

BILL ANALYSIS

Senate Research Center

H.B. 100
By: King, Ken et al. (Creighton)
Education
5/21/2023
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 100 increases public education funding, including through enrollment-based funding under the foundation school program and increasing and restructuring the minimum salary schedule for specified employees. The bill also provides for an increase to the basic allotment, the establishment of a rural pathway excellence partnership program, the establishment of a fine arts allotment, and the incorporation of recommendations from the special education finance commission to revise the funding mechanism relating to students receiving special education services.

H.B. 100 amends current law relating to the compensation of public school educators and to the operation of public schools and the public school finance system, including enrollment-based funding for certain allotments under the Foundation School Program.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the commissioner of education is modified in SECTION 1.09 (Section 21.402, Education Code), SECTION 1.11 (Sections 21.403, Education Code), SECTION 2.05 (Sections 29.022, Education Code), and SECTION 2.13 (Section 48.102, Education Code) of this bill.

Rulemaking authority is expressly granted to the commissioner of education in SECTION 1.17 (Section 29.912, Education Code), SECTION 1.25 (Section 48.0055, Education Code), SECTION 1.35 (Section 48.160, Education Code), SECTION 2.13 (Section 48.102, Education Code), and SECTION 2.14 (Section 48.1021, Education Code) of this bill.

Rulemaking authority previously granted to the commissioner of education is rescinded in SECTION 2.13 (Section 48.102, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. CHANGES EFFECTIVE FOR 2023-2024 SCHOOL YEAR

SECTION 1.01. Amends Section 7.062(a), Education Code, to redefine "wealth per student."

SECTION 1.02. Reenacts Section 12.104(b), Education Code, as amended by Chapters 542 (S.B. 168), 887 (S.B. 1697), 915 (H.B. 3607), 974 (S.B. 2081), and 1046 (S.B. 1365), Acts of the 87th Legislature, Regular Session, 2021, and amends it, as follows:

(b) Provides that an open-enrollment charter school is subject to:

(1)-(2) makes no changes to these subdivisions; and

(3) a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A)-(W) makes no changes to these paragraphs;

(X)-(Y) makes nonsubstantive changes to these paragraphs; and

(Z) establishing a local school health advisory council in which members are appointed by the governing body of the school and health education instruction complies with Section 28.004 (Local School Health Advisory Council and Health Education Instruction).

SECTION 1.03. Amends Section 12.106(a-2), Education Code, as follows:

(a-2) Provides that in addition to the funding provided by a certain statute, a charter holder is entitled to receive for the open-enrollment charter school an allotment per student in average daily attendance in an amount equal to the difference between:

- (1) makes no changes to this subdivision; and
- (2) \$600, rather than \$125.

SECTION 1.04. Amends Section 13.051(c), Education Code, as follows:

(c) Authorizes territory that does not have residents to 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 Section 48.013, rather than Subchapter M (Study of School District Property Values), Chapter 403, Government Code; and
 - (B) makes no changes to this paragraph; and
- (2) makes no changes to this subdivision.

SECTION 1.05. Amends Section 13.054, Education Code, by amending Subsection (f) and adding Subsections (i-1), (i-2), (i-3), (i-4), and (i-5), as follows:

(f) Requires the commissioner of education (commissioner) to provide the funding under this subsection from funds appropriated for purposes of the Foundation School Program. Provides that a determination by the commissioner under this subsection is final and is prohibited from being appealed.

(i-1) Provides that, notwithstanding any other law, a school district is entitled to funding under Subsection (f) for an annexation that occurs on or after June 1, 2013.

(i-2) Requires the commissioner, for each school district entitled to funding under Subsection (f) as provided by Subsection (i-1) that, as of September 1, 2023, has not received the full amount of funding to which the district would have been entitled under Subsection (f) if Subsection (i-1) had been in effect since June 1, 2013, to:

- (1) determine the difference between:
 - (A) the amount of funding to which the district would have been entitled under Subsection (f) if Subsection (i-1) had been in effect since June 1, 2013; and
 - (B) the amount of funding the district has received under Subsection (f); and
- (2) provide the amount determined under Subdivision (1) to the district in the form of:

(A) a lump sum; or

(B) equal annual installments over a period not to exceed three years.

(i-3) Authorizes the commissioner, in addition to the funding provided to a school district under Subsection (i-2), to allocate money to the district from funds appropriated for purposes of the Foundation School Program to pay for facilities improvements the commissioner determines necessary as a result of the annexation.

(i-4) Requires each school district that receives funding under Subsection (f) as provided by Subsection (i-2) or under Subsection (i-3) for any year to submit to the commissioner in the form and manner provided by commissioner rule a report on the district's use of the funding for that year.

(i-5) Provides that this subsection and Subsections (i-2), (i-3), and (i-4) expire September 1, 2027.

SECTION 1.06. Amends Section 19.009(d-2), Education Code, to make nonsubstantive changes.

SECTION 1.07. (a) Provides that this section takes effect only if H.B. 11, 88th Legislature, Regular Session, 2023, or another Act of that legislature establishing a residency partnership program and authorizing the issuance of a residency educator certificate becomes law.

(b) Amends Section 21.402(a), Education Code, as follows:

(a) Requires a school district to pay each employee who is employed as a classroom teacher, full-time librarian, full-time school counselor certified under Subchapter B (Certification of Educators), or full-time school nurse not less than the highest annual minimum salary described by the following schedule applicable to the employee's certification, if any, and years of experience:

(1) for an employee with less than five years of experience who:

(A) holds no certification.....\$35,000;

(B) holds a teacher intern, teacher trainee, or probationary certificate issued under Subchapter B.....\$37,000;

(C) holds the base certificate required under Section 21.003(a) (relating to prohibiting a person from being employed as certain types of educators unless the persons hold an appropriate certificate or permit) for employment in the employee's position other than a certificate described by Paragraph (B)..... \$40,000;

(D) holds a designation under Section 21.3521 (Local Optional Teacher Designation System).....\$43,000;
or

(E) holds a residency educator certificate or has successfully completed a residency partnership program.....\$43,000;

(2) for an employee with at least five years of experience who holds:

(A) no certification.....\$45,000;

(B) a teacher intern, teacher trainee, or probationary certificate issued under Subchapter B.....\$47,000;

(C) the base certificate required under Section 21.003(a) for employment in the employee's position other than a certificate described by Paragraph (B).....\$50,000;
or

(D) a designation under Section 21.3521.....\$53,000;
or

(3) for an employee with at least 10 years of experience who holds:

(A) no certification\$55,000;

(B) a teacher intern, teacher trainee, or probationary certificate issued under Subchapter B.....\$57,000;

(C) the base certificate required under Section 21.003(a) for employment in the employee's position.....\$60,000;
or

(D) a designation under Section 21.3521.....\$63,000.

Deletes existing text requiring a school district, except as provided by certain subsections, to pay each classroom teacher, full-time librarian, full-time school counselor certified under Subchapter B, or full-time school nurse not less than the minimum monthly salary, based on the employee's level of experience in addition to other factors, as determined by commissioner rule, determined by a certain formula.

SECTION 1.08. (a) Provides that this section takes effect only if H.B. 11, 88th Legislature, Regular Session, 2023, or another Act of that legislature establishing a residency partnership program and authorizing the issuance of a residency educator certificate does not become law.

(b) Amends Section 21.402(a), Education Code, as follows:

(a) Requires a school district to pay each employee who is employed as a classroom teacher, full-time librarian, full-time school counselor certified under Subchapter B, or full-time school nurse not less than the highest annual minimum salary described by the following schedule applicable to the employee's certification, if any, and years of experience:

(1) for an employee with less than five years of experience who holds:

(A) no certification.....\$35,000;

(B) a teacher intern, teacher trainee, or probationary certificate issued under Subchapter B.....\$37,000;

(C) the base certificate required under Section 21.003(a) for employment in the employee's position other than a certificate described by Paragraph (B)\$40,000;
or

(D) a designation under Section 21.3521.....\$43,000;

(2) for an employee with at least five years of experience who holds:

(A) no certification.....\$45,000;

(B) a teacher intern, teacher trainee, or probationary certificate issued under Subchapter B.....\$47,000;

(C) the base certificate required under Section 21.003(a) for employment in the employee's position other than a certificate described by Paragraph (B).....\$50,000;
or

(D) a designation under Section 21.3521.....\$53,000;
or

(3) for an employee with at least 10 years of experience who holds:

(A) no certification.....\$55,000;

(B) a teacher intern, teacher trainee, or probationary certificate issued under Subchapter B.....\$57,000;

(C) the base certificate required under Section 21.003(a) for employment in the employee's position.....\$60,000;
or

(D) a designation under Section 21.3521.....\$63,000.

Deletes existing text requiring a school district, except as provided by certain subsections, to pay each classroom teacher, full-time librarian, full-time school counselor certified under Subchapter B, or full-time school nurse not less than the minimum monthly salary, based on the employee's level of experience in addition to other factors, as determined by commissioner rule, determined by a certain formula.

SECTION 1.09. Amends Section 21.402, Education Code, by adding Subsections (a-1), (i), (j), (k), and (l) and amending Subsection (g), as follows:

(a-1) Provides that for purposes of Subsection (a) (relating to requiring a school district to pay certain staff members certain minimum monthly salaries), a full-time school nurse is considered to hold the base certificate required under Section 21.003(a) for employment as a school nurse, regardless of the other certifications held by the nurse.

(g) Deletes existing text authorizing the commissioner to adopt rules that specify the credentials a person must hold to be considered a speech pathologist under Section 21.402 (Minimum Salary Schedule for Certain Professional Staff).

(i) Requires a school district to use at least 50 percent of the difference between what the district would have paid under Section 825.405 (Contributions Based on Compensation Above Statutory Minimum), Government Code, based on the salaries paid under this section as it existed on January 1, 2023, and what the district pays under Section 825.405, Government Code, based on the salaries paid under this section as it exists after September 1, 2023, to increase the average total compensation per district employee employed as a classroom teacher, full-time librarian, full-time school counselor certified under Subchapter B, or full-time school nurse. Prohibits a district, in calculating average total compensation per district employee under this subsection, from including compensation paid to a classroom teacher, full-time librarian, full-time school counselor certified under Subchapter B, or full-time school nurse in a position added by the school district for the current school year that increases the ratio of those employees to enrolled students over the ratio of those employees to enrolled students for the preceding year.

(j) Provides that a school district that increases employee compensation in the 2023-2024 school year to comply with Subsection (a), as amended by H.B. 100, Acts of the 88th Legislature, Regular Session, 2023, is providing compensation for services rendered independently of an existing employment contract applicable to that year and is not in violation of Section 53 (Payment of Extra Compensation or Unauthorized Claims

Prohibited), Article III (Legislative Department), Texas Constitution. Provides that a school district that does not meet the requirements of Subsection (a) in the 2023-2024 school year may satisfy the requirements of this section by providing an employee a one-time bonus payment during the 2024-2025 school year in an amount equal to the difference between the compensation earned by the employee during the 2023-2024 school year and the compensation the employee should have received during that school year if the district had complied with Subsection (a).

(k) Provides that, notwithstanding the minimum salary schedule under Subsection (a), a school district that increases the amount a classroom teacher, full-time librarian, full-time school counselor certified under Subchapter B, or full-time school nurse is compensated during the 2023-2024 school year by at least \$8,000 more than the amount the employee was compensated during the 2022-2023 school year complies with the requirements of this section for the 2023-2024 school year.

(l) Provides that Subsections (i), (j), and (k) and this subsection expire September 1, 2025.

SECTION 1.10. Amends the heading to Section 21.403, Education Code, to read as follows:

Sec. 21.403. DETERMINATION OF YEARS OF EXPERIENCE.

SECTION 1.11. Amends Sections 21.403(b) and (c), Education Code, as follows:

(b) Provides that for each year of work experience required for certification in a career or technological field, up to a maximum of two years, a certified career or technology education teacher is entitled to credit, rather than salary step credit, as if the work experience were teaching experience.

(c) Requires the commissioner to adopt rules for determining the experience for which a teacher, librarian, school counselor, or nurse is to be given credit for purposes of the minimum salary schedule under Section 21.402(a), rather than be given credit in placing the teacher, librarian, school counselor, or nurse on the minimum salary schedule.

SECTION 1.12. Amends Section 21.4552(d), Education Code, to make a conforming change.

SECTION 1.13. Amends Section 21.4553(d), Education Code, to make a conforming change.

SECTION 1.14. Amends Section 21.4555(f), Education Code, to make a conforming change.

SECTION 1.15. Amends Section 26.0081(c), Education Code, as follows:

(c) Requires that the explanation of the options and requirements for providing assistance to students who have learning difficulties or who need or may need special education state that a parent is entitled at any time to request an evaluation of the parent's child for special education services under Section 29.004 or for aids, accommodations, or services under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794) and include information regarding the use of video cameras in certain classrooms as provided by Section 29.022 (Video Surveillance of Special Education Settings).

SECTION 1.16. Amends Section 29.022, Education Code, by amending Subsections (d), (e), and (l) and adding Subsection (l-1), as follows:

(d) Requires that written notice of the placement of a video camera in a classroom or other special education setting required under this section be provided not later than the 10th instructional day after the first day the school or campus activates the video camera.

(e) Requires a school district or open-enrollment charter school, except as provided by a certain subsection, to retain video recorded from a video camera placed under this section for at least six months, rather than three months, after the date the video was recorded.

(l) Requires a school district or open-enrollment charter school policy relating to the placement, operation, or maintenance of video cameras under this section to:

(1)-(3) makes no changes to these subdivisions;

(4)-(5) makes nonsubstantive changes to these subdivisions;

(6) require that, not later than the seventh school business day after a parent requests the district or school to release a video recording for viewing under a certain statute, the district or school:

(A) release the recording for viewing; or

(B) if the district or school determines that the district or school is not required to release the recording under that subsection, provide a written response to the parent that states the reason the district or school is not required to release the recording and includes information regarding how the parent may appeal the action as described by Subdivision (1); and

(7) not later than the 10th day of the fall semester, require the district or school to provide written information detailing the policy regarding the placement, operation, or maintenance of any video cameras to the parent of a student who:

(A) receives special education services in one or more special education classrooms or other special education settings in which a majority of the students in regular attendance are provided special education and related services; or

(B) is assigned to one or more special education classrooms or other special education settings for at least 50 percent of the instructional day.

(l-1) Requires the commissioner to:

(1) develop and post on the Texas Education Agency's (TEA) Internet website a model form for school districts and open-enrollment charter schools to use to notify parents as required by Subsection (1)(7); and

(2) review and update the form, as necessary.

SECTION 1.17. Amends Subchapter Z, Chapter 29, Education Code, by adding Section 29.912, as follows:

Sec. 29.912. RURAL PATHWAY EXCELLENCE PARTNERSHIP (R-PEP) PROGRAM. (a) Defines "program."

(b) Requires the commissioner to establish and administer the Rural Pathway Excellence Partnership (R-PEP) program (program) to incentivize and support multidistrict, cross-sector, rural college and career pathway partnerships that expand opportunities for underserved students to succeed in school and life while promoting economic development in rural areas.

(c) Requires that the program enable an eligible school district that lacks an economy of scale, as determined by commissioner rule, to partner with at least one other school district to offer a broader array of robust college and career pathways. Requires each partnership to:

(1) offer college and career pathways that align with regional labor market projections for high-wage, high-demand careers; and

(2) be managed by a coordinating entity that:

(A) has or will have at the time students are served under the partnership the capacity to effectively coordinate the partnership;

(B) has entered into a performance agreement approved by the board of trustees of each partnering school district that confers to the coordinating entity the same authority with respect to the partnership as provided to an entity that contracts to operate a district campus under Section 11.174;

(C) is eligible to be awarded a charter under Section 12.101(a); and

(D) has on the entity's governing board as either voting or ex officio members representatives of each partnering school district and members of regional higher education and workforce organizations.

(d) Requires that the performance agreement described by Subsection (c)(2)(B):

(1) include ambitious and measurable performance goals and progress measures tied to current college, career, and military readiness outcomes and longitudinal postsecondary completion and employment-related outcomes;

(2) allocate responsibilities for accessing and managing progress and outcome information and annually publishing that information on the Internet website of each partnering district and the coordinating entity;

(3) authorize the coordinating entity to optimize the value of each college and career pathway offered through the partnership by:

(A) determining scheduling;

(B) adding or removing a pathway;

(C) hiring pathway-specific personnel;

(D) developing and exercising final approval of pathway budgets, which are required to include at least 80 percent of the state and local funding to which each partnering school district is entitled under Chapter 48 for students participating in the program, including an allotment under Section 48.106 or 48.118 and an outcome bonus under Section 48.110 or 48.118; and

(E) determining other matters critical to the efficacy of the pathways; and

(4) provide that any eligible student residing in a partnering school district may participate in a college or career pathway offered through the partnership.

(e) Provides that an employee of a coordinating entity that manages a partnership under the program is eligible for membership in and benefits from the Teacher Retirement System of Texas if the employee would be eligible for membership and benefits by holding the same position at a partnering school district.

(f) Provides that a student enrolled in a college or career pathway offered through a partnership under the program is not considered for accountability purposes

under Chapter 39 (Public School System Accountability) to have dropped out of high school or failed to complete the curriculum requirements for high school graduation until the sixth anniversary of the student's first day in high school.

(g) Requires a school district proposing to enter into a performance agreement under this section to notify the commissioner of the district's intent to enter into the agreement. Requires the commissioner to establish procedures for a district to notify the commissioner, including the period within which notification is required before the school year in which the proposed agreement would take effect, and to provide any additional information required by the commissioner. Requires the commissioner to notify the district whether the proposed agreement is approved or denied not later than the 60th day after the date the commissioner receives notification of the proposed agreement and all other information required by the commissioner. Provides that if the commissioner fails to notify the district that the proposed agreement has been approved or denied within the period prescribed by this subsection, the proposed agreement is considered approved.

(h) Requires the commissioner, from money appropriated for that purpose, to establish a grant program to assist in the planning and implementation of a partnership under the program. Authorizes the commissioner to award a grant only to a coordinating entity that has entered into a performance agreement approved under Subsection (g). Authorizes the commissioner to use not more than 15 percent of the money appropriated for the grant program to cover the cost of administering the grant program and to provide technical assistance and support to partnerships under the program.

(i) Requires the commissioner to adopt rules as necessary to implement this section, including rules establishing:

(1) requirements for a coordinating entity and a performance agreement with the entity;

(2) the period for which a partnership under the program may operate after commissioner approval before renewal of commissioner approval is required; and

(3) standards for renewal of commissioner approval for a partnership under the program.

(j) Provides that this section does not prohibit an agreement between a school district and another entity for the provision of services at a district campus.

(k) Authorizes the commissioner to accept gifts, grants, and donations from any source, including private and nonprofit organizations, for the program. Authorizes a private or nonprofit organization that contributes to the program to receive an award under Section 7.113 (Employers for Education Excellence Award).

SECTION 1.18. Amends Section 30.003, Education Code, by amending Subsections (b) and (f-1) and adding Subsection (b-1), as follows:

(b) Provides that 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 year, subject to Subsection (b-1), divided by the district's average daily attendance for the preceding year.

(b-1) Requires the commissioner, for purposes of Subsection (b), to reduce the dollar amount of maintenance and debt service taxes imposed by the district for a year by the amount, if any, by which the district is required to reduce the district's local revenue level under Section 48.257 (Local Revenue Level in Excess of Entitlement) for that year.

(f-1) Makes conforming and nonsubstantive changes to this subsection.

SECTION 1.19. Amends Section 30.102(b), Education Code, to make a conforming change.

SECTION 1.20. Amends Section 33.009(h), Education Code, to make a conforming change.

SECTION 1.21. Amends Section 46.003(a), Education Code, to make conforming changes.

SECTION 1.22. Amends Section 46.006(g), Education Code, to make a conforming change.

SECTION 1.23. Amends Section 46.032(a), Education Code, to make conforming changes.

SECTION 1.24. Amends Sections 48.0051(a), (b), and (d), Education Code, as follows:

(a) Requires the commissioner, rather than requires the commissioner subject to Subsection (a-1), to adjust the average 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 175 [180] days of instruction; and

(2) makes no changes to this subdivision.

(b) and (d) Makes conforming changes to these subsections.

SECTION 1.25. Amends Subchapter A, Chapter 48, Education Code, by adding Section 48.0055, as follows:

Sec. 48.0055. ENROLLMENT-BASED FUNDING. Requires the commissioner by rule to establish the method for determining average enrollment for purposes of funding provided based on average enrollment under Chapter 46 and this chapter.

SECTION 1.26. Amends Sections 48.011(a-1), (d), and (e), Education Code, as follows:

(a-1) Authorizes the commissioner to modify dates relating to the adoption of a school district's maintenance and operations tax rate and, if applicable, an election required for the district to adopt that rate as necessary to implement the changes to the Foundation School Program and requirements relating to school district tax rates made by the 88th Legislature, Regular Session, 2023, rather than the changes made by H.B. 3, 86th Legislature, Regular Session, 2019.

(d) Prohibits the commissioner, beginning with the 2026-2027 school year, rather than the 2021-2022 school year, from making an adjustment under certain subsections.

(e) Provides that this section expires September 1, 2027, rather than 2023.

SECTION 1.27. Amends Subchapter A, Chapter 48, Education Code, by adding Section 48.013, as follows:

Sec. 48.013. DETERMINATION OF TAXABLE VALUE OF PROPERTY. Requires TEA, for purposes of Chapter 46 and this chapter, to determine the taxable value of property of each school district using locally determined property values adjusted in accordance with Section 403.302(d), Government Code.

SECTION 1.28. Amends Section 48.051, Education Code, by amending Subsections (a) and (c) and adding Subsections (c-3), (c-4), and (c-5), as follows:

(a) Provides that for each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment equal to the amount that results from a certain formula, rather than the lesser of \$6,160 or the amount that results from a certain formula.

(c-3) Prohibits a school district, in calculating the average total compensation per full-time district employee under Subsection (c), a school district from considering compensation paid to a district employee employed in a position described by that subsection added by the district for the current school year that increases the ratio of those employees to students enrolled in the district compared to the preceding school year.

(c-4) Provides that if a school district increases employee compensation in a school year to comply with Subsection (c), as amended by H.B. 100, Acts of the 88th Legislature, Regular Session, 2023, the district is providing compensation for services rendered independently of an existing employment contract applicable to that year and is not a violation of Section 53, Article III, Texas Constitution.

(c-5) Authorizes a school district that does not meet the requirements of Subsection (c) during a school year to satisfy the requirements of this section by providing an employee a one-time bonus payment during the following school year in an amount equal to the difference between the compensation earned by the employee and the compensation the employee should have received during the school year if the district had complied with Subsection (c).

SECTION 1.29. Amends Section 48.101, Education Code, as follows:

Sec. 48.101. **SMALL AND MID-SIZED DISTRICT ALLOTMENT.** (a) Redefines "ADA."

(b) Provides that a school district that has fewer than 1,600 students in average daily attendance is entitled to an annual allotment for each student in average daily attendance based on a certain formula.

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

(d) Provides that, instead of the allotment under Subsection (b) or (c)(1), a school district that has fewer than 300 students in average 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 daily attendance based on a certain formula.

SECTION 1.30. Amends Subchapter C, Chapter 48, Education Code, by adding Section 48.1022, as follows:

Sec. 48.1022. **SPECIAL EDUCATION FULL INDIVIDUAL AND INITIAL EVALUATION.** Provides that for each student for whom a school district conducts a full individual and initial evaluation under Section 29.004 or 20 U.S.C. Section 1414(a)(1), the district is entitled to an allotment of \$500 or a greater amount provided by appropriation.

SECTION 1.31. Amends Section 48.111(a), Education Code, to delete existing text creating an exception under Subsection (c).

SECTION 1.32. Amends Section 48.115(b), Education Code, as follows:

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

(1) securing school facilities, including:

(A)-(B) makes no changes to these paragraphs; and

(C) the purchase and maintenance of:

(i) security cameras or other security equipment, including video surveillance as provided by Section 29.022; and

(ii) makes no change to this subparagraph; and

(2)-(4) makes no changes to these subdivisions.

SECTION 1.33. Amends Subchapter C, Chapter 48, Education Code, by adding Sections 48.116 and 48.118, as follows:

Sec. 48.116. FINE ARTS ALLOTMENT. (a) Provides that for each student in average daily attendance enrolled in a fine arts education course approved by the agency under Subsection (b) in grades 6 through 12, 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 .008.

(b) Requires TEA to approve fine arts education courses that qualify for the allotment provided under this section. Requires that the approved courses include fine arts education courses that:

(1) are authorized by the State Board of Education, including music, art, theater, and dance;

(2) provide students with the knowledge and skills necessary for success in the fine arts; and

(3) require a student in full-time attendance to receive not less than 225 minutes of fine arts instruction per week.

(c) Requires TEA to annually publish a list of fine arts courses approved under Subsection (b).

Sec. 48.118. RURAL PATHWAY EXCELLENCE PARTNERSHIP (R-PEP) ALLOTMENT AND OUTCOME BONUS. (a) Provides that for each full-time equivalent student in average daily attendance in grades 9 through 12 in a college or career pathway offered through a partnership under the Rural Pathway Excellence Partnership (R-PEP) program under Section 29.912, a school district is entitled to an 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) 1.15, if the student is educationally disadvantaged; or

(2) 1.11, if the student is not educationally disadvantaged.

(b) Requires the commissioner, each year, to determine for each school district the minimum number of annual graduates of a college or career pathway described by Subsection (a) in each cohort described by Section 48.110(b) who would have to obtain not later than five years after high school graduation a postsecondary credential of value, including a degree, certificate, or other credential that prepares students for continued learning and greater earnings in the state

economy, in order for the district to qualify for an outcomes bonus under Subsection (c).

(c) Provides that in addition to the allotment under Subsection (a), for each annual graduate in a cohort described by Subsection (b) who earns a postsecondary credential of value described by that subsection during the preceding school year in excess of the minimum number of students determined for the applicable district cohort under Subsection (b), a school district is entitled to an annual outcomes bonus of:

- (1) if the annual graduate is educationally disadvantaged, \$2,000;
- (2) if the annual graduate is not educationally disadvantaged, \$1,000; and
- (3) if the annual graduate is enrolled in a special education program under Subchapter A, Chapter 29, \$2,000, regardless of whether the annual graduate is educationally disadvantaged.

(d) Provides that a school district is entitled to an outcomes bonus under each subdivision of Subsection (c) for which an annual graduate qualifies.

(e) Authorizes a school district to receive funding for a student under this section and any other section for which the student qualifies.

SECTION 1.34. Amends Sections 48.151(c) and (g), Education Code, as follows:

(c) Provides that each district or county operating a regular transportation system is entitled to an allotment based on a rate of \$1.54 per mile per regular eligible student or a greater rate set by the legislature in the General Appropriations Act.

(g) Provides that a school district or county that provides special transportation services for eligible special education students is entitled to a state allocation at a rate per mile equal to the sum of the rate per mile set under Subsection (c) and \$0.13, or a greater amount provided by appropriation. Deletes existing text providing that a school district or county that provides special transportation services for eligible special education students is entitled to a state allocation paid on a previous year's cost-per-mile basis. Deletes existing text requiring that the rate per mile allowable be set by appropriation based on data gathered from the first year of each preceding biennium. Makes a nonsubstantive change.

SECTION 1.35. Amends Subchapter D, Chapter 48, Education Code, by adding Section 48.160, as follows:

Sec. 48.160. ALLOTMENT FOR ADVANCED MATHEMATICS PATHWAYS AND CERTAIN PROGRAMS OF STUDY. (a) Provides that a school district is eligible to receive an allotment under this section if the district offers through in-person instruction, remote instruction, or a hybrid of in-person and remote instruction:

- (1) an advanced mathematics pathway that begins with Algebra I in grade eight and continues through progressively more advanced mathematics courses in each grade from grade 9 through 12;
- (2) a program of study in computer programming and software development or in cybersecurity; and
- (3) a program of study in a specialized skilled trade, such as plumbing and pipefitting, electrical, welding, diesel and heavy equipment, aviation maintenance, or applied agricultural engineering.

(b) Provides that, notwithstanding Subsection (a), a school district is eligible for the allotment under this section for students enrolled in a high school in the district that does not offer a program of study described by Subsection (a)(2) or (3) if:

(1) high school students who reside in the attendance zone of the high school are authorized to participate in the program of study by enrolling in another high school:

(A) that is in the same district or a neighboring school district, that was assigned the same or a better campus overall performance rating under Section 39.054 as the high school in whose attendance zone the students reside, and that offers the program of study; and

(B) to and from which transportation is provided for those students; or

(2) students enrolled in the high school:

(A) are offered instruction for the program of study at another location, such as another high school in the same district or a neighboring school district; and

(B) receive transportation to and from the location described by Paragraph (A).

(c) Provides that an eligible school district is entitled to an annual allotment of \$10 for each student enrolled at a high school in the district that offers a pathway or program of study from each subdivision described by Subsection (a) if:

(1) each student enrolled at the high school takes a progressively more advanced mathematics course each year of enrollment; and

(2) for each of those pathways or programs of study, at least one student enrolled at the high school completes a course in the pathway or program of study.

(d) Provides that a school district that receives an allotment under Subsection (c) and Section 48.101 is entitled to receive an additional allotment in an amount equal to the product of 0.1 and the allotment to which the district is entitled under Section 48.101 for each student for which the district receives an allotment under Subsection (c). Provides that an open-enrollment charter school is not eligible for an allotment under this subsection.

(e) Authorizes the commissioner by rule to establish requirements to ensure students enrolled in a high school to which Subsection (b) applies have meaningful access to the programs of study described by Subsections (a)(2) and (3).

(f) Authorizes TEA to reduce the amount of a school district's allotment under this section if TEA determines that the district has not complied with any provision of this section.

SECTION 1.36. Amends Sections 48.202(a) and (a-1), Education Code, as follows:

(a) Makes conforming changes to this subsection.

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

(1) the greater of the amount of district tax revenue per weighted student per cent of tax effort available to a school district at the 96th percentile of wealth per weighted student or the amount that results from multiplying the maximum amount of the basic allotment provided under Section 48.051 for the applicable school year by 0.016, rather than multiplying 6,160, or the greater amount provided under Section 48.051(b), if applicable, by 0.016, for the first eight cents by which the district's maintenance and operations tax rate exceeds the district's tier one tax rate; and

(2) makes a conforming change to this subdivision.

SECTION 1.37. Amends Section 48.2542, Education Code, as follows:

Sec. 48.2542. ADDITIONAL STATE AID FOR ADJUSTMENT OF LIMITATION ON TAX INCREASES ON HOMESTEAD OF ELDERLY OR DISABLED. Makes a conforming change to this section.

SECTION 1.38. Amends Section 48.255(c), Education Code, to redefine "ECPV."

SECTION 1.39. Amends Section 48.2551(a), Education Code, to redefine "DPV"

SECTION 1.40. Amends Sections 48.256(a) and (b), Education Code, as follows:

(a) Makes a conforming change to this subsection.

(b) Requires the commissioner to adjust the values determined under Section 48.013, rather than reported by the Comptroller of Public Accounts of the State of Texas (comptroller), to reflect reductions in taxable value of property resulting from natural or economic disaster in the year in which the valuations are determined.

SECTION 1.41. Amends Section 48.257(c), Education Code, as follows:

(c) Authorizes state aid to which a district is entitled under Section 13.054 or this chapter that is not described by Section 48.266(a)(3), for purposes of Subsection (a), to offset the amount by which a district is required to reduce the district's revenue level under this section.

SECTION 1.42. Amends Section 48.271(a), Education Code, to make a conforming change.

SECTION 1.43. Amends Section 48.273(a)(4), Education Code, to make a conforming change.

SECTION 1.44. Amends Sections 48.277(d) and (e), Education Code, as follows:

(d) Provides that a school district or open-enrollment charter school is not entitled to an allotment under Subsection (a) beginning with the 2029-2030 school year, rather than the 2024-2025 school year.

(e) Provides that this section expires September 1, 2030, rather than 2025.

SECTION 1.45. Amends Subchapter F, Chapter 48, Education Code, by adding Section 48.280, as follows:

Sec. 48.280. SALARY TRANSITION ALLOTMENT. (a) Provides that in the 2023-2024, 2024-2025, and 2025-2026 school years, a school district is entitled to receive an annual salary transition allotment equal to the difference, if that amount is greater than zero, between:

(1) the amount calculated under Subsection (b); and

(2) the amount calculated under Subsection (c).

(b) Requires TEA to calculate a school district's value for Subsection (a)(1) by determining the difference in the amount the district is required to pay in compensation to employees on the minimum salary schedule under Section 21.402, as amended by H.B. 100, Acts of the 88th Legislature, Regular Session, 2023, from the amount paid in compensation to employees on the minimum salary schedule under that section as effective in the 2022-2023 school year, less the difference between:

(1) the amount of employer contributions under Section 825.4035, Government Code, and Section 1575.203, Insurance Code, the district paid in the 2022-2023 school year for employees on the minimum salary schedule under Section 21.402; and

(2) the amount the district would have paid in employer contributions under Section 825.4035, Government Code, and Section 1575.203, Insurance Code, in the 2022-2023 school year for employees on the minimum salary schedule if the changes made to Section 21.402 by H.B. 100, Acts of the 88th Legislature, Regular Session, 2023, had been in effect.

(c) Requires TEA to calculate a school district's value for Subsection (a)(2) by determining the total maintenance and operations revenue for the current school year less the total maintenance and operations revenue that would have been available to the district using the basic allotment formula provided by Section 48.051 and the small and mid-sized allotment formulas provided by Section 48.101 as those sections existed on January 1, 2023.

(d) Requires TEA, before making a final determination of the amount of an allotment to which a school district is entitled under this section, to ensure each school district has an opportunity to review and submit revised information to the agency for purposes of calculating the values under Subsection (a).

(e) Provides that a school district is entitled to an allotment in an amount equal to:

(1) for the 2026-2027 school year, two-thirds of the value determined under Subsection (a); and

(2) for the 2027-2028 school year, one-third of the value determined under Subsection (a).

(f) Provides that a school district is not entitled to an allotment under this section in the 2028-2029 school year or a later school year.

(g) Provides that this section expires September 1, 2029.

SECTION 1.46. Amends Subchapter F, Chapter 48, Education Code, by adding Section 48.284, as follows:

Sec. 48.284. PROPERTY VALUE STUDY HARDSHIP GRANTS. (a) Authorizes the commissioner, for the 2023-2024 and 2024-2025 school years, from money appropriated for purposes of this section, to administer a grant program to provide grants to eligible school districts to offset a reduction in the district's funding under the Foundation School Program resulting from the use of the state value for the district's taxable value of property as provided by Section 403.302(c), Government Code, for the 2022 and 2023 tax years.

(b) Provides that the amount of a grant awarded under this section is the difference, if that difference is greater than zero, between:

(1) the funding the school district would have received under Chapter 46, this chapter, and Chapter 49 for the applicable school year if the local value for the district's taxable value of property was used for the applicable tax year; and

(2) the funding to which the district is entitled under Chapter 46, this chapter, and Chapter 49 for the applicable school year.

(c) Provides that an open-enrollment charter school is not eligible to receive a grant under this section.

(d) Provides that funding provided to a school district under this section is in addition to all other funding provided under Chapter 46, this chapter, and Chapter 49.

(e) Authorizes the commissioner to require a school district to submit, or request from a state agency or a political subdivision of this state, additional information as needed to make a determination under this section.

(f) Prohibits the total amount of grants awarded under this section for a school year from exceeding \$175 million.

(g) Requires the commissioner, in awarding grants under this section, to prioritize school districts experiencing the greatest percentage reduction in funding described by Subsection (a).

(h) Prohibits the commissioner from adjusting the amount of a grant awarded under this section based on data revisions received after the grant has been awarded.

(i) Provides that a determination by the commissioner under this section is final and is prohibited from being appealed.

(j) Provides that this section expires September 1, 2025.

SECTION 1.47. Amends Section 49.302(a), Education Code, to make a conforming change.

SECTION 1.48. Amends Section 403.3011(2), Government Code, to redefine "eligible school district."

SECTION 1.49. Amends Section 403.303(a), Government Code, is amended to read as follows:

(a) Requires that the petition be filed not later than the 50th day, rather than the 40th day, after the date on which the comptroller's findings are certified to the commissioner and specify the grounds for objection and the value claimed to be correct by the school district or property owner.

SECTION 1.50. Amends Section 5.102, Tax Code, by adding Subsection (f), as follows:

(f) Requires the comptroller, following the conclusion of all reviews conducted by the comptroller under this section each year, to prepare a report summarizing the findings of the reviews conducted by the comptroller in that year. Requires that the report include the number of appraisal districts for which the comptroller conducted a limited-scope review under Subsection (a-1), the number of recommendations made under Subsection (c), the percentage increase or decrease in the number of recommendations made under Subsection (c) as compared to the number of recommendations made under that subsection as listed in the report prepared for the preceding year, the number of appraisal districts subject to Subsection (e), and any other information the comptroller determines

is necessary. Requires the comptroller to include the report required by this subsection in the report required under Section 5.10.

SECTION 1.51. Amends Section 26.08(n), Tax Code, as follows:

(n) Provides that for purposes of this section, the voter-approval tax rate of a school district is the sum of the following:

(1) makes no changes to this subdivision;

(2) the greater of:

(A) makes no changes to this paragraph; or

(B) the rate of \$0.06 per \$100 of taxable value, rather than \$0.05 per \$100 of taxable value; and

(3) makes no changes to this subdivision.

SECTION 1.52. Repealers: Sections 21.402(b) and (c), Education Code.

Repealers: Sections 21.402(c-1) and (f), Education Code.

Repealer: Section 21.402(h), Education Code.

Repealers: Sections 21.403(a) and (d), Education Code.

Repealers: Sections 48.111(c) and (c-1), Education Code.

Repealer: Section 48.111(c-2), Education Code.

SECTION 1.53. Makes application of Section 403.3011, Government Code, as amended by this Act, prospective to January 1, 2024.

SECTION 1.54. Makes application of Section 403.303, Government Code, as amended by this Act, prospective to January 1, 2024.

SECTION 1.55. Makes application of Section 5.102(f), Tax Code, as added by this Act, prospective to January 1, 2024.

SECTION 1.56. Provides that if both this Act and H.B. 11, 88th Legislature, Regular Session, 2023, are enacted, this Act prevails over H.B. 11, to the extent of any conflict, without regard to the date of enactment of this Act or H.B. 11.

SECTION 1.57. (a) Effective date, this article, except as provided by Subsection (b) of this section or as otherwise provided by this article: upon passage or September 1, 2023.

(b) Effective date, Sections 7.062(a), 12.106(a-2), 13.051(c), 13.054, 30.003, 46.003(a), 46.006(g), 46.032(a), 48.0051(a), (b), and (d), 48.011(a-1), (d), and (e), 48.051, 48.101, 48.111, 48.151(c) and (g), 48.202(a) and (a-1), 48.2542, 48.255(c), 48.2551(a), 48.256(a) and (b), 48.257(c), 48.271(a), 48.273(a)(4), 48.277(d) and (e), and 49.302(a), Education Code, and Section 26.08(n), Tax Code, as amended by this article, and Sections 48.0055, 48.013, 48.1022, 48.116, 48.118, 48.160, 48.280, and 48.284, Education Code, as added by this article: September 1, 2023.

ARTICLE 2. CHANGES EFFECTIVE FOR 2024-2025 SCHOOL YEAR

SECTION 2.01. Amends Section 8.051(d), Education Code, as follows:

(d) Provides that the core services are:

(1) makes no changes to this subdivision;

(2) training and assistance in providing each program that qualifies for a funding allotment under certain sections, including Section 48.1021, and

(3)-(6) makes no changes to these subdivisions.

SECTION 2.02. Amends Section 29.002, Education Code, as follows:

Sec. 29.002. DEFINITION. Redefines "special services."

SECTION 2.03. Amends Section 29.014(d), Education Code, as follows:

(d) Provides that the basic allotment for a student enrolled in a district to which this section applies is adjusted by the tier of intensity of service defined in accordance with Section 48.102 and designated by commissioner rule for use under this section, rather than by the weight for a homebound student under Section 48.102(a).

SECTION 2.04. Amends Section 29.018, Education Code, by adding Subsection (g) to provide that this section expires September 1, 2026.

SECTION 2.05. Amends Sections 29.022(a), (a-1), (b), (c), (c-1), (d), (f), (h), (k), (l), (s), and (t), Education Code, as follows:

(a) Requires a school or campus that receives equipment as provided by this subsection to place, operate, and maintain one or more video cameras in special education classrooms and other special education settings, provided that certain criteria are met. Deletes existing text requiring a school or campus that receives equipment as provided by this subsection to place, operate, and maintain one or more video cameras in self-contained classrooms and other special education settings in which a majority of the students in regular attendance are provided special education and related services and are assigned to one or more self-contained classrooms or other special education settings for at least 50 percent of the instructional day, provided that certain criteria are met.

(a-1), (b), (c), (c-1), (d), (f), (h), (k), (s), and (t) Makes conforming changes to these subsections.

SECTION 2.06. Amends Sections 29.022(u)(3) and (4), Education Code, to define "special education classroom or other special education setting," to redefine "staff member," and to delete existing text defining "self-contained classroom."

SECTION 2.07. Amends Section 29.316(c), Education Code, as follows:

(c) Requires that the report on the language acquisition of children eight years of age or younger who are deaf or hard of hearing:

(1) makes no changes to this subdivision;

(2) state for each child:

(A) the percentage of the instructional day the child spends on average in a general education setting, rather than the instructional arrangement used with the child, as described by Section 48.102, including the time the child spends in a mainstream instructional arrangement; and

(B)-(E) makes no changes to these paragraphs; and

(3)-(4) makes no changes to these subdivisions.

SECTION 2.08. Amends Section 46.003(a), Education Code, to provide that the amount of state support is determined by a certain formula.

SECTION 2.09. Amends Section 46.005, Education Code, as follows:

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

(1) makes no changes to this subdivision; or

(2) the greater of:

(A) makes no changes to this paragraph; or

(B) the product of the number of students in average enrollment, rather than average daily attendance, in the district multiplied by \$250.

SECTION 2.10. Amends Section 46.006(g), Education Code, to make conforming changes.

SECTION 2.11. Amends Section 46.032(a), Education Code, to make conforming changes.

SECTION 2.12. Amends Section 48.051(a), Education Code, as follows:

(a) Provides that for each student in average daily attendance, not including the time students spend each day in special education programs in a setting other than a general education setting, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment equal to the amount that results from a certain formula.

Deletes existing text providing that for each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment equal to the lesser of \$6,160 or the amount that results from a certain formula.

SECTION 2.13. Amends Section 48.102, Education Code, as follows:

Sec. 48.102. SPECIAL EDUCATION. (a) Provides that for each student in average enrollment in a special education program under Subchapter A, Chapter 29, 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 a weight in an amount set by the legislature in the General Appropriations Act for the highest tier of intensity of service for which the student qualifies.

Deletes existing text providing that for each student in average 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. Deletes existing text providing that for each full-time equivalent student in average 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 certain weight determined according to instructional arrangement.

(a-1) Requires that the amount of an allotment under this section, notwithstanding Subsection (a), for the 2024-2025 and 2025-2026 school years, be determined in

accordance with Section 48.1023. Provides that this subsection expires September 1, 2026.

(b) Requires the commissioner by rule to define seven tiers of intensity of service for use in determining funding under this section. Requires the commissioner to include one tier specifically addressing students receiving special education services in residential placement.

Deletes existing text requiring that a special instructional arrangement for students with disabilities residing in care and treatment facilities, other than state schools, whose parents or guardians do not reside in the district providing education services be established by commissioner rule. Deletes existing text requiring that the funding weight for this arrangement be 4.0 for those students who receive their education service on a local school district campus. Deletes existing text requiring that a special instructional arrangement for students with disabilities residing in state schools be established by commissioner rule with a funding weight of 2.8.

(c) Redesignates existing Subsection (g) as Subsection (c). Requires the commissioner to adopt rules and procedures governing contracts for residential and day program placement of students receiving special education services, rather than for residential placement of special education students.

(d) Redesignates existing Subsection (h) as Subsection (d).

(e) Redesignates existing Subsection (i) as Subsection (e) Requires TEA to ensure, rather than encourage, the placement of students in special education programs, including students in residential placement, rather than residential instructional arrangements, in the least restrictive environment appropriate for their educational needs.

(f) Redesignates existing Subsection (j) as Subsection (f). Provides that 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 student in average enrollment, rather than each full-time equivalent student in average daily attendance, multiplied by the amount designated for the highest tier of intensity of service for which the student qualifies under this section, rather than 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.

(g) Redesignates existing Subsection (k) as Subsection (g).

(h) Requires the commissioner, not later than December 1 of each even-numbered year, to submit to the Legislative Budget Board (LBB), for purposes of the allotment under this section, proposed weights for the tiers of intensity of service for the next state fiscal biennium.

Deletes existing text prohibiting the number of contact hours credited per day for each student in the off home campus instructional arrangement, for funding purposes, from exceeding the contact hours credited per day for the multidistrict class instructional arrangement in the 1992-1993 school year. Deletes existing text prohibiting the contact hours credited per day for each student in the resource room; self-contained, mild and moderate; and self-contained, severe, instructional arrangements for funding purposes from exceeding the average of the statewide total contact hours credited per day for those three instructional arrangements in the 1992-1993 school year. Deletes existing text requiring the commissioner by rule to prescribe the qualifications an instructional arrangement is required to

meet in order to be funded as a particular instructional arrangement under this section. Deletes existing text requiring the commissioner, in prescribing the qualifications that a mainstream instructional arrangement is required to meet, to establish requirements that students with disabilities and their teachers receive the direct, indirect, and support services that are necessary to enrich the regular classroom and enable student success. Deletes existing text defining "full-time equivalent student." Deletes existing text requiring the legislature to provide by appropriation for the state's share of the costs of those placements.

SECTION 2.14. Amends Subchapter C, Chapter 48, Education Code, by adding Sections 48.1021 and 48.1023, as follows:

Sec. 48.1021. SPECIAL EDUCATION SERVICE GROUP ALLOTMENT. (a) Provides that for each six-week period in which a student in a special education program under Subchapter A, Chapter 29, receives eligible special education services, a school district is entitled to an allotment in an amount set by the legislature in the General Appropriations Act for the service group for which the student is eligible.

(a-1) Requires that the amount of an allotment under this section, for the 2024-2025 and 2025-2026 school years, notwithstanding Subsection (a), be determined in accordance with Section 48.1023. Provides that this subsection expires September 1, 2026.

(b) Requires the commissioner by rule to establish four service groups for use in determining funding under this section. Requires the commissioner, in establishing the groups, to consider the level of services, equipment, and technology required to meet the needs of students receiving special education services.

(c) Provides that a school district is entitled to receive an allotment under this section for each service group for which a student is eligible.

(d) Provides that a school district is entitled to the full amount of an allotment under this section for a student receiving eligible special education services during any part of a six-week period.

(e) Requires that at least 55 percent of the funds allocated under this section be used for a special education program under Subchapter A, Chapter 29.

(f) Requires the commissioner, not later than December 1 of each even-numbered year, to submit to the LBB, for purposes of the allotment under this section, proposed amounts of funding for the service groups for the next state fiscal biennium.

Sec. 48.1023. SPECIAL EDUCATION TRANSITION FUNDING. (a) Authorizes the commissioner, for the 2024-2025 and 2025-2026 school years, to adjust weights or amounts provided under Section 48.102 or 48.1021 as necessary to ensure compliance with requirements regarding maintenance of state financial support under 20 U.S.C. Section 1412(a)(18) and maintenance of local financial support under applicable federal law.

(b) Requires the commissioner, for the 2024-2025 and 2025-2026 school years, to determine the formulas through which school districts receive funding under Sections 48.102 and 48.1021. Authorizes the commissioner, in determining the formulas, to combine the methods of funding under those sections with the method of funding provided by Section 48.102, as it existed on January 1, 2023.

(c) Authorizes the commissioner, for the 2026-2027 school year, to adjust the weights or amounts set by the legislature in the General Appropriations Act for purposes of Section 48.102 or 48.1021. Requires the commissioner, before

making an adjustment under this subsection, to notify and must receive approval from the LBB.

(d) Prohibits the sum of funding provided under Sections 48.102 and 48.1021 for the 2024-2025 or for the 2025-2026 school year as adjusted under this section, notwithstanding any other provision of this section, from exceeding the sum of:

(1) funding that would have been provided under Section 48.102, as it existed on January 1, 2023; and

(2) the amount set by the legislature in the General Appropriations Act.

(e) Requires each school district and open-enrollment charter school to report to TEA information necessary to implement this section.

(f) Requires TEA to provide technical assistance to school districts and open-enrollment charter schools to ensure a successful transition in funding formulas for special education.

(g) Provides that this section expires September 1, 2028.

SECTION 2.15. Amends Section 48.103(c), Education Code, as follows:

(c) Authorizes a school district to receive funding for a student under each provision of this section, Section 48.102, and Section 48.1021 for which the student qualifies. Deletes existing text authorizing a school district to receive funding for a student under this section and Section 48.102 if the student satisfies the requirements of both sections.

SECTION 2.16. Amends Sections 48.104(a), (d), and (e), Education Code, as follows:

(a) Provides that for each student who does not have a disability and resides in a residential placement facility in a district in which the student's parent or legal guardian does not reside, a district is entitled to an annual allotment equal to the basic allotment multiplied by 0.2 or, if the student is educationally disadvantaged, 0.2755, rather than 0.275.

(d) Provides that the weights assigned to the five tiers of the index established under Subsection (c) are, from least to most severe economic disadvantage, 0.2255, 0.238, 0.2505, 0.263, and 0.2755, rather than 0.225, 0.2375, 0.25, 0.2625, and 0.275.

(e) Provides that if insufficient data is available for any school year to evaluate the level of economic disadvantage in a census block group, a school district is entitled to an annual allotment equal to the basic allotment multiplied by 0.2255, rather than 0.225, for each student who is educationally disadvantaged and resides in that census block group.

SECTION 2.17. Amends Section 48.105(a), Education Code, to make a conforming change.

SECTION 2.18. Amends Sections 48.106(a) and (a-1), Education Code, as follows:

(a) Provides that for each full-time equivalent student in average enrollment in an approved career and technology education program in grades 7 through 12, 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:

(1) 0.1, rather than 1.1, for a full-time equivalent student in career and technology education courses not in an approved program of study;

(2) 0.28, rather than 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; and

(3) 0.47, rather than 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.

Makes conforming and nonsubstantive changes.

(a-1) Makes a conforming change to this subsection.

SECTION 2.19. Amends Section 48.107(a), Education Code, to make a conforming change.

SECTION 2.20. Amends Section 48.108(a), Education Code, to make a conforming change.

SECTION 2.21. Amends Section 48.109(c), Education Code, to make a conforming change.

SECTION 2.22. Amends Subchapter C, Chapter 48, Education Code, by adding Section 48.119, as follows:

Sec. 48.119. BOOK SAFETY ALLOTMENT. (a) Provides that for each student in average enrollment, a school district is entitled to an annual allotment of \$3 or a greater amount provided by appropriation.

(b) Authorizes funds allocated under this section to be used only to ensure that school library books and related materials meet the standards adopted under Section 33.021.

(c) Requires TEA to adopt a list of approved vendors at which a school district is authorized to spend funds allocated under this section for the purpose described by Subsection (b).

SECTION 2.23. Amends Section 48.153, Education Code, as follows:

Sec. 48.153. DROPOUT RECOVERY SCHOOL AND RESIDENTIAL PLACEMENT FACILITY ALLOTMENT. Makes a conforming change to this section.

SECTION 2.24. Amends Section 48.257, Education Code, by amending Subsection (a) and adding Subsection (b-1), as follows:

(a) Creates an exception under Subsection (b-1).

(b-1) Provides that this subsection applies only to a school district to which Subsection (a) applies, that received an allotment under Section 48.277 for the 2023-2024 school year, and that adopts a maintenance and operations tax rate for the current school year equal to or greater than the sum of the district's maximum compressed tax rate, as determined under Section 48.2551, and five cents. Requires TEA, notwithstanding Subsection (a), if, after reducing the tier one revenue level of a school district to which this subsection applies as required under Subsection (a), the maintenance and operations revenue per student in average daily attendance of the district for a school year would be less than the maintenance and operations revenue per student in average daily attendance available to the district for the 2023-2024 school year, excluding any funding provided to the district under Sections 48.279 and 48.281, to adjust the amount of the reduction required in the district's tier one revenue level under Subsection (a) up to the amount of local funds necessary to provide the district with the amount of maintenance and operations revenue per student in average daily attendance available to the district for the 2023-2024 school year.

SECTION 2.25. Amends Section 48.279(e), Education Code, as follows:

(e) Requires the commissioner, after the commissioner has replaced any withheld federal funds as provided by Subsection (d), to distribute the remaining amount, if any, of funds described by Subsection (a) to proportionately increase funding for the special education allotment under Section 48.102 and the special education service group allotment under Section 48.1021.

SECTION 2.26. Effective date, this article: September 1, 2024.

ARTICLE 3. CHANGES EFFECTIVE FOR 2025-2026 SCHOOL YEAR

SECTION 3.01. Amends Section 48.051, Education Code, by adding Subsection (a-1), as follows:

(a-1) Requires the commissioner, notwithstanding Subsection (a), for the second year of each state fiscal biennium, to adjust the value of "B" under that subsection for the preceding state fiscal year by a factor equal to the average annual percentage increase, if any, in the Texas Consumer Price Index for the preceding 10 years.

SECTION 3.02. Amends Subchapter D, Chapter 49, Education Code, by adding Section 49.1541, as follows:

Sec. 49.1541. CREDIT FOR PREPAYMENT. (a) Provides that the total amount required under Section 49.153 for a school district to purchase attendance credit under this subchapter for any school year is reduced by four percent if the district:

(1) elects to pay for credit purchased in the manner provided by Section 49.154(a)(2); and

(2) pays the total amount required to be paid by the district not later than February 15 of the school year for which the agreement is in effect.

(b) Requires that a reduction under Subsection (a) be made after making any reduction to which the district is entitled under Section 49.157 or another provision of this chapter.

SECTION 3.03. Effective date, this article: September 1, 2025.