapter 2001, Government
11 Code, do not apply to the voiding of a teacher designation under
12 this subsection.

13 (d) The State Board for Educator Certification may revoke or
14 suspend a certificate holder's teacher designation issued under
15 this subchapter.

16 Sec. 21.756. MULTIPLE DESIGNATIONS PROHIBITED. A teacher
17 may receive only one teacher designation under this subchapter at
18 any time. If a teacher qualifies for:

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

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

23 Sec. 21.757. INFORMATION RELATING TO TEACHER AND STUDENT
24 PERFORMANCE. (a) The agency, or an entity the agency contracts
25 with to implement this subchapter, may access information required
26 to verify an eligibility determination under this subchapter,
27 including information from the school district or open-enrollment

1 charter school at which the teacher is or was employed relating to
2 the performance of the teacher's current or previous students.

3 (b) The agency shall collect information necessary to
4 implement this subchapter, which may include student performance
5 information for a sample of students across the state and
6 information regarding educator appraisals.

7 (c) A school district or open-enrollment charter school
8 shall provide any information required under this subchapter.

9 (d) Information otherwise confidential remains
10 confidential and is not subject to Chapter 552, Government Code.

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

14 (b) A fee adopted by the agency under this subchapter is not
15 subject to Sections 2001.0045 and 2001.0221, Government Code.

16 Sec. 21.759. STUDENT PERFORMANCE STUDY. (a) The
17 commissioner shall periodically conduct a study using an external
18 organization to determine the impact of the teacher designations
19 issued under this subchapter on student performance.

20 (b) The commissioner shall make recommendations as
21 necessary to the governor and the legislature to improve the
22 quality of and impact on student performance of teacher
23 designations issued under this subchapter.

24 Sec. 21.760. ADVISORY COMMITTEE OR PANEL. (a) The
25 commissioner may appoint a committee or panel to advise, make
26 recommendations, or make determinations relating to any duties
27 assigned to the commissioner under this subchapter.

1 (b) A committee or panel appointed under this section is not
2 subject to Chapter 2110, Government Code.

3 Sec. 21.761. RULES; FINALITY OF DECISIONS. (a) The
4 commissioner may adopt rules to implement this subchapter.

5 (b) A decision made by the commissioner under this
6 subchapter is final and may not be appealed.

7 SECTION 2.009. Section 25.085, Education Code, is amended
8 by adding Subsection (i) to read as follows:

9 (i) Notwithstanding any other provision of this section, a
10 student enrolled in a school district is not required to attend
11 school for any additional instructional days described by Section
12 25.0841.

13 SECTION 2.010. Section 25.112, Education Code, is amended
14 by adding Subsection (g) to read as follows:

15 (g) The limit in Subsection (a) does not apply to a class
16 taught by a teacher who has been issued a recognized, exemplary, or
17 master teacher designation under Subchapter P, Chapter 21.

18 SECTION 2.011. Section 28.006, Education Code, is amended
19 by amending Subsections (b), (c), (d), (f), and (i) and adding
20 Subsections (b-1), (c-2), (c-3), and (l) to read as follows:

21 (b) The commissioner shall adopt a list of reading
22 instruments that a school district may use to diagnose student
23 reading development and comprehension. For use in diagnosing the
24 reading development and comprehension of kindergarten students,
25 the commissioner shall adopt a [~~include on the commissioner's list~~
26 ~~at least two~~] multidimensional assessment tool that includes
27 [~~tools. A multidimensional assessment tool on the commissioner's~~

1 ~~list must either include~~ a reading instrument and tests [~~test~~] at
2 least three developmental skills, including literacy[, ~~or test at~~
3 ~~least two developmental skills, other than literacy, and be~~
4 ~~administered in conjunction with a separate reading instrument that~~
5 ~~is on a list adopted under this subsection~~]. A multidimensional
6 assessment tool administered as provided by this subsection is
7 considered to be a reading instrument for purposes of this section.
8 A district-level committee established under Subchapter F, Chapter
9 11, may adopt a list of reading instruments for use in the district
10 in a grade level other than kindergarten in addition to the reading
11 instruments on the commissioner's list. Each reading instrument
12 adopted by the commissioner or a district-level committee must be
13 based on scientific research concerning reading skills development
14 and reading comprehension. A list of reading instruments adopted
15 under this subsection must provide for diagnosing the reading
16 development and comprehension of students participating in a
17 program under Subchapter B, Chapter 29.

18 (b-1) The commissioner may approve an alternative reading
19 instrument for use in diagnosing the reading development and
20 comprehension of kindergarten students that complies with the
21 requirements under Subsection (b).

22 (c) Each school district shall administer, at the
23 [~~kindergarten and~~] first and second grade levels, a reading
24 instrument on the list adopted by the commissioner or by the
25 district-level committee. The district shall administer the
26 reading instrument in accordance with the commissioner's
27 recommendations under Subsection (a)(1).

1 (c-2) Each school district shall administer at the
2 kindergarten level a reading instrument adopted by the commissioner
3 under Subsection (b) or approved by the commissioner under
4 Subsection (b-1). The district shall administer the reading
5 instrument in accordance with the commissioner's recommendations
6 under Subsection (a)(1).

7 (c-3) The commissioner by rule shall determine the
8 performance on the reading instrument adopted under Subsection (b)
9 that indicates kindergarten readiness.

10 (d) The superintendent of each school district shall:

11 (1) report to the commissioner and the board of
12 trustees of the district the results of the reading instruments;

13 (2) not later than the 30th day after the date on which
14 a reading instrument was administered report, in writing, to a
15 student's parent or guardian the student's results on the [~~reading~~]
16 instrument; and

17 (3) using the school readiness certification system
18 provided to the school district in accordance with Section
19 29.161(e), report electronically each student's raw score on the
20 reading instrument to the agency for use in the school readiness
21 certification system.

22 (f) This section may be implemented only if funds are
23 appropriated for administering the reading instruments or if the
24 reading instrument to be administered is provided to school
25 districts at no cost to the districts. Funds, other than local
26 funds, may be used to pay the cost of administering a reading
27 instrument only if the instrument is on the list adopted by the

1 commissioner.

2 (i) The commissioner shall certify, not later than July 1 of
3 each school year or as soon as practicable thereafter, whether
4 sufficient funds have been appropriated statewide for the purposes
5 of this section or whether the applicable reading instruments have
6 been provided to school districts at no cost to the districts. A
7 determination by the commissioner is final and may not be appealed.
8 For purposes of certification, the commissioner may not consider
9 Foundation School Program funds.

10 (1) The commissioner may adopt rules as necessary to
11 implement this section. Section 2001.0045, Government Code, does
12 not apply to rules adopted under this subsection.

13 SECTION 2.012. Subchapter D, Chapter 29, Education Code, is
14 amended by adding Section 29.124 to read as follows:

15 Sec. 29.124. CERTIFICATION REQUIRED. (a) Each school
16 district shall annually certify to the commissioner that the
17 district has established a program for gifted and talented students
18 as required by this subchapter.

19 (b) If the commissioner determines that a school district
20 has failed to comply with Subsection (a) for a school year, the
21 commissioner shall reduce the total amount of funding to which the
22 district is entitled under Chapter 48 for that school year by an
23 amount equal to the basic allotment multiplied by the product of:

24 (1) 0.12; and

25 (2) an amount equal to five percent of the students in
26 average daily attendance in the district.

27 (c) The commissioner may restore to a school district all or

1 part of the funding withheld from the district's entitlement under
2 Subsection (b) if during the school year the district complies with
3 Subsection (a).

4 SECTION 2.013. Section 29.153, Education Code, is amended
5 by amending Subsections (c) and (d) and adding Subsections (c-1),
6 (d-1), and (d-2) to read as follows:

7 (c) A prekindergarten class under this section may [~~shall~~]
8 be operated on a half-day basis for children under four years of age
9 and shall be operated on a full-day basis for children who are at
10 least four years of age. A district is not required to provide
11 transportation for a prekindergarten class, but transportation, if
12 provided, is included for funding purposes as part of the regular
13 transportation system.

14 (c-1) A prekindergarten class under this section for
15 children who are least four years of age must comply with the
16 program standards required for high quality prekindergarten
17 programs under Subchapter E-1.

18 (d) Subject to Subsections (d-1) and (d-2), on [~~On~~]
19 application of a district, the commissioner may exempt a district
20 from the application of all or any part of this section, including
21 all or any part of Subchapter E-1 for a prekindergarten class
22 described by Subsection (c-1), if the commissioner determines that:

23 (1) the district would be required to construct
24 classroom facilities in order to provide prekindergarten classes;
25 or

26 (2) implementing any part of this section would result
27 in fewer eligible children being enrolled in a prekindergarten

1 class under this section.

2 (d-1) A district may not receive an exemption under
3 Subsection (d) unless the district has solicited and considered at
4 a public meeting proposals for partnerships with public or private
5 entities regarding prekindergarten classes required under this
6 section. A decision of the board of trustees regarding a
7 partnership described by this subsection is final.

8 (d-2) An exemption under Subsection (d) may not be granted
9 for a period longer than three school years and may be renewed only
10 once.

11 SECTION 2.014. Section 29.1531(a), Education Code, is
12 amended to read as follows:

13 (a) A school district may offer on a tuition basis or use
14 district funds to provide:

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

18 (2) half-day and full-day prekindergarten classes to
19 children not eligible for classes under Section 29.153.

20 SECTION 2.015. Section 29.1532(c), Education Code, is
21 amended to read as follows:

22 (c) A school district that offers prekindergarten classes,
23 including a high quality prekindergarten program class under
24 Subchapter E-1, shall include the following information in the
25 district's Public Education Information Management System (PEIMS)
26 report:

27 (1) demographic information, as determined by the

1 commissioner, on students enrolled in district and campus
2 prekindergarten classes, including the number of students who are
3 eligible for classes under Section 29.153;

4 (2) the numbers of half-day and full-day
5 prekindergarten classes offered by the district and campus;

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

9 (4) the sources of funding for the prekindergarten
10 classes;

11 (5) [~~4~~] the class size and ratio of instructional
12 staff to students for each prekindergarten program class offered by
13 the district and campus;

14 (6) [~~5~~] if the district elects to administer an
15 assessment instrument under Section 29.169 to students enrolled in
16 district and campus prekindergarten program classes, a description
17 and the results of each type of assessment instrument; and

18 (7) [~~6~~] curricula used in the district's
19 prekindergarten program classes.

20 SECTION 2.016. Section 29.1543, Education Code, is amended
21 to read as follows:

22 Sec. 29.1543. EARLY EDUCATION REPORTS. The agency shall
23 produce and make available to the public on the agency's Internet
24 website annual district and campus-level reports containing
25 information from the previous school year on early education in
26 school districts and open-enrollment charter schools. A report
27 under this section must contain:

1 (1) the information required by Section 29.1532(c) to
2 be reported through the Public Education Information Management
3 System (PEIMS);

4 (2) a description of the diagnostic reading
5 instruments administered in accordance with Section 28.006(c) or
6 (c-2);

7 (3) the number of students who were administered a
8 diagnostic reading instrument administered in accordance with
9 Section 28.006(c) or (c-2);

10 (4) the number of students whose scores from a
11 diagnostic reading instrument administered in accordance with
12 Section 28.006(c) or (c-2) indicate reading proficiency; ~~and~~

13 (5) the number of kindergarten students who were
14 enrolled in a prekindergarten program in the previous school year
15 in the same district or school as the district or school in which
16 the student attends kindergarten;

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

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

24 (A) whether the student met the kindergarten
25 readiness standard on the reading instrument adopted under Section
26 28.006;

27 (B) whether the student attended prekindergarten

1 in the district; and

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

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

7 SECTION 2.017. Section 29.162, Education Code, is amended
8 to read as follows:

9 Sec. 29.162. RULES [~~DETERMINATION OF FULL-DAY AND~~
10 ~~HALF-DAY~~]. (a) The commissioner may adopt rules for this
11 subchapter, including rules establishing full-day and half-day
12 minutes of operation requirements as provided by Section 25.081.

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

15 SECTION 2.018. The heading to Subchapter E-1, Chapter 29,
16 Education Code, is amended to read as follows:

17 SUBCHAPTER E-1. HIGH QUALITY PREKINDERGARTEN [~~GRANT~~] PROGRAM
18 REQUIREMENTS

19 SECTION 2.019. Section 29.164, Education Code, is amended
20 to read as follows:

21 Sec. 29.164. DEFINITION. In this subchapter, "program"
22 means a high quality prekindergarten [~~grant~~] program required under
23 Section 29.153(c-1) to be provided free of tuition or fees in
24 accordance with this subchapter.

25 SECTION 2.020. Section 29.167(a), Education Code, is
26 amended to read as follows:

27 (a) A school district shall select and implement a

1 curriculum for a prekindergarten [~~grant~~] program [~~under this~~
2 ~~subchapter~~] that:

3 (1) includes the prekindergarten guidelines
4 established by the agency;

5 (2) measures the progress of students in meeting the
6 recommended learning outcomes; and

7 (3) does not use national curriculum standards
8 developed by the Common Core State Standards Initiative.

9 SECTION 2.021. Section 29.170(a), Education Code, is
10 amended to read as follows:

11 (a) The commissioner shall evaluate the use and
12 effectiveness of prekindergarten funding [~~provided under this~~
13 ~~subchapter~~] in improving student learning. The commissioner shall
14 identify effective instruction strategies implemented by school
15 districts under this subchapter.

16 SECTION 2.022. Section 29.171(a), Education Code, is
17 amended to read as follows:

18 (a) A school district that offers a prekindergarten
19 [~~participating in the grant~~] program under this subchapter may
20 enter into a contract with an eligible private provider to provide
21 services or equipment for the program.

22 SECTION 2.023. Section 29.172, Education Code, is amended
23 to read as follows:

24 Sec. 29.172. RULES. (a) The commissioner may adopt rules
25 necessary to implement this subchapter.

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

1 SECTION 2.024. Section 29.190(a), Education Code, is
2 amended to read as follows:

3 (a) A student is entitled to a subsidy under this section
4 if:

5 (1) the student:

6 (A) successfully completes the career and
7 technology program of a school district in which the student
8 receives training and instruction for employment; or

9 (B) is enrolled in a special education program
10 under Subchapter A; and

11 (2) the student passes a certification examination to
12 qualify for a license or certificate that is an industry
13 certification for purposes of Section 39.053(c)(1)(B)(v).

14 SECTION 2.025. Subchapter Z, Chapter 29, Education Code, is
15 amended by adding Sections 29.924 and 29.925 to read as follows:

16 Sec. 29.924. BLENDED LEARNING GRANT PROGRAM. (a) In this
17 section, "blended learning" means an instructional delivery method
18 that combines classroom and online instruction.

19 (b) From funds appropriated or available for purposes of
20 this section, the commissioner shall establish a grant program to
21 assist school districts in developing and implementing effective
22 blended learning models. In awarding grants under the program, the
23 commissioner shall give priority to school districts that have the
24 highest enrollment of students who are educationally
25 disadvantaged.

26 (c) A school district that receives a grant under this
27 section must:

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

3 (2) provide training to educators on effective blended
4 learning practices using a program approved by the commissioner for
5 that purpose;

6 (3) after completion of the training under Subdivision
7 (2):

8 (A) certify to the agency that the blended
9 learning model has been implemented; and

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

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

15 (d) A plan to implement a blended learning model developed
16 under Subsection (c) must:

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

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

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

1 demonstrated proficiency;

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

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

9 (3) provide educators with professional development
10 opportunities regarding blended learning; and

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

15 (e) Funds awarded under the grant program may be used only
16 to implement a program under this section and satisfy the
17 requirements under Subsection (c).

18 (f) A school district may receive a grant under this section
19 for not more than four consecutive school years.

20 (g) The commissioner shall adopt rules as necessary to
21 implement this section, including rules establishing an
22 application and selection process for awarding grants under this
23 section and a list of programs that may be used for training under
24 Subsection (c)(2). In adopting rules under this subsection, the
25 commissioner may not impose any requirements on a school district's
26 plan to implement a blended learning model not listed under
27 Subsection (d).

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

3 Sec. 29.925. ENHANCEMENT SERVICES GRANT PROGRAM. (a) In
4 this section:

5 (1) "Committee" means an admission, review, and
6 dismissal committee or a team established for a student under
7 Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794).

8 (2) "Parent" means a resident of this state who is a
9 natural or adoptive parent, managing or possessory conservator,
10 legal guardian, custodian, or other person with legal authority to
11 act on behalf of a child.

12 (3) "Program" means the grant program established
13 under this section.

14 (4) "Program participant" means a student and a parent
15 of a student who has been accepted into the program.

16 (b) From funds appropriated or available for the purpose,
17 including federal funding, the commissioner shall establish and
18 administer a grant program to provide funding to school districts
19 for eligible students to obtain enhancement services that:

20 (1) supplement the student's public education;

21 (2) promote and improve the student's overall academic
22 performance; and

23 (3) exceed the level of services that the student's
24 committee has determined to be necessary for the student to receive
25 a free appropriate public education.

26 (c) A student is eligible to participate in the program if:

27 (1) the student is enrolled in a school district and

1 was enrolled in that district during the entire preceding school
2 year;

3 (2) the student has one or more of the following
4 disabilities:

5 (A) dyslexia;

6 (B) autism;

7 (C) speech disability; or

8 (D) learning disability; and

9 (3) for one or more disabilities listed in Subdivision
10 (2):

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

13 (B) the student is covered by Section 504,
14 Rehabilitation Act of 1973 (29 U.S.C. Section 794).

15 (d) On or before the date established by commissioner rule,
16 each school district annually shall provide information regarding
17 the program to a parent of each student enrolled in the district who
18 may be eligible to participate in the program.

19 (e) On or before the date established by commissioner rule,
20 a parent of an eligible student may apply on behalf of the student
21 to the agency for participation in the program for the school year
22 for which the application is made. The school district in which the
23 student is enrolled shall assist the parent in making the
24 application.

25 (f) In accepting students into the program, the
26 commissioner shall:

27 (1) give priority to students who are educationally

1 disadvantaged; and

2 (2) to the greatest extent possible, ensure that the
3 accepted students reflect the diversity of the state.

4 (g) Funds received under the program may be used only for
5 the following services or goods provided to a program participant
6 by an education service provider or vendor of educational products
7 approved by the commissioner under Subsection (j):

8 (1) costs of transportation for the student to receive
9 educational support services;

10 (2) the cost of instructional materials, as that term
11 is defined by Section [31.002](#);

12 (3) fees for educational therapies or support services
13 provided by a practitioner or provider; and

14 (4) costs of assistive technology.

15 (h) The parent of a student participating in the program, in
16 consultation with the student's committee, shall select the
17 services or goods allowed under Subsection (g) to be provided to the
18 student under the program and the appropriate education service
19 provider or vendor of educational products to provide those
20 services or goods. On the parent's selection, the school district
21 at which the parent's student is enrolled shall contract with the
22 selected education service provider or vendor of educational
23 products to provide the selected services or goods to the student.

24 (i) An education service provider or vendor of educational
25 products may not solicit or provide incentives to any program
26 participant to select the provider or vendor to provide services or
27 goods using money distributed under the program.

1 (j) An education service provider or vendor of educational
2 products must apply to and be approved by the commissioner to
3 receive money distributed under the program. To be eligible for
4 approval, an education service provider or vendor of educational
5 products must:

6 (1) have operated for at least three consecutive
7 years, including at least one year in this state;

8 (2) provide to the commissioner:

9 (A) a current financial audit from a certified
10 public accountant;

11 (B) documentation indicating that the provider
12 or vendor has completed a national criminal history record
13 information review within a period established by commissioner
14 rule; and

15 (C) a list of any national or state licenses,
16 certifications, or credentials possessed by the provider or vendor;
17 and

18 (3) agree not to use the national curriculum standards
19 developed by the Common Core State Standards Initiative.

20 (k) A parent of a student participating in the program, a
21 member of the student's committee, or an education service provider
22 or vendor of educational products may appeal the commissioner's
23 rejection of an application submitted under Subsection (j) in
24 accordance with rules established by the commissioner.

25 (l) At least once each semester, an education service
26 provider or vendor of educational products selected to provide
27 services or goods to a student participating in the program shall

1 meet with the student's parent and the members of the student's
2 committee at a time and place determined by the school district to
3 discuss the student's progress and to evaluate the continued use of
4 the provider or vendor.

5 (m) The commissioner annually shall review each approved
6 education service provider or vendor of educational products and,
7 as appropriate, renew or revoke that approval.

8 (n) A student's participation in the program does not affect
9 the student's rights or a school district's obligations with
10 respect to the student under the Individuals with Disabilities
11 Education Act (20 U.S.C. Section 1400 et seq.); Section 504,
12 Rehabilitation Act of 1973 (29 U.S.C. Section 794); or the
13 Americans with Disabilities Act of 1990 (42 U.S.C. Section 12101 et
14 seq.).

15 (o) Each school district in which a participating student is
16 enrolled shall submit an annual report to the agency on the use of
17 grant funds awarded under this section.

18 (o-1) Not later than December 30, 2020, the agency shall
19 review the performance of the program and submit to the legislature
20 a report on the agency's conclusions. In conducting the review, the
21 agency shall solicit input from program participants and
22 participating school districts. This subsection expires September
23 1, 2021.

24 (p) The commissioner shall adopt rules as necessary to
25 implement this section.

26 SECTION 2.026. Sections 39.0261(a), (e), and (f), Education
27 Code, are amended to read as follows:

1 (a) In addition to the assessment instruments otherwise
2 authorized or required by this subchapter:

3 (1) each school year and at state cost, a school
4 district may administer to students in the spring of the eighth
5 grade an established, valid, reliable, and nationally
6 norm-referenced preliminary college preparation assessment
7 instrument for the purpose of diagnosing the academic strengths and
8 deficiencies of students before entrance into high school;

9 (2) each school year and at state cost, a school
10 district may administer to students in the 10th grade an
11 established, valid, reliable, and nationally norm-referenced
12 preliminary college preparation assessment instrument for the
13 purpose of measuring a student's progress toward readiness for
14 college and the workplace; and

15 (3) high school students in the spring of the 11th
16 grade or during the 12th grade may select and take once, at state
17 cost:

18 (A) ~~[7]~~ one of the valid, reliable, and
19 nationally norm-referenced assessment instruments used by colleges
20 and universities as part of their undergraduate admissions
21 processes; or

22 (B) the assessment instrument designated by the
23 Texas Higher Education Coordinating Board under Section 51.334.

24 (e) Subsection (a)(3) does not prohibit a high school
25 student ~~[in the spring of the 11th grade or during the 12th grade]~~
26 from selecting and taking, at the student's own expense, an
27 assessment instrument described by that subdivision ~~[one of the~~

1 ~~valid, reliable, and nationally norm-referenced assessment~~
2 ~~instruments used by colleges and universities as part of their~~
3 ~~undergraduate admissions processes more than once].~~

4 (f) The provisions of this section regarding assessment
5 instruments administered under Subsection (a)(1) or (2) apply only
6 if the legislature appropriates funds for those purposes [~~of this~~
7 ~~section~~].

8 SECTION 2.027. Section 39.306(a), Education Code, is
9 amended to read as follows:

10 (a) Each board of trustees shall publish an annual report
11 describing the educational performance of the district and of each
12 campus in the district that includes uniform student performance
13 and descriptive information as determined under rules adopted by
14 the commissioner. The annual report must also include:

15 (1) campus performance objectives established under
16 Section 11.253 and the progress of each campus toward those
17 objectives, which shall be available to the public;

18 (2) information indicating the district's
19 accreditation status and identifying each district campus awarded a
20 distinction designation under Subchapter G or considered an
21 unacceptable campus under Chapter 39A;

22 (3) the district's current special education
23 compliance status with the agency;

24 (4) a statement of the number, rate, and type of
25 violent or criminal incidents that occurred on each district
26 campus, to the extent permitted under the Family Educational Rights
27 and Privacy Act of 1974 (20 U.S.C. Section 1232g);

1 (5) information concerning school violence prevention
2 and violence intervention policies and procedures that the district
3 is using to protect students;

4 (6) the findings that result from evaluations
5 conducted under the Safe and Drug-Free Schools and Communities Act
6 of 1994 (20 U.S.C. Section 7101 et seq.); ~~and~~

7 (7) information received under Section 51.403(e) for
8 each high school campus in the district, presented in a form
9 determined by the commissioner; and

10 (8) the progress of the district and each campus in the
11 district toward meeting three- and five-year goals developed by the
12 district to achieve the state's public education goals under
13 Section 39.335(a)(1).

14 SECTION 2.028. Subchapter K, Chapter 39, Education Code, is
15 amended by adding Section 39.335 to read as follows:

16 Sec. 39.335. EDUCATIONAL PROGRESS REPORT. (a) Not later
17 than December 1 of each year, the agency shall produce a report on
18 progress in the preceding school year toward meeting the state's
19 public education goals. The report must:

20 (1) include:

21 (A) the percentage of students who performed
22 satisfactorily on an assessment instrument administered under
23 Section 39.023;

24 (B) the percentage of students who graduated high
25 school without the need for remediation, based on meeting college,
26 career, or military readiness standards under Section
27 39.053(c)(1)(B); and

- 1 (13) Section 29.098;
- 2 (14) Section 29.165;
- 3 (15) Section 29.166;
- 4 (16) Section 39.233;
- 5 (17) Section 39.234;
- 6 (18) the headings to Chapters 41 and 42;
- 7 (19) the heading to Subchapter A, Chapter 41;
- 8 (20) the heading to Section 41.002;
- 9 (21) Sections 41.002(a) and (b);
- 10 (22) Section 41.0041;
- 11 (23) the heading to Subchapter D, Chapter 41;
- 12 (24) Section 41.0931;
- 13 (25) Section 41.098;
- 14 (26) the heading to Subchapter E, Chapter 41;
- 15 (27) the heading to Subchapter A, Chapter 42;
- 16 (28) the heading to Section 42.006;
- 17 (29) Section 42.007;
- 18 (30) the heading to Subchapter B, Chapter 42;
- 19 (31) Section 42.102;
- 20 (32) Section 42.103;
- 21 (33) Section 42.104;
- 22 (34) the heading to Subchapter C, Chapter 42;
- 23 (35) Section 42.1541;
- 24 (36) Section 42.156;
- 25 (37) Section 42.160;
- 26 (38) the heading to Subchapter E, Chapter 42;
- 27 (39) Section 42.2513;

1 (40) Section 42.2517;

2 (41) Section 42.2518; and

3 (42) the headings to Subchapters F and G, Chapter 42.

4 (b) Effective September 1, 2024, Sections 48.257(g), (h),
5 and (i), Education Code, as transferred, redesignated, and amended
6 by this Act, are repealed.

7 (c) Sections 26.08(o) and (p), Tax Code, are repealed.

8 ARTICLE 4. TRANSITION

9 SECTION 4.001. The State Board for Educator Certification
10 may not issue a new or renew a master teacher certificate issued
11 under Section 21.0481, 21.0482, 21.0483, or 21.0484, Education
12 Code, on or after the effective date of this Act.

13 SECTION 4.002. (a) Except as provided by Subsection (b) of
14 this section, Article 2 of this Act applies beginning with the
15 2019-2020 school year.

16 (b) Section 28.006, Education Code, as amended by this Act,
17 applies beginning with the 2020-2021 school year.

18 SECTION 4.003. Section 26.08, Tax Code, as amended by this
19 Act, applies beginning with the 2019 tax year.

20 SECTION 4.004. To the extent of any conflict, this Act
21 prevails over another Act of the 86th Legislature, Regular Session,
22 2019, relating to nonsubstantive additions to and corrections in
23 enacted codes.

24 ARTICLE 5. EFFECTIVE DATE

25 SECTION 5.001. (a) Except as provided by Subsection (b) of
26 this section, this Act takes effect September 1, 2019.

27 (b) Section 48.106(b), Education Code, as transferred,

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1 redesignated, and amended by this Act, takes effect September 1,
2 2020.