By:  Huberty, et al. (Senate Sponsor - Taylor) H.B. No. 1525

(In the Senate - Received from the House April 23, 2021; May 4, 2021, read first time and referred to Committee on Education; May 14, 2021, reported adversely, with favorable Committee Substitute by the following vote: Yeas 8, Nays 2, one present not voting; May 14, 2021, sent to printer.)

COMMITTEE VOTE

                    Yea Nay Absent  PNV

Taylor            X

Lucio                X

Bettencourt          X

Hall                 X

Hughes               X

Menéndez                 X

Paxton               X

Perry                X

Powell                   X

Schwertner           X

West                                 X

COMMITTEE SUBSTITUTE FOR H.B. No. 1525 By:  Taylor

A BILL TO BE ENTITLED

AN ACT

relating to the public school finance system and public education.

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

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

(a-5)  To ensure compliance with the requirements for the maintenance of state financial support for special education under 20 U.S.C. Section 1412(a)(18), in determining the funding for an open-enrollment charter school under Subsection (a) for the Section 48.102 allotment, the commissioner shall:

(1)  if necessary, increase the amount of that allotment to an amount equal to the amount the charter holder was entitled to receive for the charter school under the allotment under former Section 42.151, Education Code, for the 2018-2019 school year; and

(2)  reduce the amount of the allotment the charter holder is entitled to receive for the charter school under Subsection (a-2) by the amount of any increase provided for the charter school under Subdivision (1).

(a-6)  Subsection (a-5) and this subsection expire September 1, 2025.

SECTION 2.  Sections 12.133(b), (b-1), and (c), Education Code, are amended to read as follows:

(b)  Each school year, [~~using state funds received by the charter holder for that purpose under Subsection (d),~~] a charter holder that participated in the program under Chapter 1579, Insurance Code, for the 2005-2006 school year shall provide employees of the charter holder, other than administrators, compensation in the form of annual salaries, incentives, or other compensation determined appropriate by the charter holder that results in an average compensation increase for classroom teachers, full-time librarians, full-time school counselors, and full-time school nurses who are employed by the charter holder and who would be entitled to a minimum salary under Section 21.402 if employed by a school district, in an amount at least equal to $2,500.

(b-1)  A [~~Using state funds received by the charter holder for that purpose under Subsection (d-1), a~~] charter holder that participated in the program under Chapter 1579, Insurance Code, for the 2005-2006 school year shall provide employees of the charter holder, other than administrators, compensation in the form of annual salaries, incentives, or other compensation determined appropriate by the charter holder that results in average compensation increases as follows:

(1)  for full-time employees other than employees who would be entitled to a minimum salary under Section 21.402 if employed by a school district, an average increase at least equal to $500; and

(2)  for part-time employees, an average increase at least equal to $250.

(c)  Each school year, [~~using state funds received by the charter holder for that purpose under Subsection (e),~~] a charter holder that did not participate in the program under Chapter 1579, Insurance Code, for the 2005-2006 school year shall provide employees of the charter holder, other than administrators, compensation in the form of annual salaries, incentives, or other compensation determined appropriate by the charter holder that results in an average compensation increase for classroom teachers, full-time librarians, full-time school counselors, and full-time school nurses who are employed by the charter holder and who would be entitled to a minimum salary under Section 21.402 if employed by a school district, in an amount at least equal to $2,000.

SECTION 3.  Section 21.3521(a), Education Code, is amended to read as follows:

(a)  Subject to Subsection (b), a school district or open-enrollment charter school may designate a [~~certified~~] classroom teacher as a master, exemplary, or recognized teacher for a five-year period based on the results from single year or multiyear appraisals that comply with Section 21.351 or 21.352.

SECTION 4.  Section 25.001(h), Education Code, is amended to read as follows:

(h)  In addition to the penalty provided by Section 37.10, Penal Code, a person who knowingly falsifies information on a form required for enrollment of a student in a school district is liable to the district if the student is not eligible for enrollment in the district but is enrolled on the basis of the false information. The person is liable, for the period during which the ineligible student is enrolled, for [~~the greater of:~~

[~~(1)  the maximum tuition fee the district may charge under Section 25.038; or~~

[~~(2)~~]  the amount the district has budgeted for each student as maintenance and operating expenses.

SECTION 5.  Section 28.0062(a), Education Code, is amended to read as follows:

(a)  Each school district and open-enrollment charter school shall:

(1)  provide for the use of a phonics curriculum that uses systematic direct instruction in kindergarten through third grade to ensure all students obtain necessary early literacy skills;

(2)  ensure that:

(A)  not later than the 2022-2023 [~~2021-2022~~] school year, each classroom teacher in kindergarten or first, second, or third grade and each principal at a campus with kindergarten or first, second, or third grade has attended a teacher literacy achievement academy developed under Section 21.4552; and

(B)  each classroom teacher and each principal initially employed in a grade level or at a campus described by Paragraph (A) for the 2022-2023 [~~2021-2022~~] school year or a subsequent school year has attended a teacher literacy achievement academy developed under Section 21.4552 by the end of [~~before~~] the teacher's or principal's first year of placement in that grade level or campus; and

(3)  certify to the agency that the district or school:

(A)  prioritizes placement of highly effective teachers in kindergarten through second grade; and

(B)  has integrated reading instruments used to diagnose reading development and comprehension to support each student in prekindergarten through third grade.

SECTION 6.  Section 29.153(d-1), Education Code, is amended to read as follows:

(d-1)  A district may not receive an exemption under Subsection (d) unless the district has solicited [~~and considered at a public meeting~~] proposals for partnerships with public or private entities regarding prekindergarten classes required under this section in accordance with guidance provided by the agency regarding soliciting partnerships and considered submitted proposals at a public meeting. A decision of the board of trustees regarding a partnership described by this subsection is final.

SECTION 7.  Section 31.0211(c), Education Code, is amended to read as follows:

(c)  Subject to Subsection (d), funds allotted under this section may be used to:

(1)  purchase:

(A)  materials on the list adopted by the commissioner, as provided by Section 31.0231;

(B)  instructional materials, regardless of whether the instructional materials are on the list adopted under Section 31.024;

(C)  consumable instructional materials, including workbooks;

(D)  instructional materials for use in bilingual education classes, as provided by Section 31.029;

(E)  instructional materials for use in college preparatory courses under Section 28.014, as provided by Section 31.031;

(F)  supplemental instructional materials, as provided by Section 31.035;

(G)  state-developed open education resource instructional materials, as provided by Subchapter B-1;

(H)  instructional materials and technological equipment under any continuing contracts of the district in effect on September 1, 2011;

(I)  technological equipment necessary to support the use of materials included on the list adopted by the commissioner under Section 31.0231 or any instructional materials purchased with an allotment under this section; and

(J)  inventory software or systems for storing, managing, and accessing instructional materials and analyzing the usage and effectiveness of the instructional materials; and

(2)  pay:

(A)  for training educational personnel directly involved in student learning in the appropriate use of instructional materials and for providing for access to technological equipment for instructional use; [~~and~~]

(B)  the salary and other expenses of an employee who provides technical support for the use of technological equipment directly involved in student learning; and

(C)  for costs associated with distance learning, including Wi-Fi, Internet access hotspots, wireless network service, broadband service, and other services and technological equipment necessary to facilitate Internet access.

SECTION 8.  Section 37.108(b-1), Education Code, is amended to read as follows:

(b-1)  In a school district's safety and security audit required under Subsection (b), the district must certify that the district used the funds provided to the district through the school safety allotment under Section 48.115 [~~42.168~~] only for the purposes provided by that section.

SECTION 9.  Section 39.0261, Education Code, is amended by adding Subsection (a-1) and amending Subsection (b) to read as follows:

(a-1)  Notwithstanding Subsection (a)(3), the commissioner by rule may allow a student to take at state cost an assessment instrument described by that subdivision if circumstances existed that prevented the student from taking the assessment instrument before the student graduated from high school.

(b)  The agency shall:

(1)  select and approve vendors of the specific assessment instruments administered under this section and negotiate with each approved vendor a price for each assessment instrument; and

(2)  provide reimbursement to a school district in the amount negotiated under Subdivision (1) for [~~all fees associated with~~] the administration of the assessment instrument from funds appropriated for that purpose.

SECTION 10.  Section 39.053(g-4), Education Code, is amended to read as follows:

(g-4)  For purposes of the computation of dropout and completion rates such as high school graduation rates under Subsection (c)(1)(B)(ix), the commissioner shall exclude a student who was reported as having dropped out of school under Section 48.009(b-4) [~~42.006(a-9)~~], and the student may not be considered to have dropped out from the school district or campus in which the student was last enrolled.

SECTION 11.  Section 45.0021, Education Code, is amended by amending Subsection (a) and adding Subsections (c), (d), (e), and (f) to read as follows:

(a)  A school district may not levy [~~increase the rate of~~] the district's maintenance taxes described by Section 45.002 at a rate intended to create a surplus in maintenance tax revenue for the purpose of paying the district's debt service.

(c)  The agency shall:

(1)  develop a method to identify school districts that may have adopted a maintenance tax rate in violation of Subsection (a), which must include a review of data over multiple years;

(2)  for each school district identified under the method developed under Subdivision (1), investigate as necessary to determine whether the district has adopted a maintenance tax rate in violation of Subsection (a);

(3)  if the agency determines that a school district has adopted a maintenance tax rate in violation of Subsection (a):

(A)  order the district to comply with Subsection (a) not later than three years after the date of the order; and

(B)  assist the district in developing a corrective action plan that, to the extent feasible, does not result in a net increase in the district's total tax rate; and

(4)  post on the agency's Internet website a list of each school district the agency has determined to have adopted a maintenance tax rate in violation of Subsection (a).

(d)  The implementation of a corrective action plan under Subsection (c)(3)(B) does not prohibit a school district from increasing the district's total tax rate as necessary to achieve other legal purposes.

(e)  If a school district fails to take action under a corrective action plan developed under Subsection (c)(3)(B), the commissioner may reduce the district's entitlement under Chapter 48 by an amount equal to the difference between:

(1)  the amount of state and local funding the district received as a result of adopting a maintenance tax rate in violation of Subsection (a); and

(2)  the amount of state and local funding the district would have received if the district had not adopted a maintenance tax rate in violation of Subsection (a).

(f)  This section does not prohibit a school district from:

(1)  using a surplus in maintenance tax revenue to pay the district's debt service if:

(A)  the district's interest and sinking fund tax revenue is insufficient to pay the district's debt service due to circumstances beyond the district's control; and

(B)  the use of the surplus maintenance tax revenue to pay the district's debt service is necessary to prevent a default on the district's debt;

(2)  paying a portion of the district's maintenance tax revenue into the tax increment fund for a reinvestment zone under Chapter 311, Tax Code; or

(3)  using money disbursed from the tax increment fund for a reinvestment zone under Chapter 311, Tax Code, in accordance with the agreement entered into by the district with the governing body of the municipality or county that designated the zone under Section 311.013(f) of that code.

SECTION 12.  Section 48.009, Education Code, is amended by amending Subsection (b) and adding Subsection (b-4) to read as follows:

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

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

(2)  the availability of school counselors, including the number of full-time equivalent school counselors, at each campus;

(3)  the availability of expanded learning opportunities as described by Section 33.252 at each campus;

(4)  the total number of students, other than students described by Subdivision (5), enrolled in the district or school with whom the district or school, as applicable, used intervention strategies, as that term is defined by Section 26.004, at any time during the year for which the report is made; [~~and~~]

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

(6)  disaggregated by campus and grade, the number of:

(A)  children who are required to attend school under Section 25.085, are not exempted under Section 25.086, and fail to attend school without excuse for 10 or more days or parts of days within a six-month period in the same school year;

(B)  students for whom the district initiates a truancy prevention measure under Section 25.0915(a-4); and

(C)  parents of students against whom an attendance officer or other appropriate school official has filed a complaint under Section 25.093; and

(7)  the number of students who are enrolled in a high school equivalency program, a dropout recovery school, or an adult education program provided under a high school diploma and industry certification charter school program provided by the district or school and who:

(A)  are at least 18 years of age and under 26 years of age;

(B)  have not previously been reported to the agency as dropouts; and

(C)  enroll in the program at the district or school after not attending school for a period of at least nine months.

(b-4)  A student reported under Subsection (b)(7) as having enrolled in a high school equivalency program, a dropout recovery school, or an adult education program provided under a high school diploma and industry certification charter school program must be reported through the Public Education Information Management System as having previously dropped out of school.

SECTION 13.  Section 48.104, Education Code, is amended by adding Subsection (e-1) and amending Subsections (j-1) and (k) to read as follows:

(e-1)  For each student who is a homeless child or youth as defined by 42 U.S.C. Section 11434a, a school district is entitled to an annual allotment equal to the basic allotment multiplied by the highest weight provided under Subsection (d).

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

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

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

(3)  pay costs for services provided by an instructional coach to raise student achievement at a campus in which educationally disadvantaged students are enrolled.

(k)  At least 55 percent of the funds allocated under this section must be used to:

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

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

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

(2)  support a program eligible under Title I of the Elementary and Secondary Education Act of 1965, as provided by Pub. L. No. 103-382 and its subsequent amendments, and by federal regulations implementing that Act.

SECTION 14.  Section 48.106, Education Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (d) to read as follows:

(a)  For each full-time equivalent student in average daily attendance in an approved career and technology education program in grades 7 through 12, a district is entitled to[~~:~~

[~~(1)~~]  an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by:

(1)  1.1 for a full-time equivalent student in career and technology education courses not in an approved program of study;

(2)  1.28 for a full-time equivalent student in levels one and two career and technology education courses in an approved program of study, as identified by the agency [~~a weight of 1.35~~]; and

(3)  1.47 for a full-time equivalent student in levels three and four career and technology education courses in an approved program of study, as identified by the agency.

(a-1)  In addition to the amounts under Subsection (a), for each student in average daily attendance, a district is entitled to

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

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

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

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

(d)  The agency shall annually publish a list of career and technology courses that qualify for an allotment under Subsection (a), disaggregated by the weight for which the course qualifies.

SECTION 15.  Section 48.106(b), Education Code, is amended by amending Subdivision (1) and adding Subdivision (1-a) to read as follows:

(1)  "Approved [~~Career and technology education class" and "~~]career and technology education program":

(A)  means a sequence of career and technology education courses, including [~~include~~] technology applications courses, authorized by the State Board of Education; and

(B)  includes only courses that qualify for high school credit.

(1-a)  "Approved program of study" means a course sequence that:

(A)  provides students with the knowledge and skills necessary for success in the students' chosen careers; and

(B)  is approved by the agency for purposes of the Strengthening Career and Technical Education for the 21st Century Act (Pub. L. No. 115-224).

SECTION 16.  Section 48.110(f), Education Code, is amended to read as follows:

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

(1)  college readiness if the annual graduate:

(A)  both:

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

(ii) [~~(B)~~]  during a time period established by commissioner rule, enrolls at a postsecondary educational institution; or

(B)  earns an associate degree from a postsecondary educational institution approved by the Texas Higher Education Coordinating Board while attending high school or during a time period established by commissioner rule;

(2)  career readiness if the annual graduate:

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

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

(3)  military readiness if the annual graduate:

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

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

SECTION 17.  Section 48.111, Education Code, is amended to read as follows:

Sec. 48.111.  FAST GROWTH ALLOTMENT. (a) Except as provided by Subsection (c), a [~~A~~] school district [~~in which the growth in student enrollment in the district over the preceding three school years is in the top quartile of student enrollment growth in school districts in the state for that period, as determined by the commissioner,~~] is entitled to an annual allotment equal to the basic allotment multiplied by 0.35 [~~0.04~~] for each enrolled student equal to the difference, if the difference is greater than zero, that results from subtracting 250 from the difference between the number of students enrolled in the district during the school year immediately preceding the current school year and the number of students enrolled in the district during the school year six years preceding the current school year [~~in average daily attendance~~].

(a-1)  Notwithstanding Subsection (a), instead of using the weight of "0.35" in Subsection (a), the agency shall substitute the following weights:

(1)  for the 2021-2022 school year, "0.30"; and

(2)  for the 2022-2023 school year, "0.348".

(a-2)  Subsection (a-1) and this subsection expire September 1, 2024.

(b)  For purposes of Subsection (a), in determining the number of students enrolled in a school district, the commissioner shall exclude students enrolled in the district who receive full-time instruction through the state virtual school network under Chapter 30A.

(c)  Notwithstanding Subsection (a), the total amount that may be used to provide allotments under Subsection (a) may not exceed $320 million. If the total amount of allotments to which districts are entitled under Subsection (a) for a school year exceeds the amount permitted under this subsection, the commissioner shall reduce each district's allotment under this section in the manner provided by Section 48.266(f).

(c-1)  Notwithstanding Subsection (c), the total amount that may be used to provide allotments under Subsection (a) may not exceed:

(1)  for the 2021-2022 school year, $270 million;

(2)  for the 2022-2023 school year, $310 million; and

(3)  for the 2023-2024 school year, $315 million.

(c-2)  Subsection (c-1) and this subsection expire September 1, 2025.

(d)  For the 2021-2022 school year, the agency shall provide to each school district that received an allotment under this section for the 2019-2020 school year but is not entitled to an allotment for the 2021-2022 school year an amount equal to the amount of the allotment provided to the district under this section for the 2019-2020 school year.

(d-1)  The total amount that may be used to provide funding under Subsection (d) may not exceed $40 million. If the total amount of funding to which districts are entitled under Subsection (d) for a school year exceeds the amount permitted under this subsection, the commissioner shall reduce each district's amount under Subsection (d) in the manner provided by Section 48.266(f).

(d-2)  The amounts to which school districts are entitled under Subsection (d) are not subject to the amount limitations described by Subsections (c) and (c-1).

(d-3)  Subsections (d), (d-1), (d-2), and this subsection expire September 1, 2023.

SECTION 18.  Section 48.112, Education Code, is amended by adding Subsection (j) to read as follows:

(j)  The Texas School for the Deaf and the Texas School for the Blind and Visually Impaired are entitled to an allotment under this section. If the commissioner determines that assigning point values under Subsections (e) and (f) to students enrolled in the Texas School for the Deaf or the Texas School for the Blind and Visually Impaired is impractical, the commissioner may use the average point value assigned for those students' home districts for purposes of calculating the high needs and rural factor.

SECTION 19.  Section 42.168, Education Code, as added by Chapter 464 (S.B. 11), Acts of the 86th Legislature, Regular Session, 2019, is transferred to Subchapter C, Chapter 48, Education Code, redesignated as Section 48.115, Education Code, and amended to read as follows:

Sec. 48.115 [~~42.168~~].  SCHOOL SAFETY ALLOTMENT. (a) From funds appropriated for that purpose, the commissioner shall provide to a school district an annual allotment in the amount provided by appropriation for each student in average daily attendance.

(b)  Funds allocated under this section must be used to improve school safety and security, including costs associated with:

(1)  securing school facilities, including:

(A)  improvements to school infrastructure;

(B)  the use or installation of physical barriers; and

(C)  the purchase and maintenance of:

(i)  security cameras or other security equipment; and

(ii)  technology, including communications systems or devices, that facilitates communication and information sharing between students, school personnel, and first responders in an emergency;

(2)  providing security for the district, including:

(A)  employing school district peace officers, private security officers, and school marshals; and

(B)  collaborating with local law enforcement agencies, such as entering into a memorandum of understanding for the assignment of school resource officers to schools in the district;

(3)  school safety and security training and planning, including:

(A)  active shooter and emergency response training;

(B)  prevention and treatment programs relating to addressing adverse childhood experiences; and

(C)  the prevention, identification, and management of emergencies and threats, including:

(i)  providing mental health personnel and support;

(ii)  providing behavioral health services; and

(iii)  establishing threat reporting systems; and

(4)  providing programs related to suicide prevention, intervention, and postvention.

(c)  A school district may use funds allocated under this section for equipment or software that is used for a school safety and security purpose and an instructional purpose, provided that the instructional use does not compromise the safety and security purpose of the equipment or software.

[~~(d)  A school district that is required to take action under Chapter 41 to reduce its wealth per student to the equalized wealth level is entitled to a credit, in the amount of the allotments to which the district is to receive as provided by appropriation, against the total amount required under Section 41.093 for the district to purchase attendance credits.~~

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

SECTION 20.  Section 48.2551, Education Code, is amended by amending Subsections (a) and (c) and adding Subsections (d-1) and (d-2) to read as follows:

(a)  In this section:

(1)  "DPV" is the taxable value of property in the school district, as determined by the agency by rule, using locally determined property values adjusted in accordance with Section 403.302(d), Government Code [~~has the meaning assigned by Section 48.256~~];

(2)  "E" is the expiration of the exclusion of appraised property value for the preceding tax year that is recognized as taxable property value for the current tax year, which is the sum of the following:

(A)  property value that is no longer subject to a limitation on appraised value under Chapter 313, Tax Code; and

(B)  property value under Section 311.013(n), Tax Code, that is no longer excluded from the calculation of "DPV" from the preceding year because of refinancing or renewal after September 1, 2019;

(3)  "MCR" is the district's maximum compressed rate, which is the tax rate for the current tax year per $100 of valuation of taxable property at which the district must levy a maintenance and operations tax to receive the full amount of the tier one allotment to which the district is entitled under this chapter;

(4)  "PYDPV" is the district's value of "DPV" for the preceding tax year; and

(5)  "PYMCR" is the district's value of "MCR" for the preceding tax year.

(c)  Notwithstanding Subsection (b), for a district to which Section 48.2552(b) applies, the district's maximum compressed rate is the value calculated in accordance with Section 48.2552(b) [~~for "MCR" under Subsection (b)(1)(B)~~].

(d-1)  Local appraisal districts, school districts, and the comptroller shall provide any information necessary to the agency to implement this section.

(d-2)  A school district may appeal to the commissioner the district's taxable property value as determined by the agency under this section. A decision by the commissioner is final and may not be appealed.

SECTION 21.  Section 48.2552(b), Education Code, is amended to read as follows:

(b)  If a school district's [~~district has a~~] maximum compressed rate as calculated under Section 48.2551(b) would be [~~that is~~] less than 90 percent of another school district's maximum compressed rate, the district's maximum compressed rate is the value at which the district's maximum compressed rate would be equal to 90 percent of the other district's maximum compressed rate [~~calculated under Section 48.2551(c) until the agency determines that the difference between the district's and another district's maximum compressed rates is not more than 10 percent~~].

SECTION 22.  Section 48.257(c), Education Code, is amended to read as follows:

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

SECTION 23.  Subchapter F, Chapter 48, Education Code, is amended by adding Section 48.2721 to read as follows:

Sec. 48.2721.  RECOVERY OF FUNDS FROM EXCESSIVE TAXATION. The commissioner shall reduce state aid or adjust the limit on local revenue under Section 48.257 in an amount equal to the amount of revenue generated by a school district's tax effort that is not in compliance with Section 45.003 or this chapter.

SECTION 24.  Section 48.277, Education Code, is amended by adding Subsection (c-1) to read as follows:

(c-1)  Notwithstanding any other provision of this chapter, beginning with the 2021-2022 school year, if the total amount of allotments to which school districts and open-enrollment charter schools are entitled under this section for a school year exceeds $400 million, the commissioner shall reduce each district's or school's allotment under this section in the manner provided by Section 48.266(f). The reduction in the amount to which a district or school is entitled under this section may not result in an amount that is less than zero.

SECTION 25.  Subchapter F, Chapter 48, Education Code, is amended by adding Sections 48.281 and 48.282 to read as follows:

Sec. 48.281.  MAINTENANCE OF EFFORT AND EQUITY FOR FEDERAL MONEY RELATED TO COVID-19 PANDEMIC. (a) Subject to Subsection (b), the commissioner may adjust a school district's or open-enrollment charter school's entitlement under this chapter as necessary to ensure compliance with requirements regarding maintenance of effort and maintenance of equity under Section 317, Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (Div. M, Pub. L. No. 116-260, reprinted in note, 20 U.S.C. Section 3401), and Section 2001, American Rescue Plan Act of 2021 (Pub. L. No. 117-2, reprinted in note, 20 U.S.C. Section 3401).

(b)  Before making an adjustment under Subsection (a), the commissioner shall notify the Legislative Budget Board and the governor of the proposed adjustment. The adjustment is considered to be approved unless the Legislative Budget Board or the governor issues a written disapproval of the adjustment not later than the 30th day after the date on which the commissioner provides notice under this subsection.

(c)  If the total amount of money available to the commissioner for purposes of making adjustments under this section for a state fiscal year is insufficient to make an adjustment the commissioner determines necessary under Subsection (a), the commissioner shall submit to the legislature an estimate of the amount of funding needed to make the adjustment for that state fiscal year.

(d)  This section expires September 1, 2025.

Sec. 48.282.  SPENDING LIMITATIONS TO EXTEND INTERVENTIONS PREVENTING GENERATIONAL EDUCATIONAL DECLINE. (a) Notwithstanding any other provision of this code and except as provided by Subsection (e), beginning with the 2021-2022 school year, each school district or open-enrollment charter school shall reserve, in an amount determined by the agency under Subsection (b), state and local funds made available to the district or school through the Foundation School Program under Chapter 12, 48, or 49.

(b)  The agency shall determine the amount of funds a school district or open-enrollment charter school must reserve under Subsection (a) by:

(1)  calculating the amount of total funding received by the school district or open-enrollment charter school under Section 2001, American Rescue Plan Act of 2021 (Pub. L. No. 117-2, reprinted in note, 20 U.S.C. Section 3401) minus a fixed amount identified by appropriation; and

(2)  multiplying the amount under Subdivision (1) by a percentage set by appropriation.

(c)  Beginning with the 2021-2022 school year, a school district or open-enrollment charter school may reserve the amount of funds required under Subsection (a):

(1)  in a lump sum; or

(2)  on a schedule established by the district or school not to exceed three years, reserving the total required amount of funds by the end of the 2023-2024 school year.

(d)  Beginning with the 2024-2025 school year, a school district or open-enrollment charter school may use the funds reserved under Subsection (a).

(e)  The commissioner may grant a waiver of the requirement that a school district or open-enrollment charter school reserve funds under Subsection (a) if the district or school:

(1)  demonstrates that complying with the requirement under Subsection (a) would cause the district or school to not be in compliance with a federal maintenance of effort or maintenance of equity requirement; or

(2)  submits a plan to the agency that provides for the acceleration of all students who are not performing at grade level by the 2023-2024 school year.

(f)  If the commissioner provides a waiver to a school district or open-enrollment charter school under Subsection (e)(1), the commissioner may:

(1)  set a lower amount of funds that the district or school must reserve under Subsection (a) that allows the district or school to comply with federal maintenance of effort and maintenance of equity requirements; or

(2)  fully waive the requirement under Subsection (a) that the district or school reserve funds.

(g)  Notwithstanding any other provision of this chapter, during the time period in which a school district or open-enrollment charter school must reserve funds to comply with this section, the commissioner may reduce or waive a spending requirement, or consider other expenditures for purposes of complying with a spending requirement, under any of the following provisions:

(1)  Section 48.103;

(2)  Section 48.104(k);

(3)  Section 48.105(b);

(4)  Section 48.106(c);

(5)  Section 48.108(b);

(6)  Section 48.110(i); or

(7)  Section 48.112(i).

(h)  This section expires September 1, 2026.

SECTION 26.  Section 48.302(b), Education Code, is amended to read as follows:

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

SECTION 27.  Subchapter G, Chapter 48, Education Code, is amended by adding Section 48.303 to read as follows:

Sec. 48.303.  ADDITIONAL STATE AID FOR REGIONAL EDUCATION SERVICE CENTER STAFF SALARY INCREASES. (a) A regional education service center is entitled to state aid in an amount equal to the sum of:

(1)  the product of $500 multiplied by the number of full-time center employees, other than administrators or classroom teachers, full-time librarians, full-time school counselors certified under Subchapter B, Chapter 21, or full-time school nurses; and

(2)  the product of $250 multiplied by the number of part-time center employees, other than administrators or teachers, librarians, school counselors certified under Subchapter B, Chapter 21, or school nurses.

(b)  A determination by the commissioner under Subsection (a) is final and may not be appealed.

SECTION 28.  Subchapter A, Chapter 49, Education Code, is amended by adding Section 49.0041 to read as follows:

Sec. 49.0041.  LOCAL REVENUE LEVEL IN EXCESS OF ENTITLEMENT AFTER REVIEW NOTIFICATION. If the commissioner determines that a school district has a local revenue level in excess of entitlement after the date the commissioner sends notification for the school year under Section 49.004(a), the commissioner shall include the amount of the district's local revenue level that exceeded the level established under Section 48.257 for that school year in the annual review for the following school year of the district's local revenue levels under Section 49.004(a).

SECTION 29.  Section 49.054(b), Education Code, is amended to read as follows:

(b)  A consolidated [~~Except as provided by Subsection (c), a~~] district under this subchapter [~~receiving incentive aid payments under this section~~] is [~~not~~] entitled to incentive aid under Subchapter G, Chapter 13.

SECTION 30.  Section 822.201(b), Government Code, is amended to read as follows:

(b)  "Salary and wages" as used in Subsection (a) means:

(1)  normal periodic payments of money for service the right to which accrues on a regular basis in proportion to the service performed;

(2)  amounts by which the member's salary is reduced under a salary reduction agreement authorized by Chapter 610;

(3)  amounts that would otherwise qualify as salary and wages under Subdivision (1) but are not received directly by the member pursuant to a good faith, voluntary written salary reduction agreement in order to finance payments to a deferred compensation or tax sheltered annuity program specifically authorized by state law or to finance benefit options under a cafeteria plan qualifying under Section 125 of the Internal Revenue Code of 1986, if:

(A)  the program or benefit options are made available to all employees of the employer; and

(B)  the benefit options in the cafeteria plan are limited to one or more options that provide deferred compensation, group health and disability insurance, group term life insurance, dependent care assistance programs, or group legal services plans;

(4)  performance pay awarded to an employee by a school district as part of a total compensation plan approved by the board of trustees of the district and meeting the requirements of Subsection (e);

(5)  the benefit replacement pay a person earns under Subchapter H, Chapter 659, except as provided by Subsection (c);

(6)  stipends paid to teachers in accordance with former Section 21.410, 21.411, 21.412, or 21.413, Education Code;

(7)  amounts by which the member's salary is reduced or that are deducted from the member's salary as authorized by Subchapter J, Chapter 659;

(8)  a merit salary increase made under Section 51.962, Education Code;

(9)  amounts received under the relevant parts of the educator excellence awards program under Subchapter O, Chapter 21, Education Code, or a mentoring program under Section 21.458, Education Code, that authorize compensation for service;

(10)  salary amounts designated as health care supplementation by an employee under Subchapter D, Chapter 22, Education Code; [~~and~~]

(11)  to the extent required by Sections 3401(h) and 414(u)(12), Internal Revenue Code of 1986, differential wage payments received by an individual from an employer on or after January 1, 2009, while the individual is performing qualified military service as defined by Section 414(u), Internal Revenue Code of 1986; and

(12)  increased compensation paid to a teacher by a school district using funds received by the district under the teacher incentive allotment under Section 48.112, Education Code.

SECTION 31.  (a) The following provisions of the Education Code are repealed:

(1)  Sections 12.133(d), (d-1), and (e);

(2)  Section 25.038;

(3)  Sections 25.039(b) and (c);

(4)  Section 48.0051(a-1);

(5)  Section 48.154; and

(6)  Sections 49.054(a) and (c).

(b)  The following provisions, which amended Section 42.006, Education Code, are repealed:

(1)  Section 2, Chapter 1036 (H.B. 548), Acts of the 86th Legislature, Regular Session, 2019; and

(2)  Section 8, Chapter 1060 (H.B. 1051), Acts of the 86th Legislature, Regular Session, 2019.

SECTION 32.  Section 45.0021, Education Code, as amended by this Act, applies only to a tax rate adopted on or after the effective date of this Act. A tax rate adopted before the effective date of this Act is governed by the law in effect on the date the tax rate was adopted, and the former law is continued in effect for that purpose.

SECTION 33.  To the extent of any conflict, this Act prevails over another Act of the 87th Legislature, Regular Session, 2021, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 34.  This Act takes effect September 1, 2021.

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