

1-1 By: Huberty, et al. (Senate Sponsor - Taylor) H.B. No. 3
 1-2 (In the Senate - Received from the House April 4, 2019;
 1-3 April 4, 2019, read first time and referred to Committee on
 1-4 Education; May 1, 2019, reported adversely, with favorable
 1-5 Committee Substitute by the following vote: Yeas 8, Nays 0,
 1-6 3 present not voting; May 1, 2019, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8 Taylor	X			
1-9 Lucio	X			
1-10 Bettencourt				X
1-11 Campbell	X			
1-12 Fallon	X			
1-13 Hall				X
1-14 Hughes	X			
1-15 Paxton				X
1-16 Powell	X			
1-17 Watson	X			
1-18 West	X			

1-20 COMMITTEE SUBSTITUTE FOR H.B. No. 3 By: Taylor

1-21 A BILL TO BE ENTITLED
 1-22 AN ACT

1-23 relating to public school finance and public education; authorizing
 1-24 the imposition of a fee.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-26 ARTICLE 1. PUBLIC SCHOOL FINANCE

1-27 SECTION 1.001. Section 12.106, Education Code, is amended
 1-28 by amending Subsections (a), (a-1), and (a-2) and adding
 1-29 Subsections (a-3) and (a-4) to read as follows:

1-30 (a) A charter holder is entitled to receive for the
 1-31 open-enrollment charter school funding under Chapter 48 [42] equal
 1-32 to the amount of funding per student in weighted average daily
 1-33 attendance, excluding the adjustment under Section 48.052, the
 1-34 allotments under Sections 48.101, 48.109, 48.110, 48.111, and
 1-35 48.112, and enrichment funding under Section 48.202(a)
 1-36 [42.302(a)], to which the charter holder would be entitled for the
 1-37 school under Chapter 48 [42] if the school were a school district
 1-38 without a tier one local share for purposes of Section 48.266
 1-39 [42.253].

1-40 (a-1) In addition to the funding provided by Subsection (a),
 1-41 a charter holder is entitled to receive for the open-enrollment
 1-42 charter school an allotment per student in average daily attendance
 1-43 in an amount equal to the product of:

1-44 (1) the quotient of:

1-45 (A) the total amount of funding provided to
 1-46 eligible school districts under Section 48.101; and

1-47 (B) the total number of students in average daily
 1-48 attendance in school districts that receive an allotment under
 1-49 Section 48.101; and

1-50 (2) the sum of one and the quotient of:

1-51 (A) the total number of students in average daily
 1-52 attendance in school districts that receive an allotment under
 1-53 Section 48.101; and

1-54 (B) the total number of students in average daily
 1-55 attendance in school districts statewide. [In determining funding
 1-56 for an open-enrollment charter school under Subsection (a):

1-57 ~~[(1) adjustments under Sections 42.102, 42.104, and~~
 1-58 ~~42.105 are based on the average adjustment for the state, and~~

1-59 ~~[(2) the adjustment under Section 42.103 is based on~~
 1-60 ~~the average adjustment for the state that would have been provided~~
 1-61 ~~under that section as it existed on January 1, 2018.]~~

2-1 (a-2) In addition to the funding provided by Subsections
 2-2 [Subsection] (a) and (a-1), a charter holder is entitled to receive
 2-3 for the open-enrollment charter school enrichment funding under
 2-4 Section 48.202 [42.302] based on the state average tax effort.

2-5 (a-3) In addition to the funding provided by Subsections
 2-6 (a), (a-1), and (a-2), a charter holder is entitled to receive
 2-7 funding for the open-enrollment charter school under Sections
 2-8 48.109, 48.110, and 48.112 and Subchapter D, Chapter 48, if the
 2-9 charter holder would be entitled to the funding if the school were a
 2-10 school district.

2-11 (a-4) In addition to the funding provided by Subsections
 2-12 (a), (a-1), (a-2), and (a-3), for an open-enrollment charter school
 2-13 that does not receive an allotment under Section 48.051, a charter
 2-14 holder is entitled to receive for the school an allotment under
 2-15 Section 48.101 for each student in average daily attendance based
 2-16 on the number of students in average daily attendance for which the
 2-17 school receives an allotment under Section 48.102.

2-18 SECTION 1.002. Section 13.054, Education Code, is amended
 2-19 by adding Subsection (f-1) to read as follows:

2-20 (f-1) Notwithstanding Subsection (f), for the 2019-2020 and
 2-21 2020-2021 school years, for a district receiving additional funding
 2-22 under Subsection (f) for an annexation that occurred before
 2-23 September 1, 2019, the value for the fraction under Subsection (f)
 2-24 shall be substituted with the value that is equal to the fraction
 2-25 determined under that subsection multiplied by the state
 2-26 compression percentage, as determined under Section 48.255. This
 2-27 subsection expires September 1, 2021.

2-28 SECTION 1.003. Section 25.084, Education Code, is amended
 2-29 by amending Subsection (b) and adding Subsection (c) to read as
 2-30 follows:

2-31 (b) Except as provided by Subsection (c), the [The]
 2-32 operation of schools year-round by a district does not affect the
 2-33 amount of state funds to which the district is entitled under
 2-34 Chapter 48 [42].

2-35 (c) A district that adopts a year-round system under this
 2-36 section may receive the incentive aid under Section 48.0051 if the
 2-37 district meets the criteria for receiving the incentive under that
 2-38 section.

2-39 SECTION 1.004. Section 30.003, Education Code, is amended
 2-40 by amending Subsection (f-1) and adding Subsection (f-2) to read as
 2-41 follows:

2-42 (f-1) The commissioner shall determine the total amount
 2-43 that the Texas School for the Blind and Visually Impaired and the
 2-44 Texas School for the Deaf would have received from school districts
 2-45 in accordance with this section if the following provisions had not
 2-46 reduced the districts' share of the cost of providing education
 2-47 services:

2-48 (1) H.B. No. 1, Acts of the 79th Legislature, 3rd
 2-49 Called Session, 2006;

2-50 (2) Section 45.0032; and

2-51 (3) Section 48.255.

2-52 (f-2) The amount determined under Subsection (f-1), [had
 2-53 not reduced the districts' share of the cost of providing education
 2-54 services. That amount,] minus any amount the schools do receive
 2-55 from school districts, shall be set aside as a separate account in
 2-56 the foundation school fund and appropriated to those schools for
 2-57 educational purposes.

2-58 SECTION 1.005. Section 44.004, Education Code, is amended
 2-59 by amending Subsections (c) and (e) and adding Subsection (c-2) to
 2-60 read as follows:

2-61 (c) The notice of public meeting to discuss and adopt the
 2-62 budget and the proposed tax rate may not be smaller than one-quarter
 2-63 page of a standard-size or a tabloid-size newspaper, and the
 2-64 headline on the notice must be in 18-point or larger type. Subject
 2-65 to Subsection (d), the notice must:

2-66 (1) contain a statement in the following form:

2-67 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

2-68 "The (name of school district) will hold a public meeting at
 2-69 (time, date, year) in (name of room, building, physical location,

3-1 city, state). The purpose of this meeting is to discuss the school
 3-2 district's budget that will determine the tax rate that will be
 3-3 adopted. Public participation in the discussion is invited." The
 3-4 statement of the purpose of the meeting must be in bold type. In
 3-5 reduced type, the notice must state: "The tax rate that is
 3-6 ultimately adopted at this meeting or at a separate meeting at a
 3-7 later date may not exceed the proposed rate shown below unless the
 3-8 district publishes a revised notice containing the same information
 3-9 and comparisons set out below and holds another public meeting to
 3-10 discuss the revised notice.";

3-11 (2) contain a section entitled "Comparison of Proposed
 3-12 Budget with Last Year's Budget," which must show the difference,
 3-13 expressed as a percent increase or decrease, as applicable, in the
 3-14 amounts budgeted for the preceding fiscal year and the amount
 3-15 budgeted for the fiscal year that begins in the current tax year for
 3-16 each of the following:

3-17 (A) maintenance and operations;

3-18 (B) debt service; and

3-19 (C) total expenditures;

3-20 (3) contain a section entitled "Total Appraised Value
 3-21 and Total Taxable Value," which must show the total appraised value
 3-22 and the total taxable value of all property and the total appraised
 3-23 value and the total taxable value of new property taxable by the
 3-24 district in the preceding tax year and the current tax year as
 3-25 calculated under Section 26.04, Tax Code;

3-26 (4) contain a statement of the total amount of the
 3-27 outstanding and unpaid bonded indebtedness of the school district;

3-28 (5) contain a section entitled "Comparison of Proposed
 3-29 Rates with Last Year's Rates," which must:

3-30 (A) show in rows the tax rates described by
 3-31 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of
 3-32 property, for columns entitled "Maintenance & Operations,"
 3-33 "Interest & Sinking Fund," and "Total," which is the sum of
 3-34 "Maintenance & Operations" and "Interest & Sinking Fund":

3-35 (i) the school district's "Last Year's
 3-36 Rate";

3-37 (ii) the "Rate to Maintain Same Level of
 3-38 Maintenance & Operations Revenue & Pay Debt Service," which:

3-39 (a) in the case of "Maintenance &
 3-40 Operations," is the tax rate that, when applied to the current
 3-41 taxable value for the district, as certified by the chief appraiser
 3-42 under Section 26.01, Tax Code, and as adjusted to reflect changes
 3-43 made by the chief appraiser as of the time the notice is prepared,
 3-44 would impose taxes in an amount that, when added to state funds to
 3-45 be distributed to the district under Chapter 48 [42], would provide
 3-46 the same amount of maintenance and operations taxes and state funds
 3-47 distributed under Chapter 48 [42] per student in average daily
 3-48 attendance for the applicable school year that was available to the
 3-49 district in the preceding school year; and

3-50 (b) in the case of "Interest & Sinking
 3-51 Fund," is the tax rate that, when applied to the current taxable
 3-52 value for the district, as certified by the chief appraiser under
 3-53 Section 26.01, Tax Code, and as adjusted to reflect changes made by
 3-54 the chief appraiser as of the time the notice is prepared, and when
 3-55 multiplied by the district's anticipated collection rate, would
 3-56 impose taxes in an amount that, when added to state funds to be
 3-57 distributed to the district under Chapter 46 and any excess taxes
 3-58 collected to service the district's debt during the preceding tax
 3-59 year but not used for that purpose during that year, would provide
 3-60 the amount required to service the district's debt; and

3-61 (iii) the "Proposed Rate";

3-62 (B) contain fourth and fifth columns aligned with
 3-63 the columns required by Paragraph (A) that show, for each row
 3-64 required by Paragraph (A):

3-65 (i) the "Local Revenue per Student," which
 3-66 is computed by multiplying the district's total taxable value of
 3-67 property, as certified by the chief appraiser for the applicable
 3-68 school year under Section 26.01, Tax Code, and as adjusted to
 3-69 reflect changes made by the chief appraiser as of the time the

4-1 notice is prepared, by the total tax rate, and dividing the product
 4-2 by the number of students in average daily attendance in the
 4-3 district for the applicable school year; and

4-4 (ii) the "State Revenue per Student," which
 4-5 is computed by determining the amount of state aid received or to be
 4-6 received by the district under Chapters [~~42,~~] 43, [~~and~~] 46, and 48
 4-7 and dividing that amount by the number of students in average daily
 4-8 attendance in the district for the applicable school year; and

4-9 (C) contain an asterisk after each calculation
 4-10 for "Interest & Sinking Fund" and a footnote to the section that, in
 4-11 reduced type, states "The Interest & Sinking Fund tax revenue is
 4-12 used to pay for bonded indebtedness on construction, equipment, or
 4-13 both. The bonds, and the tax rate necessary to pay those bonds, were
 4-14 approved by the voters of this district.";

4-15 (6) contain a section entitled "Comparison of Proposed
 4-16 Levy with Last Year's Levy on Average Residence," which must:

4-17 (A) show in rows the information described by
 4-18 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns
 4-19 entitled "Last Year" and "This Year":

4-20 (i) "Average Market Value of Residences,"
 4-21 determined using the same group of residences for each year;

4-22 (ii) "Average Taxable Value of Residences,"
 4-23 determined after taking into account the limitation on the
 4-24 appraised value of residences under Section 23.23, Tax Code, and
 4-25 after subtracting all homestead exemptions applicable in each year,
 4-26 other than exemptions available only to disabled persons or persons
 4-27 65 years of age or older or their surviving spouses, and using the
 4-28 same group of residences for each year;

4-29 (iii) "Last Year's Rate Versus Proposed
 4-30 Rate per \$100 Value"; and

4-31 (iv) "Taxes Due on Average Residence,"
 4-32 determined using the same group of residences for each year; and

4-33 (B) contain the following information: "Increase
 4-34 (Decrease) in Taxes" expressed in dollars and cents, which is
 4-35 computed by subtracting the "Taxes Due on Average Residence" for
 4-36 the preceding tax year from the "Taxes Due on Average Residence" for
 4-37 the current tax year;

4-38 (7) contain the following statement in bold print:
 4-39 "Under state law, the dollar amount of school taxes imposed on the
 4-40 residence of a person 65 years of age or older or of the surviving
 4-41 spouse of such a person, if the surviving spouse was 55 years of age
 4-42 or older when the person died, may not be increased above the amount
 4-43 paid in the first year after the person turned 65, regardless of
 4-44 changes in tax rate or property value.";

4-45 (8) contain the following statement in bold print:
 4-46 "Notice of Rollback Rate: The highest tax rate the district can
 4-47 adopt before requiring voter approval at an election is (the school
 4-48 district rollback rate determined under Section 26.08, Tax Code).
 4-49 This election will be automatically held if the district adopts a
 4-50 rate in excess of the rollback rate of (the school district rollback
 4-51 rate)."; and

4-52 (9) contain a section entitled "Fund Balances," which
 4-53 must include the estimated amount of interest and sinking fund
 4-54 balances and the estimated amount of maintenance and operation or
 4-55 general fund balances remaining at the end of the current fiscal
 4-56 year that are not encumbered with or by corresponding debt
 4-57 obligation, less estimated funds necessary for the operation of the
 4-58 district before the receipt of the first payment under Chapter 48
 4-59 [~~42~~] in the succeeding school year.

4-60 (c-2) The notice described by Subsection (c) must include a
 4-61 statement that a school district may not increase the district's
 4-62 maintenance and operations tax rate to create a surplus in
 4-63 maintenance and operations tax revenue for the purpose of paying
 4-64 the district's debt service.

4-65 (e) A person who owns taxable property in a school district
 4-66 is entitled to an injunction restraining the collection of taxes by
 4-67 the district if the district has not complied with the requirements
 4-68 of Subsections (b), (c), (c-1), (c-2), and (d), and, if applicable,
 4-69 Subsection (i), and the failure to comply was not in good faith. An

5-1 action to enjoin the collection of taxes must be filed before the
5-2 date the [school] district delivers substantially all of its tax
5-3 bills.

5-4 SECTION 1.006. Subchapter A, Chapter 45, Education Code, is
5-5 amended by adding Section 45.0021 to read as follows:

5-6 Sec. 45.0021. RESTRICTION ON MAINTENANCE TAX LEVY. (a) A
5-7 school district may not increase the rate of the district's
5-8 maintenance taxes described by Section 45.002 to create a surplus
5-9 in maintenance tax revenue for the purpose of paying the district's
5-10 debt service.

5-11 (b) A person who owns taxable property in a school district
5-12 is entitled to an injunction restraining the collection of taxes by
5-13 the district if the district adopts a maintenance tax rate in
5-14 violation of Subsection (a). An action to enjoin the collection of
5-15 taxes must be filed before the date the district delivers
5-16 substantially all of the district's tax bills.

5-17 SECTION 1.007. Section 45.003, Education Code, is amended
5-18 by adding Subsections (b-1), (d-1), (d-2), and (d-3) and amending
5-19 Subsections (d) and (f) to read as follows:

5-20 (b-1) The ballot proposition under Subsection (b) must
5-21 include the following statement: "THIS IS A PROPERTY TAX INCREASE."

5-22 (d) A proposition submitted to authorize the levy of
5-23 maintenance taxes must include the question of whether the
5-24 governing board or commissioners court may levy, assess, and
5-25 collect annual ad valorem taxes for the further maintenance of
5-26 public schools, at a rate not to exceed the rate stated in the
5-27 proposition. For any year, the maintenance tax rate per \$100 of
5-28 taxable value adopted by the district may not exceed the rate equal
5-29 to the sum of \$0.17 and the product of the state compression
5-30 percentage, as determined under Section 48.255 [42.2516],
5-31 multiplied by \$1.00 [\$1.50].

5-32 (d-1) Except as provided by Subsection (d-2) or Section
5-33 26.08(a-1), Tax Code, a school district may not adopt a maintenance
5-34 and operations tax rate for the 2019 tax year that exceeds the tax
5-35 rate that results after adjusting the district's 2018 tax rate in
5-36 accordance with Sections 45.0032, 48.202, and 48.255.

5-37 (d-2) A school district that, before January 1, 2019,
5-38 adopted a strategic plan through action taken by the board of
5-39 trustees of the school district during a public meeting that
5-40 proposed a maintenance and operations tax rate for the 2019 tax year
5-41 that exceeds the rate permitted under Subsection (d-1) may, subject
5-42 to voter approval, adopt a rate that is equal to the sum of the rate
5-43 permitted under Subsection (d-1) and one-half the difference
5-44 between the maximum rate permitted under Section 45.003, as that
5-45 section existed during the 2018 tax year, and the district's
5-46 adopted tax rate for the 2018 tax year.

5-47 (d-3) Subsections (d-1) and (d-2) and this subsection
5-48 expire September 1, 2020.

5-49 (f) Notwithstanding any other law, a district that levied a
5-50 maintenance tax for the 2005 tax year at a rate greater than \$1.50
5-51 per \$100 of taxable value in the district as permitted by special
5-52 law may not levy a maintenance tax at a rate that exceeds the rate
5-53 per \$100 of taxable value that is equal to the sum of:

5-54 (1) \$0.17; and

5-55 (2) the product of 66.67 percent [the state
5-56 compression percentage, as determined under Section 42.2516,]
5-57 multiplied by the rate of the maintenance tax levied by the district
5-58 for the 2005 tax year, minus the amount by which \$1.00 exceeds the
5-59 product of the state compression percentage, as determined under
5-60 Section 48.255, multiplied by \$1.00.

5-61 SECTION 1.008. Subchapter A, Chapter 45, Education Code, is
5-62 amended by adding Section 45.0032 to read as follows:

5-63 Sec. 45.0032. COMPONENTS OF MAINTENANCE AND OPERATIONS TAX.

5-64 (a) A school district's tier one maintenance and operations tax
5-65 rate is the number of cents levied by the district for maintenance
5-66 and operations that does not exceed the product of the state
5-67 compression percentage, as determined under Section 48.255,
5-68 multiplied by \$1.00.

5-69 (b) A district's enrichment tax rate consists of:

6-1 (1) any cents of additional maintenance and operations
 6-2 tax effort, not to exceed six cents over the maximum tax rate
 6-3 described by Subsection (a); and

6-4 (2) any cents of additional maintenance and operations
 6-5 tax effort that exceeds the sum of the maximum tax rate described by
 6-6 Subsection (a) and the maximum number of cents permitted under
 6-7 Subdivision (1).

6-8 (c) For a district to which Section 45.003(f) applies, any
 6-9 cents of maintenance and operations tax effort that exceeds the
 6-10 maximum rate permitted under Section 45.003(d) are not included in
 6-11 the district's tier one maintenance and operations tax rate under
 6-12 Subsection (a) or the district's enrichment tax rate under
 6-13 Subsection (b), and the district is not entitled to the guaranteed
 6-14 yield amount of state funds under Section 48.202 for those cents of
 6-15 tax effort.

6-16 (d) For a district to which Section 26.08(a-1), Tax Code,
 6-17 applies, the amount by which the district's maintenance tax rate
 6-18 exceeds the district's rollback tax rate for the preceding year is
 6-19 not considered in determining a district's tier one maintenance and
 6-20 operations tax rate under Subsection (a) or the district's
 6-21 enrichment tax rate under Subsection (b) for the current tax year.

6-22 SECTION 1.009. Subtitle I, Title 2, Education Code, is
 6-23 amended by adding Chapter 48, and a heading is added to that chapter
 6-24 to read as follows:

6-25 CHAPTER 48. FOUNDATION SCHOOL PROGRAM

6-26 SECTION 1.010. Chapter 48, Education Code, as added by this
 6-27 Act, is amended by adding Subchapter A, and a heading is added to
 6-28 that subchapter to read as follows:

6-29 SUBCHAPTER A. GENERAL PROVISIONS

6-30 SECTION 1.011. Sections 42.001, 42.002, 42.003, 42.004, and
 6-31 42.005, Education Code, are transferred to Subchapter A, Chapter
 6-32 48, Education Code, as added by this Act, redesignated as Sections
 6-33 48.001, 48.002, 48.003, 48.004, and 48.005, Education Code, and
 6-34 amended to read as follows:

6-35 Sec. 48.001 [~~42.001~~]. STATE POLICY. (a) It is the policy
 6-36 of this state that the provision of public education is a state
 6-37 responsibility and that a thorough and efficient system be provided
 6-38 and substantially financed through state revenue sources so that
 6-39 each student enrolled in the public school system shall have access
 6-40 to programs and services that are appropriate to the student's
 6-41 educational needs and that are substantially equal to those
 6-42 available to any similar student, notwithstanding varying local
 6-43 economic factors.

6-44 (b) The public school finance system of this state shall
 6-45 adhere to a standard of neutrality that provides for substantially
 6-46 equal access to similar revenue per student at similar tax effort,
 6-47 considering all state and local tax revenues of districts after
 6-48 acknowledging all legitimate student and district cost
 6-49 differences.

6-50 Sec. 48.002 [~~42.002~~]. PURPOSES OF FOUNDATION SCHOOL
 6-51 PROGRAM. (a) The purposes of the Foundation School Program set
 6-52 forth in this chapter are to guarantee that each school district in
 6-53 the state has:

6-54 (1) adequate resources to provide each eligible
 6-55 student a basic instructional program and facilities suitable to
 6-56 the student's educational needs; and

6-57 (2) access to a substantially equalized program of
 6-58 financing in excess of basic costs for certain services, as
 6-59 provided by this chapter.

6-60 (b) The Foundation School Program consists of:

6-61 (1) two tiers that in combination provide for:

6-62 (A) sufficient financing for all school
 6-63 districts to provide a basic program of education that is rated
 6-64 acceptable or higher under Section 39.054 and meets other
 6-65 applicable legal standards; and

6-66 (B) substantially equal access to funds to
 6-67 provide an enriched program; and

6-68 (2) a facilities component as provided by Chapter 46.

6-69 Sec. 48.003 [~~42.003~~]. STUDENT ELIGIBILITY. (a) A

7-1 student is entitled to the benefits of the Foundation School
7-2 Program if, on September 1 of the school year, the student:

7-3 (1) is 5 years of age or older and under 21 years of age
7-4 and has not graduated from high school, or is at least 21 years of
7-5 age and under 26 years of age and has been admitted by a school
7-6 district to complete the requirements for a high school diploma; or

7-7 (2) is at least 19 years of age and under 26 years of
7-8 age and is enrolled in an adult high school diploma and industry
7-9 certification charter school pilot program under Section 29.259.

7-10 (b) A student to whom Subsection (a) does not apply is
7-11 entitled to the benefits of the Foundation School Program if the
7-12 student is enrolled in a prekindergarten class under Section 29.153
7-13 [~~or Subchapter E-1, Chapter 29~~].

7-14 (c) A child may be enrolled in the first grade if the child
7-15 is at least six years of age at the beginning of the school year of
7-16 the district or has been enrolled in the first grade or has
7-17 completed kindergarten in the public schools in another state
7-18 before transferring to a public school in this state.

7-19 (d) Notwithstanding Subsection (a), a student younger than
7-20 five years of age is entitled to the benefits of the Foundation
7-21 School Program if:

7-22 (1) the student performs satisfactorily on the
7-23 assessment instrument administered under Section 39.023(a) to
7-24 students in the third grade; and

7-25 (2) the district has adopted a policy for admitting
7-26 students younger than five years of age.

7-27 Sec. 48.004 [~~42.004~~]. ADMINISTRATION OF THE PROGRAM. (a)
7-28 The commissioner [~~in accordance with the rules of the State Board~~
7-29 ~~of Education,~~] shall adopt rules and take [such] action and require
7-30 [such] reports consistent with this chapter as [may be] necessary
7-31 to implement and administer the Foundation School Program.

7-32 (b) A decision made by the commissioner under this chapter
7-33 is final and may not be appealed.

7-34 Sec. 48.005 [~~42.005~~]. AVERAGE DAILY ATTENDANCE. (a) In
7-35 this chapter, average daily attendance is:

7-36 (1) the quotient of the sum of attendance for each day
7-37 of the minimum number of days of instruction as described under
7-38 Section 25.081(a) divided by the minimum number of days of
7-39 instruction;

7-40 (2) for a district that operates under a flexible year
7-41 program under Section 29.0821, the quotient of the sum of
7-42 attendance for each actual day of instruction as permitted by
7-43 Section 29.0821(b)(1) divided by the number of actual days of
7-44 instruction as permitted by Section 29.0821(b)(1);

7-45 (3) for a district that operates under a flexible
7-46 school day program under Section 29.0822, the average daily
7-47 attendance as calculated by the commissioner in accordance with
7-48 Sections 29.0822(d) and (d-1); or

7-49 (4) for a district that operates a half-day program or
7-50 a full-day program under Section 29.153(c), one-half of the average
7-51 daily attendance calculated under Subdivision (1).

7-52 (b) A school district that experiences a decline of two
7-53 percent or more in average daily attendance shall be funded on the
7-54 basis of:

7-55 (1) the actual average daily attendance of the
7-56 preceding school year, if the decline is the result of the closing
7-57 or reduction in personnel of a military base; or

7-58 (2) subject to Subsection (e), an average daily
7-59 attendance not to exceed 98 percent of the actual average daily
7-60 attendance of the preceding school year, if the decline is not the
7-61 result of the closing or reduction in personnel of a military base.

7-62 (c) The commissioner shall adjust the average daily
7-63 attendance of a school district that has a significant percentage
7-64 of students who are migratory children as defined by 20 U.S.C.
7-65 Section 6399.

7-66 (d) The commissioner may adjust the average daily
7-67 attendance of a school district in which a disaster, flood, extreme
7-68 weather condition, fuel curtailment, or other calamity has a
7-69 significant effect on the district's attendance.

8-1 (e) For each school year, the commissioner shall adjust the
8-2 average daily attendance of school districts that are entitled to
8-3 funding on the basis of an adjusted average daily attendance under
8-4 Subsection (b)(2) so that:

8-5 (1) all districts are funded on the basis of the same
8-6 percentage of the preceding year's actual average daily attendance;
8-7 and

8-8 (2) the total cost to the state does not exceed the
8-9 amount specifically appropriated for that year for purposes of
8-10 Subsection (b)(2).

8-11 (f) An open-enrollment charter school is not entitled to
8-12 funding based on an adjustment under Subsection (b)(2).

8-13 (g) If a student may receive course credit toward the
8-14 student's high school academic requirements and toward the
8-15 student's higher education academic requirements for a single
8-16 course, including a course provided under Section 28.009 by a
8-17 public institution of higher education, the time during which the
8-18 student attends the course shall be counted as part of the minimum
8-19 number of instructional hours required for a student to be
8-20 considered a full-time student in average daily attendance for
8-21 purposes of this section.

8-22 (g-1) The commissioner shall adopt rules to calculate
8-23 average daily attendance for students participating in a blended
8-24 learning program in which classroom instruction is supplemented
8-25 with applied workforce learning opportunities, including
8-26 participation of students in internships, externships, and
8-27 apprenticeships.

8-28 (h) Subject to rules adopted by the commissioner under
8-29 Section 48.007(b) [~~42.0052(b)~~], time that a student participates in
8-30 an off-campus instructional program approved under Section
8-31 48.007(a) [~~42.0052(a)~~] shall be counted as part of the minimum
8-32 number of instructional hours required for a student to be
8-33 considered a full-time student in average daily attendance for
8-34 purposes of this section.

8-35 (i) A district or a charter school operating under Chapter
8-36 12 that operates a prekindergarten program is eligible to receive
8-37 one-half of average daily attendance under Subsection (a) if the
8-38 district's or charter school's prekindergarten program provides at
8-39 least 32,400 minutes of instructional time to students.

8-40 (j) A district or charter school is eligible to earn full
8-41 average daily attendance under Subsection (a) if the district or
8-42 school provides at least 43,200 minutes of instructional time to
8-43 students enrolled in:

8-44 (1) a dropout recovery school or program operating
8-45 under Section 12.1141(c) or Section 39.0548;

8-46 (2) an alternative education program operating under
8-47 Section 37.008;

8-48 (3) a school program located at a day treatment
8-49 facility, residential treatment facility, psychiatric hospital, or
8-50 medical hospital;

8-51 (4) a school program offered at a correctional
8-52 facility; or

8-53 (5) a school operating under Section 29.259.

8-54 (k) A charter school operating under a charter granted under
8-55 Chapter 12 before January 1, 2015, is eligible to earn full average
8-56 daily attendance under Subsection (a), as that subsection existed
8-57 immediately before January 1, 2015, for:

8-58 (1) all campuses of the charter school operating
8-59 before January 1, 2015; and

8-60 (2) any campus or site expansion approved on or after
8-61 January 1, 2015, provided that the charter school received an
8-62 academic accountability performance rating of C or higher, and the
8-63 campus or site expansion is approved by the commissioner.

8-64 (l) A school district campus or charter school described by
8-65 Subsection (j) may operate more than one program and be eligible for
8-66 full average daily attendance for each program if the programs
8-67 operated by the district campus or charter school satisfy all
8-68 applicable state and federal requirements.

8-69 (m) The commissioner shall adopt rules necessary to

9-1 implement this section, including rules that:

9-2 (1) establish the minimum amount of instructional time
9-3 per day that allows a school district or charter school to be
9-4 eligible for full average daily attendance, which may differ based
9-5 on the instructional program offered by the district or charter
9-6 school;

9-7 (2) establish the requirements necessary for a school
9-8 district or charter school to be eligible for one-half of average
9-9 daily attendance, which may differ based on the instructional
9-10 program offered by the district or charter school; and

9-11 (3) proportionally reduce the average daily
9-12 attendance for a school district if any campus or instructional
9-13 program in the district provides fewer than the required minimum
9-14 minutes of instruction to students.

9-15 (n) To assist school districts in implementing this section
9-16 as amended by H.B. 2442, Acts of the 85th Legislature, Regular
9-17 Session, 2017, [~~or similar legislation,~~] the commissioner may waive
9-18 a requirement of this section or adopt rules to implement this
9-19 section. [~~This subsection expires at the end of the 2018-2019~~
9-20 ~~school year.~~]

9-21 SECTION 1.012. Subchapter A, Chapter 48, Education Code, as
9-22 added by this Act, is amended by adding Section 48.0051 to read as
9-23 follows:

9-24 Sec. 48.0051. INCENTIVE FOR ADDITIONAL INSTRUCTIONAL DAYS.

9-25 (a) Subject to Subsection (a-1), the commissioner shall adjust the
9-26 average daily attendance of a school district or open-enrollment
9-27 charter school under Section 48.005 in the manner provided by
9-28 Subsection (b) if the district or school:

9-29 (1) provides the minimum number of minutes of
9-30 operational and instructional time required under Section 25.081
9-31 and commissioner rules adopted under that section over at least 180
9-32 days of instruction; and

9-33 (2) offers an additional 30 days of half-day
9-34 instruction for students who are educationally disadvantaged and
9-35 enrolled in prekindergarten through fifth grade.

9-36 (a-1) A school district entitled to an incentive under this
9-37 section and funding for a campus under Section 48.252 may receive
9-38 only the incentive or funding for the campus, as applicable, that
9-39 would result in the greater amount of funding.

9-40 (b) For a school district or open-enrollment charter school
9-41 described by Subsection (a), the commissioner shall increase the
9-42 average daily attendance of the district or school under Section
9-43 48.005 by the amount that results from the quotient of the sum of
9-44 attendance by students described by Subsection (a)(2) for each of
9-45 the 30 additional instructional days of half-day instruction that
9-46 are provided divided by 180.

9-47 (c) The commissioner may provide the incentive under this
9-48 section to a school district or open-enrollment charter school that
9-49 intended, but due to circumstances beyond the district's or
9-50 school's control, including the occurrence of a natural disaster
9-51 affecting the district or school, was unable to meet the
9-52 requirement for instruction under Section 25.081 plus an additional
9-53 30 days of half-day instruction. The commissioner may
9-54 proportionately reduce the incentive provided to a district or
9-55 school described by this subsection.

9-56 (d) This section does not prohibit a school district from
9-57 providing the minimum number of minutes of operational and
9-58 instructional time required under Section 25.081 and commissioner
9-59 rules adopted under that section over fewer than 180 days of
9-60 instruction.

9-61 (e) The agency shall assist school districts and
9-62 open-enrollment charter schools in qualifying for the incentive
9-63 under this section.

9-64 (f) The commissioner shall adopt rules necessary for the
9-65 implementation of this section.

9-66 SECTION 1.013. Sections 42.0051 and 42.0052, Education
9-67 Code, are transferred to Subchapter A, Chapter 48, Education Code,
9-68 as added by this Act, redesignated as Sections 48.006 and 48.007,
9-69 Education Code, and amended to read as follows:

10-1 Sec. 48.006 [~~42.0051~~]. AVERAGE DAILY ATTENDANCE FOR
 10-2 DISTRICTS IN DISASTER AREA. (a) From funds specifically
 10-3 appropriated for the purpose or other funds available to the
 10-4 commissioner for that purpose, the commissioner shall adjust the
 10-5 average daily attendance of a school district all or part of which
 10-6 is located in an area declared a disaster area by the governor under
 10-7 Chapter 418, Government Code, if the district experiences a decline
 10-8 in average daily attendance that is reasonably attributable to the
 10-9 impact of the disaster.

10-10 (b) The adjustment must be sufficient to ensure that the
 10-11 district receives funding comparable to the funding that the
 10-12 district would have received if the decline in average daily
 10-13 attendance reasonably attributable to the impact of the disaster
 10-14 had not occurred.

10-15 (c) The commissioner shall make the adjustment required by
 10-16 this section for the two-year period following the date of the
 10-17 governor's initial proclamation or executive order declaring the
 10-18 state of disaster.

10-19 (d) Section 48.005(b)(2) [~~42.005(b)(2)~~] does not apply to a
 10-20 district that receives an adjustment under this section.

10-21 (e) A district that receives an adjustment under this
 10-22 section may not receive any additional adjustment under Section
 10-23 48.005(d) [~~42.005(d)~~] for the decline in average daily attendance
 10-24 on which the adjustment under this section is based.

10-25 (f) For purposes of this title, a district's adjusted
 10-26 average daily attendance under this section is considered to be the
 10-27 district's average daily attendance as determined under Section
 10-28 48.005 [~~42.005~~].

10-29 Sec. 48.007 [~~42.0052~~]. OFF-CAMPUS PROGRAMS APPROVED FOR
 10-30 PURPOSES OF AVERAGE DAILY ATTENDANCE. (a) The commissioner may,
 10-31 based on criteria developed by the commissioner, approve
 10-32 instructional programs provided off campus by an entity other than
 10-33 a school district or open-enrollment charter school as a program in
 10-34 which participation by a student of a district or charter school may
 10-35 be counted for purposes of determining average daily attendance in
 10-36 accordance with Section 48.005(h) [~~42.005(h)~~].

10-37 (b) The commissioner shall adopt by rule verification and
 10-38 reporting procedures concerning time spent by students
 10-39 participating in instructional programs approved under Subsection
 10-40 (a).

10-41 SECTION 1.014. Sections 42.006(a), (b), (c), and (d),
 10-42 Education Code, are transferred to Subchapter A, Chapter 48,
 10-43 Education Code, as added by this Act, redesignated as Section
 10-44 48.008, Education Code, and amended to read as follows:

10-45 Sec. 48.008. PUBLIC EDUCATION INFORMATION MANAGEMENT
 10-46 SYSTEM (PEIMS). (a) Each school district shall participate in the
 10-47 Public Education Information Management System (PEIMS) and shall
 10-48 provide through that system information required for the
 10-49 administration of this chapter and of other appropriate provisions
 10-50 of this code.

10-51 (b) Each school district shall use a uniform accounting
 10-52 system adopted by the commissioner for the data required to be
 10-53 reported for the Public Education Information Management System.

10-54 (c) Annually, the commissioner shall review the Public
 10-55 Education Information Management System and shall repeal or amend
 10-56 rules that require school districts to provide information through
 10-57 the Public Education Information Management System that is not
 10-58 necessary. In reviewing and revising the Public Education
 10-59 Information Management System, the commissioner shall develop
 10-60 rules to ensure that the system:

10-61 (1) provides useful, accurate, and timely information
 10-62 on student demographics and academic performance, personnel, and
 10-63 school district finances;

10-64 (2) contains only the data necessary for the
 10-65 legislature and the agency to perform their legally authorized
 10-66 functions in overseeing the public education system; and

10-67 (3) does not contain any information related to
 10-68 instructional methods, except as provided by Section 29.066 or
 10-69 required by federal law.

11-1 (d) The commissioner's rules must ensure that the Public
 11-2 Education Information Management System links student performance
 11-3 data to other related information for purposes of efficient and
 11-4 effective allocation of scarce school resources, to the extent
 11-5 practicable using existing agency resources and appropriations.

11-6 SECTION 1.015. Sections 42.006(a-1), (a-3), and (a-4),
 11-7 Education Code, Section 42.006(a-2), Education Code, as added by
 11-8 Chapter 550 (S.B. 490), Acts of the 85th Legislature, Regular
 11-9 Session, 2017, and Section 42.006(a-2), as added by Chapter 916
 11-10 (S.B. 1404), Acts of the 85th Legislature, Regular Session, 2017,
 11-11 are transferred to Subchapter A, Chapter 48, Education Code, as
 11-12 added by this Act, redesignated as Section 48.009, Education Code,
 11-13 and amended to read as follows:

11-14 Sec. 48.009. REQUIRED PEIMS REPORTING. (a) In this
 11-15 section, "full-time equivalent school counselor" means 40 hours of
 11-16 counseling services a week.

11-17 (b) ~~[(a-1)]~~ The commissioner by rule shall require each
 11-18 school district and open-enrollment charter school to report
 11-19 through the Public Education Information Management System
 11-20 information regarding:

11-21 (1) the number of students enrolled in the district or
 11-22 school who are identified as having dyslexia;

11-23 (2) ~~["The agency shall maintain the information
 11-24 provided in accordance with this subsection.~~

11-25 ~~[(a-2) The commissioner by rule shall require each school
 11-26 district and open-enrollment charter school to report through the
 11-27 Public Education Information Management System information
 11-28 regarding] the availability of school counselors, including [at
 11-29 each campus. The commissioner's rules shall require a district or
 11-30 school to report] the number of full-time equivalent school
 11-31 counselors, [providing counseling services] at each [a] campus;~~

11-32 (3) ~~["For purposes of this subsection, "full-time
 11-33 equivalent school counselor" means 40 hours of counseling services
 11-34 a week. The agency shall maintain the information provided in
 11-35 accordance with this subsection.~~

11-36 ~~[(a-2) The commissioner by rule shall require each school
 11-37 district and open-enrollment charter school to report through the
 11-38 Public Education Information Management System information for
 11-39 each campus of the district or school regarding:~~

11-40 ~~[(1)] the availability of expanded learning
 11-41 opportunities as described by Section 33.252 at each campus; [and]~~

11-42 (4) ~~[(2) the number of students participating in each
 11-43 of the categories of expanded learning opportunities listed under
 11-44 Section 33.252(b).~~

11-45 ~~[(a-3) The commissioner by rule shall require each school
 11-46 district and open-enrollment charter school to annually report
 11-47 through the Public Education Information Management System
 11-48 information regarding] the total number of students, other than
 11-49 students described by Subdivision (5) [Subsection (a-4)], enrolled
 11-50 in the district or school with whom the district or school, as
 11-51 applicable, used intervention strategies, as that term is defined
 11-52 by Section 26.004, at any time during the year for which the report
 11-53 is made; and~~

11-54 (5) ~~["The agency shall maintain the information
 11-55 provided in accordance with this subsection.~~

11-56 ~~[(a-4) The commissioner by rule shall require each school
 11-57 district and open-enrollment charter school to annually report
 11-58 through the Public Education Information Management System
 11-59 information regarding] the total number of students enrolled in the
 11-60 district or school to whom the district or school provided aids,
 11-61 accommodations, or services under Section 504, Rehabilitation Act
 11-62 of 1973 (29 U.S.C. Section 794), at any time during the year for
 11-63 which the report is made.~~

11-64 (c) The agency shall maintain the information provided in
 11-65 accordance with this section [subsection].

11-66 SECTION 1.016. Section 42.009, Education Code, is
 11-67 transferred to Subchapter A, Chapter 48, Education Code, as added
 11-68 by this Act, redesignated as Section 48.010, Education Code, and
 11-69 amended to read as follows:

12-1 Sec. 48.010 [~~42.009~~]. DETERMINATION OF FUNDING LEVELS.
 12-2 (a) Not later than July 1 of each year, the commissioner shall
 12-3 determine for each school district whether the estimated amount of
 12-4 state and local funding per student in weighted average daily
 12-5 attendance to be provided to the district under the Foundation
 12-6 School Program for maintenance and operations for the following
 12-7 school year is less than the amount provided to the district for the
 12-8 2010-2011 school year. If the amount estimated to be provided is
 12-9 less, the commissioner shall certify the percentage decrease in
 12-10 funding to be provided to the district.

12-11 (b) In making the determinations regarding funding levels
 12-12 required by Subsection (a), the commissioner shall:

12-13 (1) make adjustments as necessary to reflect changes
 12-14 in a school district's maintenance and operations tax rate;

12-15 (2) for a district required to [~~take action under~~
 12-16 ~~Chapter 41 to~~] reduce its local revenue level under Section 48.257
 12-17 [~~wealth per student to the equalized wealth level~~], base the
 12-18 determinations on the district's net funding levels after deducting
 12-19 any amounts required to be expended by the district to comply with
 12-20 Chapter 49 [~~41~~]; and

12-21 (3) determine a district's weighted average daily
 12-22 attendance in accordance with this chapter as it existed on January
 12-23 1, 2011.

12-24 SECTION 1.017. Subchapter A, Chapter 48, Education Code, as
 12-25 added by this Act, is amended by adding Sections 48.011 and 48.012
 12-26 to read as follows:

12-27 Sec. 48.011. COMMISSIONER AUTHORITY TO RESOLVE UNINTENDED
 12-28 CONSEQUENCES FROM SCHOOL FINANCE FORMULAS. (a) Subject to
 12-29 Subsections (b) and (d), the commissioner may adjust a school
 12-30 district's funding entitlement under this chapter if the funding
 12-31 formulas used to determine the district's entitlement result in an
 12-32 unanticipated loss or gain for a district.

12-33 (b) Before making an adjustment under Subsection (a), the
 12-34 commissioner shall notify and must receive approval from the
 12-35 Legislative Budget Board and the office of the governor.

12-36 (c) If the commissioner makes an adjustment under
 12-37 Subsection (a), the commissioner must provide to the legislature an
 12-38 explanation regarding the changes necessary to resolve the
 12-39 unintended consequences.

12-40 (d) Beginning with the 2022-2023 school year, the
 12-41 commissioner may not make an adjustment under Subsection (a).

12-42 (e) This section expires September 1, 2024.

12-43 Sec. 48.012. STUDY ON GEOGRAPHIC EDUCATION COST VARIATIONS.
 12-44 (a) The agency shall conduct a study on geographic variations in
 12-45 known resource costs and costs of education due to factors beyond
 12-46 the control of school districts. The study must include a review of
 12-47 cost drivers for school districts.

12-48 (b) Not later than December 1, 2020, the agency shall submit
 12-49 to the legislature a report on the results of the study.

12-50 (c) This section expires September 1, 2021.

12-51 SECTION 1.018. Chapter 48, Education Code, as added by this
 12-52 Act, is amended by adding Subchapter B, and a heading is added to
 12-53 that subchapter to read as follows:

12-54 SUBCHAPTER B. BASIC ENTITLEMENT

12-55 SECTION 1.019. Sections 42.101 and 42.105, Education Code,
 12-56 are transferred to Subchapter B, Chapter 48, Education Code, as
 12-57 added by this Act, redesignated as Sections 48.051 and 48.052,
 12-58 Education Code, and amended to read as follows:

12-59 Sec. 48.051 [~~42.101~~]. BASIC ALLOTMENT. (a) For each
 12-60 student in average daily attendance, not including the time
 12-61 students spend each day in special education programs in an
 12-62 instructional arrangement other than mainstream or career and
 12-63 technology education programs, for which an additional allotment is
 12-64 made under Subchapter C, a district is entitled to an allotment
 12-65 equal to the lesser of \$5,880 [~~\$4,765~~] or the amount that results
 12-66 from the following formula:

12-67
$$A = \underline{\$5,880} [\underline{\$4,765}] \times \underline{TR/MCR} [-(\underline{DCR/MCR})]$$

12-68 where:

12-69 "A" is the allotment to which a district is entitled;

13-1 "TR" ["DCR"] is the district's tier one maintenance and
 13-2 operations [compressed] tax rate, as provided by Section 45.0032[
 13-3 which is the product of the state compression percentage, as
 13-4 determined under Section 42.2516, multiplied by the maintenance and
 13-5 operations tax rate adopted by the district for the 2005 tax year];
 13-6 and

13-7 "MCR" is the state maximum compressed tax rate, which is the
 13-8 product of the state compression percentage, as determined under
 13-9 Section 48.255 [42.2516], multiplied by \$1.00 [\$1.50].

13-10 [~~(a-1) Notwithstanding Subsection (a), for a school~~
 13-11 ~~district that adopted a maintenance and operations tax rate for the~~
 13-12 ~~2005 tax year below the maximum rate permitted by law for that year,~~
 13-13 ~~the district's compressed tax rate ("DCR") includes the portion of~~
 13-14 ~~the district's current maintenance and operations tax rate in~~
 13-15 ~~excess of the first six cents above the district's compressed tax~~
 13-16 ~~rate, as defined by Subsection (a), until the district's compressed~~
 13-17 ~~tax rate computed in accordance with this subsection is equal to the~~
 13-18 ~~state maximum compressed tax rate ("MCR").]~~

13-19 (b) A greater amount for any school year may be provided by
 13-20 appropriation.

13-21 (c) Out of the total statewide allotment under this section,
 13-22 the commissioner shall annually set aside \$6 million to fund the
 13-23 blended learning grant program under Section 29.924. After
 13-24 deducting the amount set aside under this subsection from the total
 13-25 statewide allotment under this section, the commissioner shall
 13-26 reduce each school district's allotment under this section
 13-27 proportionately and allocate funds to each district accordingly.
 13-28 [~~This subsection applies to a school district for which the~~
 13-29 ~~compressed tax rate ("DCR") is determined in accordance with~~
 13-30 ~~Subsection (a-1). Any reduction in the district's adopted~~
 13-31 ~~maintenance and operations tax rate is applied to the following~~
 13-32 ~~components of the district's tax rate in the order specified:~~

13-33 [~~(1) tax effort described by Section 42.302(a-1)(2);~~
 13-34 [~~(2) tax effort described by Section 42.302(a-1)(1);~~

13-35 and

13-36 [~~(3) tax effort included in the determination of the~~
 13-37 ~~district's compressed tax rate ("DCR") under Subsection (a-1).]~~

13-38 Sec. 48.052 [42.105]. SPARSITY ADJUSTMENT. (a)
 13-39 Notwithstanding Section 48.051 [Sections 42.101, 42.102, and
 13-40 42.103], a school district that has fewer than 130 students in
 13-41 average daily attendance shall be provided a [an adjusted] basic
 13-42 allotment on the basis of 130 students in average daily attendance
 13-43 if it offers a kindergarten through grade 12 program and has
 13-44 preceding or current year's average daily attendance of at least 90
 13-45 students or is 30 miles or more by bus route from the nearest high
 13-46 school district. A district offering a kindergarten through grade 8
 13-47 program whose preceding or current year's average daily attendance
 13-48 was at least 50 students or which is 30 miles or more by bus route
 13-49 from the nearest high school district shall be provided a [an
 13-50 adjusted] basic allotment on the basis of 75 students in average
 13-51 daily attendance. An average daily attendance of 60 students shall
 13-52 be the basis of providing the [adjusted] basic allotment if a
 13-53 district offers a kindergarten through grade 6 program and has
 13-54 preceding or current year's average daily attendance of at least 40
 13-55 students or is 30 miles or more by bus route from the nearest high
 13-56 school district.

13-57 (b) Subsection (c) applies only to a school district that:

13-58 (1) does not offer each grade level from kindergarten
 13-59 through grade 12 and whose prospective or former students generally
 13-60 attend school in a state that borders this state for the grade
 13-61 levels the district does not offer;

13-62 (2) serves both students residing in this state and
 13-63 students residing in a state that borders this state who are
 13-64 subsequently eligible for in-state tuition rates at institutions of
 13-65 higher education in either state regardless of the state in which
 13-66 the students reside; and

13-67 (3) shares students with an out-of-state district that
 13-68 does not offer competing instructional services.

13-69 (c) Notwithstanding Subsection (a) or Section 48.051

14-1 [~~Sections 42.101, 42.102, and 42.103~~], a school district to which
14-2 this subsection applies, as provided by Subsection (b), that has
14-3 fewer than 130 students in average daily attendance shall be
14-4 provided a ~~[an adjusted]~~ basic allotment on the basis of 130
14-5 students in average daily attendance if it offers a kindergarten
14-6 through grade four program and has preceding or current year's
14-7 average daily attendance of at least 75 students or is 30 miles or
14-8 more by bus route from the nearest high school district.

14-9 SECTION 1.020. Chapter 48, Education Code, as added by this
14-10 Act, is amended by adding Subchapter C, and a heading is added to
14-11 that subchapter to read as follows:

14-12 SUBCHAPTER C. STUDENT-BASED ALLOTMENTS

14-13 SECTION 1.021. Subchapter C, Chapter 48, Education Code, as
14-14 added by this Act, is amended by adding Section 48.101 to read as
14-15 follows:

14-16 Sec. 48.101. SMALL AND MID-SIZED DISTRICT ALLOTMENT. (a)
14-17 Small and mid-sized districts are entitled to an annual allotment
14-18 in accordance with this section. In this section:

14-19 (1) "AA" is the district's annual allotment per
14-20 student in average daily attendance;

14-21 (2) "ADA" is the number of students in average daily
14-22 attendance for which the district is entitled to an allotment under
14-23 Section 48.051; and

14-24 (3) "BA" is the basic allotment determined under
14-25 Section 48.051.

14-26 (b) A school district that contains at least 300 square
14-27 miles and has not more than 1,600 students in average daily
14-28 attendance is entitled to an annual allotment for each student in
14-29 average daily attendance based on the following formula:

14-30
$$AA = ((1,600 - ADA) \times .00058) \times BA.$$

14-31 (c) A school district that contains less than 300 square
14-32 miles and has not more than 1,600 students in average daily
14-33 attendance is entitled to an annual allotment for each student in
14-34 average daily attendance based on the following formula:

14-35
$$AA = ((1,600 - ADA) \times .00044) \times BA.$$

14-36 (d) A school district that offers a kindergarten through
14-37 grade 12 program and has fewer than 5,000 students in average daily
14-38 attendance is entitled to an annual allotment for each student in
14-39 average daily attendance based on the formula, of the following
14-40 formulas, that results in the greatest annual allotment:

14-41 (1) the formula in Subsection (b) or (c) for which the
14-42 district is eligible; or

14-43 (2) $AA = ((5,000 - ADA) \times .000025) \times BA.$

14-44 SECTION 1.022. Section ~~42.151~~, Education Code, is
14-45 transferred to Subchapter C, Chapter 48, Education Code, as added
14-46 by this Act, redesignated as Section 48.102, Education Code, and
14-47 amended to read as follows:

14-48 Sec. 48.102 [~~42.151~~]. SPECIAL EDUCATION. (a) For each
14-49 student in average daily attendance in a special education program
14-50 under Subchapter A, Chapter 29, in a mainstream instructional
14-51 arrangement, a school district is entitled to an annual allotment
14-52 equal to the ~~[adjusted]~~ basic allotment multiplied by 1.15 [~~1.1~~].
14-53 For each full-time equivalent student in average daily attendance
14-54 in a special education program under Subchapter A, Chapter 29, in an
14-55 instructional arrangement other than a mainstream instructional
14-56 arrangement, a district is entitled to an annual allotment equal to
14-57 the ~~[adjusted]~~ basic allotment multiplied by a weight determined
14-58 according to instructional arrangement as follows:

14-59	Homebound	5.0
14-60	Hospital class	3.0
14-61	Speech therapy	5.0
14-62	Resource room	3.0
14-63	Self-contained, mild and moderate,	
14-64	regular campus	3.0
14-65	Self-contained, severe, regular campus	3.0
14-66	Off home campus	2.7
14-67	Nonpublic day school	1.7
14-68	Vocational adjustment class	2.3

14-69 (b) A special instructional arrangement for students with

15-1 disabilities residing in care and treatment facilities, other than
 15-2 state schools, whose parents or guardians do not reside in the
 15-3 district providing education services shall be established by
 15-4 commissioner rule [~~under the rules of the State Board of~~
 15-5 ~~Education~~]. The funding weight for this arrangement shall be 4.0
 15-6 for those students who receive their education service on a local
 15-7 school district campus. A special instructional arrangement for
 15-8 students with disabilities residing in state schools shall be
 15-9 established by commissioner rule [~~under the rules of the State~~
 15-10 ~~Board of Education~~] with a funding weight of 2.8.

15-11 (c) For funding purposes, the number of contact hours
 15-12 credited per day for each student in the off home campus
 15-13 instructional arrangement may not exceed the contact hours credited
 15-14 per day for the multidistrict class instructional arrangement in
 15-15 the 1992-1993 school year.

15-16 (d) For funding purposes the contact hours credited per day
 15-17 for each student in the resource room; self-contained, mild and
 15-18 moderate; and self-contained, severe, instructional arrangements
 15-19 may not exceed the average of the statewide total contact hours
 15-20 credited per day for those three instructional arrangements in the
 15-21 1992-1993 school year.

15-22 (e) The commissioner [~~State Board of Education~~] by rule
 15-23 shall prescribe the qualifications an instructional arrangement
 15-24 must meet in order to be funded as a particular instructional
 15-25 arrangement under this section. In prescribing the qualifications
 15-26 that a mainstream instructional arrangement must meet, the
 15-27 commissioner [~~board~~] shall establish requirements that students
 15-28 with disabilities and their teachers receive the direct, indirect,
 15-29 and support services that are necessary to enrich the regular
 15-30 classroom and enable student success.

15-31 (f) In this section, "full-time equivalent student" means
 15-32 30 hours of contact a week between a special education student and
 15-33 special education program personnel.

15-34 (g) The commissioner [~~State Board of Education~~] shall adopt
 15-35 rules and procedures governing contracts for residential placement
 15-36 of special education students. The legislature shall provide by
 15-37 appropriation for the state's share of the costs of those
 15-38 placements.

15-39 (h) Funds allocated under this section, other than an
 15-40 indirect cost allotment established under commissioner [~~State~~
 15-41 ~~Board of Education~~] rule, must be used in the special education
 15-42 program under Subchapter A, Chapter 29.

15-43 (i) The agency shall encourage the placement of students in
 15-44 special education programs, including students in residential
 15-45 instructional arrangements, in the least restrictive environment
 15-46 appropriate for their educational needs.

15-47 (j) [~~(k)~~] A school district that provides an extended year
 15-48 program required by federal law for special education students who
 15-49 may regress is entitled to receive funds in an amount equal to 75
 15-50 percent, or a lesser percentage determined by the commissioner, of
 15-51 the [~~adjusted~~] basic allotment [~~or adjusted allotment, as~~
 15-52 ~~applicable,~~] for each full-time equivalent student in average daily
 15-53 attendance, multiplied by the amount designated for the student's
 15-54 instructional arrangement under this section, for each day the
 15-55 program is provided divided by the number of days in the minimum
 15-56 school year. The total amount of state funding for extended year
 15-57 services under this section may not exceed \$10 million per year. A
 15-58 school district may use funds received under this section only in
 15-59 providing an extended year program.

15-60 (k) [~~(l)~~] From the total amount of funds appropriated for
 15-61 special education under this section, the commissioner shall
 15-62 withhold an amount specified in the General Appropriations Act, and
 15-63 distribute that amount to school districts for programs under
 15-64 Section 29.014. The program established under that section is
 15-65 required only in school districts in which the program is financed
 15-66 by funds distributed under this subsection and any other funds
 15-67 available for the program. After deducting the amount withheld
 15-68 under this subsection from the total amount appropriated for
 15-69 special education, the commissioner shall reduce each district's

16-1 allotment proportionately and shall allocate funds to each district
 16-2 accordingly.

16-3 SECTION 1.023. Subchapter C, Chapter 48, Education Code, as
 16-4 added by this Act, is amended by adding Section 48.103 to read as
 16-5 follows:

16-6 Sec. 48.103. ALLOTMENT FOR STUDENT WITH DYSLEXIA OR RELATED
 16-7 DISORDER. (a) Subject to Subsection (b), for each student that a
 16-8 school district serves who has been identified as having dyslexia
 16-9 or a related disorder, the district is entitled to an annual
 16-10 allotment equal to the basic allotment multiplied by 0.12 or a
 16-11 greater amount provided by appropriation.

16-12 (b) A school district is entitled to the allotment under
 16-13 Subsection (a) only for a student who:

16-14 (1) is receiving instruction that:
 16-15 (A) meets applicable dyslexia program criteria
 16-16 established by the State Board of Education; and
 16-17 (B) is provided by a person with specific
 16-18 training in providing that instruction; or

16-19 (2) is permitted, on the basis of having dyslexia or a
 16-20 related disorder, to use modifications in the classroom or
 16-21 accommodations in the administration of assessment instruments
 16-22 under Section 39.023.

16-23 (c) A school district may receive funding for a student
 16-24 under this section and Section 48.102 if the student satisfies the
 16-25 requirements of both sections.

16-26 SECTION 1.024. Section 42.152, Education Code, is
 16-27 transferred to Subchapter C, Chapter 48, Education Code, as added
 16-28 by this Act, redesignated as Section 48.104, Education Code, and
 16-29 amended to read as follows:

16-30 Sec. 48.104 [42.152]. COMPENSATORY EDUCATION ALLOTMENT.

16-31 (a) For each student who [is educationally disadvantaged or who is
 16-32 a student who] does not have a disability and resides in a
 16-33 residential placement facility in a district in which the student's
 16-34 parent or legal guardian does not reside, a district is entitled to
 16-35 an annual allotment equal to the [adjusted] basic allotment
 16-36 multiplied by 0.2 or, if the student is educationally
 16-37 disadvantaged, 0.275. For[, and by 2.41 for] each full-time
 16-38 equivalent student who is in a remedial and support program under
 16-39 Section 29.081 because the student is pregnant, a district is
 16-40 entitled to an annual allotment equal to the basic allotment
 16-41 multiplied by 2.41.

16-42 (b) For each student who is educationally disadvantaged and
 16-43 resides in an economically disadvantaged census block group as
 16-44 determined by the commissioner under Subsection (c), a district is
 16-45 entitled to an annual allotment equal to the basic allotment
 16-46 multiplied by the weight assigned to the student's census block
 16-47 group under Subsection (d).

16-48 (c) For purposes of the allotment under Subsection (b), the
 16-49 commissioner shall establish an index for economically
 16-50 disadvantaged census block groups in the state that provides
 16-51 criteria for determining which census block groups are economically
 16-52 disadvantaged and categorizes economically disadvantaged census
 16-53 block groups in five tiers according to relative severity of
 16-54 economic disadvantage. In determining the severity of economic
 16-55 disadvantage in a census block group, the commissioner shall
 16-56 consider:

16-57 (1) the median household income;
 16-58 (2) the average educational attainment of the
 16-59 population;
 16-60 (3) the percentage of single-parent households;
 16-61 (4) the rate of homeownership; and
 16-62 (5) other economic criteria the commissioner
 16-63 determines likely to disadvantage a student's preparedness and
 16-64 ability to learn.

16-65 (d) The weights assigned to the five tiers of the index
 16-66 established under Subsection (c) are, from least to most severe
 16-67 economic disadvantage, 0.225, 0.2375, 0.25, 0.2625, and 0.275.

16-68 (e) If insufficient data is available for any school year to
 16-69 evaluate the level of economic disadvantage in a census block

17-1 group, a school district is entitled to an annual allotment equal to
 17-2 the basic allotment multiplied by 0.225 for each student who is
 17-3 educationally disadvantaged and resides in that census block group
 17-4 ~~[For purposes of this section, the number of educationally~~
 17-5 ~~disadvantaged students is determined:~~

17-6 ~~[(1) by averaging the best six months' numbers of~~
 17-7 ~~students eligible for enrollment in the national school lunch~~
 17-8 ~~program of free or reduced-price lunches for the preceding school~~
 17-9 ~~year; or~~

17-10 ~~[(2) in the manner provided by commissioner rule].~~

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

17-19 (g) Not later than March 1 of each year, the commissioner
 17-20 shall:

17-21 (1) review and, if necessary, update the index
 17-22 established under Subsection (c) to be used for the following
 17-23 school year, based on the most recent estimates published by the
 17-24 United States Census Bureau; and

17-25 (2) notify each school district of any changes to the
 17-26 index.

17-27 (h) The state demographer, the Department of Agriculture,
 17-28 and any other state agency with relevant information shall assist
 17-29 the commissioner in performing the commissioner's duties under this
 17-30 section.

17-31 (i) On a schedule determined by the commissioner, each
 17-32 school district shall report to the agency the census block group in
 17-33 which each student enrolled in the district who is educationally
 17-34 disadvantaged resides. The agency shall provide to school districts
 17-35 a resource for use in determining the census block group in which a
 17-36 student resides.

17-37 (j) The commissioner shall adopt rules for the method of
 17-38 determining the number of students who qualify for an allotment
 17-39 under this section at a campus that participates in the Community
 17-40 Eligibility Provision administered by the United States Department
 17-41 of Agriculture, as provided by the Healthy, Hunger-Free Kids Act of
 17-42 2010 (Pub. L. No. 111-296).

17-43 (k) In addition to other purposes for which funds allocated
 17-44 under this section may be used, those funds may also ~~[(c) Funds~~
 17-45 ~~allocated under this section shall]~~ be used to ~~[fund supplemental~~
 17-46 ~~programs and services designed to eliminate any disparity in~~
 17-47 ~~performance on assessment instruments administered under~~
 17-48 ~~Subchapter B, Chapter 39, or disparity in the rates of high school~~
 17-49 ~~completion between students at risk of dropping out of school, as~~
 17-50 ~~defined by Section 29.081, and all other students. Specifically,~~
 17-51 ~~the funds, other than an indirect cost allotment established under~~
 17-52 ~~State Board of Education rule, which may not exceed 45 percent, may~~
 17-53 ~~be used to meet the costs of providing a compensatory, intensive, or~~
 17-54 ~~accelerated instruction program under Section 29.081 or a~~
 17-55 ~~disciplinary alternative education program established under~~
 17-56 ~~Section 37.008, to pay the costs associated with placing students~~
 17-57 ~~in a juvenile justice alternative education program established~~
 17-58 ~~under Section 37.011, or to] support a program eligible under Title~~
 17-59 ~~I of the Elementary and Secondary Education Act of 1965, as provided~~
 17-60 ~~by Pub. L. No. 103-382 and its subsequent amendments, and by~~
 17-61 ~~federal regulations implementing that Act[, at a campus at which at~~
 17-62 ~~least 40 percent of the students are educationally disadvantaged].~~
 17-63 ~~[In meeting the costs of providing a compensatory, intensive, or~~
 17-64 ~~accelerated instruction program under Section 29.081, a district's~~
 17-65 ~~compensatory education allotment shall be used for costs~~
 17-66 ~~supplementary to the regular education program, such as costs for~~
 17-67 ~~program and student evaluation, instructional materials and~~
 17-68 ~~equipment and other supplies required for quality instruction,~~
 17-69 ~~supplemental staff expenses, salary for teachers of at-risk~~

~~18-1 students, smaller class size, and individualized instruction. A
18-2 home-rule school district or an open-enrollment charter school must
18-3 use funds allocated under Subsection (a) for a purpose authorized
18-4 in this subsection but is not otherwise subject to Subchapter C,
18-5 Chapter 29. For purposes of this subsection, a program specifically
18-6 designed to serve students at risk of dropping out of school, as
18-7 defined by Section 29.081, is considered to be a program
18-8 supplemental to the regular education program, and a district may
18-9 use its compensatory education allotment for such a program.~~

~~18-10 [(c-1) Notwithstanding Subsection (c), funds allocated
18-11 under this section may be used to fund in proportion to the
18-12 percentage of students served by the program that meet the criteria
18-13 in Section 29.081(d) or (g):~~

~~18-14 [(1) an accelerated reading instruction program under
18-15 Section 28.006(g); or~~

~~18-16 [(2) a program for treatment of students who have
18-17 dyslexia or a related disorder as required by Section 38.003.~~

~~18-18 [(c-2) Notwithstanding Subsection (c), funds allocated
18-19 under this section may be used to fund a district's mentoring
18-20 services program under Section 29.089.~~

~~18-21 [(d) The agency shall evaluate the effectiveness of
18-22 accelerated instruction and support programs provided under
18-23 Section 29.081 for students at risk of dropping out of school.~~

~~18-24 [(g) The State Board of Education, with the assistance of
18-25 the comptroller, shall develop and implement by rule reporting and
18-26 auditing systems for district and campus expenditures of
18-27 compensatory education funds to ensure that compensatory education
18-28 funds, other than the indirect cost allotment, are spent only to
18-29 supplement the regular education program as required by Subsection
18-30 (c). The reporting requirements shall be managed electronically to
18-31 minimize local administrative costs. A district shall submit the
18-32 report required by this subsection not later than the 150th day
18-33 after the last day permissible for resubmission of information
18-34 required under Section 42.006.~~

~~18-35 [(g-1) The commissioner shall develop a system to identify
18-36 school districts that are at high risk of having used compensatory
18-37 education funds other than in compliance with Subsection (c) or of
18-38 having inadequately reported compensatory education expenditures.
18-39 If a review of the report submitted under Subsection (g), using the
18-40 risk-based system, indicates that a district is not at high risk of
18-41 having misused compensatory education funds or of having
18-42 inadequately reported compensatory education expenditures, the
18-43 district may not be required to perform a local audit of
18-44 compensatory education expenditures and is not subject to on-site
18-45 monitoring under this section.~~

~~18-46 [(g-2) If a review of the report submitted under Subsection
18-47 (g), using the risk-based system, indicates that a district is at
18-48 high risk of having misused compensatory education funds, the
18-49 commissioner shall notify the district of that determination. The
18-50 district must respond to the commissioner not later than the 30th
18-51 day after the date the commissioner notifies the district of the
18-52 commissioner's determination. If the district's response does not
18-53 change the commissioner's determination that the district is at
18-54 high risk of having misused compensatory education funds or if the
18-55 district does not respond in a timely manner, the commissioner
18-56 shall:~~

~~18-57 [(1) require the district to conduct a local audit of
18-58 compensatory education expenditures for the current or preceding
18-59 school year,~~

~~18-60 [(2) order agency staff to conduct on-site monitoring
18-61 of the district's compensatory education expenditures; or~~

~~18-62 [(3) both require a local audit and order on-site
18-63 monitoring.~~

~~18-64 [(g-3) If a review of the report submitted under Subsection
18-65 (g), using the risk-based system, indicates that a district is at
18-66 high risk of having inadequately reported compensatory education
18-67 expenditures, the commissioner may require agency staff to assist
18-68 the district in following the proper reporting methods or amending
18-69 a district or campus improvement plan under Subchapter F, Chapter~~

19-1 ~~11. If the district does not take appropriate corrective action~~
 19-2 ~~before the 45th day after the date the agency staff notifies the~~
 19-3 ~~district of the action the district is expected to take, the~~
 19-4 ~~commissioner may:~~

19-5 ~~[(1) require the district to conduct a local audit of~~
 19-6 ~~the district's compensatory education expenditures; or~~

19-7 ~~[(2) order agency staff to conduct on-site monitoring~~
 19-8 ~~of the district's compensatory education expenditures.]~~

19-9 ~~[(q-4) The commissioner, in the year following a local audit~~
 19-10 ~~of compensatory education expenditures, shall withhold from a~~
 19-11 ~~district's foundation school fund payment an amount equal to the~~
 19-12 ~~amount of compensatory education funds the agency determines were~~
 19-13 ~~not used in compliance with Subsection (c). The commissioner shall~~
 19-14 ~~release to a district funds withheld under this subsection when the~~
 19-15 ~~district provides to the commissioner a detailed plan to spend~~
 19-16 ~~those funds in compliance with Subsection (c).]~~

19-17 ~~[(r) The commissioner shall grant a one-year exemption from~~
 19-18 ~~the requirements of Subsections (q)-(q-4) to a school district in~~
 19-19 ~~which the group of students who have failed to perform~~
 19-20 ~~satisfactorily in the preceding school year on an assessment~~
 19-21 ~~instrument required under Section 39.023(a), (c), or (l)~~
 19-22 ~~subsequently performs on those assessment instruments at a level~~
 19-23 ~~that meets or exceeds a level prescribed by commissioner rule. Each~~
 19-24 ~~year the commissioner, based on the most recent information~~
 19-25 ~~available, shall determine if a school district is entitled to an~~
 19-26 ~~exemption for the following school year and notify the district of~~
 19-27 ~~that determination.]~~

19-28 SECTION 1.025. Sections 42.153, 42.154, and 42.157,
 19-29 Education Code, are transferred to Subchapter C, Chapter 48,
 19-30 Education Code, as added by this Act, redesignated as Sections
 19-31 48.105, 48.106, and 48.107, Education Code, and amended to read as
 19-32 follows:

19-33 Sec. 48.105 [42.153]. BILINGUAL EDUCATION ALLOTMENT.
 19-34 ~~[(a)]~~ For each student in average daily attendance in a bilingual
 19-35 education or special language program under Subchapter B, Chapter
 19-36 29, a district is entitled to an annual allotment equal to the
 19-37 ~~[adjusted]~~ basic allotment multiplied by:

19-38 (1) for a student of limited English proficiency, as
 19-39 defined by Section 29.052:

19-40 (A) 0.1; or
 19-41 (B) 0.15 if the student is in a bilingual
 19-42 education program using a dual language immersion/one-way or
 19-43 two-way program model; and

19-44 (2) for a student not described by Subdivision (1),
 19-45 0.05 if the student is in a bilingual education program using a dual
 19-46 language immersion/two-way program model.

19-47 ~~[(b) Funds allocated under this section, other than an~~
 19-48 ~~indirect cost allotment established under State Board of Education~~
 19-49 ~~rule, must be used in providing bilingual education or special~~
 19-50 ~~language programs under Subchapter B, Chapter 29, and must be~~
 19-51 ~~accounted for under existing agency reporting and auditing~~
 19-52 ~~procedures.]~~

19-53 ~~[(c) A district's bilingual education or special language~~
 19-54 ~~allocation may be used only for program and student evaluation,~~
 19-55 ~~instructional materials and equipment, staff development,~~
 19-56 ~~supplemental staff expenses, salary supplements for teachers, and~~
 19-57 ~~other supplies required for quality instruction and smaller class~~
 19-58 ~~size.]~~

19-59 Sec. 48.106 [42.154]. CAREER AND TECHNOLOGY EDUCATION
 19-60 ALLOTMENT. (a) For each full-time equivalent student in average
 19-61 daily attendance in an approved career and technology education
 19-62 program in grades 9 ~~[nine]~~ through 12 or in career and technology
 19-63 education programs for students with disabilities in grades 7
 19-64 ~~[seven]~~ through 12, a district is entitled to:

19-65 (1) an annual allotment equal to the ~~[adjusted]~~ basic
 19-66 allotment multiplied by a weight of 1.35; and

19-67 (2) \$50, if the student is enrolled in two or more
 19-68 advanced career and technology education classes for a total of
 19-69 three or more credits.

20-1 (b) In this section:

20-2 (1) "Career and technology education class" and
 20-3 "career and technology education program" include ~~[a]~~ technology
 20-4 applications courses ~~[course on cybersecurity adopted or selected~~
 20-5 ~~by the State Board of Education under Section 28.025(c-10)]~~.

20-6 (2) "Full-time equivalent student" means 30 hours of
 20-7 contact a week between a student and career and technology
 20-8 education program personnel.

20-9 (c) Out of the total statewide allotment for career and
 20-10 technology education under this section, the commissioner shall
 20-11 annually set aside \$8 million to fund the grant program for P-TECH
 20-12 schools under Section 29.556, in addition to other funds
 20-13 appropriated for that purpose. After deducting the amount set aside
 20-14 under this subsection from the total statewide allotment for career
 20-15 and technology education under this section, the commissioner shall
 20-16 proportionately reduce each school district's allotment under this
 20-17 section and allocate funds to each district accordingly. [Funds
 20-18 allocated under this section, other than an indirect cost allotment
 20-19 established under State Board of Education rule, must be used in
 20-20 providing career and technology education programs in grades nine
 20-21 through 12 or career and technology education programs for students
 20-22 with disabilities in grades seven through 12 under Sections 29.182,
 20-23 29.183, and 29.184.

20-24 ~~[(d) The commissioner shall conduct a cost-benefit~~
 20-25 ~~comparison between career and technology education programs and~~
 20-26 ~~mathematics and science programs.~~

20-27 ~~[(e) Out of the total statewide allotment for career and~~
 20-28 ~~technology education under this section, the commissioner shall set~~
 20-29 ~~aside an amount specified in the General Appropriations Act, which~~
 20-30 ~~may not exceed an amount equal to one percent of the total amount~~
 20-31 ~~appropriated, to support regional career and technology education~~
 20-32 ~~planning. After deducting the amount set aside under this~~
 20-33 ~~subsection from the total amount appropriated for career and~~
 20-34 ~~technology education under this section, the commissioner shall~~
 20-35 ~~reduce each district's tier one allotments in the same manner~~
 20-36 ~~described for a reduction in allotments under Section 42.253.]~~

20-37 Sec. 48.107 [42.157]. PUBLIC EDUCATION GRANT ALLOTMENT.

20-38 (a) Except as provided by Subsection (b), for each student in
 20-39 average daily attendance who is using a public education grant
 20-40 under Subchapter G, Chapter 29, to attend school in a district other
 20-41 than the district in which the student resides, the district in
 20-42 which the student attends school is entitled to an annual allotment
 20-43 equal to the ~~[adjusted]~~ basic allotment multiplied by a weight of
 20-44 0.1.

20-45 (b) The total number of allotments under this section to
 20-46 which a district is entitled may not exceed the number by which the
 20-47 number of students using public education grants to attend school
 20-48 in the district exceeds the number of students who reside in the
 20-49 district and use public education grants to attend school in
 20-50 another district.

20-51 SECTION 1.026. Subchapter C, Chapter 48, Education Code, as
 20-52 added by this Act, is amended by adding Section 48.108 to read as
 20-53 follows:

20-54 Sec. 48.108. EARLY READING ALLOTMENT. (a) For each student
 20-55 in average daily attendance in kindergarten through third grade, a
 20-56 school district is entitled to an annual allotment equal to the
 20-57 basic allotment multiplied by 0.1 if the student is:

20-58 (1) educationally disadvantaged; or
 20-59 (2) a student of limited English proficiency, as
 20-60 defined by Section 29.052, and is in a bilingual education or
 20-61 special language program under Subchapter B, Chapter 29.

20-62 (b) Funds allocated under this section must be used to fund
 20-63 programs and services designed to improve student performance in
 20-64 reading in prekindergarten through third grade, such as programs
 20-65 and services designed to assist the district in achieving the goals
 20-66 set in the district's early childhood literacy proficiency plan
 20-67 adopted under Section 11.185 or services designed to improve
 20-68 support for children three years of age or younger who are not
 20-69 enrolled in prekindergarten.

21-1 (c) A school district is entitled to an allotment under each
 21-2 subdivision of Subsection (a) for which a student qualifies.

21-3 (d) A school district may receive funding for a student
 21-4 under this section and under Sections 48.104 and 48.105, as
 21-5 applicable, if the student satisfies the requirements of each
 21-6 applicable section.

21-7 SECTION 1.027. Subchapter C, Chapter 48, Education Code, as
 21-8 added by this Act, is amended by adding Sections 48.109, 48.110,
 21-9 48.111, 48.112, and 48.113 to read as follows:

21-10 Sec. 48.109. THIRD GRADE READING OUTCOMES BONUS. (a) For
 21-11 purposes of the outcomes bonus under this section, the commissioner
 21-12 shall determine the threshold percentage for each of the following
 21-13 cohorts that is equal to the 25th percentile of statewide meets
 21-14 grade level performance by that cohort of public school students on
 21-15 the applicable assessment instrument as determined under
 21-16 Subsection (f):

21-17 (1) students who are educationally disadvantaged;

21-18 (2) students who are not educationally disadvantaged;

21-19 and

21-20 (3) students who are enrolled in a special education
 21-21 program under Subchapter A, Chapter 29, regardless of whether the
 21-22 students are educationally disadvantaged.

21-23 (b) Each year, the commissioner shall determine for each
 21-24 school district the minimum number of students in each cohort
 21-25 described by Subsection (a) enrolled in the district who would have
 21-26 to perform at or above the meets grade level performance standard
 21-27 set by the commissioner on the third grade reading assessment
 21-28 instrument administered under Section 39.023 or an alternative
 21-29 third grade reading assessment instrument adopted under Subsection
 21-30 (e) in order for the district to achieve a meets grade level
 21-31 performance percentage for that cohort on the applicable assessment
 21-32 instrument equal to the threshold percentage established for that
 21-33 cohort under Subsection (a).

21-34 (c) For each student in a cohort described by Subsection (a)
 21-35 who performed at or above the meets grade level performance
 21-36 standard set by the commissioner on an assessment instrument
 21-37 described by that subsection during the preceding school year in
 21-38 excess of the minimum number of students determined for the
 21-39 applicable district cohort under Subsection (b), a school district
 21-40 is entitled to an annual outcomes bonus of:

21-41 (1) if the student is educationally disadvantaged,
 21-42 \$4,000;

21-43 (2) if the student is not educationally disadvantaged,
 21-44 \$1,000; and

21-45 (3) if the student is enrolled in a special education
 21-46 program under Subchapter A, Chapter 29, \$1,000.

21-47 (d) A school district is entitled to an outcomes bonus under
 21-48 each provision of Subsection (c) for which a student qualifies.

21-49 (e) For purposes of this section, the commissioner shall
 21-50 adopt at least one alternative third grade reading assessment
 21-51 instrument and set a meets grade level performance standard on the
 21-52 assessment instrument equivalent to the meets grade level
 21-53 performance standard set under Section 39.0241 for the third grade
 21-54 reading assessment instrument administered under Section 39.023.
 21-55 The assessment instrument adopted under this subsection must have
 21-56 been administered to a sufficient number of public school students,
 21-57 as determined by the commissioner, to enable the commissioner to
 21-58 establish a percentile of statewide meets grade level performance
 21-59 for the assessment instrument under Subsection (f).

21-60 (f) For each year, the commissioner shall establish the 25th
 21-61 percentile of statewide meets grade level performance for each
 21-62 assessment instrument described by Subsection (b). The 25th
 21-63 percentile of statewide meets grade level performance for the third
 21-64 grade reading assessment instrument administered under Section
 21-65 39.023 must be based on student performance on the assessment
 21-66 instrument in the 2017-2018 school year. The 25th percentile of
 21-67 statewide meets grade level performance for an alternative third
 21-68 grade reading assessment instrument adopted under Subsection (e)
 21-69 must be equivalent to the 25th percentile of statewide meets grade

22-1 level performance established for the third grade reading
 22-2 assessment instrument administered under Section 39.023. If for
 22-3 any year the commissioner determines that the assessment instrument
 22-4 has materially changed, the commissioner shall adjust the
 22-5 percentile of statewide meets grade level performance in a manner
 22-6 that maintains the threshold percentages determined under
 22-7 Subsection (a) for the assessment instrument before the change.

22-8 (g) In determining the amount of funding to which a school
 22-9 district is entitled under this section, the commissioner shall
 22-10 consider student performance on the assessment instrument
 22-11 described by Subsection (b) that would result in the greater amount
 22-12 of funding.

22-13 (h) A school district may not receive funding based on
 22-14 student performance on an alternative third grade reading
 22-15 assessment instrument adopted under Subsection (e) unless the
 22-16 district:

22-17 (1) administers the assessment instrument:

22-18 (A) to all students to whom the third grade
 22-19 reading assessment instrument under Section 39.023 is required to
 22-20 be administered, other than students who receive:

22-21 (i) an exemption from the administration of
 22-22 the third grade reading assessment instrument; or

22-23 (ii) accommodations for the administration
 22-24 of the third grade reading assessment instrument that are not
 22-25 provided for the administration of the alternative third grade
 22-26 reading assessment instrument; and

22-27 (B) using test security and administration
 22-28 protocols required by commissioner rule; and

22-29 (2) provides to the agency student performance data
 22-30 for the assessment instrument in accordance with commissioner rule.

22-31 (i) This section does not:

22-32 (1) require a school district to administer an
 22-33 alternative third grade reading assessment instrument adopted
 22-34 under Subsection (e); or

22-35 (2) alter a school district's obligations regarding
 22-36 the administration of the third grade reading assessment instrument
 22-37 under Section 39.023.

22-38 (j) At least once every five years, the agency shall:

22-39 (1) conduct a longitudinal impact study on each
 22-40 alternative third grade reading assessment instrument adopted
 22-41 under Subsection (e); and

22-42 (2) submit to the legislature a report on the results
 22-43 of the study conducted under Subdivision (1).

22-44 Sec. 48.110. COLLEGE, CAREER, OR MILITARY READINESS
 22-45 OUTCOMES BONUS. (a) For purposes of the outcomes bonus under this
 22-46 section, the commissioner shall determine the threshold percentage
 22-47 for each of the following cohorts that is equal to the 25th
 22-48 percentile of statewide college, career, or military readiness as
 22-49 described by Subsection (e) for that cohort of annual public school
 22-50 graduates for the 2016-2017 school year:

22-51 (1) annual graduates who are educationally
 22-52 disadvantaged;

22-53 (2) annual graduates who are not educationally
 22-54 disadvantaged; and

22-55 (3) annual graduates who are enrolled in a special
 22-56 education program under Subchapter A, Chapter 29, regardless of
 22-57 whether the annual graduates are educationally disadvantaged.

22-58 (b) Each year, the commissioner shall determine for each
 22-59 school district the minimum number of annual graduates in each
 22-60 cohort described by Subsection (a) who would have to demonstrate
 22-61 college, career, or military readiness as described by Subsection
 22-62 (e) in order for the district to achieve a percentage of college,
 22-63 career, or military readiness for that cohort equal to the
 22-64 threshold percentage established for that cohort under Subsection
 22-65 (a).

22-66 (c) For each annual graduate in a cohort described by
 22-67 Subsection (a) who demonstrates college, career, or military
 22-68 readiness as described by Subsection (e) in excess of the minimum
 22-69 number of students determined for the applicable district cohort

23-1 under Subsection (b), a school district is entitled to an annual
 23-2 outcomes bonus of:
 23-3 (1) if the annual graduate is educationally
 23-4 disadvantaged, \$5,000;
 23-5 (2) if the annual graduate is not educationally
 23-6 disadvantaged, \$3,000; and
 23-7 (3) if the annual graduate is enrolled in a special
 23-8 education program under Subchapter A, Chapter 29, \$2,000,
 23-9 regardless of whether the annual graduate is educationally
 23-10 disadvantaged.
 23-11 (d) A school district is entitled to an outcomes bonus under
 23-12 each subdivision of Subsection (c) for which an annual graduate
 23-13 qualifies.
 23-14 (e) For purposes of this section, an annual graduate
 23-15 demonstrates:
 23-16 (1) college readiness if the annual graduate:
 23-17 (A) achieves a minimum score set by commissioner
 23-18 rule on the ACT, the SAT, or an assessment instrument designated by
 23-19 the Texas Higher Education Coordinating Board under Section 51.334;
 23-20 and
 23-21 (B) during a time period established by
 23-22 commissioner rule, enrolls at a postsecondary educational
 23-23 institution;
 23-24 (2) career readiness if the annual graduate:
 23-25 (A) achieves a minimum score set by commissioner
 23-26 rule on the ACT, the SAT, or an assessment instrument designated by
 23-27 the Texas Higher Education Coordinating Board under Section 51.334;
 23-28 and
 23-29 (B) during a time period established by
 23-30 commissioner rule, earns an industry-accepted certificate; and
 23-31 (3) military readiness if the annual graduate:
 23-32 (A) achieves a minimum score set by commissioner
 23-33 rule on the Armed Services Vocational Aptitude Battery; and
 23-34 (B) during a time period established by
 23-35 commissioner rule, enlists in the armed forces of the United
 23-36 States.
 23-37 Sec. 48.111. FAST GROWTH ALLOTMENT. A school district in
 23-38 which the growth in student enrollment in the district over the
 23-39 preceding three school years is in the top quartile of student
 23-40 enrollment growth in school districts in the state for that period,
 23-41 as determined by the commissioner, is entitled to an annual
 23-42 allotment equal to the basic allotment multiplied by 0.042 for each
 23-43 student in average daily attendance.
 23-44 Sec. 48.112. TEACHER INCENTIVE ALLOTMENT. (a) In this
 23-45 section, "classroom teacher" has the meaning assigned by Section
 23-46 21.751.
 23-47 (b) For each classroom teacher with a teacher designation
 23-48 under Subchapter P, Chapter 21, employed by a school district, the
 23-49 school district is entitled to an allotment equal to the following
 23-50 applicable base amount increased by the high needs and rural factor
 23-51 as determined under Subsection (c):
 23-52 (1) \$12,000, or an increased amount not to exceed
 23-53 \$32,000 as determined under Subsection (c), for each master
 23-54 teacher;
 23-55 (2) \$6,000, or an increased amount not to exceed
 23-56 \$18,000 as determined under Subsection (c), for each exemplary
 23-57 teacher; and
 23-58 (3) \$3,000, or an increased amount not to exceed
 23-59 \$9,000 as determined under Subsection (c), for each recognized
 23-60 teacher.
 23-61 (c) The high needs and rural factor is determined by
 23-62 multiplying the following applicable amounts by the average of the
 23-63 point value assigned to each student at a district campus under
 23-64 Subsection (d):
 23-65 (1) \$5,000 for each master teacher;
 23-66 (2) \$3,000 for each exemplary teacher; and
 23-67 (3) \$1,500 for each recognized teacher.
 23-68 (d) Except as provided by Subsection (e), a point value for
 23-69 each student at a district campus shall be assigned as follows:

24-1 (1) 0, for a student for whom the district does not
 24-2 receive a compensatory education allotment under Section 48.104(b)
 24-3 or (e); or

24-4 (2) 0.5, 1.0, 2.0, 3.0, or 4.0, respectively, from
 24-5 least to most severe economic disadvantage according to the census
 24-6 block group in which the student resides, for a student for whom the
 24-7 district receives a compensatory education allotment under Section
 24-8 48.104(b) or (e).

24-9 (e) If the campus at which a student is enrolled is
 24-10 classified as a rural campus, a student is assigned the point value
 24-11 two tiers higher than the student's point value determined under
 24-12 Subsection (d)(1) or (2).

24-13 (f) The commissioner shall annually make available to the
 24-14 public a list of campuses with the projected allotment amounts per
 24-15 teacher designation at each campus.

24-16 (g) A district shall annually certify that funds received
 24-17 under this section were used as follows:

24-18 (1) at least 90 percent of the funds were used for
 24-19 educator compensation; and

24-20 (2) any other funds received under this section were
 24-21 used for costs associated with implementing Subchapter P, Chapter
 24-22 21, including efforts to support teachers in obtaining
 24-23 designations.

24-24 Sec. 48.113. ACCELERATED CAMPUS EXCELLENCE ALLOTMENT. (a)
 24-25 A school district is entitled to an allotment equal to the basic
 24-26 allotment multiplied by 0.1 for each student in average daily
 24-27 attendance at a district campus that:

24-28 (1) has submitted and received approval for:

24-29 (A) a campus turnaround plan that the
 24-30 commissioner determines meets the requirements for an accelerated
 24-31 campus excellence turnaround plan under Section 39A.105(b); or

24-32 (B) a campus implementation plan that includes
 24-33 the provisions required for an accelerated campus excellence
 24-34 turnaround plan under Section 39A.105(b); and

24-35 (2) received a performance rating of unacceptable or
 24-36 improvement required in at least one of the last five school years.

24-37 (b) A school district may not receive an allotment under
 24-38 this section for more than five school years.

24-39 SECTION 1.028. Chapter 48, Education Code, as added by this
 24-40 Act, is amended by adding Subchapter D, and a heading is added to
 24-41 that subchapter to read as follows:

24-42 SUBCHAPTER D. ADDITIONAL FUNDING

24-43 SECTION 1.029. Sections 42.155 and 42.158, Education Code,
 24-44 are transferred to Subchapter D, Chapter 48, Education Code, as
 24-45 added by this Act, redesignated as Sections 48.151 and 48.152,
 24-46 Education Code, and amended to read as follows:

24-47 Sec. 48.151 [42.155]. TRANSPORTATION ALLOTMENT. (a) Each
 24-48 district or county operating a transportation system is entitled to
 24-49 allotments for transportation costs as provided by this section.

24-50 (b) As used in this section:

24-51 (1) "Regular eligible student" means a student who:

24-52 (A) resides two or more miles from the student's
 24-53 campus of regular attendance, measured along the shortest route
 24-54 that may be traveled on public roads, and who:

24-55 (i) is not classified as a student eligible
 24-56 for special education services; and

24-57 (ii) has not transferred to the district in
 24-58 which the student is enrolled under Section 25.035 or 25.036; or

24-59 (B) is a homeless child or youth, as defined by 42
 24-60 U.S.C. Section 11434a.

24-61 (2) "Eligible special education student" means a
 24-62 student who is eligible for special education services under
 24-63 Section 29.003 and who would be unable to attend classes without
 24-64 special transportation services.

24-65 [3) "Linear density" means the average number of
 24-66 regular eligible students transported daily, divided by the
 24-67 approved daily route miles traveled by the respective
 24-68 transportation system.]

24-69 (c) Each district or county operating a regular

25-1 transportation system is entitled to an allotment based on a rate
 25-2 per mile [~~the daily cost~~] per regular eligible student set [~~of~~
 25-3 ~~operating and maintaining the regular transportation system and the~~
 25-4 ~~linear density of that system. In determining the cost, the~~
 25-5 ~~commissioner shall give consideration to factors affecting the~~
 25-6 ~~actual cost of providing these transportation services in each~~
 25-7 ~~district or county. The average actual cost is to be computed by the~~
 25-8 ~~commissioner and included for consideration] by the legislature in~~
 25-9 the General Appropriations Act. [~~The allotment per mile of approved~~
 25-10 ~~route may not exceed the amount set by appropriation.]~~

25-11 (d) A district or county may apply for and on approval of the
 25-12 commissioner receive an additional amount of up to 10 percent of its
 25-13 regular transportation allotment to be used for the transportation
 25-14 of children living within two miles of the school they attend who
 25-15 would be subject to hazardous traffic conditions or a high risk of
 25-16 violence if they walked to school.

25-17 (d-1) For purposes of Subsection (d), each board of trustees
 25-18 shall provide to the commissioner an explanation of the hazardous
 25-19 traffic conditions or areas presenting a high risk of violence
 25-20 applicable to that district and shall identify the specific
 25-21 hazardous or high-risk areas for which the allocation is
 25-22 requested. A hazardous traffic condition exists where no walkway
 25-23 is provided and children must walk along or cross a freeway or
 25-24 expressway, an underpass, an overpass or a bridge, an uncontrolled
 25-25 major traffic artery, an industrial or commercial area, or another
 25-26 comparable condition. An area presents a high risk of violence if
 25-27 law enforcement records indicate a high incidence of violent crimes
 25-28 in the area. Each board of trustees requesting funds for an area
 25-29 presenting a high risk of violence must, in addition to the
 25-30 explanation required by this subsection, provide the commissioner
 25-31 with consolidated law enforcement records that document violent
 25-32 crimes identified by reporting agencies within the relevant
 25-33 jurisdiction.

25-34 (d-2) A district or county may use all or part of any funds
 25-35 received under Subsection (d) to support community walking
 25-36 transportation programs, including walking school bus programs,
 25-37 provided that the district or county requires each supported
 25-38 program to submit a financial report to the district or county each
 25-39 semester that covers services provided by the program for the
 25-40 benefit of the district or county. The commissioner shall adopt
 25-41 rules governing the transportation allotment as necessary to permit
 25-42 a district or county to receive funds under Subsection (d) that may
 25-43 be used to support innovative school safety projects, including
 25-44 community walking transportation programs as provided by this
 25-45 subsection and any other appropriate safety project, including
 25-46 rules defining an approved walking route mile that may be used as
 25-47 necessary in implementing this subsection.

25-48 (e) The commissioner may grant an amount set by
 25-49 appropriation for private or commercial transportation for
 25-50 eligible students from isolated areas. The need for this type of
 25-51 transportation grant shall be determined on an individual basis and
 25-52 the amount granted shall not exceed the actual cost. The grants may
 25-53 be made only in extreme hardship cases. A grant may not be made if
 25-54 the students live within two miles of an approved school bus route.

25-55 (f) The cost of transporting career and technology
 25-56 education students from one campus to another inside a district,
 25-57 [~~or~~] from a sending district to another secondary public school for
 25-58 a career and technology program or an area career and technology
 25-59 school or to an approved post-secondary institution under a
 25-60 contract for instruction approved by the agency, or from a district
 25-61 campus to a location at which students are provided work-based
 25-62 learning under the district's career and technology program shall
 25-63 be reimbursed based on the number of actual miles traveled times the
 25-64 district's official extracurricular travel per mile rate as set by
 25-65 the board of trustees and approved by the agency.

25-66 (g) A school district or county that provides special
 25-67 transportation services for eligible special education students is
 25-68 entitled to a state allocation paid on a previous year's
 25-69 cost-per-mile basis. The [~~maximum~~] rate per mile allowable shall

26-1 be set by appropriation based on data gathered from the first year
 26-2 of each preceding biennium. Districts may use a portion of their
 26-3 support allocation to pay transportation costs, if necessary. The
 26-4 commissioner may grant an amount set by appropriation for private
 26-5 transportation to reimburse parents or their agents for
 26-6 transporting eligible special education students. The mileage
 26-7 allowed shall be computed along the shortest public road from the
 26-8 student's home to school and back, morning and afternoon. The need
 26-9 for this type transportation shall be determined on an individual
 26-10 basis and shall be approved only in extreme hardship cases.

26-11 (h) Funds allotted under this section must be used in
 26-12 providing transportation services.

26-13 (i) In the case of a district belonging to a county
 26-14 transportation system, the district's transportation allotment for
 26-15 purposes of determining a district's foundation school program
 26-16 allocations is determined on the basis of the number of approved
 26-17 daily route miles in the district [~~multiplied by the allotment per~~
 26-18 ~~mile to which the county transportation system is entitled~~].

26-19 (j) The Texas School for the Deaf is entitled to an
 26-20 allotment under this section. The commissioner shall determine the
 26-21 appropriate allotment.

26-22 (k) Notwithstanding any other provision of this section,
 26-23 the commissioner may not reduce the allotment to which a district or
 26-24 county is entitled under this section because the district or
 26-25 county provides transportation for an eligible student to and from
 26-26 a child-care facility, as defined by Section 42.002, Human
 26-27 Resources Code, or a grandparent's residence instead of the
 26-28 student's residence, as authorized by Section 34.007 of this code [~~7~~
 26-29 ~~if the transportation is provided within the approved routes of the~~
 26-30 ~~district or county for the school the student attends~~].

26-31 (l) A school district may, with the funds allotted under
 26-32 this section, provide a bus pass or card for another transportation
 26-33 system to each student who is eligible to use the regular
 26-34 transportation system of the district but for whom the regular
 26-35 transportation system of the district is not a feasible method of
 26-36 providing transportation. The commissioner by rule shall provide
 26-37 procedures for a school district to provide bus passes or cards to
 26-38 students under this subsection.

26-39 (m) A school district shall be reimbursed on a per-mile
 26-40 basis for the cost of transporting a dual credit student to another
 26-41 campus in the district, a campus in another district, or a
 26-42 postsecondary educational institution for purposes of attending
 26-43 the course, if the course is not available at the student's campus.

26-44 Sec. 48.152 [42.158]. NEW INSTRUCTIONAL FACILITY
 26-45 ALLOTMENT. (a) In this section:

26-46 (1) "Instructional facility" has the meaning assigned
 26-47 by Section 46.001.

26-48 (2) "New instructional facility" includes:
 26-49 (A) a newly constructed instructional facility;
 26-50 (B) a repurposed instructional facility; and
 26-51 (C) a leased facility operating for the first
 26-52 time as an instructional facility with a minimum lease term of not
 26-53 less than 10 years.

26-54 (b) A school district is entitled to an additional allotment
 26-55 as provided by this section for operational expenses associated
 26-56 with opening a new instructional facility.

26-57 (c) [~~(a-1)~~] A school district entitled to an allotment
 26-58 under this section may use funds from the district's allotment to
 26-59 renovate an existing instructional facility to serve as a dedicated
 26-60 cybersecurity computer laboratory.

26-61 (d) [~~(b)~~] For the first school year in which students attend
 26-62 a new instructional facility, a school district is entitled to an
 26-63 allotment of \$1,000 for each student in average daily attendance at
 26-64 the facility. For the second school year in which students attend
 26-65 that instructional facility, a school district is entitled to an
 26-66 allotment of \$1,000 for each additional student in average daily
 26-67 attendance at the facility.

26-68 (e) [~~(c)~~] For purposes of this section, the number of
 26-69 additional students in average daily attendance at a facility is

27-1 the difference between the number of students in average daily
 27-2 attendance in the current year at that facility and the number of
 27-3 students in average daily attendance at that facility in the
 27-4 preceding year.

27-5 (f) [~~(d)~~] Subject to Subsection (g) [~~(d-1)~~], the amount
 27-6 appropriated for allotments under this section may not exceed \$25
 27-7 million in a school year. If the total amount of allotments to
 27-8 which districts are entitled under this section for a school year
 27-9 exceeds the amount appropriated under this subsection, the
 27-10 commissioner shall reduce each district's allotment under this
 27-11 section in the manner provided by Section 48.266(f) [~~42.253(h)~~].

27-12 (g) [~~(d-1)~~] In addition to the appropriation amount
 27-13 described by Subsection (f) [~~(d)~~], the amount of \$1 million may be
 27-14 appropriated each school year to supplement the allotment to which
 27-15 a school district is entitled under this section that may be
 27-16 provided using the appropriation amount described by Subsection (f)
 27-17 [~~(d)~~]. The commissioner shall first apply the funds appropriated
 27-18 under this subsection to prevent any reduction under Subsection (f)
 27-19 [~~(d)~~] in the allotment for attendance at an eligible high school
 27-20 instructional facility, subject to the maximum amount of \$1,000 for
 27-21 each student in average daily attendance. Any funds remaining
 27-22 after preventing all reductions in amounts due for high school
 27-23 instructional facilities may be applied proportionally to all other
 27-24 eligible instructional facilities, subject to the maximum amount of
 27-25 \$1,000 for each student in average daily attendance.

27-26 [~~(e) A school district that is required to take action under~~
 27-27 ~~Chapter 41 to reduce its wealth per student to the equalized wealth~~
 27-28 ~~level is entitled to a credit, in the amount of the allotments to~~
 27-29 ~~which the district is entitled under this section, against the~~
 27-30 ~~total amount required under Section 41.093 for the district to~~
 27-31 ~~purchase attendance credits. A school district that is otherwise~~
 27-32 ~~ineligible for state aid under this chapter is entitled to receive~~
 27-33 ~~allotments under this section.~~

27-34 [~~(f) The commissioner may adopt rules necessary to~~
 27-35 ~~implement this section.~~

27-36 [~~(g) In this section:~~

27-37 [~~(1) "Instructional facility" has the meaning~~
 27-38 ~~assigned by Section 46.001.~~

27-39 [~~(2) "New instructional facility" includes:~~

27-40 [~~(A) a newly constructed instructional facility;~~

27-41 [~~(B) a repurposed instructional facility; and~~

27-42 [~~(C) a leased facility operating for the first~~
 27-43 ~~time as an instructional facility with a minimum lease term of not~~
 27-44 ~~less than 10 years.]~~

27-45 SECTION 1.030. Subchapter D, Chapter 48, Education Code, as
 27-46 added by this Act, is amended by adding Section 48.153 to read as
 27-47 follows:

27-48 Sec. 48.153. DROPOUT RECOVERY SCHOOL AND RESIDENTIAL
 27-49 PLACEMENT FACILITY ALLOTMENT. A school district or open-enrollment
 27-50 charter school is entitled to \$275 for each student in average daily
 27-51 attendance who:

27-52 (1) resides in a residential placement facility; or

27-53 (2) is at a district or school or a campus of the
 27-54 district or school that is designated as a dropout recovery school
 27-55 under Section 39.0548.

27-56 SECTION 1.031. Section 42.106, Education Code, is
 27-57 transferred to Subchapter D, Chapter 48, Education Code, as added
 27-58 by this Act, redesignated as Section 48.154, and amended to read as
 27-59 follows:

27-60 Sec. 48.154 [42.106]. TUITION ALLOTMENT FOR DISTRICTS NOT
 27-61 OFFERING ALL GRADE LEVELS. A school district that contracts for
 27-62 students residing in the district to be educated in another
 27-63 district under Section 25.039(a) is entitled to receive an
 27-64 allotment equal to the total amount of tuition required to be paid
 27-65 by the district under Section 25.039, not to exceed the amount
 27-66 specified by commissioner rule under Section 25.039(b).

27-67 SECTION 1.032. Subchapter D, Chapter 48, Education Code, as
 27-68 added by this Act, is amended by adding Sections 48.155, 48.156, and
 27-69 48.157 to read as follows:

28-1 Sec. 48.155. COLLEGE PREPARATION ASSESSMENT REIMBURSEMENT.

28-2 A school district is entitled to reimbursement for the amount of
 28-3 fees paid by the district for the administration of an assessment
 28-4 instrument under Section 39.0261(a)(3).

28-5 Sec. 48.156. CERTIFICATION EXAMINATION REIMBURSEMENT. A

28-6 school district is entitled to reimbursement for the amount of a
 28-7 subsidy paid by the district for a student's certification
 28-8 examination under Section 29.190(a) as provided by Section
 28-9 29.190(c).

28-10 Sec. 48.157. TEACHER INCENTIVE FEE REIMBURSEMENT. A school
 28-11 district is entitled to reimbursement for any fee paid under
 28-12 Subchapter P, Chapter 21, or membership fees paid to the National
 28-13 Board for Professional Standards for the purpose of Section
 28-14 21.753(b).

28-15 SECTION 1.033. Chapter 48, Education Code, as added by this
 28-16 Act, is amended by adding Subchapter E, and a heading is added to
 28-17 that subchapter to read as follows:

28-18 SUBCHAPTER E. TIER TWO ENTITLEMENT

28-19 SECTION 1.034. Sections 42.301, 42.302, 42.303, and 42.304,
 28-20 Education Code, are transferred to Subchapter E, Chapter 48,
 28-21 Education Code, as added by this Act, redesignated as Sections
 28-22 48.201, 48.202, 48.203, and 48.204, Education Code, and amended to
 28-23 read as follows:

28-24 Sec. 48.201 [42.301]. PURPOSE. The purpose of the tier
 28-25 two [guaranteed yield] component of the Foundation School Program
 28-26 is to provide each school district with the opportunity to provide
 28-27 the basic program and to supplement that program at a level of its
 28-28 own choice. An allotment under this subchapter may be used for any
 28-29 legal purpose other than capital outlay or debt service.

28-30 Sec. 48.202 [42.302]. TIER TWO ALLOTMENT. (a) Each school
 28-31 district is guaranteed a specified amount per weighted student in
 28-32 state and local funds for each cent of tax effort over that required
 28-33 for the district's local fund assignment up to the maximum level
 28-34 specified in this subchapter. The amount of state support, subject
 28-35 only to the maximum amount under Section 48.203 [42.303], is
 28-36 determined by the formula:

$$28-37 \text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

28-38 where:

28-39 "GYA" is the guaranteed yield amount of state funds to be
 28-40 allocated to the district;

28-41 "GL" is the dollar amount guaranteed level of state and local
 28-42 funds per weighted student per cent of tax effort, which is an
 28-43 amount described by Subsection (a-1) or a greater amount for any
 28-44 year provided by appropriation;

28-45 "WADA" is the number of students in weighted average daily
 28-46 attendance, which is calculated by dividing the sum of the school
 28-47 district's allotments under Subchapters B and C [~~less any~~
 28-48 ~~allotment to the district for transportation, any allotment under~~
 28-49 ~~Section 42.158 or 42.160, and 50 percent of the adjustment under~~
 28-50 ~~Section 42.102,~~] by the basic allotment for the applicable year;

28-51 "DTR" is the district enrichment tax rate of the school
 28-52 district, which is determined by subtracting the amounts specified
 28-53 by Subsection (b) from the total amount of maintenance and
 28-54 operations taxes collected by the school district for the
 28-55 applicable school year and dividing the difference by the quotient
 28-56 of the district's taxable value of property as determined under
 28-57 Subchapter M, Chapter 403, Government Code, or, if applicable,
 28-58 under Section 48.258 [42.2521], divided by 100; and

28-59 "LR" is the local revenue, which is determined by multiplying
 28-60 "DTR" by the quotient of the district's taxable value of property as
 28-61 determined under Subchapter M, Chapter 403, Government Code, or, if
 28-62 applicable, under Section 48.258 [42.2521], divided by 100.

28-63 (a-1) For purposes of Subsection (a), the dollar amount
 28-64 guaranteed level of state and local funds per weighted student per
 28-65 cent of tax effort ("GL") for a school district is:

28-66 (1) [~~the greater of the amount of district tax revenue~~
 28-67 ~~per weighted student per cent of tax effort that would be available~~
 28-68 ~~to the Austin Independent School District, as determined by the~~
 28-69 ~~commissioner in cooperation with the Legislative Budget Board, if~~

~~the reduction of the limitation on tax increases as provided by Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply, or] the amount that results from multiplying \$5,880, or the greater amount provided under Section 48.051(b), if applicable, by 0.016 [of district tax revenue per weighted student per cent of tax effort used for purposes of this subdivision in the preceding school year], for the first six cents by which the district's maintenance and operations tax rate exceeds the district's tier one tax rate [equal to the sum of the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year and any additional tax effort included in calculating the district's compressed tax rate under Section 42.101(a-1)]; and~~

~~(2) subject to Subsection (f), the amount that results from multiplying \$5,880, or the greater amount provided under Section 48.051(b), if applicable, by 0.008 [\$31.95], for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (1).~~

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

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

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

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

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

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

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

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

30-1 ~~maintenance and operations tax at a rate greater than the rate equal~~
 30-2 ~~to the product of the state compression percentage, as determined~~
 30-3 ~~under Section 42.2516, multiplied by the maintenance and operations~~
 30-4 ~~tax rate adopted by the district for the 2005 tax year, the district~~
 30-5 ~~is entitled to receive an allotment under this section on the basis~~
 30-6 ~~of that greater tax effort].~~

30-7 (f-1) For the 2019 tax year, Subsection (f) applies to a
 30-8 district's maintenance and operations tax rate after adjusting the
 30-9 district's rate in accordance with Section 45.0032. This
 30-10 subsection expires September 1, 2020.

30-11 Sec. 48.203 [42.303]. LIMITATION ON ENRICHMENT TAX RATE.
 30-12 The district enrichment tax rate ("DTR") under Section 48.202
 30-13 [42.302] may not exceed the amount per \$100 of valuation by which
 30-14 the maximum rate permitted under Section 45.003 exceeds the rate
 30-15 used to determine the district's local share under Section 48.256
 30-16 [42.252], or a greater amount for any year provided by
 30-17 appropriation.

30-18 Sec. 48.204 [42.304]. COMPUTATION OF AID FOR DISTRICT ON
 30-19 MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under
 30-20 this subchapter for a school district located on a federal military
 30-21 installation or at Moody State School is computed using the average
 30-22 tax rate and property value per student of school districts in the
 30-23 county, as determined by the commissioner.

30-24 SECTION 1.035. Chapter 48, Education Code, as added by this
 30-25 Act, is amended by adding Subchapter F, and a heading is added to
 30-26 that subchapter to read as follows:

30-27 SUBCHAPTER F. FINANCING THE PROGRAM

30-28 SECTION 1.036. Sections 42.251, 42.2511, 42.2514, 42.2515,
 30-29 and 42.2516, Education Code, are transferred to Subchapter F,
 30-30 Chapter 48, Education Code, as added by this Act, redesignated as
 30-31 Sections 48.251, 48.252, 48.253, 48.254, and 48.255, Education
 30-32 Code, and amended to read as follows:

30-33 Sec. 48.251 [42.251]. FINANCING; GENERAL RULE. (a) The
 30-34 cost of the Foundation School Program for a school district is the
 30-35 total sum of:

30-36 (1) the sum of the tier one allotments and other
 30-37 funding as follows:

30-38 (A) the basic allotment under Subchapter B;
 30-39 (B) [and] the student-based [special] allotments
 30-40 under Subchapter C; and
 30-41 (C) the additional funding under Subchapter D;
 30-42 and

30-43 (2) [—, computed in accordance with this chapter,
 30-44 constitute the tier one allotments. The sum of the tier one
 30-45 allotments and] the tier two allotment [guaranteed yield
 30-46 allotments] under Subchapter E.

30-47 (b) The sum of the Foundation School Program maintenance and
 30-48 operations costs for all accredited school districts in this state
 30-49 constitutes [F, computed in accordance with this chapter,
 30-50 constitute] the total maintenance and operations cost of the
 30-51 Foundation School Program.

30-52 (c) [(b)] The program shall be financed by:

30-53 (1) state available school funds distributed in
 30-54 accordance with the law [ad valorem tax revenue generated by an
 30-55 equalized uniform school district effort];

30-56 (2) ad valorem tax revenue generated by local school
 30-57 district effort [in excess of the equalized uniform school district
 30-58 effort]; and

30-59 (3) [state available school funds distributed in
 30-60 accordance with law; and

30-61 [(4)] state funds appropriated for the purposes of
 30-62 public school education and allocated to each district in an amount
 30-63 sufficient to finance the cost of each district's Foundation School
 30-64 Program not covered by other funds specified in this subsection.

30-65 Sec. 48.252 [42.251]. SCHOOL DISTRICT ENTITLEMENT FOR
 30-66 CERTAIN STUDENTS. (a) This section applies only to:

30-67 (1) a school district and an open-enrollment charter
 30-68 school that enter into a contract to operate a district campus as
 30-69 provided by Section 11.174; and

31-1 (2) a charter granted by a school district for a
 31-2 program operated by an entity that has entered into a contract under
 31-3 Section 11.174, provided that the district does not appoint a
 31-4 majority of the governing body of the charter holder.

31-5 (b) Notwithstanding any other provision of this chapter or
 31-6 Chapter 49 [~~41~~], a school district subject to this section is
 31-7 entitled to receive for each student in average daily attendance at
 31-8 the campus described by Subsection (a) an amount equivalent to the
 31-9 difference, if the difference results in increased funding,
 31-10 between:

31-11 (1) the amount described by Section 12.106; and

31-12 (2) the amount to which the district would be entitled
 31-13 under this chapter.

31-14 (c) The commissioner shall adopt rules as necessary to
 31-15 administer this section.

31-16 Sec. 48.253 [~~42.2514~~]. ADDITIONAL STATE AID FOR TAX
 31-17 INCREMENT FINANCING PAYMENTS. For each school year, a school
 31-18 district [~~, including a school district that is otherwise ineligible~~
 31-19 ~~for state aid under this chapter,~~] is entitled to state aid in an
 31-20 amount equal to the amount the district is required to pay into the
 31-21 tax increment fund for a reinvestment zone under Section
 31-22 311.013(n), Tax Code.

31-23 Sec. 48.254 [~~42.2515~~]. ADDITIONAL STATE AID FOR AD VALOREM
 31-24 TAX CREDITS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. [~~(a)~~] For each
 31-25 school year, a school district, including a school district that is
 31-26 otherwise ineligible for state aid under this chapter, is entitled
 31-27 to state aid in an amount equal to the amount of all tax credits
 31-28 credited against ad valorem taxes of the district in that year under
 31-29 former Subchapter D, Chapter 313, Tax Code.

31-30 [~~(b) The commissioner may adopt rules to implement and~~
 31-31 ~~administer this section.~~]

31-32 Sec. 48.255 [~~42.2516~~]. STATE COMPRESSION PERCENTAGE. (a)
 31-33 In this title, "state compression percentage" means the percentage
 31-34 of the rate of \$1.00 per \$100 valuation of taxable property at which
 31-35 a school district must levy a [~~district's adopted~~] maintenance and
 31-36 operations tax to receive the full amount of the tier one allotment
 31-37 to which the district is entitled under this chapter.

31-38 (b) The [~~tax rate for the 2005 tax year that serves as the~~
 31-39 ~~basis for state funding. If the~~] state compression percentage is:

31-40 (1) 92 percent; or

31-41 (2) a lower percentage set [~~not established~~] by
 31-42 appropriation for a school year [~~, the commissioner shall determine~~
 31-43 ~~the state compression percentage for each school year based on the~~
 31-44 ~~percentage by which a district is able to reduce the district's~~
 31-45 ~~maintenance and operations tax rate for that year, as compared to~~
 31-46 ~~the district's adopted maintenance and operations tax rate for the~~
 31-47 ~~2005 tax year, as a result of state funds appropriated for that year~~
 31-48 ~~from the property tax relief fund established under Section~~
 31-49 ~~403.109, Government Code, or from another funding source available~~
 31-50 ~~for school district property tax relief.~~

31-51 [~~(g) The commissioner may adopt rules necessary to~~
 31-52 ~~implement this section.~~]

31-53 [~~(h) A determination by the commissioner under this section~~
 31-54 ~~is final and may not be appealed].~~

31-55 SECTION 1.037. Effective September 1, 2020, Section
 31-56 42.2516, Education Code, is transferred to Subchapter F, Chapter
 31-57 48, Education Code, as added by this Act, redesignated as Section
 31-58 48.255, Education Code, and amended to read as follows:

31-59 Sec. 48.255 [~~42.2516~~]. STATE COMPRESSION PERCENTAGE. (a)
 31-60 In this title, "state compression percentage" means the percentage
 31-61 of the rate of \$1.00 per \$100 valuation of taxable property at which
 31-62 a school district must levy a [~~district's adopted~~] maintenance and
 31-63 operations tax to receive the full amount of the tier one allotment
 31-64 to which the district is entitled under this chapter.

31-65 (b) The [~~tax rate for the 2005 tax year that serves as the~~
 31-66 ~~basis for state funding. If the~~] state compression percentage is:

31-67 (1) 100 percent; or

31-68 (2) a lower percentage set [~~not established~~] by
 31-69 appropriation for a school year [~~, the commissioner shall determine~~

~~the state compression percentage for each school year based on the percentage by which a district is able to reduce the district's maintenance and operations tax rate for that year, as compared to the district's adopted maintenance and operations tax rate for the 2005 tax year, as a result of state funds appropriated for that year from the property tax relief fund established under Section 403.109, Government Code, or from another funding source available for school district property tax relief.~~

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

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

SECTION 1.038. Section 42.252, Education Code, is transferred to Subchapter F, Chapter 48, Education Code, as added by this Act, redesignated as Section 48.256, Education Code, and amended to read as follows:

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

$$LFA = TR \times DPV$$

where:

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

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

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

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

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

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

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

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

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

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

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

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

(b) This subsection applies only to a school district to which Subsection (a) applies. If the sum of a district's maintenance and operations tax collections from the tax rate described by Section 45.0032(a) for the current tax year minus the district's tier one revenue level under Subsection (a) is less than

33-1 the amount of the district's entitlement under Section
 33-2 48.266(a)(1), the agency shall adjust the amount of the district's
 33-3 tier one revenue level under Subsection (a) to ensure that the
 33-4 district retains the amount of local funds necessary for the
 33-5 district's entitlement under Section 48.266(a)(1).

33-6 (c) For purposes of Subsection (a), state aid to which a
 33-7 district is entitled under this chapter that is not described by
 33-8 Section 48.266(a)(1), (2), or (3) may offset the amount by which a
 33-9 district must reduce the district's tier one revenue level under
 33-10 Subsection (a). Any amount of state aid used as an offset under this
 33-11 subsection shall reduce the amount of state aid to which the
 33-12 district is entitled.

33-13 (d) Except as provided by Subsection (e), a school district
 33-14 is entitled to retain the total amount of the district's tier two
 33-15 local share described by Section 48.266(a)(5)(A).

33-16 (e) In any school year for which the amount of state funds
 33-17 appropriated specifically excludes the amount necessary to provide
 33-18 the dollar amount guaranteed level of state and local funds per
 33-19 weighted student per cent of tax effort under Section
 33-20 48.202(a-1)(1), a district may only retain the amount of the
 33-21 district's tier two local share described by Section
 33-22 48.266(a)(5)(A) equal to the amount of revenue that would be
 33-23 generated based on the amount appropriated for the dollar amount
 33-24 guaranteed level of state and local funds.

33-25 (f) If the amount of a school district's tier two local
 33-26 share described by Section 48.266(a)(5)(B) to which a district is
 33-27 entitled exceeds the amount described by Section 48.202(a-1)(2),
 33-28 the district must reduce the district's revenue in accordance with
 33-29 Chapter 49 to a level not to exceed the amount described by Section
 33-30 48.202 (a-1)(2).

33-31 SECTION 1.040. Sections 42.2521, 42.2522, 42.2523,
 33-32 42.2524, 42.2525, 42.2526, 42.2527, 42.2528, 42.253, 42.2531,
 33-33 42.2532, 42.254, 42.255, 42.257, 42.258, 42.259, 42.2591, and
 33-34 42.260, Education Code, are transferred to Subchapter F, Chapter
 33-35 48, Education Code, as added by this Act, redesignated as Sections
 33-36 48.258, 48.259, 48.260, 48.261, 48.262, 48.263, 48.264, 48.265,
 33-37 48.266, 48.267, 48.268, 48.269, 48.270, 48.271, 48.272, 48.273,
 33-38 48.274, and 48.275, Education Code, and amended to read as follows:

33-39 Sec. 48.258 [~~42.2521~~]. ADJUSTMENT FOR RAPID DECLINE IN
 33-40 TAXABLE VALUE OF PROPERTY. (a) For purposes of Chapters [~~41 and~~
 33-41 46 and 49 and this chapter, and to the extent money specifically
 33-42 authorized to be used under this section is available, the
 33-43 commissioner shall adjust the taxable value of property in a school
 33-44 district that, due to factors beyond the control of the board of
 33-45 trustees, experiences a rapid decline in the tax base used in
 33-46 calculating taxable values in excess of four percent of the tax base
 33-47 used in the preceding year.

33-48 (b) To the extent that a sufficient amount of money is not
 33-49 available to fund all adjustments under this section, the
 33-50 commissioner shall reduce adjustments in the manner provided by
 33-51 Section 48.266(f) [~~42.253(h)~~] so that the total amount of
 33-52 adjustments equals the amount of money available to fund the
 33-53 adjustments.

33-54 (c) A decision of the commissioner under this section is
 33-55 final and may not be appealed.

33-56 Sec. 48.259 [~~42.2522~~]. ADJUSTMENT FOR OPTIONAL HOMESTEAD
 33-57 EXEMPTION. (a) In any school year, the commissioner may not
 33-58 provide funding under this chapter or Chapter 46 based on a school
 33-59 district's taxable value of property computed in accordance with
 33-60 Section 403.302(d)(2), Government Code, unless:

33-61 (1) funds are specifically appropriated for purposes
 33-62 of this section; or

33-63 (2) the commissioner determines that the total amount
 33-64 of state funds appropriated for purposes of the Foundation School
 33-65 Program for the school year exceeds the amount of state funds
 33-66 distributed to school districts in accordance with Section 48.266
 33-67 [~~42.253~~] based on the taxable values of property in school
 33-68 districts computed in accordance with Section 403.302(d),
 33-69 Government Code, without any deduction for residence homestead

34-1 exemptions granted under Section 11.13(n), Tax Code.

34-2 (b) In making a determination under Subsection (a)(2), the
34-3 commissioner shall:

34-4 (1) notwithstanding Section 48.266(b) [~~42.253(b)~~],
34-5 reduce the entitlement under this chapter of a school district
34-6 whose final taxable value of property is higher than the estimate
34-7 under Section 48.269 [~~42.254~~] and make payments to school districts
34-8 accordingly; and

34-9 (2) give priority to school districts that, due to
34-10 factors beyond the control of the board of trustees, experience a
34-11 rapid decline in the tax base used in calculating taxable values in
34-12 excess of four percent of the tax base used in the preceding year.

34-13 (c) In the first year of a state fiscal biennium, before
34-14 providing funding as provided by Subsection (a)(2), the
34-15 commissioner shall ensure that sufficient appropriated funds for
34-16 purposes of the Foundation School Program are available for the
34-17 second year of the biennium, including funds to be used for purposes
34-18 of Section 48.258 [~~42.2521~~].

34-19 (d) If the commissioner determines that the amount of funds
34-20 available under Subsection (a)(1) or (2) does not at least equal the
34-21 total amount of state funding to which districts would be entitled
34-22 if state funding under this chapter were based on the taxable values
34-23 of property in school districts computed in accordance with Section
34-24 403.302(d)(2), Government Code, the commissioner may, to the extent
34-25 necessary, provide state funding based on a uniform lesser fraction
34-26 of the deduction under Section 403.302(d)(2), Government Code.

34-27 (e) The commissioner shall notify school districts as soon
34-28 as practicable as to the availability of funds under this section.
34-29 For purposes of computing a rollback tax rate under Section 26.08,
34-30 Tax Code, a district shall adjust the district's tax rate limit to
34-31 reflect assistance received under this section.

34-32 Sec. 48.260 [~~42.2523~~]. ADJUSTMENT FOR PROPERTY VALUE
34-33 AFFECTED BY STATE OF DISASTER. (a) For purposes of Chapters [~~41~~
34-34 ~~and~~] 46 and 49 and this chapter, the commissioner shall adjust the
34-35 taxable value of property of a school district all or part of which
34-36 is located in an area declared a disaster area by the governor under
34-37 Chapter 418, Government Code, as necessary to ensure that the
34-38 district receives funding based as soon as possible on property
34-39 values as affected by the disaster.

34-40 (b) The commissioner may fund adjustments under this
34-41 section using funds specifically appropriated for the purpose or
34-42 other funds available to the commissioner for that purpose.

34-43 (c) [~~(a)~~] A decision of the commissioner under this section
34-44 is final and may not be appealed.

34-45 Sec. 48.261 [~~42.2524~~]. REIMBURSEMENT FOR DISASTER
34-46 REMEDIATION COSTS. (a) This section applies only to a school
34-47 district all or part of which is located in an area declared a
34-48 disaster area by the governor under Chapter 418, Government Code,
34-49 and that incurs disaster remediation costs as a result of the
34-50 disaster.

34-51 (b) During the two-year period following the date of the
34-52 governor's initial proclamation or executive order declaring a
34-53 state of disaster, a district may apply to the commissioner for
34-54 reimbursement of disaster remediation costs that the district pays
34-55 during that period and does not anticipate recovering through
34-56 insurance proceeds, federal disaster relief payments, or another
34-57 similar source of reimbursement.

34-58 (c) The commissioner may provide reimbursement under this
34-59 section only if funds are available for that purpose from [~~as~~
34-60 ~~follows~~]:

34-61 (1) [~~reimbursement for a school district not required~~
34-62 ~~to take action under Chapter 41 may be provided from:~~

34-63 [~~(A)~~] amounts appropriated for that purpose,
34-64 including amounts appropriated for school [~~those~~] districts for
34-65 that purpose to the disaster contingency fund established under
34-66 Section 418.073, Government Code; or

34-67 (2) [~~(B)~~] Foundation School Program funds available
34-68 for that purpose, based on a determination by the commissioner that
34-69 the amount appropriated for the Foundation School Program,

35-1 including the facilities component as provided by Chapter 46,
 35-2 exceeds the amount to which districts are entitled under this
 35-3 chapter and Chapter 46~~[, and~~

35-4 ~~[(2) reimbursement for a school district required to~~
 35-5 ~~take action under Chapter 41 may be provided from funds described by~~
 35-6 ~~Subdivision (1)(B) if funds remain available after fully~~
 35-7 ~~reimbursing each school district described by Subdivision (1) for~~
 35-8 ~~its disaster remediation costs].~~

35-9 (d) ~~[If the amount of money available for purposes of~~
 35-10 ~~reimbursing school districts not required to take action under~~
 35-11 ~~Chapter 41 is not sufficient to fully reimburse each district's~~
 35-12 ~~disaster remediation costs, the commissioner shall reduce the~~
 35-13 ~~amount of assistance provided to each of those districts~~
 35-14 ~~proportionately. If the amount of money available for purposes of~~
 35-15 ~~reimbursing school districts required to take action under Chapter~~
 35-16 ~~41 is not sufficient to fully reimburse each district's disaster~~
 35-17 ~~remediation costs, the commissioner shall reduce the amount of~~
 35-18 ~~assistance provided to each of those districts proportionately.~~

35-19 ~~[(e)]~~ A district seeking reimbursement under this section
 35-20 must provide the commissioner with adequate documentation of the
 35-21 costs for which the district seeks reimbursement.

35-22 (e) ~~[(f) A district required to take action under Chapter~~
 35-23 ~~41.~~

35-24 ~~[(1) may, at its discretion, receive assistance~~
 35-25 ~~provided under this section either as a payment of state aid under~~
 35-26 ~~this chapter or as a reduction in the total amount required to be~~
 35-27 ~~paid by the district for attendance credits under Section 41.093,~~
 35-28 ~~and~~

35-29 ~~[(2) may not obtain reimbursement under this section~~
 35-30 ~~for the payment of any disaster remediation costs that resulted in a~~
 35-31 ~~reduction under Section 41.0931 of the district's cost of~~
 35-32 ~~attendance credits.~~

35-33 ~~[(h)]~~ The commissioner shall adopt rules necessary to
 35-34 implement this section, including rules defining "disaster
 35-35 remediation costs" for purposes of this section and specifying the
 35-36 type of documentation required under Subsection (d) ~~[(e)]~~.

35-37 (f) ~~[(i)]~~ Notwithstanding any other provision of this
 35-38 section, the commissioner may permit a district to use amounts
 35-39 provided to a district under this section to pay the costs of
 35-40 replacing a facility instead of repairing the facility. The
 35-41 commissioner shall ensure that a district that elects to replace a
 35-42 facility does not receive an amount under this section that exceeds
 35-43 the lesser of:

35-44 (1) the amount that would be provided to the district
 35-45 if the facility were repaired; or

35-46 (2) the amount necessary to replace the facility.

35-47 (g) ~~[(j)]~~ This section does not require the commissioner to
 35-48 provide any requested reimbursement. A decision of the
 35-49 commissioner regarding reimbursement is final and may not be
 35-50 appealed.

35-51 Sec. 48.262 [42.2525]. ADJUSTMENTS FOR CERTAIN DISTRICTS
 35-52 RECEIVING FEDERAL IMPACT AID. The commissioner is granted the
 35-53 authority to ensure that school districts receiving federal impact
 35-54 aid due to the presence of a military installation or significant
 35-55 concentrations of military students do not receive more than an
 35-56 eight percent reduction should the federal government reduce
 35-57 appropriations to those schools.

35-58 Sec. 48.263 [42.2526]. ADJUSTMENT FOR DISTRICT OPERATING
 35-59 PILOT PROGRAM. (a) This section applies only to a school district
 35-60 operating a pilot program authorized by Section 28.0255.

35-61 (b) Beginning with the first school year that follows the
 35-62 first school year in which students receive high school diplomas
 35-63 under the pilot program authorized by Section 28.0255 and
 35-64 continuing for every subsequent school year that the district
 35-65 operates the pilot program, the commissioner shall provide funding
 35-66 for the district's prekindergarten program under Section 29.153 on
 35-67 a full-day basis for a number of prekindergarten students equal to
 35-68 twice the number of students who received a high school diploma
 35-69 under the pilot program authorized by Section 28.0255 during the

36-1 preceding school year.

36-2 (c) This section expires September 1, 2023.

36-3 Sec. 48.264 [42.2527]. ADJUSTMENT FOR CERTAIN DISTRICTS
 36-4 WITH EARLY HIGH SCHOOL GRADUATION PROGRAMS. (a) As a pilot program
 36-5 to enable the state to evaluate the benefit of providing additional
 36-6 funding at the prekindergarten level for low-income students, the
 36-7 commissioner shall provide prekindergarten funding in accordance
 36-8 with this section to a school district located in a county that
 36-9 borders the United Mexican States and the Gulf of Mexico.

36-10 (b) The commissioner shall provide funding for a school
 36-11 district's prekindergarten program on a half-day basis for a number
 36-12 of low-income prekindergarten students equal to twice the number of
 36-13 students who received, as a result of participation in an early high
 36-14 school graduation program operated by the district, a high school
 36-15 diploma from the district during the preceding school year after
 36-16 three years of secondary school attendance.

36-17 (c) The commissioner may adopt rules necessary to implement
 36-18 this section.

36-19 (d) This section expires September 1, 2023.

36-20 Sec. 48.265 [42.2528]. EXCESS FUNDS FOR VIDEO SURVEILLANCE
 36-21 OF SPECIAL EDUCATION SETTINGS. (a) Notwithstanding any other
 36-22 provision of law, if the commissioner determines that the amount
 36-23 appropriated for the purposes of the Foundation School Program
 36-24 exceeds the amount to which school districts are entitled under
 36-25 this chapter, the commissioner by rule shall establish a grant
 36-26 program through which excess funds are awarded as grants for the
 36-27 purchase of video equipment, or for the reimbursement of costs for
 36-28 previously purchased video equipment, used for monitoring special
 36-29 education classrooms or other special education settings required
 36-30 under Section 29.022.

36-31 (b) In awarding grants under this section, the commissioner
 36-32 shall give highest priority to districts with maintenance and
 36-33 operations tax rates at the greatest rates permitted by law. The
 36-34 commissioner shall also give priority to:

36-35 (1) districts with maintenance and operations tax
 36-36 rates at least equal to the state maximum compressed tax rate, as
 36-37 defined by Section 48.051(a) [42.101(a)], and lowest amounts of
 36-38 maintenance and operations tax revenue per weighted student; and

36-39 (2) districts with debt service tax rates near or
 36-40 equal to the greatest rates permitted by law.

36-41 (c) The commissioner may adopt rules to implement and
 36-42 administer this section.

36-43 Sec. 48.266 [42.253]. DISTRIBUTION OF FOUNDATION SCHOOL
 36-44 FUND. (a) For each school year the commissioner shall determine:

36-45 (1) the amount of money to which a school district is
 36-46 entitled under Subchapters B, ~~C~~, and D;

36-47 (2) the amount of money to which a school district is
 36-48 entitled under Subchapter E ~~F~~;

36-49 (3) the amount of money allocated to the district from
 36-50 the available school fund;

36-51 (4) the amount of each district's tier one local share
 36-52 under Section 48.256 [42.252]; and

36-53 (5) the amount of each district's tier two local share
 36-54 under Section 48.202 for:

36-55 (A) the district's maintenance and operations
 36-56 tax effort described by Section 48.202(a-1)(1); and

36-57 (B) the district's maintenance and operations
 36-58 tax effort described by Section 48.202(a-1)(2) [42.302].

36-59 (b) Except as provided by this subsection, the commissioner
 36-60 shall base the determinations under Subsection (a) on the estimates
 36-61 provided to the legislature under Section 48.269 [42.254], or, if
 36-62 the General Appropriations Act provides estimates for that purpose,
 36-63 on the estimates provided under that Act, for each school district
 36-64 for each school year. The commissioner shall reduce the
 36-65 entitlement of each district that has a final taxable value of
 36-66 property for the second year of a state fiscal biennium that is
 36-67 higher than the estimate under Section 48.269 [42.254] or the
 36-68 General Appropriations Act, as applicable. A reduction under this
 36-69 subsection may not reduce the district's entitlement below the

37-1 amount to which it is entitled at its actual taxable value of
37-2 property.

37-3 (c) Each school district is entitled to an amount equal to
37-4 the difference for that district between the sum of Subsections
37-5 (a)(1) and (a)(2) and the sum of Subsections (a)(3), (a)(4), and
37-6 (a)(5).

37-7 (d) The commissioner shall approve warrants to each school
37-8 district equaling the amount of its entitlement except as provided
37-9 by this section. Warrants for all money expended according to this
37-10 chapter shall be approved and transmitted to treasurers or
37-11 depositories of school districts in the same manner that warrants
37-12 for state payments are transmitted. The total amount of the
37-13 warrants issued under this section may not exceed the total amount
37-14 appropriated for Foundation School Program purposes for that fiscal
37-15 year.

37-16 (e) [~~(g)~~] If a school district demonstrates to the
37-17 satisfaction of the commissioner that the estimate of the
37-18 district's tax rate, student enrollment, or taxable value of
37-19 property used in determining the amount of state funds to which the
37-20 district is entitled are so inaccurate as to result in undue
37-21 financial hardship to the district, the commissioner may adjust
37-22 funding to that district in that school year to the extent that
37-23 funds are available for that year.

37-24 (f) [~~(h)~~] If the amount appropriated for the Foundation
37-25 School Program for the second year of a state fiscal biennium is
37-26 less than the amount to which school districts and open-enrollment
37-27 charter schools are entitled for that year, the commissioner shall
37-28 certify the amount of the difference to the Legislative Budget
37-29 Board not later than January 1 of the second year of the state
37-30 fiscal biennium. The Legislative Budget Board shall propose to the
37-31 legislature that the certified amount be transferred to the
37-32 foundation school fund from the economic stabilization fund and
37-33 appropriated for the purpose of increases in allocations under this
37-34 subsection. If the legislature fails during the regular session to
37-35 enact the proposed transfer and appropriation and there are not
37-36 funds available under Subsection (h) [~~(j)~~], the commissioner shall
37-37 adjust the total amounts due to each school district and
37-38 open-enrollment charter school under this chapter and the total
37-39 amounts necessary for each school district to comply with the
37-40 requirements of Chapter 49 [41] by an amount determined by applying
37-41 to each district and school the same percentage adjustment to the
37-42 total amount of state and local revenue due to the district or
37-43 school under this chapter and Chapter 49 [41] so that the total
37-44 amount of the adjustment to all districts and schools results in an
37-45 amount equal to the total adjustment necessary. The following
37-46 fiscal year:

37-47 (1) a district's or school's entitlement under this
37-48 section is increased by an amount equal to the adjustment made
37-49 under this subsection; and

37-50 (2) the amount necessary for a district to comply with
37-51 the requirements of Chapter 49 [41] is reduced by an amount
37-52 necessary to ensure a district's full recovery of the adjustment
37-53 made under this subsection.

37-54 (g) [~~(i)~~] Not later than March 1 each year, the commissioner
37-55 shall determine the actual amount of state funds to which each
37-56 school district is entitled under the allocation formulas in this
37-57 chapter for the current school year and shall compare that amount
37-58 with the amount of the warrants issued to each district for that
37-59 year. If the amount of the warrants differs from the amount to
37-60 which a district is entitled because of variations in the
37-61 district's tax rate, student enrollment, or taxable value of
37-62 property, the commissioner shall adjust the district's entitlement
37-63 for the next fiscal year accordingly.

37-64 (h) [~~(j)~~] The legislature may appropriate funds necessary
37-65 for increases under Subsection (g) [~~(i)~~] from funds that the
37-66 comptroller, at any time during the fiscal year, finds are
37-67 available.

37-68 (i) [~~(k)~~] The commissioner shall compute for each school
37-69 district the total amount by which the district's allocation of

38-1 state funds is increased or reduced under Subsection (g) [~~(i)~~] and
 38-2 shall certify that amount to the district.

38-3 Sec. 48.267 [~~42.2531~~]. ADJUSTMENT BY COMMISSIONER. (a)
 38-4 The commissioner may make adjustments to amounts due to a school
 38-5 district under this chapter or Chapter 46, or to amounts necessary
 38-6 for a district to comply with the requirements of Chapter 49 [~~41~~],
 38-7 as provided by this section.

38-8 (b) A school district that has a major taxpayer, as
 38-9 determined by the commissioner, that because of a protest of the
 38-10 valuation of the taxpayer's property fails to pay all or a portion
 38-11 of the ad valorem taxes due to the district may apply to the
 38-12 commissioner to have the district's taxable value of property or ad
 38-13 valorem tax collections adjusted for purposes of this chapter or
 38-14 Chapter [~~41 or~~] 46 or 49. The commissioner may make the adjustment
 38-15 only to the extent the commissioner determines that making the
 38-16 adjustment will not:

38-17 (1) in the fiscal year in which the adjustment is made,
 38-18 cause the amount to which school districts are entitled under this
 38-19 chapter to exceed the amount appropriated for purposes of the
 38-20 Foundation School Program for that year; and

38-21 (2) if the adjustment is made in the first year of a
 38-22 state fiscal biennium, cause the amount to which school districts
 38-23 are entitled under this chapter for the second year of the biennium
 38-24 to exceed the amount appropriated for purposes of the Foundation
 38-25 School Program for that year.

38-26 (c) The commissioner shall recover the benefit of any
 38-27 adjustment made under this section by making offsetting adjustments
 38-28 in the school district's taxable value of property or ad valorem tax
 38-29 collections for purposes of this chapter or Chapter [~~41 or~~] 46 or 49
 38-30 on a final determination of the taxable value of property that was
 38-31 the basis of the original adjustment, or in the second school year
 38-32 following the year in which the adjustment is made, whichever is
 38-33 earlier.

38-34 (d) This section does not require the commissioner to make
 38-35 any requested adjustment. A determination by the commissioner
 38-36 under this section is final and may not be appealed.

38-37 Sec. 48.268 [~~42.2532~~]. ADJUSTMENT FOR RESOLUTION OF
 38-38 DISPUTE OR ERROR RESULTING IN TAXATION OF SAME PROPERTY BY MULTIPLE
 38-39 SCHOOL DISTRICTS. The commissioner shall adjust the amounts due to
 38-40 a school district under this chapter and Chapter 46 as necessary to
 38-41 account for the resolution of a dispute or error involving the
 38-42 district and another district by an agreement between the districts
 38-43 entered into under Section 31.112(c), Tax Code, or by a final order
 38-44 of the supreme court entered under Section 72.010, Local Government
 38-45 Code.

38-46 Sec. 48.269 [~~42.254~~]. ESTIMATES REQUIRED. (a) Not later
 38-47 than October 1 of each even-numbered year:

38-48 (1) the agency shall submit to the legislature an
 38-49 estimate of the tax rate and student enrollment of each school
 38-50 district for the following biennium; and

38-51 (2) the comptroller shall submit to the legislature an
 38-52 estimate of the total taxable value of all property in the state as
 38-53 determined under Subchapter M, Chapter 403, Government Code, for
 38-54 the following biennium.

38-55 (b) The agency and the comptroller shall update the
 38-56 information provided to the legislature under Subsection (a) not
 38-57 later than March 1 of each odd-numbered year.

38-58 Sec. 48.270 [~~42.255~~]. FALSIFICATION OF RECORDS; REPORT.
 38-59 When, in the opinion of the agency's director of school audits,
 38-60 audits or reviews of accounting, enrollment, or other records of a
 38-61 school district reveal deliberate falsification of the records, or
 38-62 violation of the provisions of this chapter, through which the
 38-63 district's share of state funds allocated under the authority of
 38-64 this chapter would be, or has been, illegally increased, the
 38-65 director shall promptly and fully report the fact to the State Board
 38-66 of Education, the state auditor, and the appropriate county
 38-67 attorney, district attorney, or criminal district attorney.

38-68 Sec. 48.271 [~~42.257~~]. EFFECT OF APPRAISAL APPEAL. (a) If
 38-69 the final determination of an appeal under Chapter 42, Tax Code,

39-1 results in a reduction in the taxable value of property that exceeds
 39-2 five percent of the total taxable value of property in the school
 39-3 district for the same tax year determined under Subchapter M,
 39-4 Chapter 403, Government Code, the commissioner shall request the
 39-5 comptroller to adjust its taxable property value findings for that
 39-6 year consistent with the final determination of the appraisal
 39-7 appeal.

39-8 (b) If the district would have received a greater amount
 39-9 from the foundation school fund for the applicable school year
 39-10 using the adjusted value, the commissioner shall add the difference
 39-11 to subsequent distributions to the district from the foundation
 39-12 school fund. An adjustment does not affect the local fund
 39-13 assignment of any other district.

39-14 Sec. 48.272 [~~42.258~~]. RECOVERY OF OVERALLOCATED FUNDS.

39-15 (a) If a school district has received an overallocation of state
 39-16 funds, the agency shall, by withholding from subsequent allocations
 39-17 of state funds for the current or subsequent school year or by
 39-18 requesting and obtaining a refund, recover from the district an
 39-19 amount equal to the overallocation.

39-20 (b) [~~(a-1)~~] Notwithstanding Subsection (a), the agency may
 39-21 recover an overallocation of state funds over a period not to exceed
 39-22 the subsequent five school years if the commissioner determines
 39-23 that the overallocation was the result of exceptional circumstances
 39-24 reasonably caused by statutory changes to Chapter [~~41-0*~~] 46 or 49
 39-25 or this chapter and related reporting requirements.

39-26 (c) [~~(b)~~] If a district fails to comply with a request for a
 39-27 refund under Subsection (a), the agency shall certify to the
 39-28 comptroller that the amount constitutes a debt for purposes of
 39-29 Section 403.055, Government Code. The agency shall provide to the
 39-30 comptroller the amount of the overallocation and any other
 39-31 information required by the comptroller. The comptroller may
 39-32 certify the amount of the debt to the attorney general for
 39-33 collection.

39-34 (d) [~~(c)~~] Any amounts recovered under this section shall be
 39-35 deposited in the foundation school fund.

39-36 (e) The agency may review a school district as necessary to
 39-37 determine if the district qualifies for each allotment received by
 39-38 the district under this chapter. If the agency determines that a
 39-39 school district received an allotment to which the district was not
 39-40 entitled, the agency may establish a corrective action plan or
 39-41 withhold the applicable amount of funding from the district.

39-42 Sec. 48.273 [~~42.259~~]. FOUNDATION SCHOOL FUND TRANSFERS.

39-43 (a) In this section:

39-44 (1) "Category 1 school district" means a school
 39-45 district having a wealth per student of less than one-half of the
 39-46 statewide average wealth per student.

39-47 (2) "Category 2 school district" means a school
 39-48 district having a wealth per student of at least one-half of the
 39-49 statewide average wealth per student but not more than the
 39-50 statewide average wealth per student.

39-51 (3) "Category 3 school district" means a school
 39-52 district having a wealth per student of more than the statewide
 39-53 average wealth per student.

39-54 (4) "Wealth per student" means the taxable property
 39-55 values reported by the comptroller to the commissioner under
 39-56 Section 48.256 [~~42.252~~] divided by the number of students in
 39-57 average daily attendance.

39-58 (b) Payments from the foundation school fund to each
 39-59 category 1 school district shall be made as follows:

39-60 (1) 15 percent of the yearly entitlement of the
 39-61 district shall be paid in an installment to be made on or before the
 39-62 25th day of September of a fiscal year;

39-63 (2) 80 percent of the yearly entitlement of the
 39-64 district shall be paid in eight equal installments to be made on or
 39-65 before the 25th day of October, November, December, January, March,
 39-66 May, June, and July; and

39-67 (3) five percent of the yearly entitlement of the
 39-68 district shall be paid in an installment to be made on or before the
 39-69 25th day of February.

40-1 (c) Payments from the foundation school fund to each
40-2 category 2 school district shall be made as follows:

40-3 (1) 22 percent of the yearly entitlement of the
40-4 district shall be paid in an installment to be made on or before the
40-5 25th day of September of a fiscal year;

40-6 (2) 18 percent of the yearly entitlement of the
40-7 district shall be paid in an installment to be made on or before the
40-8 25th day of October;

40-9 (3) 9.5 percent of the yearly entitlement of the
40-10 district shall be paid in an installment to be made on or before the
40-11 25th day of November;

40-12 (4) 7.5 percent of the yearly entitlement of the
40-13 district shall be paid in an installment to be made on or before the
40-14 25th day of April;

40-15 (5) five percent of the yearly entitlement of the
40-16 district shall be paid in an installment to be made on or before the
40-17 25th day of May;

40-18 (6) 10 percent of the yearly entitlement of the
40-19 district shall be paid in an installment to be made on or before the
40-20 25th day of June;

40-21 (7) 13 percent of the yearly entitlement of the
40-22 district shall be paid in an installment to be made on or before the
40-23 25th day of July; and

40-24 (8) 15 percent of the yearly entitlement of the
40-25 district shall be paid in an installment to be made on or before the
40-26 25th day of August.

40-27 (d) Payments from the foundation school fund to each
40-28 category 3 school district shall be made as follows:

40-29 (1) 45 percent of the yearly entitlement of the
40-30 district shall be paid in an installment to be made on or before the
40-31 25th day of September of a fiscal year;

40-32 (2) 35 percent of the yearly entitlement of the
40-33 district shall be paid in an installment to be made on or before the
40-34 25th day of October; and

40-35 (3) 20 percent of the yearly entitlement of the
40-36 district shall be paid in an installment to be made on or before the
40-37 25th day of August.

40-38 (e) The amount of any installment required by this section
40-39 may be modified to provide a school district with the proper amount
40-40 to which the district may be entitled by law and to correct errors
40-41 in the allocation or distribution of funds. If an installment under
40-42 this section is required to be equal to other installments, the
40-43 amount of other installments may be adjusted to provide for that
40-44 equality. A payment under this section is not invalid because it is
40-45 not equal to other installments.

40-46 (f) Previously unpaid additional funds from prior fiscal
40-47 years owed to a district shall be paid to the district together with
40-48 the September payment of the current fiscal year entitlement.

40-49 (g) The commissioner shall make all annual Foundation
40-50 School Program payments under this section for purposes described
40-51 by Sections 45.252(a)(1) and (2) before the deadline established
40-52 under Section 45.263(b) for payment of debt service on
40-53 bonds. Notwithstanding any other provision of this section, the
40-54 commissioner may make Foundation School Program payments under this
40-55 section after the deadline established under Section 45.263(b) only
40-56 if the commissioner has not received notice under Section 45.258
40-57 concerning a district's failure or inability to pay matured
40-58 principal or interest on bonds.

40-59 Sec. 48.274 [~~42.2591~~]. FOUNDATION SCHOOL FUND TRANSFERS
40-60 TO CERTAIN CHARTER SCHOOLS. (a) On the request of an
40-61 open-enrollment charter school, the commissioner shall compare the
40-62 student enrollment of the open-enrollment charter school for the
40-63 current school year to the student enrollment of the school during
40-64 the preceding school year. If the number of students enrolled at
40-65 the open-enrollment charter school for the current school year has
40-66 increased by 10 percent or more from the number of students enrolled
40-67 during the preceding school year, the open-enrollment charter
40-68 school may request that payments from the foundation school fund to
40-69 the school for the following school year and each subsequent school

41-1 year, subject to Subsection (b), be made according to the schedule
41-2 provided under Subsection (c).

41-3 (b) An open-enrollment charter school that qualifies to
41-4 receive funding as provided by this section is entitled to receive
41-5 funding in that manner for three school years. On the expiration
41-6 of that period, the commissioner shall determine the eligibility of
41-7 the open-enrollment charter school to continue receiving payments
41-8 from the foundation school fund under this section for an
41-9 additional three school years. Subsequently, the open-enrollment
41-10 charter school must reestablish eligibility in the manner provided
41-11 by this subsection every three school years.

41-12 (c) Payments from the foundation school fund to an
41-13 open-enrollment charter school under this section shall be made as
41-14 follows:

41-15 (1) 22 percent of the yearly entitlement of the school
41-16 shall be paid in an installment to be made on or before the 25th day
41-17 of September of a fiscal year;

41-18 (2) 18 percent of the yearly entitlement of the school
41-19 shall be paid in an installment to be made on or before the 25th day
41-20 of October;

41-21 (3) 9.5 percent of the yearly entitlement of the
41-22 school shall be paid in an installment to be made on or before the
41-23 25th day of November;

41-24 (4) four percent of the yearly entitlement of the
41-25 school shall be paid in an installment to be made on or before the
41-26 25th day of December;

41-27 (5) four percent of the yearly entitlement of the
41-28 school shall be paid in an installment to be made on or before the
41-29 25th day of January;

41-30 (6) four percent of the yearly entitlement of the
41-31 school shall be paid in an installment to be made on or before the
41-32 25th day of February;

41-33 (7) four percent of the yearly entitlement of the
41-34 school shall be paid in an installment to be made on or before the
41-35 25th day of March;

41-36 (8) 7.5 percent of the yearly entitlement of the
41-37 school shall be paid in an installment to be made on or before the
41-38 25th day of April;

41-39 (9) five percent of the yearly entitlement of the
41-40 school shall be paid in an installment to be made on or before the
41-41 25th day of May;

41-42 (10) seven percent of the yearly entitlement of the
41-43 school shall be paid in an installment to be made on or before the
41-44 25th day of June;

41-45 (11) seven percent of the yearly entitlement of the
41-46 school shall be paid in an installment to be made on or before the
41-47 25th day of July; and

41-48 (12) eight percent of the yearly entitlement of the
41-49 school shall be paid in an installment to be made on or before the
41-50 25th day of August.

41-51 (d) The amount of any installment required by this section
41-52 may be modified to provide an open-enrollment charter school with
41-53 the proper amount to which the school may be entitled by law and to
41-54 correct errors in the allocation or distribution of funds.

41-55 (e) Previously unpaid additional funds from prior fiscal
41-56 years owed to an open-enrollment charter school shall be paid to the
41-57 school together with the September payment of the current fiscal
41-58 year entitlement.

41-59 Sec. 48.275 [~~42.260~~]. USE OF CERTAIN FUNDS. (a) In this
41-60 section, "participating charter school" means an open-enrollment
41-61 charter school that participates in the uniform group coverage
41-62 program established under Chapter 1579, Insurance Code.

41-63 (b) The amount of additional funds to which each school
41-64 district or participating charter school is entitled due to the
41-65 increases in formula funding made by H.B. No. 3343, Acts of the 77th
41-66 Legislature, Regular Session, 2001, and any subsequent legislation
41-67 amending the provisions amended by that Act that increase formula
41-68 funding under Chapter 49 [~~41~~] and this chapter to school districts
41-69 and charter schools is available for purposes of Subsection (c).

42-1 (c) Notwithstanding any other provision of this code, a
 42-2 school district or participating charter school may use the sum of
 42-3 the following amounts of funds only to pay contributions under a
 42-4 group health coverage plan for district or school employees:

42-5 (1) the amount determined by multiplying the amount of
 42-6 \$900 or the amount specified in the General Appropriations Act for
 42-7 that year for purposes of the state contribution under Section
 42-8 [1579.251](#), Insurance Code, by the number of district or school
 42-9 employees who participate in a group health coverage plan provided
 42-10 by or through the district or school; and

42-11 (2) the difference between the amount necessary for
 42-12 the district or school to comply with Section [1581.052](#), Insurance
 42-13 Code, for the school year and the amount the district or school is
 42-14 required to use to provide health coverage under Section [1581.051](#),
 42-15 Insurance Code, for that year.

42-16 (d) A determination by the commissioner under this section
 42-17 is final and may not be appealed.

42-18 ~~[(e) The commissioner may adopt rules to implement this~~
 42-19 ~~section.]~~

42-20 SECTION 1.041. Subchapter F, Chapter 48, Education Code, as
 42-21 added by this Act, is amended by adding Sections 48.277, 48.278,
 42-22 48.279, and 48.280 to read as follows:

42-23 Sec. 48.277. FORMULA TRANSITION GRANT. (a) A school
 42-24 district or open-enrollment charter school is entitled to receive
 42-25 an annual allotment for each student in average daily attendance in
 42-26 the amount equal to the difference, if the difference is greater
 42-27 than zero, that results from subtracting the total maintenance and
 42-28 operations revenue per student in average daily attendance for the
 42-29 current school year from the lesser of:

42-30 (1) 100 percent of the district's or school's total
 42-31 maintenance and operations revenue per student in average daily
 42-32 attendance for the applicable school year under Subsection (b)(1)
 42-33 that the district or school would have received under former
 42-34 Chapters 41 and 42, as those chapters existed on January 1, 2019; or

42-35 (2) 128 percent of the statewide average amount of
 42-36 maintenance and operations revenue per student in average daily
 42-37 attendance that would have been provided for the applicable school
 42-38 year under Subsection (b)(1) under former Chapters 41 and 42, as
 42-39 those chapters existed on January 1, 2019.

42-40 (b) For purposes of calculating maintenance and operations
 42-41 revenue under Subsection (a), the commissioner shall:

42-42 (1) for purposes of Subsections (a)(1) and (2), use
 42-43 the following applicable school year:

42-44 (A) in a school year ending in an even-numbered
 42-45 year, the 2019-2020 school year; and

42-46 (B) in a school year ending in an odd-numbered
 42-47 year, the 2020-2021 school year;

42-48 (2) include all state and local funding, except for
 42-49 any funding resulting from:

42-50 (A) reimbursement for disaster remediation costs
 42-51 under former Sections [41.0931](#) and [42.2524](#);

42-52 (B) an adjustment for rapid decline in taxable
 42-53 value of property under former Section [42.2521](#);

42-54 (C) an adjustment for property value affected by
 42-55 a state of disaster under former Section [42.2523](#);

42-56 (D) 50 percent of the third grade reading
 42-57 outcomes bonus under Section [48.109](#);

42-58 (E) 50 percent of the college, career, or
 42-59 military readiness outcomes bonus under Section [48.110](#);

42-60 (F) 50 percent of the teacher incentive allotment
 42-61 under Section [48.112](#); and

42-62 (G) the classroom teacher and librarian
 42-63 allotment under Section [48.280](#);

42-64 (3) adjust the calculation to reflect a reduction in
 42-65 tax effort by a school district; and

42-66 (4) if a school district or open-enrollment charter
 42-67 school receives a waiver relating to eligibility requirements for
 42-68 the national free or reduced-price lunch program under 42 U.S.C.
 42-69 Section 1751 et seq., use the numbers of educationally

43-1 disadvantaged students on which the district's or school's
 43-2 entitlement to compensatory education funds was based for the
 43-3 school year before the school year in which the district or school
 43-4 received the waiver, adjusted for estimated enrollment growth.

43-5 (c) A school district or open-enrollment charter school is
 43-6 not entitled to an allotment under Subsection (a) beginning with
 43-7 the 2024-2025 school year.

43-8 (d) This section expires September 1, 2025.

43-9 Sec. 48.278. EQUALIZED WEALTH TRANSITION GRANT. (a)
 43-10 Subject to Subsection (b), a school district is entitled to receive
 43-11 an annual allotment in an amount equal to the amount of additional
 43-12 revenue a school district received for the 2018-2019 school year
 43-13 under former Sections 41.002(e) through (g), as those sections
 43-14 existed on January 1, 2019.

43-15 (b) For purposes of calculating a district's allotment
 43-16 under Subsection (a), the commissioner shall reduce the amount to
 43-17 which a district is entitled under Subsection (a) by:

43-18 (1) for the 2020-2021 school year, 20 percent;

43-19 (2) for the 2021-2022 school year, 40 percent;

43-20 (3) for the 2022-2023 school year, 60 percent; and

43-21 (4) for the 2023-2024 school year, 80 percent.

43-22 (c) This section expires September 1, 2024.

43-23 Sec. 48.279. MAINTENANCE OF STATE FINANCIAL SUPPORT FOR
 43-24 SPECIAL EDUCATION. (a) Funds appropriated for purposes of this
 43-25 section or transferred in accordance with this section are state
 43-26 funds for purposes of compliance with the requirements regarding
 43-27 maintenance of state financial support for special education under
 43-28 20 U.S.C. Section 1412(a)(18). The commissioner shall identify the
 43-29 amount of funding described by this subsection and separate that
 43-30 amount from other funding provided under this chapter.

43-31 (b) If the commissioner determines that the total amount of
 43-32 funding for special education for a school year that ends during the
 43-33 first state fiscal year of a state fiscal biennium is less than the
 43-34 amount required to comply with requirements regarding maintenance
 43-35 of state financial support under 20 U.S.C. Section 1412(a)(18), the
 43-36 commissioner shall use funds appropriated for the Foundation School
 43-37 Program for the second state fiscal year of that biennium to
 43-38 increase funding for special education for the first state fiscal
 43-39 year of that biennium in an amount necessary to ensure compliance
 43-40 with that provision.

43-41 (c) If the commissioner determines that the total amount of
 43-42 funding for special education for a school year that ends during the
 43-43 second state fiscal year of a state fiscal biennium is less than the
 43-44 amount required to comply with requirements regarding maintenance
 43-45 of state financial support under 20 U.S.C. Section 1412(a)(18), the
 43-46 commissioner shall submit to the legislature an estimate of the
 43-47 amount of funding needed to comply with that provision for that
 43-48 state fiscal year.

43-49 (d) If federal funds are withheld for a school year due to
 43-50 noncompliance with requirements regarding maintenance of state
 43-51 financial support under 20 U.S.C. Section 1412(a)(18), the
 43-52 commissioner shall use for that school year an amount of funds
 43-53 described by Subsection (a) equal to the amount of withheld funds in
 43-54 the same manner and for the same purposes as the withheld funds
 43-55 would have been provided.

43-56 (e) After the commissioner has replaced any withheld
 43-57 federal funds as provided by Subsection (d), the commissioner shall
 43-58 distribute the remaining amount, if any, of funds described by
 43-59 Subsection (a) to proportionately increase funding for the special
 43-60 education allotment under Section 48.102.

43-61 (f) In complying with Subsection (d), the commissioner may
 43-62 implement any program necessary to ensure the use of funds in
 43-63 accordance with that subsection.

43-64 Sec. 48.280. CLASSROOM TEACHER AND LIBRARIAN ALLOTMENT.

43-65 (a) In this section:

43-66 (1) "A" is the classroom teacher and librarian
 43-67 allotment to which a district is entitled under Subsection (b);

43-68 (2) "E" is the total number of classroom teachers and
 43-69 full-time librarians employed by the district in the 2018-2019

44-1 school year;
 44-2 (3) "CYADA" is the number of students in average daily
 44-3 attendance in the district for the current school year; and

44-4 (4) "BYADA" is the number of students in average daily
 44-5 attendance in the district for the 2018-2019 school year.

44-6 (b) Except as provided by Subsection (c), a school district
 44-7 is entitled to receive an annual allotment in an amount equal to the
 44-8 lesser of:

44-9 (1) $A = ((\$5,000 \times E \times 1.108) / BYADA) \times CYADA$; or

44-10 (2) $A = \$5,000 \times E \times 1.108$.

44-11 (c) For a school district or open-enrollment charter school
 44-12 that provided social security coverage, as defined by Section
 44-13 606.001, Government Code, for district or school employees for whom
 44-14 the district or school receives funding under this section before
 44-15 January 1, 2019, each reference to a value of 1.108 under Subsection
 44-16 (b) is replaced with the value of 1.17.

44-17 (d) A school district or open-enrollment charter school
 44-18 shall use the amount received under this section for classroom
 44-19 teacher and full-time librarian salaries and benefits.

44-20 SECTION 1.042. Chapter 48, Education Code, as added by this
 44-21 Act, is amended by adding Subchapter G, and a heading is added to
 44-22 that subchapter to read as follows:

44-23 SUBCHAPTER G. MISCELLANEOUS PROVISIONS

44-24 SECTION 1.043. Section 42.4101, Education Code, is
 44-25 transferred to Subchapter G, Chapter 48, Education Code, as added
 44-26 by this Act, redesignated as Section 48.301, Education Code, and
 44-27 amended to read as follows:

44-28 Sec. 48.301 [42.4101]. ADDITIONAL ASSISTANCE FOR
 44-29 DISTRICTS WITH STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A
 44-30 district is entitled to additional assistance under this section as
 44-31 provided by Section 29.203(c).

44-32 (b) The amount of additional assistance under this section
 44-33 is computed by subtracting the number of students residing in the
 44-34 district and using public education grants to attend school in
 44-35 another district for the year in which the assistance is granted
 44-36 from the number of students using public education grants to attend
 44-37 school in the district for that year and multiplying the difference
 44-38 by \$266.

44-39 ~~[(c) If a district to which this section applies is entitled~~
 44-40 ~~to the maximum amount of assistance under Section 42.406, the~~
 44-41 ~~maximum is increased by the amount of additional assistance to~~
 44-42 ~~which the district is entitled under this section.]~~

44-43 SECTION 1.044. Subtitle I, Title 2, Education Code, is
 44-44 amended by adding Chapter 49, and a heading is added to that chapter
 44-45 to read as follows:

44-46 CHAPTER 49. OPTIONS FOR LOCAL REVENUE LEVELS IN EXCESS OF
 44-47 ENTITLEMENT

44-48 SECTION 1.045. Chapter 49, Education Code, as added by this
 44-49 Act, is amended by adding Subchapter A, and a heading is added to
 44-50 that subchapter to read as follows:

44-51 SUBCHAPTER A. GENERAL PROVISIONS

44-52 SECTION 1.046. Sections 41.001, 41.003, 41.0031, 41.004,
 44-53 41.005, 41.006, 41.007, 41.008, 41.009, 41.010, 41.011, 41.012, and
 44-54 41.013, Education Code, are transferred to Subchapter A, Chapter
 44-55 49, Education Code, as added by this Act, redesignated as Sections
 44-56 49.001, 49.002, 49.003, 49.004, 49.005, 49.006, 49.007, 49.008,
 44-57 49.009, 49.010, 49.011, 49.012, and 49.013, Education Code, and
 44-58 amended to read as follows:

44-59 Sec. 49.001 [41.001]. DEFINITIONS. In this chapter:

44-60 (1) "Local revenue [Equalized wealth] level in excess
 44-61 of entitlement" means local revenue levels that exceed the levels
 44-62 [the wealth per student] provided by Section 48.257 [41.002].

44-63 (2) ["Wealth per student" means the taxable value of
 44-64 property, as determined under Subchapter M, Chapter 403, Government
 44-65 Code, divided by the number of students in weighted average daily
 44-66 attendance.

44-67 ~~[(3)]~~ "Weighted average daily attendance" has the
 44-68 meaning assigned by Section 48.202 [42.302].

44-69 Sec. 49.002 [41.003]. OPTIONS TO REDUCE LOCAL REVENUE

45-1 ~~[ACHIEVE EQUALIZED WEALTH]~~ LEVEL. A district with a local revenue
 45-2 level in excess of entitlement ~~[wealth per student that exceeds the~~
 45-3 ~~equalized wealth level]~~ may take any combination of the following
 45-4 actions to reduce the district's revenue level ~~[achieve the~~
 45-5 ~~equalized wealth level]~~:

45-6 (1) consolidation with another district as provided by
 45-7 Subchapter B;

45-8 (2) detachment of territory as provided by Subchapter
 45-9 C;

45-10 (3) purchase of average daily attendance credit as
 45-11 provided by Subchapter D;

45-12 (4) education of nonresident students as provided by
 45-13 Subchapter E; or

45-14 (5) tax base consolidation with another district as
 45-15 provided by Subchapter F.

45-16 Sec. 49.003 ~~[41.0031]~~. INCLUSION OF ATTENDANCE CREDIT
 45-17 ~~[CREDITS]~~ AND NONRESIDENTS IN WEIGHTED AVERAGE DAILY ATTENDANCE.
 45-18 In determining whether a school district has a local revenue
 45-19 ~~[wealth per student less than or equal to the equalized wealth]~~
 45-20 level in excess of entitlement, the commissioner shall use:

45-21 (1) the district's final weighted average daily
 45-22 attendance; and

45-23 (2) the amount ~~[number]~~ of attendance credit ~~[credits]~~
 45-24 a district purchases under Subchapter D or the number of
 45-25 nonresident students a district educates under Subchapter E for a
 45-26 school year.

45-27 Sec. 49.004 ~~[41.004]~~. ANNUAL REVIEW OF LOCAL REVENUES
 45-28 ~~[PROPERTY WEALTH]~~. (a) Not later than July 15 of each year, using
 45-29 the estimate of enrollment and taxable property value under Section
 45-30 48.269 ~~[42.254]~~, the commissioner shall review the local revenue
 45-31 level ~~[wealth per student]~~ of school districts in the state and
 45-32 shall notify:

45-33 (1) each district with a local revenue level in excess
 45-34 of entitlement ~~[wealth per student exceeding the equalized wealth~~
 45-35 ~~level]~~;

45-36 (2) each district to which the commissioner proposes
 45-37 to annex property detached from a district notified under
 45-38 Subdivision (1), if necessary, under Subchapter G; and

45-39 (3) each district to which the commissioner proposes
 45-40 to consolidate a district notified under Subdivision (1), if
 45-41 necessary, under Subchapter H.

45-42 (b) If, before the dates provided by this subsection, a
 45-43 district notified under Subsection (a)(1) has not successfully
 45-44 exercised one or more options under Section 49.002 ~~[41.003]~~ that
 45-45 reduce the district's local revenue level ~~[wealth per student]~~ to a
 45-46 level equal to or less than the ~~[equalized wealth]~~ level
 45-47 established under Section 48.257, the commissioner shall order the
 45-48 detachment of property from that district as provided by Subchapter
 45-49 G. If that detachment will not reduce the district's local revenue
 45-50 level ~~[wealth per student]~~ to a level equal to or less than the
 45-51 ~~[equalized wealth]~~ level established under Section 48.257, the
 45-52 commissioner may not detach property under Subchapter G but shall
 45-53 order the consolidation of the district with one or more other
 45-54 districts as provided by Subchapter H. An agreement under Section
 45-55 49.002(1) ~~[41.003(1)]~~ or (2) must be executed not later than
 45-56 September 1 immediately following the notice under Subsection (a).
 45-57 An election for an option under Section 49.002(3) ~~[41.003(3)]~~, (4),
 45-58 or (5) must be ordered before September 1 immediately following the
 45-59 notice under Subsection (a).

45-60 (c) A district notified under Subsection (a) may not adopt a
 45-61 tax rate for the tax year in which the district receives the notice
 45-62 until the commissioner certifies that the district has reduced the
 45-63 district's local revenue level in excess of entitlement to the
 45-64 ~~[achieved the equalized wealth]~~ level established under Section
 45-65 48.257.

45-66 (d) A detachment and annexation or consolidation under this
 45-67 chapter:

45-68 (1) is effective for Foundation School Program funding
 45-69 purposes for the school year that begins in the calendar year in

46-1 which the detachment and annexation or consolidation is agreed to
46-2 or ordered; and

46-3 (2) applies to the ad valorem taxation of property
46-4 beginning with the tax year in which the agreement or order is
46-5 effective.

46-6 Sec. 49.005 [~~41.005~~]. COMPTROLLER AND APPRAISAL DISTRICT
46-7 COOPERATION. The chief appraiser of each appraisal district and
46-8 the comptroller shall cooperate with the commissioner and school
46-9 districts in implementing this chapter.

46-10 Sec. 49.006 [~~41.006~~]. RULES. (a) The commissioner may
46-11 adopt rules necessary for the implementation of this chapter. The
46-12 rules may provide for the commissioner to make necessary
46-13 adjustments to the provisions of Chapter 48 [~~42~~], including
46-14 providing for the commissioner to make an adjustment in the funding
46-15 element established by Section 48.202 [~~42.302~~], at the earliest
46-16 date practicable, to the amount the commissioner believes, taking
46-17 into consideration options exercised by school districts under this
46-18 chapter and estimates of student enrollments, will match
46-19 appropriation levels.

46-20 (b) As necessary for the effective and efficient
46-21 administration of this chapter, the commissioner may modify
46-22 effective dates and time periods for actions described by this
46-23 chapter.

46-24 Sec. 49.007 [~~41.007~~]. COMMISSIONER TO APPROVE SUBSEQUENT
46-25 BOUNDARY CHANGES. A school district that is involved in an action
46-26 under this chapter that results in boundary changes to the district
46-27 or in the consolidation of tax bases is subject to consolidation,
46-28 detachment, or annexation under Chapter 13 only if the commissioner
46-29 certifies that the change under Chapter 13 will not result in a
46-30 district with a local revenue [~~wealth per student that exceeds the~~
46-31 ~~equalized wealth~~] level in excess of entitlement.

46-32 Sec. 49.008 [~~41.008~~]. HOMESTEAD EXEMPTIONS. (a) The
46-33 governing board of a school district that results from
46-34 consolidation under this chapter, including a consolidated taxing
46-35 district under Subchapter F, for the tax year in which the
46-36 consolidation occurs may determine whether to adopt a homestead
46-37 exemption provided by Section 11.13, Tax Code, and may set the
46-38 amount of the exemption, if adopted, at any time before the school
46-39 district adopts a tax rate for that tax year. This section applies
46-40 only to an exemption that the governing board of a school district
46-41 is authorized to adopt or change in amount under Section 11.13, Tax
46-42 Code.

46-43 (b) This section prevails over any inconsistent provision
46-44 of Section 11.13, Tax Code, or other law.

46-45 Sec. 49.009 [~~41.009~~]. TAX ABATEMENTS. (a) A tax abatement
46-46 agreement executed by a school district that is involved in
46-47 consolidation or in detachment and annexation of territory under
46-48 this chapter is not affected and applies to the taxation of the
46-49 property covered by the agreement as if executed by the district
46-50 within which the property is included.

46-51 (b) The commissioner shall determine the local revenue
46-52 [~~wealth per student~~] of a school district under this chapter as if
46-53 any tax abatement agreement executed by a school district on or
46-54 after May 31, 1993, had not been executed.

46-55 Sec. 49.010 [~~41.010~~]. TAX INCREMENT OBLIGATIONS. The
46-56 payment of tax increments under Chapter 311, Tax Code, is not
46-57 affected by the consolidation of territory or tax bases or by
46-58 annexation under this chapter. In each tax year a school district
46-59 paying a tax increment from taxes on property over which the
46-60 district has assumed taxing power is entitled to retain the same
46-61 percentage of the tax increment from that property that the
46-62 district in which the property was located before the consolidation
46-63 or annexation could have retained for the respective tax year.

46-64 Sec. 49.011 [~~41.011~~]. CONTINGENCY. (a) If any of the
46-65 options described by Section 49.002 [~~41.003~~] as applied to a school
46-66 district are held invalid by a final decision of a court of
46-67 competent jurisdiction, a school district is entitled to exercise
46-68 any of the remaining valid options in accordance with a schedule
46-69 approved by the commissioner.

47-1 (b) If a final order of a court of competent jurisdiction
 47-2 should hold each of the options provided by Section 49.002 [~~41.003~~]
 47-3 invalid, the commissioner shall act under Subchapter G or H to
 47-4 reduce the local revenue [~~achieve the equalized wealth~~] level in
 47-5 excess of entitlement only after notice and hearing is afforded to
 47-6 each school district affected by the order. The commissioner shall
 47-7 adopt a plan that least disrupts the affected school districts. If
 47-8 because the exigency to adopt a plan prevents the commissioner from
 47-9 giving a reasonable time for notice and hearing, the commissioner
 47-10 shall timely give notice to and hold a hearing for the affected
 47-11 school districts, but in no event less than 30 days from time of
 47-12 notice to the date of hearing.

47-13 (c) If a final order of a court of competent jurisdiction
 47-14 should hold an option provided by Section 49.002 [~~41.003~~] invalid
 47-15 and order a refund to a district of any amounts paid by a district
 47-16 choosing that option, the amount shall be refunded but held in
 47-17 reserve and not expended by the district until released by order of
 47-18 the commissioner. The commissioner shall order the release
 47-19 immediately on the commissioner's determination that, through one
 47-20 of the means provided by law, the district has reduced the
 47-21 district's local revenue level in excess of entitlement to the
 47-22 [~~achieved the equalized wealth~~] level established under Section
 47-23 48.257. The amount released shall be deducted from any state aid
 47-24 payable to the district according to a schedule adopted by the
 47-25 commissioner.

47-26 Sec. 49.012 [~~41.012~~]. DATE OF ELECTIONS. An election under
 47-27 this chapter for voter approval of an agreement entered by the board
 47-28 of trustees shall be held on a Tuesday or Saturday not more than 45
 47-29 days after the date of the agreement. Section 41.001, Election
 47-30 Code, does not apply to the election.

47-31 Sec. 49.013 [~~41.013~~]. PROCEDURE. (a) Except as provided
 47-32 by Subchapter G, a decision of the commissioner under this chapter
 47-33 is appealable under Section 7.057.

47-34 (b) Any order of the commissioner issued under this chapter
 47-35 shall be given immediate effect and may not be stayed or enjoined
 47-36 pending any appeal.

47-37 (c) Chapter 2001, Government Code, does not apply to a
 47-38 decision of the commissioner under this chapter.

47-39 (d) On the request of the commissioner, the secretary of
 47-40 state shall publish any rules adopted under this chapter in the
 47-41 Texas Register and the Texas Administrative Code.

47-42 SECTION 1.047. Subchapter B, Chapter 41, Education Code, is
 47-43 transferred to Chapter 49, Education Code, as added by this Act,
 47-44 redesignated as Subchapter B, Chapter 49, Education Code, and
 47-45 amended to read as follows:

47-46 SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

47-47 Sec. 49.051 [~~41.031~~]. AGREEMENT. The governing boards of
 47-48 any two or more school districts may consolidate the districts by
 47-49 agreement in accordance with this subchapter to establish a
 47-50 consolidated district with a local revenue level [~~wealth per~~
 47-51 ~~student~~] equal to or less than the [~~equalized wealth~~] level
 47-52 established under Section 48.257. The agreement is not effective
 47-53 unless the commissioner certifies that the consolidated district,
 47-54 as a result of actions taken under this chapter, will have a local
 47-55 revenue level [~~wealth per student~~] equal to or less than the
 47-56 [~~equalized wealth~~] level established under Section 48.257.

47-57 Sec. 49.052 [~~41.032~~]. GOVERNING LAW. Except to the extent
 47-58 modified by the terms of the agreement, the consolidated district
 47-59 is governed by the applicable provisions of Subchapter D, Chapter
 47-60 13, other than a provision requiring consolidating districts to be
 47-61 contiguous. The agreement may not be inconsistent with the
 47-62 requirements of this subchapter.

47-63 Sec. 49.053 [~~41.033~~]. GOVERNANCE PLAN. (a) The agreement
 47-64 among the consolidating districts may include a governance plan
 47-65 designed to preserve community-based and site-based decision
 47-66 making within the consolidated district, including the delegation
 47-67 of specific powers of the governing board of the district other than
 47-68 the power to levy taxes, including a provision authorized by
 47-69 Section 13.158(b).

48-1 (b) The governance plan may provide for a transitional board
 48-2 of trustees during the first year after consolidation, but
 48-3 beginning with the next year the board of trustees must be elected
 48-4 from within the boundaries of the consolidated district. If the
 48-5 consolidating districts elect trustees from single-member
 48-6 districts, the consolidated district must adopt a plan to elect its
 48-7 board of trustees from single-member districts.

48-8 Sec. 49.054 [~~41.034~~]. INCENTIVE AID. (a) For the first and
 48-9 second school years after creation of a consolidated district under
 48-10 this subchapter, the commissioner shall adjust allotments to the
 48-11 consolidated district to the extent necessary to preserve the
 48-12 effects of an adjustment under Section 48.052 [~~42.102, 42.103, or~~
 48-13 ~~42.105~~] to which either of the consolidating districts would have
 48-14 been entitled but for the consolidation.

48-15 (b) Except as provided by Subsection (c), a district
 48-16 receiving incentive aid payments under this section is not entitled
 48-17 to incentive aid under Subchapter G, Chapter 13.

48-18 (c) Four or more districts that consolidate into one
 48-19 district under this subchapter within a period of one year may elect
 48-20 to receive incentive aid under this section or to receive incentive
 48-21 aid for not more than five years under Subchapter G, Chapter 13.
 48-22 Incentive aid under this subsection may not provide the
 48-23 consolidated district with more revenue in state and local funds
 48-24 than the district would receive at the [~~equalized wealth~~] level
 48-25 established under Section 48.257.

48-26 SECTION 1.048. Subchapter C, Chapter 41, Education Code, is
 48-27 transferred to Chapter 49, Education Code, as added by this Act,
 48-28 redesignated as Subchapter C, Chapter 49, Education Code, and
 48-29 amended to read as follows:

48-30 SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

48-31 Sec. 49.101 [~~41.061~~]. AGREEMENT. (a) By agreement of the
 48-32 governing boards of two school districts, territory may be detached
 48-33 from one of the districts and annexed to the other district if,
 48-34 after the action:

48-35 (1) the local revenue level [~~wealth per student~~] of
 48-36 the district from which territory is detached is equal to or less
 48-37 than the [~~equalized wealth~~] level established under Section 48.257;
 48-38 and

48-39 (2) the local revenue level [~~wealth per student~~] of
 48-40 the district to which territory is annexed is not greater than the
 48-41 dollar amount guaranteed level of [~~greatest level for which~~] funds
 48-42 [~~are~~] provided under Section 48.202(a-1)(2) [~~Subchapter F, Chapter~~
 48-43 ~~42~~].

48-44 (b) The agreement is not effective unless the commissioner
 48-45 certifies that, after all actions taken under this chapter, the
 48-46 local revenue level [~~wealth per student~~] of each district involved
 48-47 will be equal to or less than the applicable level permitted by
 48-48 Subsection (a).

48-49 Sec. 49.102 [~~41.062~~]. GOVERNING LAW. Except to the extent
 48-50 of any conflict with this chapter and except for any requirement
 48-51 that detached property must be annexed to a school district that is
 48-52 contiguous to the detached territory, the annexation and detachment
 48-53 is governed by Chapter 13.

48-54 Sec. 49.103 [~~41.063~~]. ALLOCATION OF APPRAISED VALUE OF
 48-55 DIVIDED UNIT. If portions of a parcel or other item of property are
 48-56 located in different school districts as a result of a detachment
 48-57 and annexation under this subchapter, the parcel or other item of
 48-58 property shall be appraised for taxation as a unit, and the
 48-59 agreement shall allocate the taxable value of the property between
 48-60 the districts.

48-61 Sec. 49.104 [~~41.064~~]. ALLOCATION OF INDEBTEDNESS. The
 48-62 annexation agreement may allocate to the receiving district any
 48-63 portion of the indebtedness of the district from which the
 48-64 territory is detached, and the receiving district assumes and is
 48-65 liable for the allocated indebtedness.

48-66 Sec. 49.105 [~~41.065~~]. NOTICE. As soon as practicable after
 48-67 the agreement is executed, the districts involved shall notify each
 48-68 affected property owner and the appraisal district in which the
 48-69 affected property is located.

49-1 SECTION 1.049. Chapter 49, Education Code, as added by this
 49-2 Act, is amended by adding Subchapter D, and a heading is added to
 49-3 that subchapter to read as follows:

49-4 SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

49-5 SECTION 1.050. Sections 41.091, 41.092, 41.093, 41.094,
 49-6 41.095, 41.096, 41.097, and 41.099, Education Code, are transferred
 49-7 to Subchapter D, Chapter 49, Education Code, as added by this Act,
 49-8 redesignated as Sections 49.151, 49.152, 49.153, 49.154, 49.155,
 49-9 49.156, 49.157, and 49.158, Education Code, and amended to read as
 49-10 follows:

49-11 Sec. 49.151 [41.091]. AGREEMENT. A school district with a
 49-12 local revenue [~~wealth per student that exceeds the equalized~~
 49-13 ~~wealth~~] level in excess of entitlement may execute an agreement
 49-14 with the commissioner to purchase attendance credit [~~credits~~] in an
 49-15 amount sufficient, in combination with any other actions taken
 49-16 under this chapter, to reduce the district's local revenue level
 49-17 [~~wealth per student~~] to a level that is equal to or less than the
 49-18 [~~equalized wealth~~] level established under Section 48.257.

49-19 Sec. 49.152 [41.092]. CREDIT. The amount of [~~(a) For each~~]
 49-20 credit purchased decreases the dollar amount of a district's local
 49-21 revenue level [~~, the weighted average daily attendance of the~~
 49-22 ~~purchasing school district is increased by one student in weighted~~
 49-23 ~~average daily attendance~~] for purposes of determining whether the
 49-24 district exceeds the [~~equalized wealth~~] level established under
 49-25 Section 48.257.

49-26 [~~(b) A credit is not used in determining a school district's~~
 49-27 ~~scholastic population, average daily attendance, or weighted~~
 49-28 ~~average daily attendance for purposes of Chapter 42 or 43.~~]

49-29 Sec. 49.153 [41.093]. COST. (a) The total [~~Subject to~~
 49-30 ~~Subsection (b-1), the~~] cost of [~~each~~] credit is the [~~an~~] amount
 49-31 [~~equal to the greater of:~~

49-32 [~~(1) the amount~~] of the district's maintenance and
 49-33 operations tax revenue that exceeds the level established under
 49-34 Section 48.257 [~~per student in weighted average daily attendance~~
 49-35 ~~for the school year for which the contract is executed; or~~

49-36 [~~(2) the amount of the statewide district average of~~
 49-37 ~~maintenance and operations tax revenue per student in weighted~~
 49-38 ~~average daily attendance for the school year preceding the school~~
 49-39 ~~year for which the contract is executed~~].

49-40 (b) For purposes of this section, a school district's
 49-41 maintenance and operations tax revenue does not include any amounts
 49-42 paid into a tax increment fund under Chapter 311, Tax Code.

49-43 [~~(b-1) If the guaranteed level of state and local funds per~~
 49-44 ~~weighted student per cent of tax effort under Section~~
 49-45 ~~42.302(a-1)(1) for which state funds are appropriated for a school~~
 49-46 ~~year is an amount at least equal to the amount of revenue per~~
 49-47 ~~weighted student per cent of tax effort available to the Austin~~
 49-48 ~~Independent School District, as determined by the commissioner in~~
 49-49 ~~cooperation with the Legislative Budget Board, the commissioner, in~~
 49-50 ~~computing the amounts described by Subsections (a)(1) and (2) and~~
 49-51 ~~determining the cost of an attendance credit, shall exclude~~
 49-52 ~~maintenance and operations tax revenue resulting from the tax rate~~
 49-53 ~~described by Section 41.002(a)(2).~~]

49-54 (c) The cost of [~~an~~] attendance credit for a school district
 49-55 is computed using the final tax collections of the district.

49-56 Sec. 49.154 [41.094]. PAYMENT. (a) A school district
 49-57 shall pay for credit [~~credits~~] purchased in equal monthly payments
 49-58 as determined by the commissioner beginning February 15 and ending
 49-59 August 15 of the school year for which the agreement is in effect.

49-60 (b) Receipts shall be deposited in the state treasury and
 49-61 may be used only for foundation school program purposes.

49-62 Sec. 49.155 [41.095]. DURATION. An agreement under this
 49-63 section is valid for one school year and, subject to Section 49.156
 49-64 [41.096], may be renewed annually.

49-65 Sec. 49.156 [41.096]. VOTER APPROVAL. (a) After first
 49-66 executing an agreement under this section, the board of trustees
 49-67 shall order and conduct an election, in the manner provided by
 49-68 Sections 13.003(d)-(g), to obtain voter approval of the agreement.

49-69 (b) The ballot shall be printed to permit voting for or

50-1 against the proposition: "Authorizing the board of trustees of
50-2 _____ School District to purchase attendance credit [~~credits~~]
50-3 from the state with local tax revenues."

50-4 (c) The proposition is approved if the proposition receives
50-5 a favorable vote of a majority of the votes cast. If the
50-6 proposition is approved, the agreement executed by the board is
50-7 ratified, and the board has continuing authority to execute
50-8 agreements under this subchapter on behalf of the district without
50-9 further voter approval.

50-10 Sec. 49.157 [~~41.097~~]. CREDIT FOR APPRAISAL COSTS. [~~(a)~~]
50-11 The total amount required under Section 49.153 [~~41.093~~] for a
50-12 district to purchase attendance credit [~~credits~~] under this
50-13 subchapter for any school year is reduced by an amount equal to the
50-14 product of the district's total costs under Section 6.06, Tax Code,
50-15 for the appraisal district or districts in which it participates
50-16 multiplied by a percentage that is computed by dividing the total
50-17 amount required under Section 49.153 [~~41.093~~] by the total amount
50-18 of taxes imposed in the district for that year less any amounts paid
50-19 into a tax increment fund under Chapter 311, Tax Code.

50-20 [~~(b) A school district is entitled to a reduction under~~
50-21 ~~Subsection (a) beginning with the 1996-1997 school year. For that~~
50-22 ~~school year, the reduction to which a district is entitled is the~~
50-23 ~~sum of the amounts computed under Subsection (a) for the 1993-1994,~~
50-24 ~~1994-1995, 1995-1996, and 1996-1997 school years. If that amount~~
50-25 ~~exceeds the total amount required under Section 41.093 for the~~
50-26 ~~1996-1997 school year, the difference is carried forward and the~~
50-27 ~~total amount required under Section 41.093 is reduced each~~
50-28 ~~subsequent school year until the total amount of the credit has been~~
50-29 ~~applied to such reductions.]~~

50-30 Sec. 49.158 [~~41.099~~]. LIMITATION. (a) Sections 49.154 and
50-31 49.157 [~~41.002(e), 41.094, 41.097, and 41.098~~] apply only to a
50-32 district that:

50-33 (1) executes an agreement to purchase [~~all~~] attendance
50-34 credit [~~credits~~] necessary to reduce the district's local revenue
50-35 [~~wealth per student to the equalized wealth~~] level to the level
50-36 established under Section 48.257;

50-37 (2) executes an agreement to purchase attendance
50-38 credit [~~credits~~] and an agreement under Subchapter E to contract
50-39 for the education of nonresident students who transfer to and are
50-40 educated in the district but who are not charged tuition; or

50-41 (3) executes an agreement under Subchapter E to
50-42 contract for the education of nonresident students:

50-43 (A) to an extent that does not provide more than
50-44 10 percent of the reduction in local revenue [~~wealth per student~~]
50-45 required for the district to achieve a local revenue level [~~wealth~~
50-46 ~~per student~~] that is equal to or less than the [~~equalized wealth~~]
50-47 level established under Section 48.257; and

50-48 (B) under which all revenue paid by the district
50-49 to other districts, in excess of the reduction in state aid that
50-50 results from counting the weighted average daily attendance of the
50-51 students served in the contracting district, is required to be used
50-52 for funding a consortium of at least three districts in a county
50-53 with a population of less than 40,000 that is formed to support a
50-54 technology initiative.

50-55 (b) A district that executes an agreement under Subsection
50-56 (a)(3) must pay full market value for any good or service the
50-57 district obtains through the consortium.

50-58 SECTION 1.051. Chapter 49, Education Code, as added by this
50-59 Act, is amended by adding Subchapter E, and a heading is added to
50-60 that subchapter to read as follows:

50-61 SUBCHAPTER E. EDUCATION OF NONRESIDENT STUDENTS

50-62 SECTION 1.052. Sections 41.121, 41.122, and 41.123,
50-63 Education Code, are transferred to Subchapter E, Chapter 49,
50-64 Education Code, as added by this Act, redesignated as Sections
50-65 49.201, 49.202, and 49.203, Education Code, and amended to read as
50-66 follows:

50-67 Sec. 49.201 [~~41.121~~]. AGREEMENT. [~~(a)~~] The board of
50-68 trustees of a district with a local revenue [~~wealth per student that~~
50-69 ~~exceeds the equalized wealth~~] level in excess of entitlement may

51-1 execute an agreement to educate the students of another district in
 51-2 a number that, when the weighted average daily attendance of the
 51-3 students served is added to the weighted average daily attendance
 51-4 of the contracting district, is sufficient, in combination with any
 51-5 other actions taken under this chapter, to reduce the district's
 51-6 local revenue level [~~wealth per student~~] to a level that is equal to
 51-7 or less than the [~~equalized wealth~~] level established under Section
 51-8 48.257. The agreement is not effective unless the commissioner
 51-9 certifies that the transfer of weighted average daily attendance
 51-10 will not result in any of the contracting districts' local revenue
 51-11 level [~~wealth per student~~] being greater than the [~~equalized~~
 51-12 ~~wealth~~] level established under Section 48.257 and that the
 51-13 agreement requires an expenditure per student in weighted average
 51-14 daily attendance that is at least equal to the amount per student in
 51-15 weighted average daily attendance required under Section 49.153
 51-16 [41.093].

51-17 Sec. 49.202 [41.122]. VOTER APPROVAL. (a) After first
 51-18 executing an agreement under this subchapter other than an
 51-19 agreement under Section 49.205 [41.125], the board of trustees of
 51-20 the district that will be educating nonresident students shall
 51-21 order and conduct an election, in the manner provided by Sections
 51-22 13.003(d)-(g), to obtain voter approval of the agreement.

51-23 (b) The ballot shall be printed to permit voting for or
 51-24 against the proposition: "Authorizing the board of trustees of
 51-25 _____ School District to educate students of other school
 51-26 districts with local tax revenues."

51-27 (c) The proposition is approved if the proposition receives
 51-28 a favorable vote of a majority of the votes cast. If the
 51-29 proposition is approved, the agreement executed by the board is
 51-30 ratified, and the board has continuing authority to execute
 51-31 agreements under this subchapter on behalf of the district without
 51-32 further voter approval.

51-33 Sec. 49.203 [41.123]. WADA COUNT. For purposes of Chapter
 51-34 48 [42], students served under an agreement under this subchapter
 51-35 are counted only in the weighted average daily attendance of the
 51-36 district providing the services, except that students served under
 51-37 an agreement authorized by Section 49.205 [41.125] are counted in a
 51-38 manner determined by the commissioner.

51-39 SECTION 1.053. Section 41.124, Education Code, as amended
 51-40 by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the 85th
 51-41 Legislature, Regular Session, 2017, is transferred to Subchapter E,
 51-42 Chapter 49, Education Code, as added by this Act, redesignated as
 51-43 Section 49.204, Education Code, and reenacted and amended to read
 51-44 as follows:

51-45 Sec. 49.204 [41.124]. TRANSFERS. (a) The board of
 51-46 trustees of a school district with a local revenue [~~wealth per~~
 51-47 ~~student that exceeds the equalized wealth~~] level in excess of
 51-48 entitlement may reduce the district's local revenue level [~~wealth~~
 51-49 ~~per student~~] by serving nonresident students who transfer to the
 51-50 district and are educated by the district but who are not charged
 51-51 tuition. A district that exercises the option under this
 51-52 subsection is not required to execute an agreement with the school
 51-53 district in which a transferring student resides and must certify
 51-54 to the commissioner that the district has not charged or received
 51-55 tuition for the transferring students.

51-56 (b) [~~A school district with a wealth per student that~~
 51-57 ~~exceeds the equalized wealth level that pays tuition to another~~
 51-58 ~~school district for the education of students that reside in the~~
 51-59 ~~district may apply the amount of tuition paid toward the cost of the~~
 51-60 ~~option chosen by the district to reduce its wealth per student. The~~
 51-61 ~~amount applied under this subsection may not exceed the amount~~
 51-62 ~~determined under Section 41.093 as the cost of an attendance credit~~
 51-63 ~~for the district. The commissioner may require any reports~~
 51-64 ~~necessary to document the tuition payments.~~

51-65 [(c)] A school district that receives tuition for a student
 51-66 from a school district with a local revenue [~~wealth per student that~~
 51-67 ~~exceeds the equalized wealth~~] level in excess of entitlement may
 51-68 not claim attendance for that student for purposes of Chapters [42
 51-69 and] 46 and 48 and the instructional materials and technology

52-1 allotment under Section 31.0211.

52-2 SECTION 1.054. Section 41.125, Education Code, is
52-3 transferred to Subchapter E, Chapter 49, Education Code, as added
52-4 by this Act, redesignated as Section 49.205, Education Code, and
52-5 amended to read as follows:

52-6 Sec. 49.205 [~~41.125~~]. CAREER AND TECHNOLOGY EDUCATION
52-7 PROGRAMS. (a) The board of trustees of a school district with a
52-8 local revenue level [~~wealth per student that exceeds the equalized~~
52-9 ~~wealth~~] level in excess of entitlement may reduce the district's
52-10 local revenue level [~~wealth per student~~] by executing an agreement
52-11 to provide students of one or more other districts with career and
52-12 technology education through a program designated as an area
52-13 program for career and technology education.

52-14 (b) The agreement is not effective unless the commissioner
52-15 certifies that:

52-16 (1) implementation of the agreement will not result in
52-17 any of the affected districts' local revenue level [~~wealth per~~
52-18 ~~student~~] being greater than the [~~equalized wealth~~] level
52-19 established under Section 48.257; and

52-20 (2) the agreement requires the district with a local
52-21 revenue [~~wealth per student that exceeds the equalized wealth~~]
52-22 level in excess of entitlement to make expenditures benefiting
52-23 students from other districts in an amount at least equal to the
52-24 amount that would be required for the district to purchase [~~the~~
52-25 ~~number of~~] attendance credit [~~credits~~] under Subchapter D
52-26 necessary, in combination with any other actions taken under this
52-27 chapter other than an action under this section, to reduce the
52-28 district's local revenue level [~~wealth per student~~] to a level that
52-29 is equal to or less than the [~~equalized wealth~~] level established
52-30 under Section 48.257.

52-31 SECTION 1.055. Subchapter F, Chapter 41, Education Code, is
52-32 transferred to Chapter 49, Education Code, as added by this Act,
52-33 redesignated as Subchapter F, Chapter 49, Education Code, and
52-34 amended to read as follows:

52-35 SUBCHAPTER F. TAX BASE CONSOLIDATION

52-36 Sec. 49.251 [~~41.151~~]. AGREEMENT. The board of trustees of
52-37 two or more school districts may execute an agreement to conduct an
52-38 election on the creation of a consolidated taxing district for the
52-39 maintenance and operation of the component school districts. The
52-40 agreement is subject to approval by the commissioner. The
52-41 agreement is not effective unless the commissioner certifies that
52-42 the consolidated taxing district will have a local revenue level
52-43 [~~wealth per student~~] equal to or less than the [~~equalized wealth~~]
52-44 level established under Section 48.257 after all actions taken
52-45 under this chapter.

52-46 Sec. 49.252 [~~41.152~~]. DATE OF ELECTION. Any agreement
52-47 under this subchapter must provide for the ordering of an election
52-48 to be held on the same date in each district.

52-49 Sec. 49.253 [~~41.153~~]. PROPOSITION. (a) The ballot shall
52-50 be printed to permit voting for or against the proposition:
52-51 "Creation of a consolidated taxing district composed of the
52-52 territory of _____ school districts, and
52-53 authorizing the levy, assessment, and collection of annual ad
52-54 valorem taxes for the maintenance of the public free schools within
52-55 that taxing district at a rate not to exceed \$_____ on the \$100
52-56 valuation of taxable property."

52-57 (b) The rate to be included in the proposition shall be
52-58 provided by the agreement among the districts but may not exceed the
52-59 maximum rate provided by law for independent school districts.

52-60 Sec. 49.254 [~~41.154~~]. APPROVAL. The proposition is
52-61 approved only if the proposition receives a favorable vote of the
52-62 majority of the votes cast within each participating school
52-63 district.

52-64 Sec. 49.255 [~~41.155~~]. CONSOLIDATED TAXING DISTRICT. A
52-65 consolidated taxing district is a school district established for
52-66 the limited purpose of exercising the taxing power authorized by
52-67 Section 3, Article VII, Texas Constitution, and distributing the
52-68 revenue to its component school districts.

52-69 Sec. 49.256 [~~41.156~~]. GOVERNANCE. (a) The consolidated

53-1 taxing district is governed by the boards of the component school
53-2 districts acting jointly.

53-3 (b) Any action taken by the joint board must receive a
53-4 favorable vote of a majority of each component district's board of
53-5 trustees.

53-6 Sec. 49.257 [~~41.157~~]. MAINTENANCE TAX. (a) The joint
53-7 board shall levy a maintenance tax for the benefit of the component
53-8 school districts not later than September 1 of each year or as soon
53-9 thereafter as practicable.

53-10 (b) Each component district shall bear a share of the costs
53-11 of assessing and collecting taxes in proportion to the component
53-12 district's share of weighted average daily attendance in the
53-13 consolidated taxing district.

53-14 (c) A component district may not levy an ad valorem tax for
53-15 the maintenance and operation of the schools.

53-16 (d) Notwithstanding Section 45.003, the consolidated taxing
53-17 district may levy, assess, and collect a maintenance tax for the
53-18 benefit of the component districts at a rate that exceeds \$1.50 per
53-19 \$100 valuation of taxable property to the extent necessary to pay
53-20 contracted obligations on the lease purchase of permanent
53-21 improvements to real property entered into on or before May 12,
53-22 1993. The proposition to impose taxes at the necessary rate must be
53-23 submitted to the voters in the manner provided by Section 45.003.

53-24 Sec. 49.258 [~~41.158~~]. REVENUE DISTRIBUTION. The
53-25 consolidated taxing district shall distribute maintenance tax
53-26 revenue to the component districts on the basis of the number of
53-27 students in weighted average daily attendance in the component
53-28 districts.

53-29 Sec. 49.259 [~~41.159~~]. TAXES OF COMPONENT DISTRICTS. (a)
53-30 The governing board of a component school district of a
53-31 consolidated taxing district that has consolidated for maintenance
53-32 and operation purposes only may issue bonds and levy, pledge, and
53-33 collect ad valorem taxes within that component district sufficient
53-34 to pay the principal of and interest on those bonds as provided by
53-35 Chapter 45.

53-36 (b) A component district levying an ad valorem tax under
53-37 this section or Section 49.260(b)(1) [~~41.160(b)(1)~~] is entitled to
53-38 the guaranteed yield provided by Subchapter E [~~F~~], Chapter 48 [42],
53-39 for that portion of its tax rate that, when added to the maintenance
53-40 tax levied by the consolidated taxing unit, does not exceed the
53-41 limitation provided by Section 48.203 [~~42.303~~].

53-42 Sec. 49.260 [~~41.160~~]. OPTIONAL TOTAL TAX BASE
53-43 CONSOLIDATION. (a) An agreement executed under Section 49.251
53-44 [~~41.151~~] may provide for total tax base consolidation instead of
53-45 consolidation for maintenance and operation purposes only.

53-46 (b) Under an agreement providing for total tax base
53-47 consolidation:

53-48 (1) the component districts may not levy maintenance
53-49 or bond taxes, except to the extent necessary to retire bonds and
53-50 other obligations issued before the effective date of the
53-51 consolidation;

53-52 (2) the joint board may issue bonds and levy, pledge,
53-53 and collect ad valorem taxes sufficient to pay the principal of and
53-54 interest on those bonds, and issue refunding bonds, as provided by
53-55 Chapter 45 for independent school districts; and

53-56 (3) to the end of the ballot proposition required
53-57 under Section 49.253(a) [~~41.153(a)~~] shall be added ", and further
53-58 to create a consolidated tax base for the repayment of all bonded
53-59 indebtedness issued by the joint board of the taxing district after
53-60 the effective date of the consolidation and to authorize the joint
53-61 board to levy, pledge, and collect ad valorem taxes at a rate
53-62 sufficient to pay the principal of and interest on those bonds."

53-63 (c) Under an agreement providing for total tax base
53-64 consolidation:

53-65 (1) the component districts may provide for the
53-66 consolidated taxing district to assume all of the indebtedness of
53-67 all component districts; and

53-68 (2) to the end of the ballot proposition required by
53-69 Section 49.253(a) [~~41.153(a)~~] shall be added ", and further to

54-1 create a consolidated tax base for the repayment of all bonded
 54-2 indebtedness issued by the joint board of the taxing district or
 54-3 previously issued by the component school districts and to
 54-4 authorize the joint board to levy, pledge, and collect ad valorem
 54-5 taxes at a rate sufficient to pay the principal of and interest on
 54-6 those bonds."

54-7 SECTION 1.056. Subchapter G, Chapter 41, Education Code, is
 54-8 transferred to Chapter 49, Education Code, as added by this Act,
 54-9 redesignated as Subchapter G, Chapter 49, Education Code, and
 54-10 amended to read as follows:

54-11 SUBCHAPTER G. DETACHMENT AND ANNEXATION BY COMMISSIONER

54-12 Sec. 49.301 [~~41.201~~]. DEFINITION. In this subchapter,
 54-13 "mineral property" means a real property mineral interest that has
 54-14 been severed from the surface estate by a mineral lease creating a
 54-15 determinable fee or by a conveyance that creates an interest
 54-16 taxable separately from the surface estate. A mineral property
 54-17 includes each royalty interest, working interest, or other
 54-18 undivided interest in the mineral property.

54-19 Sec. 49.302 [~~41.202~~]. DETERMINATION OF TAXABLE VALUE. (a)
 54-20 For purposes of this subchapter, the taxable value of an individual
 54-21 parcel or other item of property and the total taxable value of
 54-22 property in a school district resulting from the detachment of
 54-23 property from or annexation of property to that district is
 54-24 determined by applying the appraisal ratio for the appropriate
 54-25 category of property determined under Subchapter M, Chapter 403,
 54-26 Government Code, for the preceding tax year to the taxable value of
 54-27 the detached or annexed property determined under Title 1, Tax
 54-28 Code, for the preceding tax year.

54-29 (b) For purposes of this subchapter, the taxable value of
 54-30 all or a portion of a parcel or item of real property includes the
 54-31 taxable value of personal property having taxable situs at the same
 54-32 location as the real property.

54-33 Sec. 49.303 [~~41.203~~]. PROPERTY SUBJECT TO DETACHMENT AND
 54-34 ANNEXATION. (a) Only the following property may be detached and
 54-35 annexed under this subchapter:

54-36 (1) a mineral property;
 54-37 (2) real property used in the operation of a public
 54-38 utility, including a pipeline, pipeline gathering system, or
 54-39 railroad or other rail system; and

54-40 (3) real property used primarily for industrial or
 54-41 other commercial purposes, other than property used primarily for
 54-42 agriculture or for residential purposes.

54-43 (b) If a final judgment of a court determines that a mineral
 54-44 interest may not be annexed and detached as provided by this
 54-45 subchapter without an attendant annexation and detachment of the
 54-46 surface estate or any other interest in the same land, the
 54-47 detachment and annexation of a mineral interest under this
 54-48 subchapter includes the surface estate and each other interest in
 54-49 the land covered by the mineral interest.

54-50 Sec. 49.304 [~~41.204~~]. TAXATION OF PERSONAL PROPERTY.
 54-51 Personal property having a taxable situs at the same location as
 54-52 real property detached and annexed under this subchapter is taxable
 54-53 by the school district to which the real property is annexed.

54-54 Sec. 49.305 [~~41.205~~]. DETACHMENT OF PROPERTY. (a) The
 54-55 commissioner shall detach property under this section from each
 54-56 school district from which the commissioner is required under
 54-57 Section 49.004 [~~41.004~~] to detach property under this subchapter.

54-58 (b) The commissioner shall detach from each school district
 54-59 covered by Subsection (a) one or more whole parcels or items of
 54-60 property in descending order of the taxable value of each parcel or
 54-61 item, beginning with the parcel or item having the greatest taxable
 54-62 value, until the school district's local revenue level [~~wealth per~~
 54-63 ~~student~~] is equal to or less than the [~~equalized wealth~~]
 54-64 established under Section 48.257, except as otherwise provided by
 54-65 Subsection (c).

54-66 (c) If the detachment of whole parcels or items of property
 54-67 [~~7~~] as provided by Subsection (a) would result in a district's local
 54-68 revenue level [~~wealth per student~~] that is less than the [~~equalized~~
 54-69 ~~wealth~~] level established under Section 48.257 by more than the

55-1 product of \$10,000 multiplied by weighted average daily attendance,
 55-2 the commissioner may not detach the last parcel or item of property
 55-3 and shall detach the next one or more parcels or items of property
 55-4 in descending order of taxable value that would result in the school
 55-5 district having a local revenue level [~~wealth per student~~] that is
 55-6 equal to or less than the [~~equalized wealth~~] level established
 55-7 under Section 48.257 by not more than the product of \$10,000
 55-8 multiplied by weighted average daily attendance.

55-9 (d) Notwithstanding Subsections (a), (b), and (c), the
 55-10 commissioner may detach only a portion of a parcel or item of
 55-11 property if:

55-12 (1) it is not possible under this subchapter to reduce
 55-13 the district's local revenue level [~~wealth per student~~] to a level
 55-14 that is equal to or less than the [~~equalized wealth~~] level
 55-15 established under Section 48.257 [~~this subchapter~~] unless some or
 55-16 all of the parcel or item of property is detached and the detachment
 55-17 of the whole parcel or item would result in the district from which
 55-18 it is detached having a local revenue level [~~wealth per student~~]
 55-19 that is less than the [~~equalized wealth~~] level established under
 55-20 Section 48.257 by more than the product of \$10,000 multiplied by
 55-21 weighted average daily attendance; or

55-22 (2) the commissioner determines that a partial
 55-23 detachment of that parcel or item of property is preferable to the
 55-24 detachment of one or more other parcels or items having a lower
 55-25 taxable value in order to minimize the number of parcels or items of
 55-26 property to be detached consistent with the purposes of this
 55-27 chapter.

55-28 Sec. 49.306 [~~41.206~~]. ANNEXATION OF PROPERTY. (a) The
 55-29 commissioner shall annex property detached under Section 49.305
 55-30 [~~41.205~~] to school districts eligible for annexation in accordance
 55-31 with this section. A school district is eligible for annexation of
 55-32 property to it under this subchapter only if, before any
 55-33 detachments or annexations are made in a year, the district's
 55-34 taxable value of property does not exceed the value necessary to
 55-35 generate maintenance and operations tax revenue in the amount equal
 55-36 to the district's entitlement under Section 48.202(a-1)(2) [~~wealth~~
 55-37 per student is less than the greatest level for which funds are
 55-38 provided under Subchapter F, Chapter 42].

55-39 (b) Property may be annexed to a school district without
 55-40 regard to whether the property is contiguous to other property in
 55-41 that district.

55-42 (c) The commissioner shall annex property detached from
 55-43 school districts beginning with the property detached from the
 55-44 school district with the greatest local revenue level in excess of
 55-45 entitlement [~~wealth per student~~] before detachment, and continuing
 55-46 with the property detached from each other school district in
 55-47 descending order of the district's local revenue level in excess of
 55-48 entitlement [~~wealth per student~~] before detachment.

55-49 (d) The commissioner shall annex the parcels or items of
 55-50 property detached from a school district to other school districts
 55-51 that are eligible for annexation of property in descending order of
 55-52 the taxable value of each parcel or item according to the following
 55-53 priorities:

55-54 (1) first, to the eligible school districts assigned
 55-55 to the same county as the school district from which the property is
 55-56 detached whose total adopted tax rate for the preceding tax year
 55-57 does not exceed by more than \$0.15 the total tax rate adopted for
 55-58 that year by the school district from which the property is
 55-59 detached;

55-60 (2) second, to the eligible school districts served by
 55-61 the same regional education service center as the district from
 55-62 which the property is detached whose total adopted tax rate for the
 55-63 preceding tax year does not exceed by more than \$0.10 the total tax
 55-64 rate adopted for that year by the school district from which the
 55-65 property is detached; and

55-66 (3) third, to other eligible school districts whose
 55-67 total adopted tax rate for the preceding tax year does not exceed by
 55-68 more than \$0.05 the total tax rate adopted for that year by the
 55-69 school district from which the property is detached.

56-1 (e) If the districts identified by Subsection (d) for a
 56-2 school district are insufficient to annex all the property detached
 56-3 from the school district, the commissioner shall increase, for
 56-4 purposes of this section, all the maximum difference in tax rates
 56-5 allowed under Subsection (d) in increments of \$0.01 until the
 56-6 districts are identified that are sufficient to annex all the
 56-7 property detached from the district.

56-8 (f) If only one school district is eligible to annex
 56-9 property detached from a school district within a priority group
 56-10 established by Subsections (d) and (e), the commissioner shall
 56-11 annex property to that district until it reaches the taxable value
 56-12 of property necessary to generate maintenance and operations tax
 56-13 revenue in the amount equal to the district's entitlement under
 56-14 Section 48.202(a-1)(2) [a wealth per student equal as nearly as
 56-15 possible to the greatest level for which funds are provided under
 56-16 Subchapter F, Chapter 42], by annexing whole parcels or items of
 56-17 property. Any remaining detached property shall be annexed to
 56-18 eligible school districts in the next priority group as provided by
 56-19 this section.

56-20 (g) If more than one school district is eligible to annex
 56-21 property detached from a school district within a priority group
 56-22 established by Subsections (d) and (e), the commissioner shall
 56-23 first annex property to the district within the priority group to
 56-24 which could be annexed the most taxable value of property without
 56-25 increasing the district's taxable value of property to an amount
 56-26 that exceeds the amount necessary to generate maintenance and
 56-27 operations tax revenue in the amount equal to the district's
 56-28 entitlement under Section 48.202(a-1)(2) [its wealth per student
 56-29 above the greatest level for which funds are provided under
 56-30 Subchapter F, Chapter 42], until that district reaches a taxable
 56-31 value of property necessary to generate maintenance and operations
 56-32 tax revenue in the amount equal to the district's entitlement under
 56-33 Section 48.202(a-1)(2) [wealth per student equal as nearly as
 56-34 possible to the greatest level for which funds are provided under
 56-35 Subchapter F, Chapter 42], by annexing whole parcels or items of
 56-36 property. Then any additional detached property shall be annexed
 56-37 in the same manner to other eligible school districts in the same
 56-38 priority group in descending order of capacity to receive taxable
 56-39 value of annexed property without increasing the district's taxable
 56-40 value of property to an amount that exceeds the amount necessary to
 56-41 generate maintenance and operations tax revenue in the amount equal
 56-42 to the district's entitlement under Section 48.202(a-1)(2) [wealth
 56-43 per student above the greatest level for which funds are provided
 56-44 under Subchapter F, Chapter 42]. If every school district in a
 56-45 priority group reaches a taxable value of property necessary to
 56-46 generate maintenance and operations tax revenue in the amount equal
 56-47 to the district's entitlement under Section 48.202(a-1)(2) [wealth
 56-48 per student equal to the greatest level for which funds are provided
 56-49 under Subchapter F, Chapter 42], as nearly as possible, the
 56-50 remaining detached property shall be annexed to school districts in
 56-51 the next priority group in the manner provided by this section.

56-52 (h) For purposes of this section, a portion of a parcel or
 56-53 item of property detached in that subdivided form from a school
 56-54 district is treated as a whole parcel or item of property.

56-55 (i) The commissioner may order the annexation of a portion
 56-56 of a parcel or item of property, including a portion of property
 56-57 treated as a whole parcel or item under Subsection (h), if:

56-58 (1) the annexation of the whole parcel or item would
 56-59 result in the district eligible to receive it in the appropriate
 56-60 priority order provided by this section having a local revenue
 56-61 level [wealth per student] greater than the amount by which the
 56-62 product of \$10,000 multiplied by weighted average daily attendance
 56-63 exceeds the taxable value of property necessary to generate
 56-64 maintenance and operations tax revenue in the amount equal to the
 56-65 district's entitlement under Section 48.202(a-1)(2) [more than the
 56-66 greatest level for which funds are provided under Subchapter F,
 56-67 Chapter 42]; or

56-68 (2) the commissioner determines that annexation of
 56-69 portions of the parcel or item would reduce disparities in district

57-1 taxable values of property necessary to generate maintenance and
 57-2 operations tax revenue in the amount equal to a district's
 57-3 entitlement under Section 48.202(a-1)(2) [~~wealth per student~~] more
 57-4 efficiently than would be possible if the parcel or item were
 57-5 annexed as a whole.

57-6 (j) The commissioner may modify the priorities established
 57-7 by this section as the commissioner considers reasonable to
 57-8 minimize or reduce the number of school districts to which the
 57-9 property detached from a school district is annexed, to minimize or
 57-10 reduce the geographic dispersal of property in a school district,
 57-11 to minimize or reduce disparities in school district taxable values
 57-12 of property necessary to generate maintenance and operations tax
 57-13 revenue in the amount equal to a district's entitlement under
 57-14 Section 48.202(a-1)(2) [~~wealth per student~~] that would otherwise
 57-15 result, or to minimize or reduce any administrative burden or
 57-16 expense.

57-17 (k) For purposes of this section, a school district is
 57-18 assigned to a county if the school district is assigned to that
 57-19 county in the 1992-1993 Texas School Directory published by the
 57-20 Central Education Agency.

57-21 Sec. 49.307 [~~41.207~~]. LIMITATIONS ON DETACHMENT AND
 57-22 ANNEXATION. The commissioner may detach and annex property under
 57-23 this subchapter only if:

57-24 (1) the property is not exempt from ad valorem
 57-25 taxation under Section 11.20 or 11.21, Tax Code; and

57-26 (2) the property does not contain a building or
 57-27 structure owned by the United States, this state, or a political
 57-28 subdivision of this state that is exempt from ad valorem taxation
 57-29 under law.

57-30 Sec. 49.308 [~~41.208~~]. ORDERS AND NOTICE. (a) The
 57-31 commissioner shall order any detachments and annexations of
 57-32 property under this subchapter not later than November 8 of each
 57-33 year.

57-34 (b) As soon as practicable after issuing the order under
 57-35 Subsection (a), the commissioner shall notify each affected school
 57-36 district and the appraisal district in which the affected property
 57-37 is located of the determination.

57-38 Sec. 49.309 [~~41.209~~]. TREATMENT OF SUBDIVIDED PROPERTY.

57-39 (a) If the commissioner orders the detachment or annexation of a
 57-40 portion of a parcel or item of property under this subchapter, the
 57-41 order shall specify the portion of the taxable value of the property
 57-42 to be detached or annexed and may, but need not, describe the
 57-43 specific area of the parcel or item to be detached or annexed.

57-44 (b) If an order for the detachment or annexation of a
 57-45 portion of a parcel or item of property does not describe the
 57-46 specific area of the parcel or item to be detached or annexed, the
 57-47 commissioner, as soon as practicable after issuing the order, shall
 57-48 determine the specific area to be detached or annexed and shall
 57-49 certify that determination to the appraisal district for the county
 57-50 in which the property is located.

57-51 (c) If portions of a parcel or item of property are located
 57-52 in two or more school districts as the result of a detachment or
 57-53 annexation, the parcel or item shall be appraised for taxation as a
 57-54 unit, and the commissioner shall determine the portion of the
 57-55 taxable value of the property that is located in each of those
 57-56 school districts based on the square footage of the property, or any
 57-57 other reasonable method adopted by the commissioner.

57-58 Sec. 49.310 [~~41.210~~]. DUTIES OF CHIEF APPRAISER. (a) The
 57-59 chief appraiser of each appraisal district shall cooperate with the
 57-60 commissioner in administering this subchapter. The commissioner
 57-61 may require the chief appraiser to submit any reports or provide any
 57-62 information available to the chief appraiser in the form and at the
 57-63 times required by the commissioner.

57-64 (b) As soon as practicable after the detachment and
 57-65 annexation of property, the chief appraiser of the appraisal
 57-66 district in which the property is located shall send a written
 57-67 notice of the detachment and annexation to the owner of any property
 57-68 taxable in a different school district as a result of the detachment
 57-69 and annexation. The notice must include the name of the school

58-1 district by which the property is taxable after the detachment and
58-2 annexation.

58-3 (c) The commissioner may reimburse an appraisal district
58-4 for any costs incurred in administering this subchapter and may
58-5 condition the reimbursement or the amount of the reimbursement on
58-6 the timely submission of reports or information required by the
58-7 commissioner or the satisfactory performance of any other action
58-8 required or requested by the commissioner.

58-9 Sec. 49.311 [~~41.211~~]. STUDENT ATTENDANCE. A student who
58-10 is a resident of real property detached from a school district may
58-11 choose to attend school in that district or in the district to which
58-12 the property is annexed. For purposes of determining average daily
58-13 attendance under Section 48.005 [~~42.005~~], the student shall be
58-14 counted in the district to which the property is annexed. If the
58-15 student chooses to attend school in the district from which the
58-16 property is detached, the state shall withhold any foundation
58-17 school funds from the district to which the property is annexed and
58-18 shall allocate to the district in which the student is attending
58-19 school those funds and the amount of funds equal to the difference
58-20 between the state funds the district is receiving for the student
58-21 and the district's cost in educating the student.

58-22 Sec. 49.312 [~~41.212~~]. BOND TAXES. Property detached from
58-23 a school district is released from the obligation for any tax to pay
58-24 principal and interest on bonds authorized by the district before
58-25 detachment. The property is subject to any tax to pay principal or
58-26 interest on bonds authorized by the district to which the property
58-27 is annexed whether authorized before or after annexation.

58-28 Sec. 49.313 [~~41.213~~]. DETERMINATION BY COMMISSIONER
58-29 FINAL. A decision or determination of the commissioner under this
58-30 subchapter is final and not appealable.

58-31 SECTION 1.057. Subchapter H, Chapter 41, Education Code, is
58-32 transferred to Chapter 49, Education Code, as added by this Act,
58-33 redesignated as Subchapter H, Chapter 49, Education Code, and
58-34 amended to read as follows:

58-35 SUBCHAPTER H. CONSOLIDATION BY COMMISSIONER

58-36 Sec. 49.351 [~~41.251~~]. COMMISSIONER ORDER. If the
58-37 commissioner is required under Section 49.004 [~~41.004~~] to order the
58-38 consolidation of districts, the consolidation is governed by this
58-39 subchapter. The commissioner's order shall be effective on a date
58-40 determined by the commissioner, but not later than the earliest
58-41 practicable date after November 8.

58-42 Sec. 49.352 [~~41.252~~]. SELECTION CRITERIA. (a) In
58-43 selecting the districts to be consolidated with a district that has
58-44 taxable values of property in an amount that exceeds the local
58-45 revenue level established under Section 48.257 [~~a property wealth~~
58-46 ~~greater than the equalized wealth level~~], the commissioner shall
58-47 select one or more districts [~~with a wealth per student~~] that, when
58-48 consolidated, will result in a consolidated district with a local
58-49 revenue level [~~wealth per student~~] equal to or less than the
58-50 [~~equalized wealth~~] level established under Section 48.257. In
58-51 achieving that result, the commissioner shall give priority to
58-52 school districts in the following order:

58-53 (1) first, to the contiguous district that has the
58-54 lowest local revenue level [~~wealth per student~~] and is located in
58-55 the same county;

58-56 (2) second, to the district that has the lowest local
58-57 revenue level [~~wealth per student~~] and is located in the same
58-58 county;

58-59 (3) third, to a contiguous district with a local
58-60 revenue level [~~property wealth~~] below the [~~equalized wealth~~] level
58-61 established under Section 48.257 that has requested the
58-62 commissioner that it be considered in a consolidation plan;

58-63 (4) fourth, to include as few districts as possible
58-64 that have the lowest local revenue levels below the [~~fall below the~~
58-65 ~~equalized wealth~~] level established under Section 48.257 within the
58-66 consolidation order that have not requested the commissioner to be
58-67 included;

58-68 (5) fifth, to the district that has the lowest local
58-69 revenue level [~~wealth per student~~] and is located in the same

59-1 regional education service center area; and

59-2 (6) sixth, to a district that has a tax rate similar to
59-3 that of the district that has a local revenue level [~~property~~
59-4 ~~wealth~~] greater than the [~~equalized wealth~~] level established under
59-5 Section 48.257.

59-6 (b) The commissioner may not select a district that has been
59-7 created as a result of consolidation by agreement under Subchapter
59-8 B to be consolidated under this subchapter with a district that has
59-9 a local revenue level [~~property wealth~~] greater than the [~~equalized~~
59-10 ~~wealth~~] level established under Section 48.257.

59-11 (c) In applying the selection criteria specified by
59-12 Subsection (a), if more than two districts are to be consolidated,
59-13 the commissioner shall select the third and each subsequent
59-14 district to be consolidated by treating the district that has a
59-15 local revenue level [~~property wealth~~] greater than the [~~equalized~~
59-16 ~~wealth~~] level established under Section 48.257 and the district or
59-17 districts previously selected for consolidation as one district.

59-18 Sec. 49.353 [~~41.253~~]. GOVERNANCE. (a) Until the initial
59-19 trustees elected as provided by Subsection (b) have qualified and
59-20 taken office, a district consolidated under this subchapter is
59-21 governed by a transitional board of trustees consisting of the
59-22 board of trustees of the district having the greatest student
59-23 membership on the last day of the school year preceding the
59-24 consolidation plus one member of the board of trustees of each other
59-25 consolidating district selected by that board.

59-26 (b) The transitional board of trustees shall divide the
59-27 consolidated district into nine single-member trustee districts in
59-28 accordance with the procedures provided by Section 11.052. The
59-29 transitional board shall order an election for the initial board of
59-30 trustees to be held on the first May uniform election date after the
59-31 effective date of a consolidation order.

59-32 (c) Members of the board of trustees of a consolidated
59-33 district serve staggered terms of office for four years.

59-34 (d) Section 13.156 applies to districts consolidated under
59-35 this subchapter.

59-36 Sec. 49.354 [~~41.254~~]. DISSOLUTION OF CONSOLIDATED
59-37 DISTRICT. (a) If the legislature abolishes ad valorem taxes for
59-38 public school maintenance and operations and adopts another method
59-39 of funding public education, the board of trustees of a
59-40 consolidated district created under this subchapter may dissolve
59-41 the consolidated district, provided that the dissolution is
59-42 approved by a majority of those voters residing within the district
59-43 participating in an election called for the purpose of approving
59-44 the dissolution of the consolidated school district.

59-45 (b) If a consolidated district is dissolved, each of the
59-46 former districts is restored as a separate district and is
59-47 classified as an independent district.

59-48 (c) Title to real property of the consolidated district is
59-49 allocated to the restored district in which the property is
59-50 located. Title to proportionate shares of the fund balances and
59-51 personal property of the consolidated district, as determined by
59-52 Subsection (e), are allocated to each restored district.

59-53 (d) Each of the restored districts assumes and is liable
59-54 for:

59-55 (1) indebtedness of the consolidated district that
59-56 relates to real property allocated to the district; and

59-57 (2) a proportionate share, as determined by Subsection
59-58 (e), of indebtedness of the consolidated district that does not
59-59 relate to real property.

59-60 (e) A restored district's proportionate share of fund
59-61 balances, personal property, or indebtedness is equal to the
59-62 proportion that the number of students in average daily attendance
59-63 in the restored district bears to the number of students in average
59-64 daily attendance in the consolidated district.

59-65 Sec. 49.355 [~~41.255~~]. FUND BALANCES. Fund balances of a
59-66 school district consolidated under this subchapter may be used only
59-67 for the benefit of the schools within the district that generated
59-68 the funds.

59-69 Sec. 49.356 [~~41.256~~]. EMPLOYMENT CONTRACTS. A

60-1 consolidated district created under this subchapter shall honor an
60-2 employment contract entered into by a consolidating district.

60-3 Sec. 49.357 [~~41.257~~]. APPLICATION OF [~~SMALL AND~~] SPARSE
60-4 ADJUSTMENT [~~ADJUSTMENTS~~] AND SMALL AND TRANSPORTATION ALLOTMENTS
60-5 [~~ALLOTMENT~~]. The budget of the consolidated district must apply
60-6 the benefit of the adjustment or allotment to the schools of the
60-7 consolidating district to which Section 48.052 [~~42.103~~], 48.101
60-8 [~~42.105~~], or 48.151 [~~42.155~~] would have applied in the event that
60-9 the consolidated district still qualifies as a small or sparse
60-10 district.

60-11 SECTION 1.058. Sections 825.405(a), (b), (e), and (f),
60-12 Government Code, are amended to read as follows:

60-13 (a) An employing school district or an open-enrollment
60-14 charter school, as applicable, shall pay the state's contribution
60-15 on the portion of a member's salary that exceeds the statutory
60-16 minimum salary for [~~For~~] members:

60-17 (1) entitled to the minimum salary for certain school
60-18 personnel under Section 21.402, Education Code;

60-19 (2) [~~, and for members~~] who would have been entitled to
60-20 the minimum salary for certain school personnel under former
60-21 Section 16.056, Education Code, as that section existed on January
60-22 1, 1995; and

60-23 (3) who would be entitled to the minimum salary for
60-24 certain school personnel under Section 21.402, Education Code, if
60-25 the member was employed by a school district subject to that section
60-26 instead of being employed by:

60-27 (A) an open-enrollment charter school; or

60-28 (B) a school district that has adopted a local
60-29 innovation plan under Chapter 12A, Education Code, that exempts the
60-30 district's employees from the minimum salary schedule under that
60-31 section[~~, the employing district shall pay the state's contribution~~
60-32 ~~on the portion of the member's salary that exceeds the statutory~~
60-33 ~~minimum salary].~~

60-34 (b) For purposes of this section, [~~+~~

60-35 [~~(1)~~] the statutory minimum salary for a member
60-36 described by:

60-37 (1) Subsection (a)(1) [~~certain school personnel under~~
60-38 Section 21.402, Education Code,] is the salary provided by Section
60-39 21.402, Education Code [~~that section multiplied by the cost of~~
60-40 education adjustment applicable under Section 42.102, Education
60-41 Code, to the district in which the member is employed]; [~~and~~

60-42 (2) Subsection (a)(2) [~~the statutory minimum salary~~
60-43 for members who would have been entitled to the minimum salary for
60-44 certain school personnel under former Section 16.056, Education
60-45 Code, as that section existed on January 1, 1995,] is a minimum
60-46 salary computed in the same manner as the minimum salary for certain
60-47 school personnel under Section 21.402, Education Code; and

60-48 (3) Subsection (a)(3) is the minimum salary the member
60-49 would have been entitled to if the member was subject to Section
60-50 21.402, Education Code[~~, multiplied by the cost of education~~
60-51 ~~adjustment applicable under Section 42.102, Education Code, to the~~
60-52 ~~district in which the member is employed].~~

60-53 (e) After the end of each school year, the retirement system
60-54 shall certify to the commissioner of education:

60-55 (1) the names of any employers [~~employing districts~~]
60-56 that have failed to remit, within the period required by Section
60-57 825.408, all contributions required under this section for the
60-58 school year; and

60-59 (2) the amounts of the unpaid contributions.

60-60 (f) If the commissioner of education receives a
60-61 certification under Subsection (e), the commissioner shall direct
60-62 the comptroller of public accounts to withhold the amount
60-63 certified, plus interest computed at the rate and in the manner
60-64 provided by Section 825.408, from the first state money payable to
60-65 the employer [~~school district~~]. The amount withheld shall be
60-66 deposited to the credit of the appropriate accounts of the
60-67 retirement system.

60-68 SECTION 1.059. Section 26.08, Tax Code, is amended by
60-69 amending Subsections (a), (b), (i), and (n) and adding Subsection

61-1 (a-1) to read as follows:

61-2 (a) If the governing body of a school district adopts a tax
61-3 rate that exceeds the district's rollback tax rate, the registered
61-4 voters of the district at an election held for that purpose must
61-5 determine whether to approve the adopted tax rate.

61-6 (a-1) When increased expenditure of money by a school
61-7 district is necessary to respond to a disaster, including a
61-8 tornado, hurricane, flood, or other calamity, but not including a
61-9 drought, that has impacted a school district and the governor has
61-10 requested federal disaster assistance for the area in which the
61-11 school district is located, an election is not required under this
61-12 section to approve the tax rate adopted by the governing body for
61-13 the year following the year in which the disaster occurs. A tax
61-14 rate adopted under this subsection applies only in the year for
61-15 which the rate is adopted. If a district adopts a tax rate under
61-16 this subsection, the amount by which that rate exceeds the
61-17 district's rollback tax rate for that tax year may not be considered
61-18 when calculating the district's rollback tax rate for the tax year
61-19 following the year in which the district adopts the rate.

61-20 (b) The governing body shall order that the election be held
61-21 in the school district on the next uniform election [a] date
61-22 prescribed by [not less than 30 or more than 90 days after the day on
61-23 which it adopted the tax rate.] Section 41.001, Election Code, that
61-24 occurs after the date of the election order and that allows
61-25 sufficient time to comply with the requirements of other law [does
61-26 not apply to the election unless a date specified by that section
61-27 falls within the time permitted by this section]. At the election,
61-28 the ballots shall be prepared to permit voting for or against the
61-29 proposition: "Ratifying [Approving] the ad valorem tax rate of _____
61-30 (insert adopted tax rate) [\$_____ per \$100 valuation] in (name of
61-31 school district) for the current year, a rate that will result in an
61-32 increase of _____ (insert percentage increase in maintenance and
61-33 operations tax revenue under the adopted tax rate as compared to
61-34 maintenance and operations tax revenue in the preceding tax year)
61-35 percent in maintenance and operations tax revenue for the district
61-36 for the current year as compared to the preceding year, which is an
61-37 additional \$_____ (insert dollar amount of increase in maintenance
61-38 and operations tax revenue under the adopted tax rate as compared to
61-39 maintenance and operations tax revenue in the preceding tax year)
61-40 [is \$_____ higher per \$100 valuation than the school district
61-41 rollback tax rate, for the purpose of (description of purpose of
61-42 increase)]." [The ballot proposition must include the adopted tax
61-43 rate and the difference between that rate and the rollback tax rate
61-44 in the appropriate places.]

61-45 (i) For purposes of this section, "enrichment tax rate" has
61-46 the meaning assigned by Section 45.0032, Education Code [the
61-47 effective maintenance and operations tax rate of a school district
61-48 is the tax rate that, applied to the current total value for the
61-49 district, would impose taxes in an amount that, when added to state
61-50 funds that would be distributed to the district under Chapter 42,
61-51 Education Code, for the school year beginning in the current tax
61-52 year using that tax rate, would provide the same amount of state
61-53 funds distributed under Chapter 42, Education Code, and maintenance
61-54 and operations taxes of the district per student in weighted
61-55 average daily attendance for that school year that would have been
61-56 available to the district in the preceding year if the funding
61-57 elements for Chapters 41 and 42, Education Code, for the current
61-58 year had been in effect for the preceding year].

61-59 (n) For purposes of this section, the rollback tax rate of a
61-60 school district [whose maintenance and operations tax rate for the
61-61 2005 tax year was \$1.50 or less per \$100 of taxable value] is:

61-62 (1) for the 2019 [2006] tax year, the sum of the
61-63 following:

61-64 (A) the rate [that is equal to 88.67 percent of
61-65 the maintenance and operations tax rate adopted by the district for
61-66 the 2005 tax year, the rate of \$0.04] per \$100 of taxable value that
61-67 is equal to the product of the state compression percentage, as
61-68 determined under Section 48.255, Education Code, for the 2019 tax
61-69 year and \$1.00;

62-1 (B) the greater of:
 62-2 (i) the district's maintenance and
 62-3 operations tax rate for the 2018 tax year, less the sum of:
 62-4 (a) \$1.00; and
 62-5 (b) any amount by which the district
 62-6 is required to reduce the district's enrichment tax rate under
 62-7 Section 48.202(f), Education Code, in the 2019 tax year; or
 62-8 (ii) the rate of \$0.04 per \$100 of taxable
 62-9 value; and

62-10 (C) [~~and~~] the district's current debt rate; and
 62-11 (2) For the 2020 [2007] and subsequent tax years, the
 62-12 sum [~~lesser~~] of the following:

62-13 (A) [~~the sum of the following:~~
 62-14 [~~(i)~~] the rate per \$100 of taxable value
 62-15 that is equal to the product of the state compression percentage, as
 62-16 determined under Section 48.255 [42.2516], Education Code, for the
 62-17 current year and \$1.00 [~~\$1.50~~];

62-18 (B) the greater of:
 62-19 (i) the district's enrichment tax rate for
 62-20 the preceding tax year, less any amount by which the district is
 62-21 required to reduce the district's enrichment tax rate under Section
 62-22 48.202(f), Education Code, in the current tax year; or
 62-23 (ii) the rate of \$0.04 per \$100 of taxable
 62-24 value; and

62-25 (C) [~~(iii) the rate that is equal to the sum of~~
 62-26 ~~the differences for the 2006 and each subsequent tax year between~~
 62-27 ~~the adopted tax rate of the district for that year if the rate was~~
 62-28 ~~approved at an election under this section and the rollback tax rate~~
 62-29 ~~of the district for that year; and~~

62-30 [~~(iv)~~] the district's current debt rate[~~+~~
 62-31 ~~or~~

62-32 [~~(B) the sum of the following:~~
 62-33 [~~(i) the effective maintenance and~~
 62-34 ~~operations tax rate of the district as computed under Subsection~~
 62-35 ~~(i) or (k), as applicable;~~

62-36 [~~(ii) the rate per \$100 of taxable value~~
 62-37 ~~that is equal to the product of the state compression percentage, as~~
 62-38 ~~determined under Section 42.2516, Education Code, for the current~~
 62-39 ~~year and \$0.06; and~~

62-40 [~~(iii) the district's current debt rate~~].

62-41 ARTICLE 2. PUBLIC EDUCATION

62-42 SECTION 2.001. Chapter 4, Education Code, is amended by
 62-43 adding Section 4.003 to read as follows:

62-44 Sec. 4.003. 60x30TX GOALS. To further the state's master
 62-45 plan developed under Section 61.051 for at least 60 percent of all
 62-46 adults aged 25 to 34 in this state to achieve a postsecondary degree
 62-47 or workforce credential by 2030, the following goals are
 62-48 established:

62-49 (1) at least 60 percent of all public school students
 62-50 in each demographic category considered under Section 39.053(c)(3)
 62-51 shall perform satisfactorily on a third grade reading assessment
 62-52 instrument described by Section 48.109(b) by 2030; and

62-53 (2) at least 60 percent of all public school students
 62-54 in each demographic category considered under Section 39.053(c)(3)
 62-55 who graduate high school shall meet college, career, and military
 62-56 readiness standards as provided by Section 48.110(e) by 2030.

62-57 SECTION 2.002. Section 7.028(a), Education Code, is amended
 62-58 to read as follows:

62-59 (a) Except as provided by Section 29.001(5), 29.010(a), or
 62-60 39.057, the agency may monitor compliance with requirements
 62-61 applicable to a process or program provided by a school district,
 62-62 campus, program, or school granted charters under Chapter 12,
 62-63 including the process described by Subchapter F, Chapter 11, or a
 62-64 program described by Subchapter B, C, D, E, F, H, or I, Chapter 29,
 62-65 Subchapter A, Chapter 37, or Section 38.003, [~~and the use of funds~~
 62-66 ~~provided for such a program under Subchapter C, Chapter 42,~~] only as
 62-67 necessary to ensure:

- 62-68 (1) compliance with federal law and regulations;
- 62-69 (2) financial accountability, including compliance

63-1 with grant requirements; ~~and~~

63-2 (3) data integrity for purposes of:

63-3 (A) the Public Education Information Management
63-4 System (PEIMS); and

63-5 (B) accountability under Chapters 39 and 39A; and

63-6 (4) qualification for funding under Chapter 48.

63-7 SECTION 2.003. Subchapter B, Chapter 7, Education Code, is
63-8 amended by adding Sections 7.038 and 7.039 to read as follows:

63-9 Sec. 7.038. 60x30TX PROGRESS REPORT. (a) Not later than
63-10 December 1 of each even-numbered year, the agency and the Texas
63-11 Higher Education Coordinating Board jointly shall prepare and
63-12 submit to the governor, the lieutenant governor, the speaker of the
63-13 house of representatives, and the standing legislative committees
63-14 with primary jurisdiction over public education a report assessing
63-15 the state's progress toward achieving the 60x30TX goals established
63-16 under Section 4.003.

63-17 (b) The report must:

63-18 (1) be combined with the Texas Higher Education
63-19 Coordinating Board's report on the state's master plan for higher
63-20 education required under Section 61.051(a-3); and

63-21 (2) analyze progress made toward the 60x30TX goals
63-22 disaggregated by each demographic category considered under
63-23 Section 39.053(c)(3).

63-24 Sec. 7.039. POSTSECONDARY OUTCOMES REPORTING. To track
63-25 progress toward the 60x30TX goals established under Section 4.003,
63-26 the agency shall:

63-27 (1) maintain an online reporting system regarding the
63-28 postsecondary outcomes of students enrolled in:

63-29 (A) each school district or open-enrollment
63-30 charter school; and

63-31 (B) each public high school; and

63-32 (2) collect data as necessary to maintain the
63-33 reporting system under Subdivision (1).

63-34 SECTION 2.004. Subchapter C, Chapter 7, Education Code, is
63-35 amended by adding Section 7.070 to read as follows:

63-36 Sec. 7.070. COORDINATION OF DATA COLLECTION. The
63-37 commissioner may enter into agreements with appropriate entities as
63-38 necessary to provide for the collection of data regarding college,
63-39 career, and military readiness of public school students, including
63-40 data maintained by:

63-41 (1) governmental agencies of the United States, this
63-42 state, or another state;

63-43 (2) political subdivisions of this state or another
63-44 state;

63-45 (3) public or private institutions of higher
63-46 education; and

63-47 (4) relevant private organizations.

63-48 SECTION 2.005. Subchapter D, Chapter 11, Education Code, is
63-49 amended by adding Section 11.185 to read as follows:

63-50 Sec. 11.185. 60x30TX DISTRICT GOALS. (a) To support the
63-51 achievement of the 60x30TX goals established under Section 4.003,
63-52 the board of trustees of a school district shall develop at least
63-53 three student outcome goals, with five-year performance targets for
63-54 each goal. At least one goal must support early childhood literacy.

63-55 (b) The board of trustees shall regularly monitor the
63-56 district's progress toward each goal developed under Subsection
63-57 (a), including progress toward those goals by students in each
63-58 demographic category considered under Section 39.053(c)(3).

63-59 (c) Not later than September 1 of each year, each school
63-60 district shall post on the district's Internet website a report
63-61 assessing the progress of the district and each campus in the
63-62 district toward achieving the goals developed under Subsection (a).

63-63 SECTION 2.006. Subchapter F, Chapter 11, Education Code, is
63-64 amended by adding Section 11.256 to read as follows:

63-65 Sec. 11.256. EARLY CHILDHOOD LITERACY PLAN. (a) To support
63-66 achieving the student outcome goal or goals regarding early
63-67 childhood literacy developed under Section 11.185, each school
63-68 district shall adopt and post on the district's Internet website an
63-69 early childhood literacy plan.

64-1 (b) The plan adopted under Subsection (a) must:
 64-2 (1) provide for the use of a phonics curriculum that
 64-3 uses systematic direct instruction in kindergarten through third
 64-4 grade to ensure all students obtain necessary early literacy
 64-5 skills;

64-6 (2) identify the reading instruments used to diagnose
 64-7 student reading development and comprehension in prekindergarten
 64-8 through third grade, including the purpose of each instrument and
 64-9 the frequency of its use;

64-10 (3) provide for targeted professional development for
 64-11 classroom teachers in kindergarten or first, second, or third grade
 64-12 that focuses on scientifically supported reading instructional
 64-13 practices and the effective use of reading instruments intended to
 64-14 diagnose reading development and comprehension;

64-15 (4) assign at least one district-level administrator
 64-16 or employee of the regional education service center for the
 64-17 district's region to:

64-18 (A) coordinate implementation of the plan; and

64-19 (B) submit a quarterly report to the board of
 64-20 trustees of the district on the district's progress toward the
 64-21 student outcome goal or goals regarding early childhood literacy
 64-22 developed under Section 11.185, including aggregated results on
 64-23 reading instruments administered in prekindergarten through third
 64-24 grade during that quarter; and

64-25 (5) be reviewed annually by the board of trustees at a
 64-26 public meeting.

64-27 (c) A school district shall post the quarterly report
 64-28 described by Subsection (b)(4)(B) on the district's Internet
 64-29 website.

64-30 (d) The agency shall assist school districts as necessary to
 64-31 ensure compliance with this section.

64-32 SECTION 2.007. Section 12A.003(b), Education Code, is
 64-33 amended to read as follows:

64-34 (b) A local innovation plan must:

64-35 (1) provide for a comprehensive educational program
 64-36 for the district, which program may include:

64-37 (A) innovative curriculum, instructional
 64-38 methods, and provisions regarding community participation, campus
 64-39 governance, and parental involvement;

64-40 (B) except as provided by Section 12A.004(a),
 64-41 modifications to the school day or year;

64-42 (C) provisions regarding the district budget and
 64-43 sustainable program funding;

64-44 (D) accountability and assessment measures that
 64-45 exceed the requirements of state and federal law; and

64-46 (E) any other innovations prescribed by the board
 64-47 of trustees; and

64-48 (2) identify requirements imposed by this code that
 64-49 inhibit the goals of the plan and from which the district should be
 64-50 exempted on adoption of the plan, subject to Section 12A.004.

64-51 SECTION 2.008. Section 12A.004(a), Education Code, is
 64-52 amended to read as follows:

64-53 (a) A local innovation plan may not provide for the
 64-54 exemption of a district designated as a district of innovation from
 64-55 the following provisions of this title:

64-56 (1) a state or federal requirement applicable to an
 64-57 open-enrollment charter school operating under Subchapter D,
 64-58 Chapter 12;

64-59 (2) Subchapters A, C, D, and E, Chapter 11, except that
 64-60 a district may be exempt from Sections 11.1511(b)(5) and (14) and
 64-61 Section 11.162;

64-62 (3) state curriculum and graduation requirements
 64-63 adopted under Chapter 28; ~~and~~

64-64 (4) academic and financial accountability and
 64-65 sanctions under Chapters 39 and 39A; and

64-66 (5) the first day of instruction requirements under
 64-67 Section 25.0811(a)(3).

64-68 SECTION 2.009. Subchapter B, Chapter 21, Education Code, is
 64-69 amended by adding Sections 21.063 and 21.064 to read as follows:

65-1 Sec. 21.063. TEACHER DESIGNATIONS ON CERTIFICATE. (a) The
 65-2 board shall place the appropriate designation issued to a teacher
 65-3 under Subchapter P on the teacher's certificate as soon as
 65-4 practicable after being notified by the agency of the issuance of
 65-5 the designation.

65-6 (b) The board shall remove a designation under Subchapter P
 65-7 from a teacher's certificate on:

65-8 (1) expiration of the designation, unless the agency
 65-9 notifies the board that the designation has been renewed; or

65-10 (2) revocation of the designation under Section
 65-11 21.755(d).

65-12 Sec. 21.064. LEGACY MASTER TEACHER CERTIFICATIONS. (a)
 65-13 The board shall recognize a master teacher certificate issued under
 65-14 former Section 21.0481, 21.0482, 21.0483, or 21.0484 until the
 65-15 certificate expires. The board shall note a designation of
 65-16 "legacy" on the certificate.

65-17 (b) A master teacher certificate described by Subsection
 65-18 (a) is not eligible for funding under the teacher incentive
 65-19 allotment under Section 48.112.

65-20 SECTION 2.010. Sections 21.351(a) and (c), Education Code,
 65-21 are amended to read as follows:

65-22 (a) The commissioner shall adopt a recommended appraisal
 65-23 process and criteria on which to appraise the performance of
 65-24 teachers. The criteria must be based on observable, job-related
 65-25 behavior, including:

65-26 (1) a teacher's [~~teachers'~~] implementation of
 65-27 discipline management procedures; and

65-28 (2) the performance of a teacher's [~~teachers'~~]
 65-29 students.

65-30 (c) Under the recommended appraisal process, an appraiser
 65-31 must be the teacher's supervisor or a person approved by the board
 65-32 of trustees. An appraiser who is a classroom teacher may not
 65-33 appraise the performance of another classroom teacher who teaches
 65-34 at the same school campus at which the appraiser teaches, unless it
 65-35 is impractical because of the number of campuses or unless the
 65-36 appraiser is in a supervisory role or is the chair of a department
 65-37 or grade level whose job description includes classroom observation
 65-38 responsibilities.

65-39 SECTION 2.011. Section 21.352(c), Education Code, is
 65-40 amended to read as follows:

65-41 (c) Except as otherwise provided by this subsection,
 65-42 appraisal must be done at least once for [~~during~~] each school year.
 65-43 A teacher may be appraised less frequently if the teacher agrees in
 65-44 writing and the teacher's most recent evaluation rated the teacher
 65-45 as at least proficient, or the equivalent, and did not identify any
 65-46 area of deficiency. A teacher who is appraised less frequently than
 65-47 annually must be appraised at least once during each period of five
 65-48 school years. The district shall maintain a written copy of the
 65-49 evaluation of each teacher's performance in the teacher's personnel
 65-50 file. Each teacher is entitled to receive a written copy of the
 65-51 evaluation promptly on its completion. After receiving a written
 65-52 copy of the evaluation, a teacher is entitled to a second appraisal
 65-53 by a different appraiser or to submit a written rebuttal to the
 65-54 evaluation to be attached to the evaluation in the teacher's
 65-55 personnel file. The evaluation and any rebuttal may be given to
 65-56 another school district at which the teacher has applied for
 65-57 employment at the request of that district.

65-58 SECTION 2.012. Section 21.355(d), Education Code, is
 65-59 amended to read as follows:

65-60 (d) A school district or open-enrollment charter school
 65-61 shall [~~may~~] give the agency information regarding the performance
 65-62 of a teacher or administrator, including a document evaluating the
 65-63 performance of a teacher or administrator currently or previously
 65-64 employed by the district or school [~~for purposes of an~~
 65-65 investigation conducted by the agency].

65-66 SECTION 2.013. Subchapter I, Chapter 21, Education Code, is
 65-67 amended by adding Section 21.4023 to read as follows:

65-68 Sec. 21.4023. CLASSROOM TEACHER AND LIBRARIAN SALARY
 65-69 INCREASE. (a) A classroom teacher or full-time librarian employed

66-1 by a school district or open-enrollment charter school in the
 66-2 2019-2020 school year is, as long as the teacher or librarian is
 66-3 employed by the same district or school, entitled to a salary that
 66-4 is at least equal to the salary the teacher or librarian received
 66-5 for the 2019-2020 school year.

66-6 (a-1) For the 2019-2020 school year, a school district or
 66-7 open-enrollment charter school shall increase the salary of each
 66-8 classroom teacher and full-time librarian employed by the district
 66-9 or school in the 2018-2019 school year by at least \$5,000. This
 66-10 subsection expires September 1, 2020.

66-11 (b) The commissioner may adopt rules as necessary to
 66-12 implement this section.

66-13 SECTION 2.014. Section 21.410(c), Education Code, is
 66-14 amended to read as follows:

66-15 (c) The commissioner shall annually identify each high-need
 66-16 campus in a school district using criteria established by the
 66-17 commissioner by rule, including performance on the language arts
 66-18 [~~reading~~] assessment instrument administered under Section 39.023.
 66-19 The commissioner shall also use the criteria to rank campuses in
 66-20 order of greatest need.

66-21 SECTION 2.015. Section 21.4551(c), Education Code, is
 66-22 amended to read as follows:

66-23 (c) The commissioner by rule shall require a teacher to
 66-24 attend a reading academy if the teacher provides instruction in
 66-25 reading, mathematics, science, or social studies to students at the
 66-26 sixth, seventh, or eighth grade level at a campus that fails to
 66-27 satisfy any standard under Section 39.054(e) on the basis of
 66-28 student performance on the language arts [~~reading~~] assessment
 66-29 instrument administered under Section 39.023(a) to students in any
 66-30 grade level at the campus.

66-31 SECTION 2.016. Chapter 21, Education Code, is amended by
 66-32 adding Subchapter P to read as follows:

66-33 SUBCHAPTER P. RECOGNIZED, EXEMPLARY, AND MASTER TEACHER
 66-34 DESIGNATIONS

66-35 Sec. 21.751. DEFINITION. In this subchapter, "classroom
 66-36 teacher" includes an individual who:

66-37 (1) is a teacher of record who teaches at least half
 66-38 the average number of students for a teaching assignment at the
 66-39 school campus at which the teacher is employed; and

66-40 (2) satisfies the amount of teaching time requirement
 66-41 in the definition of a classroom teacher under Section 5.001 by
 66-42 providing educator leadership, including collaborating with,
 66-43 mentoring, or supporting other teachers.

66-44 Sec. 21.752. RECOGNIZED, EXEMPLARY, AND MASTER TEACHER
 66-45 DESIGNATIONS. (a) To recognize the performance of teachers in this
 66-46 state, the commissioner shall:

66-47 (1) establish an approval process for school districts
 66-48 and open-enrollment charter schools to designate a teacher as a
 66-49 recognized, exemplary, or master teacher and include the
 66-50 designation on the teacher's teaching certificate;

66-51 (2) develop and provide technical assistance for
 66-52 school districts and open-enrollment charter schools in making
 66-53 teacher designations, including:

66-54 (A) methods to involve staff in locally
 66-55 developing the process for designating teachers under this
 66-56 subchapter; and

66-57 (B) assistance focusing on problems faced by
 66-58 rural school districts; and

66-59 (3) subject to Subsection (b), authorize school
 66-60 districts and open-enrollment charter schools to make teacher
 66-61 designations for a five-year period, provided that the district's
 66-62 or school's teacher designation system meets the requirements under
 66-63 Section 21.754.

66-64 (b) The commissioner shall verify that the appraisals of a
 66-65 representative sample of classroom teachers meet the requirements
 66-66 for teacher designations under this subchapter. Verification may
 66-67 include on-site classroom observations or observations by video or
 66-68 audio recording of classroom sessions.

66-69 (c) The commissioner may not rely solely on student

67-1 performance on an assessment instrument administered under Section
 67-2 39.023 in determining whether a school district's or
 67-3 open-enrollment charter school's teacher designation system
 67-4 complies with this subchapter.

67-5 Sec. 21.753. ELIGIBILITY CRITERIA FOR TEACHER DESIGNATION.

67-6 (a) To be eligible for a teacher designation under this subchapter,
 67-7 a classroom teacher must:

67-8 (1) hold an eligible teaching certificate issued under
 67-9 Subchapter B; and

67-10 (2) satisfy any additional requirements adopted by the
 67-11 school district or open-enrollment charter school at which the
 67-12 teacher is employed.

67-13 (b) A school district or open-enrollment charter school may
 67-14 designate a classroom teacher as recognized if the classroom
 67-15 teacher:

67-16 (1) holds a National Board Certification issued by the
 67-17 National Board for Professional Teaching Standards; and

67-18 (2) meets the other requirements of Subsection (a).

67-19 (c) Except as provided by Subsection (d), the commissioner
 67-20 may approve a school district or open-enrollment charter school to
 67-21 designate a teacher under this subchapter if the district's or
 67-22 school's designation system under Section 21.754 provides
 67-23 sufficient information to distinguish that among teachers in the
 67-24 state in similar teaching assignments, the teacher is:

67-25 (1) for a recognized teacher, in the top 33 percent in
 67-26 teaching performance;

67-27 (2) for an exemplary teacher, in the top 20 percent in
 67-28 teaching performance; or

67-29 (3) for a master teacher, in the top 5 percent of
 67-30 teaching performance.

67-31 (d) The commissioner may raise the percentages required
 67-32 under Subsection (c) to ensure consistency of teacher performance
 67-33 standards over multiple school years as statewide performance
 67-34 improves, including for the purpose of teacher designation
 67-35 renewals.

67-36 Sec. 21.754. TEACHER DESIGNATION SYSTEMS. (a) A school
 67-37 district's or open-enrollment charter school's teacher designation
 67-38 system must incorporate:

67-39 (1) an educator appraisal system that complies with
 67-40 Section 21.351 or 21.352, including incorporating student
 67-41 performance, which may be measured by student performance over
 67-42 multiple school years;

67-43 (2) student perception surveys for the third grade
 67-44 level and higher;

67-45 (3) educator leadership, including collaborating
 67-46 with, mentoring, or supporting other teachers;

67-47 (4) reliable observation-based appraisal components,
 67-48 including the use of independent observers and processes to ensure
 67-49 inter-rater reliability of observers; and

67-50 (5) reliable underlying student assessments used to
 67-51 evaluate student performance, including test security protocols
 67-52 and defined testing windows.

67-53 (a-1) A school district's or open-enrollment charter
 67-54 school's teacher designation system is not required to incorporate
 67-55 the surveys required under Subsection (a)(2) until the 2022-2023
 67-56 school year. This subsection expires September 1, 2023.

67-57 (b) A district's or school's educator appraisal system under
 67-58 Subsection (a)(1) may not rely solely on student performance on
 67-59 assessment instruments administered under Section 39.023.

67-60 (c) The commissioner may not authorize a school district or
 67-61 open-enrollment charter school to make teacher designations under
 67-62 this subchapter until the district's or school's teacher
 67-63 designation system has evaluated classroom teachers in compliance
 67-64 with Subsection (a).

67-65 (d) The commissioner may develop an auditing process for
 67-66 teacher designation systems to maintain quality and ensure
 67-67 compliance. The commissioner may, as necessary:

67-68 (1) revoke the commissioner's approval of a
 67-69 designation system;

68-1 (2) require modifications to a designation system to
68-2 retain the commissioner's approval;

68-3 (3) suspend eligibility for funding for a district's
68-4 or school's noncompliance with an audit; or

68-5 (4) recover funds under Section 48.272 from a district
68-6 or school that has a designation system that is out of compliance or
68-7 for which the commissioner's approval has been revoked.

68-8 (e) The commissioner may adopt necessary reporting
68-9 processes and timelines for the auditing process under Subsection
68-10 (d).

68-11 Sec. 21.755. VALIDITY AND EXPIRATION OF TEACHER
68-12 DESIGNATION. (a) A teacher designation under this subchapter:

68-13 (1) is valid until the teacher designation expires
68-14 regardless of whether the teacher:

68-15 (A) changes teaching assignment;

68-16 (B) transfers school campuses; or

68-17 (C) is employed by another school district or
68-18 open-enrollment charter school; and

68-19 (2) expires at the end of the school year during which
68-20 the fifth anniversary of the date on which the teacher receives the
68-21 designation occurs.

68-22 (b) A teacher has no vested property right in a teacher
68-23 designation assigned to the teacher under this subchapter.

68-24 (c) A teacher designation issued under this subchapter is
68-25 void on the determination that the designation was issued
68-26 improperly. Subchapters C through H, Chapter 2001, Government
68-27 Code, do not apply to the voiding of a teacher designation under
68-28 this subsection.

68-29 (d) The State Board for Educator Certification may revoke or
68-30 suspend a certificate holder's teacher designation issued under
68-31 this subchapter.

68-32 Sec. 21.756. MULTIPLE DESIGNATIONS PROHIBITED. A teacher
68-33 may receive only one teacher designation under this subchapter at
68-34 any time. If a teacher qualifies for:

68-35 (1) both a recognized and exemplary teacher
68-36 designation, the teacher receives the exemplary designation; and

68-37 (2) either a recognized or exemplary designation and a
68-38 master designation, the teacher receives a master designation.

68-39 Sec. 21.757. INFORMATION RELATING TO TEACHER AND STUDENT
68-40 PERFORMANCE. (a) The agency, or an entity the agency contracts
68-41 with to implement this subchapter, may access information required
68-42 to verify an eligibility determination under this subchapter,
68-43 including information from the school district or open-enrollment
68-44 charter school at which the teacher is or was employed relating to
68-45 the performance of the teacher's current or previous students.

68-46 (b) The agency shall collect information necessary to
68-47 implement this subchapter, which may include student performance
68-48 information for a sample of students across the state and
68-49 information regarding educator appraisals.

68-50 (c) A school district or open-enrollment charter school
68-51 shall provide any information required under this subchapter.

68-52 (d) Information otherwise confidential remains
68-53 confidential and is not subject to Chapter 552, Government Code.

68-54 Sec. 21.758. FEES. (a) The commissioner may adopt fees for
68-55 the authorization of school districts and open-enrollment charter
68-56 schools to make teacher designations under this subchapter.

68-57 (b) A fee adopted by the agency under this subchapter is not
68-58 subject to Sections 2001.0045 and 2001.0221, Government Code.

68-59 Sec. 21.759. STUDENT PERFORMANCE STUDY. (a) The
68-60 commissioner shall periodically conduct a study using an external
68-61 organization to determine the impact of the teacher designations
68-62 issued under this subchapter on student performance.

68-63 (b) The commissioner shall make recommendations as
68-64 necessary to the governor and the legislature to improve the
68-65 quality of and impact on student performance of teacher
68-66 designations issued under this subchapter.

68-67 Sec. 21.760. ADVISORY COMMITTEE OR PANEL. (a) The
68-68 commissioner may appoint a committee or panel to advise, make
68-69 recommendations, or make determinations relating to any duties

69-1 assigned to the commissioner under this subchapter.

69-2 (b) A committee or panel appointed under this section is not
 69-3 subject to Chapter 2110, Government Code.

69-4 Sec. 21.761. RULES; FINALITY OF DECISIONS. (a) The
 69-5 commissioner may adopt rules to implement this subchapter.

69-6 (b) A decision made by the commissioner under this
 69-7 subchapter is final and may not be appealed.

69-8 SECTION 2.017. Section 25.0811(a), Education Code, is
 69-9 amended to read as follows:

69-10 (a) Except as provided by this section, a school district
 69-11 may not begin instruction for students for a school year before the
 69-12 fourth Monday in August. A school district may:

69-13 (1) begin instruction for students for a school year
 69-14 before the fourth Monday in August if the district operates a
 69-15 year-round system under Section 25.084; ~~[or]~~

69-16 (2) begin instruction for students for a school year
 69-17 on or after the first Monday in August at a campus or at not more
 69-18 than 20 percent of the campuses in the district if:

69-19 (A) the district has a student enrollment of
 69-20 190,000 or more;

69-21 (B) the district at the beginning of the school
 69-22 year provides, financed with local funds, days of instruction for
 69-23 students at the campus or at each of the multiple campuses, in
 69-24 addition to the minimum ~~[number of days of]~~ instruction time
 69-25 required under Section 25.081;

69-26 (C) the campus or each of the multiple campuses
 69-27 is [are] undergoing comprehensive reform, as determined by the
 69-28 board of trustees of the district; and

69-29 (D) a majority of the students at the campus or at
 69-30 each of the multiple campuses are educationally disadvantaged; or

69-31 (3) begin instruction for students for a school year
 69-32 on or after the third Monday in August if the district is designated
 69-33 as a district of innovation under Chapter 12A.

69-34 SECTION 2.018. Section 25.085, Education Code, is amended
 69-35 by adding Subsection (i) to read as follows:

69-36 (i) Notwithstanding any other provision of this section, a
 69-37 student enrolled in a school district is not required to attend
 69-38 school for any additional instructional days described by Section
 69-39 48.0051.

69-40 SECTION 2.019. Section 28.006, Education Code, is amended
 69-41 by amending Subsections (b), (c), (c-1), (d), and (f) and adding
 69-42 Subsections (b-1), (b-2), (c-2), (c-3), and (l) to read as follows:

69-43 (b) The commissioner shall adopt a list of reading
 69-44 instruments that a school district may use to diagnose student
 69-45 reading development and comprehension. For use in diagnosing the
 69-46 reading development and comprehension of kindergarten students,
 69-47 the commissioner shall adopt a [include on the commissioner's list
 69-48 at least two] multidimensional assessment tool that includes
 69-49 [tools. A multidimensional assessment tool on the commissioner's
 69-50 list must either include] a reading instrument and tests [test] at
 69-51 least three developmental skills, including literacy[, or test at
 69-52 least two developmental skills, other than literacy, and be
 69-53 administered in conjunction with a separate reading instrument that
 69-54 is on a list adopted under this subsection]. A multidimensional
 69-55 assessment tool administered as provided by this subsection is
 69-56 considered to be a reading instrument for purposes of this section.
 69-57 A district-level committee established under Subchapter F, Chapter
 69-58 11, may adopt a list of reading instruments for use in the district
 69-59 in a grade level other than kindergarten in addition to the reading
 69-60 instruments on the commissioner's list. Each reading instrument
 69-61 adopted by the commissioner or a district-level committee must be
 69-62 based on scientific research concerning reading skills development
 69-63 and reading comprehension. A list of reading instruments adopted
 69-64 under this subsection must provide for diagnosing the reading
 69-65 development and comprehension of students participating in a
 69-66 program under Subchapter B, Chapter 29.

69-67 (b-1) The commissioner may approve an alternative reading
 69-68 instrument for use in diagnosing the reading development and
 69-69 comprehension of kindergarten students that complies with the

70-1 requirements under Subsection (b).

70-2 (b-2) The agency may develop reading instruments for
70-3 purposes of this section.

70-4 (c) Each school district shall administer, at the
70-5 ~~[kindergarten and]~~ first and second grade levels, a reading
70-6 instrument on the list adopted by the commissioner or by the
70-7 district-level committee. The district shall administer the
70-8 reading instrument in accordance with the commissioner's
70-9 recommendations under Subsection (a)(1).

70-10 (c-1) Each school district shall administer at the
70-11 beginning of the seventh grade a reading instrument adopted by the
70-12 commissioner to each student whose performance on the assessment
70-13 instrument in language arts ~~[reading]~~ administered under Section
70-14 39.023(a) to the student in grade six did not demonstrate reading
70-15 proficiency, as determined by the commissioner. The district shall
70-16 administer the reading instrument in accordance with the
70-17 commissioner's recommendations under Subsection (a)(1).

70-18 (c-2) Each school district shall administer at the
70-19 kindergarten level a reading instrument adopted by the commissioner
70-20 under Subsection (b) or approved by the commissioner under
70-21 Subsection (b-1). The district shall administer the reading
70-22 instrument in accordance with the commissioner's recommendations
70-23 under Subsection (a)(1).

70-24 (c-3) The commissioner by rule shall determine the
70-25 performance on the reading instrument adopted under Subsection (b)
70-26 that indicates kindergarten readiness.

70-27 (d) The superintendent of each school district shall:

70-28 (1) report to the commissioner and the board of
70-29 trustees of the district the results of the reading instruments;

70-30 (2) not later than the 60th day after the date on which
70-31 a reading instrument was administered report, in writing, to a
70-32 student's parent or guardian the student's results on the ~~[reading]~~
70-33 instrument; and

70-34 (3) using the school readiness certification system
70-35 provided to the school district in accordance with Section
70-36 29.161(e), report electronically each student's raw score on the
70-37 reading instrument to the agency for use in the school readiness
70-38 certification system.

70-39 (f) The agency shall ensure at least one reading instrument
70-40 for each grade level for which a reading instrument is required to
70-41 be administered under this section is available to school districts
70-42 at no cost. ~~[This section may be implemented only if funds are~~
70-43 ~~appropriated for administering the reading instruments. Funds,~~
70-44 ~~other than local funds, may be used to pay the cost of administering~~
70-45 ~~a reading instrument only if the instrument is on the list adopted~~
70-46 ~~by the commissioner.]~~

70-47 (1) The commissioner may adopt rules as necessary to
70-48 implement this section. Section 2001.0045, Government Code, does
70-49 not apply to rules adopted under this subsection.

70-50 SECTION 2.020. Section 28.0061(b), Education Code, is
70-51 amended to read as follows:

70-52 (b) A school district is eligible to participate in the
70-53 pilot program if, as determined by the commissioner, the district
70-54 has low student performance on:

70-55 (1) a reading instrument administered in accordance
70-56 with Section 28.006(c); or

70-57 (2) a third grade language arts ~~[reading]~~ assessment
70-58 instrument administered under Section 39.023(a).

70-59 SECTION 2.021. Section 28.0211(a), Education Code, is
70-60 amended to read as follows:

70-61 (a) Except as provided by Subsection (b) or (e), a student
70-62 may not be promoted to:

70-63 (1) the sixth grade program to which the student would
70-64 otherwise be assigned if the student does not perform
70-65 satisfactorily on the fifth grade mathematics and language arts
70-66 ~~[reading]~~ assessment instruments under Section 39.023; or

70-67 (2) the ninth grade program to which the student would
70-68 otherwise be assigned if the student does not perform
70-69 satisfactorily on the eighth grade mathematics and language arts

71-1 [~~reading~~] assessment instruments under Section 39.023.

71-2 SECTION 2.022. Section 28.025(c), Education Code, is
71-3 amended to read as follows:

71-4 (c) A person may receive a diploma if the person is eligible
71-5 for a diploma under Section 28.0251. In other cases, a student may
71-6 graduate and receive a diploma only if:

71-7 (1) the student successfully completes the curriculum
71-8 requirements identified by the State Board of Education under
71-9 Subsection (a) and complies with Sections 28.0256 and [Section]
71-10 39.025; or

71-11 (2) the student successfully completes an
71-12 individualized education program developed under Section 29.005.

71-13 SECTION 2.023. Subchapter B, Chapter 28, Education Code, is
71-14 amended by adding Section 28.0256 to read as follows:

71-15 Sec. 28.0256. FINANCIAL AID APPLICATION REQUIREMENT FOR
71-16 HIGH SCHOOL GRADUATION. (a) Before graduating from high school,
71-17 each student must complete and submit a free application for
71-18 federal student aid (FAFSA) or, if applicable, a Texas application
71-19 for state financial aid (TASFA).

71-20 (b) A student is not required to comply with Subsection (a)
71-21 if:

71-22 (1) the student's parent or other person standing in
71-23 parental relation submits a signed form indicating that the parent
71-24 or other person authorizes the student to decline to complete and
71-25 submit the financial aid application; or

71-26 (2) the student signs and submits the form described
71-27 by Subdivision (1) on the student's own behalf if the student is 18
71-28 years of age or older or the student's disabilities of minority have
71-29 been removed for general purposes under Chapter 31, Family Code.

71-30 (c) The agency, in consultation with the Texas Higher
71-31 Education Coordinating Board, shall develop a form to be used by a
71-32 school district or open-enrollment charter school for purposes of
71-33 Subsection (b).

71-34 SECTION 2.024. Section 29.056(g), Education Code, is
71-35 amended to read as follows:

71-36 (g) A district may transfer a student of limited English
71-37 proficiency out of a bilingual education or special language
71-38 program for the first time or a subsequent time if the student is
71-39 able to participate equally in a regular all-English instructional
71-40 program as determined by:

71-41 (1) agency-approved tests administered at the end of
71-42 each school year to determine the extent to which the student has
71-43 developed oral and written language proficiency and specific
71-44 language skills in English;

71-45 (2) satisfactory performance on the language arts
71-46 [reading] assessment instrument under Section 39.023(a) or an
71-47 English language arts assessment instrument under Section
71-48 39.023(c), as applicable, with the assessment instrument
71-49 administered in English, or, if the student is enrolled in the first
71-50 or second grade, an achievement score at or above the 40th
71-51 percentile in the reading and language arts sections of an English
71-52 standardized test approved by the agency; and

71-53 (3) agency-approved criterion-referenced tests and
71-54 the results of a subjective teacher evaluation.

71-55 SECTION 2.025. Subchapter B, Chapter 29, Education Code, is
71-56 amended by adding Section 29.065 to read as follows:

71-57 Sec. 29.065. ASSISTANCE BY AGENCY. The agency shall
71-58 develop tools to assist school districts and open-enrollment
71-59 charter schools in implementing bilingual education and special
71-60 language programs under this chapter.

71-61 SECTION 2.026. Section 29.122, Education Code, is amended
71-62 to read as follows:

71-63 Sec. 29.122. ESTABLISHMENT. (a) Using criteria established
71-64 by the State Board of Education, each school district shall adopt a
71-65 process for identifying and serving gifted and talented students in
71-66 the district and shall establish a program for those students in
71-67 each grade level. A district may establish a shared services
71-68 arrangement program with one or more other districts.

71-69 (b) Each school district shall adopt a policy regarding the

72-1 use of funds to support the district's program for gifted and
 72-2 talented students.

72-3 SECTION 2.027. Subchapter D, Chapter 29, Education Code, is
 72-4 amended by adding Section 29.124 to read as follows:

72-5 Sec. 29.124. CERTIFICATION AND REPORTING REQUIRED. (a)
 72-6 Each school district shall annually certify to the commissioner
 72-7 that the district has established a program for gifted and talented
 72-8 students as required by this subchapter and that the program is
 72-9 consistent with the state plan developed under Section 29.123.

72-10 (b) If the commissioner determines that a school district
 72-11 has failed to comply with Subsection (a) for a school year, the
 72-12 commissioner shall reduce the total amount of funding to which the
 72-13 district is entitled under Chapter 48 for that school year by an
 72-14 amount equal to the basic allotment multiplied by the product of:

72-15 (1) 0.12; and

72-16 (2) an amount equal to five percent of the students in
 72-17 average daily attendance in the district.

72-18 (c) The commissioner may restore to a school district all or
 72-19 part of the funding withheld from the district's entitlement under
 72-20 Subsection (b) if during the school year the district complies with
 72-21 Subsection (a).

72-22 (d) At the same time that a school district makes the
 72-23 certification required under Subsection (a), the district shall
 72-24 report to the commissioner regarding the use of funds on the
 72-25 district's program for gifted and talented students as provided by
 72-26 State Board of Education rule.

72-27 (e) Nothing in this section may be construed as limiting the
 72-28 number of students that a school district may identify as gifted and
 72-29 talented or serve under the district's program for gifted and
 72-30 talented students.

72-31 SECTION 2.028. Section 29.153, Education Code, is amended
 72-32 by amending Subsections (b), (c), (d), and (f) and adding
 72-33 Subsections (c-1), (d-1), and (d-2) to read as follows:

72-34 (b) A child is eligible for enrollment in a prekindergarten
 72-35 class under this section if the child is at least three years of age
 72-36 and:

72-37 (1) is unable to speak and comprehend the English
 72-38 language;

72-39 (2) is educationally disadvantaged;

72-40 (3) is a homeless child, as defined by 42 U.S.C.
 72-41 Section 11434a, regardless of the residence of the child, of either
 72-42 parent of the child, or of the child's guardian or other person
 72-43 having lawful control of the child;

72-44 (4) is the child of an active duty member of the armed
 72-45 forces of the United States, including the state military forces or
 72-46 a reserve component of the armed forces, who is ordered to active
 72-47 duty by proper authority;

72-48 (5) is the child of a member of the armed forces of the
 72-49 United States, including the state military forces or a reserve
 72-50 component of the armed forces, who was injured or killed while
 72-51 serving on active duty;

72-52 (6) is or ever has been in the conservatorship of the
 72-53 Department of Family and Protective Services following an adversary
 72-54 hearing held as provided by Section 262.201, Family Code; ~~or~~

72-55 (7) is the child of a person eligible for the Star of
 72-56 Texas Award as:

72-57 (A) a peace officer under Section 3106.002,
 72-58 Government Code;

72-59 (B) a firefighter under Section 3106.003,
 72-60 Government Code; or

72-61 (C) an emergency medical first responder under
 72-62 Section 3106.004, Government Code; or

72-63 (8) is the child of an educator employed by a school
 72-64 district in this state.

72-65 (c) A prekindergarten class under this section may ~~shall~~
 72-66 be operated on a half-day basis for children under four years of age
 72-67 and shall be operated on a full-day basis for children who are at
 72-68 least four years of age. A district is not required to provide
 72-69 transportation for a prekindergarten class, but transportation, if

73-1 provided, is included for funding purposes as part of the regular
73-2 transportation system.

73-3 (c-1) A prekindergarten class under this section for
73-4 children who are least four years of age must comply with the
73-5 program standards required for high quality prekindergarten
73-6 programs under Subchapter E-1.

73-7 (d) Subject to Subsections (d-1) and (d-2), on [On]
73-8 application of a district, the commissioner shall [may] exempt a
73-9 district from the application of all or any part of this section,
73-10 including all or any part of Subchapter E-1 for a prekindergarten
73-11 class described by Subsection (c-1), if the commissioner determines
73-12 that:

73-13 (1) the district would be required to construct
73-14 classroom facilities in order to provide prekindergarten classes;
73-15 or

73-16 (2) implementing any part of this section would result
73-17 in fewer eligible children being enrolled in a prekindergarten
73-18 class under this section.

73-19 (d-1) A district may not receive an exemption under
73-20 Subsection (d) unless the district has solicited and considered at
73-21 a public meeting proposals for partnerships with public or private
73-22 entities regarding prekindergarten classes required under this
73-23 section. A decision of the board of trustees regarding a
73-24 partnership described by this subsection is final.

73-25 (d-2) An exemption under Subsection (d) may not be granted
73-26 for a period longer than three school years and may be renewed only
73-27 once.

73-28 (f) A child who is eligible for enrollment in a
73-29 prekindergarten class under Subsection (b)(4), [or] (5), or (8)
73-30 remains eligible for enrollment after the child begins a
73-31 prekindergarten class if, as applicable, the child's parent:

73-32 (1) leaves the armed forces;

73-33 (2) [or] is no longer on active duty; or

73-34 (3) is no longer employed as an educator by a school
73-35 district in this state [after the child begins a prekindergarten
73-36 class].

73-37 SECTION 2.029. Section 29.1531(a), Education Code, is
73-38 amended to read as follows:

73-39 (a) A school district may offer on a tuition basis or use
73-40 district funds to provide:

73-41 (1) an additional half-day of prekindergarten classes
73-42 to children who are eligible for classes under Section 29.153 and
73-43 are under four years of age; and

73-44 (2) half-day and full-day prekindergarten classes to
73-45 children not eligible for classes under Section 29.153.

73-46 SECTION 2.030. Section 29.1532(c), Education Code, is
73-47 amended to read as follows:

73-48 (c) A school district that offers prekindergarten classes [~~including a high quality prekindergarten program class under~~
73-49 ~~Subchapter E-1,~~] shall include the following information in the
73-50 district's Public Education Information Management System (PEIMS)
73-51 report:

73-52 (1) demographic information, as determined by the
73-53 commissioner, on students enrolled in district and campus
73-54 prekindergarten classes, including the number of students who are
73-55 eligible for classes under Section 29.153;

73-56 (2) the numbers of half-day and full-day
73-57 prekindergarten classes offered by the district and campus;

73-58 (3) the number of half-day prekindergarten classes for
73-59 which the district has received an exemption from full-day
73-60 operation under Section 29.153(d);

73-61 (4) the sources of funding for the prekindergarten
73-62 classes;

73-63 (5) [~~4~~] the class size and ratio of instructional
73-64 staff to students for each prekindergarten program class offered by
73-65 the district and campus;

73-66 (6) [~~5~~] if the district elects to administer an
73-67 assessment instrument under Section 29.169 to students enrolled in
73-68 district and campus prekindergarten program classes, a description
73-69

74-1 and the results of each type of assessment instrument; and
 74-2 (7) [(6)] curricula used in the district's
 74-3 prekindergarten program classes.

74-4 SECTION 2.031. Section 29.1543, Education Code, is amended
 74-5 to read as follows:

74-6 Sec. 29.1543. EARLY EDUCATION REPORTS. The agency shall
 74-7 produce and make available to the public on the agency's Internet
 74-8 website annual district and campus-level reports containing
 74-9 information from the previous school year on early education in
 74-10 school districts and open-enrollment charter schools. A report
 74-11 under this section must contain:

74-12 (1) the information required by Section 29.1532(c) to
 74-13 be reported through the Public Education Information Management
 74-14 System (PEIMS);

74-15 (2) a description of the diagnostic reading
 74-16 instruments administered in accordance with Section 28.006(c) or
 74-17 (c-2);

74-18 (3) the number of students who were administered a
 74-19 diagnostic reading instrument administered in accordance with
 74-20 Section 28.006(c) or (c-2);

74-21 (4) the number of students whose scores from a
 74-22 diagnostic reading instrument administered in accordance with
 74-23 Section 28.006(c) or (c-2) indicate reading proficiency; ~~and~~

74-24 (5) the number of kindergarten students who were
 74-25 enrolled in a prekindergarten program in the previous school year
 74-26 in the same district or school as the district or school in which
 74-27 the student attends kindergarten;

74-28 (6) the number and percentage of students who perform
 74-29 satisfactorily on the third grade reading or mathematics assessment
 74-30 instrument administered under Section 39.023, disaggregated by
 74-31 whether the student was eligible for free prekindergarten under
 74-32 Section 29.153;

74-33 (7) the number of students described by Subdivision
 74-34 (6) who attended kindergarten in the district, disaggregated by:

74-35 (A) whether the student met the kindergarten
 74-36 readiness standard on the reading instrument adopted under Section
 74-37 28.006;

74-38 (B) whether the student attended prekindergarten
 74-39 in the district; and

74-40 (C) the type of prekindergarten the student
 74-41 attended, if applicable; and

74-42 (8) the information described by Subdivisions (6) and
 74-43 (7) disaggregated by whether the student is educationally
 74-44 disadvantaged.

74-45 SECTION 2.032. Section 29.162, Education Code, is amended
 74-46 to read as follows:

74-47 Sec. 29.162. RULES [~~DETERMINATION OF FULL-DAY AND~~
 74-48 ~~HALF-DAY~~]. (a) The commissioner may adopt rules for this
 74-49 subchapter, including rules establishing full-day and half-day
 74-50 minutes of operation requirements as provided by Section 25.081.

74-51 (b) Section 2001.0045, Government Code, does not apply to
 74-52 rules adopted under this section.

74-53 SECTION 2.033. The heading to Subchapter E-1, Chapter 29,
 74-54 Education Code, is amended to read as follows:

74-55 SUBCHAPTER E-1. HIGH QUALITY PREKINDERGARTEN [~~GRANT~~] PROGRAM
 74-56 REQUIREMENTS

74-57 SECTION 2.034. Section 29.164, Education Code, is amended
 74-58 to read as follows:

74-59 Sec. 29.164. DEFINITION. In this subchapter, "program"
 74-60 means a high quality prekindergarten [~~grant~~] program required under
 74-61 Section 29.153(c-1) to be provided free of tuition or fees in
 74-62 accordance with this subchapter.

74-63 SECTION 2.035. Section 29.167(a), Education Code, is
 74-64 amended to read as follows:

74-65 (a) A school district shall select and implement a
 74-66 curriculum for a prekindergarten [~~grant~~] program [~~under this~~
 74-67 ~~subchapter~~] that:

74-68 (1) includes the prekindergarten guidelines
 74-69 established by the agency;

75-1 (2) measures the progress of students in meeting the
75-2 recommended learning outcomes; and

75-3 (3) does not use national curriculum standards
75-4 developed by the Common Core State Standards Initiative.

75-5 SECTION 2.036. Section 29.170(a), Education Code, is
75-6 amended to read as follows:

75-7 (a) The commissioner shall evaluate the use and
75-8 effectiveness of prekindergarten funding [~~provided under this~~
75-9 ~~subchapter~~] in improving student learning. The commissioner shall
75-10 identify effective instruction strategies implemented by school
75-11 districts under this subchapter.

75-12 SECTION 2.037. Section 29.171(a), Education Code, is
75-13 amended to read as follows:

75-14 (a) A school district that offers a prekindergarten
75-15 [~~participating in the grant~~] program under this subchapter may
75-16 enter into a contract with an eligible private provider to provide
75-17 services or equipment for the program.

75-18 SECTION 2.038. Section 29.172, Education Code, is amended
75-19 to read as follows:

75-20 Sec. 29.172. RULES. (a) The commissioner may adopt rules
75-21 necessary to implement this subchapter.

75-22 (b) Section 2001.0045, Government Code, does not apply to
75-23 rules adopted under this section.

75-24 SECTION 2.039. Section 29.190, Education Code, is amended
75-25 by amending Subsection (a) and adding Subsection (a-1) to read as
75-26 follows:

75-27 (a) A student is entitled to a subsidy under this section
75-28 if:

75-29 (1) the student:

75-30 (A) successfully completes the career and
75-31 technology program of a school district in which the student
75-32 receives training and instruction for employment; or

75-33 (B) is enrolled in a special education program
75-34 under Subchapter A; and

75-35 (2) the student passes a certification examination to
75-36 qualify for a license or certificate that is an industry
75-37 certification for purposes of Section 39.053(c)(1)(B)(v),
75-38 administered while the student is enrolled in a school district.

75-39 (a-1) A student may not receive more than one subsidy under
75-40 this section.

75-41 SECTION 2.040. Section 29.556(b), Education Code, is
75-42 amended to read as follows:

75-43 (b) From funds appropriated or available for that purpose,
75-44 the commissioner by rule shall establish a grant program to assist
75-45 school districts and open-enrollment charter schools in
75-46 implementing the P-TECH program at a campus designated as a P-TECH
75-47 school under Subsection (a). The commissioner may use not more than
75-48 three percent of the funds used [~~appropriated~~] for the grant
75-49 program to cover the cost of administering the grant program [~~and to~~
75-50 ~~provide technical assistance and support to P-TECH schools~~].

75-51 SECTION 2.041. Subchapter Z, Chapter 29, Education Code, is
75-52 amended by adding Section 29.924 to read as follows:

75-53 Sec. 29.924. BLENDED LEARNING GRANT PROGRAM. (a) In this
75-54 section, "blended learning" means an instructional delivery method
75-55 that combines classroom and online instruction.

75-56 (b) From funds appropriated or available for purposes of
75-57 this section, the commissioner shall establish a grant program to
75-58 assist school districts and open-enrollment charter schools in
75-59 developing and implementing effective blended learning models,
75-60 including an innovative mathematics instructional program at a
75-61 campus designated as a mathematics innovation zone as provided by
75-62 Section 28.020. In awarding grants under the program, the
75-63 commissioner shall give priority to school districts and
75-64 open-enrollment charter schools that have the highest enrollment of
75-65 students who are educationally disadvantaged.

75-66 (c) A school district or open-enrollment charter school
75-67 that receives a grant under this section must:

75-68 (1) develop a plan to implement a blended learning
75-69 model that meets the requirements under Subsection (d);

76-1 (2) provide training to teachers and other relevant
 76-2 personnel on effective blended learning practices using a program
 76-3 approved by the commissioner for that purpose;

76-4 (3) after completion of the training under Subdivision
 76-5 (2):

76-6 (A) certify to the agency that the blended
 76-7 learning model has been implemented; and

76-8 (B) immediately following the fourth school year
 76-9 of implementation, submit to the agency a report on student
 76-10 outcomes under the blended learning model; and

76-11 (4) provide any other information to the agency as
 76-12 necessary for the implementation of this section.

76-13 (d) A plan to implement a blended learning model developed
 76-14 under Subsection (c) must:

76-15 (1) during the first year require implementation of
 76-16 the model across an entire grade level at a campus and permit
 76-17 subsequent expansion of the model to additional grade levels at the
 76-18 campus or, if the campus has achieved full implementation of the
 76-19 model across all grade levels, to additional campuses in a manner
 76-20 that provides students a consistent learning experience;

76-21 (2) require teachers to differentiate instruction for
 76-22 all students in a grade level using the blended learning model,
 76-23 including by:

76-24 (A) using curricula and assessments that allow
 76-25 each student to progress at the student's pace based on
 76-26 demonstrated proficiency;

76-27 (B) providing learning opportunities that give
 76-28 students, in collaboration with the teacher, control over the time,
 76-29 place, path, and pace of the student's learning; and

76-30 (C) allocating a certain amount of instructional
 76-31 preparation time to collaborating with students and developing
 76-32 blended learning lesson plans and activities driven by individual
 76-33 student needs;

76-34 (3) provide teachers and other relevant personnel with
 76-35 professional development opportunities regarding blended learning;
 76-36 and

76-37 (4) require the use of a proficiency-based assessment
 76-38 to inform instruction and provide teachers with relevant
 76-39 information regarding strengths and gaps in a student's learning
 76-40 and proficiency in the essential knowledge and skills.

76-41 (e) Funds awarded under the grant program may be used only
 76-42 to implement a program under this section and satisfy the
 76-43 requirements under Subsection (c).

76-44 (f) A school district or open-enrollment charter school may
 76-45 receive a grant under this section for not more than four
 76-46 consecutive school years.

76-47 (g) The commissioner shall adopt rules as necessary to
 76-48 implement this section, including rules establishing an
 76-49 application and selection process for awarding grants under this
 76-50 section and a list of programs that may be used for training under
 76-51 Subsection (c)(2). In adopting rules under this subsection, the
 76-52 commissioner may not impose any requirements on a school district's
 76-53 or open-enrollment charter school's plan to implement a blended
 76-54 learning model not listed under Subsection (d).

76-55 SECTION 2.042. Section 34.007, Education Code, is amended
 76-56 by amending Subsection (a) and adding Subsection (a-1) to read as
 76-57 follows:

76-58 (a) A board of county school trustees or a school district
 76-59 board of trustees may establish and operate an economical public
 76-60 school transportation system ~~inside or outside~~ [+

76-61 ~~(1) in~~ the county or district [✓] as necessary to
 76-62 transport students enrolled in a school in the county or in the
 76-63 district along the most efficient routes.

76-64 (a-1) A county or school district that provides
 76-65 transportation for a student who transferred to a school in the
 76-66 county or to the district under Section 25.035 shall enter
 76-67 [applicable, or

76-68 ~~(2) outside the county or district, as applicable, if~~
 76-69 ~~the county or school district enters~~] into an interlocal contract

77-1 as provided by Chapter 791, Government Code, with the sending
77-2 county or district regarding transportation for the student.

77-3 SECTION 2.043. Section 39.022, Education Code, is amended
77-4 to read as follows:

77-5 Sec. 39.022. ASSESSMENT PROGRAM. The commissioner [~~State~~
77-6 ~~Board of Education~~] by rule shall create and implement a statewide
77-7 assessment program that is knowledge- and skills-based to ensure
77-8 school accountability for student achievement that achieves the
77-9 goals provided under Section 4.002. After adopting rules under this
77-10 section, the commissioner [~~State Board of Education~~] shall consider
77-11 the importance of maintaining stability in the statewide assessment
77-12 program when adopting any subsequent modification of the rules.

77-13 SECTION 2.044. Section 39.023, Education Code, is amended
77-14 by amending Subsections (a), (a-12), (a-13), (b-1), (c), and (c-3)
77-15 and adding Subsections (a-3), (a-14), (a-15), (c-7), (c-8), and (o)
77-16 to read as follows:

77-17 (a) The agency shall adopt or develop appropriate
77-18 criterion-referenced assessment instruments designed to assess
77-19 essential knowledge and skills in language arts [~~reading, writing~~],
77-20 mathematics, social studies, and science. Except as provided by
77-21 Subsection (a-2), all students, other than students assessed under
77-22 Subsection (b) or (l) or exempted under Section 39.027, shall be
77-23 assessed in:

77-24 (1) mathematics, annually in grades three through
77-25 [seven without the aid of technology and in grade] eight [with the
77-26 aid of technology on any assessment instrument that includes
77-27 algebra];

77-28 (2) language arts, including reading and writing,
77-29 annually in grades three through eight;

77-30 (3) [~~writing, including spelling and grammar, in~~
77-31 ~~grades four and seven;~~

77-32 [~~4~~] social studies, in grade eight;

77-33 (4) [~~5~~] science, in grades five and eight; and

77-34 (5) [~~6~~] any other subject and grade required by
77-35 federal law.

77-36 (a-3) For purposes of Subsection (a)(1), the commissioner
77-37 by rule may designate sections of a mathematics assessment
77-38 instrument for a grade level that:

77-39 (1) may be completed with the aid of technology; and

77-40 (2) must be completed without the aid of technology.

77-41 (a-12) Each [An] assessment instrument adopted or developed
77-42 under Subsection (a) must be designed so that:

77-43 (1) if administered to students in grades three
77-44 through five, 85 percent of students will be able to complete all
77-45 [the] assessment instruments for that grade [instrument] within an
77-46 aggregate period equal to the number of assessment instruments for
77-47 that grade multiplied by 120 minutes; and

77-48 (2) if administered to students in grades six through
77-49 eight, 85 percent of students will be able to complete all [the]
77-50 assessment instruments for that grade [instrument] within an
77-51 aggregate period equal to the number of assessment instruments for
77-52 that grade multiplied by 180 minutes.

77-53 (a-13) The amount of time allowed for administration of an
77-54 assessment instrument adopted or developed under Subsection (a) may
77-55 not exceed eight hours, and the administration may occur in
77-56 multiple parts over more than [on only] one day.

77-57 (a-14) Subsections (a-12) and (a-13) do not apply to the
77-58 administration of assessment instruments for a grade level if the
77-59 time restriction imposed would result in a determination by the
77-60 commissioner that an assessment instrument is no longer valid and
77-61 reliable.

77-62 (a-15) Subsections (a-12) and (a-13) do not apply to a
77-63 classroom portfolio method used to assess writing performance.

77-64 (b-1) The agency, in conjunction with appropriate
77-65 interested persons, shall redevelop assessment instruments adopted
77-66 or developed under Subsection (b) for administration to
77-67 significantly cognitively disabled students in a manner consistent
77-68 with federal law. An assessment instrument under this subsection
77-69 may not require a teacher to prepare tasks or materials for a

78-1 student who will be administered such an assessment instrument. A
 78-2 classroom portfolio method used to assess writing performance may
 78-3 require a teacher to prepare tasks and materials ~~[Assessment~~
 78-4 ~~instruments adopted or developed under this subsection shall be~~
 78-5 ~~administered not later than the 2014-2015 school year].~~

78-6 (c) The agency shall also adopt end-of-course assessment
 78-7 instruments for secondary-level courses in Algebra I, biology,
 78-8 English I, English II, and United States history. The Algebra I
 78-9 end-of-course assessment instrument must be administered with the
 78-10 aid of technology, but may include one or more parts that prohibit
 78-11 the use of technology. The English I and English II end-of-course
 78-12 assessment instruments must each assess essential knowledge and
 78-13 skills in both reading and writing ~~[in the same assessment~~
 78-14 ~~instrument]~~ and must provide a single score. A school district
 78-15 shall comply with commissioner ~~[State Board of Education]~~ rules
 78-16 regarding administration of the assessment instruments listed in
 78-17 this subsection. If a student is in a special education program
 78-18 under Subchapter A, Chapter 29, the student's admission, review,
 78-19 and dismissal committee shall determine whether any allowable
 78-20 modification is necessary in administering to the student an
 78-21 assessment instrument required under this subsection. The
 78-22 commissioner ~~[State Board of Education]~~ shall administer the
 78-23 assessment instruments. An end-of-course assessment instrument
 78-24 may be administered in multiple parts over more than one day ~~[The~~
 78-25 ~~State Board of Education shall adopt a schedule for the~~
 78-26 ~~administration of end-of-course assessment instruments that~~
 78-27 ~~complies with the requirements of Subsection (c-3)].~~

78-28 (c-3) ~~Except as provided by Subsection (c-7), in [In]~~
 78-29 ~~adopting a schedule for the administration of assessment~~
 78-30 ~~instruments under this section, the commissioner~~ ~~[State Board of~~
 78-31 ~~Education] shall ensure that [require:~~

78-32 ~~[(1)] assessment instruments administered under~~
 78-33 ~~Subsection (a) or (c) are not [to be] administered on the first~~
 78-34 ~~instructional day of a week [a schedule so that the first assessment~~
 78-35 ~~instrument is administered at least two weeks later than the date on~~
 78-36 ~~which the first assessment instrument was administered under~~
 78-37 ~~Subsection (a) during the 2006-2007 school year; and~~

78-38 ~~[(2) the spring administration of end-of-course~~
 78-39 ~~assessment instruments under Subsection (c) to occur in each school~~
 78-40 ~~district not earlier than the first full week in May, except that~~
 78-41 ~~the spring administration of the end-of-course assessment~~
 78-42 ~~instruments in English I and English II must be permitted to occur~~
 78-43 ~~at an earlier date].~~

78-44 (c-7) Subsection (c-3) does not apply to a classroom
 78-45 portfolio method used to assess writing performance if student
 78-46 performance under that method is less than 50 percent of a student's
 78-47 overall assessed performance in writing.

78-48 (c-8) Beginning with the 2022-2023 school year, an
 78-49 assessment instrument developed under Subsection (a) or (c) may not
 78-50 present more than 75 percent of the questions in a multiple choice
 78-51 format.

78-52 (o) The agency shall adopt or develop optional interim
 78-53 assessment instruments for each subject or course for each grade
 78-54 level subject to assessment under this section. A school district
 78-55 may not be required to administer interim assessment instruments
 78-56 adopted or developed under this subsection. An interim assessment
 78-57 instrument:

78-58 (1) must be:

78-59 (A) predictive of the assessment instrument for
 78-60 the applicable subject or course for that grade level required
 78-61 under this section; and

78-62 (B) administered electronically; and

78-63 (2) may not be used for accountability purposes.

78-64 SECTION 2.045. Subchapter B, Chapter 39, Education Code, is
 78-65 amended by adding Section 39.02302 to read as follows:

78-66 Sec. 39.02302. ADVISORY COMMITTEES FOR ASSESSMENT
 78-67 INSTRUMENTS. (a) The commissioner shall appoint a technical
 78-68 advisory committee to advise the commissioner and the agency
 78-69 regarding the development of valid and reliable assessment

79-1 instruments for purposes of this chapter. The members of the
 79-2 committee must be experts on educational assessments and
 79-3 psychometrics.

79-4 (b) The commissioner shall appoint an educator advisory
 79-5 committee to advise the commissioner and the agency regarding the
 79-6 development of academically appropriate assessment instruments for
 79-7 purposes of this chapter. The members of the committee must include
 79-8 experts in curriculum and instruction.

79-9 (c) The agency may compensate a member of the technical or
 79-10 educator advisory committee or reimburse the member for expenses
 79-11 incurred in the performance of duties related to the member's
 79-12 service on the committee.

79-13 (d) The selection of or payment to a member of the technical
 79-14 or educator advisory committee is not subject to Chapter 2254,
 79-15 Government Code.

79-16 SECTION 2.046. Section 39.0234, Education Code, is amended
 79-17 to read as follows:

79-18 Sec. 39.0234. ELECTRONIC ADMINISTRATION OF ASSESSMENT
 79-19 INSTRUMENTS [BY COMPUTER]. (a) The agency shall ensure that
 79-20 assessment instruments required under Section 39.023 are capable of
 79-21 being administered electronically [by computer].

79-22 (b) A school district shall administer each assessment
 79-23 instrument required under Section 39.023 electronically unless the
 79-24 district receives a waiver from the commissioner. This subsection
 79-25 does not apply to the administration of an assessment instrument to
 79-26 a student who requires accommodations in the administration of the
 79-27 assessment instrument that are not available if administered
 79-28 electronically.

79-29 (c) Except as provided by Section 39.02341, a school
 79-30 district must comply with Subsection (b) beginning with the
 79-31 2022-2023 school year. This subsection expires September 1, 2022.
 79-32 [The commissioner may not require a school district or
 79-33 open-enrollment charter school to administer an assessment
 79-34 instrument by computer.]

79-35 SECTION 2.047. Subchapter B, Chapter 39, Education Code, is
 79-36 amended by adding Sections 39.02341 and 39.0236 to read as follows:

79-37 Sec. 39.02341. TRANSITION TO ELECTRONIC ADMINISTRATION OF
 79-38 ASSESSMENT INSTRUMENTS. (a) The agency shall develop a transition
 79-39 plan to administer all assessment instruments required under
 79-40 Section 39.023 electronically beginning not later than the
 79-41 2022-2023 school year.

79-42 (b) As part of the transition plan, the agency may provide
 79-43 results on an assessment instrument required under Section 39.023
 79-44 on an accelerated schedule to school districts that administer the
 79-45 assessment instrument electronically. For purposes of this
 79-46 subsection, the commissioner by rule may require the results on an
 79-47 assessment instrument administered electronically to be reported
 79-48 to the district as soon as practicable after administration.

79-49 (c) As part of the transition plan, the commissioner may
 79-50 require a school district to comply with Section 39.0234(b) before
 79-51 the 2022-2023 school year.

79-52 (d) Not later than December 1, 2020, the agency shall submit
 79-53 to the governor and the members of the legislature a report on the
 79-54 progress of transitioning to electronic administration of all
 79-55 assessment instruments required under Section 39.023. The report
 79-56 must include:

79-57 (1) information from school districts assessing the
 79-58 needs of those districts in transitioning to electronic
 79-59 administration;

79-60 (2) any recommended changes to state law to assist in
 79-61 the transition; and

79-62 (3) any recommended adjustments to the timeline for
 79-63 statewide implementation of electronic administration.

79-64 (e) Not later than December 1, 2022, the agency shall submit
 79-65 to the members of the legislature a report on the anticipated impact
 79-66 to school districts of the implementation of electronic
 79-67 administration of all assessment instruments required under
 79-68 Section 39.023.

79-69 (f) This section expires September 1, 2023.

80-1 Sec. 39.0236. INTEGRATED FORMATIVE ASSESSMENT PILOT
 80-2 PROGRAM. (a) The agency shall establish a pilot program in which
 80-3 participating school districts administer to students integrated
 80-4 formative assessment instruments for subjects or courses for a
 80-5 grade level subject to assessment under Section 28.006 or 39.023.

80-6 (b) A school district may elect to participate in the pilot
 80-7 program.

80-8 (c) A school district's participation in the pilot program
 80-9 does not affect the district's obligations regarding the
 80-10 administration of assessment instruments required under Section
 80-11 39.023.

80-12 (d) Not later than December 1 of each even-numbered year,
 80-13 the agency shall submit to the governor and the members of the
 80-14 legislature a report on the pilot program that includes:

80-15 (1) an analysis of whether the administration of
 80-16 integrated formative assessment instruments under the pilot
 80-17 program provided any improvement in instructional support during
 80-18 the preceding two school years; and

80-19 (2) a determination of the feasibility of replacing
 80-20 the assessment instruments required under Section 39.023 with
 80-21 integrated formative assessment instruments.

80-22 SECTION 2.048. Section 39.0241(a), Education Code, is
 80-23 amended to read as follows:

80-24 (a) The commissioner shall determine the level of
 80-25 performance considered to be satisfactory on the assessment
 80-26 instruments, including:

80-27 (1) a meets grade level performance standard in the
 80-28 applicable subject or course that indicates that a student has a
 80-29 high likelihood of success in the subject for the subsequent grade
 80-30 level or in the subsequent course but may still need short-term,
 80-31 targeted intervention; and

80-32 (2) a masters grade level performance standard in the
 80-33 applicable subject or course that indicates that a student is
 80-34 expected to succeed in the subject for the subsequent grade level or
 80-35 in the subsequent course with little or no academic intervention.

80-36 SECTION 2.049. Section 39.026, Education Code, is amended
 80-37 to read as follows:

80-38 Sec. 39.026. LOCAL OPTION. In addition to the assessment
 80-39 instruments adopted by the agency [~~and administered by the State~~
 80-40 ~~Board of Education~~], a school district may adopt and administer
 80-41 criterion-referenced or norm-referenced assessment instruments, or
 80-42 both, at any grade level. A norm-referenced assessment instrument
 80-43 adopted under this section must be economical, nationally
 80-44 recognized, and state-approved.

80-45 SECTION 2.050. Sections 39.0261(a), (e), and (f), Education
 80-46 Code, are amended to read as follows:

80-47 (a) In addition to the assessment instruments otherwise
 80-48 authorized or required by this subchapter:

80-49 (1) each school year and at state cost, a school
 80-50 district may administer to students in the spring of the eighth
 80-51 grade an established, valid, reliable, and nationally
 80-52 norm-referenced preliminary college preparation assessment
 80-53 instrument for the purpose of diagnosing the academic strengths and
 80-54 deficiencies of students before entrance into high school;

80-55 (2) each school year and at state cost, a school
 80-56 district may administer to students in the 10th grade an
 80-57 established, valid, reliable, and nationally norm-referenced
 80-58 preliminary college preparation assessment instrument for the
 80-59 purpose of measuring a student's progress toward readiness for
 80-60 college and the workplace; and

80-61 (3) high school students in the spring of the 11th
 80-62 grade or during the 12th grade may select and take once, at state
 80-63 cost:

80-64 (A) [7] one of the valid, reliable, and
 80-65 nationally norm-referenced assessment instruments used by colleges
 80-66 and universities as part of their undergraduate admissions
 80-67 processes; or

80-68 (B) the assessment instrument designated by the
 80-69 Texas Higher Education Coordinating Board under Section 51.334.

81-1 (e) Subsection (a)(3) does not prohibit a high school
 81-2 student [~~in the spring of the 11th grade or during the 12th grade~~]
 81-3 from selecting and taking, at the student's own expense, an
 81-4 assessment instrument described by that subdivision [~~one of the~~
 81-5 ~~valid, reliable, and nationally norm-referenced assessment~~
 81-6 ~~instruments used by colleges and universities as part of their~~
 81-7 ~~undergraduate admissions processes more than once~~].

81-8 (f) The provisions of this section regarding assessment
 81-9 instruments administered under Subsection (a)(1) or (2) apply only
 81-10 if the legislature appropriates funds for those purposes [~~of this~~
 81-11 ~~section~~].

81-12 SECTION 2.051. Section 39A.105, Education Code, is amended
 81-13 to read as follows:

81-14 Sec. 39A.105. CONTENTS OF CAMPUS TURNAROUND PLAN. (a) A
 81-15 campus turnaround plan must include:

81-16 (1) details on the method for restructuring,
 81-17 reforming, or reconstituting the campus;

81-18 (2) a detailed description of the academic programs to
 81-19 be offered at the campus, including:

81-20 (A) instructional methods;
 81-21 (B) length of school day and school year;
 81-22 (C) academic credit and promotion criteria; and
 81-23 (D) programs to serve special student
 81-24 populations;

81-25 (3) if a district charter is to be granted for the
 81-26 campus under Section 12.0522:

81-27 (A) the term of the charter; and
 81-28 (B) information on the implementation of the
 81-29 charter;

81-30 (4) written comments from:
 81-31 (A) the campus-level committee established under
 81-32 Section 11.251, if applicable;

81-33 (B) parents; and
 81-34 (C) teachers at the campus; and

81-35 (5) a detailed description of the budget, staffing,
 81-36 and financial resources required to implement the plan, including
 81-37 any supplemental resources to be provided by the school district or
 81-38 other identified sources.

81-39 (b) A campus may submit an accelerated campus excellence
 81-40 turnaround plan as provided by this subsection. The plan must
 81-41 provide:

81-42 (1) the assignment of a principal to the campus who has
 81-43 demonstrated a history of improvement in student academic growth at
 81-44 campuses in which the principal has previously worked;

81-45 (2) that the principal has final authority over
 81-46 personnel decisions at the campus;

81-47 (3) that at least 80 percent of the classroom teachers
 81-48 assigned to the campus be teachers who performed in the top quartile
 81-49 of teachers in the district that employed the teacher during the
 81-50 previous school year, with performance determined by:

81-51 (A) for a teacher who taught in the district
 81-52 during the previous school year:

81-53 (i) the teacher's impact on student growth;
 81-54 and

81-55 (ii) an evaluation of the teacher based on
 81-56 classroom observation; and

81-57 (B) for a teacher who did not teach in the
 81-58 district during the previous school year, data and other evidence
 81-59 indicating that if the teacher had taught in the district during the
 81-60 previous school year, the teacher would have performed in the top
 81-61 quartile of teachers in the district;

81-62 (4) a detailed description of the employment and
 81-63 compensation structures for the principal and classroom teachers,
 81-64 which must include:

81-65 (A) significant incentives for a high-performing
 81-66 principal or teacher to remain at the campus; and

81-67 (B) a three-year commitment by the district to
 81-68 continue incentives for the principal and teachers;

81-69 (5) policies and procedures for the implementation of

82-1 best practices at the campus, including:
82-2 (A) data-driven instructional practices;
82-3 (B) a system of observation of and feedback for
82-4 classroom teachers;
82-5 (C) positive student culture on the campus;
82-6 (D) family and community engagement, including
82-7 partnerships with parent and community groups; and
82-8 (E) extended learning opportunities for
82-9 students, which may include service or workforce learning
82-10 opportunities; and
82-11 (6) assistance by a third-party provider that is
82-12 approved by the commissioner in the development and implementation
82-13 of the district's plan.

82-14 SECTION 2.052. Section 39A.107, Education Code, is amended
82-15 by adding Subsection (a-3) to read as follows:
82-16 (a-3) Notwithstanding Subsection (a), the commissioner
82-17 shall approve a campus turnaround plan that the commissioner
82-18 determines meets the requirements for an accelerated campus
82-19 excellence turnaround plan under Section 39A.105(b).

82-20 SECTION 2.053. Subchapter C, Chapter 39A, Education Code,
82-21 is amended by adding Section 39A.116 to read as follows:
82-22 Sec. 39A.116. COMMISSIONER AUTHORITY. A decision by the
82-23 commissioner under this subchapter is final and may not be
82-24 appealed.

82-25 SECTION 2.054. Section 822.201(b), Government Code, is
82-26 amended to read as follows:
82-27 (b) "Salary and wages" as used in Subsection (a) means:
82-28 (1) normal periodic payments of money for service the
82-29 right to which accrues on a regular basis in proportion to the
82-30 service performed;
82-31 (2) amounts by which the member's salary is reduced
82-32 under a salary reduction agreement authorized by Chapter 610;
82-33 (3) amounts that would otherwise qualify as salary and
82-34 wages under Subdivision (1) but are not received directly by the
82-35 member pursuant to a good faith, voluntary written salary reduction
82-36 agreement in order to finance payments to a deferred compensation
82-37 or tax sheltered annuity program specifically authorized by state
82-38 law or to finance benefit options under a cafeteria plan qualifying
82-39 under Section 125 of the Internal Revenue Code of 1986, if:
82-40 (A) the program or benefit options are made
82-41 available to all employees of the employer; and
82-42 (B) the benefit options in the cafeteria plan are
82-43 limited to one or more options that provide deferred compensation,
82-44 group health and disability insurance, group term life insurance,
82-45 dependent care assistance programs, or group legal services plans;
82-46 (4) performance pay awarded to an employee by a school
82-47 district as part of a total compensation plan approved by the board
82-48 of trustees of the district and meeting the requirements of
82-49 Subsection (e);
82-50 (5) the benefit replacement pay a person earns under
82-51 Subchapter H, Chapter 659, except as provided by Subsection (c);
82-52 (6) stipends paid to teachers in accordance with
82-53 former Section 21.410, 21.411, 21.412, or 21.413, Education Code;
82-54 (7) amounts by which the member's salary is reduced or
82-55 that are deducted from the member's salary as authorized by
82-56 Subchapter J, Chapter 659;
82-57 (8) a merit salary increase made under Section 51.962,
82-58 Education Code;
82-59 (9) amounts received under the relevant parts of the
82-60 educator excellence awards program under Subchapter O, Chapter 21,
82-61 Education Code, or a mentoring program under Section 21.458,
82-62 Education Code, that authorize compensation for service;
82-63 (10) salary amounts designated as health care
82-64 supplementation by an employee under Subchapter D, Chapter 22,
82-65 Education Code; ~~and~~
82-66 (11) to the extent required by Sections 3401(h) and
82-67 414(u)(12), Internal Revenue Code of 1986, differential wage
82-68 payments received by an individual from an employer on or after
82-69 January 1, 2009, while the individual is performing qualified

83-1 military service as defined by Section 414(u), Internal Revenue
 83-2 Code of 1986; and
 83-3 (12) a salary increase paid to classroom teachers and
 83-4 librarians under Section 21.4023, Education Code.

ARTICLE 3. CONFORMING CHANGES

83-6 SECTION 3.001. Sections 7.055(b)(34) and (35), Education
 83-7 Code, are amended to read as follows:

83-8 (34) The commissioner shall perform duties in
 83-9 connection with the options for local revenue levels in excess of
 83-10 entitlement [equalized wealth level] under Chapter 49 [41].

83-11 (35) The commissioner shall perform duties in
 83-12 connection with the Foundation School Program as prescribed by
 83-13 Chapter 48 [42].

83-14 SECTION 3.002. Sections 7.062(a) and (c), Education Code,
 83-15 are amended to read as follows:

83-16 (a) In this section, "wealth per student" means a school
 83-17 district's taxable value of property as determined under Subchapter
 83-18 M, Chapter 403, Government Code, or, if applicable, Section 48.258
 83-19 [42.2521], divided by the district's average daily attendance as
 83-20 determined under Section 48.005 [42.005].

83-21 (c) Except as otherwise provided by this subsection, if the
 83-22 commissioner certifies that the amount appropriated for a state
 83-23 fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds
 83-24 the amount to which school districts are entitled under those
 83-25 subchapters for that year, the commissioner shall use the excess
 83-26 funds, in an amount not to exceed \$20 million in any state fiscal
 83-27 year, for the purpose of making grants under this section. The use
 83-28 of excess funds under this subsection has priority over any
 83-29 provision of Chapter 48 [42] that permits or directs the use of
 83-30 excess foundation school program funds, including Sections 48.258
 83-31 [42.2517, 42.2521], 48.259 [42.2522], and 48.267 [42.2531]. The
 83-32 commissioner is required to use excess funds as provided by this
 83-33 subsection only if the commissioner is not required to reduce the
 83-34 total amount of state funds allocated to school districts under
 83-35 Section 48.266(f) [42.253(h)].

83-36 SECTION 3.003. Section 7.102(c)(30), Education Code, is
 83-37 amended to read as follows:

83-38 (30) The board shall perform duties in connection with
 83-39 the Foundation School Program as prescribed by Chapter 48 [42].

83-40 SECTION 3.004. Section 8.051(d), Education Code, is amended
 83-41 to read as follows:

83-42 (d) Each regional education service center shall maintain
 83-43 core services for purchase by school districts and campuses. The
 83-44 core services are:

83-45 (1) training and assistance in:

83-46 (A) teaching each subject area assessed under
 83-47 Section 39.023; and

83-48 (B) providing instruction in personal financial
 83-49 literacy as required under Section 28.0021;

83-50 (2) training and assistance in providing a gifted and
 83-51 talented program and each program that qualifies for a funding
 83-52 allotment under Section 48.102 [42.151], 48.104 [42.152], or 48.105
 83-53 [42.153, or 42.156];

83-54 (3) assistance specifically designed for a school
 83-55 district or campus assigned an unacceptable performance rating
 83-56 under Section 39.054;

83-57 (4) training and assistance to teachers,
 83-58 administrators, members of district boards of trustees, and members
 83-59 of site-based decision-making committees;

83-60 (5) assistance specifically designed for a school
 83-61 district that is considered out of compliance with state or federal
 83-62 special education requirements, based on the agency's most recent
 83-63 compliance review of the district's special education programs; and

83-64 (6) assistance in complying with state laws and rules.

83-65 SECTION 3.005. Section 8.056, Education Code, is amended to
 83-66 read as follows:

83-67 Sec. 8.056. LIMITATION ON COMPENSATION FOR CERTAIN
 83-68 SERVICES. A regional education service center that acts as a fiscal
 83-69 agent or broker in connection with an agreement between two school

84-1 districts under Subchapter E, Chapter 49 [~~41~~], may not, unless
 84-2 authorized in writing by the district receiving transferred funds
 84-3 in accordance with the agreement:

84-4 (1) be compensated by the districts in an amount that
 84-5 exceeds the administrative cost of providing the service; or

84-6 (2) otherwise retain for use by the center any amount
 84-7 other than the compensation permitted under Subdivision (1) from
 84-8 the funds transferred between the districts in accordance with the
 84-9 agreement.

84-10 SECTION 3.006. Section 11.158(a), Education Code, is
 84-11 amended to read as follows:

84-12 (a) The board of trustees of an independent school district
 84-13 may require payment of:

84-14 (1) a fee for materials used in any program in which
 84-15 the resultant product in excess of minimum requirements becomes, at
 84-16 the student's option, the personal property of the student, if the
 84-17 fee does not exceed the cost of materials;

84-18 (2) membership dues in student organizations or clubs
 84-19 and admission fees or charges for attending extracurricular
 84-20 activities, if membership or attendance is voluntary;

84-21 (3) a security deposit for the return of materials,
 84-22 supplies, or equipment;

84-23 (4) a fee for personal physical education and athletic
 84-24 equipment and apparel, although any student may provide the
 84-25 student's own equipment or apparel if it meets reasonable
 84-26 requirements and standards relating to health and safety
 84-27 established by the board;

84-28 (5) a fee for items of personal use or products that a
 84-29 student may purchase at the student's option, such as student
 84-30 publications, class rings, annuals, and graduation announcements;

84-31 (6) a fee specifically permitted by any other statute;

84-32 (7) a fee for an authorized voluntary student health
 84-33 and accident benefit plan;

84-34 (8) a reasonable fee, not to exceed the actual annual
 84-35 maintenance cost, for the use of musical instruments and uniforms
 84-36 owned or rented by the district;

84-37 (9) a fee for items of personal apparel that become the
 84-38 property of the student and that are used in extracurricular
 84-39 activities;

84-40 (10) a parking fee or a fee for an identification card;

84-41 (11) a fee for a driver training course, not to exceed
 84-42 the actual district cost per student in the program for the current
 84-43 school year;

84-44 (12) a fee for a course offered for credit that
 84-45 requires the use of facilities not available on the school premises
 84-46 or the employment of an educator who is not part of the school's
 84-47 regular staff, if participation in the course is at the student's
 84-48 option;

84-49 (13) a fee for a course offered during summer school,
 84-50 except that the board may charge a fee for a course required for
 84-51 graduation only if the course is also offered without a fee during
 84-52 the regular school year;

84-53 (14) a reasonable fee for transportation of a student
 84-54 who lives within two miles of the school the student attends to and
 84-55 from that school, except that the board may not charge a fee for
 84-56 transportation for which the school district receives funds under
 84-57 Section 48.151(d) [~~42.155(d)~~];

84-58 (15) a reasonable fee, not to exceed \$50, for costs
 84-59 associated with an educational program offered outside of regular
 84-60 school hours through which a student who was absent from class
 84-61 receives instruction voluntarily for the purpose of making up the
 84-62 missed instruction and meeting the level of attendance required
 84-63 under Section 25.092; or

84-64 (16) if the district does not receive any funds under
 84-65 Section 48.151 [~~42.155~~] and does not participate in a county
 84-66 transportation system for which an allotment is provided under
 84-67 Section 48.151(i) [~~42.155(i)~~], a reasonable fee for the
 84-68 transportation of a student to and from the school the student
 84-69 attends.

85-1 SECTION 3.007. Section 11.174(a), Education Code, is
85-2 amended to read as follows:

85-3 (a) A school district campus qualifies for an exemption from
85-4 intervention as provided by Subsection (f) and qualifies for
85-5 funding as provided by Section 48.252 [~~42.2511~~] if the board of
85-6 trustees of the district contracts to partner to operate the
85-7 district campus as provided by this section with:

85-8 (1) the governing body of an open-enrollment charter
85-9 school; or

85-10 (2) on approval by the commissioner, an entity granted
85-11 a charter by the district under Subchapter C, Chapter 12, that is
85-12 eligible to be awarded a charter under Section 12.101(a).

85-13 SECTION 3.008. Section 12.013(b), Education Code, is
85-14 amended to read as follows:

85-15 (b) A home-rule school district is subject to:

85-16 (1) a provision of this title establishing a criminal
85-17 offense;

85-18 (2) a provision of this title relating to limitations
85-19 on liability; and

85-20 (3) a prohibition, restriction, or requirement, as
85-21 applicable, imposed by this title or a rule adopted under this
85-22 title, relating to:

85-23 (A) the Public Education Information Management
85-24 System (PEIMS) to the extent necessary to monitor compliance with
85-25 this subchapter as determined by the commissioner;

85-26 (B) educator certification under Chapter 21 and
85-27 educator rights under Sections 21.407, 21.408, and 22.001;

85-28 (C) criminal history records under Subchapter C,
85-29 Chapter 22;

85-30 (D) student admissions under Section 25.001;

85-31 (E) school attendance under Sections 25.085,
85-32 25.086, and 25.087;

85-33 (F) inter-district or inter-county transfers of
85-34 students under Subchapter B, Chapter 25;

85-35 (G) elementary class size limits under Section
85-36 25.112, in the case of any campus in the district that fails to
85-37 satisfy any standard under Section 39.054(e);

85-38 (H) high school graduation under Section 28.025;

85-39 (I) special education programs under Subchapter
85-40 A, Chapter 29;

85-41 (J) bilingual education under Subchapter B,
85-42 Chapter 29;

85-43 (K) prekindergarten programs under Subchapter E,
85-44 Chapter 29;

85-45 (L) safety provisions relating to the
85-46 transportation of students under Sections 34.002, 34.003, 34.004,
85-47 and 34.008;

85-48 (M) computation and distribution of state aid
85-49 under Chapters 31, [~~42, and~~ 43, and 48;

85-50 (N) extracurricular activities under Section
85-51 33.081;

85-52 (O) health and safety under Chapter 38;

85-53 (P) public school accountability under
85-54 Subchapters B, C, D, and J, Chapter 39, and Chapter 39A;

85-55 (Q) options for local revenue levels in excess of
85-56 entitlement [equalized wealth] under Chapter 49 [~~41~~];

85-57 (R) a bond or other obligation or tax rate under
85-58 Chapters [~~42,~~ 43, [~~and~~ 45, and 48; and

85-59 (S) purchasing under Chapter 44.

85-60 SECTION 3.009. Section 12.029(b), Education Code, is
85-61 amended to read as follows:

85-62 (b) Except as provided by Subchapter H, Chapter 49 [~~41~~], if
85-63 two or more school districts having different status, one of which
85-64 is home-rule school district status, consolidate into a single
85-65 district, the petition under Section 13.003 initiating the
85-66 consolidation must state the status for the consolidated district.
85-67 The ballot shall be printed to permit voting for or against the
85-68 proposition: "Consolidation of (names of school districts) into a
85-69 single school district governed as (status of school district

86-1 specified in the petition)."

86-2 SECTION 3.010. Section 13.051(c), Education Code, is
86-3 amended to read as follows:

86-4 (c) Territory that does not have residents may be detached
86-5 from a school district and annexed to another school district if:

86-6 (1) the total taxable value of the property in the
86-7 territory according to the most recent certified appraisal roll for
86-8 each school district is not greater than:

86-9 (A) five percent of the district's taxable value
86-10 of all property in that district as determined under Subchapter M,
86-11 Chapter 403, Government Code; and

86-12 (B) \$5,000 property value per student in average
86-13 daily attendance as determined under Section 48.005 [~~42.005~~]; and

86-14 (2) the school district from which the property will
86-15 be detached does not own any real property located in the territory.

86-16 SECTION 3.011. Sections 13.054(f) and (i), Education Code,
86-17 are amended to read as follows:

86-18 (f) For five years beginning with the school year in which
86-19 the annexation occurs, a school district shall receive additional
86-20 funding under this subsection or Subsection (h). The amount of
86-21 funding shall be determined by multiplying the lesser of the
86-22 enlarged district's local fund assignment computed under Section
86-23 ~~48.256~~ [~~42.252~~] or the enlarged district's total cost of tier one by
86-24 a fraction, the numerator of which is the number of students
86-25 residing in the territory annexed to the receiving district
86-26 preceding the date of the annexation and the denominator of which is
86-27 the number of students residing in the district as enlarged on the
86-28 date of the annexation.

86-29 (i) The funding provided under Subsection (f), (g), or (h)
86-30 is in addition to other funding the district receives through other
86-31 provisions of this code, including Chapters 48 [~~41~~] and 49 [~~42~~].

86-32 SECTION 3.012. Sections 13.282(a) and (b), Education Code,
86-33 are amended to read as follows:

86-34 (a) The amount of incentive aid payments may not exceed the
86-35 difference between:

86-36 (1) the sum of the entitlements computed under Section
86-37 ~~48.266~~ [~~42.253~~] that would have been paid to the districts included
86-38 in the reorganized district if the districts had not been
86-39 consolidated; and

86-40 (2) the amount to which the reorganized district is
86-41 entitled under Section ~~48.266~~ [~~42.253~~].

86-42 (b) If the reorganized district is not eligible for an
86-43 entitlement under Section ~~48.266~~ [~~42.253~~], the amount of the
86-44 incentive aid payments may not exceed the sum of the entitlements
86-45 computed under Section ~~48.266~~ [~~42.253~~] for which the districts
86-46 included in the reorganized district were eligible in the school
86-47 year when they were consolidated.

86-48 SECTION 3.013. Section 13.283, Education Code, is amended
86-49 to read as follows:

86-50 Sec. 13.283. PAYMENTS REDUCED. The incentive aid payments
86-51 shall be reduced in direct proportion to any reduction in the
86-52 average daily attendance as determined under Section 48.005
86-53 [~~42.005~~] of the reorganized school district for the preceding year.

86-54 SECTION 3.014. Section 21.402(a), Education Code, is
86-55 amended to read as follows:

86-56 (a) Except as provided by Subsection (e-1) or (f), a school
86-57 district must pay each classroom teacher, full-time librarian,
86-58 full-time school counselor certified under Subchapter B, or
86-59 full-time school nurse not less than the minimum monthly salary,
86-60 based on the employee's level of experience in addition to other
86-61 factors, as determined by commissioner rule, determined by the
86-62 following formula:

$$MS = SF \times FS$$

86-63 where:

86-64 "MS" is the minimum monthly salary;

86-65 "SF" is the applicable salary factor specified by Subsection
86-66 (c); and

86-67 "FS" is the amount, as determined by the commissioner under
86-68 Subsection (b), of the basic allotment as provided by Section
86-69

87-1 48.051(a) [~~42.101(a)~~] or (b) for a school district with a
 87-2 maintenance and operations tax rate at least equal to the state
 87-3 maximum compressed tax rate, as defined by Section 48.051(a)
 87-4 [~~42.101(a)~~].

87-5 SECTION 3.015. Section 21.4021(a), Education Code, is
 87-6 amended to read as follows:

87-7 (a) Notwithstanding Section 21.401 and subject to Section
 87-8 21.4022, the board of trustees of a school district may, in
 87-9 accordance with district policy, implement a furlough program and
 87-10 reduce the number of days of service otherwise required under
 87-11 Section 21.401 by not more than six days of service during a school
 87-12 year if the commissioner certifies in accordance with Section
 87-13 48.010 [~~42.009~~] that the district will be provided with less state
 87-14 and local funding for that year than was provided to the district
 87-15 for the 2010-2011 school year.

87-16 SECTION 3.016. Section 21.410(h), Education Code, is
 87-17 amended to read as follows:

87-18 (h) A grant a school district receives under this section is
 87-19 in addition to any funding the district receives under Chapter 48
 87-20 [42]. The commissioner shall distribute funds under this section
 87-21 with the Foundation School Program payment to which the district is
 87-22 entitled as soon as practicable after the end of the school year as
 87-23 determined by the commissioner. A district to which Chapter 49 [41]
 87-24 applies is entitled to the grants paid under this section. The
 87-25 commissioner shall determine the timing of the distribution of
 87-26 grants to a district that does not receive Foundation School
 87-27 Program payments.

87-28 SECTION 3.017. Section 21.411(h), Education Code, is
 87-29 amended to read as follows:

87-30 (h) A grant a school district receives under this section is
 87-31 in addition to any funding the district receives under Chapter 48
 87-32 [42]. The commissioner shall distribute funds under this section
 87-33 with the Foundation School Program payment to which the district is
 87-34 entitled as soon as practicable after the end of the school year as
 87-35 determined by the commissioner. A district to which Chapter 49 [41]
 87-36 applies is entitled to the grants paid under this section. The
 87-37 commissioner shall determine the timing of the distribution of
 87-38 grants to a district that does not receive Foundation School
 87-39 Program payments.

87-40 SECTION 3.018. Section 21.412(h), Education Code, is
 87-41 amended to read as follows:

87-42 (h) A grant a school district receives under this section is
 87-43 in addition to any funding the district receives under Chapter 48
 87-44 [42]. The commissioner shall distribute funds under this section
 87-45 with the Foundation School Program payment to which the district is
 87-46 entitled as soon as practicable after the end of the school year as
 87-47 determined by the commissioner. A district to which Chapter 49 [41]
 87-48 applies is entitled to the grants paid under this section. The
 87-49 commissioner shall determine the timing of the distribution of
 87-50 grants to a district that does not receive Foundation School
 87-51 Program payments.

87-52 SECTION 3.019. Section 21.413(h), Education Code, is
 87-53 amended to read as follows:

87-54 (h) A grant a school district receives under this section is
 87-55 in addition to any funding the district receives under Chapter 48
 87-56 [42]. The commissioner shall distribute funds under this section
 87-57 with the Foundation School Program payment to which the district is
 87-58 entitled as soon as practicable after the end of the school year as
 87-59 determined by the commissioner. A district to which Chapter 49 [41]
 87-60 applies is entitled to the grants paid under this section. The
 87-61 commissioner shall determine the timing of the distribution of
 87-62 grants to a district that does not receive Foundation School
 87-63 Program payments.

87-64 SECTION 3.020. Section 25.001(a), Education Code, is
 87-65 amended to read as follows:

87-66 (a) A person who, on the first day of September of any school
 87-67 year, is at least five years of age and under 21 years of age, or is
 87-68 at least 21 years of age and under 26 years of age and is admitted by
 87-69 a school district to complete the requirements for a high school

88-1 diploma is entitled to the benefits of the available school fund for
 88-2 that year. Any other person enrolled in a prekindergarten class
 88-3 under Section 29.153 [~~or Subchapter E-1, Chapter 29,~~] is entitled
 88-4 to the benefits of the available school fund.

88-5 SECTION 3.021. Section 25.008(b), Education Code, is
 88-6 amended to read as follows:

88-7 (b) Subsection (a) does not apply to enrollment in a program
 88-8 under Section 29.088 or [~~7~~] 29.090 [~~7, or 29.098~~] or in a similar
 88-9 intensive program.

88-10 SECTION 3.022. Section 25.081(e), Education Code, is
 88-11 amended to read as follows:

88-12 (e) A school district or education program is exempt from
 88-13 the minimum minutes of operation requirement if the district's or
 88-14 program's average daily attendance is calculated under Section
 88-15 48.005(j) [~~42.005(j)~~].

88-16 SECTION 3.023. Section 25.081(f), Education Code, as added
 88-17 by Chapter 851 (H.B. 2442), Acts of the 85th Legislature, Regular
 88-18 Session, 2017, is amended to read as follows:

88-19 (f) The commissioner may proportionally reduce the amount
 88-20 of funding a district receives under Chapter [~~41, 42, or~~] 46, 48, or
 88-21 49 and the average daily attendance calculation for the district if
 88-22 the district operates on a calendar that provides fewer minutes of
 88-23 operation than required under Subsection (a).

88-24 SECTION 3.024. Sections 25.112(a) and (b), Education Code,
 88-25 are amended to read as follows:

88-26 (a) Except as otherwise authorized by this section, a school
 88-27 district may not enroll more than 22 students in a kindergarten,
 88-28 first, second, third, or fourth grade class. That limitation does
 88-29 not apply during:

88-30 (1) any 12-week period of the school year selected by
 88-31 the district, in the case of a district whose average daily
 88-32 attendance is adjusted under Section 48.005(c) [~~42.005(c)~~]; or

88-33 (2) the last 12 weeks of any school year in the case of
 88-34 any other district.

88-35 (b) Not later than the 30th day after the first day of the
 88-36 12-week period for which a district whose average daily attendance
 88-37 is adjusted under Section 48.005(c) [~~42.005(c)~~] is claiming an
 88-38 exemption under Subsection (a), the district shall notify the
 88-39 commissioner in writing that the district is claiming an exemption
 88-40 for the period stated in the notice.

88-41 SECTION 3.025. Section 28.0061(b), Education Code, is
 88-42 amended to read as follows:

88-43 (b) A school district is eligible to participate in the
 88-44 pilot program if, as determined by the commissioner, the district
 88-45 has low student performance on:

88-46 (1) a reading instrument administered in accordance
 88-47 with Section 28.006(c) or (c-2); or

88-48 (2) a third grade reading assessment instrument
 88-49 administered under Section 39.023(a).

88-50 SECTION 3.026. Section 28.0211(m-1), Education Code, is
 88-51 amended to read as follows:

88-52 (m-1) For purposes of certification under Subsection (m),
 88-53 the commissioner may not consider Foundation School Program funds
 88-54 except for compensatory education funds under Section 48.104
 88-55 [~~42.152~~]. This section may be implemented only if the commissioner
 88-56 certifies that sufficient funds have been appropriated during a
 88-57 school year for administering the accelerated instruction programs
 88-58 specified under this section and Section 28.0217, including teacher
 88-59 training for that purpose.

88-60 SECTION 3.027. Section 29.001, Education Code, is amended
 88-61 to read as follows:

88-62 Sec. 29.001. STATEWIDE PLAN. The agency shall develop, and
 88-63 modify as necessary, a statewide design, consistent with federal
 88-64 law, for the delivery of services to children with disabilities in
 88-65 this state that includes rules for the administration and funding
 88-66 of the special education program so that a free appropriate public
 88-67 education is available to all of those children between the ages of
 88-68 three and 21. The statewide design shall include the provision of
 88-69 services primarily through school districts and shared services

89-1 arrangements, supplemented by regional education service centers.
89-2 The agency shall also develop and implement a statewide plan with
89-3 programmatic content that includes procedures designed to:

89-4 (1) ensure state compliance with requirements for
89-5 supplemental federal funding for all state-administered programs
89-6 involving the delivery of instructional or related services to
89-7 students with disabilities;

89-8 (2) facilitate interagency coordination when other
89-9 state agencies are involved in the delivery of instructional or
89-10 related services to students with disabilities;

89-11 (3) periodically assess statewide personnel needs in
89-12 all areas of specialization related to special education and pursue
89-13 strategies to meet those needs through a consortium of
89-14 representatives from regional education service centers, local
89-15 education agencies, and institutions of higher education and
89-16 through other available alternatives;

89-17 (4) ensure that regional education service centers
89-18 throughout the state maintain a regional support function, which
89-19 may include direct service delivery and a component designed to
89-20 facilitate the placement of students with disabilities who cannot
89-21 be appropriately served in their resident districts;

89-22 (5) allow the agency to effectively monitor and
89-23 periodically conduct site visits of all school districts to ensure
89-24 that rules adopted under this section are applied in a consistent
89-25 and uniform manner, to ensure that districts are complying with
89-26 those rules, and to ensure that annual statistical reports filed by
89-27 the districts and not otherwise available through the Public
89-28 Education Information Management System under Sections 48.008 and
89-29 48.009 [~~Section 42.006~~] are accurate and complete;

89-30 (6) ensure that appropriately trained personnel are
89-31 involved in the diagnostic and evaluative procedures operating in
89-32 all districts and that those personnel routinely serve on district
89-33 admissions, review, and dismissal committees;

89-34 (7) ensure that an individualized education program
89-35 for each student with a disability is properly developed,
89-36 implemented, and maintained in the least restrictive environment
89-37 that is appropriate to meet the student's educational needs;

89-38 (8) ensure that, when appropriate, each student with a
89-39 disability is provided an opportunity to participate in career and
89-40 technology and physical education classes, in addition to
89-41 participating in regular or special classes;

89-42 (9) ensure that each student with a disability is
89-43 provided necessary related services;

89-44 (10) ensure that an individual assigned to act as a
89-45 surrogate parent for a child with a disability, as provided by 20
89-46 U.S.C. Section 1415(b), is required to:

89-47 (A) complete a training program that complies
89-48 with minimum standards established by agency rule;

89-49 (B) visit the child and the child's school;

89-50 (C) consult with persons involved in the child's
89-51 education, including teachers, caseworkers, court-appointed
89-52 volunteers, guardians ad litem, attorneys ad litem, foster parents,
89-53 and caretakers;

89-54 (D) review the child's educational records;

89-55 (E) attend meetings of the child's admission,
89-56 review, and dismissal committee;

89-57 (F) exercise independent judgment in pursuing
89-58 the child's interests; and

89-59 (G) exercise the child's due process rights under
89-60 applicable state and federal law; and

89-61 (11) ensure that each district develops a process to
89-62 be used by a teacher who instructs a student with a disability in a
89-63 regular classroom setting:

89-64 (A) to request a review of the student's
89-65 individualized education program;

89-66 (B) to provide input in the development of the
89-67 student's individualized education program;

89-68 (C) that provides for a timely district response
89-69 to the teacher's request; and

(D) that provides for notification to the student's parent or legal guardian of that response.

SECTION 3.028. Section 29.002, Education Code, is amended to read as follows:

Sec. 29.002. DEFINITION. In this subchapter, "special services" means:

(1) special education instruction, which may be provided by professional and supported by paraprofessional personnel in the regular classroom or in an instructional arrangement described by Section 48.102 [42.151]; and

(2) related services, which are developmental, corrective, supportive, or evaluative services, not instructional in nature, that may be required for the student to benefit from special education instruction and for implementation of a student's individualized education program.

SECTION 3.029. Section 29.008(b), Education Code, is amended to read as follows:

(b) Except as provided by Subsection (c), costs of an approved contract for residential placement may be paid from a combination of federal, state, and local funds. The local share of the total contract cost for each student is that portion of the local tax effort that exceeds the district's local fund assignment under Section 48.256 [42.252], divided by the average daily attendance in the district. If the contract involves a private facility, the state share of the total contract cost is that amount remaining after subtracting the local share. If the contract involves a public facility, the state share is that amount remaining after subtracting the local share from the portion of the contract that involves the costs of instructional and related services. For purposes of this subsection, "local tax effort" means the total amount of money generated by taxes imposed for debt service and maintenance and operation less any amounts paid into a tax increment fund under Chapter 311, Tax Code.

SECTION 3.030. Section 29.014(d), Education Code, is amended to read as follows:

(d) The basic allotment for a student enrolled in a district to which this section applies is adjusted by[+]

~~[(1) the cost of education adjustment under Section 42.102 for the school district in which the district is geographically located; and~~

~~[(2)] the weight for a homebound student under Section 48.102(a) [42.151(a)].~~

SECTION 3.031. Section 29.018(b), Education Code, is amended to read as follows:

(b) A school district is eligible to apply for a grant under this section if:

(1) the district does not receive sufficient funds, including state funds provided under Section 48.102 [42.151] and federal funds, for a student with disabilities to pay for the special education services provided to the student; or

(2) the district does not receive sufficient funds, including state funds provided under Section 48.102 [42.151] and federal funds, for all students with disabilities in the district to pay for the special education services provided to the students.

SECTION 3.032. Section 29.022(u)(3), Education Code, is amended to read as follows:

(3) "Self-contained classroom" does not include a classroom that is a resource room instructional arrangement under Section 48.102 [42.151].

SECTION 3.033. Section 29.081(b-2), Education Code, is amended to read as follows:

(b-2) A district that is required to provide accelerated instruction under Subsection (b-1) shall separately budget sufficient funds, including funds under Section 48.104 [42.152], for that purpose. ~~[A district may not budget funds received under Section 42.152 for any other purpose until the district adopts a budget to support additional accelerated instruction under Subsection (b-1).]~~

SECTION 3.034. Section 29.082(a), Education Code, is

91-1 amended to read as follows:

91-2 (a) A school district may set aside an amount from the
91-3 district's allotment under Section 48.104 [~~42.152~~] or may apply to
91-4 the agency for funding of an extended year program for a period not
91-5 to exceed 30 instructional days for students in:

91-6 (1) kindergarten through grade 11 who are identified
91-7 as likely not to be promoted to the next grade level for the
91-8 succeeding school year; or

91-9 (2) grade 12 who are identified as likely not to
91-10 graduate from high school before the beginning of the succeeding
91-11 school year.

91-12 SECTION 3.035. Section 29.086(e), Education Code, is
91-13 amended to read as follows:

91-14 (e) The amount of a grant under this section must take into
91-15 account funds distributed to the school district under Chapter 48
91-16 [~~42~~].

91-17 SECTION 3.036. Sections 29.087(h) and (j), Education Code,
91-18 are amended to read as follows:

91-19 (h) A student who has received a high school equivalency
91-20 certificate is entitled to enroll in a public school as authorized
91-21 by Section 25.001 and is entitled to the benefits of the Foundation
91-22 School Program under Section 48.003 [~~42.003~~] in the same manner as
91-23 any other student who has not received a high school diploma.

91-24 (j) For purposes of funding under Chapters [~~41, 42, and~~] 46,
91-25 48, and 49, a student attending a program authorized by this section
91-26 may be counted in attendance only for the actual number of hours
91-27 each school day the student attends the program, in accordance with
91-28 Section 25.081.

91-29 SECTION 3.037. Section 29.089(b), Education Code, is
91-30 amended to read as follows:

91-31 (b) The commissioner, in consultation with the governor,
91-32 lieutenant governor, and speaker of the house of representatives,
91-33 by rule shall determine accountability standards under this section
91-34 for a school district providing a mentoring services program using
91-35 funds allocated under Section 48.104 [~~42.152~~].

91-36 SECTION 3.038. Sections 29.203(b) and (c), Education Code,
91-37 are amended to read as follows:

91-38 (b) A school district is entitled to the allotment provided
91-39 by Section 48.107 [~~42.157~~] for each eligible student using a public
91-40 education grant. If the district has a local revenue level [~~wealth~~
91-41 ~~per student~~] greater than the guaranteed local revenue [~~wealth~~
91-42 ~~level but less than the~~] level established under
91-43 Section 48.257, a school district is entitled under rules adopted
91-44 by the commissioner to additional state aid in an amount equal to
91-45 the difference between the cost to the district of providing
91-46 services to a student using a public education grant and the sum of
91-47 the state aid received because of the allotment under Section
91-48 48.107 [~~42.157~~] and money from the available school fund
91-49 attributable to the student.

91-50 (c) A school district is entitled to additional facilities
91-51 assistance under Section 48.301 [~~42.4101~~] if the district agrees
91-52 to:

91-53 (1) accept a number of students using public education
91-54 grants that is at least one percent of the district's average daily
91-55 attendance for the preceding school year; and

91-56 (2) provide services to each student until the student
91-57 either voluntarily decides to attend a school in a different
91-58 district or graduates from high school.

91-59 SECTION 3.039. Section 29.203(g)(2), Education Code, is
91-60 amended to read as follows:

91-61 (2) "Guaranteed local revenue [~~wealth~~] level" means a
91-62 local revenue level [~~wealth per student~~] equal to the dollar amount
91-63 guaranteed level of state and local funds per weighted student per
91-64 cent of tax effort, as provided by Section 48.202 [~~42.302~~],
91-65 multiplied by 10,000.

91-66 SECTION 3.040. Section 29.403(b), Education Code, is
91-67 amended to read as follows:

91-68 (b) A student who is enrolled in a program under this
91-69 subchapter is included in determining the average daily attendance

92-1 under Section 48.005 [~~42.005~~] of the partnering school district.
 92-2 SECTION 3.041. Sections 29.918(a) and (b), Education Code,
 92-3 are amended to read as follows:

92-4 (a) Notwithstanding Section 48.104 [~~39.234 or 42.152~~], a
 92-5 school district or open-enrollment charter school with a high
 92-6 dropout rate, as determined by the commissioner, must submit a plan
 92-7 to the commissioner describing the manner in which the district or
 92-8 charter school intends to use the compensatory education allotment
 92-9 under Section 48.104 [~~42.152 and the high school allotment under~~
 92-10 ~~Section 42.160~~] for developing and implementing research-based
 92-11 strategies for dropout prevention. The district or charter school
 92-12 shall submit the plan not later than December 1 of each school year
 92-13 preceding the school year in which the district or charter school
 92-14 will receive the compensatory education allotment [~~or high school~~
 92-15 ~~allotment~~] to which the plan applies.

92-16 (b) A school district or open-enrollment charter school to
 92-17 which this section applies may not spend or obligate more than 25
 92-18 percent of the district's or charter school's compensatory
 92-19 education allotment [~~or high school allotment~~] unless the
 92-20 commissioner approves the plan submitted under Subsection
 92-21 (a). The commissioner shall complete an initial review of the
 92-22 district's or charter school's plan not later than March 1 of the
 92-23 school year preceding the school year in which the district or
 92-24 charter school will receive the compensatory education allotment
 92-25 [~~or high school allotment~~] to which the plan applies.

92-26 SECTION 3.042. Section 30A.002(a), Education Code, is
 92-27 amended to read as follows:

92-28 (a) A student is eligible to enroll in a course provided
 92-29 through the state virtual school network only if the student:

- 92-30 (1) on September 1 of the school year:
 92-31 (A) is younger than 21 years of age; or
 92-32 (B) is younger than 26 years of age and entitled
 92-33 to the benefits of the Foundation School Program under Section
 92-34 48.003 [~~42.003~~];
 92-35 (2) has not graduated from high school; and
 92-36 (3) is otherwise eligible to enroll in a public school
 92-37 in this state.

92-38 SECTION 3.043. Section 30A.153(a), Education Code, is
 92-39 amended to read as follows:

92-40 (a) Subject to the limitation imposed under Subsection
 92-41 (a-1), a school district or open-enrollment charter school in which
 92-42 a student is enrolled is entitled to funding under Chapter 48 [42]
 92-43 or in accordance with the terms of a charter granted under Section
 92-44 12.101 for the student's enrollment in an electronic course offered
 92-45 through the state virtual school network in the same manner that the
 92-46 district or school is entitled to funding for the student's
 92-47 enrollment in courses provided in a traditional classroom setting,
 92-48 provided that the student successfully completes the electronic
 92-49 course.

92-50 SECTION 3.044. Section 34.002(c), Education Code, is
 92-51 amended to read as follows:

92-52 (c) A school district that fails or refuses to meet the
 92-53 safety standards for school buses established under this section is
 92-54 ineligible to share in the transportation allotment under Section
 92-55 48.151 [~~42.155~~] until the first anniversary of the date the
 92-56 district begins complying with the safety standards.

92-57 SECTION 3.045. Section 37.0061, Education Code, is amended
 92-58 to read as follows:

92-59 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
 92-60 JUVENILE RESIDENTIAL FACILITIES. A school district that provides
 92-61 education services to pre-adjudicated and post-adjudicated
 92-62 students who are confined by court order in a juvenile residential
 92-63 facility operated by a juvenile board is entitled to count such
 92-64 students in the district's average daily attendance for purposes of
 92-65 receipt of state funds under the Foundation School Program. If the
 92-66 district has a local revenue level [~~wealth per student~~] greater
 92-67 than the guaranteed local revenue [~~wealth~~] level but less than the
 92-68 [~~equalized wealth~~] level established under Section 48.257, the
 92-69 district in which the student is enrolled on the date a court orders

93-1 the student to be confined to a juvenile residential facility shall
 93-2 transfer to the district providing education services an amount
 93-3 equal to the difference between the average Foundation School
 93-4 Program costs per student of the district providing education
 93-5 services and the sum of the state aid and the money from the
 93-6 available school fund received by the district that is attributable
 93-7 to the student for the portion of the school year for which the
 93-8 district provides education services to the student.

93-9 SECTION 3.046. Section 37.011(h), Education Code, is
 93-10 amended to read as follows:

93-11 (h) Academically, the mission of juvenile justice
 93-12 alternative education programs shall be to enable students to
 93-13 perform at grade level. For purposes of accountability under
 93-14 Chapters 39 and 39A, a student enrolled in a juvenile justice
 93-15 alternative education program is reported as if the student were
 93-16 enrolled at the student's assigned campus in the student's
 93-17 regularly assigned education program, including a special
 93-18 education program. Annually the Texas Juvenile Justice
 93-19 Department, with the agreement of the commissioner, shall develop
 93-20 and implement a system of accountability consistent with Chapters
 93-21 39 and 39A, where appropriate, to assure that students make
 93-22 progress toward grade level while attending a juvenile justice
 93-23 alternative education program. The department shall adopt rules
 93-24 for the distribution of funds appropriated under this section to
 93-25 juvenile boards in counties required to establish juvenile justice
 93-26 alternative education programs. Except as determined by the
 93-27 commissioner, a student served by a juvenile justice alternative
 93-28 education program on the basis of an expulsion required under
 93-29 Section 37.007(a), (d), or (e) is not eligible for Foundation
 93-30 School Program funding under Chapter ~~42~~ 31 or 48 if the
 93-31 juvenile justice alternative education program receives funding
 93-32 from the department under this subchapter.

93-33 SECTION 3.047. Section 39.0233(a), Education Code, is
 93-34 amended to read as follows:

93-35 (a) The agency, in coordination with the Texas Higher
 93-36 Education Coordinating Board, shall adopt a series of questions to
 93-37 be included in an end-of-course assessment instrument administered
 93-38 under Section 39.023(c) to be used for purposes of Subchapter F-1,
 93-39 Chapter 51. The questions adopted under this subsection must be
 93-40 developed in a manner consistent with any college readiness
 93-41 standards adopted under ~~[Section 39.233 and]~~ Subchapter F-1,
 93-42 Chapter 51.

93-43 SECTION 3.048. Section 39.027(f), Education Code, is
 93-44 amended to read as follows:

93-45 (f) In this section, "average daily attendance" is computed
 93-46 in the manner provided by Section 48.005 ~~[42.005]~~.

93-47 SECTION 3.049. Section 39.408, Education Code, is amended
 93-48 to read as follows:

93-49 Sec. 39.408. ELIGIBILITY CRITERIA FOR CERTAIN GRANT
 93-50 PROGRAMS. A school district or campus is eligible to participate in
 93-51 programs under Sections 21.4541, 29.095, and 29.096 ~~[, 29.097, and~~
 93-52 ~~29.098]~~ if the district or campus exhibited during each of the three
 93-53 preceding school years characteristics that strongly correlate
 93-54 with high dropout rates.

93-55 SECTION 3.050. Section 39.413, Education Code, is amended
 93-56 to read as follows:

93-57 Sec. 39.413. FUNDING FOR CERTAIN PROGRAMS. (a) From funds
 93-58 appropriated, the Texas Higher Education Coordinating Board shall
 93-59 allocate \$8.75 million each year to establish mathematics, science,
 93-60 and technology teacher preparation academies under Section
 93-61 61.0766 ~~[, provide funding to the commissioner of education to~~
 93-62 ~~implement and administer the program under Section 29.098,]~~ and
 93-63 award grants under Section 61.0762(a)(3).

93-64 (b) The Texas Higher Education Coordinating Board shall
 93-65 establish mathematics, science, and technology teacher preparation
 93-66 academies under Section 61.0766 ~~[, provide funding to the~~
 93-67 ~~commissioner of education to implement and administer the program~~
 93-68 ~~under Section 29.098,]~~ and award grants under Section 61.0762(a)(3)
 93-69 in a manner consistent with the goals of this subchapter and the

94-1 goals in "Closing the Gaps," the state's master plan for higher
94-2 education.

94-3 SECTION 3.051. Section 39A.903, Education Code, is amended
94-4 to read as follows:

94-5 Sec. 39A.903. COSTS PAID BY SCHOOL DISTRICT. The costs of
94-6 providing a monitor, conservator, management team, campus
94-7 intervention team, technical assistance team, managing entity, or
94-8 service provider under this chapter shall be paid by the school
94-9 district. If the district fails or refuses to pay the costs in a
94-10 timely manner, the commissioner may:

94-11 (1) pay the costs using amounts withheld from any
94-12 funds to which the district is otherwise entitled; or

94-13 (2) recover the amount of the costs in the manner
94-14 provided for recovery of an overallocation of state funds under
94-15 Section 48.272 [~~42.258~~].

94-16 SECTION 3.052. Section 43.002(b), Education Code, is
94-17 amended to read as follows:

94-18 (b) Of the amounts available for transfer from the general
94-19 revenue fund to the available school fund for the months of January
94-20 and February of each fiscal year, no more than the amount necessary
94-21 to enable the comptroller to distribute from the available school
94-22 fund an amount equal to 9-1/2 percent of the estimated annual
94-23 available school fund apportionment to category 1 school districts,
94-24 as defined by Section 48.273 [~~42.259~~], and 3-1/2 percent of the
94-25 estimated annual available school fund apportionment to category 2
94-26 school districts, as defined by Section 48.273 [~~42.259~~], may be
94-27 transferred from the general revenue fund to the available school
94-28 fund. Any remaining amount that would otherwise be available for
94-29 transfer for the months of January and February shall be
94-30 transferred from the general revenue fund to the available school
94-31 fund in equal amounts in June and in August of the same fiscal year.

94-32 SECTION 3.053. Section 44.0011, Education Code, is amended
94-33 to read as follows:

94-34 Sec. 44.0011. FISCAL YEAR. The fiscal year of a school
94-35 district begins on July 1 or September 1 of each year, as determined
94-36 by the board of trustees of the district. The commissioner may adopt
94-37 rules concerning the submission of information by a district under
94-38 Chapter 39, 39A, or 48 [~~42~~] based on the fiscal year of the
94-39 district.

94-40 SECTION 3.054. Section 44.051, Education Code, is amended
94-41 to read as follows:

94-42 Sec. 44.051. INTERFERENCE WITH OPERATION OF FOUNDATION
94-43 SCHOOL PROGRAM. An offense under Section 37.10, Penal Code, is a
94-44 felony of the third degree if it is shown on trial of the offense
94-45 that the governmental record was a record, form, report, or budget
94-46 required under Chapter 48 [~~42~~] or rules adopted under that chapter.
94-47 If the actor's intent is to defraud the state or the public school
94-48 system, the offense is a felony of the second degree.

94-49 SECTION 3.055. Section 45.0011(e), Education Code, is
94-50 amended to read as follows:

94-51 (e) In this section, average daily attendance is determined
94-52 in the manner provided by Section 48.005 [~~42.005~~].

94-53 SECTION 3.056. Sections 45.0031(b) and (c), Education Code,
94-54 are amended to read as follows:

94-55 (b) A district may demonstrate the ability to comply with
94-56 Subsection (a) by using the most recent taxable value of property in
94-57 the district, combined with state assistance to which the district
94-58 is entitled under Chapter [~~42 or~~] 46 or 48 that may be lawfully used
94-59 for the payment of bonds.

94-60 (c) A district may demonstrate the ability to comply with
94-61 Subsection (a) by using a projected future taxable value of
94-62 property in the district anticipated for the earlier of the tax year
94-63 five years after the current tax year or the tax year in which the
94-64 final payment is due for the bonds submitted to the attorney
94-65 general, combined with state assistance to which the district is
94-66 entitled under Chapter [~~42 or~~] 46 or 48 that may be lawfully used
94-67 for the payment of bonds. The district must submit to the attorney
94-68 general a certification of the district's projected taxable value
94-69 of property that is prepared by a registered professional appraiser

95-1 certified under Chapter 1151, Occupations Code, who has
 95-2 demonstrated professional experience in projecting taxable values
 95-3 of property or who can by contract obtain any necessary assistance
 95-4 from a person who has that experience. To demonstrate the
 95-5 professional experience required by this subsection, a registered
 95-6 professional appraiser must provide to the district written
 95-7 documentation relating to two previous projects for which the
 95-8 appraiser projected taxable values of property. Until the bonds
 95-9 submitted to the attorney general are approved or disapproved, the
 95-10 district must maintain the documentation and on request provide the
 95-11 documentation to the attorney general or comptroller. The
 95-12 certification of the district's projected taxable value of property
 95-13 must be signed by the district's superintendent. The attorney
 95-14 general must base a determination of whether the district has
 95-15 complied with Subsection (a) on a taxable value of property that is
 95-16 equal to 90 percent of the value certified under this subsection.

95-17 SECTION 3.057. Section 45.251(2), Education Code, is
 95-18 amended to read as follows:

95-19 (2) "Foundation School Program" means the program
 95-20 established under Chapters [~~41, 42, and~~] 46, 48, and 49, or any
 95-21 successor program of state appropriated funding for school
 95-22 districts in this state.

95-23 SECTION 3.058. Section 45.259(d), Education Code, is
 95-24 amended to read as follows:

95-25 (d) If money appropriated for the Foundation School Program
 95-26 is used for purposes of this subchapter and as a result there is
 95-27 insufficient money to fully fund the Foundation School Program, the
 95-28 commissioner shall, to the extent necessary, reduce each school
 95-29 district's foundation school fund allocations, other than any
 95-30 portion appropriated from the available school fund, in the same
 95-31 manner provided by Section 48.266(f) [~~42.253(h)~~] for a case in
 95-32 which school district entitlements exceed the amount
 95-33 appropriated. The following fiscal year, a district's entitlement
 95-34 under Section 48.266 [~~42.253~~] is increased by an amount equal to the
 95-35 reduction under this subsection.

95-36 SECTION 3.059. Section 45.261(a), Education Code, is
 95-37 amended to read as follows:

95-38 (a) If the commissioner orders payment from the money
 95-39 appropriated to the Foundation School Program on behalf of a school
 95-40 district that is not required to reduce its local revenue level
 95-41 [~~wealth per student~~] under Section 48.257 [~~Chapter 41~~], the
 95-42 commissioner shall direct the comptroller to withhold the amount
 95-43 paid from the first state money payable to the district. If the
 95-44 commissioner orders payment from the money appropriated to the
 95-45 Foundation School Program on behalf of a school district that is
 95-46 required to reduce its local revenue level [~~wealth per student~~]
 95-47 under Section 48.257 [~~Chapter 41~~], the commissioner shall increase
 95-48 amounts due from the district under Chapter 49 [~~that chapter~~] in a
 95-49 total amount equal to the amount of payments made on behalf of the
 95-50 district under this subchapter. Amounts withheld or received
 95-51 under this subsection shall be used for the Foundation School
 95-52 Program.

95-53 SECTION 3.060. Section 45.263(b), Education Code, is
 95-54 amended to read as follows:

95-55 (b) In adopting rules under Subsection (a), the
 95-56 commissioner shall establish an annual deadline by which a school
 95-57 district must pay the debt service on bonds for which credit
 95-58 enhancement is provided under this subchapter. The deadline
 95-59 established may not be later than the 10th day before the date
 95-60 specified under Section 48.273 [~~42.259~~] for payment to school
 95-61 districts of the final Foundation School Program installment for a
 95-62 state fiscal year.

95-63 SECTION 3.061. Section 46.003(a), Education Code, is
 95-64 amended to read as follows:

95-65 (a) For each year, except as provided by Sections 46.005 and
 95-66 46.006, a school district is guaranteed a specified amount per
 95-67 student in state and local funds for each cent of tax effort, up to
 95-68 the maximum rate under Subsection (b), to pay the principal of and
 95-69 interest on eligible bonds issued to construct, acquire, renovate,

96-1 or improve an instructional facility. The amount of state support
96-2 is determined by the formula:

$$96-3 \quad \text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

96-4 where:

96-5 "FYA" is the guaranteed facilities yield amount of state
96-6 funds allocated to the district for the year;

96-7 "FYL" is the dollar amount guaranteed level of state and
96-8 local funds per student per cent of tax effort, which is \$35 or a
96-9 greater amount for any year provided by appropriation;

96-10 "ADA" is the greater of the number of students in average
96-11 daily attendance, as determined under Section 48.005 [~~42.005~~], in
96-12 the district or 400;

96-13 "BTR" is the district's bond tax rate for the current year,
96-14 which is determined by dividing the amount budgeted by the district
96-15 for payment of eligible bonds by the quotient of the district's
96-16 taxable value of property as determined under Subchapter M, Chapter
96-17 403, Government Code, or, if applicable, Section 48.258 [~~42.2521~~],
96-18 divided by 100; and

96-19 "DPV" is the district's taxable value of property as
96-20 determined under Subchapter M, Chapter 403, Government Code, or, if
96-21 applicable, Section 48.258 [~~42.2521~~].

96-22 SECTION 3.062. Section 46.006(g), Education Code, is
96-23 amended to read as follows:

96-24 (g) In this section, "wealth per student" means a school
96-25 district's taxable value of property as determined under Subchapter
96-26 M, Chapter 403, Government Code, or, if applicable, Section 48.258
96-27 [~~42.2521~~], divided by the district's average daily attendance as
96-28 determined under Section 48.005 [~~42.005~~].

96-29 SECTION 3.063. Sections 46.009(b), (c), (e), and (f),
96-30 Education Code, are amended to read as follows:

96-31 (b) If the amount appropriated for purposes of this
96-32 subchapter for a year is less than the total amount determined under
96-33 Subsection (a) for that year, the commissioner shall:

96-34 (1) transfer from the Foundation School Program to the
96-35 instructional facilities program the amount by which the total
96-36 amount determined under Subsection (a) exceeds the amount
96-37 appropriated; and

96-38 (2) reduce each district's foundation school fund
96-39 allocations in the manner provided by Section 48.266(f)
96-40 [~~42.253~~(h)].

96-41 (c) Warrants for payments under this subchapter shall be
96-42 approved and transmitted to school district treasurers or
96-43 depositories in the same manner as warrants for payments under
96-44 Chapter 48 [~~42~~].

96-45 (e) Section 48.272 [~~42.258~~] applies to payments under this
96-46 subchapter.

96-47 (f) If a school district would have received a greater
96-48 amount under this subchapter for the applicable school year using
96-49 the adjusted value determined under Section 48.271 [~~42.257~~], the
96-50 commissioner shall add the difference between the adjusted value
96-51 and the amount the district received under this subchapter to
96-52 subsequent distributions to the district under this subchapter.

96-53 SECTION 3.064. Section 46.011(e), Education Code, is
96-54 amended to read as follows:

96-55 (e) The state's share is state property. The school
96-56 district shall send to the comptroller any portion of the state's
96-57 share not used by the school district to repair the defective
96-58 design, construction, renovation, or improvement of the
96-59 instructional facility on which the action is brought or to replace
96-60 the facility. Section 48.272 [~~42.258~~] applies to the state's share
96-61 under this subsection.

96-62 SECTION 3.065. Section 46.013, Education Code, is amended
96-63 to read as follows:

96-64 Sec. 46.013. MULTIPLE ALLOTMENTS PROHIBITED. A school
96-65 district is not entitled to state assistance under this subchapter
96-66 based on taxes with respect to which the district receives state
96-67 assistance under Subchapter E [~~F~~], Chapter 48 [~~42~~].

96-68 SECTION 3.066. Section 46.032(a), Education Code, is
96-69 amended to read as follows:

97-1 (a) Each school district is guaranteed a specified amount
 97-2 per student in state and local funds for each cent of tax effort to
 97-3 pay the principal of and interest on eligible bonds. The amount of
 97-4 state support, subject only to the maximum amount under Section
 97-5 46.034, is determined by the formula:

$$97-6 \quad \text{EDA} = (\text{EDGL} \times \text{ADA} \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

97-7 where:

97-8 "EDA" is the amount of state funds to be allocated to the
 97-9 district for assistance with existing debt;

97-10 "EDGL" is the dollar amount guaranteed level of state and
 97-11 local funds per student per cent of tax effort, which is the lesser
 97-12 of:

97-13 (1) \$40 or a greater amount for any year provided by
 97-14 appropriation; or

97-15 (2) the amount that would result in a total additional
 97-16 amount of state funds under this subchapter for the current year
 97-17 equal to \$60 million in excess of the state funds to which school
 97-18 districts would have been entitled under this section if the
 97-19 guaranteed level amount were \$35;

97-20 "ADA" is the number of students in average daily attendance,
 97-21 as determined under Section 48.005 [~~42.005~~], in the district;

97-22 "EDTR" is the existing debt tax rate of the district, which is
 97-23 determined by dividing the amount budgeted by the district for
 97-24 payment of eligible bonds by the quotient of the district's taxable
 97-25 value of property as determined under Subchapter M, Chapter 403,
 97-26 Government Code, or, if applicable, under Section 48.258 [~~42.2521~~],
 97-27 divided by 100; and

97-28 "DPV" is the district's taxable value of property as
 97-29 determined under Subchapter M, Chapter 403, Government Code, or, if
 97-30 applicable, under Section 48.258 [~~42.2521~~].

97-31 SECTION 3.067. Section 46.037, Education Code, is amended
 97-32 to read as follows:

97-33 Sec. 46.037. MULTIPLE ALLOTMENTS PROHIBITED. A school
 97-34 district is not entitled to state assistance under this subchapter
 97-35 based on taxes with respect to which the district receives state
 97-36 assistance under Subchapter E [~~F~~], Chapter 48 [~~42~~].

97-37 SECTION 3.068. Section 61.0766(e), Education Code, is
 97-38 amended to read as follows:

97-39 (e) An academy program may:

97-40 (1) provide financial assistance for the purpose of
 97-41 allowing participants to complete the program [~~and obtain a master~~
 97-42 ~~teacher certificate under Section 21.0482, 21.0483, or 21.0484~~];

97-43 (2) include programs in leadership skills to develop
 97-44 training, mentoring, and coaching skills;

97-45 (3) deliver coursework electronically for some or all
 97-46 of the program; and

97-47 (4) provide for ongoing professional development and
 97-48 coordination with specific public school instructional programs.

97-49 SECTION 3.069. Section 79.10(f), Education Code, is amended
 97-50 to read as follows:

97-51 (f) For each student enrolled in the academy, the academy is
 97-52 entitled to allotments from the foundation school fund under
 97-53 Chapter 48 [~~42~~] as if the academy were a school district without a
 97-54 tier one local share for purposes of Section 48.266 [~~42.253~~]. If
 97-55 in any academic year the amount of the allotments under this
 97-56 subsection exceeds the amount of state funds paid to the academy in
 97-57 the first fiscal year of the academy's operation, the commissioner
 97-58 of education shall set aside from the total amount of funds to which
 97-59 school districts are entitled under Section 48.266(c) [~~42.253~~(c)]
 97-60 an amount equal to the excess amount and shall distribute that
 97-61 amount to the academy. After deducting the amount set aside and
 97-62 paid to the academy by the commissioner of education under this
 97-63 subsection, the commissioner of education shall reduce the amount
 97-64 to which each district is entitled under Section 48.266(c)
 97-65 [~~42.253~~(c)] in the manner described by Section 48.266(f)
 97-66 [~~42.253~~(h)]. A determination of the commissioner of education
 97-67 under this subsection is final and may not be appealed.

97-68 SECTION 3.070. Section 87.208, Education Code, is amended
 97-69 to read as follows:

98-1 Sec. 87.208. SEABORNE CONSERVATION CORPS. If the board of
98-2 regents of The Texas A&M University System administers a program
98-3 that is substantially similar to the Seaborne Conservation Corps as
98-4 it was administered by the board during the 1998-1999 school year,
98-5 the program is entitled, for each student enrolled, to allotments
98-6 from the Foundation School Program under Chapter 48 [42] as if the
98-7 program were a school district, except that the program has a local
98-8 share applied that is equivalent to the local fund assignment of the
98-9 school district in which the principal facilities of the program
98-10 are located.

98-11 SECTION 3.071. Section 87.505(g), Education Code, is
98-12 amended to read as follows:

98-13 (g) For each student enrolled in the academy, the academy is
98-14 entitled to allotments from the foundation school fund under
98-15 Chapter 48 [42] as if the academy were a school district without a
98-16 tier one local share for purposes of Section 48.266 [42.253]. If
98-17 in any academic year the amount of the allotments under this
98-18 subsection exceeds the amount of state funds paid to the academy in
98-19 the first fiscal year of the academy's operation, the commissioner
98-20 of education shall set aside from the total amount of funds to which
98-21 school districts are entitled under Section 48.266(c) [42.253(c)]
98-22 an amount equal to the excess amount and shall distribute that
98-23 amount to the academy. After deducting the amount set aside and
98-24 paid to the academy by the commissioner of education under this
98-25 subsection, the commissioner of education shall reduce the amount
98-26 to which each district is entitled under Section 48.266(c)
98-27 [42.253(c)] in the manner described by Section 48.266(f)
98-28 [42.253(h)]. A determination of the commissioner of education
98-29 under this subsection is final and may not be appealed.

98-30 SECTION 3.072. Section 96.707(k), Education Code, is
98-31 amended to read as follows:

98-32 (k) For each student enrolled in the academy, the academy is
98-33 entitled to allotments from the Foundation School Program under
98-34 Chapter 48 [42] as if the academy were a school district without a
98-35 tier one local share for purposes of Section 48.266 [42.253].

98-36 SECTION 3.073. Sections 105.301(e) and (f), Education Code,
98-37 are amended to read as follows:

98-38 (e) The academy is not subject to the provisions of this
98-39 code, or to the rules of the Texas Education Agency, regulating
98-40 public schools, except that:

98-41 (1) professional employees of the academy are entitled
98-42 to the limited liability of an employee under Section 22.0511,
98-43 22.0512, or 22.052;

98-44 (2) a student's attendance at the academy satisfies
98-45 compulsory school attendance requirements; and

98-46 (3) for each student enrolled, the academy is entitled
98-47 to allotments from the foundation school program under Chapter 48
98-48 [42] as if the academy were a school district without a tier one
98-49 local share for purposes of Section 48.266 [42.253].

98-50 (f) If in any academic year the amount of the allotments
98-51 under Subsection (e)(3) exceeds the amount of state funds paid to
98-52 the academy under this section in the fiscal year ending August 31,
98-53 2003, the commissioner shall set aside from the total amount of
98-54 funds to which school districts are entitled under Section
98-55 48.266(c) [42.253(c)] an amount equal to the excess amount and
98-56 shall distribute that amount to the academy. After deducting the
98-57 amount set aside and paid to the academy by the commissioner under
98-58 this subsection, the commissioner shall reduce the amount to which
98-59 each district is entitled under Section 48.266(c) [42.253(c)] in
98-60 the manner described by Section 48.266(f) [42.253(h)]. A
98-61 determination of the commissioner under this section is final and
98-62 may not be appealed.

98-63 SECTION 3.074. Section 317.005(f), Government Code, is
98-64 amended to read as follows:

98-65 (f) The governor or board may adopt an order under this
98-66 section withholding or transferring any portion of the total amount
98-67 appropriated to finance the foundation school program for a fiscal
98-68 year. The governor or board may not adopt such an order if it would
98-69 result in an allocation of money between particular programs or

99-1 statutory allotments under the foundation school program contrary
 99-2 to the statutory proration formula provided by Section 48.266(f)
 99-3 [~~42.253(h)~~], Education Code. The governor or board may transfer an
 99-4 amount to the total amount appropriated to finance the foundation
 99-5 school program for a fiscal year and may increase the basic
 99-6 allotment. The governor or board may adjust allocations of amounts
 99-7 between particular programs or statutory allotments under the
 99-8 foundation school program only for the purpose of conforming the
 99-9 allocations to actual pupil enrollments or attendance.

99-10 SECTION 3.075. Section 403.093(d), Government Code, as
 99-11 amended by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the
 99-12 85th Legislature, Regular Session, 2017, is reenacted to read as
 99-13 follows:

99-14 (d) The comptroller shall transfer from the general revenue
 99-15 fund to the foundation school fund an amount of money necessary to
 99-16 fund the foundation school program as provided by Chapter 48 [42],
 99-17 Education Code. The comptroller shall make the transfers in
 99-18 installments as necessary to comply with Section 48.273 [~~42.259~~],
 99-19 Education Code, and permit the Texas Education Agency, to the
 99-20 extent authorized by the General Appropriations Act, to make
 99-21 temporary transfers from the foundation school fund for payment of
 99-22 the instructional materials and technology allotment under Section
 99-23 31.0211, Education Code. Unless an earlier date is necessary for
 99-24 purposes of temporary transfers for payment of the instructional
 99-25 materials and technology allotment, an installment must be made not
 99-26 earlier than two days before the date an installment to school
 99-27 districts is required by Section 48.273 [~~42.259~~], Education Code,
 99-28 and must not exceed the amount necessary for that payment and any
 99-29 temporary transfers for payment of the instructional materials and
 99-30 technology allotment.

99-31 SECTION 3.076. Section 403.302(a), Government Code, is
 99-32 amended to read as follows:

99-33 (a) The comptroller shall conduct a study using comparable
 99-34 sales and generally accepted auditing and sampling techniques to
 99-35 determine the total taxable value of all property in each school
 99-36 district. The study shall determine the taxable value of all
 99-37 property and of each category of property in the district and the
 99-38 productivity value of all land that qualifies for appraisal on the
 99-39 basis of its productive capacity and for which the owner has applied
 99-40 for and received a productivity appraisal. The comptroller shall
 99-41 make appropriate adjustments in the study to account for actions
 99-42 taken under Chapter 49 [41], Education Code.

99-43 SECTION 3.077. Section 403.303(b), Government Code, is
 99-44 amended to read as follows:

99-45 (b) After receipt of a petition, the comptroller shall hold
 99-46 a hearing. The comptroller has the burden to prove the accuracy of
 99-47 the findings. Until a final decision is made by the comptroller,
 99-48 the taxable value of property in the district is determined, with
 99-49 respect to property subject to the protest, according to the value
 99-50 claimed by the school district or property owner, except that the
 99-51 value to be used while a final decision is pending may not be less
 99-52 than the appraisal roll value for the year of the study. If after a
 99-53 hearing the comptroller concludes that the findings should be
 99-54 changed, the comptroller shall order the appropriate changes and
 99-55 shall certify to the commissioner of education the changes in the
 99-56 values of the school district that brought the protest, the values
 99-57 of the school district named by the property owner who brought the
 99-58 protest, or, if the comptroller by rule allows an appraisal
 99-59 district to bring a protest, the values of the school district named
 99-60 by the appraisal district that brought the protest. The
 99-61 comptroller may not order a change in the values of a school
 99-62 district as a result of a protest brought by another school
 99-63 district, a property owner in the other school district, or an
 99-64 appraisal district that appraises property for the other school
 99-65 district. The comptroller shall complete all protest hearings and
 99-66 certify all changes as necessary to comply with Chapter 48 [42],
 99-67 Education Code. A hearing conducted under this subsection is not a
 99-68 contested case for purposes of Section 2001.003.

99-69 SECTION 3.078. Section 404.121(1), Government Code, is

100-1 amended to read as follows:

100-2 (1) "Cash flow deficit" for any period means the
 100-3 excess, if any, of expenditures paid and transfers made from the
 100-4 general revenue fund in the period, including payments provided by
 100-5 Section 48.273 [~~42.259~~], Education Code, over taxes and other
 100-6 revenues deposited to the fund in the period, other than revenues
 100-7 deposited pursuant to Section 403.092, that are legally available
 100-8 for the expenditures and transfers.

100-9 SECTION 3.079. Section 437.117(a), Government Code, is
 100-10 amended to read as follows:

100-11 (a) For each student enrolled in the Texas Challenge
 100-12 Academy, the department is entitled to allotments from the
 100-13 Foundation School Program under Chapter 48 [~~42~~], Education Code, as
 100-14 if the academy were a school district without a tier one local share
 100-15 for purposes of Section 48.266 [~~42.253~~], Education Code.

100-16 SECTION 3.080. Section 466.355(c), Government Code, as
 100-17 repealed by Chapter 431 (S.B. 559), Acts of the 83rd Legislature,
 100-18 Regular Session, 2013, and amended by Chapter 1410 (S.B. 758), Acts
 100-19 of the 83rd Legislature, Regular Session, 2013, is reenacted and
 100-20 amended to read as follows:

100-21 (c) Each August the comptroller shall:

100-22 (1) estimate the amount to be transferred to the
 100-23 foundation school fund on or before September 15; and

100-24 (2) notwithstanding Subsection (b)(4), transfer the
 100-25 amount estimated in Subdivision (1) to the foundation school fund
 100-26 before August installment payments are made under Section 48.273
 100-27 [~~42.259~~], Education Code.

100-28 SECTION 3.081. Section 1371.001(4), Government Code, is
 100-29 amended to read as follows:

100-30 (4) "Issuer" means:

100-31 (A) a home-rule municipality that:

100-32 (i) adopted its charter under Section 5,
 100-33 Article XI, Texas Constitution;

100-34 (ii) has a population of 50,000 or more; and

100-35 (iii) has outstanding long-term
 100-36 indebtedness that is rated by a nationally recognized rating agency
 100-37 for municipal securities in one of the four highest rating
 100-38 categories for a long-term obligation;

100-39 (B) a conservation and reclamation district
 100-40 created and organized as a river authority under Section 52,
 100-41 Article III, or Section 59, Article XVI, Texas Constitution;

100-42 (C) a joint powers agency organized and operating
 100-43 under Chapter 163, Utilities Code;

100-44 (D) a metropolitan rapid transit authority,
 100-45 regional transportation authority, or coordinated county
 100-46 transportation authority created, organized, or operating under
 100-47 Chapter 451, 452, or 460, Transportation Code;

100-48 (E) a conservation and reclamation district
 100-49 organized or operating as a navigation district under Section 52,
 100-50 Article III, or Section 59, Article XVI, Texas Constitution;

100-51 (F) a district organized or operating under
 100-52 Section 59, Article XVI, Texas Constitution, that has all or part of
 100-53 two or more municipalities within its boundaries;

100-54 (G) a state agency, including a state institution
 100-55 of higher education;

100-56 (H) a hospital authority created or operating
 100-57 under Chapter 262 or 264, Health and Safety Code, in a county that:

100-58 (i) has a population of more than 3.3
 100-59 million; or

100-60 (ii) is included, in whole or in part, in a
 100-61 standard metropolitan statistical area of this state that includes
 100-62 a county with a population of more than 2.2 million;

100-63 (I) a hospital district in a county that has a
 100-64 population of more than two million;

100-65 (J) a nonprofit corporation organized to
 100-66 exercise the powers of a higher education loan authority under
 100-67 Section 53B.47(e), Education Code;

100-68 (K) a county:

100-69 (i) that has a population of 3.3 million or

101-1 more; or

101-2 (ii) that, on the date of issuance of
101-3 obligations under this chapter, has authorized, outstanding, or any
101-4 combination of authorized and outstanding, indebtedness of at least
101-5 \$100 million secured by and payable from the county's ad valorem
101-6 taxes and the authorized long-term indebtedness of which is rated
101-7 by a nationally recognized rating agency of securities issued by
101-8 local governments in one of the four highest rating categories for a
101-9 long-term obligation;

101-10 (L) an independent school district that has an
101-11 average daily attendance of 50,000 or more as determined under
101-12 Section 48.005 [~~42.005~~], Education Code;

101-13 (M) a municipality or county operating under
101-14 Chapter 334, Local Government Code;

101-15 (N) a district created under Chapter 335, Local
101-16 Government Code;

101-17 (O) a junior college district that has a total
101-18 headcount enrollment of 40,000 or more based on enrollment in the
101-19 most recent regular semester; or

101-20 (P) an issuer, as defined by Section 1201.002,
101-21 that has:

101-22 (i) a principal amount of at least \$100
101-23 million in outstanding long-term indebtedness, in long-term
101-24 indebtedness proposed to be issued, or in a combination of
101-25 outstanding or proposed long-term indebtedness; and

101-26 (ii) some amount of long-term indebtedness
101-27 outstanding or proposed to be issued that is rated in one of the
101-28 four highest rating categories for long-term debt instruments by a
101-29 nationally recognized rating agency for municipal securities,
101-30 without regard to the effect of any credit agreement or other form
101-31 of credit enhancement entered into in connection with the
101-32 obligation.

101-33 SECTION 3.082. Section 1431.001(3), Government Code, is
101-34 amended to read as follows:

101-35 (3) "Eligible school district" means an independent
101-36 school district that has an average daily attendance of 190,000 or
101-37 more as determined under Section 48.005 [~~42.005~~], Education Code.

101-38 SECTION 3.083. Section 2175.304(c), Government Code, is
101-39 amended to read as follows:

101-40 (c) The procedures established under Subsection (b) must
101-41 give preference to transferring the property directly to a public
101-42 school or school district or to an assistance organization
101-43 designated by the school district before disposing of the property
101-44 in another manner. If more than one public school or school
101-45 district or assistance organization seeks to acquire the same
101-46 property on substantially the same terms, the system, institution,
101-47 or agency shall give preference to a public school that is
101-48 considered low-performing by the commissioner of education or to a
101-49 school district that has a taxable wealth per student that entitles
101-50 the district to an allotment of state funds under Subchapter E [~~F~~],
101-51 Chapter 48 [~~42~~], Education Code, or to the assistance organization
101-52 designated by such a school district.

101-53 SECTION 3.084. Section 221.0071(d), Human Resources Code,
101-54 is amended to read as follows:

101-55 (d) A charter school operating under a charter granted under
101-56 this section is entitled to receive open-enrollment charter school
101-57 funding under Chapter 48 [~~42~~], Education Code, in the same manner as
101-58 an open-enrollment charter school operating under Subchapter D,
101-59 Chapter 12, Education Code.

101-60 SECTION 3.085. Section 1579.251(a), Insurance Code, is
101-61 amended to read as follows:

101-62 (a) The state shall assist employees of participating
101-63 school districts and charter schools in the purchase of group
101-64 health coverage under this chapter by providing for each covered
101-65 employee the amount of \$900 each state fiscal year or a greater
101-66 amount as provided by the General Appropriations Act. The state
101-67 contribution shall be distributed through the school finance
101-68 formulas under Chapters 48 [~~41~~] and 49 [~~42~~], Education Code, and
101-69 used by school districts and charter schools as provided by

102-1 Section 48.275 [~~42.260~~], Education Code.

102-2 SECTION 3.086. Section 1581.053, Insurance Code, is amended
102-3 to read as follows:

102-4 Sec. 1581.053. USE OF STATE FUNDS. (a) To comply with
102-5 Section 1581.052, a school district or participating charter school
102-6 may use state funds received under Chapter 48 [42], Education Code,
102-7 other than funds that may be used under that chapter only for a
102-8 specific purpose.

102-9 (b) Notwithstanding Subsection (a), amounts a district or
102-10 school is required to use to pay contributions under a group health
102-11 coverage plan for district or school employees under Section
102-12 48.275 [~~42.260~~], Education Code, other than amounts described by
102-13 Section 48.275(c)(2) [~~42.260(c)(2)(B)~~], are not used in computing
102-14 whether the district or school complies with Section 1581.052.

102-15 SECTION 3.087. Section 37.10(c)(2), Penal Code, is amended
102-16 to read as follows:

102-17 (2) An offense under this section is a felony of the
102-18 third degree if it is shown on the trial of the offense that the
102-19 governmental record was:

102-20 (A) a public school record, report, or assessment
102-21 instrument required under Chapter 39, Education Code, data reported
102-22 for a school district or open-enrollment charter school to the
102-23 Texas Education Agency through the Public Education Information
102-24 Management System (PEIMS) described by Sections 48.008 and 48.009
102-25 [~~Section 42.006~~], Education Code, under a law or rule requiring
102-26 that reporting, or a license, certificate, permit, seal, title,
102-27 letter of patent, or similar document issued by government, by
102-28 another state, or by the United States, unless the actor's intent is
102-29 to defraud or harm another, in which event the offense is a felony
102-30 of the second degree;

102-31 (B) a written report of a medical, chemical,
102-32 toxicological, ballistic, or other expert examination or test
102-33 performed on physical evidence for the purpose of determining the
102-34 connection or relevance of the evidence to a criminal action;

102-35 (C) a written report of the certification,
102-36 inspection, or maintenance record of an instrument, apparatus,
102-37 implement, machine, or other similar device used in the course of an
102-38 examination or test performed on physical evidence for the purpose
102-39 of determining the connection or relevance of the evidence to a
102-40 criminal action; or

102-41 (D) a search warrant issued by a magistrate.

102-42 SECTION 3.088. Section 39.03(d), Penal Code, is amended to
102-43 read as follows:

102-44 (d) An offense under this section is a Class A misdemeanor,
102-45 except that an offense is a felony of the third degree if the public
102-46 servant acted with the intent to impair the accuracy of data
102-47 reported to the Texas Education Agency through the Public Education
102-48 Information Management System (PEIMS) described by Sections 48.008
102-49 and 48.009 [~~Section 42.006~~], Education Code, under a law requiring
102-50 that reporting.

102-51 SECTION 3.089. Section 21.01, Tax Code, is amended to read
102-52 as follows:

102-53 Sec. 21.01. REAL PROPERTY. Real property is taxable by a
102-54 taxing unit if located in the unit on January 1, except as provided
102-55 by Chapter 49 [41], Education Code.

102-56 SECTION 3.090. Sections 21.02(b) and (c), Tax Code, are
102-57 amended to read as follows:

102-58 (b) Tangible personal property having taxable situs at the
102-59 same location as real property detached from a school district and
102-60 annexed by another school district under Chapter 49 [41], Education
102-61 Code, is taxable in the tax year in which the detachment and
102-62 annexation occurs by the same school district by which the real
102-63 property is taxable in that tax year under Chapter 49 [41],
102-64 Education Code. For purposes of this subsection and Chapter 49
102-65 [41], Education Code, tangible personal property has taxable situs
102-66 at the same location as real property detached and annexed under
102-67 Chapter 49 [41], Education Code, if the detachment and annexation
102-68 of the real property, had it occurred before January 1 of the tax
102-69 year, would have changed the taxable situs of the tangible personal

103-1 property determined as provided by Subsection (a) from the school
 103-2 district from which the real property was detached to the school
 103-3 district to which the real property was annexed.

103-4 (c) Tangible personal property has taxable situs in a school
 103-5 district that is the result of a consolidation under Chapter 49
 103-6 [41], Education Code, in the year in which the consolidation occurs
 103-7 if the property would have had taxable situs in the consolidated
 103-8 district in that year had the consolidation occurred before January
 103-9 1 of that year.

103-10 SECTION 3.091. Section 25.25(k), Tax Code, is amended to
 103-11 read as follows:

103-12 (k) The chief appraiser shall change the appraisal records
 103-13 and school district appraisal rolls promptly to reflect the
 103-14 detachment and annexation of property among school districts under
 103-15 Subchapter C or G, Chapter 49 [41], Education Code.

103-16 SECTION 3.092. Section 311.013(n), Tax Code, is amended to
 103-17 read as follows:

103-18 (n) This subsection applies only to a school district whose
 103-19 taxable value computed under Section 403.302(d), Government Code,
 103-20 is reduced in accordance with Subdivision (4) of that
 103-21 subsection. In addition to the amount otherwise required to be
 103-22 paid into the tax increment fund, the district shall pay into the
 103-23 fund an amount equal to the amount by which the amount of taxes the
 103-24 district would have been required to pay into the fund in the
 103-25 current year if the district levied taxes at the rate the district
 103-26 levied in 2005 exceeds the amount the district is otherwise
 103-27 required to pay into the fund in the year of the reduction. This
 103-28 additional amount may not exceed the amount the school district
 103-29 receives in state aid for the current tax year under Section 48.253
 103-30 [42.2514], Education Code. The school district shall pay the
 103-31 additional amount after the district receives the state aid to
 103-32 which the district is entitled for the current tax year under
 103-33 Section 48.253 [42.2514], Education Code.

103-34 SECTION 3.093. Section 312.002(g), Tax Code, is amended to
 103-35 read as follows:

103-36 (g) "Taxing unit" has the meaning assigned by Section 1.04,
 103-37 except that for a tax abatement agreement executed on or after
 103-38 September 1, 2001, the term does not include a school district that
 103-39 is subject to Chapter 48 [42], Education Code, and that is organized
 103-40 primarily to provide general elementary and secondary public
 103-41 education.

103-42 SECTION 3.094. Section 312.210(b), Tax Code, is amended to
 103-43 read as follows:

103-44 (b) A tax abatement agreement with the owner of real
 103-45 property or tangible personal property that is located in the
 103-46 reinvestment zone described by Subsection (a) and in a school
 103-47 district that has a local revenue level [~~wealth per student~~] that
 103-48 does not exceed the [~~equalized wealth~~] level established under
 103-49 Section 48.257 must exempt from taxation:

103-50 (1) the portion of the value of the property in the
 103-51 amount specified in the joint agreement among the municipality,
 103-52 county, and junior college district; and

103-53 (2) an amount equal to 10 percent of the maximum
 103-54 portion of the value of the property that may under Section
 103-55 312.204(a) be otherwise exempted from taxation.

103-56 SECTION 3.095. Section 313.027(i), Tax Code, is amended to
 103-57 read as follows:

103-58 (i) A person and the school district may not enter into an
 103-59 agreement under which the person agrees to provide supplemental
 103-60 payments to a school district or any other entity on behalf of a
 103-61 school district in an amount that exceeds an amount equal to the
 103-62 greater of \$100 per student per year in average daily attendance, as
 103-63 defined by Section 48.005 [42.005], Education Code, or \$50,000 per
 103-64 year, or for a period that exceeds the period beginning with the
 103-65 period described by Section 313.021(4) and ending December 31 of
 103-66 the third tax year after the date the person's eligibility for a
 103-67 limitation under this chapter expires. This limit does not apply
 103-68 to amounts described by Subsection (f)(1) or (2).

103-69 ARTICLE 4. PROPERTY TAX RELIEF

104-1 SECTION 4.001. Effective September 1, 2021, Section
104-2 13.054(f), Education Code, is amended to read as follows:

104-3 (f) For five years beginning with the school year in which
104-4 the annexation occurs, a school district shall receive additional
104-5 funding under this subsection or Subsection (h). The amount of
104-6 funding shall be determined by multiplying the lesser of the
104-7 enlarged district's local fund assignment computed under Section
104-8 42.252 or the enlarged district's total cost of tier one by a
104-9 fraction, the numerator of which is the number of students residing
104-10 in the territory annexed to the receiving district preceding the
104-11 date of the annexation and the denominator of which is the number of
104-12 students residing in the district as enlarged on the date of the
104-13 annexation, and multiplying the resulting product by the quotient
104-14 of the enlarged district's maximum compressed tax rate, as
104-15 determined under Section 48.2551, for the current school year
104-16 divided by the receiving district's maximum compressed tax rate, as
104-17 determined under Section 48.2551, for the year in which the
104-18 annexation occurred.

104-19 SECTION 4.002. Effective September 1, 2021, Section 30.003,
104-20 Education Code, is amended by amending Subsection (f-1) and adding
104-21 Subsection (f-2) to read as follows:

104-22 (f-1) The commissioner shall determine the total amount
104-23 that the Texas School for the Blind and Visually Impaired and the
104-24 Texas School for the Deaf would have received from school districts
104-25 in accordance with this section if the following provisions had not
104-26 reduced the districts' share of the cost of providing education
104-27 services:

104-28 (1) H.B. No. 1, Acts of the 79th Legislature, 3rd
104-29 Called Session, 2006;

104-30 (2) Section 45.0032;

104-31 (3) Section 48.255; and

104-32 (4) Section 48.2551.

104-33 (f-2) The amount determined under Subsection (f-1), [had
104-34 not reduced the districts' share of the cost of providing education
104-35 services. That amount,] minus any amount the schools do receive
104-36 from school districts, shall be set aside as a separate account in
104-37 the foundation school fund and appropriated to those schools for
104-38 educational purposes.

104-39 SECTION 4.003. Effective September 1, 2020, Section 45.003,
104-40 Education Code, is amended by adding Subsections (d-1), (d-2),
104-41 (d-3), and (d-4) to read as follows:

104-42 (d-1) Except as provided by Subsection (d-2) and Section
104-43 26.08(a-1), Tax Code, a school district may not adopt a maintenance
104-44 and operations tax rate for the 2020 tax year that exceeds the tax
104-45 rate that results after adjusting the district's 2019 tax rate in
104-46 accordance with Sections 45.0032, 48.202, and 48.255.

104-47 (d-2) Subsection (d-1) does not apply to a school district
104-48 if the amount of the district's entitlement per student in average
104-49 daily attendance under Chapter 48 for the 2020-2021 school year
104-50 does not exceed the district's entitlement under former Chapters 41
104-51 and 42 for the 2018-2019 school year by more than \$20.

104-52 (d-3) The commissioner's rulemaking authority under Section
104-53 48.004 applies to Subsections (d-1) and (d-2), and the commissioner
104-54 may take any action relating to Subsections (d-1) and (d-2)
104-55 necessary to implement and administer the Foundation School
104-56 Program.

104-57 (d-4) Subsections (d-1), (d-2), (d-3), and this subsection
104-58 expire September 1, 2021.

104-59 SECTION 4.004. Effective September 1, 2021, Sections
104-60 45.003(d) and (f), Education Code, are amended to read as follows:

104-61 (d) A proposition submitted to authorize the levy of
104-62 maintenance taxes must include the question of whether the
104-63 governing board or commissioners court may levy, assess, and
104-64 collect annual ad valorem taxes for the further maintenance of
104-65 public schools, at a rate not to exceed the rate stated in the
104-66 proposition. For any year, the maintenance tax rate per \$100 of
104-67 taxable value adopted by the district may not exceed the rate equal
104-68 to the sum of \$0.17 and the district's maximum compressed rate
104-69 [product of the state compression percentage], as determined under

105-1 Section 48.2551 [~~42.2516, multiplied by \$1.50~~].

105-2 (f) Notwithstanding any other law, a district that levied a
105-3 maintenance tax for the 2005 tax year at a rate greater than \$1.50
105-4 per \$100 of taxable value in the district as permitted by special
105-5 law may not levy a maintenance tax at a rate that exceeds the rate
105-6 per \$100 of taxable value that is equal to the sum of:

105-7 (1) \$0.17; and

105-8 (2) the product of 66.67 percent [~~the state~~
105-9 ~~compression percentage, as determined under Section 42.2516,~~
105-10 multiplied by the rate of the maintenance tax levied by the district
105-11 for the 2005 tax year, minus the amount by which \$1.00 exceeds the
105-12 state compression percentage, as determined under Section 48.255.

105-13 SECTION 4.005. (a) Effective September 1, 2021, Section
105-14 45.0032, Education Code, as added by this Act, is amended by adding
105-15 Subsection (a) to read as follows:

105-16 (a) A school district's tier one maintenance and operations
105-17 tax rate is the number of cents levied by the district for
105-18 maintenance and operations that does not exceed the maximum
105-19 compressed rate, as determined under Section 48.2551.

105-20 (b) Section 45.0032(a), Education Code, as added by Article
105-21 1 of this Act, expires on the effective date of this section.

105-22 SECTION 4.006. Section 46.071, Education Code, is amended
105-23 by adding Subsections (a-1), (b-1), and (c-1) and amending
105-24 Subsections (b) and (c) to read as follows:

105-25 (a-1) Beginning with the 2019-2020 school year, a school
105-26 district is entitled to additional state aid under this subchapter
105-27 to the extent that state and local revenue used to service debt
105-28 eligible under this chapter is less than the state and local revenue
105-29 that would have been available to the district under this chapter as
105-30 it existed on September 1, 2018, if the increase in the residence
105-31 homestead exemption under Section 1-b(c), Article VIII, Texas
105-32 Constitution, and the additional limitation on tax increases under
105-33 Section 1-b(d) of that article as proposed by the 86th Legislature,
105-34 Regular Session, 2019, had not occurred.

105-35 (b) Subject to Subsections (c), (d), and (e) [~~(c)-(e)~~],
105-36 additional state aid under Subsection (a) [~~this section~~] is equal
105-37 to the amount by which the loss of local interest and sinking
105-38 revenue for debt service attributable to the increase in the
105-39 residence homestead exemption under Section 1-b(c), Article VIII,
105-40 Texas Constitution, and the additional limitation on tax increases
105-41 under Section 1-b(d) of that article as proposed by S.J.R. 1, 84th
105-42 Legislature, Regular Session, 2015, is not offset by a gain in state
105-43 aid under this chapter.

105-44 (b-1) Subject to Subsections (c-1), (d), and (e),
105-45 additional state aid under Subsection (a-1) is equal to the amount
105-46 by which the loss of local interest and sinking revenue for debt
105-47 service attributable to the increase in the residence homestead
105-48 exemption under Section 1-b(c), Article VIII, Texas Constitution,
105-49 and the additional limitation on tax increases under Section 1-b(d)
105-50 of that article as proposed by the 86th Legislature, Regular
105-51 Session, 2019, is not offset by a gain in state aid under this
105-52 chapter.

105-53 (c) For the purpose of determining state aid under
105-54 Subsections (a) and (b) [~~this section~~], local interest and sinking
105-55 revenue for debt service is limited to revenue required to service
105-56 debt eligible under this chapter as of September 1, 2015, including
105-57 refunding of that debt, subject to Section 46.061. The limitation
105-58 imposed by Section 46.034(a) does not apply for the purpose of
105-59 determining state aid under this section.

105-60 (c-1) For the purpose of determining state aid under
105-61 Subsections (a-1) and (b-1), local interest and sinking revenue for
105-62 debt service is limited to revenue required to service debt
105-63 eligible under this chapter as of September 1, 2018, including
105-64 refunding of that debt, subject to Section 46.061. The limitation
105-65 imposed by Section 46.034(a) does not apply for the purpose of
105-66 determining state aid under this section.

105-67 SECTION 4.007. Effective September 1, 2021, Section 42.101,
105-68 Education Code, is transferred to Subchapter B, Chapter 48,
105-69 Education Code, as added by this Act, redesignated as Section

106-1 48.051, Education Code, and amended to read as follows:

106-2 Sec. 48.051 [~~42.101~~]. BASIC ALLOTMENT. (a) For each
 106-3 student in average daily attendance, not including the time
 106-4 students spend each day in special education programs in an
 106-5 instructional arrangement other than mainstream or career and
 106-6 technology education programs, for which an additional allotment is
 106-7 made under Subchapter C, a district is entitled to an allotment
 106-8 equal to the lesser of \$5,880 [~~\$4,765~~] or the amount that results
 106-9 from the following formula:

$$A = \underline{\$5,880} [\underline{\$4,765}] \times \underline{TR/MCR} [(\underline{DCR/MCR})]$$

106-10 where:

106-11 "A" is the allotment to which a district is entitled;

106-12 "TR" [~~"DCR"~~] is the district's tier one maintenance and
 106-13 operations [~~compressed~~] tax rate, as provided by Section 45.0032
 106-14 [~~which is the product of the state compression percentage, as~~
 106-15 ~~determined under Section 42.2516, multiplied by the maintenance and~~
 106-16 ~~operations tax rate adopted by the district for the 2005 tax year];~~
 106-17 and

106-18 and
 106-19 "MCR" is the district's [~~state~~] maximum compressed tax rate,
 106-20 as determined under Section 48.2551 [~~which is the product of the~~
 106-21 ~~state compression percentage, as determined under Section 42.2516,~~
 106-22 ~~multiplied by \$1.50].~~

106-23 [~~(a-1) Notwithstanding Subsection (a), for a school~~
 106-24 ~~district that adopted a maintenance and operations tax rate for the~~
 106-25 ~~2005 tax year below the maximum rate permitted by law for that year,~~
 106-26 ~~the district's compressed tax rate ("DCR") includes the portion of~~
 106-27 ~~the district's current maintenance and operations tax rate in~~
 106-28 ~~excess of the first six cents above the district's compressed tax~~
 106-29 ~~rate, as defined by Subsection (a), until the district's compressed~~
 106-30 ~~tax rate computed in accordance with this subsection is equal to the~~
 106-31 ~~state maximum compressed tax rate ("MCR").]~~

106-32 (b) A greater amount for any school year may be provided by
 106-33 appropriation.

106-34 (c) Out of the total statewide allotment under this section,
 106-35 the commissioner shall annually set aside \$6 million to fund the
 106-36 blended learning grant program under Section 29.924. After
 106-37 deducting the amount set aside under this subsection from the total
 106-38 statewide allotment under this section, the commissioner shall
 106-39 reduce each school district's allotment under this section
 106-40 proportionately and allocate funds to each district accordingly.
 106-41 [~~This subsection applies to a school district for which the~~
 106-42 ~~compressed tax rate ("DCR") is determined in accordance with~~
 106-43 ~~Subsection (a-1). Any reduction in the district's adopted~~
 106-44 ~~maintenance and operations tax rate is applied to the following~~
 106-45 ~~components of the district's tax rate in the order specified:~~

106-46 [~~(1) tax effort described by Section 42.302(a-1)(2),~~

106-47 [~~(2) tax effort described by Section 42.302(a-1)(1),~~

106-48 and

106-49 [~~(3) tax effort included in the determination of the~~
 106-50 ~~district's compressed tax rate ("DCR") under Subsection (a-1).]~~

106-51 SECTION 4.008. Effective September 1, 2021, Section 42.302,
 106-52 Education Code, is transferred to Subchapter E, Chapter 48,
 106-53 Education Code, as added by this Act, redesignated as Section
 106-54 48.202, Education Code, and amended to read as follows:

106-55 Sec. 48.202 [42.302]. TIER TWO ALLOTMENT. (a) Each school
 106-56 district is guaranteed a specified amount per weighted student in
 106-57 state and local funds for each cent of tax effort over that required
 106-58 for the district's local fund assignment up to the maximum level
 106-59 specified in this subchapter. The amount of state support, subject
 106-60 only to the maximum amount under Section 48.203 [~~42.303~~], is
 106-61 determined by the formula:

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

106-62 where:

106-63 "GYA" is the guaranteed yield amount of state funds to be
 106-64 allocated to the district;

106-65 "GL" is the dollar amount guaranteed level of state and local
 106-66 funds per weighted student per cent of tax effort, which is an
 106-67 amount described by Subsection (a-1) or a greater amount for any
 106-68 year provided by appropriation;

107-1 "WADA" is the number of students in weighted average daily
 107-2 attendance, which is calculated by dividing the sum of the school
 107-3 district's allotments under Subchapters B and C [~~less any~~
 107-4 ~~allotment to the district for transportation, any allotment under~~
 107-5 ~~Section 42.158 or 42.160, and 50 percent of the adjustment under~~
 107-6 ~~Section 42.102,~~] by the basic allotment for the applicable year;

107-7 "DTR" is the district enrichment tax rate of the school
 107-8 district, which is determined by subtracting the amounts specified
 107-9 by Subsection (b) from the total amount of maintenance and
 107-10 operations taxes collected by the school district for the
 107-11 applicable school year and dividing the difference by the quotient
 107-12 of the district's taxable value of property as determined under
 107-13 Subchapter M, Chapter 403, Government Code, or, if applicable,
 107-14 under Section 48.258 [~~42.2521~~], divided by 100; and

107-15 "LR" is the local revenue, which is determined by multiplying
 107-16 "DTR" by the quotient of the district's taxable value of property as
 107-17 determined under Subchapter M, Chapter 403, Government Code, or, if
 107-18 applicable, under Section 48.258 [~~42.2521~~], divided by 100.

107-19 (a-1) For purposes of Subsection (a), the dollar amount
 107-20 guaranteed level of state and local funds per weighted student per
 107-21 cent of tax effort ("GL") for a school district is:

107-22 (1) [~~the greater of the amount of district tax revenue~~
 107-23 ~~per weighted student per cent of tax effort that would be available~~
 107-24 ~~to the Austin Independent School District, as determined by the~~
 107-25 ~~commissioner in cooperation with the Legislative Budget Board, if~~
 107-26 ~~the reduction of the limitation on tax increases as provided by~~
 107-27 ~~Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply, or]~~
 107-28 the amount that results from multiplying \$5,880, or the greater
 107-29 amount provided under Section 48.051(b), if applicable, by 0.016
 107-30 [of district tax revenue per weighted student per cent of tax effort
 107-31 used for purposes of this subdivision in the preceding school
 107-32 year], for the first six cents by which the district's maintenance
 107-33 and operations tax rate exceeds the district's maximum compressed
 107-34 rate [equal to the sum of the product of the state compression
 107-35 percentage], as determined under Section 48.2551 [~~42.2516,~~
 107-36 multiplied by the maintenance and operations tax rate adopted by
 107-37 the district for the 2005 tax year and any additional tax effort
 107-38 included in calculating the district's compressed tax rate under
 107-39 Section 42.101(a-1)]; and

107-40 (2) subject to Subsection (f), the amount that results
 107-41 from multiplying \$5,880, or the greater amount provided under
 107-42 Section 48.051(b), if applicable, by 0.008 [~~\$31.95~~], for the
 107-43 district's maintenance and operations tax effort that exceeds the
 107-44 amount of tax effort described by Subdivision (1).

107-45 (a-2) The limitation on district enrichment tax rate
 107-46 ("DTR") under Section 48.203 [~~42.303~~] does not apply to the
 107-47 district's maintenance and operations tax effort described by
 107-48 Subsection (a-1)(1).

107-49 (b) In computing the district enrichment tax rate of a
 107-50 school district, the total amount of maintenance and operations
 107-51 taxes collected by the school district does not include the amount
 107-52 of:

107-53 (1) the district's local fund assignment under Section
 107-54 48.256 [~~42.252~~]; or

107-55 (2) taxes paid into a tax increment fund under Chapter
 107-56 311, Tax Code.

107-57 (c) For purposes of this section, school district taxes for
 107-58 which credit is granted under Section 31.035, 31.036, or 31.037,
 107-59 Tax Code, are considered taxes collected by the school district as
 107-60 if the taxes were paid when the credit for the taxes was granted.

107-61 (d) For purposes of this section, the total amount of
 107-62 maintenance and operations taxes collected for an applicable school
 107-63 year by a school district with alternate tax dates, as authorized by
 107-64 Section 26.135, Tax Code, is the amount of taxes collected on or
 107-65 after January 1 of the year in which the school year begins and not
 107-66 later than December 31 of the same year.

107-67 (e) For purposes of this section, school district taxes for
 107-68 which credit is granted under former Subchapter D, Chapter 313, Tax
 107-69 Code, are considered taxes collected by the school district as if

108-1 the taxes were paid when the credit for the taxes was granted.

108-2 (f) For a school year in which the dollar amount guaranteed
 108-3 level of state and local funds per weighted student per cent of tax
 108-4 effort ("GL") under Subsection (a-1)(2) exceeds the dollar amount
 108-5 guaranteed level of state and local funds per weighted student per
 108-6 cent of tax effort ("GL") under Subsection (a-1)(2) for the
 108-7 preceding school year, a school district shall reduce the
 108-8 district's tax rate under Section 45.0032(b)(2) for the tax year
 108-9 that corresponds to that school year to a rate that results in the
 108-10 amount of state and local funds per weighted student per cent of tax
 108-11 effort available to the district at the dollar amount guaranteed
 108-12 level for the preceding school year. A school district is not
 108-13 entitled to the amount equal to the increase of revenue described by
 108-14 this subsection for the school year for which the district must
 108-15 reduce the district's tax rate. Unless Section 26.08(a-1), Tax
 108-16 Code, applies to the district, for a tax year in which a district
 108-17 must reduce the district's tax rate under this subsection, the
 108-18 district may not increase the district's maintenance and operations
 108-19 tax rate to a rate that exceeds the maximum maintenance and
 108-20 operations tax rate permitted under Section 45.003(d) or (f), as
 108-21 applicable, minus the reduction of tax effort required under this
 108-22 subsection. This subsection does not apply if the amount of state
 108-23 funds appropriated for a school year specifically excludes the
 108-24 amount necessary to provide the dollar amount guaranteed level of
 108-25 state and local funds per weighted student per cent of tax effort
 108-26 under Subsection (a-1)(2) [~~If a school district imposes a~~
 108-27 ~~maintenance and operations tax at a rate greater than the rate equal~~
 108-28 ~~to the product of the state compression percentage, as determined~~
 108-29 ~~under Section 42.2516, multiplied by the maintenance and operations~~
 108-30 ~~tax rate adopted by the district for the 2005 tax year, the district~~
 108-31 ~~is entitled to receive an allotment under this section on the basis~~
 108-32 ~~of that greater tax effort].~~

108-33 (f-1) For the 2019 tax year, Subsection (f) applies to a
 108-34 district's maintenance and operations tax rate after adjusting the
 108-35 district's rate in accordance with Section 45.0032. This
 108-36 subsection expires September 1, 2020.

108-37 SECTION 4.009. Effective September 1, 2020, Section
 108-38 42.2516, Education Code, is transferred to Subchapter F, Chapter
 108-39 48, Education Code, as added by this Act, redesignated as Section
 108-40 48.255, Education Code, and amended to read as follows:

108-41 Sec. 48.255 [42.2516]. STATE COMPRESSION PERCENTAGE. (a)
 108-42 In this title, "state compression percentage" means the percentage
 108-43 of the rate of \$1.00 per \$100 valuation of taxable property at which
 108-44 a school district must levy a [district's adopted] maintenance and
 108-45 operations tax to receive the full amount of the tier one allotment
 108-46 to which the district is entitled under this chapter.

108-47 (b) The [tax rate for the 2005 tax year that serves as the
 108-48 basis for state funding. If the] state compression percentage is:

108-49 (1) 85 percent; or
 108-50 (2) a lower percentage set [not established] by
 108-51 appropriation for a school year [, the commissioner shall determine
 108-52 the state compression percentage for each school year based on the
 108-53 percentage by which a district is able to reduce the district's
 108-54 maintenance and operations tax rate for that year, as compared to
 108-55 the district's adopted maintenance and operations tax rate for the
 108-56 2005 tax year, as a result of state funds appropriated for that year
 108-57 from the property tax relief fund established under Section
 108-58 403.109, Government Code, or from another funding source available
 108-59 for school district property tax relief.

108-60 [(g) The commissioner may adopt rules necessary to
 108-61 implement this section.

108-62 [(h) A determination by the commissioner under this section
 108-63 is final and may not be appealed].

108-64 SECTION 4.010. Effective September 1, 2021, Section
 108-65 42.2516, Education Code, is transferred to Subchapter F, Chapter
 108-66 48, Education Code, as added by this Act, redesignated as Section
 108-67 48.255, Education Code, and amended to read as follows:

108-68 Sec. 48.255 [42.2516]. STATE COMPRESSION PERCENTAGE. (a)
 108-69 In this title, "state compression percentage" means the percentage

109-1 of the rate of \$1.00 per \$100 valuation of taxable property that is
 109-2 used to determine a school district's maximum compressed [~~adopted~~
 109-3 ~~maintenance and operations~~] tax rate under Section 48.2551.

109-4 (b) The [~~for the 2005 tax year that serves as the basis for~~
 109-5 ~~state funding. If the~~] state compression percentage is:

109-6 (1) 85 percent; or

109-7 (2) a lower percentage set [~~not established~~] by
 109-8 appropriation for a school year [~~the commissioner shall determine~~
 109-9 ~~the state compression percentage for each school year based on the~~
 109-10 ~~percentage by which a district is able to reduce the district's~~
 109-11 ~~maintenance and operations tax rate for that year, as compared to~~
 109-12 ~~the district's adopted maintenance and operations tax rate for the~~
 109-13 ~~2005 tax year, as a result of state funds appropriated for that year~~
 109-14 ~~from the property tax relief fund established under Section~~
 109-15 ~~403.109, Government Code, or from another funding source available~~
 109-16 ~~for school district property tax relief.~~

109-17 [~~(g) The commissioner may adopt rules necessary to~~
 109-18 ~~implement this section.~~

109-19 [~~(h) A determination by the commissioner under this section~~
 109-20 ~~is final and may not be appealed].~~

109-21 SECTION 4.011. Effective September 1, 2021, Subchapter F,
 109-22 Chapter 48, Education Code, as added by this Act, is amended by
 109-23 adding Sections 48.2551 and 48.2552 to read as follows:

109-24 Sec. 48.2551. MAXIMUM COMPRESSED TAX RATE. (a) In this
 109-25 section:

109-26 (1) "DPV" has the meaning assigned by Section 48.256;

109-27 (2) "E" is the expiration of the exclusion of
 109-28 appraised property value for the preceding tax year that is
 109-29 recognized as taxable property value for the current tax year,
 109-30 which is the sum of the following:

109-31 (A) property value that is no longer subject to a
 109-32 limitation on appraised value under Chapter 313, Tax Code; and

109-33 (B) property value under Section 311.013(n), Tax
 109-34 Code, that is no longer excluded from the calculation of "DPV" from
 109-35 the preceding year because of refinancing or renewal after
 109-36 September 1, 2019;

109-37 (3) "GLF" is the growth limit factor, which is
 109-38 assigned a value as follows:

109-39 (A) 1.025, if "GLP" is assigned the value under
 109-40 Subdivision (4)(A);

109-41 (B) 1.035, if "GLP" is assigned the value under
 109-42 Subdivision (4)(B);

109-43 (C) 1.045, if "GLP" is assigned the value under
 109-44 Subdivision (4)(C); and

109-45 (D) 1.1, if "GLP" is assigned the value under
 109-46 Subdivision (4)(D);

109-47 (4) "GLP" is the growth limit percentage, which is
 109-48 assigned a value by the commissioner as follows based on the annual
 109-49 inflation rate for the current tax year, as determined by the
 109-50 comptroller under Subsection (d) using the most recently published
 109-51 data:

109-52 (A) 2.5 percent, if the annual inflation rate is
 109-53 less than four percent;

109-54 (B) 3.5 percent, if the annual inflation rate is
 109-55 equal to or greater than four percent but less than six percent;

109-56 (C) 4.5 percent, if the annual inflation rate is
 109-57 equal to or greater than six percent but less than eight percent; or

109-58 (D) 10 percent, if the annual inflation rate is
 109-59 equal to or greater than eight percent;

109-60 (5) "MCR" is the district's maximum compressed rate,
 109-61 which is the tax rate for the current tax year per \$100 of valuation
 109-62 of taxable property at which the district must levy a maintenance
 109-63 and operations tax to receive the full amount of the tier one
 109-64 allotment to which the district is entitled under this chapter;

109-65 (6) "PYDPV" is the district's value of "DPV" for the
 109-66 preceding tax year; and

109-67 (7) "PYMCR" is the district's value of "MCR" for the
 109-68 preceding tax year.

109-69 (b) Except as provided by Subsection (c), a district's

110-1 maximum compressed rate ("MCR") is the lesser of:

110-2 (1) the rate determined by the following applicable
 110-3 formula:

110-4 (A) if "DPV" exceeds "PYDPV" by an amount equal
 110-5 to or greater than "GLP":

110-6 $MCR = (GLF((PYDPV+E) \times PYMCR))/DPV$; or

110-7 (B) if Paragraph (A) does not apply:

110-8 $MCR = PYMCR$; or

110-9 (2) the product of the state compression percentage,
 110-10 as determined under Section 48.255, for the current tax year,
 110-11 multiplied by \$1.00.

110-12 (c) Notwithstanding Subsection (b), for a district to which
 110-13 Section 48.2552(b) applies, the district's maximum compressed rate
 110-14 is the value calculated for "MCR" under Subsection (b)(1)(B).

110-15 (c-1) For purposes of determining a district's maximum
 110-16 compressed rate ("MCR") under Subsection (b) for the 2021-2022
 110-17 school year, the value of "PYMCR" is \$1.00. This subsection expires
 110-18 September 1, 2022.

110-19 (d) The comptroller shall determine the annual inflation
 110-20 rate based on the Consumer Price Index for All Urban Consumers
 110-21 published by the Bureau of Labor Statistics of the United States
 110-22 Department of Labor.

110-23 (e) The agency shall calculate and make available school
 110-24 districts' maximum compressed rates, as determined under this
 110-25 section.

110-26 Sec. 48.2552. LIMITATION ON MAXIMUM COMPRESSED RATE. (a)
 110-27 Each year, the agency shall evaluate the difference between school
 110-28 districts' maximum compressed rates, as determined under Section
 110-29 48.2551.

110-30 (b) If a school district has a maximum compressed rate that
 110-31 is less than 85 percent of another school district's maximum
 110-32 compressed rate, the district's maximum compressed rate is
 110-33 calculated under Section 48.2551(c) until the agency determines
 110-34 that the difference between the district's and another district's
 110-35 maximum compressed rates is not more than 15 percent.

110-36 SECTION 4.012. Effective September 1, 2021, Section 48.257,
 110-37 Education Code, as added by this Act, is amended by adding
 110-38 Subsection (g) to read as follows:

110-39 (g) For a district to which Section 45.003(f) applies,
 110-40 revenue generated from any cents of maintenance and operations tax
 110-41 effort that exceeds the maximum rate permitted under Section
 110-42 45.003(d) is subject to the revenue limit established under
 110-43 Subsection (f).

110-44 SECTION 4.013. Section 49.004, Education Code, as
 110-45 transferred, redesignated, and amended by this Act, is amended by
 110-46 adding Subsections (a-1), (b-1), and (c-1) to read as follows:

110-47 (a-1) This subsection applies only if the constitutional
 110-48 amendment proposed by the 86th Legislature, Regular Session, 2019,
 110-49 to increase the amount of the exemption of residence homesteads
 110-50 from ad valorem taxation by a school district is approved by the
 110-51 voters in an election held for that purpose. As soon as practicable
 110-52 after receiving revised property values that reflect adoption of
 110-53 the constitutional amendment, the commissioner shall review the
 110-54 local revenue level of districts in the state and revise as
 110-55 necessary the notifications provided under Subsection (a) for the
 110-56 2019-2020 school year. This subsection expires September 1, 2020.

110-57 (b-1) This subsection applies only to a district that has
 110-58 not previously held an election under this chapter. Notwithstanding
 110-59 Subsection (b), a district that enters into an agreement to
 110-60 exercise an option to reduce the district's local revenue level in
 110-61 excess of entitlement under Section 49.002(3), (4), or (5) for the
 110-62 2019-2020 school year may request and, as provided by Section
 110-63 49.0041(a), receive approval from the commissioner to delay the
 110-64 date of the election otherwise required to be ordered before
 110-65 September 1. This subsection expires September 1, 2020.

110-66 (c-1) Notwithstanding Subsection (c), a district that
 110-67 receives approval from the commissioner to delay an election as
 110-68 provided by Subsection (b-1) may adopt a tax rate for the 2019 tax
 110-69 year before the commissioner certifies that the district has

111-1 reduced its local revenue level to the level established by Section
111-2 48.257. This subsection expires September 1, 2020.

111-3 SECTION 4.014. Subchapter A, Chapter 49, Education Code, as
111-4 added by this Act, is amended by adding Section 49.0041 to read as
111-5 follows:

111-6 Sec. 49.0041. TRANSITIONAL PROVISIONS: INCREASED
111-7 HOMESTEAD EXEMPTION AND LIMITATION ON TAX INCREASES. (a) The
111-8 commissioner shall approve a district's request under Section
111-9 49.004(b-1) to delay the date of an election required under this
111-10 chapter if the commissioner determines that the district would not
111-11 have a local revenue level in excess of entitlement if the
111-12 constitutional amendment proposed by the 86th Legislature, Regular
111-13 Session, 2019, to increase the amount of the exemption of residence
111-14 homesteads from ad valorem taxation by a school district were
111-15 approved by the voters.

111-16 (b) The commissioner shall set a date by which each district
111-17 that receives approval under this section must order the election.

111-18 (c) Not later than the 2020-2021 school year, the
111-19 commissioner shall order detachment and annexation of property
111-20 under Subchapter G or consolidation under Subchapter H as necessary
111-21 to reduce the district's local revenue level to the level
111-22 established by Section 48.259 for a district that receives approval
111-23 under this section and subsequently:

111-24 (1) fails to hold the election; or

111-25 (2) does not receive voter approval at the election.

111-26 (d) This section expires September 1, 2021.

111-27 SECTION 4.015. Subchapter A, Chapter 49, Education Code, as
111-28 added by this Act, is amended by adding Section 49.0121 to read as
111-29 follows:

111-30 Sec. 49.0121. TRANSITIONAL ELECTION DATES. (a) This
111-31 section applies only to an election under this chapter that occurs
111-32 during the 2019-2020 school year.

111-33 (b) Section 49.012 does not apply to a district that
111-34 receives approval of a request under Section 49.0041. The district
111-35 shall hold the election on a Tuesday or Saturday on or before a date
111-36 specified by the commissioner. Section 41.001, Election Code, does
111-37 not apply to the election.

111-38 (c) This section expires September 1, 2020.

111-39 SECTION 4.016. Section 49.154, Education Code, as added by
111-40 this Act, is amended by adding Subsection (a-1) to read as follows:

111-41 (a-1) Notwithstanding Subsection (a), a district that
111-42 receives approval of a request under Section 49.0041 shall pay for
111-43 credit purchased in equal monthly payments as determined by the
111-44 commissioner beginning March 15, 2020, and ending August 15, 2020.
111-45 This subsection expires September 1, 2020.

111-46 SECTION 4.017. Section 49.308, Education Code, as added by
111-47 this Act, is amended by adding Subsection (a-1) to read as follows:

111-48 (a-1) Notwithstanding Subsection (a), for the 2019-2020
111-49 school year, the commissioner shall order any detachments and
111-50 annexations of property under this subchapter as soon as
111-51 practicable after the canvass of the votes on the constitutional
111-52 amendment proposed by the 86th Legislature, Regular Session, 2019,
111-53 to increase the amount of the exemption of residence homesteads
111-54 from ad valorem taxation by a school district. This subsection
111-55 expires September 1, 2020.

111-56 SECTION 4.018. Sections 11.13(b) and (n-1), Tax Code, are
111-57 amended to read as follows:

111-58 (b) An adult is entitled to exemption from taxation by a
111-59 school district of \$40,000 [~~\$25,000~~] of the appraised value of the
111-60 adult's residence homestead, except that only \$5,000 of the
111-61 exemption applies to an entity operating under former Chapter 17,
111-62 18, 25, 26, 27, or 28, Education Code, as those chapters existed on
111-63 May 1, 1995, as permitted by Section 11.301, Education Code.

111-64 (n-1) The governing body of a school district,
111-65 municipality, or county that adopted an exemption under Subsection
111-66 (n) for the 2018 [2014] tax year may not reduce the amount of or
111-67 repeal the exemption. This subsection expires December 31, 2023
111-68 [2019].

111-69 SECTION 4.019. Section 11.26(a), Tax Code, is amended to

112-1 read as follows:

112-2 (a) The tax officials shall appraise the property to which
 112-3 this section applies and calculate taxes as on other property, but
 112-4 if the tax so calculated exceeds the limitation imposed by this
 112-5 section, the tax imposed is the amount of the tax as limited by this
 112-6 section, except as otherwise provided by this section. A school
 112-7 district may not increase the total annual amount of ad valorem tax
 112-8 it imposes on the residence homestead of an individual 65 years of
 112-9 age or older or on the residence homestead of an individual who is
 112-10 disabled, as defined by Section 11.13, above the amount of the tax
 112-11 it imposed in the first tax year in which the individual qualified
 112-12 that residence homestead for the applicable exemption provided by
 112-13 Section 11.13(c) for an individual who is 65 years of age or older
 112-14 or is disabled. If the individual qualified that residence
 112-15 homestead for the exemption after the beginning of that first year
 112-16 and the residence homestead remains eligible for the same exemption
 112-17 for the next year, and if the school district taxes imposed on the
 112-18 residence homestead in the next year are less than the amount of
 112-19 taxes imposed in that first year, a school district may not
 112-20 subsequently increase the total annual amount of ad valorem taxes
 112-21 it imposes on the residence homestead above the amount it imposed in
 112-22 the year immediately following the first year for which the
 112-23 individual qualified that residence homestead for the same
 112-24 exemption, except as provided by Subsection (b). If the first tax
 112-25 year the individual qualified the residence homestead for the
 112-26 exemption provided by Section 11.13(c) for individuals 65 years of
 112-27 age or older or disabled was a tax year before the 2019 [2015] tax
 112-28 year, the amount of the limitation provided by this section is the
 112-29 amount of tax the school district imposed for the 2018 [2014] tax
 112-30 year less an amount equal to the amount determined by multiplying
 112-31 \$15,000 [~~\$10,000~~] times the tax rate of the school district for the
 112-32 2019 [2015] tax year, plus any 2019 [2015] tax attributable to
 112-33 improvements made in 2018 [2014], other than improvements made to
 112-34 comply with governmental regulations or repairs.

112-35 SECTION 4.020. Section 25.23, Tax Code, is amended by
 112-36 adding Subsection (a-1) to read as follows:

112-37 (a-1) This subsection applies only to the appraisal records
 112-38 for the 2019 tax year. If the appraisal records submitted to the
 112-39 appraisal review board include the taxable value of residence
 112-40 homesteads or show the amount of the exemption under Section
 112-41 11.13(b) applicable to residence homesteads, the chief appraiser
 112-42 shall prepare supplemental appraisal records that reflect an
 112-43 exemption amount under that subsection of \$40,000. This subsection
 112-44 expires December 31, 2020.

112-45 SECTION 4.021. Section 26.04, Tax Code, is amended by
 112-46 adding Subsections (a-1) and (c-1) to read as follows:

112-47 (a-1) On receipt of the appraisal roll for the 2019 tax
 112-48 year, the assessor for a school district shall determine the total
 112-49 taxable value of property taxable by the school district and the
 112-50 taxable value of new property based on a residence homestead
 112-51 exemption under Section 11.13(b) of \$40,000. This subsection
 112-52 expires December 31, 2020.

112-53 (c-1) An officer or employee designated by the governing
 112-54 body of a school district shall calculate the effective tax rate and
 112-55 the rollback tax rate of the school district for the 2019 tax year
 112-56 based on a residence homestead exemption under Section 11.13(b) of
 112-57 \$40,000. This subsection expires December 31, 2020.

112-58 SECTION 4.022. Section 26.08, Tax Code, is amended by
 112-59 adding Subsection (q) to read as follows:

112-60 (q) For purposes of this section, the rollback tax rate of a
 112-61 school district for the 2019 tax year shall be calculated based on a
 112-62 residence homestead exemption under Section 11.13(b) of \$40,000.
 112-63 This subsection expires December 31, 2020.

112-64 SECTION 4.023. Effective January 1, 2021, Section 26.08(n),
 112-65 Tax Code, is amended to read as follows:

112-66 (n) For purposes of this section, the rollback tax rate of a
 112-67 school district [~~whose maintenance and operations tax rate for the~~
 112-68 ~~2005 tax year was \$1.50 or less per \$100 of taxable value] is the sum
 112-69 of the following:~~

113-1 (1) ~~[for the 2006 tax year, the sum of the rate that is~~
 113-2 ~~equal to 88.67 percent of the maintenance and operations tax rate~~
 113-3 ~~adopted by the district for the 2005 tax year, the rate of \$0.04 per~~
 113-4 ~~\$100 of taxable value, and the district's current debt rate; and~~

113-5 ~~[(2) for the 2007 and subsequent tax years, the lesser~~
 113-6 ~~of the following:~~

113-7 ~~[(A) the sum of the following:~~
 113-8 ~~[(i)] the rate per \$100 of taxable value~~
 113-9 ~~that is equal to the district's maximum compressed tax rate~~
 113-10 ~~[product of the state compression percentage], as determined under~~
 113-11 ~~Section 48.2551 [42.2516], Education Code, for the current year~~
 113-12 ~~[and \$1.50];~~

113-13 ~~(2) the greater of:~~
 113-14 ~~(A) the district's enrichment tax rate for the~~
 113-15 ~~preceding tax year, less any amount by which the district is~~
 113-16 ~~required to reduce the district's enrichment tax rate under Section~~
 113-17 ~~48.202(f), Education Code, in the current tax year; or~~

113-18 ~~(B) [(ii)] the rate of \$0.04 per \$100 of taxable~~
 113-19 ~~value; and~~

113-20 ~~(3) [(iii)] the rate that is equal to the sum of the~~
 113-21 ~~differences for the 2006 and each subsequent tax year between the~~
 113-22 ~~adopted tax rate of the district for that year if the rate was~~
 113-23 ~~approved at an election under this section and the rollback tax rate~~
 113-24 ~~of the district for that year; and~~

113-25 ~~[(iv)] the district's current debt rate[+~~
 113-26 ~~or~~

113-27 ~~[(B) the sum of the following:~~
 113-28 ~~[(i) the effective maintenance and~~
 113-29 ~~operations tax rate of the district as computed under Subsection~~
 113-30 ~~(i) or (k), as applicable;~~

113-31 ~~[(ii) the rate per \$100 of taxable value~~
 113-32 ~~that is equal to the product of the state compression percentage, as~~
 113-33 ~~determined under Section 42.2516, Education Code, for the current~~
 113-34 ~~year and \$0.06; and~~

113-35 ~~[(iii) the district's current debt rate].~~

113-36 SECTION 4.024. Section 26.09, Tax Code, is amended by
 113-37 adding Subsection (c-1) to read as follows:

113-38 (c-1) The assessor for a school district shall calculate the
 113-39 amount of tax imposed by the school district on a residence
 113-40 homestead for the 2019 tax year based on an exemption under Section
 113-41 11.13(b) of \$25,000 and separately based on an exemption under that
 113-42 subsection of \$40,000. This subsection expires December 31, 2020.

113-43 SECTION 4.025. Section 26.15, Tax Code, is amended by
 113-44 adding Subsection (h) to read as follows:

113-45 (h) The assessor for a school district shall correct the tax
 113-46 roll for the school district for the 2019 tax year to reflect the
 113-47 results of the election to approve the constitutional amendment
 113-48 proposed by the 86th Legislature, Regular Session, 2019, to
 113-49 increase the amount of the exemption of residence homesteads from
 113-50 ad valorem taxation by a school district. This subsection expires
 113-51 December 31, 2020.

113-52 SECTION 4.026. Section 31.01, Tax Code, is amended by
 113-53 adding Subsections (d-2), (d-3), (d-4), and (d-5) to read as
 113-54 follows:

113-55 (d-2) This subsection and Subsections (d-3) and (d-4) apply
 113-56 only to taxes imposed by a school district on a residence homestead
 113-57 for the 2019 tax year. The assessor for the school district shall
 113-58 compute the amount of taxes imposed and the other information
 113-59 required by this section based on a residence homestead exemption
 113-60 under Section 11.13(b) of \$40,000. The tax bill or the separate
 113-61 statement must indicate that the bill is a provisional tax bill and
 113-62 include a statement in substantially the following form:

113-63 "If the amount of the exemption from ad valorem taxation by a
 113-64 school district of a residence homestead had not been increased by
 113-65 the Texas Legislature, your tax bill would have been \$_____ (insert
 113-66 amount equal to the sum of the amount calculated under Section
 113-67 26.09(c-1) based on an exemption under Section 11.13(b) of \$25,000
 113-68 and the total amount of taxes imposed by the other taxing units
 113-69 whose taxes are included in the bill). Because of action by the

114-1 Texas Legislature increasing the amount of the residence homestead
 114-2 exemption, your tax bill has been lowered by \$_____ (insert
 114-3 difference between amount calculated under Section 26.09(c-1)
 114-4 based on an exemption under Section 11.13(b) of \$25,000 and amount
 114-5 calculated under Section 26.09(c-1) based on an exemption under
 114-6 Section 11.13(b) of \$40,000), resulting in a lower tax bill of \$_____
 114-7 (insert amount equal to the sum of the amount calculated under
 114-8 Section 26.09(c-1) based on an exemption under Section 11.13(b) of
 114-9 \$40,000 and the total amount of taxes imposed by the other taxing
 114-10 units whose taxes are included in the bill), contingent on the
 114-11 approval by the voters at an election to be held November 5, 2019,
 114-12 of a constitutional amendment authorizing the residence homestead
 114-13 exemption increase. If the constitutional amendment is not
 114-14 approved by the voters at the election, a supplemental school
 114-15 district tax bill in the amount of \$_____ (insert difference between
 114-16 amount calculated under Section 26.09(c-1) based on an exemption
 114-17 under Section 11.13(b) of \$25,000 and amount calculated under
 114-18 Section 26.09(c-1) based on an exemption under Section 11.13(b) of
 114-19 \$40,000) will be mailed to you."

114-20 (d-3) A tax bill prepared by the assessor for a school
 114-21 district as provided by Subsection (d-2) and mailed to a person in
 114-22 whose name property subject to an exemption under Section 11.13(b)
 114-23 is listed on the tax roll and to the person's authorized agent as
 114-24 provided by Subsection (a) of this section is considered to be a
 114-25 provisional tax bill until the canvass of the votes on the
 114-26 constitutional amendment proposed by the 86th Legislature, Regular
 114-27 Session, 2019, to increase the amount of the exemption of residence
 114-28 homesteads from ad valorem taxation by a school district. If the
 114-29 constitutional amendment is approved by the voters, the tax bill is
 114-30 considered to be a final tax bill for the taxes imposed on the
 114-31 property for the 2019 tax year, and no additional tax bill is
 114-32 required to be mailed to the person and to the person's authorized
 114-33 agent, unless another provision of this title requires the mailing
 114-34 of a corrected tax bill. If the constitutional amendment is not
 114-35 approved by the voters:

114-36 (1) a tax bill prepared by the assessor for a school
 114-37 district as provided by Subsection (d-2) and mailed to a person in
 114-38 whose name property subject to an exemption under Section 11.13(b)
 114-39 is listed on the tax roll and to the person's authorized agent as
 114-40 provided by Subsection (a) of this section is considered to be a
 114-41 final tax bill but only as to the portion of the taxes imposed on the
 114-42 property for the 2019 tax year that are included in the bill;

114-43 (2) the amount of taxes imposed by each school
 114-44 district on a residence homestead for the 2019 tax year is
 114-45 calculated based on an exemption under Section 11.13(b) of \$25,000;
 114-46 and

114-47 (3) except as provided by Subsections (f), (i-1), and
 114-48 (k), the assessor for each school district shall prepare and mail a
 114-49 supplemental tax bill, by December 1 or as soon thereafter as
 114-50 practicable, to each person in whose name property subject to an
 114-51 exemption under Section 11.13(b) is listed on the tax roll and to
 114-52 the person's authorized agent in an amount equal to the difference
 114-53 between the amount calculated under Section 26.09(c-1) based on an
 114-54 exemption under Section 11.13(b) of \$25,000 and the amount
 114-55 calculated under Section 26.09(c-1) based on an exemption under
 114-56 Section 11.13(b) of \$40,000.

114-57 (d-4) Except as otherwise provided by Subsection (d-3), the
 114-58 provisions of this section other than Subsection (d-2) apply to a
 114-59 supplemental tax bill mailed under Subsection (d-3).

114-60 (d-5) This subsection and Subsections (d-2), (d-3), and
 114-61 (d-4) expire December 31, 2020.

114-62 SECTION 4.027. Section 31.02, Tax Code, is amended by
 114-63 adding Subsection (a-1) to read as follows:

114-64 (a-1) Except as provided by Subsection (b) of this section
 114-65 and Sections 31.03 and 31.04, taxes for which a supplemental tax
 114-66 bill is mailed under Section 31.01(d-3) are due on receipt of the
 114-67 tax bill and are delinquent if not paid before March 1 of the year
 114-68 following the year in which imposed. This subsection expires
 114-69 December 31, 2020.

115-1 SECTION 4.028. (a) An assessor or collector for a school
115-2 district is not liable for civil damages or subject to criminal
115-3 prosecution for compliance in good faith with Section 31.01, Tax
115-4 Code, as amended by this article.

115-5 (b) This section takes effect immediately if this Act
115-6 receives a vote of two-thirds of all the members of each house, as
115-7 provided by Section 39, Article III, Texas Constitution. If this
115-8 Act does not receive the vote necessary for this section to take
115-9 immediate effect, this section takes effect on the 91st day after
115-10 the last day of the legislative session.

115-11 (c) This section expires December 31, 2022.

115-12 ARTICLE 5. REPEALER

115-13 SECTION 5.001. (a) The following provisions of the
115-14 Education Code are repealed:

- 115-15 (1) Section 7.102(c)(5);
- 115-16 (2) Section 21.0481;
- 115-17 (3) Section 21.0482;
- 115-18 (4) Section 21.0483;
- 115-19 (5) Section 21.0484;
- 115-20 (6) Section 21.410;
- 115-21 (7) Section 21.411;
- 115-22 (8) Section 21.412;
- 115-23 (9) Section 21.413;
- 115-24 (10) Sections 28.006(d-1), (e), and (i);
- 115-25 (11) Section 29.097;
- 115-26 (12) Section 29.098;
- 115-27 (13) Section 29.165;
- 115-28 (14) Section 29.166;
- 115-29 (15) Sections 29.203(g)(1) and (3);
- 115-30 (16) Section 39.233;
- 115-31 (17) Section 39.234;
- 115-32 (18) the headings to Chapters 41 and 42;
- 115-33 (19) the heading to Subchapter A, Chapter 41;
- 115-34 (20) Section 41.002;
- 115-35 (21) Section 41.0041;
- 115-36 (22) the heading to Subchapter D, Chapter 41;
- 115-37 (23) Section 41.0931;
- 115-38 (24) Section 41.098;
- 115-39 (25) the heading to Subchapter E, Chapter 41;
- 115-40 (26) the heading to Subchapter A, Chapter 42;
- 115-41 (27) the heading to Section 42.006;
- 115-42 (28) Section 42.007;
- 115-43 (29) the heading to Subchapter B, Chapter 42;
- 115-44 (30) Section 42.102;
- 115-45 (31) Section 42.103;
- 115-46 (32) Section 42.104;
- 115-47 (33) the heading to Subchapter C, Chapter 42;
- 115-48 (34) Section 42.1541;
- 115-49 (35) Section 42.156;
- 115-50 (36) Section 42.160;
- 115-51 (37) the heading to Subchapter E, Chapter 42;
- 115-52 (38) Section 42.2513;
- 115-53 (39) Section 42.2517;
- 115-54 (40) Section 42.2518;
- 115-55 (41) Section 42.262;
- 115-56 (42) the headings to Subchapters F and G, Chapter 42;

115-57 and

- 115-58 (43) Section 42.352.

115-59 (b) Section 322.008(b), Government Code, is repealed.

115-60 (c) The following provisions of the Tax Code are repealed:

- 115-61 (1) Sections 26.08(o) and (p); and
- 115-62 (2) Section 312.210(c).

115-63 ARTICLE 6. TRANSITION; CONFLICT OF LAW

115-64 SECTION 6.001. (a) Except as provided by Subsection (b) of
115-65 this section, Article 2 of this Act applies beginning with the
115-66 2019-2020 school year.

115-67 (b) Section 28.006, Education Code, as amended by this Act,
115-68 applies beginning with the 2020-2021 school year.

115-69 SECTION 6.002. Except as otherwise provided by this Act,

116-1 Section 26.08, Tax Code, as amended by this Act, applies beginning
116-2 with the 2019 tax year.

116-3 SECTION 6.003. Except as otherwise provided by that
116-4 article, Article 4 of this Act applies beginning with the 2019 tax
116-5 year.

116-6 SECTION 6.004. The State Board for Educator Certification
116-7 may not issue a new or renew a master teacher certificate issued
116-8 under Section 21.0481, 21.0482, 21.0483, or 21.0484, Education
116-9 Code, on or after the effective date of this Act.

116-10 SECTION 6.005. The commissioner of education shall select
116-11 one campus that received an unacceptable rating for the 2017-2018
116-12 school year, regardless of the number of consecutive years the
116-13 campus has received an unacceptable rating, to submit an
116-14 accelerated campus excellence turnaround plan as provided by
116-15 Section 39A.105(b), Education Code, as added by this Act, for the
116-16 2019-2020 school year. The commissioner may adjust timelines
116-17 established under Chapter 39A, Education Code, for the campus
116-18 selected by the commissioner under this section for purposes of
116-19 developing and implementing the accelerated campus excellence
116-20 turnaround plan. A decision by the commissioner under this section
116-21 is final and may not be appealed.

116-22 SECTION 6.006. Notwithstanding any provision of the
116-23 Education Code, for the 2019 tax year, a school district that took
116-24 action to comply with publication requirements under Section
116-25 44.004, Education Code, before the effective date of this Act may
116-26 amend the district's previously published notices to comply with
116-27 the changes made to the district's permissible and proposed tax
116-28 rates as a result of this Act by posting those changes on the
116-29 district's Internet website. A school district that complied with
116-30 the law in effect at the time of the district's original publication
116-31 may hold the district's scheduled public hearing as originally
116-32 published.

116-33 SECTION 6.007. Not later than December 1, 2022, the Texas
116-34 Education Agency shall submit the initial report required under
116-35 Section 39.0236, Education Code, as added by this Act.

116-36 SECTION 6.008. To the extent of any conflict, this Act
116-37 prevails over another Act of the 86th Legislature, Regular Session,
116-38 2019, regardless of the relative dates of enactment.

116-39 ARTICLE 7. EFFECTIVE DATE

116-40 SECTION 7.001. (a) Except as provided by Subsection (b) of
116-41 this section or as otherwise provided by this Act, this Act takes
116-42 effect September 1, 2019.

116-43 (b) Article 2 of this Act takes effect immediately if this
116-44 Act receives a vote of two-thirds of all the members elected to each
116-45 house, as provided by Section 39, Article III, Texas Constitution.
116-46 If this Act does not receive the vote necessary for immediate
116-47 effect, Article 2 of this Act takes effect September 1, 2019.

116-48 SECTION 7.002. Section 1.037 of this Act takes effect only
116-49 if the constitutional amendment proposed by __.J.R. __, 86th
116-50 Legislature, Regular Session, 2019, is not approved by the voters.

116-51 SECTION 7.003. (a) Except as provided by Subsection (b) of
116-52 this section or as otherwise provided by Article 4 of this Act:

116-53 (1) Article 4 of this Act takes effect on the date on
116-54 which the constitutional amendment proposed by __.J.R. __, 86th
116-55 Legislature, Regular Session, 2019, takes effect; and

116-56 (2) if that amendment is not approved by the voters,
116-57 Article 4 of this Act has no effect.

116-58 (b) Sections 25.23(a-1), 26.04(a-1) and (c-1), 26.08(q),
116-59 26.09(c-1), 26.15(h), 31.01(d-2), (d-3), (d-4), and (d-5), and
116-60 31.02(a-1), Tax Code, and Sections 49.004(a-1), (b-1), and (c-1),
116-61 49.0041, 49.0121, 49.154(a-1), and 49.308(a-1), Education Code, as
116-62 added by this Act, take effect immediately if this Act receives a
116-63 vote of two-thirds of all the members elected to each house, as
116-64 provided by Section 39, Article III, Texas Constitution. If this
116-65 Act does not receive the vote necessary for those sections to have
116-66 immediate effect, those sections take effect on the 91st day after
116-67 the last day of the legislative session.

116-68

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