

By: Hinojosa

H.B. No. 2935

A BILL TO BE ENTITLED

AN ACT

relating to the public school finance system.

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

ARTICLE 1. PUBLIC SCHOOL FINANCE

SECTION 1.01. Section 41.001(3), Education Code, is amended to read as follows:

(3) "Weighted average daily attendance" has the meaning assigned by Section 42.0053 [42.302].

SECTION 1.02. Section 41.002(a), Education Code, is amended to read as follows:

(a) A school district may not have a wealth per student that exceeds the product of the guaranteed level, as defined by Section 42.107, multiplied by 10,000 [+

~~[(1) the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student available to a district with maintenance and operations tax revenue per cent of tax effort equal to the maximum amount provided per cent under Section 42.101(a) or (b), for the district's maintenance and operations tax effort equal to or less than the 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),~~

1 ~~[(2) the wealth per student that generates the amount~~
2 ~~of maintenance and operations tax revenue per weighted student~~
3 ~~available to the Austin Independent School District, as determined~~
4 ~~by the commissioner in cooperation with the Legislative Budget~~
5 ~~Board, for the first six cents by which the district's maintenance~~
6 ~~and operations tax rate exceeds the rate equal to the sum of the~~
7 ~~product of the state compression percentage, as determined under~~
8 ~~Section 42.2516, multiplied by the maintenance and operations tax~~
9 ~~rate adopted by the district for the 2005 tax year and any~~
10 ~~additional tax effort included in calculating the district's~~
11 ~~compressed tax rate under Section 42.101(a-1), subject to Section~~
12 ~~41.093(b-1), or~~

13 ~~[(3) \$319,500, for the district's maintenance and~~
14 ~~operations tax effort that exceeds the amount of tax effort~~
15 ~~described by Subdivision (2)].~~

16 SECTION 1.03. Section 41.006(a), Education Code, is amended
17 to read as follows:

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

27 SECTION 1.04. Section 41.061, Education Code, is amended to

1 read as follows:

2 Sec. 41.061. AGREEMENT. (a) By agreement of the governing
3 boards of two school districts, territory may be detached from one
4 of the districts and annexed to the other district if, after the
5 action, ~~[+~~

6 ~~[(1)]~~ the wealth per student of the district from
7 which territory is detached and the wealth per student of the
8 district to which territory is annexed are ~~[is]~~ equal to or less
9 than the equalized wealth level ~~[, and~~

10 ~~[(2) the wealth per student of the district to which~~
11 ~~territory is annexed is not greater than the greatest level for~~
12 ~~which funds are provided under Subchapter F, Chapter 42].~~

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

18 SECTION 1.05. Section 41.093(a), Education Code, is amended
19 to read as follows:

20 (a) The ~~[Subject to Subsection (b-1), the]~~ cost of each
21 credit is an amount equal to the greater of:

22 (1) the amount of the district's maintenance and
23 operations tax revenue per student in weighted average daily
24 attendance for the school year for which the contract is executed;
25 or

26 (2) the amount of the statewide district average of
27 maintenance and operations tax revenue per student in weighted

1 average daily attendance for the school year preceding the school
2 year for which the contract is executed.

3 SECTION 1.06. Section 41.099(a), Education Code, is amended
4 to read as follows:

5 (a) Sections [~~41.002(e)~~], 41.094, 41.097, and 41.098 apply
6 only to a district that:

7 (1) executes an agreement to purchase all attendance
8 credits necessary to reduce the district's wealth per student to
9 the equalized wealth level;

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

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

16 (A) to an extent that does not provide more than
17 10 percent of the reduction in wealth per student required for the
18 district to achieve a wealth per student that is equal to or less
19 than the equalized wealth level; and

20 (B) under which all revenue paid by the district
21 to other districts, in excess of the reduction in state aid that
22 results from counting the weighted average daily attendance of the
23 students served in the contracting district, is required to be used
24 for funding a consortium of at least three districts in a county
25 with a population of less than 40,000 that is formed to support a
26 technology initiative.

27 SECTION 1.07. Sections 41.206(a), (f), (g), and (i),

1 Education Code, are amended to read as follows:

2 (a) The commissioner shall annex property detached under
3 Section 41.205 to school districts eligible for annexation in
4 accordance with this section. A school district is eligible for
5 annexation of property to it under this subchapter only if, before
6 any detachments or annexations are made in a year, the district's
7 wealth per student is less than the equalized wealth level
8 [~~greatest level for which funds are provided under Subchapter F,~~
9 ~~Chapter 42~~].

10 (f) If only one school district is eligible to annex
11 property detached from a school district within a priority group
12 established by Subsections (d) and (e), the commissioner shall
13 annex property to that district until it reaches a wealth per
14 student equal as nearly as possible to the equalized wealth level
15 [~~greatest level for which funds are provided under Subchapter F,~~
16 ~~Chapter 42,~~] by annexing whole parcels or items of property. Any
17 remaining detached property shall be annexed to eligible school
18 districts in the next priority group as provided by this section.

19 (g) If more than one school district is eligible to annex
20 property detached from a school district within a priority group
21 established by Subsections (d) and (e), the commissioner shall
22 first annex property to the district within the priority group to
23 which could be annexed the most taxable value of property without
24 increasing its wealth per student above the equalized wealth level
25 [~~greatest level for which funds are provided under Subchapter F,~~
26 ~~Chapter 42,~~] until that district reaches a wealth per student equal
27 as nearly as possible to the equalized wealth level [~~greatest level~~

1 ~~for which funds are provided under Subchapter F, Chapter 42,~~ by
2 annexing whole parcels or items of property. Then any additional
3 detached property shall be annexed in the same manner to other
4 eligible school districts in the same priority group in descending
5 order of capacity to receive taxable value of annexed property
6 without increasing the district's wealth per student above the
7 equalized wealth level [~~greatest level for which funds are provided~~
8 ~~under Subchapter F, Chapter 42~~]. If every school district in a
9 priority group reaches a wealth per student equal to the equalized
10 wealth level [~~greatest level for which funds are provided under~~
11 ~~Subchapter F, Chapter 42,~~] as nearly as possible, the remaining
12 detached property shall be annexed to school districts in the next
13 priority group in the manner provided by this section.

14 (i) The commissioner may order the annexation of a portion
15 of a parcel or item of property, including a portion of property
16 treated as a whole parcel or item under Subsection (h), if:

17 (1) the annexation of the whole parcel or item would
18 result in the district eligible to receive it in the appropriate
19 priority order provided by this section having a wealth per student
20 greater than \$10,000 more than the equalized wealth level [~~greatest~~
21 ~~level for which funds are provided under Subchapter F, Chapter 42~~];

22 or

23 (2) the commissioner determines that annexation of
24 portions of the parcel or item would reduce disparities in district
25 wealth per student more efficiently than would be possible if the
26 parcel or item were annexed as a whole.

27 SECTION 1.08. Section 41.257, Education Code, is amended to

1 read as follows:

2 Sec. 41.257. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS
3 AND TRANSPORTATION ALLOTMENT. The budget of the consolidated
4 district must apply the benefit of the adjustment or allotment to
5 the schools of the consolidating district to which Section 42.103,
6 42.105, or 42.202 [~~42.155~~] would have applied in the event that the
7 consolidated district still qualifies as a small or sparse
8 district.

9 SECTION 1.09. Section 42.002, Education Code, is amended to
10 read as follows:

11 Sec. 42.002. PURPOSES OF FOUNDATION SCHOOL PROGRAM. [~~(a)~~]
12 The purposes of the Foundation School Program set forth in this
13 chapter and Chapter 46 are to guarantee that each school district in
14 the state has:

15 (1) substantially equal access to substantially
16 equalized financing and adequate resources to provide each eligible
17 student an [a basic] instructional program that is rated acceptable
18 or higher under Section 39.054, that meets other applicable legal
19 standards, and that is [and facilities] suitable to the student's
20 educational needs; and

21 (2) adequate resources to provide each eligible
22 student with [access to a substantially equalized program of
23 financing in excess of basic costs for certain services, as
24 provided by this chapter.

25 ~~[(b) The Foundation School Program consists of:~~

26 ~~[(1) two tiers that in combination provide for:~~

27 ~~[(A) sufficient financing for all school~~

1 ~~districts to provide a basic program of education that is rated~~
2 ~~acceptable or higher under Section 39.054 and meets other~~
3 ~~applicable legal standards; and~~

4 ~~[(B) substantially equal access to funds to~~
5 ~~provide an enriched program; and~~

6 ~~[(2) a] facilities suitable to the student's~~
7 ~~educational needs [component as provided by Chapter 46].~~

8 SECTION 1.10. Section 42.005, Education Code, is amended by
9 adding Subsection (a-1) to read as follows:

10 (a-1) In determining a district's average daily attendance
11 for purposes other than the computation of a district's program
12 student count under Section 42.101, the commissioner shall include
13 the number of full-time equivalent students in:

14 (1) a special education program in an instructional
15 arrangement other than mainstream; or

16 (2) a career and technology program for which a weight
17 is provided under Section 42.101(c)(17).

18 SECTION 1.11. Subchapter A, Chapter 42, Education Code, is
19 amended by adding Section 42.0053 to read as follows:

20 Sec. 42.0053. WEIGHTED AVERAGE DAILY ATTENDANCE. (a) In
21 this chapter, "weighted average daily attendance" of a school
22 district is the greater of:

23 (1) the district's cost-adjusted program student count
24 as determined under Section 42.102; or

25 (2) the district's scale-adjusted program student
26 count as determined under Section 42.103.

27 (b) For a district entitled to a sparsity adjustment under

1 Section 42.105, that adjustment is made before making the
2 determinations specified in Subsection (a).

3 SECTION 1.12. Section 42.007(c), Education Code, is amended
4 to read as follows:

5 (c) The funding elements must include:

6 (1) weights designed to reflect student educational
7 program costs [~~a basic allotment for the purposes of Section 42.101~~
8 ~~that, when combined with the guaranteed yield component provided by~~
9 ~~Subchapter F, represents the cost per student of a regular~~
10 ~~education program that meets all mandates of law and regulation];~~

11 (2) adjustments designed to reflect the variation in
12 known resource costs and costs of education beyond the control of
13 school districts;

14 (3) appropriate program cost differentials and other
15 funding elements [~~for the programs authorized under Subchapter C,~~
16 ~~with the program funding level expressed as dollar amounts and as~~
17 ~~weights applied to the adjusted basic allotment for the appropriate~~
18 ~~year];~~

19 (4) the maximum guaranteed level of [~~qualified~~] state
20 and local funds per student for the purposes of Section 42.107
21 [~~Subchapter F];~~

22 (5) the [~~enrichment and facilities~~] tax rate under
23 Section 42.108 [~~Subchapter F];~~

24 (6) the computation of students in weighted average
25 daily attendance under Section 42.0053 [~~42.302~~]; and

26 (7) the amount to be appropriated for the school
27 facilities assistance program under Chapter 46.

1 SECTION 1.13. Subchapter A, Chapter 42, Education Code, is
2 amended by adding Section 42.0091 to read as follows:

3 Sec. 42.0091. REPORT ON STATE FUNDING LEVELS. (a) Not
4 later than July 1 of each year, the commissioner shall:

5 (1) determine whether the estimated total amount of
6 state funding provided to a school district or open-enrollment
7 charter school under the Foundation School Program and from other
8 state funding sources for the following school year is greater than
9 or less than the total amount in state funding provided for the
10 school year in which the determination is made; and

11 (2) post on the agency's Internet website a report on
12 the amount and percentage of the increase or decrease in the total
13 amount of state funding determined under Subdivision (1).

14 (b) The report under Subsection (a)(2) must:

15 (1) be disaggregated by funding source; and

16 (2) include a calculation of the amount and percentage
17 of the increase or decrease in the total amount of state funding per
18 student in average daily attendance and per student in weighted
19 average daily attendance.

20 SECTION 1.14. The heading to Subchapter B, Chapter 42,
21 Education Code, is amended to read as follows:

22 SUBCHAPTER B. GUARANTEED YIELD [~~BASIC ENTITLEMENT~~]

23 SECTION 1.15. Section 42.101, Education Code, is amended to
24 read as follows:

25 Sec. 42.101. PROGRAM STUDENT COUNT [~~BASIC ALLOTMENT~~]. (a)

26 In this section:

27 (1) "Career and technology education class" and

1 "career and technology education program" include a technology
2 applications course on cybersecurity adopted or selected by the
3 State Board of Education under Section 28.025(c-10).

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

6 (3) "Special education program" means a program under
7 Subchapter A, Chapter 29.

8 (b) For each school district, the number of students in each
9 educational program offered by the district is weighted according
10 to the formula:

$$\text{WP} = \text{S} \times \text{W}$$

11 where:

12 "WP" is the weighted number of students in the educational
13 program;

14 "S" is the number of students in average daily attendance,
15 number of full-time equivalent students, or number of students
16 enrolled, as appropriate, in the educational program; and

17 "W" is the weight for the educational program, as provided by
18 Subsection (c).

19 (c) The weights are:

20 (1) 1.0 for a student in average daily attendance, not
21 including time the student spends each day in a special education
22 program in an instructional arrangement other than mainstream or in
23 a career and technology education program;

24 (2) 1.1 for a student in a special education program in
25 a mainstream instructional arrangement;

26 (3) 5.0 for a full-time equivalent student in a
27

1 special education program in a homebound instructional
2 arrangement;

3 (4) 3.0 for a full-time equivalent student in a
4 special education program in a hospital class instructional
5 arrangement;

6 (5) 5.0 for a full-time equivalent student in a
7 special education program in a speech therapy instructional
8 arrangement;

9 (6) 3.0 for a full-time equivalent student in a
10 special education program in a resource room instructional
11 arrangement;

12 (7) 3.0 for a full-time equivalent student in a
13 special education program in a self-contained, mild and moderate,
14 regular campus instructional arrangement;

15 (8) 3.0 for a full-time equivalent student in a
16 special education program in a self-contained, severe, regular
17 campus instructional arrangement;

18 (9) 2.7 for a full-time equivalent student in a
19 special education program in an off home campus instructional
20 arrangement;

21 (10) 1.7 for a full-time equivalent student in a
22 special education program in a nonpublic day school;

23 (11) 2.3 for a full-time equivalent student in a
24 special education program vocational adjustment class;

25 (12) 4.0 for a student in a special education program
26 who resides in a residential care and treatment facility, other
27 than a state school, whose parent or guardian does not reside in the

1 district and who receives educational services from a local school
2 district;

3 (13) 2.8 for a student in a special education program
4 who resides in a state school;

5 (14) 0.3 for a student at risk of dropping out of
6 school, as defined by Section 29.081;

7 (15) notwithstanding Subdivision (14), 2.41 for a
8 full-time equivalent student who is in a remedial and support
9 program under Section 29.081 because the student is pregnant;

10 (16) 0.2 for a student who is in a bilingual education
11 or special language program under Subchapter B, Chapter 29;

12 (17) for a full-time equivalent student in an approved
13 career and technology education program in grades 9 through 12 or in
14 a career and technology program for students with disabilities in
15 grades 7 through 12:

16 (A) 1.35; and

17 (B) 0.01, if the student is enrolled in two or
18 more advanced career and technology education classes for a total
19 of three or more credits;

20 (18) 0.12 or a greater weight as provided by
21 appropriation for a student in a program for gifted and talented
22 students that the district certifies to the commissioner as
23 complying with Subchapter D, Chapter 29;

24 (19) except as provided by Subsection (e), 0.1 for a
25 student in average daily attendance who is using a public education
26 grant under Subchapter G, Chapter 29, to attend school in a district
27 other than the district in which the student resides; and

1 (20) 0.05 for a student in average daily attendance in
2 grades 9 through 12 in the district.

3 (d) A district's program student count is equal to the sum
4 of the weighted number of students for each educational program
5 offered by the district.

6 (e) The total number of weights under Subsection (c)(19) to
7 which a district is entitled may not exceed the number by which the
8 number of students using public education grants to attend school
9 in the district exceeds the number of students who reside in the
10 district and use public education grants to attend school in
11 another district.

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

$$19 \qquad \qquad \qquad \text{[A - \$4,765 X (DCR/MCR)}$$

20 [where:

21 ~~["A" is the allotment to which a district is entitled,~~

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

26 ~~["MCR" is the state maximum compressed tax rate, which is the~~
27 ~~product of the state compression percentage, as determined under~~

1 ~~Section 42.2516, multiplied by \$1.50.~~

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

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

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

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

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

20 ~~and~~

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

23 SECTION 1.16. Section 42.102, Education Code, is amended to
24 read as follows:

25 Sec. 42.102. COST OF EDUCATION ADJUSTMENT. (a) The program
26 student count [~~basic allotment~~] for each school district is
27 adjusted to reflect the geographic variation in known resource

1 costs and costs of education due to factors beyond the control of
 2 the ~~[school]~~ district.

3 (b) The program student count of a school district ~~[cost of~~
 4 ~~education adjustment]~~ is adjusted by applying the formula:

5
$$\text{CAP} = [(\text{PSC} \times .5) \times (((\text{CEI} - 1) \times .457668) + 1)] + (\text{PSC} \times .5)$$

6 where:

7 "CAP" is the school district's cost-adjusted program student
 8 count;

9 "PSC" is the district's program student count determined
 10 under Section 42.101; and

11 "CEI" is the cost of education index calculated in accordance
 12 with the teacher fixed effects index methodology described by the
 13 2004 report to the legislature submitted by the joint select
 14 committee on public school finance ~~[adjustment adopted by the~~
 15 ~~foundation school fund budget committee and contained in Chapter~~
 16 ~~203, Title 19, Texas Administrative Code, as that chapter existed~~
 17 ~~on March 26, 1997].~~

18 SECTION 1.17. Section 42.103(a), Education Code, is amended
 19 to read as follows:

20 (a) The program student count ~~[basic allotment]~~ for certain
 21 small and mid-sized school districts is adjusted in accordance with
 22 this section. In this section:

23 (1) "SAP" ["AA"] is the district's scale-adjusted
 24 program student count ~~[adjusted allotment per student];~~

25 (2) "ADA" is the number of students in average daily
 26 attendance for whom ~~[which]~~ the district is entitled to a weight ~~[an~~
 27 ~~allotment]~~ under Sections 42.101(c)(1) and (2) ~~[Section 42.101];~~

1 and

2 (3) "CAP" [~~"ABA"~~] is the district's cost-adjusted
3 program student count [~~adjusted basic allotment~~] determined under
4 Section 42.102.

5 SECTION 1.18. Sections 42.103(b), (c), and (d), Education
6 Code, as effective until September 1, 2023, are amended to read as
7 follows:

8 (b) The program student count [~~basic allotment~~] of a school
9 district that contains at least 300 square miles and has not more
10 than 1,600 students in average daily attendance is adjusted by
11 applying the formula:

12
$$\underline{\text{SAP}} \text{ [AA]} = (1 + ((1,600 - \text{ADA}) \times .0004)) \times \underline{\text{CAP}} \text{ [ABA]}$$

13 (c) The program student count [~~basic allotment~~] of a school
14 district that contains less than 300 square miles and has not more
15 than 1,600 students in average daily attendance is adjusted by
16 applying the following formulas:

17 (1) for the fiscal year beginning September 1, 2018:

18
$$\text{AA} = (1 + ((1,600 - \text{ADA}) \times .000275)) \times \text{ABA};$$

19 (2) for the fiscal year beginning September 1, 2019:

20
$$\underline{\text{SAP}} \text{ [AA]} = (1 + ((1,600 - \text{ADA}) \times .00030)) \times \underline{\text{CAP}} \text{ [ABA]};$$

21 (3) for the fiscal year beginning September 1, 2020:

22
$$\underline{\text{SAP}} \text{ [AA]} = (1 + ((1,600 - \text{ADA}) \times .000325)) \times \underline{\text{CAP}} \text{ [ABA]};$$

23 (4) for the fiscal year beginning September 1, 2021:

24
$$\underline{\text{SAP}} \text{ [AA]} = (1 + ((1,600 - \text{ADA}) \times .00035)) \times \underline{\text{CAP}} \text{ [ABA]};$$

25 and

26 (5) for the fiscal year beginning September 1, 2022:

27
$$\underline{\text{SAP}} \text{ [AA]} = (1 + ((1,600 - \text{ADA}) \times .000375)) \times \underline{\text{CAP}} \text{ [ABA]}$$

1 (d) The program student count [~~basic allotment~~] of a school
 2 district that offers a kindergarten through grade 12 program and
 3 has less than 5,000 students in average daily attendance is
 4 adjusted by applying the formula, of the following formulas, that
 5 results in the greatest scale-adjusted program student count
 6 [~~adjusted allotment~~]:

7 (1) the formula in Subsection (b) or (c) for which the
 8 district is eligible; or

9 (2) $SAP [AA] = (1 + ((5,000 - ADA) \times .000025)) \times CAP$
 10 [~~ABA~~].

11 SECTION 1.19. Sections 42.103(b) and (d), Education Code,
 12 as effective September 1, 2023, are amended to read as follows:

13 (b) The program student count [~~basic allotment~~] of a school
 14 district that has not more than 1,600 students in average daily
 15 attendance is adjusted by applying the formula:

16 $SAP [AA] = (1 + ((1,600 - ADA) \times .0004)) \times CAP$ [~~ABA~~]

17 (d) The program student count [~~basic allotment~~] of a school
 18 district that offers a kindergarten through grade 12 program and
 19 has less than 5,000 students in average daily attendance is
 20 adjusted by applying the formula, of the following formulas, that
 21 results in the greatest scale-adjusted program student count
 22 [~~adjusted allotment~~]:

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

25 (2) $SAP [AA] = (1 + ((5,000 - ADA) \times .000025)) \times CAP$
 26 [~~ABA~~].

27 SECTION 1.20. Sections 42.105(a) and (c), Education Code,

1 are amended to read as follows:

2 (a) Notwithstanding Sections [~~42.101~~], 42.102[~~7~~] and
3 42.103, the program student count of a school district that has
4 fewer than 130 students in average daily attendance shall be
5 adjusted under Sections 42.102 and 42.103 [~~provided an adjusted~~
6 ~~basic allotment~~] on the basis of 130 students in average daily
7 attendance if the district [~~it~~] offers a kindergarten through grade
8 12 program and has preceding or current year's average daily
9 attendance of at least 90 students or is 30 miles or more by bus
10 route from the nearest high school district. The program student
11 count of a school [A] district offering a kindergarten through
12 grade 8 program whose preceding or current year's average daily
13 attendance was at least 50 students or which is 30 miles or more by
14 bus route from the nearest high school district shall be adjusted
15 under Sections 42.102 and 42.103 [~~provided an adjusted basic~~
16 ~~allotment~~] on the basis of 75 students in average daily attendance.
17 An average daily attendance of 60 students shall be the basis of
18 adjusting [~~providing~~] the program student count under Sections
19 42.102 and 42.103 [~~adjusted basic allotment~~] if a district offers a
20 kindergarten through grade 6 program and has preceding or current
21 year's average daily attendance of at least 40 students or is 30
22 miles or more by bus route from the nearest high school district.

23 (c) Notwithstanding Subsection (a) or Sections [~~42.101~~],
24 42.102[~~7~~] and 42.103, the program student count of a school
25 district to which this subsection applies, as provided by
26 Subsection (b), that has fewer than 130 students in average daily
27 attendance shall be adjusted under Sections 42.102 and 42.103

1 ~~[provided an adjusted basic allotment]~~ on the basis of 130 students
 2 in average daily attendance if it offers a kindergarten through
 3 grade four program and has preceding or current year's average
 4 daily attendance of at least 75 students or is 30 miles or more by
 5 bus route from the nearest high school district.

6 SECTION 1.21. Sections [42.302](#), [42.303](#), and [42.304](#),
 7 Education Code, are transferred to Subchapter B, Chapter [42](#),
 8 Education Code, redesignated as Sections 42.107, 42.108, and
 9 42.109, Education Code, and amended to read as follows:

10 Sec. [42.107](#) [[42.302](#)]. GUARANTEED YIELD [~~ALLOTMENT~~]. (a)
 11 Each school district is guaranteed a specified amount per weighted
 12 student in state and local funds for each cent of tax effort [~~over~~
 13 ~~that required for the district's local fund assignment~~] up to the
 14 maximum level specified in this subchapter. The amount of state
 15 support, subject only to the maximum amount under Section [42.108](#)
 16 [[42.303](#)], is determined by the formula:

$$17 \quad \text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

18 where:

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

21 "GL" is the dollar amount guaranteed level of state and local
 22 funds per weighted student per cent of tax effort, which is, subject
 23 to the adjustment under Subsection (a-1), \$56 [~~an amount described~~
 24 ~~by Subsection (a-1)] or a greater amount for any year provided by
 25 appropriation;~~

26 "WADA" has the meaning assigned by Section 42.0053 [~~is the~~
 27 ~~number of students in weighted average daily attendance, which is~~

1 ~~calculated by dividing the sum of the school district's allotments~~
2 ~~under Subchapters B and C, less any allotment to the district for~~
3 ~~transportation, any allotment under Section 42.158 or 42.160, and~~
4 ~~50 percent of the adjustment under Section 42.102, by the basic~~
5 ~~allotment for the applicable year];~~

6 "DTR" is the district [~~enrichment~~] tax rate of the school
7 district, which is determined by subtracting the amount [~~amounts~~]
8 specified by Subsection (b) from the total amount of maintenance
9 and operations taxes collected by the school district for the
10 applicable school year and dividing the difference by the quotient
11 of the district's taxable value of property as determined under
12 Subchapter M, Chapter 403, Government Code, or, if applicable,
13 under Section 42.2521, divided by 100; and

14 "LR" is the local revenue, which is determined by multiplying
15 "DTR" by the quotient of the district's taxable value of property as
16 determined under Subchapter M, Chapter 403, Government Code, or, if
17 applicable, under Section 42.2521, divided by 100.

18 (a-1) Beginning with the 2021-2022 school year, the
19 guaranteed level provided under Subsection (a) is adjusted annually
20 to increase the guaranteed level by the greater of:

21 (1) one percent of the amount of the guaranteed level
22 for the preceding school year; or

23 (2) the amount that results from applying the
24 inflation rate, as determined by the comptroller on the basis of
25 changes in the Consumer Price Index for All Urban Consumers
26 published by the Bureau of Labor Statistics of the United States
27 Department of Labor, to the guaranteed level for the preceding

1 school year. [~~For purposes of Subsection (a), the dollar amount~~
2 ~~guaranteed level of state and local funds per weighted student per~~
3 ~~cent of tax effort ("GL") for a school district is:~~

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

19 [~~(2) \$31.95, for the district's maintenance and~~
20 ~~operations tax effort that exceeds the amount of tax effort~~
21 ~~described by Subdivision (1).~~

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

26 (b) In computing the district [~~enrichment~~] tax rate of a
27 school district, the total amount of maintenance and operations

1 taxes collected by the school district does not include the amount
2 of[+]

3 ~~[(1) the district's local fund assignment under~~
4 ~~Section 42.252, or~~

5 ~~[-2)]~~ taxes paid into a tax increment fund under
6 Chapter 311, Tax Code.

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

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

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

21 (f) If a school district imposes a maintenance and
22 operations tax at a rate greater than the rate equal to the product
23 of the state compression percentage, as determined under Section
24 42.2516, multiplied by the maintenance and operations tax rate
25 adopted by the district for the 2005 tax year, the district is
26 entitled to receive a guaranteed yield ~~[an allotment]~~ under this
27 section on the basis of that greater tax effort.

1 Sec. 42.108 [~~42.303~~]. LIMITATION ON DISTRICT [~~ENRICHMENT~~
2 TAX RATE. The district [~~enrichment~~] tax rate ("DTR") under Section
3 42.107 [~~42.302~~] may not exceed [~~the amount per \$100 of valuation by~~
4 ~~which~~] the maximum rate permitted under Section 45.003 [~~exceeds the~~
5 ~~rate used to determine the district's local share under Section~~
6 42.252], or a greater amount for any year provided by
7 appropriation.

8 Sec. 42.109 [~~42.304~~]. COMPUTATION OF AID FOR DISTRICT ON
9 MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under
10 this subchapter for a school district located on a federal military
11 installation or at Moody State School is computed using the average
12 tax rate and property value per student of school districts in the
13 county, as determined by the commissioner.

14 SECTION 1.22. Subchapter B, Chapter 42, Education Code, is
15 amended by adding Section 42.110 to read as follows:

16 Sec. 42.110. MINIMUM AND MAXIMUM GAIN. (a) Notwithstanding
17 any other provision of this chapter, a school district is entitled
18 for the 2019-2020 and 2020-2021 school years to a minimum gain
19 guarantee of additional state aid in an amount equal to the lesser
20 of:

21 (1) the amount by which the district's state and local
22 revenue received for the applicable school year under Chapter 41
23 and this chapter is less than the state and local revenue received
24 by the district under Chapter 41 and this chapter for the 2018-2019
25 school year; or

26 (2) \$65 per student in weighted average daily
27 attendance.

1 (b) Notwithstanding any other provision of this chapter,
2 the amount of state and local revenue received by a school district
3 under Chapter 41 and this chapter for the 2019-2020 or 2020-2021
4 school year may not exceed the sum of \$250 per student in weighted
5 average daily attendance for that school year and the amount of
6 state and local revenue received by the district under Chapter 41
7 and this chapter for the 2018-2019 school year. If a school
8 district's state and local revenue would exceed that amount for the
9 applicable school year, the amount of state funds to which the
10 district would otherwise be entitled under this chapter shall be
11 reduced proportionately to comply with the maximum amount of
12 funding described by this subsection.

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

15 (d) This section expires September 1, 2021.

16 SECTION 1.23. The heading to Subchapter C, Chapter 42,
17 Education Code, is amended to read as follows:

18 SUBCHAPTER C. CONDITIONS APPLICABLE TO FUNDING BASED ON WEIGHTS

19 ~~[SPECIAL ALLOTMENTS]~~

20 SECTION 1.24. Sections 42.151, 42.152, 42.153, 42.154,
21 42.1541, and 42.156, Education Code, are amended to read as
22 follows:

23 Sec. 42.151. SPECIAL EDUCATION PROGRAMS. (a) In this
24 section, "special education funds" means the portion of state and
25 local funds attributable to students weighted under Sections
26 42.101(c)(2)-(13). ~~[For each student in average daily attendance in~~
27 a special education program under Subchapter A, Chapter 29, in a

1 ~~mainstream instructional arrangement, a school district is~~
2 ~~entitled to an annual allotment equal to the adjusted basic~~
3 ~~allotment multiplied by 1.1. For each full-time equivalent student~~
4 ~~in average daily attendance in a special education program under~~
5 ~~Subchapter A, Chapter 29, in an instructional arrangement other~~
6 ~~than a mainstream instructional arrangement, a district is entitled~~
7 ~~to an annual allotment equal to the adjusted basic allotment~~
8 ~~multiplied by a weight determined according to instructional~~
9 ~~arrangement as follows:~~

- 10 ~~[Homebound 5.0~~
- 11 ~~[Hospital class 3.0~~
- 12 ~~[Speech therapy 5.0~~
- 13 ~~[Resource room 3.0~~
- 14 ~~[Self-contained, mild and moderate,~~
- 15 ~~regular campus 3.0~~
- 16 ~~[Self-contained, severe, regular campus 3.0~~
- 17 ~~[Off home campus 2.7~~
- 18 ~~[Nonpublic day school 1.7~~
- 19 ~~[Vocational adjustment class 2.3]~~

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

1 ~~in state schools shall be established under the rules of the State~~
2 ~~Board of Education with a funding weight of 2.8.~~

3 ~~[(e)]~~ For funding purposes, the number of contact hours
4 credited per day for each special education student in the off home
5 campus instructional arrangement may not exceed the contact hours
6 credited per day for the multidistrict class instructional
7 arrangement in the 1992-1993 school year.

8 (c) ~~[(d)]~~ For funding purposes, the number of contact hours
9 credited per day for each special education student in the resource
10 room; self-contained, mild and moderate; and self-contained,
11 severe, instructional arrangements may not exceed the average of
12 the statewide total contact hours credited per day for those three
13 instructional arrangements in the 1992-1993 school year.

14 (d) ~~[(e)]~~ The State Board of Education by rule shall
15 prescribe the qualifications a special education ~~[an]~~
16 instructional arrangement must meet in order to be funded as a
17 particular instructional arrangement under this chapter ~~[section]~~.
18 In prescribing the qualifications that a mainstream instructional
19 arrangement must meet, the board shall establish requirements that
20 students with disabilities and their teachers receive the direct,
21 indirect, and support services that are necessary to enrich the
22 regular classroom and enable student success.

23 (e) ~~[(f)]~~ ~~In this section, "full-time equivalent student"~~
24 ~~means 30 hours of contact a week between a special education student~~
25 ~~and special education program personnel.~~

26 ~~[(g)]~~ The State Board of Education shall adopt rules and
27 procedures governing contracts for residential placement of

1 special education students. The legislature shall provide by
2 appropriation for the state's share of the costs of those
3 placements.

4 (f) Special education funds [~~(h) Funds allocated under this~~
5 ~~section~~], other than an indirect cost apportionment [~~allotment~~]
6 established under Section 42.1541 [~~State Board of Education rule~~],
7 must be used in the special education program under Subchapter A,
8 Chapter 29.

9 (g) [~~(i)~~] The agency shall encourage the placement of
10 students in special education programs, including students in
11 residential instructional arrangements, in the least restrictive
12 environment appropriate for their educational needs.

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

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

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

14 (a) In this section, "compensatory education funds" means the
15 portion of state and local funds attributable to students weighted
16 under Sections 42.101(c)(14) and (15) ~~[For each student who is~~
17 ~~educationally disadvantaged or who is a student who does not have a~~
18 ~~disability and resides in a residential placement facility in a~~
19 ~~district in which the student's parent or legal guardian does not~~
20 ~~reside, a district is entitled to an annual allotment equal to the~~
21 ~~adjusted basic allotment multiplied by 0.2, and by 2.41 for each~~
22 ~~full-time equivalent student who is in a remedial and support~~
23 ~~program under Section 29.081 because the student is pregnant].~~

24 (b) Compensatory education funds must ~~[For purposes of this~~
25 ~~section, the number of educationally disadvantaged students is~~
26 ~~determined:~~

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

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

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

5 ~~[(b-1) A student receiving a full-time virtual education~~
6 ~~through the state virtual school network may be included in~~
7 ~~determining the number of educationally disadvantaged students~~
8 ~~under Subsection (b) if the school district submits to the~~
9 ~~commissioner a plan detailing the enhanced services that will be~~
10 ~~provided to the student and the commissioner approves the plan.]~~

11 ~~[(c) Funds allocated under this section shall]~~ be used to
12 fund supplemental programs and services designed to eliminate any
13 disparity in performance on assessment instruments administered
14 under Subchapter B, Chapter 39, or disparity in the rates of high
15 school completion between students at risk of dropping out of
16 school, as defined by Section 29.081, and all other students.
17 Specifically, the funds, other than an indirect cost apportionment
18 ~~[allotment]~~ established under Section 42.1541 ~~[State Board of~~
19 ~~Education rule]~~, which may not exceed 45 percent, may be used to
20 meet the costs of providing a compensatory, intensive, or
21 accelerated instruction program under Section 29.081 or a
22 disciplinary alternative education program established under
23 Section 37.008~~[7]~~ or to pay the costs associated with placing
24 students in a juvenile justice alternative education program
25 established under Section 37.011~~[7]~~ ~~or to support a program eligible~~
26 ~~under Title I of the Elementary and Secondary Education Act of 1965,~~
27 ~~as provided by Pub. L. No. 103-382 and its subsequent amendments,~~

1 ~~and by federal regulations implementing that Act, at a campus at~~
2 ~~which at least 40 percent of the students are educationally~~
3 ~~disadvantaged].~~ In meeting the costs of providing a compensatory,
4 intensive, or accelerated instruction program under Section
5 29.081, a district's compensatory education funds must [~~allotment~~
6 ~~shall~~] be used for costs supplementary to the regular education
7 program, such as costs for program and student evaluation,
8 instructional materials and equipment and other supplies required
9 for quality instruction, supplemental staff expenses, salary for
10 teachers of at-risk students, smaller class size, and
11 individualized instruction. A home-rule school district or an
12 open-enrollment charter school must use compensatory education
13 funds [~~allocated under Subsection (a)~~] for a purpose authorized in
14 this subsection but is not otherwise subject to Subchapter C,
15 Chapter 29. For purposes of this subsection, a program
16 specifically designed to serve students at risk of dropping out of
17 school, as defined by Section 29.081, is considered to be a program
18 supplemental to the regular education program, and a district may
19 use its compensatory education funds [~~allotment~~] for such a
20 program.

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

25 (1) an accelerated reading instruction program under
26 Section 28.006(g); or

27 (2) a program for treatment of students who have

1 dyslexia or a related disorder as required by Section 38.003.

2 (d) [~~(c-2)~~] Notwithstanding Subsection (b) [~~(c)~~],
3 compensatory education funds [~~allocated under this section~~] may be
4 used to fund a school district's mentoring services program under
5 Section 29.089.

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

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

21 (g) [~~(f-1)~~] The commissioner shall develop a system to
22 identify school districts that are at high risk of having used
23 compensatory education funds other than in compliance with
24 Subsection (b) [~~(c)~~] or of having inadequately reported
25 compensatory education expenditures. If a review of the report
26 submitted under Subsection (f) [~~(e)~~], using the risk-based system,
27 indicates that a district is not at high risk of having misused

1 compensatory education funds or of having inadequately reported
2 compensatory education expenditures, the district may not be
3 required to perform a local audit of compensatory education
4 expenditures and is not subject to on-site monitoring under this
5 section.

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

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

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

22 (3) both require a local audit and order on-site
23 monitoring.

24 (i) [~~(g-3)~~] If a review of the report submitted under
25 Subsection (f) [~~(g)~~], using the risk-based system, indicates that a
26 school district is at high risk of having inadequately reported
27 compensatory education expenditures, the commissioner may require

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

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

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

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

20 (k) [~~(r)~~] The commissioner shall grant a one-year exemption
21 from the requirements of Subsections (f), (g), (h), (i), and (j)
22 [~~(g)-(g-4)~~] to a school district in which the group of students who
23 have failed to perform satisfactorily in the preceding school year
24 on an assessment instrument required under Section 39.023(a), (c),
25 or (l) subsequently performs on those assessment instruments at a
26 level that meets or exceeds a level prescribed by commissioner
27 rule. Each year the commissioner, based on the most recent

1 information available, shall determine if a school district is
2 entitled to an exemption for the following school year and notify
3 the district of that determination.

4 Sec. 42.153. BILINGUAL EDUCATION PROGRAMS [~~ALLOTMENT~~]. (a)
5 In this section, "bilingual education funds" means the portion of
6 state and local funds attributable to students weighted under
7 Section 42.101(c)(16) [~~For each student in average daily attendance~~
8 ~~in a bilingual education or special language program under~~
9 ~~Subchapter B, Chapter 29, a district is entitled to an annual~~
10 ~~allotment equal to the adjusted basic allotment multiplied by 0.1)].~~

11 (b) Bilingual education funds [~~Funds allocated under this~~
12 ~~section~~], other than an indirect cost apportionment [~~allotment~~]
13 established under Section 42.1541 [~~State Board of Education rule~~],
14 must be used in providing bilingual education or special language
15 programs under Subchapter B, Chapter 29, and must be accounted for
16 under existing agency reporting and auditing procedures.

17 (c) A school district's bilingual education funds [~~or~~
18 ~~special language allocation~~] may be used only for program and
19 student evaluation, instructional materials and equipment, staff
20 development, supplemental staff expenses, salary supplements for
21 teachers, and other supplies required for quality instruction and
22 smaller class size.

23 Sec. 42.154. CAREER AND TECHNOLOGY EDUCATION PROGRAMS
24 [~~ALLOTMENT~~]. (a) [~~For each full-time equivalent student in~~
25 ~~average daily attendance in an approved career and technology~~
26 ~~education program in grades nine through 12 or in career and~~
27 ~~technology education programs for students with disabilities in~~

1 ~~grades seven through 12, a district is entitled to:~~

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

4 ~~[(2) \$50, if the student is enrolled in two or more~~
5 ~~advanced career and technology education classes for a total of~~
6 ~~three or more credits.~~

7 ~~[(b)]~~ In this section, ~~[~~ ~~+~~

8 ~~[(1) "Career and technology education class" and]~~
9 "career and technology education program" has the meaning assigned
10 by Section 42.101(a) ~~[include a technology applications course on~~
11 ~~cybersecurity adopted or selected by the State Board of Education~~
12 ~~under Section 28.025(c-10)].~~

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

16 (b) The portion of state and local funds attributable to
17 students weighted ~~[(c) Funds allocated]~~ under Section
18 42.101(c)(17) ~~[this section]~~, other than an indirect cost
19 apportionment ~~[allotment]~~ established under Section 42.1541 ~~[State~~
20 ~~Board of Education rule]~~, must be used in providing career and
21 technology education programs in grades 9 ~~[nine]~~ through 12 or
22 career and technology education programs for students with
23 disabilities in grades 7 ~~[seven]~~ through 12 under Sections 29.182,
24 29.183, and 29.184.

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

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

11 Sec. 42.1541. INDIRECT COSTS [~~COST ALLOTMENTS~~]. (a) The
 12 State Board of Education shall by rule establish [~~increase~~] the
 13 indirect cost apportionments described by [~~allotments established~~
 14 ~~under~~] Sections [42.151\(f\)](#) [~~42.151(h)~~], [42.152\(b\)](#) [~~42.152(c)~~],
 15 [42.153\(b\)](#), and [42.154\(b\)](#) at an amount and proportion not less than
 16 the amount and proportion resulting from the indirect cost
 17 allotment [~~42.154(a-1) and (c) and~~] in effect for the 2018-2019
 18 [~~2010-2011~~] school year [~~in proportion to the average percentage~~
 19 ~~reduction in total state and local maintenance and operations~~
 20 ~~revenue provided under this chapter for the 2011-2012 school year~~
 21 ~~as a result of S.B. Nos. 1 and 2, Acts of the 82nd Legislature, 1st~~
 22 ~~Called Session, 2011~~].

23 (b) To the extent necessary to permit the board to comply
 24 with this section, the limitation on the percentage of the indirect
 25 cost apportionment [~~allotment~~] prescribed by Section [42.152\(b\)](#)
 26 [~~42.152(c)~~] does not apply.

27 (c) The board shall take the action required by Subsection

1 (a) not later than the date that permits the [~~increased~~] indirect
2 cost apportionments [~~allotments~~] to apply beginning with the
3 2019-2020 [~~2011-2012~~] school year.

4 Sec. 42.156. GIFTED AND TALENTED STUDENT PROGRAMS
5 [~~ALLOTMENT~~]. (a) The portion of state and local funds attributable
6 to students weighted [~~For each identified student a school~~
7 ~~district serves in a program for gifted and talented students that~~
8 ~~the district certifies to the commissioner as complying with~~
9 ~~Subchapter D, Chapter 29, a district is entitled to an annual~~
10 ~~allotment equal to the district's adjusted basic allotment as~~
11 ~~determined under Section 42.102 or Section 42.103, as applicable,~~
12 ~~multiplied by .12 for each school year or a greater amount provided~~
13 ~~by appropriation.~~

14 [(~~b~~) ~~Funds allocated~~] under Section 42.101(c)(18) [~~this~~
15 ~~section~~], other than the amount that represents the program's share
16 of general administrative costs, must be used in providing programs
17 for gifted and talented students under Subchapter D, Chapter 29,
18 including programs sanctioned by International Baccalaureate and
19 Advanced Placement, or in developing programs for gifted and
20 talented students. Each school district must account for the
21 expenditure of state funds as provided by rule of the State Board of
22 Education. If by the end of the 12th month after receiving the
23 funds [~~an allotment~~] for developing a program a district has failed
24 to implement a program, the district must refund the amount of the
25 funds [~~allotment~~] to the agency within 30 days.

26 (b) [~~(c)~~] Not more than five percent of a school district's
27 students in average daily attendance are eligible for funding under

1 this chapter for attendance in a gifted and talented student
2 program [~~section~~].

3 (c) [~~(d)~~ ~~If the amount of state funds for which school~~
4 ~~districts are eligible under this section exceeds the amount of~~
5 ~~state funds appropriated in any year for the programs, the~~
6 ~~commissioner shall reduce each district's tier one allotments in~~
7 ~~the same manner described for a reduction in allotments under~~
8 ~~Section 42.253.~~

9 [(~~e~~)] If the total amount of funds attributable to students
10 weighted under Section 42.101(c)(18) [~~allotted under this section~~]
11 before a date set by rule of the State Board of Education is less
12 than the total amount appropriated for a school year, the
13 commissioner shall transfer the remainder to any program for which
14 compensatory education funds, as defined by [~~an allotment under~~]
15 Section 42.152, may be used.

16 [(~~f~~)] ~~After each district has received allotted funds for~~
17 ~~this program, the State Board of Education may use up to \$500,000 of~~
18 ~~the funds allocated under this section for programs such as~~
19 ~~MATHCOUNTS, Future Problem Solving, Odyssey of the Mind, and~~
20 ~~Academic Decathlon, as long as these funds are used to train~~
21 ~~personnel and provide program services. To be eligible for funding~~
22 ~~under this subsection, a program must be determined by the State~~
23 ~~Board of Education to provide services that are effective and~~
24 ~~consistent with the state plan for gifted and talented education.]~~

25 SECTION 1.25. Section 42.160, Education Code, is amended to
26 read as follows:

27 Sec. 42.160. HIGH SCHOOL PROGRAMS [~~ALLOTMENT~~]. (a) In this

1 section, "high school funds" means the portion of state and local
2 funds attributable to students weighted under Section
3 42.101(c)(20) [A school district is entitled to an annual allotment
4 of \$275 for each student in average daily attendance in grades 9
5 through 12 in the district].

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

14 [~~(c)~~] An open-enrollment charter school is entitled to high
15 school funds [~~an allotment under this section~~] in the same manner as
16 a school district.

17 (c) [~~(d)~~] The commissioner shall adopt rules to administer
18 this section, including rules related to the permissible use of
19 high school funds by [~~allocated under this section to~~] an
20 open-enrollment charter school.

21 SECTION 1.26. Chapter 42, Education Code, is amended by
22 adding Subchapter D and a subchapter heading to read as follows:

23 SUBCHAPTER D. EXPENSE ALLOTMENTS AND ADDITIONAL STATE AID

24 SECTION 1.27. Sections 42.158, 42.155, and 42.106,
25 Education Code, are transferred to Subchapter D, Chapter 42,
26 Education Code, as added by this Act, redesignated as Sections
27 42.201, 42.202, and 42.203, Education Code, and amended to read as

1 follows:

2 Sec. 42.201 [~~42.158~~]. NEW INSTRUCTIONAL FACILITY
3 ALLOTMENT. (a) In this section:

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

6 (2) "New instructional facility" includes:

7 (A) a newly constructed instructional facility;

8 (B) a repurposed instructional facility; and

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

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

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

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

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

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

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

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

26 (h) [~~(e)~~] A school district that is required to take action
27 under Chapter 41 to reduce its wealth per student to the equalized

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

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

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

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

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

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

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

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

18 Sec. 42.202 [~~42.155~~]. TRANSPORTATION ALLOTMENT. (a) Each
19 school district or county operating a transportation system is
20 entitled to allotments for transportation costs as provided by this
21 section.

22 (b) In [~~As used in~~] this section:

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

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

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

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

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

26 (d-1) For purposes of Subsection (d), each board of trustees
27 shall provide to the commissioner an explanation of the hazardous

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

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

1 rules defining an approved walking route mile that may be used as
2 necessary in implementing this subsection.

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

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

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

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

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

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

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

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

27 (l) A school district may, with the funds allotted under

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

8 Sec. 42.203 [~~42.106~~]. TUITION ALLOTMENT FOR DISTRICTS NOT
9 OFFERING ALL GRADE LEVELS. A school district that contracts for
10 students residing in the district to be educated in another
11 district under Section 25.039(a) is entitled to receive an
12 allotment equal to the total amount of tuition required to be paid
13 by the district under Section 25.039, not to exceed the amount
14 specified by commissioner rule under Section 25.039(b).

15 SECTION 1.28. Subchapter D, Chapter 42, Education Code, as
16 added by this Act, is amended by adding Sections 42.204 and 42.205
17 to read as follows:

18 Sec. 42.204. ALLOTMENT FOR DISTRICTS THAT PROVIDE EDUCATION
19 SOLELY TO STUDENTS CONFINED TO OR EDUCATED IN HOSPITALS. (a) A
20 school district that offers a program under Section 29.014 is
21 entitled to an allotment in an amount specified in the General
22 Appropriations Act, adjusted by:

23 (1) the cost of education adjustment under Section
24 42.102 for the school district in which the district is
25 geographically located; and

26 (2) the weight for a homebound student under Section
27 42.101(c)(3).

1 (b) A program established under Section 29.014 is required
2 only in a school district in which the program is financed by an
3 allotment under this section or by any other funds available for the
4 program.

5 Sec. 42.205. ALLOTMENT FOR CERTAIN GIFTED AND TALENTED
6 EDUCATION PROGRAMS. (a) A school district that offers MATHCOUNTS,
7 Future Problem Solving, Odyssey of the Mind, Academic Decathlon, or
8 a similar program for gifted and talented students may receive
9 additional funding in an amount determined by the commissioner.
10 The commissioner may not provide more than \$500,000 each year in
11 total funding under this section.

12 (b) To be eligible for funding under this section, a program
13 must be determined by the State Board of Education to provide
14 services that are effective and consistent with the state plan for
15 gifted and talented education.

16 (c) Funds allotted under this section may be used only to
17 train personnel or provide program services.

18 SECTION 1.29. Sections 42.2513, 42.2514, and 42.2515,
19 Education Code, are transferred to Subchapter D, Chapter 42,
20 Education Code, as added by this Act, and redesignated as Sections
21 42.206, 42.207, and 42.208, Education Code, to read as follows:

22 Sec. 42.206 [42.2513]. ADDITIONAL STATE AID FOR STAFF
23 SALARY INCREASES. (a) A school district, including a school
24 district that is otherwise ineligible for state aid under this
25 chapter, is entitled to state aid in an amount equal to the sum of:

26 (1) the product of \$500 multiplied by the number of
27 full-time district employees, other than administrators or

1 employees subject to the minimum salary schedule under Section
2 [21.402](#); and

3 (2) the product of \$250 multiplied by the number of
4 part-time district employees, other than administrators.

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

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

9 Sec. [42.207](#) [~~[42.2514](#)~~]. ADDITIONAL STATE AID FOR TAX
10 INCREMENT FINANCING PAYMENTS. For each school year, a school
11 district, including a school district that is otherwise ineligible
12 for state aid under this chapter, is entitled to state aid in an
13 amount equal to the amount the district is required to pay into the
14 tax increment fund for a reinvestment zone under Section
15 [311.013](#)(n), Tax Code.

16 Sec. [42.208](#) [~~[42.2515](#)~~]. ADDITIONAL STATE AID FOR AD VALOREM
17 TAX CREDITS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. (a) For each
18 school year, a school district, including a school district that is
19 otherwise ineligible for state aid under this chapter, is entitled
20 to state aid in an amount equal to the amount of all tax credits
21 credited against ad valorem taxes of the district in that year under
22 former Subchapter D, Chapter [313](#), Tax Code.

23 (b) The commissioner may adopt rules to implement and
24 administer this section.

25 SECTION 1.30. Section [42.251](#), Education Code, is amended to
26 read as follows:

27 Sec. [42.251](#). FINANCING; GENERAL RULE. (a) The sum of [~~the~~

1 ~~basic allotment under Subchapter B and the special allotments under~~
2 ~~Subchapter C, computed in accordance with this chapter, constitute~~
3 ~~the tier one allotments. The sum of the tier one allotments and]~~
4 the guaranteed yield [~~allotments~~] under Section 42.107 and the
5 expense allotments and additional state aid under Subchapter D [F],
6 computed in accordance with this chapter, constitutes [~~constitute~~]
7 the total cost of the Foundation School Program.

8 (b) The program shall be financed by:

9 (1) ad valorem tax revenue generated by an equalized
10 [~~uniform~~] school district effort;

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

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

16 (3) [~~(4)~~] state funds appropriated for the purposes of
17 public school education and allocated to each district in an amount
18 sufficient to finance the cost of each district's Foundation School
19 Program not covered by other funds specified in this subsection.

20 SECTION 1.31. Section 42.2516, Education Code, is amended
21 by adding Subsection (a-1) to read as follows:

22 (a-1) For purposes of this title, the state maximum
23 compressed tax rate is the product of the state compression
24 percentage multiplied by \$1.50.

25 SECTION 1.32. The heading to Section 42.252, Education
26 Code, is amended to read as follows:

27 Sec. 42.252. LOCAL PROPERTY VALUES [~~SHARE OF PROGRAM COST~~

1 ~~(TIER ONE)]~~.

2 SECTION 1.33. Section 42.252(b), Education Code, is amended
3 to read as follows:

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

11 SECTION 1.34. Section 42.2528(b), Education Code, is
12 amended to read as follows:

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

17 (1) districts with maintenance and operations tax
18 rates at least equal to the state maximum compressed tax rate, as
19 defined by Section 42.2516 [~~42.101(a)~~], and lowest amounts of
20 maintenance and operations tax revenue per weighted student; and

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

23 SECTION 1.35. Sections 42.253(a) and (c), Education Code,
24 are amended to read as follows:

25 (a) For each school year the commissioner shall determine:

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

1 (2) ~~[the amount of money to which a school district is~~
2 ~~entitled under Subchapter F,~~
3 ~~(3)]~~ the amount of money allocated to the district
4 from the available school fund; and
5 (3) ~~(4)]~~ the amount of each district's ~~[tier one]~~
6 local revenue level ~~[share]~~ under Section 42.107 ~~[42.252, and~~
7 ~~(5) the amount of each district's tier two local share~~
8 ~~under Section 42.302]~~.

9 (c) Each school district is entitled to an amount equal to
10 the difference for that district between the amount provided by
11 Subsection ~~[the sum of Subsections]~~ (a)(1) ~~[and (a)(2)]~~ and the sum
12 of Subsections (a)(2) and (a)(3) ~~[, (a)(4), and (a)(5)]~~.

13 SECTION 1.36. Section 42.257(b), Education Code, is amended
14 to read as follows:

15 (b) If the school district would have received a greater
16 amount from the foundation school fund for the applicable school
17 year using the adjusted value, the commissioner shall add the
18 difference to subsequent distributions to the district from the
19 foundation school fund. An adjustment does not affect the local
20 revenue level ~~[fund assignment]~~ of any other district.

21 ARTICLE 2. CONFORMING AMENDMENTS

22 SECTION 2.01. Section 7.062(c), Education Code, is amended
23 to read as follows:

24 (c) Except as otherwise provided by this subsection, if the
25 commissioner certifies that the amount appropriated for a state
26 fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds
27 the amount to which school districts are entitled under those

1 subchapters for that year, the commissioner shall use the excess
2 funds, in an amount not to exceed \$20 million in any state fiscal
3 year, for the purpose of making grants under this section. The use
4 of excess funds under this subsection has priority over any
5 provision of Chapter 42 that permits or directs the use of excess
6 Foundation School Program [~~foundation school program~~] funds,
7 including Sections [~~42.2517,~~] 42.2521, 42.2522, and 42.2531. The
8 commissioner is required to use excess funds as provided by this
9 subsection only if the commissioner is not required to reduce the
10 total amount of state funds allocated to school districts under
11 Section 42.253(h).

12 SECTION 2.02. Section 8.051(d), Education Code, is amended
13 to read as follows:

14 (d) Each regional education service center shall maintain
15 core services for purchase by school districts and campuses. The
16 core services are:

17 (1) training and assistance in:

18 (A) teaching each subject area assessed under
19 Section 39.023; and

20 (B) providing instruction in personal financial
21 literacy as required under Section 28.0021;

22 (2) training and assistance in providing each program
23 described by Sections 42.101(c)(1)-(18) [~~that qualifies for a~~
24 ~~funding allotment under Section 42.151, 42.152, 42.153, or 42.156~~];

25 (3) assistance specifically designed for a school
26 district or campus assigned an unacceptable performance rating
27 under Section 39.054;

1 (4) training and assistance to teachers,
2 administrators, members of district boards of trustees, and members
3 of site-based decision-making committees;

4 (5) assistance specifically designed for a school
5 district that is considered out of compliance with state or federal
6 special education requirements, based on the agency's most recent
7 compliance review of the district's special education programs; and

8 (6) assistance in complying with state laws and rules.

9 SECTION 2.03. Section [11.158\(a\)](#), Education Code, is amended
10 to read as follows:

11 (a) The board of trustees of an independent school district
12 may require payment of:

13 (1) a fee for materials used in any program in which
14 the resultant product in excess of minimum requirements becomes, at
15 the student's option, the personal property of the student, if the
16 fee does not exceed the cost of materials;

17 (2) membership dues in student organizations or clubs
18 and admission fees or charges for attending extracurricular
19 activities, if membership or attendance is voluntary;

20 (3) a security deposit for the return of materials,
21 supplies, or equipment;

22 (4) a fee for personal physical education and athletic
23 equipment and apparel, although any student may provide the
24 student's own equipment or apparel if it meets reasonable
25 requirements and standards relating to health and safety
26 established by the board;

27 (5) a fee for items of personal use or products that a

1 student may purchase at the student's option, such as student
2 publications, class rings, annuals, and graduation announcements;

3 (6) a fee specifically permitted by any other statute;

4 (7) a fee for an authorized voluntary student health
5 and accident benefit plan;

6 (8) a reasonable fee, not to exceed the actual annual
7 maintenance cost, for the use of musical instruments and uniforms
8 owned or rented by the district;

9 (9) a fee for items of personal apparel that become the
10 property of the student and that are used in extracurricular
11 activities;

12 (10) a parking fee or a fee for an identification card;

13 (11) a fee for a driver training course, not to exceed
14 the actual district cost per student in the program for the current
15 school year;

16 (12) a fee for a course offered for credit that
17 requires the use of facilities not available on the school premises
18 or the employment of an educator who is not part of the school's
19 regular staff, if participation in the course is at the student's
20 option;

21 (13) a fee for a course offered during summer school,
22 except that the board may charge a fee for a course required for
23 graduation only if the course is also offered without a fee during
24 the regular school year;

25 (14) a reasonable fee for transportation of a student
26 who lives within two miles of the school the student attends to and
27 from that school, except that the board may not charge a fee for

1 transportation for which the [~~school~~] district receives funds under
2 Section 42.202(d) [~~42.155(d)~~];

3 (15) a reasonable fee, not to exceed \$50, for costs
4 associated with an educational program offered outside of regular
5 school hours through which a student who was absent from class
6 receives instruction voluntarily for the purpose of making up the
7 missed instruction and meeting the level of attendance required
8 under Section 25.092; or

9 (16) if the district does not receive any funds under
10 Section 42.202 [~~42.155~~] and does not participate in a county
11 transportation system for which an allotment is provided under
12 Section 42.202(i) [~~42.155(i)~~], a reasonable fee for the
13 transportation of a student to and from the school the student
14 attends.

15 SECTION 2.04. Sections 12.106(a) and (a-1), Education Code,
16 are amended to read as follows:

17 (a) A charter holder is entitled to receive for the
18 open-enrollment charter school funding under Chapter 42 equal to
19 the amount of funding per student in weighted average daily
20 attendance [~~, excluding enrichment funding under Section~~
21 ~~42.302(a)~~] to which the charter holder would be entitled for the
22 school under Chapter 42 if the school were a school district without
23 a [~~tier one~~] local revenue level [~~share~~] for purposes of Section
24 42.253.

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

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

1 42.105 are based on the average adjustment for the state; and

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

5 SECTION 2.05. Section 13.054(f), Education Code, is amended
6 to read as follows:

7 (f) For five years beginning with the school year in which
8 the annexation occurs, a school district shall receive additional
9 funding under this subsection or Subsection (h). The amount of
10 funding shall be determined by multiplying the [~~lesser of the~~
11 enlarged district's local revenue level [~~fund assignment computed~~
12 ~~under Section 42.252 or the enlarged district's total cost of tier~~
13 ~~one~~] by a fraction, the numerator of which is the number of students
14 residing in the territory annexed to the receiving district
15 preceding the date of the annexation and the denominator of which is
16 the number of students residing in the district as enlarged on the
17 date of the annexation.

18 SECTION 2.06. Sections 21.402(a) and (b), Education Code,
19 are amended to read as follows:

20 (a) Except as provided by Subsection (e-1) or (f), a school
21 district must pay each classroom teacher, full-time librarian,
22 full-time school counselor certified under Subchapter B, or
23 full-time school nurse not less than the minimum monthly salary,
24 based on the employee's level of experience in addition to other
25 factors, as determined by commissioner rule, determined by the
26 following formula:

27
$$MS = SF \times \underline{(GL \times FS)}$$

1 where:

2 "MS" is the minimum monthly salary;

3 "SF" is the applicable salary factor specified by Subsection
4 (c);

5 "GL" is the guaranteed level, as defined by Section 42.107;

6 and

7 "FS" is the percentage [amount], as determined by the
8 commissioner under Subsection (b), of the guaranteed level that in
9 the 2019-2020 school year produces for each level of experience an
10 amount equal to the minimum monthly salary required for that level
11 of experience for the 2018-2019 school year [basic allotment as
12 provided by Section 42.101(a) or (b) for a school district with a
13 maintenance and operations tax rate at least equal to the state
14 maximum compressed tax rate, as defined by Section 42.101(a)].

15 (b) Not later than June 1 of each year, the commissioner
16 shall determine the ~~[basic allotment and resulting]~~ monthly
17 salaries to be paid by school districts as provided by Subsection
18 (a).

19 SECTION 2.07. Section 28.0211(m-1), Education Code, is
20 amended to read as follows:

21 (m-1) For purposes of certification under Subsection (m),
22 the commissioner may not consider Foundation School Program funds
23 except for compensatory education funds ~~[under Section 42.152]~~.
24 This section may be implemented only if the commissioner certifies
25 that sufficient funds have been appropriated during a school year
26 for administering the accelerated instruction programs specified
27 under this section and Section 28.0217, including teacher training

1 for that purpose.

2 SECTION 2.08. Section 29.002, Education Code, is amended to
3 read as follows:

4 Sec. 29.002. DEFINITION. In this subchapter, "special
5 services" means:

6 (1) special education instruction, which may be
7 provided by professional and supported by paraprofessional
8 personnel in the regular classroom or in an instructional
9 arrangement described by Sections 42.101(c)(2)-(13) [~~Section~~
10 ~~42.151~~]; and

11 (2) related services, which are developmental,
12 corrective, supportive, or evaluative services, not instructional
13 in nature, that may be required for the student to benefit from
14 special education instruction and for implementation of a student's
15 individualized education program.

16 SECTION 2.09. Section 29.008(b), Education Code, is amended
17 to read as follows:

18 (b) Except as provided by Subsection (c), costs of an
19 approved contract for residential placement may be paid from a
20 combination of federal, state, and local funds, as directed by the
21 commissioner. [~~The local share of the total contract cost for each~~
22 ~~student is that portion of the local tax effort that exceeds the~~
23 ~~district's local fund assignment under Section 42.252, divided by~~
24 ~~the average daily attendance in the district. If the contract~~
25 ~~involves a private facility, the state share of the total contract~~
26 ~~cost is that amount remaining after subtracting the local share. If~~
27 ~~the contract involves a public facility, the state share is that~~

1 ~~amount remaining after subtracting the local share from the portion~~
2 ~~of the contract that involves the costs of instructional and~~
3 ~~related services. For purposes of this subsection, "local tax~~
4 ~~effort" means the total amount of money generated by taxes imposed~~
5 ~~for debt service and maintenance and operation less any amounts~~
6 ~~paid into a tax increment fund under Chapter 311, Tax Code.]~~

7 SECTION 2.10. Section 29.018(b), Education Code, is amended
8 to read as follows:

9 (b) A school district is eligible to apply for a grant under
10 this section if:

11 (1) the district does not receive sufficient funds,
12 including the state's share of special education [state] funds, as
13 defined by [provided under] Section 42.151, and federal funds, for
14 a student with disabilities to pay for the special education
15 services provided to the student; or

16 (2) the district does not receive sufficient funds,
17 including the state's share of special education [state] funds, as
18 defined by [provided under] Section 42.151, and federal funds, for
19 all students with disabilities in the district to pay for the
20 special education services provided to the students.

21 SECTION 2.11. Section 29.022(u)(3), Education Code, is
22 amended to read as follows:

23 (3) "Self-contained classroom" does not include a
24 classroom that is a resource room instructional arrangement under
25 Section 42.101(c)(6) [42.151].

26 SECTION 2.12. Section 29.081(b-2), Education Code, is
27 amended to read as follows:

1 (b-2) In this subsection, "compensatory education funds"
2 has the meaning assigned by Section 42.152. A district that is
3 required to provide accelerated instruction under Subsection (b-1)
4 shall separately budget sufficient funds, including compensatory
5 education funds [~~under Section 42.152~~], for that purpose. A
6 district may not budget compensatory education funds [~~received~~
7 ~~under Section 42.152~~] for any other purpose until the district
8 adopts a budget to support additional accelerated instruction under
9 Subsection (b-1).

10 SECTION 2.13. Section 29.082(a), Education Code, is amended
11 to read as follows:

12 (a) A school district may set aside an amount from the
13 district's compensatory education funds, as defined by [~~allotment~~
14 ~~under~~] Section 42.152, or may apply to the agency for funding of an
15 extended year program for a period not to exceed 30 instructional
16 days for students in:

17 (1) kindergarten through grade 11 who are identified
18 as likely not to be promoted to the next grade level for the
19 succeeding school year; or

20 (2) grade 12 who are identified as likely not to
21 graduate from high school before the beginning of the succeeding
22 school year.

23 SECTION 2.14. Section 29.089(b), Education Code, is amended
24 to read as follows:

25 (b) The commissioner, in consultation with the governor,
26 lieutenant governor, and speaker of the house of representatives,
27 by rule shall determine accountability standards under this section

1 for a school district providing a mentoring services program using
2 compensatory education funds, as defined by [~~allocated under~~]
3 Section 42.152.

4 SECTION 2.15. Section 29.097(g), Education Code, is amended
5 to read as follows:

6 (g) For purposes of Subsection (f)(2), a school district is
7 encouraged to use high school funds, as defined by [~~allocated~~
8 ~~under~~] Section 42.160.

9 SECTION 2.16. Section 29.098(e), Education Code, is amended
10 to read as follows:

11 (e) For purposes of Subsection (d)(2), a school district is
12 encouraged to use high school funds, as defined by [~~allocated~~
13 ~~under~~] Section 42.160.

14 SECTION 2.17. Section 29.203(b), Education Code, is amended
15 to read as follows:

16 (b) A school district is entitled to funding attributable to
17 students weighted under Section 42.101(c)(19) [~~the allotment~~
18 ~~provided by Section 42.157~~] for each eligible student using a
19 public education grant. If the district has a wealth per student
20 greater than the guaranteed wealth level but less than the
21 equalized wealth level, a school district is entitled under rules
22 adopted by the commissioner to additional state aid in an amount
23 equal to the difference between the cost to the district of
24 providing services to a student using a public education grant and
25 the sum of the state's share of funds [~~state aid received because of~~
26 ~~the allotment under Section 42.157~~] and money from the available
27 school fund attributable to the student.

1 SECTION 2.18. Section 29.203(g)(2), Education Code, is
2 amended to read as follows:

3 (2) "Guaranteed wealth level" means a wealth per
4 student equal to the dollar amount guaranteed level of state and
5 local funds per weighted student per cent of tax effort, as provided
6 by Section 42.107 [~~42.302~~], multiplied by 10,000.

7 SECTION 2.19. Sections 29.918(a) and (b), Education Code,
8 are amended to read as follows:

9 (a) Notwithstanding Section 39.234 or 42.152, a school
10 district or open-enrollment charter school with a high dropout
11 rate, as determined by the commissioner, must submit a plan to the
12 commissioner describing the manner in which the district or charter
13 school intends to use [the] compensatory education funds, as
14 defined by [allotment under] Section 42.152, and high school funds,
15 as defined by [the high school allotment under] Section 42.160, for
16 developing and implementing research-based strategies for dropout
17 prevention. The district or charter school shall submit the plan
18 not later than December 1 of each school year preceding the school
19 year in which the district or charter school will receive the
20 compensatory education funds [~~allotment~~] or high school funds
21 [~~allotment~~] to which the plan applies.

22 (b) A school district or open-enrollment charter school to
23 which this section applies may not spend or obligate more than 25
24 percent of the district's or charter school's compensatory
25 education funds [~~allotment~~] or high school funds [~~allotment~~] unless
26 the commissioner approves the plan submitted under Subsection (a).
27 The commissioner shall complete an initial review of the district's

1 or charter school's plan not later than March 1 of the school year
2 preceding the school year in which the district or charter school
3 will receive the compensatory education funds [~~allotment~~] or high
4 school funds [~~allotment~~] to which the plan applies.

5 SECTION 2.20. Section 34.002(c), Education Code, is amended
6 to read as follows:

7 (c) A school district that fails or refuses to meet the
8 safety standards for school buses established under this section is
9 ineligible to share in the transportation allotment under Section
10 42.202 [~~42.155~~] until the first anniversary of the date the
11 district begins complying with the safety standards.

12 SECTION 2.21. The heading to Section 39.234, Education
13 Code, is amended to read as follows:

14 Sec. 39.234. USE OF HIGH SCHOOL FUNDS [~~ALLOTMENT~~].

15 SECTION 2.22. Section 39.234, Education Code, is amended by
16 amending Subsections (a) and (b) and adding Subsection (c) to read
17 as follows:

18 (a) In this section, "high school funds" has the meaning
19 assigned by Section 42.160.

20 (b) Except as provided by Subsection (c) [~~(b)~~], a school
21 district or campus must use high school funds [~~allocated under~~
22 ~~Section 42.160~~] to:

23 (1) implement or administer a college readiness
24 program that provides academic support and instruction to prepare
25 underachieving students for entrance into an institution of higher
26 education;

27 (2) implement or administer a program that encourages

1 students to pursue advanced academic opportunities, including
2 early college high school programs and dual credit, advanced
3 placement, and international baccalaureate courses;

4 (3) implement or administer a program that provides
5 opportunities for students to take academically rigorous course
6 work, including four years of mathematics and four years of science
7 at the high school level;

8 (4) implement or administer a program, including
9 online course support and professional development, that aligns the
10 curriculum for grades 6 [~~six~~] through 12 with postsecondary
11 curriculum and expectations; or

12 (5) implement or administer other high school
13 completion and success initiatives in grades 6 [~~six~~] through 12
14 approved by the commissioner.

15 (c) [~~(b)~~] A school district may use high school funds
16 [~~allocated under Section 42.160~~] on any instructional program in
17 grades 6 [~~six~~] through 12 other than an athletic program if:

18 (1) the district's measure of progress toward college
19 readiness is determined exceptional by a standard set by the
20 commissioner; and

21 (2) the district's completion rates for grades 9
22 [~~nine~~] through 12 exceed completion rate standards required by the
23 commissioner to achieve a status of accredited under Section
24 [39.051](#).

25 SECTION 2.23. Section [46.013](#), Education Code, is amended to
26 read as follows:

27 Sec. 46.013. MULTIPLE ALLOTMENTS PROHIBITED. A school

1 district is not entitled to state assistance under this subchapter
2 based on taxes with respect to which the district receives state
3 assistance under [~~Subchapter F,~~] Chapter 42.

4 SECTION 2.24. Section 46.037, Education Code, is amended to
5 read as follows:

6 Sec. 46.037. MULTIPLE ALLOTMENTS PROHIBITED. A school
7 district is not entitled to state assistance under this subchapter
8 based on taxes with respect to which the district receives state
9 assistance under [~~Subchapter F,~~] Chapter 42.

10 SECTION 2.25. Section 79.10(f), Education Code, is amended
11 to read as follows:

12 (f) For each student enrolled in the academy, the academy is
13 entitled to funding [~~allotments~~] from the foundation school fund
14 under Chapter 42 as if the academy were a school district without a
15 [~~tier one~~] local revenue level [~~share~~] for purposes of Section
16 42.253. If in any academic year the amount of the allotments under
17 this subsection exceeds the amount of state funds paid to the
18 academy in the first fiscal year of the academy's operation, the
19 commissioner of education shall set aside from the total amount of
20 funds to which school districts are entitled under Section
21 42.253(c) an amount equal to the excess amount and shall distribute
22 that amount to the academy. After deducting the amount set aside and
23 paid to the academy by the commissioner of education under this
24 subsection, the commissioner of education shall reduce the amount
25 to which each district is entitled under Section 42.253(c) in the
26 manner described by Section 42.253(h). A determination of the
27 commissioner of education under this subsection is final and may

1 not be appealed.

2 SECTION 2.26. Section 87.208, Education Code, is amended to
3 read as follows:

4 Sec. 87.208. SEABORNE CONSERVATION CORPS. If the board of
5 regents of The Texas A&M University System administers a program
6 that is substantially similar to the Seaborne Conservation Corps as
7 it was administered by the board during the 1998-1999 school year,
8 the program is entitled, for each student enrolled, to allotments
9 from the Foundation School Program under Chapter 42 as if the
10 program were a school district, except that the program has a local
11 revenue level for purposes of Section 42.253 [~~share applied~~] that
12 is equivalent to the local revenue level [~~fund assignment~~] of the
13 school district in which the principal facilities of the program
14 are located.

15 SECTION 2.27. Section 87.505(g), Education Code, is amended
16 to read as follows:

17 (g) For each student enrolled in the academy, the academy is
18 entitled to funding [~~allotments~~] from the foundation school fund
19 under Chapter 42 as if the academy were a school district without a
20 [~~tier one~~] local revenue level [~~share~~] for purposes of Section
21 42.253. If in any academic year the amount of the allotments under
22 this subsection exceeds the amount of state funds paid to the
23 academy in the first fiscal year of the academy's operation, the
24 commissioner of education shall set aside from the total amount of
25 funds to which school districts are entitled under Section
26 42.253(c) an amount equal to the excess amount and shall distribute
27 that amount to the academy. After deducting the amount set aside and

1 paid to the academy by the commissioner of education under this
2 subsection, the commissioner of education shall reduce the amount
3 to which each district is entitled under Section 42.253(c) in the
4 manner described by Section 42.253(h). A determination of the
5 commissioner of education under this subsection is final and may
6 not be appealed.

7 SECTION 2.28. Section 96.707(k), Education Code, is amended
8 to read as follows:

9 (k) For each student enrolled in the academy, the academy is
10 entitled to funding [~~allotments~~] from the Foundation School Program
11 under Chapter 42 as if the academy were a school district without a
12 [~~tier one~~] local revenue level [~~share~~] for purposes of Section
13 42.253.

14 SECTION 2.29. Section 105.301(e), Education Code, is
15 amended to read as follows:

16 (e) The academy is not subject to the provisions of this
17 code, or to the rules of the Texas Education Agency, regulating
18 public schools, except that:

19 (1) professional employees of the academy are entitled
20 to the limited liability of an employee under Section 22.0511,
21 22.0512, or 22.052;

22 (2) a student's attendance at the academy satisfies
23 compulsory school attendance requirements; and

24 (3) for each student enrolled, the academy is entitled
25 to funding [~~allotments~~] from the Foundation School Program
26 [~~foundation school program~~] under Chapter 42 as if the academy were
27 a school district without a [~~tier one~~] local revenue level [~~share~~]

1 for purposes of Section 42.253.

2 SECTION 2.30. Section 317.005(f), Government Code, is
3 amended to read as follows:

4 (f) The governor or board may adopt an order under this
5 section withholding or transferring any portion of the total amount
6 appropriated to finance the Foundation School Program [~~Foundation~~
7 ~~school program~~] for a fiscal year. The governor or board may not
8 adopt such an order if it would result in an allocation of money
9 between particular programs or statutory allotments under the
10 Foundation School Program [~~foundation school program~~] contrary to
11 the statutory proration formula provided by Section 42.253(h),
12 Education Code. The governor or board may transfer an amount to the
13 total amount appropriated to finance the Foundation School Program
14 [~~foundation school program~~] for a fiscal year and may increase the
15 guaranteed level, as defined by Section 42.107 [~~basic allotment~~].
16 The governor or board may adjust allocations of amounts between
17 particular programs or statutory allotments under the Foundation
18 School Program [~~foundation school program~~] only for the purpose of
19 conforming the allocations to actual pupil enrollments or
20 attendance.

21 SECTION 2.31. Section 322.008(b), Government Code, is
22 amended to read as follows:

23 (b) The general appropriations bill may include for
24 purposes of information the funding elements computed by the
25 Legislative Budget Board under Section 42.007, Education Code,
26 excluding the values for each school district calculated under
27 Section 42.007(c)(2), Education Code. [~~If the funding elements are~~

1 ~~included, the funding elements under Section 42.007(c)(3),~~
2 ~~Education Code, shall be reported in dollar amounts per pupil.]~~

3 SECTION 2.32. Section 437.117(a), Government Code, is
4 amended to read as follows:

5 (a) For each student enrolled in the Texas Challenge
6 Academy, the department is entitled to funding [~~allotments~~] from
7 the Foundation School Program under Chapter 42, Education Code, as
8 if the academy were a school district without a [~~tier one~~] local
9 revenue level [~~share~~] for purposes of Section 42.253, Education
10 Code.

11 SECTION 2.33. Section 2175.304(c), Government Code, is
12 amended to read as follows:

13 (c) The procedures established under Subsection (b) must
14 give preference to transferring the property directly to a public
15 school or school district or to an assistance organization
16 designated by the school district before disposing of the property
17 in another manner. If more than one public school or school
18 district or assistance organization seeks to acquire the same
19 property on substantially the same terms, the system, institution,
20 or agency shall give preference to a public school that is
21 considered low-performing by the commissioner of education or to a
22 school district that has a taxable wealth per student that does not
23 exceed the wealth per student permitted under Chapter 41 [~~entitles~~
24 ~~the district to an allotment of state funds under Subchapter F,~~
25 ~~Chapter 42]~~, Education Code, or to the assistance organization
26 designated by such a school district.

27 SECTION 2.34. Section 1579.251(a), Insurance Code, is

1 amended to read as follows:

2 (a) The state shall assist employees of participating
3 school districts and charter schools in the purchase of group
4 health coverage under this chapter by providing for each covered
5 employee the amount of \$900 each state fiscal year or a greater
6 amount as provided by the General Appropriations Act. The state
7 contribution shall be distributed through the school finance
8 formulas under Chapters 41 and 42, Education Code, and used by
9 school districts and charter schools only to pay contributions
10 under a group health coverage plan for district or school employees
11 ~~[as provided by Section 42.260, Education Code].~~

12 SECTION 2.35. Section 311.013(n), Tax Code, is amended to
13 read as follows:

14 (n) This subsection applies only to a school district whose
15 taxable value computed under Section 403.302(d), Government Code,
16 is reduced in accordance with Subdivision (4) of that subsection.
17 In addition to the amount otherwise required to be paid into the tax
18 increment fund, the district shall pay into the fund an amount equal
19 to the amount by which the amount of taxes the district would have
20 been required to pay into the fund in the current year if the
21 district levied taxes at the rate the district levied in 2005
22 exceeds the amount the district is otherwise required to pay into
23 the fund in the year of the reduction. This additional amount may
24 not exceed the amount the ~~[school]~~ district receives in state aid
25 for the current tax year under Section 42.207 ~~[42.2514]~~, Education
26 Code. The ~~[school]~~ district shall pay the additional amount after
27 the district receives the state aid to which the district is

1 entitled for the current tax year under Section 42.207 [~~42.2514~~],
2 Education Code.

3 ARTICLE 3. REPEALERS

4 SECTION 3.01. The following provisions of the Education
5 Code are repealed:

- 6 (1) Section 12.106(a-2);
- 7 (2) Section 29.014(d);
- 8 (3) Section 29.203(c);
- 9 (4) Sections 41.002(e), (f), and (g);
- 10 (5) Section 41.093(b-1);
- 11 (6) Section 41.159(b);
- 12 (7) Section 42.104;
- 13 (8) Section 42.157;
- 14 (9) Section 42.2517;
- 15 (10) Section 42.2518;
- 16 (11) Sections 42.252(a), (a-1), and (d);
- 17 (12) Section 42.260;
- 18 (13) Section 42.262;
- 19 (14) Subchapter F, Chapter 42; and
- 20 (15) Section 42.4101.

21 SECTION 3.02. Section 1581.053(b), Insurance Code, is
22 repealed.

23 ARTICLE 4. EFFECTIVE DATE

24 SECTION 4.01. This Act takes effect September 1, 2019.