

By: Lucio

S.B. No. 728

A BILL TO BE ENTITLED

AN ACT

relating to the use of average enrollment for purposes of the public school finance system.

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

SECTION 1. Section 48.005, Education Code, is amended to read as follows:

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

(1) the average number of students enrolled in the school district during a school year [~~quotient of the sum of attendance for each day of the minimum number of days of instruction as described under Section 25.081(a) divided by the minimum number of days of instruction,~~

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

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

(2) [~~(4)~~] for a district that operates a half-day program or a full-day program under Section 29.153(c), one-half of

1 the average enrollment [~~daily attendance~~] calculated under
2 Subdivision (1).

3 (b) A school district that experiences a decline of two
4 percent or more in average enrollment [~~daily attendance~~] shall be
5 funded on the basis of:

6 (1) the actual average enrollment [~~daily attendance~~]
7 of the preceding school year, if the decline is the result of the
8 closing or reduction in personnel of a military base; or

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

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

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

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

26 (1) all districts are funded on the basis of the same
27 percentage of the preceding year's actual average enrollment [~~daily~~

attendance]; and

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

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

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

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

(h) Time ~~[Subject to rules adopted by the commissioner under Section 48.007(b), time]~~ that a student participates in an off-campus instructional program provided by an entity other than a school district or open-enrollment charter school and approved by the commissioner in accordance with commissioner rule ~~[under Section 48.007(a)]~~ shall be counted as part of the minimum number of

1 instructional hours required for a student to be considered a
2 full-time student in average enrollment [~~daily attendance~~] for
3 purposes of this section.

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

9 (j) A district or charter school is eligible to earn full
10 average enrollment [~~daily attendance~~] under Subsection (a) if the
11 district or school provides at least 43,200 minutes of
12 instructional time to students enrolled in:

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

15 (2) an alternative education program operating under
16 Section 37.008;

17 (3) a school program located at a day treatment
18 facility, residential treatment facility, psychiatric hospital, or
19 medical hospital;

20 (4) a school program offered at a correctional
21 facility; or

22 (5) a school operating under Section 29.259.

23 (k) A charter school operating under a charter granted under
24 Chapter 12 before January 1, 2015, is eligible to earn full average
25 enrollment [~~daily attendance~~] under Subsection (a), as that
26 subsection existed immediately before January 1, 2015, for:

27 (1) all campuses of the charter school operating

before January 1, 2015; and

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

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

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

(1) determine the method to calculate the average number of students enrolled in a school district during a school year;

(2) establish the minimum amount of instructional time per day that allows a school district or charter school to be eligible for full average enrollment [~~daily attendance~~], which may differ based on the instructional program offered by the district or charter school;

(3) [~~(2)~~] establish the requirements necessary for a school district or charter school to be eligible for one-half of average enrollment [~~daily attendance~~], which may differ based on the instructional program offered by the district or charter school; and

(4) [~~(3)~~] proportionally reduce the average enrollment [~~daily attendance~~] for a school district if any campus

1 or instructional program in the district provides fewer than the
2 required minimum minutes of instruction to students.

3 (n) To assist school districts in implementing this section
4 as amended by H.B. 2442, Acts of the 85th Legislature, Regular
5 Session, 2017, the commissioner may waive a requirement of this
6 section or adopt rules to implement this section.

7 SECTION 2. Section 7.062(a), Education Code, is amended to
8 read as follows:

9 (a) In this section, "wealth per student" means a school
10 district's taxable value of property as determined under Subchapter
11 M, Chapter 403, Government Code, or, if applicable, Section 48.258,
12 divided by the district's average enrollment [~~daily attendance~~] as
13 determined under Section 48.005.

14 SECTION 3. Section 11.052(f), Education Code, is amended to
15 read as follows:

16 (f) If single-member trustee districts are adopted or
17 approved as provided by this section, the board shall divide the
18 school district into the appropriate number of trustee districts,
19 based on the number of members of the board that are to be elected
20 from single-member trustee districts, and shall number each trustee
21 district. The trustee districts must be compact and contiguous and
22 must be as nearly as practicable of equal population. In a district
23 with 150,000 or more students in average enrollment [~~daily~~
24 ~~attendance~~], the boundary of a trustee district may not cross a
25 county election precinct boundary except at a point at which the
26 boundary of the school district crosses the county election
27 precinct boundary. Trustee districts must be drawn not later than

the 90th day before the date of the first election of trustees from those districts.

SECTION 4. Sections 12.106(a), (a-2), and (d), Education Code, are amended to read as follows:

(a) A charter holder is entitled to receive for the open-enrollment charter school funding under Chapter 48 equal to the amount of funding per student in weighted average enrollment ~~[daily attendance]~~, excluding the adjustment under Section 48.052, the funding under Sections 48.101, 48.110, 48.111, and 48.112, and enrichment funding under Section 48.202(a), to which the charter holder would be entitled for the school under Chapter 48 if the school were a school district without a tier one local share for purposes of Section 48.266.

(a-2) In addition to the funding provided by Subsection (a), a charter holder is entitled to receive for the open-enrollment charter school an allotment per student in average enrollment ~~[daily attendance]~~ in an amount equal to the difference between:

(1) the product of:

(A) the quotient of:

(i) the total amount of funding provided to eligible school districts under Section 48.101(b) or (c); and

(ii) the total number of students in average enrollment ~~[daily attendance]~~ in school districts that receive an allotment under Section 48.101(b) or (c); and

(B) the sum of one and the quotient of:

(i) the total number of students in average enrollment ~~[daily attendance]~~ in school districts that receive an

allotment under Section 48.101(b) or (c); and

(ii) the total number of students in average enrollment [~~daily attendance~~] in school districts statewide; and

(2) \$125.

(d) Subject to Subsection (e), in addition to other amounts provided by this section, a charter holder is entitled to receive, for the open-enrollment charter school, funding per student in average enrollment [~~daily attendance~~] in an amount equal to the guaranteed level of state and local funds per student per cent of tax effort under Section 46.032(a) multiplied by the lesser of:

(1) the state average interest and sinking fund tax rate imposed by school districts for the current year; or

(2) a rate that would result in a total amount to which charter schools are entitled under this subsection for the current year equal to \$60 million.

SECTION 5. Section 13.051(c), Education Code, is amended to read as follows:

(c) Territory that does not have residents may be detached from a school district and annexed to another school district if:

(1) the total taxable value of the property in the territory according to the most recent certified appraisal roll for each school district is not greater than:

(A) five percent of the district's taxable value of all property in that district as determined under Subchapter M, Chapter 403, Government Code; and

(B) \$5,000 property value per student in average

enrollment [~~daily attendance~~] as determined under Section 48.005;
and

(2) the school district from which the property will
be detached does not own any real property located in the territory.

SECTION 6. Section 13.102, Education Code, is amended to
read as follows:

Sec. 13.102. MINIMUM AREA AND ENROLLMENT [~~ATTENDANCE~~]
REQUIREMENTS. A new district may not be created with an area of
less than nine square miles or fewer than 8,000 students in average
enrollment [~~daily attendance~~], and a district may not be reduced to
an area of less than nine square miles or fewer than 8,000 students
in average enrollment [~~daily attendance~~].

SECTION 7. Section 13.283, Education Code, is amended to
read as follows:

Sec. 13.283. PAYMENTS REDUCED. The incentive aid payments
shall be reduced in direct proportion to any reduction in the
average enrollment [~~daily attendance~~] as determined under Section
48.005 of the reorganized school district for the preceding year.

SECTION 8. Section 19.009(d-2), Education Code, is amended
to read as follows:

(d-2) Beginning with the 2009-2010 school year, the
district shall increase the monthly salary of each classroom
teacher, full-time speech pathologist, full-time librarian,
full-time school counselor certified under Subchapter B, Chapter
21, and full-time school nurse employed by the district by the
greater of:

(1) \$80; or

(2) the maximum uniform amount that, when combined with any resulting increases in the amount of contributions made by the district for social security coverage for the specified employees or by the district on behalf of the specified employees under Section 825.405, Government Code, may be provided using an amount equal to the product of \$60 multiplied by the number of students in weighted average enrollment [~~daily attendance~~] in the district during the 2009-2010 school year.

SECTION 9. Section 25.038, Education Code, is amended to read as follows:

Sec. 25.038. TUITION FEE FOR TRANSFER STUDENTS. The receiving school district may charge a tuition fee to the extent that the district's actual expenditure per student in average enrollment [~~daily attendance~~], as determined by its board of trustees, exceeds the sum the district benefits from state aid sources as provided by Section 25.037. However, unless a tuition fee is prescribed and set out in a transfer agreement before its execution by the parties, an increase in tuition charge may not be made for the year of that transfer that exceeds the tuition charge, if any, of the preceding school year.

SECTION 10. Sections 25.081(e) and (f), Education Code, are amended to read as follows:

(e) A school district or education program is exempt from the minimum minutes of operation requirement if the district's or program's average enrollment [~~daily attendance~~] is calculated under Section 48.005(j).

(f) The commissioner may proportionally reduce the amount

of funding a district receives under Chapter 46, 48, or 49 and the average enrollment [~~daily attendance~~] calculation for the district if the district operates on a calendar that provides fewer minutes of operation than required under Subsection (a).

SECTION 11. Section 25.087(d), Education Code, is amended to read as follows:

(d) A student whose absence is excused under Subsection (b), (b-1), (b-2), (b-4), (b-5), or (c) may not be penalized for that absence and shall be counted as if the student attended school for purposes of funding under Chapter 48 [~~calculating the average daily attendance of students in the school district~~]. A student whose absence is excused under Subsection (b), (b-1), (b-2), (b-4), (b-5), or (c) shall be allowed a reasonable time to make up school work missed on those days. If the student satisfactorily completes the school work, the day of absence shall be counted as a day of compulsory attendance.

SECTION 12. Section 25.111, Education Code, is amended to read as follows:

Sec. 25.111. STUDENT/TEACHER RATIOS. Except as provided by Section 25.112, each school district must employ a sufficient number of teachers certified under Subchapter B, Chapter 21, to maintain an average ratio of not less than one teacher for each 20 students in average enrollment [~~daily attendance~~].

SECTION 13. Sections 25.112(a) and (b), Education Code, are amended to read as follows:

(a) Except as otherwise authorized by this section, a school district may not enroll more than 22 students in a kindergarten,

1 first, second, third, or fourth grade class. That limitation does
2 not apply during:

3 (1) any 12-week period of the school year selected by
4 the district, in the case of a district whose average enrollment
5 [~~daily attendance~~] is adjusted under Section 48.005(c); or

6 (2) the last 12 weeks of any school year in the case of
7 any other district.

8 (b) Not later than the 30th day after the first day of the
9 12-week period for which a district whose average enrollment [~~daily~~
10 ~~attendance~~] is adjusted under Section 48.005(c) is claiming an
11 exemption under Subsection (a), the district shall notify the
12 commissioner in writing that the district is claiming an exemption
13 for the period stated in the notice.

14 SECTION 14. Section 29.008(b), Education Code, is amended
15 to read as follows:

16 (b) Except as provided by Subsection (c), costs of an
17 approved contract for residential placement may be paid from a
18 combination of federal, state, and local funds. The local share of
19 the total contract cost for each student is that portion of the
20 local tax effort that exceeds the district's local fund assignment
21 under Section 48.256, divided by the average enrollment [~~daily~~
22 ~~attendance~~] in the district. If the contract involves a private
23 facility, the state share of the total contract cost is that amount
24 remaining after subtracting the local share. If the contract
25 involves a public facility, the state share is that amount
26 remaining after subtracting the local share from the portion of the
27 contract that involves the costs of instructional and related

services. For purposes of this subsection, "local tax effort" means the total amount of money generated by taxes imposed for debt service and maintenance and operation less any amounts paid into a tax increment fund under Chapter 311, Tax Code.

SECTION 15. Section 29.014(b), Education Code, is amended to read as follows:

(b) A school district to which this section applies may operate an extended year program for a period not to exceed 45 days. ~~[The district's average daily attendance shall be computed for the regular school year plus the extended year.]~~

SECTION 16. Section 29.081(f), Education Code, is amended to read as follows:

(f) The commissioner shall include students enrolled in ~~[attendance in]~~ a program under Subsection (e) in the computation of the district's average enrollment ~~[daily attendance]~~ for funding purposes.

SECTION 17. Section 29.0822(d), Education Code, is amended to read as follows:

(d) The commissioner may adopt rules for the administration of this section, including rules establishing application requirements. ~~[Subject to Subsection (d-1), the commissioner shall calculate average daily attendance for students served under this section. The commissioner shall allow accumulations of hours of instruction for students whose schedule would not otherwise allow full state funding. Funding under this subsection shall be determined based on the number of instructional days in the school district calendar and a seven-hour school day, but attendance may~~

~~be cumulated over a school year, including any summer or vacation session. The attendance of students who accumulate less than the number of attendance hours required under this subsection shall be proportionately reduced for funding purposes. The commissioner may:~~

~~[(1) set maximum funding amounts for an individual course under this section; and~~

~~[(2) limit funding for the attendance of a student described by Subsection (a)(3) in a course under this section to funding only for the attendance necessary for the student to earn class credit that, as a result of attendance requirements under Section 25.092, the student would not otherwise be able to receive without retaking the class.]~~

SECTION 18. Section 29.124(b), Education Code, is amended to read as follows:

(b) If the commissioner determines that a school district has failed to comply with Subsection (a) for a school year, the commissioner shall reduce the total amount of funding to which the district is entitled under Chapter 48 for that school year by an amount equal to the basic allotment multiplied by the product of:

(1) 0.12; and

(2) an amount equal to five percent of the students in average enrollment ~~[daily attendance]~~ in the district.

SECTION 19. Section 29.184(b), Education Code, is amended to read as follows:

(b) A student who attends career and technology classes at another school under a contract authorized by Subsection (a) is

1 included in the average enrollment [~~daily attendance~~] of the
2 district in which the student is regularly enrolled.

3 SECTION 20. Sections 29.203(a) and (c), Education Code, are
4 amended to read as follows:

5 (a) A student who under this subchapter uses a public
6 education grant to attend a public school in a school district other
7 than the district in which the student resides is included in the
8 average enrollment [~~daily attendance~~] of the district in which the
9 student attends school.

10 (c) A school district is entitled to additional facilities
11 assistance under Section 48.301 if the district agrees to:

12 (1) accept a number of students using public education
13 grants that is at least one percent of the district's average
14 enrollment [~~daily attendance~~] for the preceding school year; and

15 (2) provide services to each student until the student
16 either voluntarily decides to attend a school in a different
17 district or graduates from high school.

18 SECTION 21. Section 29.259(j), Education Code, is amended
19 to read as follows:

20 (j) Funding for an adult education program under this
21 section is provided based on the following:

22 (1) for participants who are 26 years of age and older,
23 an amount per participant from available general revenue funds
24 appropriated for the program equal to the statewide average amount
25 of state funding per student in weighted average enrollment [~~daily~~
26 ~~attendance~~] that would be allocated under the Foundation School
27 Program to an open-enrollment charter school under Section 12.106

were the student under 26 years of age; and

(2) for participants who are at least 18 years of age and under 26 years of age, an amount per participant through the Foundation School Program equal to the amount of state funding per student in weighted average enrollment [~~daily attendance~~] that would be allocated under the Foundation School Program for the student's enrollment in [~~attendance at~~] an open-enrollment charter school in accordance with Section 12.106.

SECTION 22. Section 29.403(b), Education Code, is amended to read as follows:

(b) A student who is enrolled in a program under this subchapter is included in determining the average enrollment [~~daily attendance~~] under Section 48.005 of the partnering school district.

SECTION 23. Section 29.457(a), Education Code, is amended to read as follows:

(a) In addition to other funding to which a school district is entitled under this code, each district in which alleged offender residents attend school is entitled to an annual allotment of \$5,100 for each resident in average enrollment [~~daily attendance~~] or a different amount for any year provided by appropriation.

SECTION 24. Section 30.003(b), Education Code, is amended to read as follows:

(b) If the student is admitted to the school for a full-time program for the equivalent of two long semesters, the district's share of the cost is an amount equal to the dollar amount of maintenance and debt service taxes imposed by the district for that

1 year divided by the district's average enrollment [~~daily~~
2 ~~attendance~~] for the preceding year.

3 SECTION 25. Section 30.102(a), Education Code, is amended
4 to read as follows:

5 (a) The Texas Juvenile Justice Department is entitled to
6 receive the state available school fund apportionment based on the
7 average enrollment [~~daily—attendance~~] in the department's
8 educational programs of students who are at least three years of age
9 and not older than 21 years of age.

10 SECTION 26. Section 30A.151(f), Education Code, is amended
11 to read as follows:

12 (f) For a full-time electronic course program offered
13 through the state virtual school network for a grade level at or
14 above grade level three but not above grade level eight, a school
15 district or open-enrollment charter school is entitled to receive
16 federal, state, and local funding for a student enrolled in the
17 program in an amount equal to the funding the district or school
18 would otherwise receive for a student enrolled in the district or
19 school. [~~The district or school may calculate the average daily~~
20 ~~attendance of a student enrolled in the program based on:~~

21 [~~(1) hours of contact with the student,~~
22 [~~(2) the student's successful completion of a course,~~
23 ~~or~~
24 [~~(3) a method approved by the commissioner.~~]

25 SECTION 27. Section 33.157, Education Code, is amended to
26 read as follows:

27 Sec. 33.157. PARTICIPATION IN PROGRAM. An elementary or

1 secondary school receiving funding under Section 33.156 shall
2 participate in a local Communities In Schools program if the number
3 of students enrolled in the school who are at risk of dropping out
4 of school is equal to at least 10 percent of the number of students
5 in average enrollment [~~daily attendance~~] at the school, as
6 determined by the agency.

7 SECTION 28. Section 37.0061, Education Code, is amended to
8 read as follows:

9 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
10 JUVENILE RESIDENTIAL FACILITIES. A school district that provides
11 education services to pre-adjudicated and post-adjudicated
12 students who are confined by court order in a juvenile residential
13 facility operated by a juvenile board is entitled to count such
14 students in the district's average enrollment [~~daily attendance~~]
15 for purposes of receipt of state funds under the Foundation School
16 Program. If the district has a local revenue level greater than the
17 guaranteed local revenue level but less than the level established
18 under Section 48.257, the district in which the student is enrolled
19 on the date a court orders the student to be confined to a juvenile
20 residential facility shall transfer to the district providing
21 education services an amount equal to the difference between the
22 average Foundation School Program costs per student of the district
23 providing education services and the sum of the state aid and the
24 money from the available school fund received by the district that
25 is attributable to the student for the portion of the school year
26 for which the district provides education services to the student.

27 SECTION 29. Section 37.008(f), Education Code, is amended

1 to read as follows:

2 (f) A student removed to a disciplinary alternative
3 education program is counted in computing the average enrollment
4 [~~daily attendance~~] of students in the district [~~for the student's~~
5 ~~time in actual attendance in the program~~].

6 SECTION 30. Section 37.011(a-4), Education Code, is amended
7 to read as follows:

8 (a-4) A school district located in a county considered to be
9 a county with a population of 125,000 or less under Subsection (a-3)
10 shall provide educational services to a student who is expelled
11 from school under this chapter. The district is entitled to count
12 the student in the district's average enrollment [~~daily attendance~~]
13 for purposes of receipt of state funds under the Foundation School
14 Program. An educational placement under this section may include:

15 (1) the district's disciplinary alternative education
16 program; or

17 (2) a contracted placement with:

18 (A) another school district;

19 (B) an open-enrollment charter school;

20 (C) an institution of higher education;

21 (D) an adult literacy council; or

22 (E) a community organization that can provide an
23 educational program that allows the student to complete the credits
24 required for high school graduation.

25 SECTION 31. Sections 39.027(c) and (f), Education Code, are
26 amended to read as follows:

27 (c) The commissioner shall develop and adopt a process for

1 reviewing the exemption process of a school district or shared
2 services arrangement that gives an exemption under Subsection
3 (a)(1) as follows:

4 (1) to more than five percent of the students in the
5 special education program, in the case of a district or shared
6 services arrangement with an average enrollment [~~daily attendance~~]
7 of at least 1,600;

8 (2) to more than 10 percent of the students in the
9 special education program, in the case of a district or shared
10 services arrangement with an average enrollment [~~daily attendance~~]
11 of at least 190 and not more than 1,599; or

12 (3) to the greater of more than 10 percent of the
13 students in the special education program or to at least five
14 students in the special education program, in the case of a district
15 or shared services arrangement with an average enrollment [~~daily~~
16 ~~attendance~~] of not more than 189.

17 (f) In this section, "average enrollment [~~daily~~
18 ~~attendance~~]" is computed in the manner provided by Section 48.005.

19 SECTION 32. Section 39.053(g-1), Education Code, is amended
20 to read as follows:

21 (g-1) In computing dropout and completion rates such as high
22 school graduation rates under Subsection (c)(1)(B)(ix), the
23 commissioner shall exclude:

24 (1) students who are ordered by a court to attend a
25 high school equivalency certificate program but who have not yet
26 earned a high school equivalency certificate;

27 (2) students who were previously reported to the state

as dropouts, including a student who is reported as a dropout, reenrolls, and drops out again, regardless of the number of times of reenrollment and dropping out;

(3) students in attendance who are not in membership for purposes of average enrollment [~~daily attendance~~];

(4) students whose initial enrollment in a school in the United States in grades 7 through 12 was as an unschooled asylee or refugee as defined by Section 39.027(a-1);

(5) students who are detained at a county pre-adjudication or post-adjudication juvenile detention facility and:

(A) in the district exclusively as a function of having been detained at the facility but are otherwise not students of the district in which the facility is located; or

(B) provided services by an open-enrollment charter school exclusively as the result of having been detained at the facility;

(6) students who are incarcerated in state jails and federal penitentiaries as adults and as persons certified to stand trial as adults; and

(7) students who have suffered a condition, injury, or illness that requires substantial medical care and leaves the student:

(A) unable to attend school; and

(B) assigned to a medical or residential treatment facility.

SECTION 33. Section 39.262(a), Education Code, is amended

to read as follows:

(a) The governor may present a financial award to the schools or districts that the commissioner determines have demonstrated the highest levels of sustained success or the greatest improvement in achieving the education goals. For each student in average enrollment [~~daily attendance~~], each of those schools or districts is entitled to an amount set for the award for which the school or district is selected by the commissioner, subject to any limitation set by the commissioner on the total amount that may be awarded to a school or district.

SECTION 34. Section 42.168(a), Education Code, as added by Chapter 464 (S.B. 11), Acts of the 86th Legislature, Regular Session, 2019, is amended to read as follows:

(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 enrollment [~~daily attendance~~].

SECTION 35. Section 43.001(c), Education Code, is amended to read as follows:

(c) The term "scholastic population" in Subsection (b) or any other law governing the apportionment, distribution, and transfer of the available school fund means all students of school age [~~enrolled~~] in average enrollment [~~daily attendance~~] the preceding school year in the public elementary and high school grades of school districts within or under the jurisdiction of a county of this state.

SECTION 36. Section 44.004(c), Education Code, is amended

1 to read as follows:

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

7 (1) contain a statement in the following form:

8 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

9 "The (name of school district) will hold a public meeting at
10 (time, date, year) in (name of room, building, physical location,
11 city, state). The purpose of this meeting is to discuss the school
12 district's budget that will determine the tax rate that will be
13 adopted. Public participation in the discussion is invited." The
14 statement of the purpose of the meeting must be in bold type. In
15 reduced type, the notice must state: "The tax rate that is
16 ultimately adopted at this meeting or at a separate meeting at a
17 later date may not exceed the proposed rate shown below unless the
18 district publishes a revised notice containing the same information
19 and comparisons set out below and holds another public meeting to
20 discuss the revised notice.";

21 (2) contain a section entitled "Comparison of Proposed
22 Budget with Last Year's Budget," which must show the difference,
23 expressed as a percent increase or decrease, as applicable, in the
24 amounts budgeted for the preceding fiscal year and the amount
25 budgeted for the fiscal year that begins in the current tax year for
26 each of the following:

27 (A) maintenance and operations;

(B) debt service; and

(C) total expenditures;

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

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

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

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

(i) the school district's "Last Year's Rate";

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

(a) in the case of "Maintenance & Operations," is the tax rate that, when applied to the current taxable value for the district, as certified by the chief appraiser under Section 26.01, Tax Code, and as adjusted to reflect changes made by the chief appraiser as of the time the notice is prepared, would impose taxes in an amount that, when added to state funds to

1 be distributed to the district under Chapter 48, would provide the
2 same amount of maintenance and operations taxes and state funds
3 distributed under Chapter 48 per student in average enrollment
4 [~~daily attendance~~] for the applicable school year that was
5 available to the district in the preceding school year; and

6 (b) in the case of "Interest & Sinking
7 Fund," is the tax rate that, when applied to the current taxable
8 value for the district, as certified by the chief appraiser under
9 Section 26.01, Tax Code, and as adjusted to reflect changes made by
10 the chief appraiser as of the time the notice is prepared, and when
11 multiplied by the district's anticipated collection rate, would
12 impose taxes in an amount that, when added to state funds to be
13 distributed to the district under Chapter 46 and any excess taxes
14 collected to service the district's debt during the preceding tax
15 year but not used for that purpose during that year, would provide
16 the amount required to service the district's debt; and

17 (iii) the "Proposed Rate";

18 (B) contain fourth and fifth columns aligned with
19 the columns required by Paragraph (A) that show, for each row
20 required by Paragraph (A):

21 (i) the "Local Revenue per Student," which
22 is computed by multiplying the district's total taxable value of
23 property, as certified by the chief appraiser for the applicable
24 school year under Section 26.01, Tax Code, and as adjusted to
25 reflect changes made by the chief appraiser as of the time the
26 notice is prepared, by the total tax rate, and dividing the product
27 by the number of students in average enrollment [~~daily attendance~~]

1 in the district for the applicable school year; and

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

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

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

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

18 (i) "Average Market Value of Residences,"
19 determined using the same group of residences for each year;

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

27 (iii) "Last Year's Rate Versus Proposed

1 Rate per \$100 Value"; and

2 (iv) "Taxes Due on Average Residence,"
3 determined using the same group of residences for each year; and

4 (B) contain the following information: "Increase
5 (Decrease) in Taxes" expressed in dollars and cents, which is
6 computed by subtracting the "Taxes Due on Average Residence" for
7 the preceding tax year from the "Taxes Due on Average Residence" for
8 the current tax year;

9 (7) contain the following statement in bold print:
10 "Under state law, the dollar amount of school taxes imposed on the
11 residence of a person 65 years of age or older or of the surviving
12 spouse of such a person, if the surviving spouse was 55 years of age
13 or older when the person died, may not be increased above the amount
14 paid in the first year after the person turned 65, regardless of
15 changes in tax rate or property value.";

16 (8) contain the following statement in bold print:
17 "Notice of Voter-Approval Rate: The highest tax rate the district
18 can adopt before requiring voter approval at an election is (the
19 school district voter-approval rate determined under Section
20 [26.08](#), Tax Code). This election will be automatically held if the
21 district adopts a rate in excess of the voter-approval rate of (the
22 school district voter-approval rate)."; and

23 (9) contain a section entitled "Fund Balances," which
24 must include the estimated amount of interest and sinking fund
25 balances and the estimated amount of maintenance and operation or
26 general fund balances remaining at the end of the current fiscal
27 year that are not encumbered with or by corresponding debt

obligation, less estimated funds necessary for the operation of the district before the receipt of the first payment under Chapter 48 in the succeeding school year.

SECTION 37. Sections 45.0011(a), (d), and (e), Education Code, are amended to read as follows:

(a) This section applies only to an independent school district that, at the time of the issuance of obligations and execution of credit agreements under this section, has:

(1) at least 2,000 students in average enrollment ~~[daily attendance]~~; or

(2) a combined aggregate principal amount of at least \$50 million of outstanding bonds and voted but unissued bonds.

(d) A district may not issue bonds to which this section applies in an amount greater than the greater of:

(1) 25 percent of the sum of:

(A) the aggregate principal amount of all district debt payable from ad valorem taxes that is outstanding at the time the bonds are issued; and

(B) the aggregate principal amount of all bonds payable from ad valorem taxes that have been authorized but not issued;

(2) \$25 million, in a district that has at least 3,500 but not more than 15,000 students in average enrollment ~~[daily attendance]~~; or

(3) \$50 million, in a district that has more than 15,000 students in average enrollment ~~[daily attendance]~~.

(e) In this section, average enrollment ~~[daily attendance]~~

1 is determined in the manner provided by Section 48.005.

2 SECTION 38. Section 45.006(a), Education Code, is amended
3 to read as follows:

4 (a) This section applies only to a school district that:

5 (1) has an average enrollment [~~daily attendance~~] of
6 less than 10,000; and

7 (2) is located in whole or part in a municipality with
8 a population of less than 25,000 that is located in a county with a
9 population of 200,000 or more bordering another county with a
10 population of 2.8 million or more.

11 SECTION 39. Section 45.105(d), Education Code, is amended
12 to read as follows:

13 (d) An independent school district that has in its limits a
14 municipality with a population of 150,000 or more or that contains
15 at least 170 square miles, has \$850 million or more assessed value
16 of taxable property on the most recent approved tax roll and has a
17 growth in average enrollment [~~daily attendance~~] of 11 percent or
18 more for each of the preceding five years as determined by the
19 agency may, in buying school sites or additions to school sites and
20 in building school buildings, issue and deliver negotiable or
21 nonnegotiable notes representing all or part of the cost to the
22 school district of the land or building. The district may secure
23 the notes by a vendor's lien or deed of trust lien against the land
24 or building. By resolution or order of the governing body made at
25 or before the delivery of the notes, the district may set aside and
26 appropriate as a trust fund, and the sole and only fund, for the
27 payment of the principal of and interest on the notes that part of

the local school funds, levied and collected by the school district in that year or subsequent years, as the governing body determines. The aggregate amount of local school funds set aside in or for any subsequent year for the retirement of the notes may not exceed, in any one subsequent year, 10 percent of the local school funds collected during that year. The district may issue the notes only if approved by majority vote of the qualified voters voting in an election conducted in the manner provided by Section 45.003 for approval of bonds.

SECTION 40. Section 46.003(a), Education Code, is amended to read as follows:

(a) For each year, except as provided by Sections 46.005 and 46.006, a school district is guaranteed a specified amount per student in state and local funds for each cent of tax effort, up to the maximum rate under Subsection (b), to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate, or improve an instructional facility. The amount of state support is determined by the formula:

$$FYA = (FYL \times \underline{AE} [\text{ADA}] \times BTR \times 100) - (BTR \times (DPV/100))$$

where:

"FYA" is the guaranteed facilities yield amount of state funds allocated to the district for the year;

"FYL" is the dollar amount guaranteed level of state and local funds per student per cent of tax effort, which is \$35 or a greater amount for any year provided by appropriation;

"AE" [~~"ADA"~~] is the greater of the number of students in average enrollment [~~daily attendance~~], as determined under Section

1 48.005, in the district or 400;

2 "BTR" is the district's bond tax rate for the current year,
3 which is determined by dividing the amount budgeted by the district
4 for payment of eligible bonds by the quotient of the district's
5 taxable value of property as determined under Subchapter M, Chapter
6 403, Government Code, or, if applicable, Section 48.258, divided by
7 100; and

8 "DPV" is the district's taxable value of property as
9 determined under Subchapter M, Chapter 403, Government Code, or, if
10 applicable, Section 48.258.

11 SECTION 41. Section 46.005, Education Code, is amended to
12 read as follows:

13 Sec. 46.005. LIMITATION ON GUARANTEED AMOUNT. The
14 guaranteed amount of state and local funds for a new project that a
15 district may be awarded in any state fiscal biennium under Section
16 46.003 for a school district may not exceed the lesser of:

17 (1) the amount the actual debt service payments the
18 district makes in the biennium in which the bonds are issued; or

19 (2) the greater of:

20 (A) \$100,000; or

21 (B) the product of the number of students in
22 average enrollment [~~daily attendance~~] in the district multiplied by
23 \$250.

24 SECTION 42. Section 46.006(g), Education Code, is amended
25 to read as follows:

26 (g) In this section, "wealth per student" means a school
27 district's taxable value of property as determined under Subchapter

M, Chapter 403, Government Code, or, if applicable, Section 48.258, divided by the district's average enrollment [~~daily attendance~~] as determined under Section 48.005.

SECTION 43. Section 46.032(a), Education Code, is amended to read as follows:

(a) Each school district is guaranteed a specified amount per student in state and local funds for each cent of tax effort to pay the principal of and interest on eligible bonds. The amount of state support, subject only to the maximum amount under Section 46.034, is determined by the formula:

$$EDA = (EDGL \times \underline{AE} \text{ } [\underline{ADA}] \times EDTR \times 100) - (EDTR \times (DPV/100))$$

where:

"EDA" is the amount of state funds to be allocated to the district for assistance with existing debt;

"EDGL" is the dollar amount guaranteed level of state and local funds per student per cent of tax effort, which is the lesser of:

(1) \$40 or a greater amount for any year provided by appropriation; or

(2) the amount that would result in a total additional amount of state funds under this subchapter for the current year equal to \$60 million in excess of the state funds to which school districts would have been entitled under this section if the guaranteed level amount were \$35;

"AE" [~~"ADA"~~] is the number of students in average enrollment [~~daily attendance~~], as determined under Section 48.005, in the district;

"EDTR" is the existing debt tax rate of the district, which is determined by dividing the amount budgeted by the district for payment of eligible bonds by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258, divided by 100; and

"DPV" is the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258.

SECTION 44. Sections 48.0051(a) and (b), Education Code, are amended to read as follows:

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

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

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

(b) For a school district or open-enrollment charter school described by Subsection (a), the commissioner shall increase the average enrollment [~~daily attendance~~] of the district or school under Section 48.005 by the amount equal to one-sixth [~~that results from the quotient~~] of the enrollment [~~sum of attendance~~] by

students described by Subsection (a)(2) in ~~[for each of]~~ the 30 additional instructional days of half-day instruction ~~[that are provided divided by 180]~~.

SECTION 45. Section 48.006, Education Code, is amended to read as follows:

Sec. 48.006. AVERAGE ENROLLMENT ~~[DAILY ATTENDANCE]~~ FOR DISTRICTS IN DISASTER AREA. (a) The commissioner may adjust the average enrollment ~~[daily attendance]~~ of a school district all or part of which is located in an area declared a disaster area by the governor under Chapter 418, Government Code, if the district experiences a decline in average enrollment ~~[daily attendance]~~ that is reasonably attributable to the impact of the disaster.

(b) The adjustment must be sufficient to ensure that the district receives funding comparable to the funding that the district would have received if the decline in average enrollment ~~[daily attendance]~~ reasonably attributable to the impact of the disaster had not occurred.

(c) The commissioner may make the adjustment under this section for the two-year period following the date of the governor's initial proclamation or executive order declaring the state of disaster.

(d) Section 48.005(b)(2) does not apply to a district that receives an adjustment under this section.

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

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

SECTION 46. Sections 48.010(a) and (b), Education Code, are amended to read as follows:

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

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

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

(2) for a district required to reduce its local revenue level under Section 48.257, base the determinations on the district's net funding levels after deducting any amounts required to be expended by the district to comply with Chapter 49; and

(3) determine a district's weighted average enrollment [~~daily attendance~~] in accordance with this chapter as it existed on January 1, 2011.

SECTION 47. Sections 48.051(a) and (c), Education Code, are

1 amended to read as follows:

2 (a) For each student in average enrollment [~~daily~~
3 ~~attendance~~], not including the time students spend each day in
4 special education programs in an instructional arrangement other
5 than mainstream or career and technology education programs, for
6 which an additional allotment is made under Subchapter C, a
7 district is entitled to an allotment equal to the lesser of \$6,160
8 or the amount that results from the following formula:

$$9 \quad A = \$6,160 \times TR/MCR$$

10 where:

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

12 "TR" is the district's tier one maintenance and operations
13 tax rate, as provided by Section 45.0032; and

14 "MCR" is the district's maximum compressed tax rate, as
15 determined under Section 48.2551.

16 (c) During any school year for which the maximum amount of
17 the basic allotment provided under Subsection (a) or (b) is greater
18 than the maximum amount provided for the preceding school year, a
19 school district must use at least 30 percent of the amount, if the
20 amount is greater than zero, that equals the product of the average
21 enrollment [~~daily attendance~~] of the district multiplied by the
22 amount of the difference between the district's funding under this
23 chapter per student in average enrollment [~~daily attendance~~] for
24 the current school year and the preceding school year to provide
25 compensation increases to full-time district employees other than
26 administrators as follows:

27 (1) 75 percent must be used to increase the

1 compensation paid to classroom teachers, full-time librarians,
 2 full-time school counselors certified under Subchapter B, Chapter
 3 21, and full-time school nurses, prioritizing differentiated
 4 compensation for classroom teachers with more than five years of
 5 experience; and

6 (2) 25 percent may be used as determined by the
 7 district to increase compensation paid to full-time district
 8 employees.

9 SECTION 48. Sections 48.052(a) and (c), Education Code, are
 10 amended to read as follows:

11 (a) Notwithstanding Section 48.051, a school district that
 12 has fewer than 130 students in average enrollment [~~daily~~
 13 ~~attendance~~] shall be provided a basic allotment on the basis of 130
 14 students in average enrollment [~~daily attendance~~] if it offers a
 15 kindergarten through grade 12 program and has preceding or current
 16 year's average enrollment [~~daily attendance~~] of at least 90
 17 students or is 30 miles or more by bus route from the nearest high
 18 school district. A district offering a kindergarten through grade 8
 19 program whose preceding or current year's average enrollment [~~daily~~
 20 ~~attendance~~] was at least 50 students or which is 30 miles or more by
 21 bus route from the nearest high school district shall be provided a
 22 basic allotment on the basis of 75 students in average enrollment
 23 [~~daily attendance~~]. An average enrollment [~~daily attendance~~] of 60
 24 students shall be the basis of providing the basic allotment if a
 25 district offers a kindergarten through grade 6 program and has
 26 preceding or current year's average enrollment [~~daily attendance~~]
 27 of at least 40 students or is 30 miles or more by bus route from the

nearest high school district.

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

SECTION 49. Section 48.101, Education Code, is amended to read as follows:

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

(1) "AA" is the district's annual allotment per student in average enrollment [~~daily attendance~~];

(2) "AE" [~~"ADA"~~] is the number of students in average enrollment [~~daily attendance~~] for which the district is entitled to an allotment under Section 48.051; and

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

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

$$AA = ((1,600 - \underline{AE} [\del{ADA}]) \times .0004) \times BA$$

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

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

$$(2) \text{ AA} = ((5,000 - \text{AE} [\text{ADA}]) \times .000025) \times \text{BA}.$$

(d) Instead of the allotment under Subsection (b) or (c)(1), a school district that has fewer than 300 students in average enrollment [~~daily attendance~~] and is the only school district located in and operating in a county is entitled to an annual allotment for each student in average enrollment [~~daily attendance~~] based on the following formula:

$$\text{AA} = ((1,600 - \text{AE} [\text{ADA}]) \times .00047) \times \text{BA}$$

SECTION 50. Sections 48.102(a) and (j), Education Code, are amended to read as follows:

(a) For each student in average enrollment [~~daily attendance~~] in a special education program under Subchapter A, Chapter 29, in a mainstream instructional arrangement, a school district is entitled to 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 1.15. For each full-time equivalent student in average enrollment [~~daily attendance~~] in a special education program under Subchapter A, Chapter 29, in an instructional

arrangement other than a mainstream instructional arrangement, a district is entitled to 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 a weight determined according to instructional arrangement as follows:

Homebound	5.0
Hospital class	3.0
Speech therapy	5.0
Resource room	3.0
Self-contained, mild and moderate, regular campus	3.0
Self-contained, severe, regular campus	3.0
Off home campus	2.7
Nonpublic day school	1.7
Vocational adjustment class	2.3

(j) A school district that provides an extended year program required by federal law for special education students who may regress is entitled to receive funds in an amount equal to 75 percent, or a lesser percentage determined by the commissioner, of 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 for each full-time equivalent student in average enrollment [~~daily attendance~~], multiplied by the amount designated for the student's instructional arrangement under this section[~~, for each day the program is provided divided by the number of days in the minimum school year~~]. The total amount of state

1 funding for extended year services under this section may not
2 exceed \$10 million per year. A school district may use funds
3 received under this section only in providing an extended year
4 program.

5 SECTION 51. Section 48.105(a), Education Code, is amended
6 to read as follows:

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

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

13 (A) 0.1; or

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

17 (2) for a student not described by Subdivision (1),
18 0.05 if the student is in a bilingual education program using a dual
19 language immersion/two-way program model.

20 SECTION 52. Section 48.106(a), Education Code, is amended
21 to read as follows:

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

25 (1) an annual allotment equal to the basic allotment
26 multiplied by a weight of 1.35; and

27 (2) \$50 for each of the following in which the student

1 is enrolled:

2 (A) two or more advanced career and technology
3 education classes for a total of three or more credits;

4 (B) a campus designated as a P-TECH school under
5 Section 29.556; or

6 (C) a campus that is a member of the New Tech
7 Network and that focuses on project-based learning and work-based
8 education.

9 SECTION 53. Section 48.107(a), Education Code, is amended
10 to read as follows:

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

18 SECTION 54. Section 48.108(a), Education Code, is amended
19 to read as follows:

20 (a) For each student in average enrollment [~~daily~~
21 ~~attendance~~] in kindergarten through third grade, a school district
22 is entitled to an annual allotment equal to the basic allotment
23 multiplied by 0.1 if the student is:

24 (1) educationally disadvantaged; or

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

SECTION 55. Section 48.111, Education Code, is amended to read as follows:

Sec. 48.111. FAST GROWTH ALLOTMENT. 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 0.04 for each student in average enrollment [~~daily attendance~~].

SECTION 56. Sections 48.152(d) and (e), Education Code, are amended to read as follows:

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

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

SECTION 57. Section 48.153, Education Code, is amended to read as follows:

Sec. 48.153. DROPOUT RECOVERY SCHOOL AND RESIDENTIAL

1 PLACEMENT FACILITY ALLOTMENT. A school district or open-enrollment
2 charter school is entitled to \$275 for each student in average
3 enrollment [~~daily attendance~~] who:

- 4 (1) resides in a residential placement facility; or
5 (2) is at a district or school or a campus of the
6 district or school that is designated as a dropout recovery school
7 under Section 39.0548.

8 SECTION 58. Section 48.202(a), Education Code, is amended
9 to read as follows:

10 (a) Each school district is guaranteed a specified amount
11 per weighted student in state and local funds for each cent of tax
12 effort over that required for the district's local fund assignment
13 up to the maximum level specified in this subchapter. The amount of
14 state support, subject only to the maximum amount under Section
15 48.203, is determined by the formula:

16
$$\text{GYA} = (\text{GL} \times \text{WAE} [\text{WADA}] \times \text{DTR} \times 100) - \text{LR}$$

17 where:

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

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

24 "WAE" [~~"WADA"~~] is the number of students in weighted average
25 enrollment [~~daily attendance~~], which is calculated by dividing the
26 sum of the school district's allotments under Subchapters B and C by
27 the basic allotment for the applicable year;

1 "DTR" is the district enrichment tax rate of the school
2 district, which is determined by subtracting the amounts specified
3 by Subsection (b) from the total amount of maintenance and
4 operations taxes collected by the school district for the
5 applicable school year and dividing the difference by the quotient
6 of the district's taxable value of property as determined under
7 Subchapter M, Chapter 403, Government Code, or, if applicable,
8 under Section 48.258 or by the quotient of the value of "DPV" as
9 determined under Section 48.256(d) if that subsection applies to
10 the district, divided by 100; and

11 "LR" is the local revenue, which is determined by multiplying
12 "DTR" by the quotient of the district's taxable value of property as
13 determined under Subchapter M, Chapter 403, Government Code, or, if
14 applicable, under Section 48.258 or by the quotient of the value of
15 "DPV" as determined under Section 48.256(d) if that subsection
16 applies to the district, divided by 100.

17 SECTION 59. Section 48.252(b), Education Code, is amended
18 to read as follows:

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

- 25 (1) the amount described by Section 12.106; and
26 (2) the amount to which the district would be entitled
27 under this chapter.

SECTION 60. Section 48.273(a)(4), Education Code, is amended to read as follows:

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

SECTION 61. Section 48.277(a), Education Code, is amended to read as follows:

(a) A school district or open-enrollment charter school is entitled to receive an annual allotment for each student in average enrollment ~~[daily attendance]~~ in the amount equal to the difference, if the difference is greater than zero, that results from subtracting the total maintenance and operations revenue per student in average enrollment ~~[daily attendance]~~ for the current school year from the lesser of:

(1) 103 percent of the district's or school's total maintenance and operations revenue per student in average enrollment ~~[daily attendance]~~ for the 2019-2020 school year that the district or school would have received under former Chapters 41 and 42, as those chapters existed on January 1, 2019; or

(2) 128 percent of the statewide average amount of maintenance and operations revenue per student in average enrollment ~~[daily attendance]~~ that would have been provided for the 2019-2020 school year under former Chapters 41 and 42, as those chapters existed on January 1, 2019.

SECTION 62. Section 49.001(2), Education Code, is amended to read as follows:

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

SECTION 63. Section 49.002, Education Code, is amended to read as follows:

Sec. 49.002. OPTIONS TO REDUCE LOCAL REVENUE LEVEL. A district with a local revenue level in excess of entitlement may take any combination of the following actions to reduce the district's revenue level:

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

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

(3) purchase of average enrollment [~~daily attendance~~] credit as provided by Subchapter D;

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

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

SECTION 64. Section 49.003, Education Code, is amended to read as follows:

Sec. 49.003. INCLUSION OF ATTENDANCE CREDIT AND NONRESIDENTS IN WEIGHTED AVERAGE ENROLLMENT [~~DAILY ATTENDANCE~~]. In determining whether a school district has a local revenue level in excess of entitlement, the commissioner shall use:

(1) the district's final weighted average enrollment [~~daily attendance~~]; and

(2) the amount of attendance credit a district

purchases under Subchapter D or the number of nonresident students a district educates under Subchapter E for a school year.

SECTION 65. Section 49.158(a), Education Code, is amended to read as follows:

(a) Sections 49.154 and 49.157 apply only to a district that:

(1) executes an agreement to purchase attendance credit necessary to reduce the district's local revenue level to the level established under Section 48.257;

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

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

(A) to an extent that does not provide more than 10 percent of the reduction in local revenue required for the district to achieve a local revenue level that is equal to or less than the level established under Section 48.257; and

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

SECTION 66. Section 49.201, Education Code, is amended to

1 read as follows:

2 Sec. 49.201. AGREEMENT. The board of trustees of a
3 district with a local revenue level in excess of entitlement may
4 execute an agreement to educate the students of another district in
5 a number that, when the weighted average enrollment [~~daily~~
6 ~~attendance~~] of the students served is added to the weighted average
7 enrollment [~~daily—attendance~~] of the contracting district, is
8 sufficient, in combination with any other actions taken under this
9 chapter, to reduce the district's local revenue level to a level
10 that is equal to or less than the level established under Section
11 48.257. The agreement is not effective unless the commissioner
12 certifies that the transfer of weighted average enrollment [~~daily~~
13 ~~attendance~~] will not result in any of the contracting districts'
14 local revenue level being greater than the level established under
15 Section 48.257 and that the agreement requires an expenditure per
16 student in weighted average enrollment [~~daily—attendance~~] that is
17 at least equal to the amount per student in weighted average
18 enrollment [~~daily—attendance~~] required under Section 49.153.

19 SECTION 67. Section 49.203, Education Code, is amended to
20 read as follows:

21 Sec. 49.203. WEIGHTED AVERAGE ENROLLMENT [~~WADA~~] COUNT. For
22 purposes of Chapter 48, students served under an agreement under
23 this subchapter are counted only in the weighted average enrollment
24 [~~daily—attendance~~] of the district providing the services, except
25 that students served under an agreement authorized by Section
26 49.205 are counted in a manner determined by the commissioner.

27 SECTION 68. Section 49.257(b), Education Code, is amended

1 to read as follows:

2 (b) Each component district shall bear a share of the costs
3 of assessing and collecting taxes in proportion to the component
4 district's share of weighted average enrollment [~~daily attendance~~]
5 in the consolidated taxing district.

6 SECTION 69. Section 49.258, Education Code, is amended to
7 read as follows:

8 Sec. 49.258. REVENUE DISTRIBUTION. The consolidated taxing
9 district shall distribute maintenance tax revenue to the component
10 districts on the basis of the number of students in weighted average
11 enrollment [~~daily attendance~~] in the component districts.

12 SECTION 70. Sections 49.305(c) and (d), Education Code, are
13 amended to read as follows:

14 (c) If the detachment of whole parcels or items of property
15 as provided by Subsection (a) would result in a district's local
16 revenue level that is less than the level established under Section
17 48.257 by more than the product of \$10,000 multiplied by weighted
18 average enrollment [~~daily attendance~~], the commissioner may not
19 detach the last parcel or item of property and shall detach the next
20 one or more parcels or items of property in descending order of
21 taxable value that would result in the school district having a
22 local revenue level that is equal to or less than the level
23 established under Section 48.257 by not more than the product of
24 \$10,000 multiplied by weighted average enrollment [~~daily~~
25 ~~attendance~~].

26 (d) Notwithstanding Subsections (a), (b), and (c), the
27 commissioner may detach only a portion of a parcel or item of

1 property if:

2 (1) it is not possible under this subchapter to reduce
3 the district's local revenue level to a level that is equal to or
4 less than the level established under Section 48.257 unless some or
5 all of the parcel or item of property is detached and the detachment
6 of the whole parcel or item would result in the district from which
7 it is detached having a local revenue level that is less than the
8 level established under Section 48.257 by more than the product of
9 \$10,000 multiplied by weighted average enrollment [~~daily~~
10 ~~attendance~~]; or

11 (2) the commissioner determines that a partial
12 detachment of that parcel or item of property is preferable to the
13 detachment of one or more other parcels or items having a lower
14 taxable value in order to minimize the number of parcels or items of
15 property to be detached consistent with the purposes of this
16 chapter.

17 SECTION 71. Section 49.306(i), Education Code, is amended
18 to read as follows:

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

22 (1) the annexation of the whole parcel or item would
23 result in the district eligible to receive it in the appropriate
24 priority order provided by this section having a local revenue
25 level greater than the amount by which the product of \$10,000
26 multiplied by weighted average enrollment [~~daily attendance~~]
27 exceeds the taxable value of property necessary to generate

1 maintenance and operations tax revenue in the amount equal to the
2 district's entitlement under Section 48.202(a-1)(2); or

3 (2) the commissioner determines that annexation of
4 portions of the parcel or item would reduce disparities in district
5 taxable values of property necessary to generate maintenance and
6 operations tax revenue in the amount equal to a district's
7 entitlement under Section 48.202(a-1)(2) more efficiently than
8 would be possible if the parcel or item were annexed as a whole.

9 SECTION 72. Section 49.311, Education Code, is amended to
10 read as follows:

11 Sec. 49.311. STUDENT ATTENDANCE. A student who is a
12 resident of real property detached from a school district may
13 choose to attend school in that district or in the district to which
14 the property is annexed. For purposes of determining average
15 enrollment [~~daily attendance~~] under Section 48.005, the student
16 shall be counted in the district to which the property is annexed.
17 If the student chooses to attend school in the district from which
18 the property is detached, the state shall withhold any foundation
19 school funds from the district to which the property is annexed and
20 shall allocate to the district in which the student is attending
21 school those funds and the amount of funds equal to the difference
22 between the state funds the district is receiving for the student
23 and the district's cost in educating the student.

24 SECTION 73. Section 49.354(e), Education Code, is amended
25 to read as follows:

26 (e) A restored district's proportionate share of fund
27 balances, personal property, or indebtedness is equal to the

1 proportion that the number of students in average enrollment [~~daily~~
2 ~~attendance~~] in the restored district bears to the number of
3 students in average enrollment [~~daily attendance~~] in the
4 consolidated district.

5 SECTION 74. Section 403.104(d), Government Code, is amended
6 to read as follows:

7 (d) The proportionate share of an independent school
8 district is determined by multiplying the total amount of the
9 payment available for distribution to school districts by the ratio
10 that the average number of [~~daily attendance for~~] students who
11 reside in the county and are enrolled in [~~who attend~~] that school
12 district bears to the average number of [~~daily attendance for~~] all
13 students who reside in the county and are enrolled in [~~who attend~~]
14 any independent school district. However, if there are fewer than
15 10 independent school districts located in whole or part in the
16 county and if an independent school district would receive under
17 this formula less than 10 percent of the total payment available for
18 distribution to independent school districts, the school
19 district's share shall be increased to 10 percent of the total
20 payment and the shares of the school districts that would receive
21 more than 10 percent under the formula shall be reduced
22 proportionately, but not to an amount less than 10 percent of the
23 total payment. [~~Each independent school district shall develop a~~
24 ~~reasonable method for determining the average daily attendance for~~
25 ~~students who reside in the county and who attend the school~~
26 ~~district.~~]

27 SECTION 75. Section 1371.001(4), Government Code, is

1 amended to read as follows:

2 (4) "Issuer" means:

3 (A) a home-rule municipality that:

4 (i) adopted its charter under Section 5,
5 Article XI, Texas Constitution;

6 (ii) has a population of 50,000 or more; and

7 (iii) has outstanding long-term
8 indebtedness that is rated by a nationally recognized rating agency
9 for municipal securities in one of the four highest rating
10 categories for a long-term obligation;

11 (B) a conservation and reclamation district
12 created and organized as a river authority under Section 52,
13 Article III, or Section 59, Article XVI, Texas Constitution;

14 (C) a joint powers agency organized and operating
15 under Chapter 163, Utilities Code;

16 (D) a metropolitan rapid transit authority,
17 regional transportation authority, or coordinated county
18 transportation authority created, organized, or operating under
19 Chapter 451, 452, or 460, Transportation Code;

20 (E) a conservation and reclamation district
21 organized or operating as a navigation district under Section 52,
22 Article III, or Section 59, Article XVI, Texas Constitution;

23 (F) a district organized or operating under
24 Section 59, Article XVI, Texas Constitution, that has all or part of
25 two or more municipalities within its boundaries;

26 (G) a state agency, including a state institution
27 of higher education;

(H) a hospital authority created or operating under Chapter 262 or 264, Health and Safety Code, in a county that:

(i) has a population of more than 3.3 million; or

(ii) is included, in whole or in part, in a standard metropolitan statistical area of this state that includes a county with a population of more than 2.2 million;

(I) a hospital district in a county that has a population of more than two million;

(J) a nonprofit corporation organized to exercise the powers of a higher education loan authority under Section 53B.47(e), Education Code;

(K) a county:

(i) that has a population of 3.3 million or more; or

(ii) that, on the date of issuance of obligations under this chapter, has authorized, outstanding, or any combination of authorized and outstanding, indebtedness of at least \$100 million secured by and payable from the county's ad valorem taxes and the authorized long-term indebtedness of which is rated by a nationally recognized rating agency of securities issued by local governments in one of the four highest rating categories for a long-term obligation;

(L) an independent school district that has an average enrollment [~~daily attendance~~] of 50,000 or more as determined under Section 48.005, Education Code;

(M) a municipality or county operating under

1 Chapter 334, Local Government Code;

2 (N) a district created under Chapter 335, Local
3 Government Code;

4 (O) a junior college district that has a total
5 headcount enrollment of 40,000 or more based on enrollment in the
6 most recent regular semester; or

7 (P) an issuer, as defined by Section 1201.002,
8 that has:

9 (i) a principal amount of at least \$100
10 million in outstanding long-term indebtedness, in long-term
11 indebtedness proposed to be issued, or in a combination of
12 outstanding or proposed long-term indebtedness; and

13 (ii) some amount of long-term indebtedness
14 outstanding or proposed to be issued that is rated in one of the
15 four highest rating categories for long-term debt instruments by a
16 nationally recognized rating agency for municipal securities,
17 without regard to the effect of any credit agreement or other form
18 of credit enhancement entered into in connection with the
19 obligation.

20 SECTION 76. Section 1431.001(3), Government Code, is
21 amended to read as follows:

22 (3) "Eligible school district" means an independent
23 school district that has an average enrollment [~~daily attendance~~]
24 of 190,000 or more as determined under Section 48.005, Education
25 Code.

26 SECTION 77. Section 325.011(a), Local Government Code, is
27 amended to read as follows:

(a) The district is governed by a board of directors composed of five members, with two directors appointed by the commissioners court of the county, two directors appointed by the governing body of the municipality having the largest population in the county, and one director appointed by the governing body of the school district with the largest number of students in average enrollment [~~daily attendance~~] in the county. The board shall manage the district and administer this chapter.

SECTION 78. Section 313.027(i), Tax Code, is amended to read as follows:

(i) A person and the school district may not enter into an agreement under which the person agrees to provide supplemental payments to a school district or any other entity on behalf of a school district in an amount that exceeds an amount equal to the greater of \$100 per student per year in average enrollment [~~daily attendance~~], as defined by Section 48.005, Education Code, or \$50,000 per year, or for a period that exceeds the period beginning with the period described by Section 313.021(4) and ending December 31 of the third tax year after the date the person's eligibility for a limitation under this chapter expires. This limit does not apply to amounts described by Subsection (f)(1) or (2).

SECTION 79. Section 1, Article 2688d, Vernon's Texas Civil Statutes, is amended to read as follows:

Section 1. In all counties of the State where, according to the preceding annual statistical report of the schools said county has not more than four (4) school districts, with one (1) of such districts comprising more than half of the county and having more

1 than two thousand (2,000) pupils in average enrollment [~~daily~~
 2 ~~attendance~~] in the one (1) district alone, and such district having
 3 an assessed valuation of more than Twenty Million Dollars
 4 (\$20,000,000) and where there is only one (1) common school
 5 district in such county with an average enrollment [~~daily~~
 6 ~~attendance~~] of less than sixteen (16), the office of county
 7 superintendent is hereby abolished, to be effective at the end of
 8 the term of the incumbent county superintendent, as is now provided
 9 by law.

10 SECTION 80. The following provisions of the Education Code
 11 are repealed:

- 12 (1) Section 29.0822(d-1); and
- 13 (2) Section 48.007.

14 SECTION 81. This Act takes effect September 1, 2021.