

SENATE AMENDMENTS

2nd Printing

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H.B. No. 100

A BILL TO BE ENTITLED

AN ACT

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.

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

ARTICLE 1. CHANGES EFFECTIVE FOR 2023-2024 SCHOOL YEAR

SECTION 1.01. Section 7.062(a), Education Code, is amended to read as follows:

(a) In this section, "wealth per student" means a school district's taxable value of property as determined under Section 48.013 [~~Subchapter M, Chapter 403, Government Code~~], or, if applicable, Section 48.258, divided by the district's average daily attendance as determined under Section 48.005.

SECTION 1.02. 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, is reenacted and amended to read as follows:

(b) An open-enrollment charter school is subject to:

(1) a provision of this title establishing a criminal offense;

(2) the provisions in Chapter 554, Government Code; and

(3) a prohibition, restriction, or requirement, as

1 applicable, imposed by this title or a rule adopted under this
2 title, relating to:

3 (A) the Public Education Information Management
4 System (PEIMS) to the extent necessary to monitor compliance with
5 this subchapter as determined by the commissioner;

6 (B) criminal history records under Subchapter C,
7 Chapter 22;

8 (C) reading instruments and accelerated reading
9 instruction programs under Section 28.006;

10 (D) accelerated instruction under Section
11 28.0211;

12 (E) high school graduation requirements under
13 Section 28.025;

14 (F) special education programs under Subchapter
15 A, Chapter 29;

16 (G) bilingual education under Subchapter B,
17 Chapter 29;

18 (H) prekindergarten programs under Subchapter E
19 or E-1, Chapter 29, except class size limits for prekindergarten
20 classes imposed under Section 25.112, which do not apply;

21 (I) extracurricular activities under Section
22 33.081;

23 (J) discipline management practices or behavior
24 management techniques under Section 37.0021;

25 (K) health and safety under Chapter 38;

26 (L) the provisions of Subchapter A, Chapter 39;

27 (M) public school accountability and special

1 investigations under Subchapters A, B, C, D, F, G, and J, Chapter
2 39, and Chapter 39A;

3 (N) the requirement under Section 21.006 to
4 report an educator's misconduct;

5 (O) intensive programs of instruction under
6 Section 28.0213;

7 (P) the right of a school employee to report a
8 crime, as provided by Section 37.148;

9 (Q) bullying prevention policies and procedures
10 under Section 37.0832;

11 (R) the right of a school under Section 37.0052
12 to place a student who has engaged in certain bullying behavior in a
13 disciplinary alternative education program or to expel the student;

14 (S) the right under Section 37.0151 to report to
15 local law enforcement certain conduct constituting assault or
16 harassment;

17 (T) a parent's right to information regarding the
18 provision of assistance for learning difficulties to the parent's
19 child as provided by Sections 26.004(b)(11) and 26.0081(c) and (d);

20 (U) establishment of residency under Section
21 25.001;

22 (V) school safety requirements under Sections
23 37.108, 37.1081, 37.1082, 37.109, 37.113, 37.114, 37.1141, 37.115,
24 37.207, and 37.2071;

25 (W) the early childhood literacy and mathematics
26 proficiency plans under Section 11.185;

27 (X) the college, career, and military readiness

1 plans under Section 11.186; ~~and~~

2 (Y) [~~(X)~~] parental options to retain a student
3 under Section 28.02124; and

4 (Z) establishing a local school health advisory
5 council in which members are appointed by the governing body of the
6 school and health education instruction complies with Section
7 28.004.

8 SECTION 1.03. Section 12.106(a-2), Education Code, is
9 amended to read as follows:

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

14 (1) the product of:

15 (A) the quotient of:

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

18 (ii) the total number of students in
19 average daily attendance in school districts that receive an
20 allotment under Section 48.101(b) or (c); and

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

22 (i) the total number of students in average
23 daily attendance in school districts that receive an allotment
24 under Section 48.101(b) or (c); and

25 (ii) the total number of students in
26 average daily attendance in school districts statewide; and

27 (2) \$600 [~~\$125~~].

SECTION 1.04. 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 Section 48.013 [~~Subchapter M, Chapter 403, Government Code~~]; and

(B) \$5,000 property value per student in average 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 1.05. Section 13.054, Education Code, is amended by amending Subsection (f) and adding Subsections (i-1), (i-2), (i-3), (i-4), and (i-5) to read as follows:

(f) For five years beginning with the school year in which the annexation occurs, a school district shall receive additional funding under this subsection or Subsection (h). The amount of funding shall be determined by multiplying the lesser of the enlarged district's local fund assignment computed under Section 48.256 or the enlarged district's total cost of tier one by a fraction, the numerator of which is the number of students residing in the territory annexed to the receiving district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the

1 annexation, and multiplying the resulting product by the quotient
2 of the enlarged district's maximum compressed tax rate, as
3 determined under Section 48.2551, for the current school year
4 divided by the receiving district's maximum compressed tax rate, as
5 determined under Section 48.2551, for the year in which the
6 annexation occurred. The commissioner shall provide the funding
7 under this subsection from funds appropriated for purposes of the
8 Foundation School Program. A determination by the commissioner
9 under this subsection is final and may not be appealed.

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

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

19 (1) determine the difference between:

20 (A) the amount of funding to which the district
21 would have been entitled under Subsection (f) if Subsection (i-1)
22 had been in effect since June 1, 2013; and

23 (B) the amount of funding the district has
24 received under Subsection (f); and

25 (2) provide the amount determined under Subdivision
26 (1) to the district in the form of:

27 (A) a lump sum; or

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

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

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

13 (i-5) This subsection and Subsections (i-2), (i-3), and
14 (i-4) expire September 1, 2027.

15 SECTION 1.06. Section 19.009(d-2), Education Code, is
16 amended to read as follows:

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

- 23 (1) \$80 per month; or
- 24 (2) the maximum uniform amount per month that, when
- 25 combined with any resulting increases in the amount of
- 26 contributions made by the district for social security coverage for
- 27 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 daily attendance in the district during the 2009-2010 school year.

SECTION 1.07. (a) 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) Section 21.402(a), Education Code, is amended to read as follows:

(a) ~~A [Except as provided by Subsection (e-1) or (f), a]~~ school district must 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 [minimum monthly] salary described by the following schedule applicable to [,-based-on] the employee's certification, if any, and years [level] 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) 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 . .

\$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 ~~[in addition to other factors, as determined by~~

~~commissioner rule, determined by the following formula:~~

$$[MS = SF \times FS]$$

~~[where:~~

~~["MS" is the minimum monthly salary,~~

1 ~~["SF" is the applicable salary factor specified by Subsection~~
2 ~~(c), and~~

3 ~~["FS" is the amount, as determined by the commissioner under~~
4 ~~Subsection (b), of the basic allotment as provided by Section~~
5 ~~48.051(a) or (b) for a school district with a maintenance and~~
6 ~~operations tax rate at least equal to the state maximum compressed~~
7 ~~tax rate, as defined by Section 48.051(a)].~~

8 SECTION 1.08. (a) This section takes effect only if H.B.
9 11, 88th Legislature, Regular Session, 2023, or another Act of that
10 legislature establishing a residency partnership program and
11 authorizing the issuance of a residency educator certificate does
12 not become law.

13 (b) Section 21.402(a), Education Code, is amended to read as
14 follows:

15 (a) A ~~[Except as provided by Subsection (e-1) or (f), a]~~
16 school district must pay each employee who is employed as a
17 classroom teacher, full-time librarian, full-time school counselor
18 certified under Subchapter B, or full-time school nurse not less
19 than the highest annual minimum ~~[minimum monthly]~~ salary described
20 by the following schedule applicable to ~~[, based on]~~ the employee's
21 certification, if any, and years ~~[level]~~ of experience:

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

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

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

27 (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 ~~[in addition to other factors, as determined by~~

~~commissioner rule, determined by the following formula:~~

$$[MS = SF \times FS]$$

~~[where:~~

1 ~~["MS" is the minimum monthly salary,~~
2 ~~["SF" is the applicable salary factor specified by Subsection~~
3 ~~(c), and~~
4 ~~["FS" is the amount, as determined by the commissioner under~~
5 ~~Subsection (b), of the basic allotment as provided by Section~~
6 ~~48.051(a) or (b) for a school district with a maintenance and~~
7 ~~operations tax rate at least equal to the state maximum compressed~~
8 ~~tax rate, as defined by Section 48.051(a)].~~

9 SECTION 1.09. Section 21.402, Education Code, is amended by
10 adding Subsections (a-1), (i), (j), (k), and (l) and amending
11 Subsection (g) to read as follows:

12 (a-1) For purposes of Subsection (a), a full-time school
13 nurse is considered to hold the base certificate required under
14 Section 21.003(a) for employment as a school nurse, regardless of
15 the other certifications held by the nurse.

16 (g) The commissioner may adopt rules to govern the
17 application of this section, including rules that:

18 (1) require the payment of a minimum salary under this
19 section to a person employed in more than one capacity for which a
20 minimum salary is provided and whose combined employment in those
21 capacities constitutes full-time employment; and

22 (2) specify the credentials a person must hold to be
23 considered a ~~[speech pathologist or]~~ school nurse under this
24 section.

25 (i) A school district must use at least 50 percent of the
26 difference between what the district would have paid under Section
27 825.405, 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. In calculating average total compensation per district employee under this subsection, a district may not include 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) 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, Article III, Texas Constitution. 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

1 district had complied with Subsection (a).

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

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

12 SECTION 1.10. The heading to Section 21.403, Education
13 Code, is amended to read as follows:

14 Sec. 21.403. DETERMINATION OF YEARS OF EXPERIENCE
15 [~~PLACEMENT ON MINIMUM SALARY SCHEDULE~~].

16 SECTION 1.11. Sections 21.403(b) and (c), Education Code,
17 are amended to read as follows:

18 (b) For each year of work experience required for
19 certification in a career or technological field, up to a maximum of
20 two years, a certified career or technology education teacher is
21 entitled to [~~salary step~~] credit as if the work experience were
22 teaching experience.

23 (c) The commissioner shall adopt rules for determining the
24 experience for which a teacher, librarian, school counselor, or
25 nurse is to be given credit for purposes of the minimum salary
26 schedule under Section 21.402(a) [~~in placing the teacher,~~
27 ~~librarian, school counselor, or nurse on the minimum salary~~

1 ~~schedule~~]. A district shall credit the teacher, librarian, school
2 counselor, or nurse for each year of experience without regard to
3 whether the years are consecutive.

4 SECTION 1.12. Section 21.4552(d), Education Code, is
5 amended to read as follows:

6 (d) From funds appropriated for that purpose, a teacher who
7 attends a literacy achievement academy is entitled to receive a
8 stipend in the amount determined by the commissioner. A stipend
9 received under this subsection is not considered in determining
10 whether a school district is paying the teacher the minimum
11 ~~[monthly]~~ salary under Section 21.402.

12 SECTION 1.13. Section 21.4553(d), Education Code, is
13 amended to read as follows:

14 (d) From funds appropriated for that purpose, a teacher who
15 attends a mathematics achievement academy is entitled to receive a
16 stipend in the amount determined by the commissioner. A stipend
17 received under this subsection is not considered in determining
18 whether a district is paying the teacher the minimum ~~[monthly]~~
19 salary under Section 21.402.

20 SECTION 1.14. Section 21.4555(f), Education Code, is
21 amended to read as follows:

22 (f) From funds available for that purpose, a teacher who
23 attends a civics training program may receive a stipend in an amount
24 determined by the commissioner. A stipend received under this
25 section is not included in determining whether a district is paying
26 the teacher the minimum ~~[monthly]~~ salary under Section 21.402.

27 SECTION 1.15. Section 26.0081(c), Education Code, is

1 amended to read as follows:

2 (c) The agency shall produce and provide to school districts
3 a written explanation of the options and requirements for providing
4 assistance to students who have learning difficulties or who need
5 or may need special education. The explanation must state that a
6 parent is entitled at any time to request an evaluation of the
7 parent's child for special education services under Section 29.004
8 or for aids, accommodations, or services under Section 504,
9 Rehabilitation Act of 1973 (29 U.S.C. Section 794) and include
10 information regarding the use of video cameras in certain
11 classrooms as provided by Section 29.022. Each school year, each
12 district shall provide the written explanation to a parent of each
13 district student by including the explanation in the student
14 handbook or by another means.

15 SECTION 1.16. Section 29.022, Education Code, is amended by
16 amending Subsections (d), (e), and (l) and adding Subsection (l-1)
17 to read as follows:

18 (d) Before a school or campus activates a video camera in a
19 classroom or other special education setting under this section,
20 the school or campus shall provide written notice of the placement
21 to all school or campus staff and to the parents of each student
22 attending class or engaging in school activities in the classroom
23 or setting. Written notice required under this section must be
24 provided not later than the 10th instructional day after the first
25 day the school or campus activates the video camera.

26 (e) Except as provided by Subsection (e-1), a school
27 district or open-enrollment charter school shall retain video

1 recorded from a video camera placed under this section for at least
2 six [~~three~~] months after the date the video was recorded.

3 (1) A school district or open-enrollment charter school
4 policy relating to the placement, operation, or maintenance of
5 video cameras under this section must:

6 (1) include information on how a person may appeal an
7 action by the district or school that the person believes to be in
8 violation of this section or a policy adopted in accordance with
9 this section, including the appeals process under Section 7.057;

10 (2) require that the district or school provide a
11 response to a request made under this section not later than the
12 seventh school business day after receipt of the request by the
13 person to whom it must be submitted under Subsection (a-3) that
14 authorizes the request or states the reason for denying the
15 request;

16 (3) except as provided by Subdivision (5), require
17 that a school or a campus begin operation of a video camera in
18 compliance with this section not later than the 45th school
19 business day, or the first school day after the 45th school business
20 day if that day is not a school day, after the request is authorized
21 unless the agency grants an extension of time;

22 (4) permit the parent of a student whose admission,
23 review, and dismissal committee has determined that the student's
24 placement for the following school year will be in a classroom or
25 other special education setting in which a video camera may be
26 placed under this section to make a request for the video camera by
27 the later of:

1 (A) the date on which the current school year
2 ends; or

3 (B) the 10th school business day after the date
4 of the placement determination by the admission, review, and
5 dismissal committee; ~~and~~

6 (5) if a request is made by a parent in compliance with
7 Subdivision (4), unless the agency grants an extension of time,
8 require that a school or campus begin operation of a video camera in
9 compliance with this section not later than the later of:

10 (A) the 10th school day of the fall semester; or

11 (B) the 45th school business day, or the first
12 school day after the 45th school business day if that day is not a
13 school day, after the date the request is made;

14 (6) require that, not later than the seventh school
15 business day after a parent requests the district or school to
16 release a video recording for viewing under Subsection (i)(2), the
17 district or school:

18 (A) release the recording for viewing; or

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

25 (7) not later than the 10th day of the fall semester,
26 require the district or school to provide written information
27 detailing the policy regarding the placement, operation, or

1 maintenance of any video cameras to the parent of a student who:

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

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

9 (1-1) The commissioner shall:

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

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

14 SECTION 1.17. Subchapter Z, Chapter 29, Education Code, is
15 amended by adding Section 29.912 to read as follows:

16 Sec. 29.912. RURAL PATHWAY EXCELLENCE PARTNERSHIP (R-PEP)
17 PROGRAM. (a) In this section, "program" means the Rural Pathway
18 Excellence Partnership (R-PEP) program established under this
19 section.

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

26 (c) The program must enable an eligible school district that
27 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. Each partnership must:

(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) The performance agreement described by Subsection (c)(2)(B) must:

(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

1 managing progress and outcome information and annually publishing
2 that information on the Internet website of each partnering
3 district and the coordinating entity;

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

7 (A) determining scheduling;

8 (B) adding or removing a pathway;

9 (C) hiring pathway-specific personnel;

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

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

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

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

26 (f) A student enrolled in a college or career pathway
27 offered through a partnership under the program is not considered

1 for accountability purposes under Chapter 39 to have dropped out of
2 high school or failed to complete the curriculum requirements for
3 high school graduation until the sixth anniversary of the student's
4 first day in high school.

5 (g) A school district proposing to enter into a performance
6 agreement under this section shall notify the commissioner of the
7 district's intent to enter into the agreement. The commissioner
8 shall establish procedures for a district to notify the
9 commissioner, including the period within which notification is
10 required before the school year in which the proposed agreement
11 would take effect, and to provide any additional information
12 required by the commissioner. The commissioner shall notify the
13 district whether the proposed agreement is approved or denied not
14 later than the 60th day after the date the commissioner receives
15 notification of the proposed agreement and all other information
16 required by the commissioner. If the commissioner fails to notify
17 the district that the proposed agreement has been approved or
18 denied within the period prescribed by this subsection, the
19 proposed agreement is considered approved.

20 (h) From money appropriated for that purpose, the
21 commissioner shall establish a grant program to assist in the
22 planning and implementation of a partnership under the program.
23 The commissioner may award a grant only to a coordinating entity
24 that has entered into a performance agreement approved under
25 Subsection (g). The commissioner may use not more than 15 percent
26 of the money appropriated for the grant program to cover the cost of
27 administering the grant program and to provide technical assistance

1 and support to partnerships under the program.

2 (i) The commissioner shall adopt rules as necessary to
3 implement this section, including rules establishing:

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

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

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

11 (j) This section does not prohibit an agreement between a
12 school district and another entity for the provision of services at
13 a district campus.

14 (k) The commissioner may accept gifts, grants, and
15 donations from any source, including private and nonprofit
16 organizations, for the program. A private or nonprofit
17 organization that contributes to the program may receive an award
18 under Section 7.113.

19 SECTION 1.18. Section 30.003, Education Code, is amended by
20 amending Subsections (b) and (f-1) and adding Subsection (b-1) to
21 read as follows:

22 (b) If the student is admitted to the school for a full-time
23 program for the equivalent of two long semesters, the district's
24 share of the cost is an amount equal to the dollar amount of
25 maintenance and debt service taxes imposed by the district for that
26 year, subject to Subsection (b-1), divided by the district's
27 average daily attendance for the preceding year.

1 (b-1) For purposes of Subsection (b), the commissioner
2 shall reduce the dollar amount of maintenance and debt service
3 taxes imposed by the district for a year by the amount, if any, by
4 which the district is required to reduce the district's local
5 revenue level under Section 48.257 for that year.

6 (f-1) The commissioner shall determine the total amount
7 that the Texas School for the Blind and Visually Impaired and the
8 Texas School for the Deaf would have received from school districts
9 in accordance with this section if the following provisions had not
10 reduced the districts' share of the cost of providing education
11 services:

12 (1) H.B. No. 1, Acts of the 79th Legislature, 3rd
13 Called Session, 2006;

14 (2) Subsection (b-1) of this section;

15 (3) Section 45.0032;

16 (4) [~~(3)~~] Section 48.255; and

17 (5) [~~(4)~~] Section 48.2551.

18 SECTION 1.19. Section 30.102(b), Education Code, is amended
19 to read as follows:

20 (b) A classroom teacher, full-time librarian, full-time
21 school counselor certified under Subchapter B, Chapter 21, or
22 full-time school nurse employed by the department is entitled to
23 receive as a minimum salary the [~~monthly~~] salary specified by
24 Section 21.402. A classroom teacher, full-time librarian,
25 full-time school counselor, or full-time school nurse may be paid,
26 from funds appropriated to the department, a salary in excess of the
27 minimum specified by that section, but the salary may not exceed the

1 rate of pay for a similar position in the public schools of an
2 adjacent school district.

3 SECTION 1.20. Section 33.009(h), Education Code, is amended
4 to read as follows:

5 (h) From funds appropriated for that purpose, a school
6 counselor who attends the academy under this section is entitled to
7 receive a stipend in the amount determined by the coordinating
8 board. If funds are available after all eligible school counselors
9 have received a stipend under this subsection, the coordinating
10 board shall pay a stipend in the amount determined by the
11 coordinating board to a teacher who attends the academy under this
12 section. A stipend received under this subsection is not
13 considered in determining whether a district is paying the school
14 counselor or teacher the minimum ~~monthly~~ salary under Section
15 21.402.

16 SECTION 1.21. Section 46.003(a), Education Code, is amended
17 to read as follows:

18 (a) For each year, except as provided by Sections 46.005 and
19 46.006, a school district is guaranteed a specified amount per
20 student in state and local funds for each cent of tax effort, up to
21 the maximum rate under Subsection (b), to pay the principal of and
22 interest on eligible bonds issued to construct, acquire, renovate,
23 or improve an instructional facility. The amount of state support
24 is determined by the formula:

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

26 where:

27 "FYA" is the guaranteed facilities yield amount of state

1 funds allocated to the district for the year;

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

5 "ADA" is the greater of the number of students in average
6 daily attendance, as determined under Section 48.005, in the
7 district or 400;

8 "BTR" is the district's bond tax rate for the current year,
9 which is determined by dividing the amount budgeted by the district
10 for payment of eligible bonds by the quotient of the district's
11 taxable value of property as determined under Section 48.013
12 [~~Subchapter M, Chapter 403, Government Code,~~] or, if applicable,
13 Section 48.258, divided by 100; and

14 "DPV" is the district's taxable value of property as
15 determined under Section 48.013 [~~Subchapter M, Chapter 403,~~
16 ~~Government Code,~~] or, if applicable, Section 48.258.

17 SECTION 1.22. Section 46.006(g), Education Code, is amended
18 to read as follows:

19 (g) In this section, "wealth per student" means a school
20 district's taxable value of property as determined under Section
21 48.013 [~~Subchapter M, Chapter 403, Government Code,~~] or, if
22 applicable, Section 48.258, divided by the district's average daily
23 attendance as determined under Section 48.005.

24 SECTION 1.23. Section 46.032(a), Education Code, is amended
25 to read as follows:

26 (a) Each school district is guaranteed a specified amount
27 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:

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

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;

"ADA" is the number of students in average 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 Section 48.013 [~~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 Section 48.013 [~~Subchapter M, Chapter 403,~~

~~Government Code,~~] or, if applicable, under Section 48.258.

SECTION 1.24. Sections 48.0051(a), (b), and (d), Education Code, are amended to read as follows:

(a) The ~~[Subject to Subsection (a-1), the]~~ commissioner shall 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) 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 daily attendance of the district or school under Section 48.005 by the amount that results from the quotient of the sum of attendance by students described by Subsection (a)(2) for each of the 30 additional instructional days of half-day instruction that are provided divided by 175 ~~[180]~~.

(d) This section does not prohibit a school district from providing the minimum number of minutes of operational and instructional time required under Section 25.081 and commissioner rules adopted under that section over fewer than 175 ~~[180]~~ days of instruction.

SECTION 1.25. Subchapter A, Chapter 48, Education Code, is

1 amended by adding Section 48.0055 to read as follows:

2 Sec. 48.0055. ENROLLMENT-BASED FUNDING. The commissioner
3 by rule shall establish the method for determining average
4 enrollment for purposes of funding provided based on average
5 enrollment under Chapter 46 and this chapter.

6 SECTION 1.26. Sections 48.011(a-1), (d), and (e), Education
7 Code, are amended to read as follows:

8 (a-1) The commissioner may modify dates relating to the
9 adoption of a school district's maintenance and operations tax rate
10 and, if applicable, an election required for the district to adopt
11 that rate as necessary to implement the changes to the Foundation
12 School Program and requirements relating to school district tax
13 rates made by the 88th [H.B. 3, 86th] Legislature, Regular Session,
14 2023 [2019].

15 (d) Beginning with the 2026-2027 [2021-2022] school year,
16 the commissioner may not make an adjustment under Subsection (a) or
17 (a-1).

18 (e) This section expires September 1, 2027 [2023].

19 SECTION 1.27. Subchapter A, Chapter 48, Education Code, is
20 amended by adding Section 48.013 to read as follows:

21 Sec. 48.013. DETERMINATION OF TAXABLE VALUE OF PROPERTY.
22 For purposes of Chapter 46 and this chapter, the agency shall
23 determine the taxable value of property of each school district
24 using locally determined property values adjusted in accordance
25 with Section 403.302(d), Government Code.

26 SECTION 1.28. Section 48.051, Education Code, is amended by
27 amending Subsections (a) and (c) and adding Subsections (c-3),

1 (c-4), and (c-5) to read as follows:

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

$$9 \quad A = \underline{B} \text{ } [\text{\$6,160}] \text{ } \times \text{TR/MCR}$$

10 where:

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

12 "B" is the base amount, which equals the greater of:

13 (1) \$6,250;

14 (2) an amount equal to the district's base amount under
 15 this section for the preceding school year; or

16 (3) the amount appropriated under Subsection (b);

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

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

21 (c) During any school year for which the value of "A"
 22 determined ~~[maximum amount of the basic allotment provided]~~ under
 23 Subsection (a) or, if applicable, the sum of the value of "A" and
 24 the allotment under Section 48.101 to which the district is
 25 entitled, ~~or (b)~~ is greater than the value of "A" or, if
 26 applicable, the sum of the value of "A" and the allotment under
 27 Section 48.101 to which the district is entitled, ~~[maximum amount~~

1 ~~provided~~] for the preceding school year, a school district must use
 2 at least 50 ~~[30]~~ percent of the amount~~[, if the amount is greater~~
 3 ~~than zero,~~] that equals the product of the average daily attendance
 4 of the district multiplied by the amount of the difference between
 5 the district's funding under this chapter per student in average
 6 daily attendance for the current school year and the preceding
 7 school year to increase the average total compensation per
 8 full-time district employee ~~[provide compensation increases to~~
 9 ~~full-time district employees]~~ other than administrators as
 10 follows:

11 (1) 75 percent must be used to increase the average
 12 total compensation per full-time district employee employed as
 13 ~~[paid to]~~ classroom teachers, full-time librarians, full-time
 14 school counselors certified under Subchapter B, Chapter 21, and
 15 full-time school nurses~~[, prioritizing differentiated compensation~~
 16 ~~for classroom teachers with more than five years of experience];~~
 17 and

18 (2) 25 percent may be used as determined by the
 19 district to increase the average total compensation per ~~[paid to]~~
 20 full-time district employee not described by Subdivision (1)
 21 ~~[employees]~~.

22 (c-3) In calculating the average total compensation per
 23 full-time district employee under Subsection (c), a school district
 24 may not consider compensation paid to a district employee employed
 25 in a position described by that subsection added by the district for
 26 the current school year that increases the ratio of those employees
 27 to students enrolled in the district compared to the preceding

1 school year.

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

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

16 SECTION 1.29. Section 48.101, Education Code, is amended to
17 read as follows:

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

21 (1) "AA" is the district's annual allotment per
22 student in average daily attendance;

23 (2) "ADA" is the number of students in average daily
24 attendance for which the district is entitled to an allotment under
25 Section 48.051, other than students enrolled in a full-time virtual
26 program under Section 48.0071(c) as that section existed on January
27 1, 2023; 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 daily attendance is entitled to an annual allotment for each student in average daily attendance based on the following formula:

$$AA = ((1,600 - ADA) \times \underline{.00056} [\text{~~-.0004~~}) \times BA$$

(c) 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 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

$$(2) \quad AA = ((5,000 - ADA) \times \underline{.00004} [\text{~~-.000025~~}) \times BA.$$

(d) 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 the following formula:

$$AA = ((1,600 - ADA) \times \underline{.00066} [\text{~~-.00047~~}) \times BA$$

SECTION 1.30. Subchapter C, Chapter 48, Education Code, is amended by adding Section 48.1022 to read as follows:

Sec. 48.1022. SPECIAL EDUCATION FULL INDIVIDUAL AND INITIAL EVALUATION. 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. Section 48.111(a), Education Code, is amended to read as follows:

(a) A ~~[Except as provided by Subsection (c), a]~~ school district is entitled to an annual allotment equal to the basic allotment multiplied by the applicable weight under Subsection (a-1) for each enrolled student equal to the difference, if the difference is greater than zero, that results from subtracting 250 from the difference between the number of students enrolled in the district during the school year immediately preceding the current school year and the number of students enrolled in the district during the school year six years preceding the current school year.

SECTION 1.32. Section 48.115(b), Education Code, is amended to read as follows:

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

(1) securing school facilities, including:

(A) improvements to school infrastructure;

(B) the use or installation of physical barriers;

and

(C) the purchase and maintenance of:

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

(ii) technology, including communications systems or devices, that facilitates communication and information

1 sharing between students, school personnel, and first responders in
2 an emergency;

3 (2) providing security for the district, including:

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

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

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

12 (A) active shooter and emergency response
13 training;

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

16 (C) the prevention, identification, and
17 management of emergencies and threats, using evidence-based,
18 effective prevention practices and including:

19 (i) providing licensed counselors, social
20 workers, and individuals trained in restorative discipline and
21 restorative justice practices;

22 (ii) providing mental health personnel and
23 support;

24 (iii) providing behavioral health
25 services;

26 (iv) establishing threat reporting
27 systems; and

(v) developing and implementing programs focused on restorative justice practices, culturally relevant instruction, and providing mental health support; and

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

SECTION 1.33. Subchapter C, Chapter 48, Education Code, is amended by adding Sections 48.116 and 48.118 to read as follows:

Sec. 48.116. FINE ARTS ALLOTMENT. (a) 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) The agency shall approve fine arts education courses that qualify for the allotment provided under this section. The approved courses must 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) The agency shall 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) 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) Each year, the commissioner shall 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) 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 (1) if the annual graduate is educationally
2 disadvantaged, \$2,000;

3 (2) if the annual graduate is not educationally
4 disadvantaged, \$1,000; and

5 (3) if the annual graduate is enrolled in a special
6 education program under Subchapter A, Chapter 29, \$2,000,
7 regardless of whether the annual graduate is educationally
8 disadvantaged.

9 (d) A school district is entitled to an outcomes bonus under
10 each subdivision of Subsection (c) for which an annual graduate
11 qualifies.

12 (e) A school district may receive funding for a student
13 under this section and any other section for which the student
14 qualifies.

15 SECTION 1.34. Sections 48.151(c) and (g), Education Code,
16 are amended to read as follows:

17 (c) Each district or county operating a regular
18 transportation system is entitled to an allotment based on a rate of
19 \$1.54 per mile per regular eligible student or a greater rate set by
20 the legislature in the General Appropriations Act.

21 (g) A school district or county that provides special
22 transportation services for eligible special education students is
23 entitled to a state allocation at a ~~[paid on a previous year's~~
24 ~~cost-per-mile basis. The]~~ rate per mile equal to the sum of the
25 rate per mile set under Subsection (c) and \$0.13, or a greater
26 amount provided ~~[allowable shall be set]~~ by appropriation ~~[based on~~
27 ~~data gathered from the first year of each preceding biennium]~~.

Districts may use a portion of their support allocation to pay transportation costs, if necessary. The commissioner may grant an amount set by appropriation for private transportation to reimburse parents or their agents for transporting eligible special education students. The mileage allowed shall be computed along the shortest public road from the student's home to school and back, morning and afternoon. The need for this type of transportation shall be determined on an individual basis and shall be approved only in extreme hardship cases.

SECTION 1.35. Subchapter D, Chapter 48, Education Code, is amended by adding Section 48.160 to read as follows:

Sec. 48.160. ALLOTMENT FOR ADVANCED MATHEMATICS PATHWAYS AND CERTAIN PROGRAMS OF STUDY. (a) 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:

(A) computer programming and software development; or

(B) cybersecurity; and

(3) a program of study in a specialized skilled trade, such as:

(A) plumbing and pipefitting;

(B) electrical;

1 (C) welding;

2 (D) diesel and heavy equipment;

3 (E) aviation maintenance; or

4 (F) applied agricultural engineering.

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

9 (1) high school students who reside in the attendance
10 zone of the high school may participate in the program of study by
11 enrolling in another high school:

12 (A) that:

13 (i) is in the same district or a neighboring
14 school district;

15 (ii) was assigned the same or a better
16 campus overall performance rating under Section 39.054 as the high
17 school in whose attendance zone the students reside; and

18 (iii) offers the program of study; and

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

21 (2) students enrolled in the high school:

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

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

27 (c) 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) 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). An open-enrollment charter school is not eligible for an allotment under this subsection.

(e) The commissioner by rule may 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) The agency may reduce the amount of a school district's allotment under this section if the agency determines that the district has not complied with any provision of this section.

SECTION 1.36. Sections 48.202(a) and (a-1), Education Code, are amended to read as follows:

(a) Each school district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax

effort over that required for the district's local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 48.203, is determined by the formula:

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

where:

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

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

"WADA" is the number of students in weighted average daily attendance, which is calculated by dividing the sum of the school district's allotments under Subchapters B and C by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the school district, which is determined by subtracting the amounts specified by Subsection (b) from the total amount of maintenance and operations taxes collected by the school district for the applicable school year and dividing the difference by the quotient of the district's taxable value of property as determined under Section 48.013 [~~Subchapter M, Chapter 403, Government Code,~~] or, if applicable, under Section 48.258 or by the quotient of the value of "DPV" as determined under Section 48.256(d) if that subsection applies to the district, divided by 100; and

"LR" is the local revenue, which is determined by multiplying

"DTR" by the quotient of the district's taxable value of property as determined under Section 48.013 [~~Subchapter M, Chapter 403, Government Code,~~] or, if applicable, under Section 48.258 or by the quotient of the value of "DPV" as determined under Section 48.256(d) if that subsection applies to the district, divided by 100.

(a-1) 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 [~~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) subject to Subsection (f), the amount that results from multiplying the maximum amount of the basic allotment provided under Section 48.051 for the applicable school year [~~\$6,160, or the greater amount provided under Section 48.051(b), if applicable,~~] by 0.008, for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (1).

SECTION 1.37. Section 48.2542, Education Code, is amended to read as follows:

Sec. 48.2542. ADDITIONAL STATE AID FOR ADJUSTMENT OF

1 LIMITATION ON TAX INCREASES ON HOMESTEAD OF ELDERLY OR DISABLED.
2 Notwithstanding any other provision of this chapter, if a school
3 district is not fully compensated through state aid or the
4 calculation of excess local revenue under this chapter based on the
5 determination of the district's taxable value of property under
6 Section 48.013 [~~Subchapter M, Chapter 403, Government Code~~], the
7 district is entitled to additional state aid in the amount
8 necessary to fully compensate the district for the amount of ad
9 valorem tax revenue lost due to a reduction of the amount of the
10 limitation on tax increases provided by Sections 11.26(a-4), (a-5),
11 (a-6), (a-7), (a-8), (a-9), and (a-10), Tax Code, as applicable.

12 SECTION 1.38. Section 48.255(c), Education Code, is amended
13 to read as follows:

14 (c) For purposes of Subsection (b)(2):

15 (1) "SCP" is the state compression percentage;

16 (2) "PYCP" is the state compression percentage for the
17 preceding school year; and

18 (3) "ECPV" is the estimated percentage change in total
19 taxable property value for the applicable tax year using the
20 taxable values of property [~~as~~] determined [~~based on the estimate~~
21 ~~submitted to the legislature~~] under Section 48.013 [~~48.269~~].

22 SECTION 1.39. Section 48.2551(a), Education Code, is
23 amended to read as follows:

24 (a) In this section:

25 (1) "DPV" is the taxable value of property in the
26 school district, as determined under Section 48.013 [~~by the agency~~
27 ~~by rule, using locally determined property values adjusted in~~

~~accordance with Section 403.302(d), Government Code];~~

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

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

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

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

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

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

SECTION 1.40. Sections 48.256(a) and (b), Education Code, are amended to read as follows:

(a) Each school district's share of the Foundation School Program is determined by the following formula:

$$\text{LFA} = \text{TR} \times \text{DPV}$$

where:

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

1 "TR" is the school district's adopted tier one maintenance
2 and operations tax rate, as described by Section 45.0032(a) for
3 each hundred dollars of valuation; and

4 "DPV" is the taxable value of property in the school district
5 for the current tax year determined under Section 48.013
6 [~~Subchapter M, Chapter 403, Government Code~~].

7 (b) The commissioner shall adjust the values determined
8 under Section 48.013 [~~reported by the comptroller~~] to reflect
9 reductions in taxable value of property resulting from natural or
10 economic disaster in the year in which the valuations are
11 determined. The decision of the commissioner is final. An
12 adjustment does not affect the local fund assignment of any other
13 school district.

14 SECTION 1.41. Section 48.257(c), Education Code, is amended
15 to read as follows:

16 (c) For purposes of Subsection (a), state aid to which a
17 district is entitled under Section 13.054 or this chapter that is
18 not described by Section 48.266(a)(3) may offset the amount by
19 which a district must reduce the district's revenue level under
20 this section. Any amount of state aid used as an offset under this
21 subsection shall reduce the amount of state aid to which the
22 district is entitled.

23 SECTION 1.42. Section 48.271(a), Education Code, is amended
24 to read as follows:

25 (a) If the final determination of an appeal under Chapter
26 42, Tax Code, results in a reduction in the taxable value of
27 property that exceeds five percent of the total taxable value of

1 property in the school district for the same tax year determined
2 under Section 48.013 [~~Subchapter M, Chapter 403, Government Code~~],
3 the commissioner shall request the comptroller to adjust its
4 taxable property value findings for that year consistent with the
5 final determination of the appraisal appeal.

6 SECTION 1.43. Section 48.273(a)(4), Education Code, is
7 amended to read as follows:

8 (4) "Wealth per student" means the taxable property
9 values determined under Section 48.013 [~~reported by the comptroller~~
10 ~~to the commissioner under Section 48.256~~] divided by the number of
11 students in average daily attendance.

12 SECTION 1.44. Sections 48.277(d) and (e), Education Code,
13 are amended to read as follows:

14 (d) A school district or open-enrollment charter school is
15 not entitled to an allotment under Subsection (a) beginning with
16 the 2029-2030 [~~2024-2025~~] school year.

17 (e) This section expires September 1, 2030 [~~2025~~].

18 SECTION 1.45. Subchapter F, Chapter 48, Education Code, is
19 amended by adding Section 48.280 to read as follows:

20 Sec. 48.280. SALARY TRANSITION ALLOTMENT. (a) In the
21 2023-2024, 2024-2025, and 2025-2026 school years, a school district
22 is entitled to receive an annual salary transition allotment equal
23 to the difference, if that amount is greater than zero, between:

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

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

26 (b) The agency shall calculate a school district's value for
27 Subsection (a)(1) by determining the difference in the amount the

1 district must pay in compensation to employees on the minimum
2 salary schedule under Section 21.402, as amended by H.B. 100, Acts
3 of the 88th Legislature, Regular Session, 2023, from the amount
4 paid in compensation to employees on the minimum salary schedule
5 under that section as effective in the 2022-2023 school year, less
6 the difference between:

7 (1) the amount of employer contributions under Section
8 825.4035, Government Code, and Section 1575.203, Insurance Code,
9 the district paid in the 2022-2023 school year for employees on the
10 minimum salary schedule under Section 21.402; and

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

17 (c) The agency shall calculate a school district's value for
18 Subsection (a)(2) by determining the total maintenance and
19 operations revenue for the current school year less the total
20 maintenance and operations revenue that would have been available
21 to the district using the basic allotment formula provided by
22 Section 48.051 and the small and mid-sized allotment formulas
23 provided by Section 48.101 as those sections existed on January 1,
24 2023.

25 (d) Before making a final determination of the amount of an
26 allotment to which a school district is entitled under this
27 section, the agency shall 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) 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) A school district is not entitled to an allotment under this section in the 2028-2029 school year or a later school year.

(g) This section expires September 1, 2029.

SECTION 1.46. Subchapter F, Chapter 48, Education Code, is amended by adding Section 48.284 to read as follows:

Sec. 48.284. PROPERTY VALUE STUDY HARDSHIP GRANTS. (a) For the 2023-2024 and 2024-2025 school years, from money appropriated for purposes of this section, the commissioner may 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) 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

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

4 (c) An open-enrollment charter school is not eligible to
5 receive a grant under this section.

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

9 (e) The commissioner may require a school district to
10 submit, or request from a state agency or a political subdivision of
11 this state, additional information as needed to make a
12 determination under this section.

13 (f) The total amount of grants awarded under this section
14 for a school year may not exceed \$175 million.

15 (g) In awarding grants under this section, the commissioner
16 shall prioritize school districts experiencing the greatest
17 percentage reduction in funding described by Subsection (a).

18 (h) The commissioner may not adjust the amount of a grant
19 awarded under this section based on data revisions received after
20 the grant has been awarded.

21 (i) A determination by the commissioner under this section
22 is final and may not be appealed.

23 (j) This section expires September 1, 2025.

24 SECTION 1.47. Section 49.302(a), Education Code, is amended
25 to read as follows:

26 (a) For purposes of this subchapter, the taxable value of an
27 individual parcel or other item of property and the total taxable

1 value of property in a school district resulting from the
2 detachment of property from or annexation of property to that
3 district is determined by applying the appraisal ratio for the
4 appropriate category of property determined under Section 48.013
5 ~~[Subchapter M, Chapter 403, Government Code,]~~ for the preceding tax
6 year to the taxable value of the detached or annexed property
7 determined under Title 1, Tax Code, for the preceding tax year.

8 SECTION 1.48. Section 403.3011(2), Government Code, is
9 amended to read as follows:

10 (2) "Eligible school district" means a school district
11 for which the comptroller has determined the following:

12 (A) in the most recent study, the local value is
13 invalid under Section 403.302(c) and does not exceed the state
14 value for the school district determined in the study;

15 (B) in the two studies preceding the most recent
16 study, the school district's local value was valid under Section
17 403.302(c); and

18 (C) in the most recent study, the aggregate local
19 value of all of the categories of property sampled by the
20 comptroller is not less than 90 percent of the lower limit of the
21 margin of error as determined by the comptroller of the aggregate
22 value as determined by the comptroller of all of the categories of
23 property sampled by the comptroller~~[, and~~

24 ~~[(D) the appraisal district that appraises~~
25 ~~property for the school district was in compliance with the scoring~~
26 ~~requirement of the comptroller's most recent review of the~~
27 ~~appraisal district conducted under Section 5.102, Tax Code].~~

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

(a) A school district or a property owner whose property is included in the study under Section 403.302 and whose tax liability on the property is \$100,000 or more may protest the comptroller's findings under Section 403.302(g) or (h) by filing a petition with the comptroller. The petition must be filed not later than the 50th ~~40th~~ day after the date on which the comptroller's findings are certified to the commissioner of education and must specify the grounds for objection and the value claimed to be correct by the school district or property owner.

SECTION 1.50. Section 5.102, Tax Code, is amended by adding Subsection (f) to read as follows:

(f) Following the conclusion of all reviews conducted by the comptroller under this section each year, the comptroller shall prepare a report summarizing the findings of the reviews conducted by the comptroller in that year. The report must 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. The comptroller shall include the report required by this subsection in the report required under Section 5.10.

SECTION 1.51. Section 26.08(n), Tax Code, is amended to read as follows:

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

(1) the rate per \$100 of taxable value that is equal to the district's maximum compressed tax rate, as determined under Section 48.2551, Education Code, for the current year;

(2) the greater of:

(A) the district's enrichment tax rate for the preceding tax year, less any amount by which the district is required to reduce the district's enrichment tax rate under Section 48.202(f), Education Code, in the current tax year; or

(B) the rate of \$0.06 [~~\$0.05~~] per \$100 of taxable value; and

(3) the district's current debt rate.

SECTION 1.52. The following provisions of the Education Code are repealed:

(1) Sections 21.402(b), (c), (c-1), (f), and (h);

(2) Sections 21.403(a) and (d); and

(3) Sections 48.111(c), (c-1), and (c-2).

SECTION 1.53. Section 403.3011, Government Code, as amended by this Act, applies only to a study conducted under Section 403.302, Government Code, for a tax year that begins on or after January 1, 2024. A study conducted before that date is governed by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION 1.54. Section 403.303, Government Code, as amended

1 by this Act, applies only to a protest of a finding under a study
2 conducted under Section 403.302, Government Code, for which a
3 petition is filed on or after January 1, 2024. A petition filed
4 before that date is governed by the law in effect on the date the
5 petition was filed, and the former law is continued in effect for
6 that purpose.

7 SECTION 1.55. Section 5.102(f), Tax Code, as added by this
8 Act, applies only to a report required under Section 5.10, Tax Code,
9 for a tax year that begins on or after January 1, 2024.

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

14 SECTION 1.57. (a) Except as provided by Subsection (b) of
15 this section or as otherwise provided by this article, this article
16 takes effect immediately if this Act receives a vote of two-thirds
17 of all the members elected to each house, as provided by Section 39,
18 Article III, Texas Constitution. If this Act does not receive the
19 vote necessary for immediate effect, the entirety of this article
20 takes effect September 1, 2023.

21 (b) Sections 7.062(a), 12.106(a-2), 13.051(c), 13.054,
22 30.003, 46.003(a), 46.006(g), 46.032(a), 48.0051(a), (b), and (d),
23 48.011(a-1), (d), and (e), 48.051, 48.101, 48.111, 48.151(c) and
24 (g), 48.202(a) and (a-1), 48.2542, 48.255(c), 48.2551(a),
25 48.256(a) and (b), 48.257(c), 48.271(a), 48.273(a)(4), 48.277(d)
26 and (e), and 49.302(a), Education Code, and Section 26.08(n), Tax
27 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, take effect September 1, 2023.

ARTICLE 2. CHANGES EFFECTIVE FOR 2024-2025 SCHOOL YEAR

SECTION 2.01. Section 8.051(d), Education Code, is amended to read as follows:

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

(1) training and assistance in:

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

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

(2) training and assistance in providing each program that qualifies for a funding allotment under Section 48.102, 48.1021, 48.104, 48.105, or 48.109;

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

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

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

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

SECTION 2.02. Section 29.002, Education Code, is amended to read as follows:

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

(1) special education, as defined by 20 U.S.C. Section 1401(29) [~~instruction, which may be provided by professional and supported by paraprofessional personnel in the regular classroom or in an instructional arrangement described by Section 48.102~~]; and

(2) related services, as defined by 20 U.S.C. Section 1401(26) [~~which are developmental, corrective, supportive, or evaluative services, not instructional in nature, that may be required for the student to benefit from special education instruction and for implementation of a student's individualized education program~~].

SECTION 2.03. Section 29.014(d), Education Code, is amended to read as follows:

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

SECTION 2.04. Section 29.018, Education Code, is amended by adding Subsection (g) to read as follows:

(g) This section expires September 1, 2026.

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

1 (a) In order to promote student safety, on receipt of a
2 written request authorized under Subsection (a-1), a school
3 district or open-enrollment charter school shall provide
4 equipment, including a video camera, to the school or schools in the
5 district or the charter school campus or campuses specified in the
6 request. A school or campus that receives equipment as provided by
7 this subsection shall place, operate, and maintain one or more
8 video cameras in special education ~~[self-contained]~~ classrooms and
9 other special education settings ~~[in which a majority of the~~
10 ~~students in regular attendance are provided special education and~~
11 ~~related services and are assigned to one or more self-contained~~
12 ~~classrooms or other special education settings for at least 50~~
13 ~~percent of the instructional day]~~, provided that:

14 (1) a school or campus that receives equipment as a
15 result of the request by a parent or staff member is required to
16 place equipment only in classrooms or settings in which the
17 parent's child is in regular attendance or to which the staff member
18 is assigned, as applicable; and

19 (2) a school or campus that receives equipment as a
20 result of the request by a board of trustees, governing body,
21 principal, or assistant principal is required to place equipment
22 only in classrooms or settings identified by the requestor, if the
23 requestor limits the request to specific classrooms or settings
24 subject to this subsection.

25 (a-1) For purposes of Subsection (a):

26 (1) a parent of a child who receives special education
27 services in one or more special education ~~[self-contained]~~

1 classrooms or other special education settings may request in
2 writing that equipment be provided to the school or campus at which
3 the child receives those services;

4 (2) a board of trustees or governing body may request
5 in writing that equipment be provided to one or more specified
6 schools or campuses at which one or more children receive special
7 education services in special education [~~self-contained~~]
8 classrooms or other special education settings;

9 (3) the principal or assistant principal of a school
10 or campus at which one or more children receive special education
11 services in special education [~~self-contained~~] classrooms or other
12 special education settings may request in writing that equipment be
13 provided to the principal's or assistant principal's school or
14 campus; and

15 (4) a staff member assigned to work with one or more
16 children receiving special education services in special education
17 [~~self-contained~~] classrooms or other special education settings
18 may request in writing that equipment be provided to the school or
19 campus at which the staff member works.

20 (b) A school or campus that places a video camera in a
21 special education classroom or other special education setting in
22 accordance with Subsection (a) shall operate and maintain the video
23 camera in the classroom or setting, as long as the classroom or
24 setting continues to satisfy the requirements under Subsection (a),
25 for the remainder of the school year in which the school or campus
26 received the request, unless the requestor withdraws the request in
27 writing. If for any reason a school or campus will discontinue

1 operation of a video camera during a school year, not later than the
2 fifth school day before the date the operation of the video camera
3 will be discontinued, the school or campus must notify the parents
4 of each student in regular attendance in the classroom or setting
5 that operation of the video camera will not continue unless
6 requested by a person eligible to make a request under Subsection
7 (a-1). Not later than the 10th school day before the end of each
8 school year, the school or campus must notify the parents of each
9 student in regular attendance in the classroom or setting that
10 operation of the video camera will not continue during the
11 following school year unless a person eligible to make a request for
12 the next school year under Subsection (a-1) submits a new request.

13 (c) Except as provided by Subsection (c-1), video cameras
14 placed under this section must be capable of:

15 (1) covering all areas of the special education
16 classroom or other special education setting, including a room
17 attached to the classroom or setting used for time-out; and

18 (2) recording audio from all areas of the special
19 education classroom or other special education setting, including a
20 room attached to the classroom or setting used for time-out.

21 (c-1) The inside of a bathroom or any area in the special
22 education classroom or other special education setting in which a
23 student's clothes are changed may not be visually monitored, except
24 for incidental coverage of a minor portion of a bathroom or changing
25 area because of the layout of the classroom or setting.

26 (d) Before a school or campus activates a video camera in a
27 special education classroom or other special education setting

1 under this section, the school or campus shall provide written
2 notice of the placement to all school or campus staff and to the
3 parents of each student attending class or engaging in school
4 activities in the classroom or setting.

5 (f) A school district or open-enrollment charter school may
6 solicit and accept gifts, grants, and donations from any person for
7 use in placing video cameras in special education classrooms or
8 other special education settings under this section.

9 (h) A school district or open-enrollment charter school may
10 not:

11 (1) allow regular or continual monitoring of video
12 recorded under this section; or

13 (2) use video recorded under this section for teacher
14 evaluation or for any other purpose other than the promotion of
15 safety of students receiving special education services in a
16 special education [~~self-contained~~] classroom or other special
17 education setting.

18 (k) The commissioner may adopt rules to implement and
19 administer this section, including rules regarding the special
20 education classrooms and other special education settings to which
21 this section applies.

22 (l) A school district or open-enrollment charter school
23 policy relating to the placement, operation, or maintenance of
24 video cameras under this section must:

25 (1) include information on how a person may appeal an
26 action by the district or school that the person believes to be in
27 violation of this section or a policy adopted in accordance with

1 this section, including the appeals process under Section 7.057;

2 (2) require that the district or school provide a
3 response to a request made under this section not later than the
4 seventh school business day after receipt of the request by the
5 person to whom it must be submitted under Subsection (a-3) that
6 authorizes the request or states the reason for denying the
7 request;

8 (3) except as provided by Subdivision (5), require
9 that a school or a campus begin operation of a video camera in
10 compliance with this section not later than the 45th school
11 business day, or the first school day after the 45th school business
12 day if that day is not a school day, after the request is authorized
13 unless the agency grants an extension of time;

14 (4) permit the parent of a student whose admission,
15 review, and dismissal committee has determined that the student's
16 placement for the following school year will be in a special
17 education classroom or other special education setting in which a
18 video camera may be placed under this section to make a request for
19 the video camera by the later of:

20 (A) the date on which the current school year
21 ends; or

22 (B) the 10th school business day after the date
23 of the placement determination by the admission, review, and
24 dismissal committee; and

25 (5) if a request is made by a parent in compliance with
26 Subdivision (4), unless the agency grants an extension of time,
27 require that a school or campus begin operation of a video camera in

1 compliance with this section not later than the later of:

2 (A) the 10th school day of the fall semester; or

3 (B) the 45th school business day, or the first
4 school day after the 45th school business day if that day is not a
5 school day, after the date the request is made.

6 (s) This section applies to the placement, operation, and
7 maintenance of a video camera in a special education
8 ~~[self-contained]~~ classroom or other special education setting
9 during the regular school year and extended school year services.

10 (t) A video camera placed under this section is not required
11 to be in operation for the time during which students are not
12 present in the special education classroom or other special
13 education setting.

14 SECTION 2.06. Sections 29.022(u)(3) and (4), Education
15 Code, are amended to read as follows:

16 (3) "Special education classroom or other special
17 education setting" means a classroom or setting primarily used for
18 delivering special education services to students who spend on
19 average less than 50 percent of an instructional day in a general
20 education classroom or setting [~~"Self-contained classroom" does~~
21 ~~not include a classroom that is a resource room instructional~~
22 ~~arrangement under Section 48.102]~~.

23 (4) "Staff member" means a teacher, related service
24 provider, paraprofessional, counselor, or educational aide
25 assigned to work in a special education ~~[self-contained]~~ classroom
26 or other special education setting.

27 SECTION 2.07. Section 29.316(c), Education Code, is amended

1 to read as follows:

2 (c) Not later than August 31 of each year, the agency, the
3 division, and the center jointly shall prepare and post on the
4 agency's, the division's, and the center's respective Internet
5 websites a report on the language acquisition of children eight
6 years of age or younger who are deaf or hard of hearing. The report
7 must:

8 (1) include:

9 (A) existing data reported in compliance with
10 federal law regarding children with disabilities; and

11 (B) information relating to the language
12 acquisition of children who are deaf or hard of hearing and also
13 have other disabilities;

14 (2) state for each child:

15 (A) the percentage of the instructional day
16 ~~[arrangement used with the child, as described by Section 48.102,~~
17 ~~including the time]~~ the child spends on average in a general
18 education setting ~~[mainstream instructional arrangement];~~

19 (B) the specific language acquisition services
20 provided to the child, including:

21 (i) the time spent providing those
22 services; and

23 (ii) a description of any hearing
24 amplification used in the delivery of those services, including:

25 (a) the type of hearing amplification
26 used;

27 (b) the period of time in which the

1 child has had access to the hearing amplification; and

2 (c) the average amount of time the
3 child uses the hearing amplification each day;

4 (C) the tools or assessments used to assess the
5 child's language acquisition and the results obtained;

6 (D) the preferred unique communication mode used
7 by the child at home; and

8 (E) the child's age, race, and gender, the age at
9 which the child was identified as being deaf or hard of hearing, and
10 any other relevant demographic information the commissioner
11 determines to likely be correlated with or have an impact on the
12 child's language acquisition;

13 (3) compare progress in English literacy made by
14 children who are deaf or hard of hearing to progress in that subject
15 made by children of the same age who are not deaf or hard of hearing,
16 by appropriate age range; and

17 (4) be redacted as necessary to comply with state and
18 federal law regarding the confidentiality of student medical or
19 educational information.

20 SECTION 2.08. Section 46.003(a), Education Code, is amended
21 to read as follows:

22 (a) For each year, except as provided by Sections 46.005 and
23 46.006, a school district is guaranteed a specified amount per
24 student in state and local funds for each cent of tax effort, up to
25 the maximum rate under Subsection (b), to pay the principal of and
26 interest on eligible bonds issued to construct, acquire, renovate,
27 or improve an instructional facility. The amount of state support

1 is determined by the formula:

$$2 \quad \text{FYA} = (\text{FYL} \times \text{AE} [\text{ADA}] \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

3 where:

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

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

9 "AE" [~~"ADA"~~] is the greater of the number of students in
10 average enrollment [~~daily attendance~~], as determined under Section
11 48.0055 [~~48.005~~], in the district or 400;

12 "BTR" is the district's bond tax rate for the current year,
13 which is determined by dividing the amount budgeted by the district
14 for payment of eligible bonds by the quotient of the district's
15 taxable value of property as determined under Section 48.013
16 [~~Subchapter M, Chapter 403, Government Code~~] or, if applicable,
17 Section 48.258, divided by 100; and

18 "DPV" is the district's taxable value of property as
19 determined under Section 48.013 [~~Subchapter M, Chapter 403,~~
20 ~~Government Code~~] or, if applicable, Section 48.258.

21 SECTION 2.09. Section 46.005, Education Code, is amended to
22 read as follows:

23 Sec. 46.005. LIMITATION ON GUARANTEED AMOUNT. The
24 guaranteed amount of state and local funds for a new project that a
25 district may be awarded in any state fiscal biennium under Section
26 46.003 for a school district may not exceed the lesser of:

27 (1) the amount the actual debt service payments the

district makes in the biennium in which the bonds are issued; or

(2) the greater of:

(A) \$100,000; or

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

SECTION 2.10. Section 46.006(g), Education Code, is amended to read as follows:

(g) In this section, "wealth per student" means a school district's taxable value of property as determined under Section 48.013 [~~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 48.0055 [~~48.005~~].

SECTION 2.11. 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:

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

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

1 of:

2 (1) \$40 or a greater amount for any year provided by
3 appropriation; or

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

9 "AE" [~~"ADA"~~] is the number of students in average enrollment
10 [~~daily attendance~~], as determined under Section 48.0055 [~~48.005~~],
11 in the district;

12 "EDTR" is the existing debt tax rate of the district, which is
13 determined by dividing the amount budgeted by the district for
14 payment of eligible bonds by the quotient of the district's taxable
15 value of property as determined under Section 48.013 [~~Subchapter M,~~
16 ~~Chapter 403, Government Code,~~] or, if applicable, under Section
17 48.258, divided by 100; and

18 "DPV" is the district's taxable value of property as
19 determined under Section 48.013 [~~Subchapter M, Chapter 403,~~
20 ~~Government Code,~~] or, if applicable, under Section 48.258.

21 SECTION 2.12. Section 48.051(a), Education Code, is amended
22 to read as follows:

23 (a) For each student in average daily attendance, not
24 including the time students spend each day in special education
25 programs in a setting [~~an instructional arrangement~~] other than a
26 general education setting [~~mainstream or career and technology~~
27 ~~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 the following
 formula:

$$A = \underline{B} [\underline{\$6,160}] \times \text{TR/MCR}$$

where:

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

"B" is the base amount, which equals the greater of:

(1) \$6,300;

(2) an amount equal to the district's base amount under
 this section for the preceding school year; or

(3) the amount appropriated under Subsection (b);

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

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

SECTION 2.13. Section 48.102, Education Code, is amended to
 read as follows:

Sec. 48.102. SPECIAL EDUCATION. (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 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 [1.15]. ~~[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 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]

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

(b) The commissioner by rule shall define seven tiers of intensity of service for use in determining funding under this section. The commissioner must include one tier specifically addressing students receiving special education services in residential placement ~~[A special instructional arrangement for~~

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

~~10 (c) [For funding purposes, the number of contact hours
11 credited per day for each student in the off home campus
12 instructional arrangement may not exceed the contact hours credited
13 per day for the multidistrict class instructional arrangement in
14 the 1992-1993 school year.~~

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

~~21 [(e) The commissioner by rule shall prescribe the
22 qualifications an instructional arrangement must meet in order to
23 be funded as a particular instructional arrangement under this
24 section. In prescribing the qualifications that a mainstream
25 instructional arrangement must meet, the commissioner shall
26 establish requirements that students with disabilities and their
27 teachers receive the direct, indirect, and support services that~~

1 ~~are necessary to enrich the regular classroom and enable student~~
2 ~~success.~~

3 ~~[(f)] In this section, "full-time equivalent student" means~~
4 ~~30 hours of contact a week between a special education student and~~
5 ~~special education program personnel.~~

6 ~~[(g)]~~ The commissioner shall adopt rules and procedures
7 governing contracts for residential and day program placement of
8 ~~[special education]~~ students receiving special education services.

9 (d) ~~[The legislature shall provide by appropriation for the~~
10 ~~state's share of the costs of those placements.~~

11 ~~[(h)]~~ At least 55 percent of the funds allocated under this
12 section must be used in the special education program under
13 Subchapter A, Chapter 29.

14 (e) ~~[(i)]~~ The agency shall ensure ~~[encourage]~~ the placement
15 of students in special education programs, including students in
16 residential placement ~~[instructional arrangements]~~, in the least
17 restrictive environment appropriate for their educational needs.

18 (f) ~~[(j)]~~ A school district that provides an extended year
19 program required by federal law for special education students who
20 may regress is entitled to receive funds in an amount equal to 75
21 percent, or a lesser percentage determined by the commissioner, of
22 the basic allotment, or, if applicable, the sum of the basic
23 allotment and the allotment under Section 48.101 to which the
24 district is entitled for each ~~[full-time equivalent]~~ student in
25 average enrollment ~~[daily attendance]~~, multiplied by the amount
26 designated for the highest tier of intensity of service for which
27 the student qualifies ~~[student's instructional arrangement]~~ under

1 this section, for each day the program is provided divided by the
 2 number of days in the minimum school year. The total amount of
 3 state funding for extended year services under this section may not
 4 exceed \$10 million per year. A school district may use funds
 5 received under this section only in providing an extended year
 6 program.

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

19 (h) Not later than December 1 of each even-numbered year,
 20 the commissioner shall submit to the Legislative Budget Board, for
 21 purposes of the allotment under this section, proposed weights for
 22 the tiers of intensity of service for the next state fiscal
 23 biennium.

24 SECTION 2.14. Subchapter C, Chapter 48, Education Code, is
 25 amended by adding Sections 48.1021 and 48.1023 to read as follows:

26 Sec. 48.1021. SPECIAL EDUCATION SERVICE GROUP ALLOTMENT.

27 (a) For each six-week period in which a student in a special

1 education program under Subchapter A, Chapter 29, receives eligible
2 special education services, a school district is entitled to an
3 allotment in an amount set by the legislature in the General
4 Appropriations Act for the service group for which the student is
5 eligible.

6 (a-1) Notwithstanding Subsection (a), for the 2024-2025 and
7 2025-2026 school years, the amount of an allotment under this
8 section shall be determined in accordance with Section 48.1023.
9 This subsection expires September 1, 2026.

10 (b) The commissioner by rule shall establish four service
11 groups for use in determining funding under this section. In
12 establishing the groups, the commissioner must consider the level
13 of services, equipment, and technology required to meet the needs
14 of students receiving special education services.

15 (c) A school district is entitled to receive an allotment
16 under this section for each service group for which a student is
17 eligible.

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

21 (e) At least 55 percent of the funds allocated under this
22 section must be used for a special education program under
23 Subchapter A, Chapter 29.

24 (f) Not later than December 1 of each even-numbered year,
25 the commissioner shall submit to the Legislative Budget Board, for
26 purposes of the allotment under this section, proposed amounts of
27 funding for the service groups for the next state fiscal biennium.

1 Sec. 48.1023. SPECIAL EDUCATION TRANSITION FUNDING. (a)
2 For the 2024-2025 and 2025-2026 school years, the commissioner may
3 adjust weights or amounts provided under Section 48.102 or 48.1021
4 as necessary to ensure compliance with requirements regarding
5 maintenance of state financial support under 20 U.S.C. Section
6 1412(a)(18) and maintenance of local financial support under
7 applicable federal law.

8 (b) For the 2024-2025 and 2025-2026 school years, the
9 commissioner shall determine the formulas through which school
10 districts receive funding under Sections 48.102 and 48.1021. In
11 determining the formulas, the commissioner may combine the methods
12 of funding under those sections with the method of funding provided
13 by Section 48.102, as it existed on January 1, 2023.

14 (c) For the 2026-2027 school year, the commissioner may
15 adjust the weights or amounts set by the legislature in the General
16 Appropriations Act for purposes of Section 48.102 or 48.1021.
17 Before making an adjustment under this subsection, the commissioner
18 shall notify and must receive approval from the Legislative Budget
19 Board.

20 (d) Notwithstanding any other provision of this section,
21 the sum of funding provided under Sections 48.102 and 48.1021 for
22 the 2024-2025 or for the 2025-2026 school year as adjusted under
23 this section may not exceed the sum of:

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

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

1 (e) Each school district and open-enrollment charter school
2 shall report to the agency information necessary to implement this
3 section.

4 (f) The agency shall provide technical assistance to school
5 districts and open-enrollment charter schools to ensure a
6 successful transition in funding formulas for special education.

7 (g) This section expires September 1, 2028.

8 SECTION 2.15. Section 48.103(c), Education Code, is amended
9 to read as follows:

10 (c) A school district may receive funding for a student
11 under each provision of this section, ~~[and]~~ Section 48.102, and
12 Section 48.1021 for which ~~[if]~~ the student qualifies ~~[satisfies the~~
13 ~~requirements of both sections]~~.

14 SECTION 2.16. Sections 48.104(a), (d), and (e), Education
15 Code, are amended to read as follows:

16 (a) For each student who does not have a disability and
17 resides in a residential placement facility in a district in which
18 the student's parent or legal guardian does not reside, a district
19 is entitled to an annual allotment equal to the basic allotment
20 multiplied by 0.2 or, if the student is educationally
21 disadvantaged, 0.2755 ~~[0.275]~~. For each full-time equivalent
22 student who is in a remedial and support program under Section
23 29.081 because the student is pregnant, a district is entitled to an
24 annual allotment equal to the basic allotment multiplied by 2.41.

25 (d) The weights assigned to the five tiers of the index
26 established under Subsection (c) are, from least to most severe
27 economic disadvantage, 0.2255 ~~[0.225]~~, 0.238 ~~[0.2375]~~, 0.2505

1 ~~[0.25]~~, 0.263 ~~[0.2625]~~, and 0.2755 ~~[0.275]~~.

2 (e) If insufficient data is available for any school year to
3 evaluate the level of economic disadvantage in a census block
4 group, a school district is entitled to an annual allotment equal to
5 the basic allotment multiplied by 0.2255 ~~[0.225]~~ for each student
6 who is educationally disadvantaged and resides in that census block
7 group.

8 SECTION 2.17. Section 48.105(a), Education Code, is amended
9 to read as follows:

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

14 (1) for an emergent bilingual student, as defined by
15 Section 29.052:

16 (A) 0.1; or

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

20 (2) for a student not described by Subdivision (1),
21 0.05 if the student is in a bilingual education program using a dual
22 language immersion/two-way program model.

23 SECTION 2.18. Sections 48.106(a) and (a-1), Education Code,
24 are amended to read as follows:

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

an annual allotment equal to the basic allotment~~[7]~~ 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 ~~[1.1]~~ for a full-time equivalent student in career and technology education courses not in an approved program of study;

(2) 0.28 ~~[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 ~~[1.47]~~ for a full-time equivalent student in levels three and four career and technology education courses in an approved program of study, as identified by the agency.

(a-1) In addition to the amounts under Subsection (a), for each student in average enrollment ~~[daily attendance]~~, a district is entitled to \$50 for each of the following in which the student is enrolled:

(1) a campus designated as a P-TECH school under Section 29.556; or

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

SECTION 2.19. Section 48.107(a), Education Code, is amended to read as follows:

(a) Except as provided by Subsection (b), for each student in average enrollment ~~[daily attendance]~~ who is using a public education grant under Subchapter G, Chapter 29, to attend school in a district other than the district in which the student resides, the

1 district in which the student attends school is entitled to an
2 annual allotment equal to the basic allotment multiplied by a
3 weight of 0.1.

4 SECTION 2.20. Section 48.108(a), Education Code, is amended
5 to read as follows:

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

10 (1) educationally disadvantaged; or

11 (2) an emergent bilingual student, as defined by
12 Section 29.052, and is in a bilingual education or special language
13 program under Subchapter B, Chapter 29.

14 SECTION 2.21. Section 48.109(c), Education Code, is amended
15 to read as follows:

16 (c) Not more than five percent of a district's students in
17 average enrollment [~~daily attendance~~] are eligible for funding
18 under this section.

19 SECTION 2.22. Subchapter C, Chapter 48, Education Code, is
20 amended by adding Section 48.119 to read as follows:

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

24 (b) Funds allocated under this section may be used only to
25 ensure that school library books and related materials meet the
26 standards adopted under Section 33.021.

27 (c) The agency shall adopt a list of approved vendors at

1 which a school district may spend funds allocated under this
2 section for the purpose described by Subsection (b).

3 SECTION 2.23. Section 48.153, Education Code, is amended to
4 read as follows:

5 Sec. 48.153. DROPOUT RECOVERY SCHOOL AND RESIDENTIAL
6 PLACEMENT FACILITY ALLOTMENT. A school district or open-enrollment
7 charter school is entitled to \$275 for each student in average
8 enrollment [~~daily attendance~~] who:

- 9 (1) resides in a residential placement facility; or
10 (2) is at a district or school or a campus of the
11 district or school that is designated as a dropout recovery school
12 under Section 39.0548.

13 SECTION 2.24. Section 48.257, Education Code, is amended by
14 amending Subsection (a) and adding Subsection (b-1) to read as
15 follows:

16 (a) Subject to Subsection (b) and except as provided by
17 Subsection (b-1), if a school district's tier one local share under
18 Section 48.256 exceeds the district's entitlement under Section
19 48.266(a)(1) less the district's distribution from the state
20 available school fund, the district must reduce the district's tier
21 one revenue level in accordance with Chapter 49 to a level not to
22 exceed the district's entitlement under Section 48.266(a)(1) less
23 the district's distribution from the state available school fund.

24 (b-1) This subsection applies only to a school district to
25 which Subsection (a) applies, that received an allotment under
26 Section 48.277 for the 2023-2024 school year, and that adopts a
27 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. 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, the agency shall 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. Section 48.279(e), Education Code, is amended to read as follows:

(e) After the commissioner has replaced any withheld federal funds as provided by Subsection (d), the commissioner shall 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. This article takes effect September 1, 2024.

ARTICLE 3. CHANGES EFFECTIVE FOR 2025-2026 SCHOOL YEAR

SECTION 3.01. Section 48.051, Education Code, is amended by

adding Subsection (a-1) to read as follows:

(a-1) Notwithstanding Subsection (a), for the second year of each state fiscal biennium, the commissioner shall 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. Subchapter D, Chapter 49, Education Code, is amended by adding Section 49.1541 to read as follows:

Sec. 49.1541. CREDIT FOR PREPAYMENT. (a) 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) A reduction under Subsection (a) shall 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. This article takes effect September 1, 2025.

ADOPTED

By: King, Kea / Creighton MAY 23 2023

H.B. No. 100

Substitute the following for —.B. No. Latney Law:

By: Phil King

Secretary of the Senate

C.S. H.B. No. 100

A BILL TO BE ENTITLED

AN ACT

relating to public education and public school finance, including the rights, certification, and compensation of public school educators, contributions by a public school to the Teacher Retirement System of Texas, and an education savings account program for certain children.

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

ARTICLE 1. CHANGES GENERALLY APPLICABLE TO PUBLIC SCHOOLS EFFECTIVE FOR 2023-2024 SCHOOL YEAR

SECTION 1.01. 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, is reenacted and amended to read as follows:

(b) An open-enrollment charter school is subject to:

(1) a provision of this title establishing a criminal offense;

(2) the provisions in Chapter 554, Government Code; and

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

(A) the Public Education Information Management System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

1 (B) criminal history records under Subchapter C,
2 Chapter 22;
3 (C) reading instruments and accelerated reading
4 instruction programs under Section 28.006;
5 (D) accelerated instruction under Section
6 28.0211;
7 (E) high school graduation requirements under
8 Section 28.025;
9 (F) special education programs under Subchapter
10 A, Chapter 29;
11 (G) bilingual education under Subchapter B,
12 Chapter 29;
13 (H) prekindergarten programs under Subchapter E
14 or E-1, Chapter 29, except class size limits for prekindergarten
15 classes imposed under Section 25.112, which do not apply;
16 (I) extracurricular activities under Section
17 33.081;
18 (J) discipline management practices or behavior
19 management techniques under Section 37.0021;
20 (K) health and safety under Chapter 38;
21 (L) the provisions of Subchapter A, Chapter 39;
22 (M) public school accountability and special
23 investigations under Subchapters A, B, C, D, F, G, and J, Chapter
24 39, and Chapter 39A;
25 (N) the requirement under Section 21.006 to
26 report an educator's misconduct;
27 (O) intensive programs of instruction under

1 Section 28.0213;

2 (P) the right of a school employee to report a
3 crime, as provided by Section 37.148;

4 (Q) bullying prevention policies and procedures
5 under Section 37.0832;

6 (R) the right of a school under Section 37.0052
7 to place a student who has engaged in certain bullying behavior in a
8 disciplinary alternative education program or to expel the student;

9 (S) the right under Section 37.0151 to report to
10 local law enforcement certain conduct constituting assault or
11 harassment;

12 (T) a parent's right to information regarding the
13 provision of assistance for learning difficulties to the parent's
14 child as provided by Sections 26.004(b)(11) and 26.0081(c) and (d);

15 (U) establishment of residency under Section
16 25.001;

17 (V) school safety requirements under Sections
18 37.108, 37.1081, 37.1082, 37.109, 37.113, 37.114, 37.1141, 37.115,
19 37.207, and 37.2071;

20 (W) the early childhood literacy and mathematics
21 proficiency plans under Section 11.185;

22 (X) the college, career, and military readiness
23 plans under Section 11.186; ~~and~~

24 (Y) [~~(X)~~] parental options to retain a student
25 under Section 28.02124; and

26 (Z) establishing a local school health advisory
27 council in which members are appointed by the governing body of the

1 school and health education instruction complies with Section
2 28.004.

3 SECTION 1.02. Sections 12.106(a-2) and (d), Education Code,
4 are amended to read as follows:

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

9 (1) the product of:

10 (A) the quotient of:

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

13 (ii) the total number of students in
14 average daily attendance in school districts that receive an
15 allotment under Section 48.101(b) or (c); and

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

17 (i) the total number of students in average
18 daily attendance in school districts that receive an allotment
19 under Section 48.101(b) or (c); and

20 (ii) the total number of students in
21 average daily attendance in school districts statewide; and

22 (2) \$460 [~~\$125~~].

23 (d) Subject to Subsection (e), in addition to other amounts
24 provided by this section, a charter holder is entitled to receive,
25 for the open-enrollment charter school, an annual allotment
26 [~~funding~~] per student in average daily attendance [~~in an amount~~]
27 equal to the basic allotment under Section 48.051 [~~guaranteed level~~]

1 ~~of state and local funds per student per cent of tax effort under~~
2 ~~Section 46.032(a)] multiplied by 0.04 [the lesser of:~~

3 ~~[(1) the state average interest and sinking fund tax~~
4 ~~rate imposed by school districts for the current year, or~~

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

8 SECTION 1.03. Section 13.054, Education Code, is amended by
9 amending Subsection (f) and adding Subsections (i-1), (i-2), (i-3),
10 (i-4), and (i-5) to read as follows:

11 (f) For five years beginning with the school year in which
12 the annexation occurs, a school district shall receive additional
13 funding under this subsection or Subsection (h). The amount of
14 funding shall be determined by multiplying the lesser of the
15 enlarged district's local fund assignment computed under Section
16 48.256 or the enlarged district's total cost of tier one by a
17 fraction, the numerator of which is the number of students residing
18 in the territory annexed to the receiving district preceding the
19 date of the annexation and the denominator of which is the number of
20 students residing in the district as enlarged on the date of the
21 annexation, and multiplying the resulting product by the quotient
22 of the enlarged district's maximum compressed tax rate, as
23 determined under Section 48.2551, for the current school year
24 divided by the receiving district's maximum compressed tax rate, as
25 determined under Section 48.2551, for the year in which the
26 annexation occurred. The commissioner shall provide the funding
27 under this subsection from funds appropriated for purposes of the

1 Foundation School Program. A determination by the commissioner
2 under this subsection is final and may not be appealed.

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

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

12 (1) determine the difference between:

13 (A) the amount of funding to which the district
14 would have been entitled under Subsection (f) if Subsection (i-1)
15 had been in effect since June 1, 2013; and

16 (B) the amount of funding the district has
17 received under Subsection (f); and

18 (2) provide the amount determined under Subdivision
19 (1) to the district in the form of:

20 (A) a lump sum; or

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

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

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

6 (i-5) This subsection and Subsections (i-2), (i-3), and
7 (i-4) expire September 1, 2027.

8 SECTION 1.04. Section 19.009(d-2), Education Code, is
9 amended to read as follows:

10 (d-2) Beginning with the 2009-2010 school year, the
11 district shall increase the [~~monthly~~] salary of each classroom
12 teacher, full-time speech pathologist, full-time librarian,
13 full-time school counselor certified under Subchapter B, Chapter
14 21, and full-time school nurse employed by the district by the
15 greater of:

16 (1) \$80 per month; or

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

25 SECTION 1.05. Subchapter A, Chapter 21, Education Code, is
26 amended by adding Section 21.010 to read as follows:

27 Sec. 21.010. TEACHER POSITION DATA COLLECTION. The agency

1 shall collect data from school districts and open-enrollment
2 charter schools for the recruitment and retention of classroom
3 teachers, including the classification, grade level, subject area,
4 duration, and other relevant information regarding vacant teaching
5 positions in a district or school. The data may be collected using
6 the Public Education Information Management System (PEIMS) or
7 another reporting mechanism specified by the agency.

8 SECTION 1.06. Subchapter B, Chapter 21, Education Code, is
9 amended by adding Section 21.0411 to read as follows:

10 Sec. 21.0411. WAIVER OR PAYMENT OF CERTAIN EXAMINATION AND
11 CERTIFICATION FEES. (a) Notwithstanding a rule adopted under
12 Section 21.041(c), the board shall, for a person applying for a
13 certification in special education, bilingual education, or
14 another area specified by the General Appropriations Act, waive:

15 (1) a certification examination fee imposed by the
16 board for the first administration of the examination to the
17 person; and

18 (2) a fee associated with the application for
19 certification by the person.

20 (b) The board shall pay to a vendor that administers a
21 certification examination described by Subsection (a) a fee
22 assessed by that vendor for the examination of a person applying for
23 a certification described by Subsection (a) for the first
24 administration of the examination to the person.

25 SECTION 1.07. Section 21.054, Education Code, is amended by
26 amending Subsections (a) and (i) and adding Subsection (i-1) to
27 read as follows:

1 (a) The board shall propose rules establishing a process for
2 identifying continuing education courses and programs that fulfill
3 educators' continuing education requirements, including
4 opportunities for educators to receive micro-credentials, as
5 provided by Subsection (i), in:

6 (1) fields of study related to the educator's
7 certification class; or

8 (2) digital teaching [~~as provided by Subsection (i)~~].

9 (i) The board shall propose rules establishing a program to
10 issue micro-credentials in fields of study related to an educator's
11 certification class or in digital teaching. The agency shall
12 approve continuing education providers to offer micro-credential
13 courses. A micro-credential received by an educator shall be
14 recorded on the agency's Educator Certification Online System
15 (ECOS) and included as part of the educator's public certification
16 records.

17 (i-1) In proposing rules under Subsection (i) for
18 micro-credentials related to digital teaching, the board shall
19 engage relevant stakeholders.

20 SECTION 1.08. Section 21.105, Education Code, is amended by
21 amending Subsection (c) and adding Subsection (g) to read as
22 follows:

23 (c) Subject to Subsections (e), ~~[and]~~ (f), and (g), on
24 written complaint by the employing district, the State Board for
25 Educator Certification may impose sanctions against a teacher
26 employed under a probationary contract who:

27 (1) resigns;

1 (2) fails without good cause to comply with Subsection
2 (a) or (b); and

3 (3) fails to perform the contract.

4 (g) The State Board for Educator Certification may not
5 impose a sanction under Subsection (c) against a teacher who
6 relinquishes a position under a probationary contract and leaves
7 the employment of the district after the 45th day before the first
8 day of instruction for the upcoming school year in violation of
9 Subsection (a) and without the consent of the board of trustees
10 under Subsection (b) if the teacher's failure to comply with
11 Subsection (a) was due to:

12 (1) a serious illness or health condition of the
13 teacher or a close family member of the teacher;

14 (2) the teacher's relocation because the teacher's
15 spouse or a partner who resides with the teacher changes employers;

16 (3) a significant change in the needs of the teacher's
17 family in a manner that requires the teacher to:

18 (A) relocate; or

19 (B) forgo employment during a period of required
20 employment under the teacher's contract; or

21 (4) the teacher's reasonable belief that the teacher
22 had written permission from the school district's administration to
23 resign.

24 SECTION 1.09. Section 21.160, Education Code, is amended by
25 amending Subsection (c) and adding Subsection (g) to read as
26 follows:

27 (c) Subject to Subsections (e), ~~and~~ (f), and (g), on

1 written complaint by the employing district, the State Board for
2 Educator Certification may impose sanctions against a teacher who
3 is employed under a continuing contract that obligates the district
4 to employ the person for the following school year and who:

5 (1) resigns;

6 (2) fails without good cause to comply with Subsection
7 (a) or (b); and

8 (3) fails to perform the contract.

9 (g) The State Board for Educator Certification may not
10 impose a sanction under Subsection (c) against a teacher who
11 relinquishes a position under a continuing contract and leaves the
12 employment of the district after the 45th day before the first day
13 of instruction of the upcoming school year in violation of
14 Subsection (a) and without the consent of the board of trustees
15 under Subsection (b) if the teacher's failure to comply with
16 Subsection (a) was due to:

17 (1) a serious illness or health condition of the
18 teacher or a close family member of the teacher;

19 (2) the teacher's relocation because the teacher's
20 spouse or a partner who resides with the teacher changes employers;

21 (3) a significant change in the needs of the teacher's
22 family in a manner that requires the teacher to:

23 (A) relocate; or

24 (B) forgo employment during a period of required
25 employment under the teacher's contract; or

26 (4) the teacher's reasonable belief that the teacher
27 had written permission from the school district's administration to

1 resign.

2 SECTION 1.10. Section 21.210, Education Code, is amended by
3 amending Subsection (c) and adding Subsection (g) to read as
4 follows:

5 (c) Subject to Subsections (e), ~~[and]~~ (f), and (g), on
6 written complaint by the employing district, the State Board for
7 Educator Certification may impose sanctions against a teacher who
8 is employed under a term contract that obligates the district to
9 employ the person for the following school year and who:

10 (1) resigns;

11 (2) fails without good cause to comply with Subsection
12 (a) or (b); and

13 (3) fails to perform the contract.

14 (g) The State Board for Educator Certification may not
15 impose a sanction under Subsection (c) against a teacher who
16 relinquishes a position under a term contract and leaves the
17 employment of the district after the 45th day before the first day
18 of instruction of the upcoming school year in violation of
19 Subsection (a) and without the consent of the board of trustees
20 under Subsection (b) if the teacher's failure to comply with
21 Subsection (a) was due to:

22 (1) a serious illness or health condition of the
23 teacher or a close family member of the teacher;

24 (2) the teacher's relocation because the teacher's
25 spouse or a partner who resides with the teacher changes employers;

26 (3) a significant change in the needs of the teacher's
27 family in a manner that requires the teacher to:

- 1 (A) relocate; or
2 (B) forgo employment during a period of required
3 employment under the teacher's contract; or
4 (4) the teacher's reasonable belief that the teacher
5 had written permission from the school district's administration to
6 resign.

7 SECTION 1.11. Section 21.257, Education Code, is amended by
8 amending Subsection (a) and adding Subsection (f) to read as
9 follows:

10 (a) Except as provided by Subsection (f), not ~~[Not]~~ later
11 than the 60th day after the date on which the commissioner receives
12 a teacher's written request for a hearing, the hearing examiner
13 shall complete the hearing and make a written recommendation that:

14 (1) includes proposed findings of fact and conclusions
15 of law; and

16 (2) may include a proposal for granting relief.

17 (f) The hearing examiner may dismiss a hearing before
18 completing the hearing or making a written recommendation if:

19 (1) the teacher requests the dismissal;

20 (2) the school district withdraws the proposed
21 decision that is the basis of the hearing; or

22 (3) the teacher and school district request the
23 dismissal after reaching a settlement regarding the proposed
24 decision that is the basis of the hearing.

25 SECTION 1.12. Sections 21.3521(a), (c), and (e), Education
26 Code, are amended to read as follows:

27 (a) Subject to Subsection (b), a school district or

1 open-enrollment charter school may designate a classroom teacher as
2 a master, exemplary, ~~[or]~~ recognized, or acknowledged teacher for a
3 five-year period based on the results from single year or multiyear
4 appraisals that comply with Section 21.351 or 21.352.

5 (c) Notwithstanding performance standards established
6 under Subsection (b), a classroom teacher that holds a National
7 Board Certification issued by the National Board for Professional
8 Teaching Standards may be designated as nationally board certified
9 ~~[recognized]~~.

10 (e) The agency shall develop and provide technical
11 assistance for school districts and open-enrollment charter
12 schools that request assistance in implementing a local optional
13 teacher designation system, including:

14 (1) providing assistance in prioritizing high needs
15 campuses;

16 (2) providing examples or models of local optional
17 teacher designation systems to reduce the time required for a
18 district or school to implement a teacher designation system;

19 (3) establishing partnerships between districts and
20 schools that request assistance and districts and schools that have
21 implemented a teacher designation system;

22 (4) applying the performance and validity standards
23 established by the commissioner under Subsection (b);

24 (5) providing centralized support for the analysis of
25 the results of assessment instruments administered to district
26 students; and

27 (6) facilitating effective communication on and

1 promotion of local optional teacher designation systems.

2 SECTION 1.13. Subchapter H, Chapter 21, Education Code, is
3 amended by adding Section 21.3522 to read as follows:

4 Sec. 21.3522. LOCAL OPTIONAL TEACHER DESIGNATION SYSTEM
5 GRANT PROGRAM. (a) From funds appropriated or otherwise
6 available for the purpose, the agency shall establish and
7 administer a grant program to provide money and technical
8 assistance to:

9 (1) expand implementation of local optional teacher
10 designation systems under Section 21.3521; and

11 (2) increase the number of classroom teachers eligible
12 for a designation under that section.

13 (b) A grant awarded under this section must:

14 (1) meet the needs of individual school districts; and

15 (2) enable regional leadership capacity.

16 (c) The commissioner may adopt rules to establish and
17 administer the grant program under this section.

18 SECTION 1.14. Section 21.402, Education Code, is amended by
19 amending Subsections (a) and (g) and adding Subsections (a-1),
20 (c-2), (i), (j), and (k) to read as follows:

21 (a) Except as provided by Subsection (c-2) [~~(e-1)~~ or ~~(f)~~], a
22 school district must pay each employee who is employed as a
23 classroom teacher, full-time librarian, full-time school counselor
24 certified under Subchapter B, or full-time school nurse not less
25 than the highest annual minimum [minimum monthly] salary described
26 by the following schedule applicable to [,-based on] the employee's
27 certification, if any, and years [level] of experience:

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

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

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

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

9 (D) holds a designation under Section 21.3521 . .
10 \$43,000; or

11 (E) holds a residency educator certificate or has
12 successfully completed a residency partnership program under
13 Subchapter R \$43,000;

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

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

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

19 (C) the base certificate required under Section
20 21.003(a) for employment in the employee's position other than a
21 certificate described by Paragraph (B) \$50,000; or

22 (D) a designation under Section 21.3521
23 \$53,000; or

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

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

27 (B) a teacher intern, teacher trainee, or

1 probationary certificate issued under Subchapter B . . . \$57,000;

2 (C) the base certificate required under Section
3 21.003(a) for employment in the employee's
4 position . . . \$60,000; or

5 (D) a designation under Section 21.3521
6 \$63,000 [in addition to other factors, as determined by
7 commissioner rule, determined by the following formula:

8 [MS - SF x FS

9 [where:

10 ["MS" is the minimum monthly salary;

11 ["SF" is the applicable salary factor specified by Subsection
12 (c), and

13 ["FS" is the amount, as determined by the commissioner under
14 Subsection (b), of the basic allotment as provided by Section
15 48.051(a) or (b) for a school district with a maintenance and
16 operations tax rate at least equal to the state maximum compressed
17 tax rate, as defined by Section 48.051(a)].

18 (a-1) For purposes of Subsection (a), a full-time school
19 nurse is considered to hold the base certificate required under
20 Section 21.003(a) for employment as a school nurse, regardless of
21 the other certifications held by the nurse.

22 (c-2) A school district is not required to pay an employee
23 who is employed as a classroom teacher, full-time librarian,
24 full-time school counselor certified under Subchapter B, or
25 full-time school nurse the minimum salary required under Subsection
26 (a) for the school year following a school year during which the
27 district reviews the employee's performance and finds the

1 employee's performance unsatisfactory.

2 (g) The commissioner may adopt rules to govern the
3 application of this section, including rules that:

4 (1) require the payment of a minimum salary under this
5 section to a person employed in more than one capacity for which a
6 minimum salary is provided and whose combined employment in those
7 capacities constitutes full-time employment; and

8 (2) specify the credentials a person must hold to be
9 considered a ~~[speech pathologist or]~~ school nurse under this
10 section.

11 (i) A school district that increases employee compensation
12 in the 2023-2024 school year to comply with Subsection (a), as
13 amended by H.B. 100, Acts of the 88th Legislature, Regular Session,
14 2023, is providing compensation for services rendered
15 independently of an existing employment contract applicable to that
16 year and is not in violation of Section 53, Article III, Texas
17 Constitution. A school district that does not meet the
18 requirements of Subsection (a) in the 2023-2024 school year may
19 satisfy the requirements of this section by providing an employee a
20 one-time bonus payment during the 2024-2025 school year in an
21 amount equal to the difference between the compensation earned by
22 the employee during the 2023-2024 school year and the compensation
23 the employee should have received during that school year if the
24 district had complied with Subsection (a).

25 (j) Notwithstanding the minimum salary schedule under
26 Subsection (a), a school district that increases the amount a
27 classroom teacher, full-time librarian, full-time school counselor

1 certified under Subchapter B, or full-time school nurse is
2 compensated during the 2023-2024 school year by at least \$8,000
3 more than the amount the employee was compensated during the
4 2022-2023 school year complies with the requirements of this
5 section for the 2023-2024 school year.

6 (k) Subsections (i) and (j) and this subsection expire
7 September 1, 2025.

8 SECTION 1.15. The heading to Section 21.403, Education
9 Code, is amended to read as follows:

10 Sec. 21.403. DETERMINATION OF YEARS OF EXPERIENCE
11 [PLACEMENT ON MINIMUM SALARY SCHEDULE].

12 SECTION 1.16. Sections 21.403(b) and (c), Education Code,
13 are amended to read as follows:

14 (b) For each year of work experience required for
15 certification in a career or technological field, up to a maximum of
16 two years, a certified career or technology education teacher is
17 entitled to ~~[salary step]~~ credit as if the work experience were
18 teaching experience.

19 (c) The commissioner shall adopt rules for determining the
20 experience for which a teacher, librarian, school counselor, or
21 nurse is to be given credit for purposes of the minimum salary
22 schedule under Section 21.402(a) ~~[in placing the teacher,~~
23 ~~librarian, school counselor, or nurse on the minimum salary~~
24 ~~schedule]~~. A district shall credit the teacher, librarian, school
25 counselor, or nurse for each year of experience without regard to
26 whether the years are consecutive.

27 SECTION 1.17. Subchapter I, Chapter 21, Education Code, is

1 amended by adding Sections 21.416 and 21.417 to read as follows:

2 Sec. 21.416. EMPLOYED RETIREE TEACHER REIMBURSEMENT GRANT
3 PROGRAM. (a) From funds appropriated or otherwise available, the
4 commissioner shall establish and administer a grant program to
5 award funds to reimburse a school district, an open-enrollment
6 charter school, the Windham School District, the Texas School for
7 the Deaf, or the Texas School for the Blind and Visually Impaired
8 that hires a teacher, including an educator who provides services
9 related to special education, who retired before September 1, 2022,
10 for the increased contributions to the Teacher Retirement System of
11 Texas associated with hiring the retired teacher.

12 (b) In appropriating money for grants awarded under this
13 section, the legislature may provide for, modify, or limit amounts
14 appropriated for that purpose in the General Appropriations Act,
15 including by:

16 (1) providing, notwithstanding Subsection (a), a date
17 or date range other than September 1, 2022, before which a teacher
18 must have retired for a school district, an open-enrollment charter
19 school, the Windham School District, the Texas School for the Deaf,
20 or the Texas School for the Blind and Visually Impaired that hires
21 the teacher to be eligible; or

22 (2) limiting eligibility to a school district or
23 open-enrollment charter school that hires a retired teacher:

24 (A) who holds a certain certification;

25 (B) to teach a certain subject or grade;

26 (C) in a certain geographical area; or

27 (D) to provide instruction to certain students,

1 including to students with disabilities.

2 (c) The commissioner shall proportionally reduce the amount
3 of funds awarded to school districts, open-enrollment charter
4 schools, the Windham School District, the Texas School for the
5 Deaf, and the Texas School for the Blind and Visually Impaired under
6 this section if the number of grant applications by eligible
7 districts or schools exceeds the number of grants the commissioner
8 could award with the money appropriated or otherwise available for
9 the purpose.

10 (d) A school district, an open-enrollment charter school,
11 the Windham School District, the Texas School for the Deaf, or the
12 Texas School for the Blind and Visually Impaired may use funds
13 received under this section to make required payments under Section
14 825.4092, Government Code.

15 Sec. 21.417. RESOURCES, INCLUDING LIABILITY INSURANCE, FOR
16 CLASSROOM TEACHERS. (a) From funds appropriated or otherwise
17 available for the purpose, the agency shall contract with a third
18 party to provide the following services for a classroom teacher
19 employed under a probationary, continuing, or term contract:

20 (1) assistance in understanding the teacher's rights,
21 duties, and benefits; and

22 (2) liability insurance to protect a teacher against
23 liability to a third party based on conduct that the teacher
24 allegedly engaged in during the course of the teacher's duties.

25 (b) A school district may not interfere with a classroom
26 teacher's access to services provided under this section.

27 (c) A contract entered into by the agency to provide

1 services under Subsection (a) must prohibit the entity with which
2 the agency contracts from using funds received under the contract
3 to engage in:

4 (1) conduct that a state agency using appropriated
5 money is prohibited from engaging in under Chapter 556, Government
6 Code; and

7 (2) political activities or advocate for issues
8 regarding public schools, including for boards of trustees of
9 school districts or school districts.

10 (d) This section may not be interpreted to interfere with a
11 classroom teacher's or other school district employee's exercise of
12 a right protected by the First Amendment to the United States
13 Constitution.

14 SECTION 1.18. Section 21.4552(d), Education Code, is
15 amended to read as follows:

16 (d) From funds appropriated for that purpose, a teacher who
17 attends a literacy achievement academy is entitled to receive a
18 stipend in the amount determined by the commissioner. A stipend
19 received under this subsection is not considered in determining
20 whether a school district is paying the teacher the minimum
21 ~~[monthly]~~ salary under Section 21.402.

22 SECTION 1.19. Section 21.4553(d), Education Code, is
23 amended to read as follows:

24 (d) From funds appropriated for that purpose, a teacher who
25 attends a mathematics achievement academy is entitled to receive a
26 stipend in the amount determined by the commissioner. A stipend
27 received under this subsection is not considered in determining

1 whether a district is paying the teacher the minimum [~~monthly~~]
2 salary under Section 21.402.

3 SECTION 1.20. Section 21.4555(f), Education Code, is
4 amended to read as follows:

5 (f) From funds available for that purpose, a teacher who
6 attends a civics training program may receive a stipend in an amount
7 determined by the commissioner. A stipend received under this
8 section is not included in determining whether a district is paying
9 the teacher the minimum [~~monthly~~] salary under Section 21.402.

10 SECTION 1.21. Subchapter J, Chapter 21, Education Code, is
11 amended by adding Sections 21.466 and 21.467 to read as follows:

12 Sec. 21.466. TEACHER QUALITY ASSISTANCE. (a) From funds
13 appropriated or otherwise available for the purpose, the agency
14 shall develop training for and provide technical assistance to
15 school districts and open-enrollment charter schools regarding:

16 (1) strategic compensation, staffing, and scheduling
17 efforts that improve professional growth, teacher leadership
18 opportunities, and staff retention;

19 (2) programs that encourage high school students or
20 other members of the community in the area served by the district to
21 become teachers, including available teacher apprenticeship
22 programs; and

23 (3) programs or strategies that school leaders may use
24 to establish clear and attainable behavior expectations while
25 proactively supporting students.

26 (b) From funds appropriated or otherwise available, the
27 agency shall provide grants to school districts and open-enrollment

1 charter schools to implement initiatives developed under this
2 section.

3 Sec. 21.467. TEACHER TIME STUDY. (a) From funds
4 appropriated or otherwise available for the purpose, the agency
5 shall develop and maintain a technical assistance program to
6 support school districts and open-enrollment charter schools in:

7 (1) studying how the district's or school's staff and
8 student schedules, required noninstructional duties for classroom
9 teachers, and professional development requirements for educators
10 are affecting the amount of time classroom teachers work each week;
11 and

12 (2) refining the schedules for students or staff as
13 necessary to ensure teachers have sufficient time during normal
14 work hours to fulfill all job duties, including addressing the
15 needs of students.

16 (b) The agency shall periodically make findings and
17 recommendations for best practices publicly available using
18 information from participating school districts and
19 open-enrollment charter schools.

20 SECTION 1.22. Chapter 21, Education Code, is amended by
21 adding Subchapter R to read as follows:

22 SUBCHAPTER R. TEXAS TEACHER RESIDENCY PARTNERSHIP PROGRAM

23 Sec. 21.901. DEFINITIONS. In this subchapter:

24 (1) "Board" means the State Board for Educator
25 Certification.

26 (2) "Cooperating teacher" means a classroom teacher
27 who:

1 (A) has at least three full school years of
2 teaching experience with a superior record of assisting students in
3 achieving improvement in student performance;

4 (B) is employed by a school district or
5 open-enrollment charter school participating in a partnership
6 program under this subchapter and paired with a partnership
7 resident at the district or school; and

8 (C) provides coaching to a partnership resident
9 in the teacher's classroom.

10 (3) "Partnership program" means a Texas Teacher
11 Residency Partnership Program established at a school district or
12 open-enrollment charter school in accordance with this subchapter.

13 (4) "Partnership resident" means a person enrolled in
14 a qualified educator preparation program participating in a
15 partnership program as a candidate for educator certification.

16 (5) "Qualified educator preparation program" means an
17 educator preparation program approved in accordance with rules
18 proposed under Section 21.903.

19 Sec. 21.902. ESTABLISHMENT OF PARTNERSHIP PROGRAM. (a)
20 The commissioner shall establish the Texas Teacher Residency
21 Partnership Program to enable qualified educator preparation
22 programs to form partnerships with school districts or
23 open-enrollment charter schools to provide residency positions to
24 partnership residents at the district or school.

25 (b) The partnership program must be designed to:

26 (1) allow partnership residents to receive
27 field-based experience working with cooperating teachers in

1 prekindergarten through grade 12 classrooms; and

2 (2) gradually increase the amount of time a
3 partnership resident spends engaging in instructional
4 responsibilities, including observation, co-teaching, and
5 lead-teaching responsibilities.

6 Sec. 21.903. QUALIFIED EDUCATOR PREPARATION PROGRAMS. The
7 board shall propose rules specifying the requirements for board
8 approval of an educator preparation program as a qualified educator
9 preparation program for purposes of this subchapter. The rules
10 must require an educator preparation program to:

11 (1) use research-based best practices for recruiting
12 and admitting candidates into the educator preparation program to
13 participate in the partnership program;

14 (2) integrate curriculum, classroom practice, and
15 formal observation and feedback;

16 (3) use multiple assessments to measure a partnership
17 resident's progress in the partnership program; and

18 (4) partner with a school district or open-enrollment
19 charter school.

20 Sec. 21.904. REQUIREMENTS FOR PARTICIPATING DISTRICTS AND
21 SCHOOLS. (a) A school district or open-enrollment charter school
22 participating in the partnership program shall:

23 (1) enter into a written agreement with a qualified
24 educator preparation program to:

25 (A) provide a partnership resident with at least
26 one school year of clinical teaching in a residency position at the
27 district or school in the subject area and grade level for which the

1 resident seeks certification; and
2 (B) pair the partnership resident with a
3 cooperating teacher;
4 (2) specify the amount of money the district receives
5 under Section 48.157 that the district will provide to the program;
6 (3) only use money received under Section 48.157 to:
7 (A) implement the partnership program;
8 (B) provide compensation to:
9 (i) partnership residents in residency
10 positions at the district or school; and
11 (ii) cooperating teachers who are paired
12 with partnership residents at the district or school; and
13 (C) provide an amount equal to at least 10
14 percent of the funding received by the district or school to the
15 qualified educator preparation program with which the district or
16 school partners;
17 (4) pay at least 50 percent of the compensation paid to
18 partnership residents using money other than money received under
19 Section 48.157; and
20 (5) provide any information required by the agency
21 regarding the district's or school's implementation of the program.
22 (b) A school district or open-enrollment charter school may
23 only pair a partnership resident with a cooperating teacher who
24 agrees to participate in that role in a partnership program at the
25 district or school partnership program.
26 (c) A partnership resident may not serve as a teacher of
27 record, as that term is defined by Section 21.051.

1 Sec. 21.905. RESIDENCY EDUCATOR CERTIFICATE. The board
2 shall propose rules specifying the requirements for the issuance of
3 a residency educator certificate to a candidate who has
4 successfully completed a qualified educator preparation program
5 under Section 21.903. The rules may not require the resident to
6 pass a pedagogy examination unless the examination tests
7 subject-specific content appropriate for the grade and subject area
8 for which the candidate seeks certification.

9 Sec. 21.906. AGENCY SUPPORT. The agency shall provide
10 technical assistance, planning, and support to school districts,
11 open-enrollment charter schools, and qualified educator
12 preparation programs, which must include:

13 (1) providing model forms and agreements a district,
14 school, or educator preparation program may use to comply with the
15 requirements of this subchapter; and

16 (2) support for district and school strategic staffing
17 and compensation models to incentivize participation in a
18 partnership program.

19 Sec. 21.907. AUTHORITY TO ACCEPT CERTAIN FUNDS. The
20 commissioner may solicit and accept gifts, grants, and donations
21 from public and private entities to use for the purposes of this
22 subchapter.

23 Sec. 21.908. RULES. (a) The board shall propose rules
24 necessary to implement this subchapter, including rules under
25 Sections 21.903 and 21.905.

26 (b) The commissioner shall adopt rules as necessary to
27 implement this subchapter using negotiated rulemaking procedures

1 under Chapter 2008, Government Code.

2 SECTION 1.23. The heading to Section 22.001, Education
3 Code, is amended to read as follows:

4 Sec. 22.001. SALARY DEDUCTIONS FOR PROFESSIONAL OR OTHER
5 DUES.

6 SECTION 1.24. Sections 22.001(a) and (b), Education Code,
7 are amended to read as follows:

8 (a) A school district employee is entitled to have an amount
9 deducted from the employee's salary for membership fees or dues to a
10 professional organization or an entity providing services to
11 classroom teachers under Section 21.417. The employee must:

12 (1) file with the district a signed written request
13 identifying the organization or entity [~~and specifying the number~~
14 ~~of pay periods per year the deductions are to be made~~]; and

15 (2) inform the district of the total amount of the fees
16 and dues for each year or have the organization or entity notify the
17 district of the amount.

18 (b) The district shall deduct the total amount of the fees
19 or dues for a year in equal amounts per pay period [~~for the number of~~
20 ~~periods specified by the employee~~]. The district shall notify the
21 employee not later than the 45th day after the district receives a
22 request under Subsection (a) of the number of pay periods annually
23 from which the district will deduct the fees or dues. The
24 deductions shall be made until the employee requests in writing
25 that the deductions be discontinued.

26 SECTION 1.25. Section 25.001(h), Education Code, is amended
27 to read as follows:

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

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

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

12 SECTION 1.26. Section 25.036, Education Code, is amended to
13 read as follows:

14 Sec. 25.036. TRANSFER OF STUDENT. (a) Any child, other
15 than a high school graduate, who is younger than 21 years of age and
16 eligible for enrollment on September 1 of any school year may apply
17 to transfer for in-person instruction annually from the child's
18 school district of residence to another district in this state ~~[if~~
19 ~~both the receiving district and the applicant parent or guardian or~~
20 ~~person having lawful control of the child jointly approve and~~
21 ~~timely agree in writing to the transfer]~~.

22 (b) A transfer application approved ~~[agreement]~~ under this
23 section shall be filed and preserved as a receiving district record
24 for audit purposes of the agency.

25 (c) A school district may deny approval of a transfer under
26 this section only if:

27 (1) the district or a school in the district to which a

1 student seeks to transfer is at full student capacity or has more
2 requests for transfers than available positions after the district
3 has filled available positions in accordance with Subsection (e)
4 and has satisfied the requirement provided under Subsection (f);

5 (2) before the application deadline for the applicable
6 school year, the district adopted a policy that provides for the
7 exclusion of a student who has a documented history of a criminal
8 offense, a juvenile court adjudication, or discipline problems
9 under Subchapter A, Chapter 37, and the student meets the
10 conditions for exclusion under the policy; or

11 (3) approving the transfer would supersede a
12 court-ordered desegregation plan.

13 (d) For the purpose of determining whether a school in a
14 school district is at full student capacity under Subsection
15 (c)(1), the district may not consider equity as a factor in the
16 district's decision-making process.

17 (e) A school district that has more applicants for transfer
18 under this section than available positions must fill the available
19 positions by lottery and must give priority to applicants in the
20 following order:

21 (1) students who:

22 (A) do not reside in the district but were
23 enrolled in the district in the preceding school year; or

24 (B) are dependents of an employee of the
25 receiving district; and

26 (2) students:

27 (A) receiving special education services under

1 Subchapter A, Chapter 29;

2 (B) who are dependents of military personnel;

3 (C) who are dependents of law enforcement
4 personnel;

5 (D) in foster care;

6 (E) who are the subject of court-ordered
7 modification of an order establishing conservatorship or
8 possession and access; or

9 (F) who are siblings of a student who is enrolled
10 in the receiving district at the time the student seeks to transfer.

11 (f) A school district may deny approval of a transfer under
12 Subsection (c)(1) only if the district publishes and annually
13 updates the district's full student capacity by campus.

14 (g) A receiving school district may, but is not required to,
15 provide transportation to a student who transfers to the receiving
16 district under this section.

17 (h) A receiving school district may revoke, at any time
18 during the school year, the approval of the student's transfer only
19 if:

20 (1) the student engages in conduct:

21 (A) for which a student is required or permitted
22 to be removed from class and placed in a disciplinary alternative
23 education program under Section 37.006; or

24 (B) for which a student is required or permitted
25 to be expelled from school under Section 37.007; and

26 (2) before revoking approval of the student's
27 transfer, the district ensures the student is afforded appropriate

1 due process and complies with any requirements of state law or
2 district policy relating to the expulsion of a student to the same
3 extent as if the student were being expelled under Section 37.007.

4 SECTION 1.27. Section 25.038, Education Code, is amended to
5 read as follows:

6 Sec. 25.038. TUITION FEE FOR TRANSFER STUDENTS PAID BY
7 SCHOOL DISTRICT. (a) Except as provided by Subsection (b), a
8 ~~[The]~~ receiving school district may charge a tuition fee to another
9 school district, if the receiving district has contracted with the
10 other district to educate the other district's students, to the
11 extent that the district's actual expenditure per student in
12 average daily attendance, as determined by its board of trustees,
13 exceeds the sum the district benefits from state aid sources as
14 provided by Section 25.037. However, unless a tuition fee is
15 prescribed and set out in a transfer agreement before its execution
16 by the parties, an increase in tuition charge may not be made for
17 the year of that transfer that exceeds the tuition charge, if any,
18 of the preceding school year.

19 (b) A school district may not charge a tuition fee under
20 this section for a student transfer authorized under Section
21 25.036.

22 SECTION 1.28. Subchapter C, Chapter 25, Education Code, is
23 amended by adding Section 25.0813 to read as follows:

24 Sec. 25.0813. FIVE-DAY SCHOOL WEEK SCHEDULE. (a) A school
25 district must operate a school week of not fewer than five
26 instructional days for at least two-thirds of the weeks the
27 district operates during the school year.

1 **(b) Subsection (a) does not apply to:**

2 **(1) a school district specifically authorized by other**
3 **law to operate a school week of fewer than five instructional days;**
4 **or**

5 **(2) a school district that before May 1, 2023, adopted**
6 **for the 2023-2024 school year a four-day school week schedule.**

7 SECTION 1.29. Section 29.153(b), Education Code, is amended
8 to read as follows:

9 (b) A child is eligible for enrollment in a prekindergarten
10 class under this section if the child is at least three years of age
11 and:

12 (1) is unable to speak and comprehend the English
13 language;

14 (2) is educationally disadvantaged;

15 (3) is homeless, regardless of the residence of the
16 child, of either parent of the child, or of the child's guardian or
17 other person having lawful control of the child;

18 (4) is the child of an active duty member of the armed
19 forces of the United States, including the state military forces or
20 a reserve component of the armed forces, who is ordered to active
21 duty by proper authority;

22 (5) is the child of a member of the armed forces of the
23 United States, including the state military forces or a reserve
24 component of the armed forces, who was injured or killed while
25 serving on active duty;

26 (6) is or ever has been in:

27 (A) the conservatorship of the Department of

1 Family and Protective Services following an adversary hearing held
2 as provided by Section 262.201, Family Code; or

3 (B) foster care in another state or territory, if
4 the child resides in this state; ~~or~~

5 (7) is the child of a person eligible for the Star of
6 Texas Award as:

7 (A) a peace officer under Section 3106.002,
8 Government Code;

9 (B) a firefighter under Section 3106.003,
10 Government Code; or

11 (C) an emergency medical first responder under
12 Section 3106.004, Government Code; or

13 (8) is the child of a person employed as a classroom
14 teacher at a public primary or secondary school in the school
15 district that offers a prekindergarten class under this section.

16 SECTION 1.30. Section 29.934(d), Education Code, is amended
17 to read as follows:

18 (d) To be designated as a resource campus, the campus must:

19 (1) implement a targeted improvement plan as described
20 by Chapter 39A and establish a school community partnership team;

21 (2) adopt an accelerated campus excellence turnaround
22 plan as provided by Section 39A.105(b) and ensure that from the date
23 of the adoption of the plan, not less than 20 percent of the
24 classroom teachers assigned to the campus who teach subjects
25 included in the foundation curriculum under Section 28.002(a)(1)
26 hold a current designation under Section 21.3521 ~~[except that a~~
27 ~~classroom teacher who satisfies the requirements for demonstrated~~

1 ~~instructional effectiveness under Section 39A.105(b)(3) must also~~
2 ~~hold a current designation assigned under Section 21.3521];~~

3 (3) be in a school district that has adopted an
4 approved local optional teacher designation system under Section
5 21.3521;

6 (4) satisfy certain staff criteria by:

7 (A) requiring a principal or teacher employed at
8 the campus before the designation to apply for a position to
9 continue at the campus;

10 (B) for a subject in the foundation curriculum,
11 employing only teachers who have at least two [~~three~~] years of
12 teaching experience;

13 (C) employing at least one school counselor for
14 every 300 students; and

15 (D) employing at least one appropriately
16 licensed professional to assist with the social and emotional needs
17 of students and staff, who must be a:

18 (i) family and community liaison;

19 (ii) clinical social worker;

20 (iii) specialist in school psychology; or

21 (iv) professional counselor;

22 (5) implement a positive behavior program as provided
23 by Section 37.0013;

24 (6) implement a family engagement plan as described by
25 Section 29.168;

26 (7) develop and implement a plan to use high quality
27 instructional materials;

1 (8) if the campus is an elementary campus, operate the
2 campus for a school year that qualifies for funding under Section
3 48.0051; and

4 (9) annually submit to the commissioner data and
5 information required by the commissioner to assess fidelity of
6 implementation.

7 SECTION 1.31. Section 30.003, Education Code, is amended by
8 amending Subsections (b) and (f-1) and adding Subsection (b-1) to
9 read as follows:

10 (b) If the student is admitted to the school for a full-time
11 program for the equivalent of two long semesters, the district's
12 share of the cost is an amount equal to the dollar amount of
13 maintenance and debt service taxes imposed by the district for that
14 year, subject to Subsection (b-1), divided by the district's
15 average daily attendance for the preceding year.

16 (b-1) For purposes of Subsection (b), the commissioner
17 shall reduce the dollar amount of maintenance and debt service
18 taxes imposed by the district for a year by the amount, if any, by
19 which the district is required to reduce the district's local
20 revenue level under Section 48.257 for that year.

21 (f-1) The commissioner shall determine the total amount
22 that the Texas School for the Blind and Visually Impaired and the
23 Texas School for the Deaf would have received from school districts
24 in accordance with this section if the following provisions had not
25 reduced the districts' share of the cost of providing education
26 services:

27 (1) H.B. No. 1, Acts of the 79th Legislature, 3rd

1 Called Session, 2006;

2 (2) Subsection (b-1) of this section;

3 (3) Section 45.0032;

4 (4) [~~3~~] Section 48.255; and

5 (5) [~~4~~] Section 48.2551.

6 SECTION 1.32. Section 30.102(b), Education Code, is amended
7 to read as follows:

8 (b) A classroom teacher, full-time librarian, full-time
9 school counselor certified under Subchapter B, Chapter 21, or
10 full-time school nurse employed by the department is entitled to
11 receive as a minimum salary the [~~monthly~~] salary specified by
12 Section 21.402. A classroom teacher, full-time librarian,
13 full-time school counselor, or full-time school nurse may be paid,
14 from funds appropriated to the department, a salary in excess of the
15 minimum specified by that section, but the salary may not exceed the
16 rate of pay for a similar position in the public schools of an
17 adjacent school district.

18 SECTION 1.33. Section 33.009(h), Education Code, is amended
19 to read as follows:

20 (h) From funds appropriated for that purpose, a school
21 counselor who attends the academy under this section is entitled to
22 receive a stipend in the amount determined by the coordinating
23 board. If funds are available after all eligible school counselors
24 have received a stipend under this subsection, the coordinating
25 board shall pay a stipend in the amount determined by the
26 coordinating board to a teacher who attends the academy under this
27 section. A stipend received under this subsection is not

1 considered in determining whether a district is paying the school
2 counselor or teacher the minimum [~~monthly~~] salary under Section
3 21.402.

4 SECTION 1.34. Section 37.002, Education Code, is amended by
5 amending Subsections (b), (c), and (d) and adding Subsections
6 (b-2), (f), and (g) to read as follows:

7 (b) A teacher may remove from class a student who:

8 (1) interferes [~~who has been documented by the teacher~~
9 ~~to repeatedly interfere~~] with the teacher's ability to communicate
10 effectively with the students in the class or with the ability of
11 the student's classmates to learn; [~~or~~]

12 (2) demonstrates [~~whose~~] behavior that is unruly,
13 disruptive, or abusive toward the teacher or another adult or
14 another student; or

15 (3) engages in conduct that constitutes bullying, as
16 defined by Section 37.0832 [~~determines is so unruly, disruptive, or~~
17 ~~abusive that it seriously interferes with the teacher's ability to~~
18 ~~communicate effectively with the students in the class or with the~~
19 ~~ability of the student's classmates to learn~~].

20 (b-2) A teacher, campus behavior coordinator, or other
21 appropriate administrator shall notify a parent or person standing
22 in parental relation to a student of the removal of a student under
23 this section.

24 (c) If a teacher removes a student from class under
25 Subsection (b), the principal may place the student into another
26 appropriate classroom, into in-school suspension, or into a
27 disciplinary alternative education program as provided by Section

1 37.008. The principal may not return the student to that teacher's
2 class without the teacher's written consent unless the committee
3 established under Section 37.003 determines that such placement is
4 the best or only alternative available. The principal may not
5 return the student to that teacher's class, regardless of the
6 teacher's consent, until a return to class plan has been prepared
7 for that student. The principal may only designate an employee of
8 the school whose primary duties do not include classroom
9 instruction to create a return to class plan. The terms of the
10 removal may prohibit the student from attending or participating in
11 school-sponsored or school-related activity.

12 (d) A teacher shall remove from class and send to the
13 principal for placement in a disciplinary alternative education
14 program or for expulsion, as appropriate, a student who engages in
15 conduct described under Section 37.006 or 37.007. The student may
16 not be returned to that teacher's class without the teacher's
17 written consent unless the committee established under Section
18 37.003 determines that such placement is the best or only
19 alternative available. If the teacher removed the student from
20 class because the student has engaged in the elements of any offense
21 listed in Section 37.006(a)(2)(B) or Section 37.007(a)(2)(A) or
22 (b)(2)(C) against the teacher, the student may not be returned to
23 the teacher's class without the teacher's consent. The teacher may
24 not be coerced to consent.

25 (f) A student may appeal the student's removal from class
26 under this section to:

27 (1) the school's placement review committee

1 established under Section 37.003; or

2 (2) the safe and supportive school team established
3 under Section 37.115, in accordance with a district policy
4 providing for such an appeal to be made to the team.

5 (g) Section 37.004 applies to the removal or placement under
6 this section of a student with a disability who receives special
7 education services.

8 SECTION 1.35. Sections 48.0051(a), (b), and (d), Education
9 Code, are amended to read as follows:

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

14 (1) provides the minimum number of minutes of
15 operational and instructional time required under Section 25.081
16 and commissioner rules adopted under that section over at least 175
17 [~~180~~] days of instruction; and

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

21 (b) For a school district or open-enrollment charter school
22 described by Subsection (a), the commissioner shall increase the
23 average daily attendance of the district or school under Section
24 48.005 by the amount that results from the quotient of the sum of
25 attendance by students described by Subsection (a)(2) for each of
26 the 30 additional instructional days of half-day instruction that
27 are provided divided by 175 [~~180~~].

1 (d) This section does not prohibit a school district from
2 providing the minimum number of minutes of operational and
3 instructional time required under Section 25.081 and commissioner
4 rules adopted under that section over fewer than 175 [~~180~~] days of
5 instruction.

6 SECTION 1.36. Subchapter A, Chapter 48, Education Code, is
7 amended by adding Section 48.0055 to read as follows:

8 Sec. 48.0055. ENROLLMENT-BASED FUNDING. The commissioner
9 by rule shall establish the method for determining average
10 enrollment for purposes of funding provided based on average
11 enrollment under Chapter 46 and this chapter.

12 SECTION 1.37. Sections 48.011(a), (a-1), (d), and (e),
13 Education Code, are amended to read as follows:

14 (a) Subject to Subsections (b) and (d), the commissioner may
15 adjust the [~~a school district's~~] funding entitlement under this
16 code for a school district, an open-enrollment charter school, the
17 Windham School District, the Texas School for the Deaf, or the Texas
18 School for the Blind and Visually Impaired [~~chapter~~] if the funding
19 formulas used to determine the [~~district's~~] entitlement result in
20 an unanticipated loss or gain [~~for a district~~].

21 (a-1) The commissioner may modify dates relating to the
22 adoption of a school district's maintenance and operations tax rate
23 and, if applicable, an election required for the district to adopt
24 that rate as necessary to implement the changes to the Foundation
25 School Program and requirements relating to school district tax
26 rates made by the 88th [~~H.B. 3, 86th~~] Legislature, Regular Session,
27 2023 [~~2019~~].

(d) Beginning with the 2026-2027 [~~2021-2022~~] school year, the commissioner may not make an adjustment under Subsection (a) or (a-1).

(e) This section expires September 1, 2027 [~~2023~~].

SECTION 1.38. Section 48.051, Education Code, is amended by amending Subsections (a), (c), and (d) and adding Subsections (c-3), (c-4), (c-5), and (c-6) to read as follows:

(a) 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 the following formula:

$$A = \underline{B} [\underline{\$6,160}] \times TR/MCR$$

where:

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

"B" is the base amount, which equals the greater of:

(1) \$6,210;

(2) an amount equal to the district's base amount under this section for the preceding school year; or

(3) the amount appropriated under Subsection (b);

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

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

(c) During any school year for which the value of "A"

1 determined ~~[maximum amount of the basic allotment provided]~~ under
2 Subsection (a) or, if applicable, the sum of the value of "A" and
3 the allotment under Section 48.101 to which the district is
4 entitled, ~~[or (b)]~~ is greater than the value of "A" or, if
5 applicable, the sum of the value of "A" and the allotment under
6 Section 48.101 to which the district is entitled, ~~[maximum amount~~
7 ~~provided]~~ for the preceding school year, a school district must use
8 at least 50 ~~[30]~~ percent of the amount~~[, if the amount is greater~~
9 ~~than zero,]~~ that equals the product of the average daily attendance
10 of the district multiplied by the amount of the difference between
11 the district's funding under this chapter per student in average
12 daily attendance, excluding the amounts described by Subsection
13 (c-6), for the current school year and the preceding school year to
14 increase the average total compensation per full-time classroom
15 teacher ~~[provide compensation increases to full-time district~~
16 ~~employees other than administrators as follows:~~
17 ~~[(1) 75 percent must be used to increase the~~
18 ~~compensation paid to classroom teachers, full-time librarians,~~
19 ~~full-time school counselors certified under Subchapter B, Chapter~~
20 ~~21, and full-time school nurses, prioritizing differentiated~~
21 ~~compensation for classroom teachers with more than five years of~~
22 ~~experience; and~~
23 ~~[(2) 25 percent may be used as determined by the~~
24 ~~district to increase compensation paid to full-time district~~
25 ~~employees].~~
26 (c-3) In calculating the average total compensation per
27 full-time classroom teacher under Subsection (c), a school district

1 may not consider compensation paid to a classroom teacher added by
2 the district for the current school year that increases the ratio of
3 classroom teachers to students enrolled in the district compared to
4 the preceding school year.

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

12 (c-5) A school district that does not meet the requirements
13 of Subsection (c) during a school year may satisfy the requirements
14 of this section by providing a full-time classroom teacher a
15 one-time bonus payment during the following school year in an
16 amount equal to the difference between the compensation earned by
17 the teacher and the compensation the teacher should have received
18 during the school year if the district had complied with Subsection
19 (c).

20 (c-6) For purposes of determining the amount of a school
21 district's funding under this chapter under Subsection (c), the
22 commissioner shall exclude:

23 (1) funding under Section 13.054;

24 (2) incentive aid payments under Subchapter G, Chapter
25 13;

26 (3) money received from the state instructional
27 materials and technology fund under Section 31.021;

1 (4) the special education full individual and initial
2 evaluation allotment under Section 48.1022;
3 (5) the college, career, and military readiness
4 outcomes bonuses under Section 48.110;
5 (6) the school safety allotment under Section 48.115;
6 and
7 (7) the allotments under Subchapter D, other than the
8 allotments under Sections 48.153 and 48.154.

9 (d) In this section, "compensation" includes:

10 (1) benefits such as insurance premiums; and
11 (2) contributions to the Teacher Retirement System of
12 Texas under Section 825.4035, Government Code.

13 SECTION 1.39. Section 48.101, Education Code, is amended to
14 read as follows:

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

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

20 (2) "ADA" is the number of students in average daily
21 attendance for which the district is entitled to an allotment under
22 Section 48.051, other than students who do not reside in the
23 district enrolled in a full-time virtual program; and

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

26 (b) A school district that has fewer than 1,600 students in
27 average daily attendance is entitled to an annual allotment for

1 each student in average daily attendance based on the following
2 formula:

3
$$AA = ((1,600 - ADA) \times \underline{.00055} [\text{~~-.0004~~}]) \times BA$$

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

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

11
$$(2) \quad AA = ((5,000 - ADA) \times \underline{.0000345} [\text{~~-.000025~~}]) \times BA.$$

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

17
$$AA = ((1,600 - ADA) \times \underline{.00057} [\text{~~-.00047~~}]) \times BA$$

18 SECTION 1.40. Subchapter C, Chapter 48, Education Code, is
19 amended by adding Section 48.1022 to read as follows:

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

25 SECTION 1.41. Section 48.110(d), Education Code, is amended
26 to read as follows:

27 (d) For each annual graduate in a cohort described by

1 Subsection (b) who demonstrates college, career, or military
2 readiness as described by Subsection (f) in excess of the minimum
3 number of students determined for the applicable district cohort
4 under Subsection (c), a school district is entitled to an annual
5 outcomes bonus of:

6 (1) if the annual graduate is educationally
7 disadvantaged, \$5,000;

8 (2) if the annual graduate is not educationally
9 disadvantaged, \$3,000; and

10 (3) if the annual graduate is enrolled in a special
11 education program under Subchapter A, Chapter 29, \$4,000 [~~\$2,000~~],
12 regardless of whether the annual graduate is educationally
13 disadvantaged.

14 SECTION 1.42. Section 48.111(a), Education Code, is amended
15 to read as follows:

16 (a) A [~~Except as provided by Subsection (c), a~~] school
17 district is entitled to an annual allotment equal to the basic
18 allotment multiplied by the applicable weight under Subsection
19 (a-1) for each enrolled student equal to the difference, if the
20 difference is greater than zero, that results from subtracting 250
21 from the difference between the number of students enrolled in the
22 district during the school year immediately preceding the current
23 school year and the number of students enrolled in the district
24 during the school year six years preceding the current school year.

25 SECTION 1.43. Sections 48.112(c) and (d), Education Code,
26 are amended to read as follows:

27 (c) For each classroom teacher with a teacher designation

1 under Section 21.3521 employed by a school district, the school
2 district is entitled to an allotment equal to the following
3 applicable base amount increased by the high needs and rural factor
4 as determined under Subsection (d):

5 (1) \$12,000, or an increased amount not to exceed
6 \$36,000 [~~\$32,000~~] as determined under Subsection (d), for each
7 master teacher;

8 (2) \$9,000 [~~\$6,000~~], or an increased amount not to
9 exceed \$25,000 [~~\$18,000~~] as determined under Subsection (d), for
10 each exemplary teacher; ~~and~~

11 (3) \$5,000 [~~\$3,000~~], or an increased amount not to
12 exceed \$15,000 [~~\$9,000~~] as determined under Subsection (d), for
13 each recognized teacher; and

14 (4) \$3,000, or an increased amount not to exceed
15 \$9,000 as determined under Subsection (d), for each:

16 (A) acknowledged teacher; or

17 (B) teacher designated as nationally board
18 certified.

19 (d) The high needs and rural factor is determined by
20 multiplying the following applicable amounts by the average of the
21 point value assigned to each student at a district campus under
22 Subsection (e):

23 (1) \$6,000 [~~\$5,000~~] for each master teacher;

24 (2) \$4,000 [~~\$3,000~~] for each exemplary teacher; ~~and~~

25 (3) \$2,500 [~~\$1,500~~] for each recognized teacher; and

26 (4) \$1,500 for each:

27 (A) acknowledged teacher; or

1 (B) teacher designated as nationally board
2 certified.

3 SECTION 1.44. Section 48.114, Education Code, is amended by
4 amending Subsection (a) and adding Subsection (d) to read as
5 follows:

6 (a) A school district [~~that has implemented a mentoring~~
7 ~~program for classroom teachers who have less than two years of~~
8 ~~teaching experience under Section 21.458~~] is entitled to an
9 allotment [~~as determined under Subsection (b)~~] to fund a [the]
10 mentoring program and to provide stipends for mentor teachers if:

11 (1) the district has implemented a mentoring program
12 for classroom teachers under Section 21.458; and

13 (2) the mentor teachers assigned under that program
14 complete a training program that is required or developed by the
15 agency for mentor teachers.

16 (d) A school district is entitled to an allotment of \$2,000
17 for each classroom teacher with less than two years of experience
18 who participates in a mentoring program described by Subsection
19 (a). A district may receive an allotment under this section for no
20 more than 40 teachers during a school year unless an appropriation
21 is made for the purposes of providing a greater number of allotments
22 per district.

23 SECTION 1.45. Section 48.151(g), Education Code, is amended
24 to read as follows:

25 (g) A school district or county that provides special
26 transportation services for eligible special education students is
27 entitled to a state allocation at a [~~paid on a previous year's~~

1 ~~cost-per-mile basis. The~~ rate per mile equal to the sum of the
2 rate per mile set under Subsection (c) and \$0.13, or a greater
3 amount provided ~~[allowable shall be set]~~ by appropriation ~~[based on~~
4 ~~data gathered from the first year of each preceding biennium]~~.
5 Districts may use a portion of their support allocation to pay
6 transportation costs, if necessary. The commissioner may grant an
7 amount set by appropriation for private transportation to reimburse
8 parents or their agents for transporting eligible special education
9 students. The mileage allowed shall be computed along the shortest
10 public road from the student's home to school and back, morning and
11 afternoon. The need for this type of transportation shall be
12 determined on an individual basis and shall be approved only in
13 extreme hardship cases.

14 SECTION 1.46. Subchapter D, Chapter 48, Education Code, is
15 amended by adding Section 48.157 to read as follows:

16 Sec. 48.157. RESIDENCY PARTNERSHIP ALLOTMENT. (a) In this
17 section, "partnership program" and "partnership resident" have the
18 meanings assigned by Section 21.901.

19 (b) For each partnership resident employed at a school
20 district in a residency position under Subchapter R, Chapter 21,
21 the district is entitled to an allotment equal to a base amount of
22 \$22,000 increased by the high needs and rural factor, as determined
23 under Subsection (c), to an amount not to exceed \$42,000.

24 (c) The high needs and rural factor is determined by
25 multiplying \$5,000 by the lesser of:

26 (1) the average of the point value assigned to each
27 student at a district campus under Sections 48.112(e) and (f); or

1 (2) 4.0.

2 (d) In addition to the funding under Subsection (b), a
3 district that qualifies for an allotment under this section is
4 entitled to an additional \$2,000 for each partnership resident
5 employed in a residency position at the district who is a candidate
6 for special education or bilingual education certification.

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

15 SECTION 1.47. Subchapter D, Chapter 48, Education Code, is
16 amended by adding Section 48.160 to read as follows:

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

22 (1) an advanced mathematics pathway that begins with
23 Algebra I in grade eight and continues through progressively more
24 advanced mathematics courses in each grade from grade 9 through 12;

25 (2) a program of study in:

26 (A) computer programming and software
27 development; or

1 (B) cybersecurity; and
2 (3) a program of study in a specialized skilled trade,
3 such as:
4 (A) plumbing and pipefitting;
5 (B) electrical;
6 (C) welding;
7 (D) diesel and heavy equipment;
8 (E) aviation maintenance; or
9 (F) applied agricultural engineering.
10 (b) Notwithstanding Subsection (a), a school district is
11 eligible for the allotment under this section for students enrolled
12 in a high school in the district that does not offer a program of
13 study described by Subsection (a)(2) or (3) if:
14 (1) high school students who reside in the attendance
15 zone of the high school may participate in the program of study by
16 enrolling in another high school:
17 (A) that:
18 (i) is in the same district or a neighboring
19 school district;
20 (ii) was assigned the same or a better
21 campus overall performance rating under Section 39.054 as the high
22 school in whose attendance zone the students reside; and
23 (iii) offers the program of study; and
24 (B) to and from which transportation is provided
25 for those students; or
26 (2) students enrolled in the high school:
27 (A) are offered instruction for the program of

1 study at another location, such as another high school in the same
2 district or a neighboring school district; and

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

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

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

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

15 (d) A school district that receives an allotment under
16 Subsection (c) and Section 48.101 is entitled to receive an
17 additional allotment in an amount equal to the product of 0.1 and
18 the allotment to which the district is entitled under Section
19 48.101 for each student for which the district receives an
20 allotment under Subsection (c). An open-enrollment charter school
21 is not eligible for an allotment under this subsection.

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

26 (f) The agency may reduce the amount of a school district's
27 allotment under this section if the agency determines that the

1 district has not complied with any provision of this section.

2 SECTION 1.48. Section 48.202(a-1), Education Code, is
3 amended to read as follows:

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

7 (1) the greater of the amount of district tax revenue
8 per weighted student per cent of tax effort available to a school
9 district at the 96th percentile of wealth per weighted student or
10 the amount that results from multiplying the maximum amount of the
11 basic allotment provided under Section 48.051 for the applicable
12 school year [~~6,160, or the greater amount provided under Section~~
13 ~~48.051(b), if applicable,~~] by 0.016, for the first eight cents by
14 which the district's maintenance and operations tax rate exceeds
15 the district's tier one tax rate; and

16 (2) subject to Subsection (f), the amount that results
17 from multiplying the maximum amount of the basic allotment provided
18 under Section 48.051 for the applicable school year [~~\$6,160, or the~~
19 ~~greater amount provided under Section 48.051(b), if applicable,~~] by
20 0.008, for the district's maintenance and operations tax effort
21 that exceeds the amount of tax effort described by Subdivision (1).

22 SECTION 1.49. Section 48.257, Education Code, is amended by
23 adding Subsection (b-1) and amending Subsection (c) to read as
24 follows:

25 (b-1) If for any school year a school district receives an
26 adjustment under Subsection (b) and, after that adjustment, is no
27 longer subject to Subsection (a), the district is entitled to

1 additional state aid for that school year in an amount equal to the
2 lesser of:

3 (1) the difference, if the difference is greater than
4 zero, between:

5 (A) the amount to which the district is entitled
6 under Subchapters B, C, and D less the district's distribution from
7 the available school fund for that school year; and

8 (B) the district's tier one maintenance and
9 operations tax collections for that school year; or

10 (2) the sum of the district's allotments under
11 Sections 48.0051 and 48.112 for that school year.

12 (c) For purposes of Subsection (a), state aid to which a
13 district is entitled under Section 13.054 or this chapter that is
14 not described by Section 48.266(a)(3) may offset the amount by
15 which a district must reduce the district's revenue level under
16 this section. Any amount of state aid used as an offset under this
17 subsection shall reduce the amount of state aid to which the
18 district is entitled.

19 SECTION 1.50. Subchapter F, Chapter 48, Education Code, is
20 amended by adding Section 48.280 to read as follows:

21 Sec. 48.280. SALARY TRANSITION ALLOTMENT. (a) In the
22 2023-2024, 2024-2025, and 2025-2026 school years, a school district
23 is entitled to receive an annual salary transition allotment equal
24 to the difference, if that amount is greater than zero, between:

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

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

27 (b) The agency shall calculate a school district's value for

1 Subsection (a)(1) by determining the difference between:

2 (1) the amount the district must pay in compensation
3 for the current school year for employees on the minimum salary
4 schedule under Section 21.402, as amended by H.B. 100, Acts of the
5 88th Legislature, Regular Session, 2023, divided by the total
6 number of employees on the minimum salary schedule under that
7 section for that school year; and

8 (2) the amount paid in compensation for the 2022-2023
9 school year for employees on the minimum salary schedule under
10 Section 21.402 divided by the total number of employees on the
11 minimum salary schedule under that section for that school year.

12 (c) The agency shall calculate a school district's value for
13 Subsection (a)(2) by determining the difference between:

14 (1) the total maintenance and operations revenue for
15 the current school year divided by the total number of employees on
16 the minimum salary schedule under Section 21.402 for that school
17 year; and

18 (2) the total maintenance and operations revenue that
19 would have been available to the district for the current school
20 year using the basic allotment formula provided by Section 48.051
21 and the small and mid-sized allotment formulas provided by Section
22 48.101 as those sections existed on January 1, 2023, divided by the
23 total number of employees on the minimum salary schedule under
24 Section 21.402 for that school year.

25 (d) In calculating the values under Subsections (b) and (c)
26 for a school district or open-enrollment charter school to which
27 Section 21.402 does not apply, the agency shall include as

1 employees on the minimum salary schedule under that section
2 employees of the district or school who would have been on the
3 minimum salary schedule under that section if the district or
4 school were a school district to which that section applies.

5 (e) Before making a final determination of the amount of an
6 allotment to which a school district is entitled under this
7 section, the agency shall ensure each school district has an
8 opportunity to review and submit revised information to the agency
9 for purposes of calculating the values under Subsection (a).

10 (f) A school district is entitled to an allotment in an
11 amount equal to:

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

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

16 (g) A school district is not entitled to an allotment under
17 this section in the 2028-2029 school year or a later school year.

18 (h) For purposes of this section, "compensation" includes
19 contributions made to the Teacher Retirement System of Texas under
20 Sections 825.4035 and 825.405, Government Code.

21 (i) This section expires September 1, 2029.

22 SECTION 1.51. Subchapter G, Chapter 48, Education Code, is
23 amended by adding Sections 48.304 and 48.305 to read as follows:

24 Sec. 48.304. DAY PLACEMENT PROGRAM FUNDING. (a) For each
25 qualifying day placement program that a regional education service
26 center makes available in partnership with a school district,
27 open-enrollment charter school, or shared services arrangement,

1 the center is entitled to an allotment of:

2 (1) \$250,000 for the first year of the program's
3 operation; and

4 (2) \$150,000 for each year of the program's operation
5 after the first year.

6 (b) A day placement program qualifies for purposes of
7 Subsection (a) if:

8 (1) the program complies with commissioner rules
9 adopted under Section 48.102(c);

10 (2) the program offers services to students who are
11 enrolled at any school district or open-enrollment charter school
12 in the county in which the program is offered, unless the
13 commissioner by rule waives or modifies the requirement under this
14 subdivision for the program to serve all students in a county; and

15 (3) the agency has designated the program for service
16 in the county in which the program is offered and determined that,
17 at the time of designation, the program increases the availability
18 of day placement services in the county.

19 Sec. 48.305. PARENT-DIRECTED SERVICES FOR STUDENTS
20 RECEIVING SPECIAL EDUCATION SERVICES GRANT. (a) A student to whom
21 the agency awards a grant under Subchapter A-1, Chapter 29, is
22 entitled to receive an amount of \$1,500 or a greater amount provided
23 by appropriation.

24 (b) The legislature shall include in the appropriations for
25 the Foundation School Program state aid sufficient for the agency
26 to award grants under Subchapter A-1, Chapter 29, in the amount
27 provided by this section.

1 (c) A student may receive one grant under Subchapter A-1,
2 Chapter 29, unless the legislature appropriates money for an
3 additional grant in the General Appropriations Act.

4 (d) A determination of the commissioner under this section
5 is final and may not be appealed.

6 SECTION 1.52. The following provisions are repealed:

- 7 (1) Section 21.042, Education Code;
- 8 (2) Sections 21.402(b), (c), (c-1), (f), and (h),
9 Education Code;
- 10 (3) Sections 21.403(a) and (d), Education Code;
- 11 (4) Subchapter Q, Chapter 21, Education Code;
- 12 (5) Section 29.002, Education Code;
- 13 (6) Sections 29.026(n) and (o), Education Code;
- 14 (7) Section 29.027(i), Education Code;
- 15 (8) Section 29.050, Education Code;
- 16 (9) Section 37.002(e), Education Code;
- 17 (10) Sections 48.111(c), (c-1), and (c-2), Education
18 Code;
- 19 (11) Section 48.114(b), Education Code; and
- 20 (12) Section 825.4092(f), Government Code, as added by
21 Chapter 546 (S.B. 202), Acts of the 87th Legislature, Regular
22 Session, 2021.

23 SECTION 1.53. (a) The legislature finds that:

- 24 (1) the Windfall Elimination Provision was enacted in
25 1983 to equalize the earned social security benefits of workers who
26 spend part of their careers in exempt public service and workers who
27 spend their entire careers participating in social security;

1 (2) the Windfall Elimination Provision reduces the
2 social security benefits of public servants who have received a
3 pension that is not subject to social security taxes, including
4 thousands of teachers in Texas as well as the spouses and children
5 of these public servants;

6 (3) the flawed application of the Windfall Elimination
7 Provision diminishes Texans' retirement security and fails to
8 recognize their rightfully earned social security and public
9 pension benefits;

10 (4) for years, the United States Congress has failed
11 to act to remove this detriment to many citizens of Texas, including
12 teachers; and

13 (5) the United States Congress should take swift
14 action to replace the Windfall Elimination Provision with a more
15 fair and just formula that accurately reflects the contributions of
16 all American workers to the social security system.

17 (b) As soon as practicable after the effective date of this
18 Act, the secretary of the Senate shall forward official copies of
19 the legislative findings under Subsection (a) of this section to
20 the president of the United States, to the president of the Senate
21 and the speaker of the House of Representatives of the United States
22 Congress, and to all the members of the Texas delegation to
23 Congress.

24 SECTION 1.54. Not later than September 1, 2024, the
25 commissioner of education, with the assistance of the executive
26 director of the Teacher Retirement System of Texas and the
27 comptroller of public accounts, shall make recommendations to the

1 legislature to improve and coordinate pension contribution
2 appropriations for public school employees.

3 SECTION 1.55. Section 21.257(f), Education Code, as added
4 by this article, applies only to a hearing before a hearing examiner
5 commenced on or after the effective date of this article.

6 SECTION 1.56. Immediately following the effective date of
7 this article, a school district or open-enrollment charter school
8 shall redesignate a teacher who holds a designation made under
9 Section 21.3521, Education Code, before the effective date of this
10 article, to reflect the teacher's designation under Section
11 21.3521, Education Code, as amended by this article. Funding
12 provided to a school district under Section 48.112, Education Code,
13 for a teacher who held a designation made under Section 21.3521,
14 Education Code, as that section existed immediately before the
15 effective date of this article, shall be increased to reflect the
16 teacher's redesignation under Section 21.3521, Education Code, as
17 amended by this article.

18 SECTION 1.57. Notwithstanding Section 21.903, Education
19 Code, as added by this article, until the State Board for Educator
20 Certification adopts rules specifying the requirements for
21 approval of an educator preparation program as a qualified educator
22 preparation program as required by that section, the commissioner
23 of education may approve a program as a qualified educator
24 preparation program for purposes of Subchapter R, Chapter 21,
25 Education Code, as added by this article, if the commissioner
26 determines that the program meets the requirements under Section
27 21.903, Education Code, as added by this article. An educator

1 preparation program's designation as a qualified educator
2 preparation program by the commissioner under this section remains
3 effective until the first anniversary of the earliest effective
4 date of a rule adopted by the State Board for Educator Certification
5 under Section 21.903, Education Code, as added by this article.

6 SECTION 1.58. To the extent of any conflict, this article
7 prevails over another Act of the 88th Legislature, Regular Session,
8 2023, relating to nonsubstantive additions to and corrections in
9 enacted codes.

10 SECTION 1.59. (a) Except as provided by Subsection (b) of
11 this section or as otherwise provided by this article, this article
12 takes effect immediately if this Act receives a vote of two-thirds
13 of all the members elected to each house, as provided by Section 39,
14 Article III, Texas Constitution. If this Act does not receive the
15 vote necessary for immediate effect, the entirety of this article
16 takes effect September 1, 2023.

17 (b) Sections 12.106(a-2) and (d), 13.054, 30.003,
18 48.0051(a), (b), and (d), 48.011(a), (a-1), (d), and (e), 48.051,
19 48.101, 48.110(d), 48.111, 48.112(c) and (d), 48.114, 48.151(g),
20 48.202(a-1), and 48.257, Education Code, as amended by this
21 article, and Sections 48.0055, 48.1022, 48.157, 48.160, and 48.280,
22 Education Code, as added by this article, take effect September 1,
23 2023.

24 ARTICLE 2. CHANGES GENERALLY APPLICABLE TO PUBLIC SCHOOLS EFFECTIVE
25 FOR 2024-2025 SCHOOL YEAR

26 SECTION 2.01. Section 8.051(d), Education Code, is amended
27 to read as follows:

1 (d) Each regional education service center shall maintain
2 core services for purchase by school districts and campuses. The
3 core services are:

4 (1) training and assistance in:

5 (A) teaching each subject area assessed under
6 Section 39.023; and

7 (B) providing instruction in personal financial
8 literacy as required under Section 28.0021;

9 (2) training and assistance in providing each program
10 that qualifies for a funding allotment under Section 48.102,
11 48.1021, 48.104, 48.105, or 48.109;

12 (3) assistance specifically designed for a school
13 district or campus assigned an unacceptable performance rating
14 under Section 39.054;

15 (4) training and assistance to teachers,
16 administrators, members of district boards of trustees, and members
17 of site-based decision-making committees;

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

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

23 SECTION 2.02. Section 11.1513, Education Code, is amended
24 by adding Subsection (1) to read as follows:

25 (1) The employment policy must provide that:

26 (1) before the beginning of each school year, the
27 district shall provide a duty calendar for certain professional

1 staff as required by Section 11.15131; and

2 (2) for purposes of determining the amount of a
3 reduction in the salary of a classroom teacher, full-time
4 counselor, or full-time librarian for unpaid leave, the employee's
5 daily rate of pay is computed by dividing the employee's annual
6 salary by the number of days the employee is expected to work for
7 that school year as provided by the district's duty calendar
8 adopted under Section 11.15131.

9 SECTION 2.03. Subchapter D, Chapter 11, Education Code, is
10 amended by adding Section 11.15131 to read as follows:

11 Sec. 11.15131. DUTY CALENDAR FOR CERTAIN PROFESSIONAL
12 STAFF. (a) In this section, "supplemental duty" means a duty other
13 than a duty assigned under an employee's contract that is generally
14 expected to be performed during an instructional day and which may
15 be governed by an agreement, other than the employee's contract,
16 between the district and the employee.

17 (b) Not later than the 15th day before the first
18 instructional day of each school year, the board of trustees of a
19 school district shall adopt and provide to each classroom teacher,
20 full-time counselor, and full-time librarian employed by the
21 district a calendar that specifies the days each employee is
22 expected to work for that school year, including the days on which
23 the employee is expected to perform supplemental duties for more
24 than 30 minutes outside of the instructional day, and except for
25 days on which the employee may be required to spend time on an
26 unanticipated duty outside of the instructional day to comply with
27 a state or federal law.

1 SECTION 2.04. Section 29.014(d), Education Code, is amended
2 to read as follows:

3 (d) The basic allotment for a student enrolled in a district
4 to which this section applies is adjusted by the tier of intensity
5 of service defined in accordance with ~~[weight for a homebound~~
6 ~~student under]~~ Section 48.102 and designated by commissioner rule
7 for use under this section ~~[48.102(a)]~~.

8 SECTION 2.05. Section 29.018, Education Code, is amended by
9 adding Subsection (g) to read as follows:

10 (g) This section expires September 1, 2026.

11 SECTION 2.06. Sections 29.022(a), (a-1), (b), (c), (c-1),
12 (d), (f), (h), (k), (l), (s), and (t), Education Code, are amended
13 to read as follows:

14 (a) In order to promote student safety, on receipt of a
15 written request authorized under Subsection (a-1), a school
16 district or open-enrollment charter school shall provide
17 equipment, including a video camera, to the school or schools in the
18 district or the charter school campus or campuses specified in the
19 request. A school or campus that receives equipment as provided by
20 this subsection shall place, operate, and maintain one or more
21 video cameras in special education ~~[self-contained]~~ classrooms and
22 other special education settings ~~[in which a majority of the~~
23 ~~students in regular attendance are provided special education and~~
24 ~~related services and are assigned to one or more self-contained~~
25 ~~classrooms or other special education settings for at least 50~~
26 ~~percent of the instructional day]~~, provided that:

27 (1) a school or campus that receives equipment as a

1 result of the request by a parent or staff member is required to
2 place equipment only in classrooms or settings in which the
3 parent's child is in regular attendance or to which the staff member
4 is assigned, as applicable; and

5 (2) a school or campus that receives equipment as a
6 result of the request by a board of trustees, governing body,
7 principal, or assistant principal is required to place equipment
8 only in classrooms or settings identified by the requestor, if the
9 requestor limits the request to specific classrooms or settings
10 subject to this subsection.

11 (a-1) For purposes of Subsection (a):

12 (1) a parent of a child who receives special education
13 services in one or more special education [~~self-contained~~]
14 classrooms or other special education settings may request in
15 writing that equipment be provided to the school or campus at which
16 the child receives those services;

17 (2) a board of trustees or governing body may request
18 in writing that equipment be provided to one or more specified
19 schools or campuses at which one or more children receive special
20 education services in special education [~~self-contained~~]
21 classrooms or other special education settings;

22 (3) the principal or assistant principal of a school
23 or campus at which one or more children receive special education
24 services in special education [~~self-contained~~] classrooms or other
25 special education settings may request in writing that equipment be
26 provided to the principal's or assistant principal's school or
27 campus; and

1 (4) a staff member assigned to work with one or more
2 children receiving special education services in special education
3 [~~self-contained~~] classrooms or other special education settings
4 may request in writing that equipment be provided to the school or
5 campus at which the staff member works.

6 (b) A school or campus that places a video camera in a
7 special education classroom or other special education setting in
8 accordance with Subsection (a) shall operate and maintain the video
9 camera in the classroom or setting, as long as the classroom or
10 setting continues to satisfy the requirements under Subsection (a),
11 for the remainder of the school year in which the school or campus
12 received the request, unless the requestor withdraws the request in
13 writing. If for any reason a school or campus will discontinue
14 operation of a video camera during a school year, not later than the
15 fifth school day before the date the operation of the video camera
16 will be discontinued, the school or campus must notify the parents
17 of each student in regular attendance in the classroom or setting
18 that operation of the video camera will not continue unless
19 requested by a person eligible to make a request under Subsection
20 (a-1). Not later than the 10th school day before the end of each
21 school year, the school or campus must notify the parents of each
22 student in regular attendance in the classroom or setting that
23 operation of the video camera will not continue during the
24 following school year unless a person eligible to make a request for
25 the next school year under Subsection (a-1) submits a new request.

26 (c) Except as provided by Subsection (c-1), video cameras
27 placed under this section must be capable of:

1 (1) covering all areas of the special education
2 classroom or other special education setting, including a room
3 attached to the classroom or setting used for time-out; and

4 (2) recording audio from all areas of the special
5 education classroom or other special education setting, including a
6 room attached to the classroom or setting used for time-out.

7 (c-1) The inside of a bathroom or any area in the special
8 education classroom or other special education setting in which a
9 student's clothes are changed may not be visually monitored, except
10 for incidental coverage of a minor portion of a bathroom or changing
11 area because of the layout of the classroom or setting.

12 (d) Before a school or campus activates a video camera in a
13 special education classroom or other special education setting
14 under this section, the school or campus shall provide written
15 notice of the placement to all school or campus staff and to the
16 parents of each student attending class or engaging in school
17 activities in the classroom or setting.

18 (f) A school district or open-enrollment charter school may
19 solicit and accept gifts, grants, and donations from any person for
20 use in placing video cameras in special education classrooms or
21 other special education settings under this section.

22 (h) A school district or open-enrollment charter school may
23 not:

24 (1) allow regular or continual monitoring of video
25 recorded under this section; or

26 (2) use video recorded under this section for teacher
27 evaluation or for any other purpose other than the promotion of

1 safety of students receiving special education services in a
2 special education [~~self-contained~~] classroom or other special
3 education setting.

4 (k) The commissioner may adopt rules to implement and
5 administer this section, including rules regarding the special
6 education classrooms and other special education settings to which
7 this section applies.

8 (l) A school district or open-enrollment charter school
9 policy relating to the placement, operation, or maintenance of
10 video cameras under this section must:

11 (1) include information on how a person may appeal an
12 action by the district or school that the person believes to be in
13 violation of this section or a policy adopted in accordance with
14 this section, including the appeals process under Section 7.057;

15 (2) require that the district or school provide a
16 response to a request made under this section not later than the
17 seventh school business day after receipt of the request by the
18 person to whom it must be submitted under Subsection (a-3) that
19 authorizes the request or states the reason for denying the
20 request;

21 (3) except as provided by Subdivision (5), require
22 that a school or a campus begin operation of a video camera in
23 compliance with this section not later than the 45th school
24 business day, or the first school day after the 45th school business
25 day if that day is not a school day, after the request is authorized
26 unless the agency grants an extension of time;

27 (4) permit the parent of a student whose admission,

1 review, and dismissal committee has determined that the student's
2 placement for the following school year will be in a special
3 education classroom or other special education setting in which a
4 video camera may be placed under this section to make a request for
5 the video camera by the later of:

6 (A) the date on which the current school year
7 ends; or

8 (B) the 10th school business day after the date
9 of the placement determination by the admission, review, and
10 dismissal committee; and

11 (5) if a request is made by a parent in compliance with
12 Subdivision (4), unless the agency grants an extension of time,
13 require that a school or campus begin operation of a video camera in
14 compliance with this section not later than the later of:

15 (A) the 10th school day of the fall semester; or

16 (B) the 45th school business day, or the first
17 school day after the 45th school business day if that day is not a
18 school day, after the date the request is made.

19 (s) This section applies to the placement, operation, and
20 maintenance of a video camera in a special education
21 [~~self-contained~~] classroom or other special education setting
22 during the regular school year and extended school year services.

23 (t) A video camera placed under this section is not required
24 to be in operation for the time during which students are not
25 present in the special education classroom or other special
26 education setting.

27 SECTION 2.07. Sections 29.022(u)(3) and (4), Education

1 Code, are amended to read as follows:

2 (3) "Special education classroom or other special
3 education setting" means a classroom or setting primarily used for
4 delivering special education services to students who spend on
5 average less than 50 percent of an instructional day in a general
6 education classroom or setting [~~"Self-contained classroom" does~~
7 ~~not include a classroom that is a resource room instructional~~
8 ~~arrangement under Section 48.102]~~.

9 (4) "Staff member" means a teacher, related service
10 provider, paraprofessional, counselor, or educational aide
11 assigned to work in a special education [~~self-contained~~] classroom
12 or other special education setting.

13 SECTION 2.08. Section 29.316(c), Education Code, is amended
14 to read as follows:

15 (c) Not later than August 31 of each year, the agency, the
16 division, and the center jointly shall prepare and post on the
17 agency's, the division's, and the center's respective Internet
18 websites a report on the language acquisition of children eight
19 years of age or younger who are deaf or hard of hearing. The report
20 must:

21 (1) include:

22 (A) existing data reported in compliance with
23 federal law regarding children with disabilities; and

24 (B) information relating to the language
25 acquisition of children who are deaf or hard of hearing and also
26 have other disabilities;

27 (2) state for each child:

1 (A) the percentage of the instructional day
2 ~~[arrangement used with the child, as described by Section 48.102,~~
3 ~~including the time]~~ the child spends on average in a general
4 education setting ~~[mainstream instructional arrangement]~~;
5 (B) the specific language acquisition services
6 provided to the child, including:
7 (i) the time spent providing those
8 services; and
9 (ii) a description of any hearing
10 amplification used in the delivery of those services, including:
11 (a) the type of hearing amplification
12 used;
13 (b) the period of time in which the
14 child has had access to the hearing amplification; and
15 (c) the average amount of time the
16 child uses the hearing amplification each day;
17 (C) the tools or assessments used to assess the
18 child's language acquisition and the results obtained;
19 (D) the preferred unique communication mode used
20 by the child at home; and
21 (E) the child's age, race, and gender, the age at
22 which the child was identified as being deaf or hard of hearing, and
23 any other relevant demographic information the commissioner
24 determines to likely be correlated with or have an impact on the
25 child's language acquisition;
26 (3) compare progress in English literacy made by
27 children who are deaf or hard of hearing to progress in that subject

1 made by children of the same age who are not deaf or hard of hearing,
2 by appropriate age range; and

3 (4) be redacted as necessary to comply with state and
4 federal law regarding the confidentiality of student medical or
5 educational information.

6 SECTION 2.09. Section 48.051(a), Education Code, is amended
7 to read as follows:

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

16
$$A = \underline{B} \text{ } [\underline{\$6,160}] \times \text{TR/MCR}$$

17 where:

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

19 "B" is the base amount, which equals the greater of:

20 (1) \$6,210;

21 (2) an amount equal to the district's base amount under
22 this section for the preceding school year; or

23 (3) the amount appropriated under Subsection (b);

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

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

SECTION 2.10. Section 48.102, Education Code, is amended to read as follows:

Sec. 48.102. SPECIAL EDUCATION. (a) 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 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 [1.15].

~~[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 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

1 ~~[Nonpublic day school ————— 1.7~~

2 ~~[Vocational adjustment class ————— 2.3]~~

3 (a-1) Notwithstanding Subsection (a), for the 2024-2025 and
4 2025-2026 school years, the amount of an allotment under this
5 section shall be determined in accordance with Section 48.1023.
6 This subsection expires September 1, 2026.

7 (b) The commissioner by rule shall define seven tiers of
8 intensity of service for use in determining funding under this
9 section. The commissioner must include one tier specifically
10 addressing students receiving special education services in
11 residential placement ~~[A special instructional arrangement for~~
12 ~~students with disabilities residing in care and treatment~~
13 ~~facilities, other than state schools, whose parents or guardians do~~
14 ~~not reside in the district providing education services shall be~~
15 ~~established by commissioner rule. The funding weight for this~~
16 ~~arrangement shall be 4.0 for those students who receive their~~
17 ~~education service on a local school district campus. A special~~
18 ~~instructional arrangement for students with disabilities residing~~
19 ~~in state schools shall be established by commissioner rule with a~~
20 ~~funding weight of 2.8].~~

21 (c) ~~[For funding purposes, the number of contact hours~~
22 ~~credited per day for each student in the off home campus~~
23 ~~instructional arrangement may not exceed the contact hours credited~~
24 ~~per day for the multidistrict class instructional arrangement in~~
25 ~~the 1992-1993 school year.~~

26 ~~[(d) For funding purposes the contact hours credited per day~~
27 ~~for each student in the resource room; self-contained, mild and~~

1 ~~moderate, and self-contained, severe, instructional arrangements~~
2 ~~may not exceed the average of the statewide total contact hours~~
3 ~~credited per day for those three instructional arrangements in the~~
4 ~~1992-1993 school year.~~

5 ~~[(e) The commissioner by rule shall prescribe the~~
6 ~~qualifications an instructional arrangement must meet in order to~~
7 ~~be funded as a particular instructional arrangement under this~~
8 ~~section. In prescribing the qualifications that a mainstream~~
9 ~~instructional arrangement must meet, the commissioner shall~~
10 ~~establish requirements that students with disabilities and their~~
11 ~~teachers receive the direct, indirect, and support services that~~
12 ~~are necessary to enrich the regular classroom and enable student~~
13 ~~success.~~

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

17 ~~[(g)]~~ The commissioner shall adopt rules and procedures
18 governing contracts for residential and day program placement of
19 ~~[special education]~~ students receiving special education services.

20 (d) ~~[The legislature shall provide by appropriation for the~~
21 ~~state's share of the costs of those placements.~~

22 ~~[(h)]~~ At least 55 percent of the funds allocated under this
23 section must be used in the special education program under
24 Subchapter A, Chapter 29.

25 (e) ~~[(i)]~~ The agency shall ensure ~~[encourage]~~ the placement
26 of students in special education programs, including students in
27 residential placement ~~[instructional arrangements]~~, in the least

1 restrictive environment appropriate for their educational needs.

2 (f) [~~(j)~~] A school district that provides an extended year
3 program required by federal law for special education students who
4 may regress is entitled to receive funds in an amount equal to 75
5 percent, or a lesser percentage determined by the commissioner, of
6 the basic allotment, or, if applicable, the sum of the basic
7 allotment and the allotment under Section 48.101 to which the
8 district is entitled for each [~~full-time equivalent~~] student in
9 average daily attendance, multiplied by the amount designated for
10 the highest tier of intensity of service for which the student
11 qualifies [~~student's instructional arrangement~~] under this
12 section, for each day the program is provided divided by the number
13 of days in the minimum school year. The total amount of state
14 funding for extended year services under this section may not
15 exceed \$10 million per year. A school district may use funds
16 received under this section only in providing an extended year
17 program.

18 (g) [~~(k)~~] From the total amount of funds appropriated for
19 special education under this section, the commissioner shall
20 withhold an amount specified in the General Appropriations Act, and
21 distribute that amount to school districts for programs under
22 Section 29.014. The program established under that section is
23 required only in school districts in which the program is financed
24 by funds distributed under this subsection and any other funds
25 available for the program. After deducting the amount withheld
26 under this subsection from the total amount appropriated for
27 special education, the commissioner shall reduce each district's

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

3 (h) Not later than December 1 of each even-numbered year,
4 the commissioner shall submit to the Legislative Budget Board, for
5 purposes of the allotment under this section, proposed weights for
6 the tiers of intensity of service for the next state fiscal
7 biennium.

8 SECTION 2.11. Subchapter C, Chapter 48, Education Code, is
9 amended by adding Sections 48.1021 and 48.1023 to read as follows:

10 Sec. 48.1021. SPECIAL EDUCATION SERVICE GROUP ALLOTMENT.

11 (a) For each six-week period in which a student in a special
12 education program under Subchapter A, Chapter 29, receives eligible
13 special education services, a school district is entitled to an
14 allotment in an amount set by the legislature in the General
15 Appropriations Act for the service group for which the student is
16 eligible.

17 (a-1) Notwithstanding Subsection (a), for the 2024-2025 and
18 2025-2026 school years, the amount of an allotment under this
19 section shall be determined in accordance with Section 48.1023.
20 This subsection expires September 1, 2026.

21 (b) The commissioner by rule shall establish four service
22 groups for use in determining funding under this section. In
23 establishing the groups, the commissioner must consider the level
24 of services, equipment, and technology required to meet the needs
25 of students receiving special education services.

26 (c) A school district is entitled to receive an allotment
27 under this section for each service group for which a student is

1 eligible.

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

5 (e) At least 55 percent of the funds allocated under this
6 section must be used for a special education program under
7 Subchapter A, Chapter 29.

8 (f) Not later than December 1 of each even-numbered year,
9 the commissioner shall submit to the Legislative Budget Board, for
10 purposes of the allotment under this section, proposed amounts of
11 funding for the service groups for the next state fiscal biennium.

12 Sec. 48.1023. SPECIAL EDUCATION TRANSITION FUNDING. (a)
13 For the 2024-2025 and 2025-2026 school years, the commissioner may
14 adjust weights or amounts provided under Section 48.102 or 48.1021
15 as necessary to ensure compliance with requirements regarding
16 maintenance of state financial support under 20 U.S.C. Section
17 1412(a)(18) and maintenance of local financial support under
18 applicable federal law.

19 (b) For the 2024-2025 and 2025-2026 school years, the
20 commissioner shall determine the formulas through which school
21 districts receive funding under Sections 48.102 and 48.1021. In
22 determining the formulas, the commissioner may combine the methods
23 of funding under those sections with the method of funding provided
24 by Section 48.102, as it existed on January 1, 2023.

25 (c) For the 2026-2027 school year, the commissioner may
26 adjust the weights or amounts set by the legislature in the General
27 Appropriations Act for purposes of Section 48.102 or 48.1021.

1 Before making an adjustment under this subsection, the commissioner
2 shall notify and must receive approval from the Legislative Budget
3 Board.

4 (d) Notwithstanding any other provision of this section,
5 the sum of funding provided under Sections 48.102 and 48.1021 for
6 the 2024-2025 or for the 2025-2026 school year as adjusted under
7 this section may not exceed the sum of:

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

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

12 (e) Each school district and open-enrollment charter school
13 shall report to the agency information necessary to implement this
14 section.

15 (f) The agency shall provide technical assistance to school
16 districts and open-enrollment charter schools to ensure a
17 successful transition in funding formulas for special education.

18 (g) This section expires September 1, 2028.

19 SECTION 2.12. Section 48.103(c), Education Code, is amended
20 to read as follows:

21 (c) A school district may receive funding for a student
22 under each provision of this section, [and] Section 48.102, and
23 Section 48.1021 for which [if] the student qualifies [satisfies the
24 requirements of both sections].

25 SECTION 2.13. Sections 48.104(a), (d), and (e), Education
26 Code, are amended to read as follows:

27 (a) For each student who does not have a disability and

1 resides in a residential placement facility in a district in which
2 the student's parent or legal guardian does not reside, a district
3 is entitled to an annual allotment equal to the basic allotment
4 multiplied by 0.2 or, if the student is educationally
5 disadvantaged, 0.28 [~~0.275~~]. For each full-time equivalent student
6 who is in a remedial and support program under Section 29.081
7 because the student is pregnant, a district is entitled to an annual
8 allotment equal to the basic allotment multiplied by 2.41.

9 (d) The weights assigned to the five tiers of the index
10 established under Subsection (c) are, from least to most severe
11 economic disadvantage, 0.23 [~~0.225~~], 0.2425 [~~0.2375~~], 0.255
12 [~~0.25~~], 0.2675 [~~0.2625~~], and 0.28 [~~0.275~~].

13 (e) If insufficient data is available for any school year to
14 evaluate the level of economic disadvantage in a census block
15 group, a school district is entitled to an annual allotment equal to
16 the basic allotment multiplied by 0.23 [~~0.225~~] for each student who
17 is educationally disadvantaged and resides in that census block
18 group.

19 SECTION 2.14. Section 48.108(a), Education Code, is amended
20 to read as follows:

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

- 25 (1) educationally disadvantaged; or
26 (2) an emergent bilingual student, as defined by
27 Section 29.052, and is in a bilingual education or special language

1 program under Subchapter B, Chapter 29.

2 SECTION 2.15. Section 48.279(e), Education Code, is
3 amended to read as follows:

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

10 SECTION 2.16. This article takes effect September 1, 2024.

11 ARTICLE 3. EDUCATION SAVINGS ACCOUNT PROGRAM

12 SECTION 3.01. The purpose of this article is to:

13 (1) provide additional educational options to assist
14 families in this state in exercising the right to direct the
15 educational needs of their children; and

16 (2) achieve a general diffusion of knowledge.

17 SECTION 3.02. Chapter 29, Education Code, is amended by
18 adding Subchapter J to read as follows:

19 SUBCHAPTER J. EDUCATION SAVINGS ACCOUNT PROGRAM

20 Sec. 29.351. DEFINITIONS. In this subchapter:

21 (1) "Account" means an education savings account
22 established under the program.

23 (2) "Certified educational assistance organization"
24 means an organization certified under Section 29.354 to support the
25 administration of the program.

26 (3) "Child with a disability" means a child who is
27 eligible to participate in a school district's special education

1 program under Section 29.003.

2 (4) "Higher education provider" means an institution
3 of higher education or a private or independent institution of
4 higher education, as those terms are defined by Section 61.003.

5 (5) "Parent" means a resident of this state who is a
6 natural or adoptive parent, managing or possessory conservator,
7 legal guardian, custodian, or other person with legal authority to
8 act on behalf of a child.

9 (6) "Program" means the program established under this
10 subchapter.

11 (7) "Program participant" means a child and a parent
12 of a child enrolled in the program.

13 Sec. 29.352. ESTABLISHMENT OF PROGRAM. The comptroller
14 shall establish a program to provide funding for approved
15 education-related expenses of children participating in the
16 program.

17 Sec. 29.353. PROGRAM FUND. (a) The program fund is an
18 account in the general revenue fund to be administered by the
19 comptroller.

20 (b) The fund is composed of:

21 (1) general revenue transferred to the fund;

22 (2) money appropriated to the fund;

23 (3) gifts, grants, and donations received under
24 Section 29.370; and

25 (4) any other money available for purposes of the
26 program.

27 (c) Money in the fund may be appropriated only for the uses

1 specified by this subchapter.

2 Sec. 29.354. SELECTION OF CERTIFIED EDUCATIONAL ASSISTANCE
3 ORGANIZATIONS. (a) An organization may apply to the comptroller
4 for certification as a certified educational assistance
5 organization during an application period established by the
6 comptroller.

7 (b) To be eligible for certification, an organization must:

8 (1) have the ability to perform the duties and
9 functions required of a certified educational assistance
10 organization under this subchapter;

11 (2) be in good standing with the state; and

12 (3) be able to assist the comptroller in administering
13 the program, including the ability to:

14 (A) accept, process, and track applications for
15 the program;

16 (B) assist prospective applicants, applicants,
17 and program participants with finding preapproved education
18 service providers and vendors of educational products;

19 (C) accept and process payments for approved
20 education-related expenses; and

21 (D) verify that program funding is used only for
22 approved education-related expenses.

23 (c) The comptroller may certify not more than five
24 educational assistance organizations to support the administration
25 of the program, including by:

26 (1) administering:

27 (A) the application process under Section

1 29.356; and

2 (B) the program expenditures process under
3 Section 29.360; and

4 (2) assisting prospective applicants, applicants, and
5 program participants with understanding approved education-related
6 expenses and finding preapproved education service providers and
7 vendors of educational products.

8 Sec. 29.355. ELIGIBLE CHILD. (a) A child is eligible to
9 participate in the program and may, subject to available funding
10 and the requirements of this subchapter, initially enroll in the
11 program for the school year following the school year in which the
12 child's application is submitted under Section 29.356 if the child:

13 (1) is eligible to:

14 (A) attend a public school under Section 25.001;

15 or

16 (B) enroll in a public school's prekindergarten
17 program under Section 29.153; and

18 (2) either:

19 (A) attended any public school in this state for
20 at least 90 percent of the school year preceding the school year for
21 which the child applies to enroll in the program; or

22 (B) is enrolling in prekindergarten or
23 kindergarten for the first time, including a child who was
24 homeschooled before enrollment.

25 (a-1) Notwithstanding Subsection (a) and subject to Section
26 29.356(b-1), a child is eligible to participate in the program if
27 the child:

1 (1) meets the qualifications under Subsection (a)(1);
2 (2) attended private school on a full-time basis for
3 the preceding school year; and

4 (3) is a member of a household with a total annual
5 income that is at or below 200 percent of the federal poverty
6 guidelines.

7 (b) A child who establishes eligibility under this section
8 may, subject to available funding and the requirements of this
9 subchapter, participate in the program until the earliest of the
10 following dates:

11 (1) the date on which the child graduates from high
12 school;

13 (2) the date on which the child is no longer eligible
14 to attend a public school under Section 25.001;

15 (3) the date on which the child enrolls in a public
16 school, including an open-enrollment charter school, in a manner in
17 which the child will be counted toward the school's average daily
18 attendance for purposes of the allocation of funding under the
19 foundation school program; or

20 (4) the date on which the child is declared ineligible
21 for the program by the comptroller under this subchapter.

22 (c) Notwithstanding Subsection (a) or (b), a child is not
23 eligible to participate in the program during the period in which
24 the child's parent or legal guardian is a state representative or
25 state senator.

26 Sec. 29.356. APPLICATION TO PROGRAM. (a) A parent of an
27 eligible child may apply to a certified educational assistance

1 organization to enroll the child in the program for the following
2 school year. The comptroller shall establish quarterly deadlines
3 by which an applicant must complete and submit an application form
4 to participate in the program.

5 (b) On receipt of more acceptable applications during an
6 application period for admission under this section than available
7 positions in the program due to insufficient funding, a certified
8 educational assistance organization shall, at the direction of the
9 comptroller:

10 (1) for not more than two-thirds of the available
11 positions, prioritize applicants who would otherwise attend a
12 campus with an overall performance rating under Section 39.054 of
13 C, D, or F;

14 (2) fill the remaining available positions with
15 applicants who would otherwise attend a campus with an overall
16 performance rating under Section 39.054 of A or B; and

17 (3) subject to Subdivisions (1) and (2), consider
18 applications in the order received.

19 (b-1) This subsection applies only to children who are
20 eligible to participate in the program under Section 29.355(a-1).
21 Not more than 10 percent of available positions in the program may
22 be provided to children to whom this subsection applies. Each year,
23 the comptroller shall notify each certified educational assistance
24 organization regarding the number of children to whom this
25 subsection applies that the organization may accept for
26 participation in the program for that year. In accepting children
27 to whom this subsection applies to participate in the program, a

1 certified educational assistance organization shall ensure, to the
2 extent feasible, that the organization accepts an equivalent number
3 of children from each region of this state.

4 (c) The comptroller shall create an application form for the
5 program and each certified educational assistance organization
6 shall make the application form readily available through various
7 sources, including the organization's Internet website. The
8 application form must state the quarterly application deadlines
9 established by the comptroller under Subsection (a). Each
10 organization shall ensure that the application form, including any
11 required supporting document, is capable of being submitted to the
12 organization electronically.

13 (d) A certified educational assistance organization shall
14 post on the organization's Internet website an applicant and
15 participant handbook with a description of the program, including:

16 (1) expenses allowed under the program under Section
17 29.359;

18 (2) a list of preapproved education service providers
19 and vendors of educational products under Section 29.358;

20 (3) a description of the application process under
21 this section and the program expenditures process under Section
22 29.360; and

23 (4) a description of the responsibilities of program
24 participants.

25 (e) A certified educational assistance organization shall
26 annually provide to the parent of each child participating in the
27 program the information described by Subsection (d). The

1 organization may provide the information electronically.

2 (f) A certified educational assistance organization:

3 (1) may require the parent of a child participating in
4 the program to submit annual notice regarding the parent's intent
5 for the child to continue participating in the program for the next
6 school year; and

7 (2) may not require a program participant in good
8 standing to annually resubmit an application for continued
9 participation in the program.

10 Sec. 29.357. PARTICIPATION IN PROGRAM. To receive funding
11 under the program, a parent of a child participating in the program
12 must agree to:

13 (1) spend money received through the program only for
14 expenses allowed under Section 29.359;

15 (2) share or authorize the administrator of an
16 assessment instrument to share with the program participant's
17 certified educational assistance organization the results of any
18 assessment instrument required to be administered to the child
19 under Section 29.358(b)(1)(B) or other law;

20 (3) refrain from selling an item purchased with
21 program money; and

22 (4) notify the program participant's certified
23 educational assistance organization not later than 30 business days
24 after the date on which the child:

25 (A) enrolls in a public school, including an
26 open-enrollment charter school;

27 (B) graduates from high school; or

1 (C) is no longer eligible to either:

2 (i) enroll in a public school under Section
3 25.001; or

4 (ii) enroll in a public school's
5 prekindergarten program under Section 29.153.

6 Sec. 29.358. PREAPPROVED PROVIDERS. (a) The comptroller
7 shall by rule establish a process for the preapproval of education
8 service providers and vendors of educational products for
9 participation in the program. The comptroller shall allow for the
10 submission of applications on a rolling basis.

11 (b) The comptroller shall approve an education service
12 provider or vendor of educational products for participation in the
13 program if the provider or vendor:

14 (1) for a private school, demonstrates:

15 (A) accreditation by an organization recognized
16 by:

17 (i) the Texas Private School Accreditation
18 Commission; or

19 (ii) the agency; and

20 (B) annual administration of a nationally
21 norm-referenced assessment instrument or the appropriate
22 assessment instrument required under Subchapter B, Chapter 39;

23 (2) for a public school, demonstrates:

24 (A) accreditation by the agency; and

25 (B) the ability to provide services or products
26 to children participating in the program in a manner in which the
27 children are not counted toward the school's average daily

1 attendance;

2 (3) for a private tutor, therapist, or teaching
3 service:

4 (A) demonstrates that the tutor or therapist or
5 each employee of the teaching service who intends to provide
6 educational services to a child participating in the program:

7 (i) is an educator employed by or a retired
8 educator formerly employed by a school accredited by the agency, an
9 organization recognized by the agency, or an organization
10 recognized by the Texas Private School Accreditation Commission;

11 (ii) holds a relevant license or
12 accreditation issued by a state, regional, or national
13 certification or accreditation organization; or

14 (iii) is employed in or retired from a
15 teaching or tutoring capacity at a higher education provider;

16 (B) the tutor or therapist or each employee of
17 the teaching service who intends to provide educational services to
18 a child participating in the program either:

19 (i) completes a national criminal history
20 record information review; or

21 (ii) provides to the comptroller
22 documentation indicating that the tutor, therapist, or employee, as
23 applicable, has completed a national criminal history record
24 information review within a period established by comptroller rule;
25 and

26 (C) the tutor or therapist or each employee of
27 the teaching service who intends to provide educational services to

1 a child participating in the program is not included in the registry
2 under Section 22.092; or

3 (4) for a higher education provider, demonstrates
4 nationally recognized postsecondary accreditation.

5 (c) The comptroller shall review the national criminal
6 history record information or documentation for each private tutor,
7 therapist, or teaching service employee who submits information or
8 documentation under this section and verify that the individual is
9 not included in the registry under Section 22.092. The tutor,
10 therapist, or service must provide the comptroller with any
11 information requested by the comptroller to enable the comptroller
12 to complete the review.

13 (d) An education service provider or vendor of educational
14 products shall provide information requested by the comptroller to
15 verify the provider's or vendor's eligibility for preapproval under
16 Subsection (b). The comptroller may not approve a provider or
17 vendor if the comptroller cannot verify the provider's or vendor's
18 eligibility for preapproval.

19 (e) An education service provider or vendor of educational
20 products that no longer satisfies the requirements of this section
21 must notify the comptroller not later than the 30th business day
22 after the date that the provider or vendor no longer meets the
23 requirements.

24 (f) This section may not be construed to allow a learning
25 pod, as defined by Section 27.001, or a home school to qualify as an
26 approved education service provider or vendor of educational
27 products.

1 Sec. 29.359. APPROVED EDUCATION-RELATED EXPENSES. (a)

2 Subject to Subsection (b), money received under the program may be
3 used only for the following education-related expenses incurred by
4 a child participating in the program at a preapproved education
5 service provider or vendor of educational products:

6 (1) tuition and fees for a private school;

7 (2) the purchase of textbooks or other instructional
8 materials or uniforms required by a school, higher education
9 provider, or course in which the child is enrolled, including
10 purchases made through a third-party vendor of educational
11 products;

12 (3) costs related to academic assessments;

13 (4) fees for services provided by a private tutor or
14 teaching service;

15 (5) fees for transportation provided by a
16 fee-for-service transportation provider for the child to travel to
17 and from a preapproved education service provider or vendor of
18 educational products; and

19 (6) fees for educational therapies or services
20 provided by a practitioner or provider, only for fees that are not
21 covered by any federal, state, or local government benefits such as
22 Medicaid or the Children's Health Insurance Program (CHIP) or by
23 any private insurance that the child is enrolled in at the time of
24 receiving the therapies or services.

25 (b) Money received under the program may not be used to pay
26 any person who is related to the program participant within the
27 third degree by consanguinity or affinity, as determined under

1 Chapter 573, Government Code.

2 (c) A finding that a program participant used money
3 distributed under the program to pay for an expense not allowed
4 under Subsection (a) does not affect the validity of any payment
5 made by the participant for an approved education-related expense
6 that is allowed under that subsection.

7 Sec. 29.360. PROGRAM EXPENDITURES. (a) The comptroller
8 shall disburse from the program fund to each certified educational
9 assistance organization the amount specified under Section
10 29.361(a) for each child participating in the program served by the
11 organization.

12 (b) To initiate payment to an education service provider or
13 vendor of educational products for an education-related expense
14 approved under Section 29.359, the parent of a child participating
15 in the program must submit a request in a form prescribed by
16 comptroller rule to the certified educational assistance
17 organization that serves the child.

18 (c) Subject to Subsection (d) and Sections 29.362(h) and
19 29.364, on receiving a request under Subsection (b), a certified
20 educational assistance organization shall verify that the request
21 is for an expense approved under Section 29.359 and, not later than
22 the 15th business day after the date the organization verifies the
23 request, send payment to the education service provider or vendor
24 of educational products.

25 (d) A disbursement under this section may not exceed the
26 applicable program participant's account balance.

27 (e) A certified educational assistance organization shall

1 provide program participants with electronic access to:

2 (1) view the participant's current account balance;

3 (2) initiate the payment process under Subsection (b);

4 and

5 (3) view a summary of the participant's past account
6 activity, including payments from the account to education service
7 providers and vendors of educational products.

8 Sec. 29.361. AMOUNT OF PAYMENT; FINANCING. (a) Regardless
9 of the quarterly deadline by which the parent applies for
10 enrollment in the program under Section 29.356(a), a parent of a
11 child participating in the program shall receive each year that the
12 child participates in the program payments from the state from
13 funds available under Section 29.353 to the child's account equal
14 to a total amount of \$8,000.

15 (b) This subsection applies only to a school district with a
16 student enrollment of less than 20,000. For the first five school
17 years during which a child residing in the district participates in
18 the program, a school district to which this subsection applies is
19 entitled to receive \$10,000 from money appropriated for purposes of
20 this subchapter.

21 (c) Any money remaining in a child's account at the end of a
22 fiscal year is carried forward to the next fiscal year unless
23 another provision of this subchapter mandates the closure of the
24 account.

25 (d) The parent of a child participating in the program may
26 make payments for the expenses of educational programs, services,
27 and products not covered by money in the child's account.

1 (e) A payment under Subsection (a) may not be financed using
2 federal money or money from the available school fund or
3 instructional materials fund.

4 (f) Payments received under this subchapter do not
5 constitute taxable income to a parent of a child participating in
6 the program, unless otherwise provided by federal law.

7 (g) Not later than May 1 of each year, the agency shall
8 submit to the comptroller the data necessary to calculate the
9 amount specified under Subsection (a).

10 Sec. 29.362. ADMINISTRATION OF ACCOUNTS. (a) On receipt
11 of money distributed by the comptroller for purposes of making
12 payments to program participants, a certified educational
13 assistance organization shall make quarterly payments to the
14 account of each child participating in the program served by the
15 organization in equal amounts on or before the first day of July,
16 October, January, and April.

17 (b) Each year, the comptroller may deduct from the total
18 amount of money appropriated for purposes of this subchapter an
19 amount, not to exceed three percent of that total amount, to cover
20 the comptroller's cost of administering the program.

21 (c) Not later than the first day of the month preceding the
22 start of each quarter, each certified educational assistance
23 organization shall submit to the comptroller in the form prescribed
24 by comptroller rule an estimate of the organization's costs of
25 administering the program for that quarter.

26 (d) Each quarter, the comptroller shall disburse from money
27 appropriated for the program to each certified educational

1 assistance organization the amount necessary to cover the
2 organization's costs of administering the program for that quarter,
3 calculated as provided by Subsection (e). The total amount
4 disbursed to a certified educational assistance organization under
5 this subsection for a state fiscal year may not exceed five percent
6 of the amount distributed to the organization under the program for
7 that fiscal year.

8 (e) The amount of a certified educational assistance
9 organization's disbursement under Subsection (d) is the lesser of:

10 (1) the amount of the organization's estimate
11 submitted under Subsection (c);

12 (2) the product of the total amount to be disbursed and
13 the average percentage of program participants served by the
14 organization during the preceding quarter; or

15 (3) five percent of the amount distributed to the
16 organization for purposes of making payments to program
17 participants for that quarter.

18 (f) On or before the first day of October and February, a
19 certified educational assistance organization shall:

20 (1) verify with the agency that each child
21 participating in the program is not enrolled in a public school,
22 including an open-enrollment charter school, in a manner in which
23 the child is counted toward the school's average daily attendance
24 for purposes of the allocation of state funding under the
25 foundation school program; and

26 (2) notify the comptroller if the organization
27 determines that a child participating in the program is enrolled in

1 a public school, including an open-enrollment charter school, in a
2 manner in which the child is counted toward the school's average
3 daily attendance for purposes of the allocation of state funding
4 under the foundation school program.

5 (g) The comptroller by rule shall establish a process by
6 which a program participant may authorize the comptroller or a
7 certified education assistance organization to make a payment
8 directly from the participant's account to a preapproved education
9 service provider or vendor of educational products for an expense
10 allowed under Section 29.359.

11 (h) On the date on which a child who participated in the
12 program is no longer eligible to participate in the program under
13 Section 29.355 and payments for any education-related expenses
14 allowed under Section 29.359 from the child's account have been
15 completed, the child's account shall be closed and any remaining
16 money returned to the comptroller for deposit in the program fund.

17 (i) Each quarter, any interest or other earnings
18 attributable to money held by a certified education assistance
19 organization for purposes of the program shall be remitted to the
20 comptroller for deposit in the program fund.

21 Sec. 29.363. AUDITING. (a) The comptroller shall contract
22 with a private entity to audit accounts and student eligibility
23 data not less than once per year to ensure compliance with
24 applicable law and program requirements. The audit must include a
25 review of:

26 (1) a certified educational assistance organization's
27 internal controls over program transactions; and

1 (2) compliance by:

2 (A) program participants with the requirements
3 of Section 29.357; and

4 (B) certified educational assistance
5 organizations with the requirements of Section 29.354.

6 (b) In conducting an audit, the private entity may require a
7 program participant or a certified educational assistance
8 organization to provide information and documentation regarding
9 any transaction occurring under the program.

10 (c) The private entity shall report to the comptroller any
11 violation of this subchapter or other relevant law, including any
12 transactions the entity determines to be unusual or suspicious,
13 found by the entity during an audit conducted under this section.
14 The comptroller shall report the violation or transaction to:

15 (1) the applicable certified educational assistance
16 organization;

17 (2) the education service provider or vendor of
18 educational products, as applicable; and

19 (3) the parent of each child participating in the
20 program who is affected by the violation or transaction.

21 Sec. 29.364. SUSPENSION OF ACCOUNT. (a) The comptroller
22 shall suspend the account of a program participant who fails to
23 remain in good standing by complying with applicable law or a
24 requirement of the program.

25 (b) On suspension of an account under Subsection (a), the
26 comptroller shall notify the program participant in writing that
27 the account has been suspended and that no additional payments may

1 be made from the account. The notification must specify the grounds
2 for the suspension and state that the participant has 30 business
3 days to respond and take any corrective action required by the
4 comptroller.

5 (c) On the expiration of the 30-day period under Subsection
6 (b), the comptroller shall:

7 (1) order closure of the suspended account;

8 (2) order temporary reinstatement of the account,
9 conditioned on the performance of a specified action by the program
10 participant; or

11 (3) order full reinstatement of the account.

12 (d) The comptroller may recover money distributed under the
13 program that was used for expenses not allowed under Section 29.359
14 or for a child who was not eligible to participate in the program at
15 the time of the expenditure. The money may be recovered from the
16 program participant or the entity that received the money in
17 accordance with Subtitles A and B, Title 2, Tax Code, or as provided
18 by other law if the program participant's account is suspended or
19 closed under this section. The comptroller shall deposit money
20 recovered under this subsection to the credit of the program fund.

21 Sec. 29.365. TUITION AND FEES; REFUND PROHIBITED. (a) An
22 education service provider or vendor of educational products may
23 not charge a child participating in the program an amount greater
24 than the standard amount charged for that service or product by the
25 provider or vendor.

26 (b) An education service provider or vendor of educational
27 products receiving money distributed under the program may not in

1 any manner rebate, refund, or credit to or share with a program
2 participant, or any person on behalf of a participant, any program
3 money paid or owed by the participant to the provider or vendor.

4 Sec. 29.366. REFERRAL TO DISTRICT ATTORNEY. If the
5 comptroller obtains evidence of fraudulent use of an account or
6 money distributed under the program by a certified educational
7 assistance organization or program participant, the comptroller
8 shall notify the appropriate local county or district attorney with
9 jurisdiction over the principal place of business of the certified
10 educational assistance organization or the residence of the program
11 participant, as applicable.

12 Sec. 29.367. SPECIAL EDUCATION NOTICE. (a) A certified
13 educational assistance organization shall post on the
14 organization's Internet website and provide to each parent who
15 submits an application for the program a notice that:

16 (1) states that a private school is not subject to
17 federal and state laws regarding the provision of educational
18 services to a child with a disability in the same manner as a public
19 school; and

20 (2) provides information regarding rights to which a
21 child with a disability is entitled under federal and state law if
22 the child attends a public school, including:

23 (A) rights provided under the Individuals with
24 Disabilities Education Act (20 U.S.C. Section 1400 et seq.); and

25 (B) rights provided under Subchapter A.

26 (b) A private school in which a child with a disability who
27 is a program participant enrolls shall provide to the child's

1 parent a copy of the notice required under Subsection (a).

2 Sec. 29.368. PROGRAM PARTICIPANT, PROVIDER, AND VENDOR
3 AUTONOMY. (a) An education service provider or vendor of
4 educational products that receives money distributed under the
5 program is not a recipient of federal financial assistance and may
6 not be considered to be an agent of state government on the basis of
7 receiving that money.

8 (b) A rule adopted or other governmental action taken
9 related to the program may not impose requirements that are
10 contrary to or limit the religious or institutional values or
11 practices of an education service provider, vendor of educational
12 products, or program participant, including by limiting the ability
13 of the provider, vendor, or participant, as applicable, to:

14 (1) determine the methods of instruction or curriculum
15 used to educate students;

16 (2) determine admissions and enrollment practices,
17 policies, and standards;

18 (3) modify or refuse to modify the provider's,
19 vendor's, or participant's religious or institutional values or
20 practices, including operations, conduct, policies, standards,
21 assessments, or employment practices that are based on the
22 provider's, vendor's, or participant's religious or institutional
23 values or practices; or

24 (4) exercise the provider's, vendor's, or
25 participant's religious or institutional practices as determined
26 by the provider, vendor, or participant.

27 Sec. 29.369. STUDENT RECORDS AND INFORMATION. (a) On

1 request by the parent of a child participating or seeking to
2 participate in the program, the school district or open-enrollment
3 charter school that the child would otherwise attend shall provide
4 a copy of the child's school records possessed by the district or
5 school, if any, to the child's parent or, if applicable, the private
6 school the child attends.

7 (b) As necessary to verify a child's eligibility for the
8 program, the agency, a school district, or an open-enrollment
9 charter school shall provide to a certified educational assistance
10 organization any information available to the agency, district, or
11 school requested by the organization regarding a child who
12 participates or seeks to participate in the program, including
13 information regarding the child's public school enrollment status
14 and whether the child can be counted toward a public school's
15 average daily attendance for purposes of the allocation of funding
16 under the foundation school program. The organization may not
17 retain information provided under this subsection beyond the period
18 necessary to determine a child's eligibility to participate in the
19 program.

20 (c) The certified educational assistance organization or an
21 education service provider or vendor of educational products that
22 obtains information regarding a child participating in the program:

23 (1) shall comply with state and federal law regarding
24 the confidentiality of student educational information; and

25 (2) may not sell or otherwise distribute information
26 regarding a child participating in the program.

27 Sec. 29.370. GIFTS, GRANTS, AND DONATIONS. The comptroller

1 and a certified educational assistance organization may solicit and
2 accept gifts, grants, and donations from any public or private
3 source for any expenses related to the administration of the
4 program, including establishing the program and contracting for the
5 report required under Section 29.371.

6 Sec. 29.371. ANNUAL REPORT. (a) The comptroller shall
7 require that each certified educational assistance organization
8 compile program data and produce an annual longitudinal report
9 regarding:

10 (1) the number of program applications received,
11 accepted, and waitlisted, disaggregated by age;

12 (2) program participant satisfaction;

13 (3) the results of assessment instruments shared in
14 accordance with Section 29.357(2);

15 (4) the effect of the program on public and private
16 school capacity, availability, and quality;

17 (5) the amount of cost savings accruing to the state as
18 a result of the program;

19 (6) in a report submitted in an even-numbered year
20 only, an estimate of the total amount of funding required for the
21 program for the next state fiscal biennium;

22 (7) the amount of gifts, grants, and donations
23 received under Section 29.370; and

24 (8) based on surveys of former program participants or
25 other sources available to an organization, the number and
26 percentage of children participating in the program who, within one
27 year after graduating from high school, are:

1 (A) college ready, as indicated by earning a
2 minimum of 12 non-remedial semester credit hours or the equivalent
3 or an associate degree from a postsecondary educational
4 institution;

5 (B) career ready, as indicated by:

6 (i) earning a credential of value included
7 in the library of credentials established under Section 2308A.007,
8 Government Code; or

9 (ii) employment at or above the median wage
10 in the child's region; or

11 (C) military ready, as indicated by achieving a
12 passing score set by the applicable military branch on the Armed
13 Services Vocational Aptitude Battery and enlisting in the armed
14 forces of the United States or the Texas National Guard.

15 (b) In producing the report, each certified educational
16 assistance organization shall:

17 (1) use appropriate analytical and behavioral science
18 methodologies to ensure public confidence in the report; and

19 (2) comply with the requirements regarding the
20 confidentiality of student educational information under the
21 Family Educational Rights and Privacy Act of 1974 (20 U.S.C.
22 Section 1232g).

23 (c) The report must cover a period of not less than five
24 years and include, subject to Subsection (b)(2), the data analyzed
25 and methodology used.

26 (d) The comptroller and each certified educational
27 assistance organization shall post the report on the comptroller's

1 and organization's respective Internet websites.

2 Sec. 29.372. RULES; PROCEDURES. The comptroller shall
3 adopt rules and procedures as necessary to implement, administer,
4 and enforce this subchapter.

5 Sec. 29.373. APPEAL; JUDICIAL REVIEW. (a) A program
6 participant may appeal to the comptroller an administrative
7 decision made by the comptroller or a certified educational
8 assistance organization under this subchapter, including a
9 decision regarding eligibility, allowable expenses, or the
10 participant's removal from the program.

11 (b) A program participant, education service provider, or
12 vendor of educational products who is adversely affected or
13 aggrieved by a decision made by the comptroller or a certified
14 educational assistance organization under this subchapter may file
15 a suit challenging the decision in a district court in the county in
16 which the program participant resides or the provider or vendor has
17 its principal place of business, as applicable.

18 Sec. 29.374. RIGHT TO INTERVENE IN CIVIL ACTION. (a) A
19 program participant, education service provider, or vendor of
20 educational products may intervene in any civil action challenging
21 the constitutionality of the program.

22 (b) A court in which a civil action described by Subsection
23 (a) is filed may require that all program participants, education
24 service providers, and vendors of educational products wishing to
25 intervene in the action file a joint brief. A program participant,
26 education service provider, or vendor of educational products may
27 not be required to join a brief filed on behalf of the state or a

1 state agency.

2 SECTION 3.03. Section 22.092(d), Education Code, is amended
3 to read as follows:

4 (d) The agency shall provide equivalent access to the
5 registry maintained under this section to:

6 (1) private schools;

7 (2) public schools; ~~and~~

8 (3) nonprofit teacher organizations approved by the
9 commissioner for the purpose of participating in the tutoring
10 program established under Section 33.913; and

11 (4) the comptroller for the purpose of preapproving
12 education service providers and vendors of educational products
13 under Section 29.358 for participation in the program established
14 under Subchapter J, Chapter 29.

15 SECTION 3.04. Section 411.109, Government Code, is amended
16 by adding Subsection (c) to read as follows:

17 (c) The comptroller is entitled to obtain criminal history
18 record information maintained by the department about a person who
19 is a private tutor, a therapist, or an employee of a teaching
20 service or school who intends to provide educational services to a
21 child participating in the program established under Subchapter J,
22 Chapter 29, Education Code, and is seeking approval to receive
23 money distributed under that program.

24 SECTION 3.05. Subchapter J, Chapter 29, Education Code, as
25 added by this article, applies beginning with the 2024-2025 school
26 year.

27 SECTION 3.06. (a) Not later than February 15, 2024, the

1 comptroller of public accounts shall adopt rules as provided by
2 Section 29.372, Education Code, as added by this article.

3 (b) The comptroller of public accounts may identify rules
4 required by the passage of Subchapter J, Chapter 29, Education
5 Code, as added by this article, that must be adopted on an emergency
6 basis for purposes of the 2024-2025 school year and may use the
7 procedures established under Section 2001.034, Government Code,
8 for adopting those rules. The comptroller of public accounts is not
9 required to make the finding described by Section 2001.034(a),
10 Government Code, to adopt emergency rules under this subsection.

11 SECTION 3.07. (a) The constitutionality and other validity
12 under the state or federal constitution of all or any part of
13 Subchapter J, Chapter 29, Education Code, as added by this article,
14 may be determined in an action for declaratory judgment under
15 Chapter 37, Civil Practice and Remedies Code, in a district court in
16 the county in which the violation is alleged to have occurred or
17 where the plaintiff resides or has its principal place of business.

18 (b) An order, however characterized, of a trial court
19 granting or denying a temporary or otherwise interlocutory
20 injunction or a permanent injunction on the grounds of the
21 constitutionality or unconstitutionality, or other validity or
22 invalidity, under the state or federal constitution of all or any
23 part of Subchapter J, Chapter 29, Education Code, as added by this
24 article, may be reviewed only by direct appeal to the Texas Supreme
25 Court filed not later than the 15th business day after the date on
26 which the order was entered. The Texas Supreme Court shall give
27 precedence to appeals under this section over other matters.

1 (c) The direct appeal is an accelerated appeal.

2 (d) This section exercises the authority granted by Section
3 3-b, Article V, Texas Constitution.

4 (e) The filing of a direct appeal under this section will
5 automatically stay any temporary or otherwise interlocutory
6 injunction or permanent injunction granted in accordance with this
7 section pending final determination by the Texas Supreme Court,
8 unless the supreme court makes specific findings that the applicant
9 seeking such injunctive relief has pleaded and proved that:

10 (1) the applicant has a probable right to the relief it
11 seeks on final hearing;

12 (2) the applicant will suffer a probable injury that
13 is imminent and irreparable, and that the applicant has no other
14 adequate legal remedy; and

15 (3) maintaining the injunction is in the public
16 interest.

17 (f) An appeal under this section, including an
18 interlocutory, accelerated, or direct appeal, is governed, as
19 applicable, by the Texas Rules of Appellate Procedure, including
20 Rules 25.1(d)(6), 28.1, 32.1(g), 37.3(a)(1), 38.6(a) and (b),
21 40.1(b), and 49.4.

22 (g) This section does not authorize an award of attorney's
23 fees against this state, and Section 37.009, Civil Practice and
24 Remedies Code, does not apply to an action filed under this section.

25 (h) This section does not authorize a taxpayer suit to
26 contest the denial of a tax credit by the comptroller of public
27 accounts.

1 SECTION 3.08. It is the intent of the legislature that every
2 provision, section, subsection, sentence, clause, phrase, or word
3 in this article, and every application of the provisions in this
4 article to each person or entity, is severable from each other. If
5 any application of any provision in this article to any person,
6 group of persons, or circumstances is found by a court to be invalid
7 for any reason, the remaining applications of that provision to all
8 other persons and circumstances shall be severed and may not be
9 affected.

10 SECTION 3.09. This article takes effect September 1, 2023.

11 ARTICLE 4. SPECIAL EDUCATION

12 SECTION 4.01. Section 29.001, Education Code, is amended to
13 read as follows:

14 Sec. 29.001. IMPLEMENTATION OF SPECIAL EDUCATION
15 LAW [STATEWIDE PLAN]. (a) As the state education agency
16 responsible for carrying out the purposes of Part B, Individuals
17 with Disabilities Education Act (IDEA) (20 U.S.C. Section 1411 et
18 seq.), the [The] agency shall develop, and revise [modify] as
19 necessary, a comprehensive system to ensure statewide and local
20 compliance [design, consistent] with federal and state law related
21 to special education[, for the delivery of services to children
22 with disabilities in this state that includes rules for the
23 administration and funding of the special education program so that
24 a free appropriate public education is available to all of those
25 children between the ages of three and 21].

26 (b) The comprehensive system [~~statewide design~~] shall
27 include the provision of services primarily through school

1 districts and shared services arrangements, supplemented by
2 regional education service centers.

3 (c) The comprehensive system [~~agency~~] shall focus on
4 maximizing student outcomes and include [~~also develop and implement~~
5 ~~a statewide plan with programmatic content that includes procedures~~
6 ~~designed to~~]:

7 (1) rulemaking, technical assistance, guidance
8 documents, monitoring protocols, and other resources as necessary
9 to implement and ensure compliance with federal and state law
10 related to special education [~~ensure state compliance with~~
11 ~~requirements for supplemental federal funding for all~~
12 ~~state-administered programs involving the delivery of~~
13 ~~instructional or related services to students with disabilities~~];

14 (2) the facilitation of [~~facilitate~~] interagency
15 coordination when other state agencies are involved in the delivery
16 of instructional or related services to students with disabilities;

17 (3) the pursuit of [~~periodically assess statewide~~
18 ~~personnel needs in all areas of specialization related to special~~
19 ~~education and pursue~~] strategies to meet statewide special
20 education and related services personnel [~~those~~] needs [~~through a~~
21 ~~consortium of representatives from regional education service~~
22 ~~centers, local education agencies, and institutions of higher~~
23 ~~education and through other available alternatives~~];

24 (4) ensuring [~~ensure~~] that regional education service
25 centers throughout the state maintain a regional support function,
26 which may include direct service delivery and a component designed
27 to facilitate the placement of students with disabilities who

1 cannot be appropriately served in their resident districts;

2 (5) ~~[allow the agency to]~~ effectively monitoring
3 ~~[monitor]~~ and periodically conducting ~~[conduct]~~ site visits of all
4 school districts to ensure that rules adopted under this subchapter
5 ~~[section]~~ are applied in a consistent and uniform manner, to ensure
6 that districts are complying with those rules, and to ensure that
7 annual statistical reports filed by the districts and not otherwise
8 available through the Public Education Information Management
9 System under Sections 48.008 and 48.009 are accurate and complete;
10 and

11 (6) the provision of training and technical assistance
12 to ensure that:

13 (A) appropriately trained personnel are involved
14 in the diagnostic and evaluative procedures operating in all
15 districts and that those personnel routinely serve on district
16 admissions, review, and dismissal committees;

17 (B) ~~[(7) ensure that]~~ an individualized
18 education program for each student with a disability is properly
19 developed, implemented, and maintained in the least restrictive
20 environment that is appropriate to meet the student's educational
21 needs;

22 (C) ~~[(8) ensure that,]~~ when appropriate, each
23 student with a disability is provided an opportunity to participate
24 in career and technology and physical education classes~~[, in~~
25 ~~addition to participating in regular or special classes]~~;

26 (D) ~~[(9) ensure that]~~ each student with a
27 disability is provided necessary related services;

1 (E) [~~(10)~~ ~~ensure that~~] an individual assigned
2 to act as a surrogate parent for a child with a disability, as
3 provided by 20 U.S.C. Section 1415(b), is required to:

4 (i) [~~(A)~~] complete a training program that
5 complies with minimum standards established by agency rule;

6 (ii) [~~(B)~~] visit the child and the child's
7 school;

8 (iii) [~~(C)~~] consult with persons involved
9 in the child's education, including teachers, caseworkers,
10 court-appointed volunteers, guardians ad litem, attorneys ad
11 litem, foster parents, and caretakers;

12 (iv) [~~(D)~~] review the child's educational
13 records;

14 (v) [~~(E)~~] attend meetings of the child's
15 admission, review, and dismissal committee;

16 (vi) [~~(F)~~] exercise independent judgment
17 in pursuing the child's interests; and

18 (vii) [~~(G)~~] exercise the child's due
19 process rights under applicable state and federal law; and

20 (F) [~~(11)~~ ~~ensure that~~] each district develops a
21 process to be used by a teacher who instructs a student with a
22 disability in a regular classroom setting:

23 (i) [~~(A)~~] to request a review of the
24 student's individualized education program;

25 (ii) [~~(B)~~] to provide input in the
26 development of the student's individualized education program;

27 (iii) [~~(C)~~] that provides for a timely

1 district response to the teacher's request; and

2 (iv) ~~[(D)]~~ that provides for notification
3 to the student's parent or legal guardian of that response.

4 SECTION 4.02. Subchapter A, Chapter 29, Education Code, is
5 amended by adding Section 29.0012 to read as follows:

6 Sec. 29.0012. ANNUAL MEETING ON SPECIAL EDUCATION. (a) At
7 least once each year, the board of trustees of a school district or
8 the governing body of an open-enrollment charter school shall
9 include during a public meeting a discussion of the performance of
10 students receiving special education services at the district or
11 school.

12 (b) The agency by rule shall adopt a set of performance
13 indicators for measuring and evaluating the quality of learning and
14 achievement for students receiving special education services at
15 the school district or open-enrollment charter school to be
16 considered at a meeting held under this section. The indicators
17 must include performance on the college, career, or military
18 readiness outcomes described by Section 48.110.

19 SECTION 4.03. Section 29.003, Education Code, is amended to
20 read as follows:

21 Sec. 29.003. ELIGIBILITY CRITERIA. (a) The agency shall
22 develop specific eligibility criteria based on the general
23 classifications established by this section and in accordance with
24 federal law ~~[with reference to contemporary diagnostic or~~
25 ~~evaluative terminologies and techniques]~~. Eligible students with
26 disabilities shall enjoy the right to a free appropriate public
27 education, which may include instruction in the regular classroom,

1 instruction through special teaching, or instruction through
2 contracts approved under this subchapter. Instruction shall be
3 supplemented by the provision of related services when appropriate.

4 (b) A student is eligible to participate in a school
5 district's special education program ~~[if the student]~~:

6 (1) from birth through ~~[is not more than]~~ 21 years of
7 age if the student ~~[and]~~ has a visual ~~[or auditory]~~ impairment or is
8 deaf or hard of hearing and that disability prevents the student
9 from being adequately or safely educated in public school without
10 the provision of special education services; ~~[or]~~

11 (2) from three years of age through five years of age
12 if the student is experiencing developmental delays as described by
13 20 U.S.C. Section 1401(3)(B) and defined by commissioner rule; or

14 (3) from 3 years of age through ~~[is at least three but~~
15 ~~not more than]~~ 21 years of age if the student ~~[and]~~ has one or more
16 of the ~~[following]~~ disabilities described by 20 U.S.C. Section
17 1401(3)(A) and that disability prevents the student from being
18 adequately or safely educated in public school without the
19 provision of special education services[+

20 [~~(A) physical disability,~~

21 [~~(B) intellectual or developmental disability,~~

22 [~~(C) emotional disturbance,~~

23 [~~(D) learning disability,~~

24 [~~(E) autism,~~

25 [~~(F) speech disability, or~~

26 [~~(G) traumatic brain injury]~~).

27 SECTION 4.04. Subchapter A, Chapter 29, Education Code, is

1 amended by adding Section 29.0056 to read as follows:

2 Sec. 29.0056. INFORMATION REGARDING STATE SUPPORTED LIVING
3 CENTERS. (a) In this section, "state supported living center" has
4 the meaning assigned by Section 531.002, Health and Safety Code.

5 (b) The Health and Human Services Commission, in
6 collaboration with the agency and stakeholders who represent the
7 full continuum of educational residential placement options, shall
8 develop and provide to the agency materials regarding educational
9 residential placement options for children who may qualify for
10 placement in a state supported living center. The agency shall make
11 the materials developed under this subsection available to school
12 districts.

13 (c) At a meeting of a child's admission, review, and
14 dismissal committee at which residential placement is discussed,
15 the school district shall provide to the child's parent the
16 materials developed under Subsection (b).

17 SECTION 4.05. Section 29.008, Education Code, is amended by
18 amending Subsections (a) and (b) and adding Subsection (a-1) to
19 read as follows:

20 (a) The commissioner shall establish a list of approved
21 public or private facilities, institutions, or agencies inside or
22 outside of this state that a [A] school district, shared services
23 arrangement unit, or regional education service center may contract
24 with [a public or private facility, institution, or agency inside
25 or outside of this state] for the provision of services to students
26 with disabilities in a residential placement. The commissioner may
27 approve either the whole or a part of a facility or program.

1 (a-1) Each contract described by this section [~~for~~
2 ~~residential placement~~] must be approved by the commissioner. The
3 commissioner may approve a [~~residential placement~~] contract under
4 this section only after at least a programmatic evaluation of
5 personnel qualifications, costs, adequacy of physical plant and
6 equipment, and curriculum content. [~~The commissioner may approve~~
7 ~~either the whole or a part of a facility or program.~~]

8 (b) Except as provided by Subsection (c), costs of an
9 approved contract for residential placement may be paid from a
10 combination of federal, state, and local funds. The local share of
11 the total contract cost for each student is that portion of the
12 local tax effort that exceeds the district's local fund assignment
13 under Section 48.256, divided by the average daily attendance in
14 the district. If the contract involves a private facility, the
15 state share of the total contract cost is that amount remaining
16 after subtracting the local share. If the contract involves a
17 public facility, the state share is that amount remaining after
18 subtracting the local share from the portion of the contract that
19 involves the costs of instructional and related services. For
20 purposes of this subsection, "local tax effort" means the total
21 amount of money generated by taxes imposed for debt service and
22 maintenance and operation less any amounts paid into a tax
23 increment fund under Chapter 311, Tax Code. This subsection
24 expires September 1, 2027.

25 SECTION 4.06. The heading to Section 29.009, Education
26 Code, is amended to read as follows:

27 Sec. 29.009. PUBLIC NOTICE CONCERNING EARLY CHILDHOOD

1 SPECIAL EDUCATION [~~PRESCHOOL~~] PROGRAMS [~~FOR STUDENTS WITH~~
2 ~~DISABILITIES~~].

3 SECTION 4.07. Section 29.010, Education Code, is amended to
4 read as follows:

5 Sec. 29.010. GENERAL SUPERVISION AND COMPLIANCE. (a) The
6 agency shall develop [~~adopt~~] and implement a comprehensive system
7 for monitoring school district compliance with federal and state
8 laws relating to special education. The monitoring system must
9 include a comprehensive cyclical process and a targeted risk-based
10 process [~~provide for ongoing analysis of district special education~~
11 ~~data and of complaints filed with the agency concerning special~~
12 ~~education services and for inspections of school districts at~~
13 ~~district facilities~~]. The agency shall establish criteria and
14 instruments for use in determining district compliance under this
15 section [~~use the information obtained through analysis of district~~
16 ~~data and from the complaints management system to determine the~~
17 ~~appropriate schedule for and extent of the inspection~~].

18 (b) As part of the monitoring process [~~To complete the~~
19 ~~inspection~~], the agency must obtain information from parents and
20 teachers of students in special education programs in the district.

21 (c) The agency shall develop and implement a system of
22 interventions and sanctions for school districts the agency
23 identifies as being in noncompliance with [~~whose most recent~~
24 ~~monitoring visit shows a failure to comply with major requirements~~
25 ~~of~~] the Individuals with Disabilities Education Act (20 U.S.C.
26 Section 1400 et seq.), federal regulations, state statutes, or
27 agency requirements necessary to carry out federal law or

1 regulations or state law relating to special education.

2 (d) The agency shall establish a graduated process of
3 sanctions to apply to ~~[For]~~ districts that remain in noncompliance
4 for more than one year~~[, the first stage of sanctions shall begin~~
5 ~~with annual or more frequent monitoring visits]~~. The ~~[Subsequent]~~
6 sanctions shall ~~[may]~~ range in severity and may include ~~[up to]~~ the
7 withholding of funds. If funds are withheld, the agency may use the
8 funds to provide, through alternative arrangements, services to
9 students and staff members in the district from which the funds are
10 withheld.

11 (e) The agency's complaint management division shall
12 develop a system for expedited investigation and resolution of
13 complaints concerning a district's failure to provide special
14 education or related services to a student eligible to participate
15 in the district's special education program.

16 ~~[(f) This section does not create an obligation for or~~
17 ~~impose a requirement on a school district or open-enrollment~~
18 ~~charter school that is not also created or imposed under another~~
19 ~~state law or a federal law.]~~

20 SECTION 4.08. Section 29.018, Education Code, is amended by
21 adding Subsection (g) to read as follows:

22 (g) This section expires September 1, 2026.

23 SECTION 4.09. Section 29.026(i), Education Code, is amended
24 to read as follows:

25 (i) A program selected to receive a grant under this section
26 is ~~[The commissioner shall select programs and award grant funds to~~
27 ~~these programs beginning in the 2018-2019 school year. The~~

1 ~~selected programs are~~ to be funded for two years.

2 SECTION 4.10. Section 29.027(d), Education Code, is amended
3 to read as follows:

4 (d) A grant under this section is ~~[The commissioner shall~~
5 ~~select grant recipients and award grant funds beginning in the~~
6 ~~2021-2022 school year. The grants are]~~ to be awarded for two years.

7 SECTION 4.11. Subchapter A, Chapter 29, Education Code, is
8 amended by adding Section 29.029 to read as follows:

9 Sec. 29.029. SUPPORTS FOR RECRUITING SPECIAL EDUCATION
10 STAFF. (a) From funds appropriated or otherwise available for the
11 purpose, the agency shall provide grants to school districts and
12 open-enrollment charter schools to increase the number of qualified
13 and appropriately credentialed special education staff, including
14 special education teachers, special education paraprofessionals,
15 evaluation personnel, ancillary instruction personnel, and related
16 service personnel.

17 (b) A school district or open-enrollment charter school
18 that receives a grant under this section shall require each person
19 the district or school uses the grant money to assist in becoming
20 licensed, certified, or otherwise credentialed as described by
21 Subsection (a) to work at the district or school for a period
22 established by commissioner rule.

23 (c) The commissioner shall adopt rules establishing the
24 period of required employment described by Subsection (b) and any
25 other rules necessary to implement this section.

26 SECTION 4.12. The heading to Subchapter A-1, Chapter 29,
27 Education Code, is amended to read as follows:

1 SUBCHAPTER A-1. PARENT-DIRECTED [~~SUPPLEMENTAL SPECIAL EDUCATION~~]
2 SERVICES FOR STUDENTS RECEIVING SPECIAL EDUCATION SERVICES
3 [PROGRAM]

4 SECTION 4.13. Sections 29.041(2) and (3), Education Code,
5 are amended to read as follows:

6 (2) "Supplemental [~~special education~~] instructional
7 materials" includes textbooks, computer hardware or software,
8 other technological devices, and other materials suitable for
9 addressing an educational need of a student receiving special
10 education services under Subchapter A.

11 (3) "Supplemental [~~special education~~] services" means
12 an additive service that provides an educational benefit to a
13 student receiving special education services under Subchapter A,
14 including:

15 (A) occupational therapy, physical therapy, and
16 speech therapy; and

17 (B) private tutoring and other supplemental
18 private instruction or programs.

19 SECTION 4.14. Sections 29.042(a) and (c), Education Code,
20 are amended to read as follows:

21 (a) The agency by rule shall establish and administer a
22 parent-directed [~~supplemental special education services and~~
23 ~~instructional materials~~] program for students receiving special
24 education services, through which a parent may direct supplemental
25 services and supplemental instructional materials for the parent's
26 student [~~students~~] who meets [~~meet~~] the eligibility requirements
27 for participation in the program. Subject to Subsection (c), the

1 agency shall provide each student approved as provided by this
2 subchapter a grant in the amount provided under Section 48.305 [~~of~~
3 ~~not more than \$1,500~~] to purchase supplemental [~~special education~~]
4 services and supplemental [~~special education~~] instructional
5 materials.

6 (c) A student may receive one grant under this subchapter
7 unless the legislature appropriates money for an additional grant
8 in the General Appropriations Act [~~The commissioner shall set aside~~
9 ~~an amount not to exceed \$30 million from the total amount of funds~~
10 ~~appropriated for each state fiscal year to fund the program under~~
11 ~~this section. For each state fiscal year, the total amount provided~~
12 ~~for student grants under Subsection (a) may not exceed the amount~~
13 ~~set aside by the commissioner under this subsection)].~~

14 SECTION 4.15. Section 29.045, Education Code, is amended to
15 read as follows:

16 Sec. 29.045. APPROVAL OF APPLICATION; ASSIGNMENT OF
17 ACCOUNT. The [~~Subject to available funding the~~] agency shall
18 approve each student who meets the program eligibility criteria
19 established under Section 29.044 and assign to the student an
20 account maintained under Section 29.042(b). The account may only
21 be used by the student's parent to purchase supplemental [~~special~~
22 ~~education~~] services or supplemental [~~special education~~]
23 instructional materials for the student, subject to Sections 29.046
24 and 29.047.

25 SECTION 4.16. Sections 29.046(a) and (b), Education Code,
26 are amended to read as follows:

27 (a) Money in an account assigned to a student under Section

1 29.045 may be used only for supplemental [~~special education~~]
2 services and supplemental [~~special education~~] instructional
3 materials.

4 (b) Supplemental [~~special education~~] services must be
5 provided by an agency-approved provider.

6 SECTION 4.17. Sections 29.047(a), (c), (d), and (e),
7 Education Code, are amended to read as follows:

8 (a) The agency shall establish criteria necessary for
9 agency approval for each category of provider of a professional
10 service that is a supplemental [~~special education~~] service, as
11 identified by the agency.

12 (c) The agency shall provide a procedure for providers of
13 supplemental [~~special education~~] services to apply to the agency to
14 become an agency-approved provider.

15 (d) The agency may establish criteria for agency approval of
16 vendors for each category of supplemental [~~special education~~]
17 instructional materials identified by the agency.

18 (e) If the agency establishes criteria for agency approval
19 for a vendor of a category of supplemental [~~special education~~]
20 instructional materials, the agency shall provide a procedure for
21 vendors of that category to apply to the agency to become an
22 agency-approved vendor.

23 SECTION 4.18. Subchapter A-1, Chapter 29, Education Code,
24 is amended by adding Section 29.0475 to read as follows:

25 Sec. 29.0475. PROGRAM PARTICIPANT, PROVIDER, AND VENDOR
26 AUTONOMY. (a) A provider of supplemental services or vendor of
27 supplemental instructional materials that receives money

1 distributed under the program is not a recipient of federal
2 financial assistance on the basis of receiving that money.

3 (b) A rule adopted or action taken related to the program by
4 an individual, governmental entity, court of law, or program
5 administrator may not:

6 (1) consider the actions of a provider of supplemental
7 services, vendor of supplemental instructional materials, or
8 program participant to be the actions of an agent of state
9 government;

10 (2) limit:

11 (A) a provider of supplemental services' ability
12 to determine the methods used to educate the provider's students or
13 to exercise the provider's religious or institutional values; or

14 (B) a program participant's ability to determine
15 the participant's educational content or to exercise the
16 participant's religious values;

17 (3) obligate a provider of supplemental services or
18 program participant to act contrary to the provider's or
19 participant's religious or institutional values, as applicable;

20 (4) impose any regulation on a provider of
21 supplemental services, vendor of supplemental instructional
22 materials, or program participant beyond those regulations
23 necessary to enforce the requirements of the program; or

24 (5) require as a condition of receiving money
25 distributed under the program:

26 (A) a provider of supplemental services to modify
27 the provider's creed, practices, admissions policies, curriculum,

1 performance standards, employment policies, or assessments; or

2 (B) a program participant to modify the
3 participant's creed, practices, curriculum, performance standards,
4 or assessments.

5 (c) In a proceeding challenging a rule adopted by a state
6 agency or officer under this subchapter, the agency or officer has
7 the burden of proof to establish by clear and convincing evidence
8 that the rule:

9 (1) is necessary to implement or enforce the program
10 as provided by this subchapter;

11 (2) does not violate this section;

12 (3) does not impose an undue burden on a program
13 participant or a provider of supplemental services or vendor of
14 supplemental instructional materials that participates or applies
15 to participate in the program; and

16 (4) is the least restrictive means of accomplishing
17 the purpose of the program while recognizing the independence of a
18 provider of supplemental services to meet the educational needs of
19 students in accordance with the provider's religious or
20 institutional values.

21 SECTION 4.19. Section 29.048, Education Code, is amended to
22 read as follows:

23 Sec. 29.048. ADMISSION, REVIEW, AND DISMISSAL COMMITTEE
24 DUTIES. (a) A student's admission, review, and dismissal
25 committee shall develop a student's individualized education
26 program under Section 29.005, in compliance with the Individuals
27 with Disabilities Education Act (20 U.S.C. Section 1400 et seq.),

1 without consideration of any supplemental [~~special education~~]
2 services or supplemental instructional materials that may be
3 provided under the program under this subchapter.

4 (b) Unless the district first verifies that an account has
5 been assigned to the student under Section 29.045, the [~~The~~]
6 admission, review, and dismissal committee of a student approved
7 for participation in the program shall provide to the student's
8 parent at an admission, review, and dismissal committee meeting for
9 the student:

10 (1) information regarding the types of supplemental
11 [~~special education~~] services or supplemental instructional
12 materials available under the program and provided by
13 agency-approved providers for which an account maintained under
14 Section 29.042(b) for the student may be used; and

15 (2) instructions regarding accessing an account
16 described by Subdivision (1).

17 SECTION 4.20. Subchapter A-1, Chapter 29, Education Code,
18 is amended by adding Section 29.0485 to read as follows:

19 Sec. 29.0485. DETERMINATION OF COMMISSIONER FINAL.
20 Notwithstanding Section 7.057, a determination of the commissioner
21 under this subchapter is final and may not be appealed.

22 SECTION 4.21. Section 29.049, Education Code, is amended to
23 read as follows:

24 Sec. 29.049. RULES. The commissioner shall adopt rules as
25 necessary to administer the supplemental [~~special education~~]
26 services and supplemental instructional materials program under
27 this subchapter.

1 SECTION 4.22. Section 29.315, Education Code, is amended to
2 read as follows:

3 Sec. 29.315. TEXAS SCHOOL FOR THE DEAF MEMORANDUM OF
4 UNDERSTANDING. The Texas Education Agency and the Texas School for
5 the Deaf shall develop~~[, agree to, and by commissioner rule adopt no~~
6 ~~later than September 1, 1998,~~] a memorandum of understanding to
7 establish:

8 (1) the method for developing and reevaluating a set
9 of indicators of the quality of learning at the Texas School for the
10 Deaf;

11 (2) the process for the agency to conduct and report on
12 an annual evaluation of the school's performance on the indicators;

13 (3) the requirements for the school's board to
14 publish, discuss, and disseminate an annual report describing the
15 educational performance of the school;

16 (4) the process for the agency to assign an
17 accreditation status to the school, to reevaluate the status on an
18 annual basis, and, if necessary, to conduct monitoring reviews; and

19 (5) the type of information the school shall be
20 required to provide through the Public Education Information
21 Management System (PEIMS).

22 SECTION 4.23. Section 30.001(b), Education Code, is amended
23 to read as follows:

24 (b) The commissioner, with the approval of the State Board
25 of Education, shall develop and implement a plan for the
26 coordination of services to children with disabilities in each
27 region served by a regional education service center. The plan

1 must include procedures for:

2 (1) identifying existing public or private
3 educational and related services for children with disabilities in
4 each region;

5 (2) identifying and referring children with
6 disabilities who cannot be appropriately served by the school
7 district in which they reside to other appropriate programs;

8 (3) assisting school districts to individually or
9 cooperatively develop programs to identify and provide appropriate
10 services for children with disabilities;

11 (4) expanding and coordinating services provided by
12 regional education service centers for children with disabilities;
13 and

14 (5) providing for special education supports
15 [~~services~~], including special seats, books, instructional media,
16 and other supplemental supplies and services required for proper
17 instruction.

18 SECTION 4.24. Section 30.002(g), Education Code, is amended
19 to read as follows:

20 (g) To facilitate implementation of this section, the
21 commissioner shall develop a system to distribute from the
22 foundation school fund to school districts or regional education
23 service centers a special supplemental allowance for each student
24 with a visual impairment and for each student with a serious visual
25 disability and another medically diagnosed disability of a
26 significantly limiting nature who is receiving special education
27 services through any approved program. The supplemental allowance

1 may be spent only for special education services uniquely required
2 by the nature of the student's disabilities and may not be used in
3 lieu of educational funds otherwise available under this code or
4 through state or local appropriations.

5 SECTION 4.25. Section 30.005, Education Code, is amended to
6 read as follows:

7 Sec. 30.005. TEXAS SCHOOL FOR THE BLIND AND VISUALLY
8 IMPAIRED MEMORANDUM OF UNDERSTANDING. The Texas Education Agency
9 and the Texas School for the Blind and Visually Impaired shall
10 develop[~~, agree to, and by commissioner rule adopt~~] a memorandum of
11 understanding to establish:

12 (1) the method for developing and reevaluating a set
13 of indicators of the quality of learning at the Texas School for the
14 Blind and Visually Impaired;

15 (2) the process for the agency to conduct and report on
16 an annual evaluation of the school's performance on the indicators;

17 (3) the requirements for the school's board to
18 publish, discuss, and disseminate an annual report describing the
19 educational performance of the school;

20 (4) the process for the agency to:

21 (A) assign an accreditation status to the school;

22 (B) reevaluate the status on an annual basis; and

23 (C) if necessary, conduct monitoring reviews;

24 and

25 (5) the type of information the school shall be
26 required to provide through the Public Education Information
27 Management System (PEIMS).

1 SECTION 4.26. Section 37.146(a), Education Code, is amended
2 to read as follows:

3 (a) A complaint alleging the commission of a school offense
4 must, in addition to the requirements imposed by Article 45.019,
5 Code of Criminal Procedure:

6 (1) be sworn to by a person who has personal knowledge
7 of the underlying facts giving rise to probable cause to believe
8 that an offense has been committed; and

9 (2) be accompanied by a statement from a school
10 employee stating:

11 (A) whether the child is eligible for or receives
12 special education services under Subchapter A, Chapter 29; and

13 (B) the graduated sanctions, if required under
14 Section 37.144, that were imposed on the child before the complaint
15 was filed.

16 SECTION 4.27. Section 48.265(a), Education Code, is amended
17 to read as follows:

18 (a) If ~~[Notwithstanding any other provision of law, if]~~ the
19 commissioner determines that the amount appropriated for the
20 purposes of the Foundation School Program exceeds the amount to
21 which school districts are entitled under this chapter, the
22 commissioner may provide ~~[by rule shall establish a grant program~~
23 ~~through which excess funds are awarded as]~~ grants using the excess
24 money for the purchase of video equipment, or for the reimbursement
25 of costs for previously purchased video equipment, used for
26 monitoring special education classrooms or other special education
27 settings required under Section 29.022.

1 SECTION 4.28. This article takes effect immediately if it
2 receives a vote of two-thirds of all the members elected to each
3 house, as provided by Section 39, Article III, Texas Constitution.
4 If this article does not receive the vote necessary for immediate
5 effect, this article takes effect September 1, 2023.

6 ARTICLE 5. FISCAL RESPONSIBILITY

7 SECTION 5.01. (a) Notwithstanding any other section of
8 this Act, in a state fiscal year, the Texas Education Agency or
9 comptroller of public accounts is not required to implement a
10 provision found in another section of this Act that is drafted as a
11 mandatory provision imposing a duty on the agency to take an action
12 unless money is specifically appropriated to the agency for that
13 fiscal year to carry out that duty. The Texas Education Agency or
14 comptroller of public accounts may implement the provision in that
15 fiscal year to the extent other funding is available to the agency
16 to do so.

17 (b) If, as authorized by Subsection (a) of this section, the
18 Texas Education Agency or comptroller of public accounts does not
19 implement the mandatory provision in a state fiscal year, the
20 agency or comptroller of public accounts, as applicable, in its
21 legislative budget request for the next state fiscal biennium,
22 shall certify that fact to the Legislative Budget Board and include
23 a written estimate of the costs of implementing the provision in
24 each year of that next state fiscal biennium.

25 (c) This section and the suspension of the Texas Education
26 Agency's or comptroller of public accounts' duty to implement a
27 mandatory provision of this Act, as provided by Subsection (a) of

1 this section, expires and the duty to implement the mandatory
2 provision resumes on September 1, 2027.

ADOPTED

MAY 23 2023

Latey Spaw
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: *Brandon Coyle*

Amend C.S.H.B. 100 (senate committee report) as follows:

(1) In the recital to SECTION 1.02 of the bill, amending Section 12.106, Education Code, strike "and (d)" and substitute ", (d), and (i)".

(2) In SECTION 1.02 of the bill, immediately following amended Section 12.106(d), Education Code, insert the following:

(i) The agency may approve a transfer of a charter holder's remaining funds to another charter holder, a school district operating a charter school under Subchapter C, or a public junior college or public senior college or university operating a charter school under Subchapter E if the entity [~~charter holder~~] receiving the funds has not received notice of the expiration or revocation of the entity's [~~the charter holder's~~] charter [~~for an open-enrollment charter school~~] or notice of a reconstitution of the governing body of the charter holder under Section 12.1141 or 12.115 and satisfies any other qualification provided by a rule adopted by the commissioner under Subsection (j).

(3) Add the following appropriately numbered SECTION to Article 1 of the bill and renumber subsequent SECTIONS of that article accordingly:

SECTION _____. Section 12.1284(a), Education Code, is amended to read as follows:

(a) After extinguishing all payable obligations owed by an open-enrollment charter school that ceases to operate, including a debt described by Section 12.128(e), a former charter holder shall:

(1) remit to the agency:

(A) any remaining funds described by Section 12.106(h); and

(B) any state reimbursement amounts from the sale

1 of property described by Section 12.128; or

2 (2) transfer the remaining funds to another charter
3 holder, a school district operating a charter school under
4 Subchapter C, or a public junior college or public senior college or
5 university operating a charter school under Subchapter E, as
6 provided by ~~under~~ Section 12.106(i).

7 (4) In SECTION 1.59(b) of the bill, providing transition
8 language, strike "12.106(a-2) and (d)," and substitute
9 "12.106(a-2), (d), and (i), 12.1284,".

ADOPTED

MAY 23 2023

FLOOR AMENDMENT NO. 2

Lately Spaw
Secretary of the Senate

BY: *Brandon Coyle*

1 Amend C.S.H.B. 100 (senate committee report) as follows:

2 (1) Strike SECTION 1.03 of the bill, amending Section
3 13.054, Education Code.

4 (2) In SECTION 1.59(b) of the bill, providing effective
5 dates, strike "13.054,".

ADOPTED

VV
MAY 23 2023

FLOOR AMENDMENT NO. 3

Latey Law
Secretary of the Senate

BY: *Super Hylen*

1 Amend C.S.H.B. No. 100 (senate committee report) in Article
2 1 of the bill as follows:

3 (1) In SECTION 1.17, in the recital adding Sections 21.416
4 and 21.417, Education Code (page 8, line 61), strike "21.416 and
5 21.417" and substitute "21.416, 21.417, and 21.418".

6 (2) In SECTION 1.17, immediately following added Section
7 21.417, Education Code (page 9, between lines 58 and 59), insert
8 the following:

9 Sec. 21.418. ELECTION BY TEACHER TO USE UNPAID LEAVE. The
10 board of trustees of a school district shall adopt a policy that
11 provides a classroom teacher employed by the district the option
12 to elect not to take the teacher's paid personal leave concurrently
13 with unpaid leave the teacher is entitled to take under the Family
14 and Medical Leave Act of 1993 (29 U.S.C. Section 2601 et seq.) for
15 an absence due to pregnancy or the birth or adoption of a child.

ADOPTED

MAY 23 2023

FLOOR AMENDMENT NO. 4

BY:

Lately Spaw
Secretary of the Senate

Rht L Nichols

Amend C.S.H.B. No. 100 (senate committee report), in SECTION 1.28 of the bill, by striking added Section 25.0813(b), Education Code (page 14, lines 25 through 30), and substituting the following:

(b) Subsection (a) does not apply to:

(1) a school district specifically authorized by other law to operate a school week of fewer than five instructional days;

(2) a school district with a student enrollment of less than 7,000; or

(3) a school district that before May 1, 2023, adopted for the 2023-2024 school year a four-day school week schedule.

ADOPTED

MAY 23 2023

FLOOR AMENDMENT NO. 5

Latey Law
Secretary of the Senate

BY:

Brandon Coughlin

Amend C.S.H.B. 100 (senate committee report) as follows:

(1) Strike the recital to SECTION 1.49 of the bill, amending Section 48.257, Education Code, and substitute "Section 48.257, Education Code, is amended by amending Subsections (a) and (c) and adding Subsections (b-1) and (b-2) to read as follows:".

(2) Immediately following the recital to SECTION 1.49 of the bill, amending Section 48.257, Education Code, insert the following:

(a) Subject to Subsection (b) and except as provided by Subsection (b-2), if a school district's tier one local share under Section 48.256 exceeds the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund, the district must reduce the district's tier one revenue level in accordance with Chapter 49 to a level not to exceed the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund.

(3) In SECTION 1.49 of the bill, immediately following added Section 48.257(b-1), Education Code, insert the following:

(b-2) 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. 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

1 operations revenue per student in average daily attendance
2 available to the district for the 2023-2024 school year, excluding
3 any funding provided to the district under Sections 48.279 and
4 48.281, the agency shall adjust the amount of the reduction
5 required in the district's tier one revenue level under Subsection
6 (a) up to the amount of local funds necessary to provide the
7 district with the amount of maintenance and operations revenue per
8 student in average daily attendance available to the district for
9 the 2023-2024 school year.

ADOPTED

MAY 23 2023

Lately Law
Secretary of the Senate

FLOOR AMENDMENT NO. 6

BY:

Brandon Coughlin

1 Amend C.S.H.B. No. 100 (senate committee report) in SECTION
2 1.50 of the bill, in added Section 48.280, Education Code, as
3 follows:

4 (1) In added Subsection (a) (page 23, line 21), between "to"
5 and "the", insert "the number of employees on the minimum salary
6 schedule under Section 21.402 for the applicable school year
7 multiplied by".

8 (2) In added Subsection (d) (page 23, line 49), strike
9 "Subsections (b) and (c)" and substitute "this section".

ADOPTED

MAY 23 2023

Brandon Coughlin

FLOOR AMENDMENT NO. 7

Latey Spaw
Secretary of the Senate

BY: _____

1 Amend C.S.H.B. No. 100 (senate committee report) in SECTION
2 1.52 of the bill, in the repealer, by striking Subdivision (1)
3 (page 24, line 43), and renumbering subsequent subdivisions of the
4 SECTION accordingly.

ADOPTED

MAY 23 2023

Latey Law
Secretary of the Senate

FLOOR AMENDMENT NO. 8

BY: Chris Pauer

1 Amend C.S.H.B. No. 100 (senate committee report) in SECTION
2 1.52 of the bill, by striking Subdivision (9) repealing Section
3 37.002(e), Education Code (page 24, line 52), and renumbering
4 subsequent subdivisions of the SECTION accordingly.

ADOPTED

MAY 23 2023

FLOOR AMENDMENT NO. 9

Latey Law
Secretary of the Senate

BY: *[Signature]*

Amend C.S.H.B. 100 (senate committee report) as follows:

(1) In SECTION 1.59(b) of the bill, providing effective dates (page 63, line 19), between "48.101," and "48.110(d)", insert "48.106(a-1),".

(2) Add the following appropriately numbered SECTIONS to ARTICLE 1 of the bill and renumber subsequent SECTIONS of the ARTICLE accordingly:

SECTION 1.____. Section 39.202, Education Code, is amended to read as follows:

Sec. 39.202. ACADEMIC DISTINCTION DESIGNATION FOR DISTRICTS AND CAMPUSES. The commissioner by rule shall establish an academic distinction designation for districts and campuses for outstanding performance in attainment of postsecondary readiness. The commissioner shall adopt criteria for the designation under this section, including:

(1) percentages of students who:

(A) performed satisfactorily, as determined under the college readiness performance standard under Section 39.0241, on assessment instruments required under Section 39.023(a), (b), (c), or (1), aggregated across grade levels by subject area; or

(B) met the standard for annual improvement, as determined by the agency under Section 39.034, on assessment instruments required under Section 39.023(a), (b), (c), or (1), aggregated across grade levels by subject area, for students who did not perform satisfactorily as described by Paragraph (A);

(2) percentages of:

(A) students who earned a nationally or internationally recognized business or industry certification or

1 license;

2 (B) students who completed a coherent sequence of
3 career and technical courses;

4 (C) students who completed a dual credit course
5 or an articulated postsecondary course provided for local credit;

6 (D) students who achieved applicable College
7 Readiness Benchmarks or the equivalent on the Preliminary
8 Scholastic Assessment Test (PSAT), the Scholastic Assessment Test
9 (SAT), the American College Test (ACT), or the ACT-Plan assessment
10 program; ~~and~~

11 (E) students who received a score on either an
12 advanced placement test or an international baccalaureate
13 examination to be awarded college credit; and

14 (F) students who completed a Pathways in
15 Technology Early College High School (P-TECH) program established
16 under Subchapter N, Chapter 29, or another early college high
17 school program; and

18 (3) other factors for determining sufficient student
19 attainment of postsecondary readiness.

20 SECTION 1.____. Section 48.106(a-1), Education Code, is
21 amended to read as follows:

22 (a-1) In addition to the amounts under Subsection (a), for
23 each student in average daily attendance, a district is entitled to
24 \$150 [~~\$50~~] for each of the following in which the student is
25 enrolled:

26 (1) a campus designated as a P-TECH school under
27 Section 29.556; or

28 (2) a campus that is a member of the New Tech Network
29 and that focuses on project-based learning and work-based
30 education.

ADOPTED

MAY 23 2023

Lately Spaw
Secretary of the Senate

FLOOR AMENDMENT NO. 11

BY: *Brandon Coughton*

Amend C.S.H.B. 100 (senate committee report) as follows:

(1) In SECTION 3.02 of the bill, in added Section 29.354(b)(1), Education Code (page 34, line 29), between "perform" and "the", insert "one or more of".

(2) In SECTION 3.02 of the bill, in added Section 29.354(b)(3), Education Code (page 34, line 34), between "program" and the underlined comma, insert "in whole or in part".

(3) In SECTION 3.02 of the bill, in added Section 29.354(c)(1), Education Code (page 34, line 47), between "administering" and the underlined colon, insert "in whole or in part".

(4) In SECTION 3.02 of the bill, in added Section 29.356(a), Education Code (page 35, line 34), between "organization" and "to", insert "designated by the comptroller".

(5) In SECTION 3.02 of the bill, adding Subchapter J, Chapter 29, Education Code, strike "quarterly" in each of the following places it appears:

(A) in added Section 29.356(a) (page 35, line 35);

(B) in added Section 29.356(c) (page 35, line 68); and

(C) in added Section 29.361(a) (page 38, line 51).

(6) In SECTION 3.02 of the bill, in added Section 29.356(b-1), Education Code (page 35, line 57), between "organization" and "regarding", insert "designated under Subsection (a)".

(7) In SECTION 3.02 of the bill, in added Section 29.356(b-1), Education Code (page 35, line 61), between "organization" and "shall", insert "designated under Subsection (a)".

(8) In SECTION 3.02 of the bill, in added Section 29.356(c),

1 Education Code (page 35, lines 64 through 67), strike the first
2 sentence of the subsection and substitute "The comptroller shall
3 create an application form for the program and ensure that the
4 application form is made readily available through various sources,
5 including a certified educational assistance organization's
6 Internet website.".

7 (9) In SECTION 3.02 of the bill, in added Section 29.356(c),
8 Education Code (page 36, line 1), strike "organization" and
9 substitute "certified educational assistance organization
10 designated under Subsection (a)".

11 (10) In SECTION 3.02 of the bill, adding Subchapter J,
12 Chapter 29, Education Code, strike "A certified educational
13 assistance organization" and substitute "Each certified
14 educational assistance organization designated under Subsection
15 (a)" in each of the following places:

16 (A) in added Section 29.356(d) (page 36, line 4); and

17 (B) in added Section 29.356(e) (page 36, line 16).

18 (11) In SECTION 3.02 of the bill, in added Section
19 29.356(f), Education Code (page 36, line 20), strike "A certified
20 educational assistance organization" and substitute "The
21 comptroller or a certified educational assistance organization
22 designated under Subsection (a)".

23 (12) In SECTION 3.02 of the bill, in added Section
24 29.357(4), Education Code (page 36, line 41), strike "business".

25 (13) In SECTION 3.02 of the bill, in added Section
26 29.358(b)(3), Education Code (page 37, lines 19 through 32), strike
27 Paragraphs (B) and (C) and substitute the following:

28 (B) the tutor or therapist or each employee of
29 the teaching service who intends to provide educational services to
30 a child participating in the program provides to the comptroller a
31 national criminal history record information review completed by

1 the tutor, therapist, or employee, as applicable, within a period
2 established by comptroller rule; and
3 (C) the tutor or therapist or each employee of
4 the teaching service who intends to provide educational services to
5 a child participating in the program is not:
6 (i) required to be discharged or refused to
7 be hired by a school district under Section 22.085; or
8 (ii) included in the registry under Section
9 22.092; or
10 (14) In SECTION 3.02 of the bill, in added Section
11 29.358(c), Education Code (page 37, lines 38 and 39), strike "and
12 verify that the individual is not included in the registry under
13 Section 22.092".
14 (15) In SECTION 3.02 of the bill, in added Section
15 29.358(c), Education Code (page 37, line 40), strike "service" and
16 substitute "employee".
17 (16) In SECTION 3.02 of the bill, in added Section
18 29.358(c), Education Code (page 37, line 41), strike "requested by
19 the comptroller".
20 (17) In SECTION 3.02 of the bill, in added Section
21 29.358(e), Education Code (page 37, line 51), strike "business".
22 (18) In SECTION 3.02 of the bill, in added Section 29.360,
23 Education Code (page 38, lines 42 through 49), strike Subsection
24 (e) and substitute the following:
25 (e) A certified educational assistance organization shall
26 provide the parent of a child participating in the program for which
27 the organization is responsible with electronic access to:
28 (1) view the current balance of the child's account;
29 (2) initiate the payment process under Subsection (b);
30 and
31 (3) view a summary of the past activity on the child's

1 account, including payments from the account to education service
2 providers and vendors of educational products.

3 (19) In SECTION 3.02 of the bill, in added Section
4 29.361(a), Education Code (page 38, line 53), between "each" and
5 "year", insert "school".

6 (20) In SECTION 3.02 of the bill, in added Section
7 29.361(b), Education Code (page 38, line 61), between "\$10,000" and
8 "from", insert "for the child".

9 (21) In SECTION 3.02 of the bill, in added Section
10 29.361(b), Education Code (page 38, at the end of line 62), insert
11 "Not later than the first day of October and March of each year, the
12 agency shall provide to the comptroller information necessary to
13 disburse the amount to which a school district is entitled under
14 this subsection.".

15 (22) In SECTION 3.02 of the bill, in added Section
16 29.361(f), Education Code (page 39, line 6), between "law" and the
17 underlined period, insert "or another state's law".

18 (23) In SECTION 3.02 of the bill, in added Section 29.361,
19 Education Code (page 39, lines 7 through 9), strike Subsection (g).

20 (24) In SECTION 3.02 of the bill, in added Section
21 29.362(d), Education Code (page 39, lines 29 and 30), strike ",
22 calculated as provided by Subsection (e)".

23 (25) In SECTION 3.02 of the bill, in added Section
24 29.362(d), Education Code (page 39, lines 30 through 34), strike
25 the second sentence of the subsection and substitute "The total
26 amount disbursed to certified educational assistance organizations
27 under this subsection for a state fiscal year may not exceed five
28 percent of the amount of money appropriated for purposes of the
29 program for that fiscal year."

30 (26) In SECTION 3.02 of the bill, in added Section 29.362,
31 Education Code (page 39, lines 35 through 44), strike Subsection

1 (e) and reletter subsequent subsections of the section and
2 cross-references to those subsections accordingly.

3 (27) In SECTION 3.02 of the bill, in added Section
4 29.362(f), Education Code (page 39, line 45), between "February"
5 and the underlined comma, insert "or another date determined by
6 comptroller rule".

7 (28) In SECTION 3.02 of the bill, in added Section 29.362,
8 Education Code (page 39, lines 59 through 64), strike Subsection
9 (g) and substitute the following appropriately lettered
10 subsection:

11 () The comptroller by rule shall establish a process by
12 which the parent of a child participating in the program may
13 authorize the comptroller or the certified educational assistance
14 organization to make a payment directly from the child's account to
15 a preapproved education service provider or vendor of educational
16 products for an expense allowed under Section 29.359.

17 (29) In SECTION 3.02 of the bill, in added Section
18 29.362(i), Education Code (page 40, line 3), strike "education" and
19 substitute "educational".

20 (30) In SECTION 3.02 of the bill, in added Section
21 29.363(c), Education Code (page 40, line 23), strike ", including"
22 and substitute "and".

23 (31) In SECTION 3.02 of the bill, in added Section
24 29.363(c), Education Code (page 40, line 24), strike the underlined
25 comma.

26 (32) In SECTION 3.02 of the bill, in added Section
27 29.364(b), Education Code (page 40, line 38), strike "program
28 participant" and substitute "parent of a child participating in the
29 program".

30 (33) In SECTION 3.02 of the bill, in added Section
31 29.364(b), Education Code (page 40, line 41), strike "participant

1 has 30 business" and substitute "parent has 30".

2 (34) In SECTION 3.02 of the bill, in added Section
3 29.364(d), Education Code (page 40, lines 55 through 57), strike
4 "in accordance with Subtitles A and B, Title 2, Tax Code, or as
5 provided by other law".

6 (35) In SECTION 3.02 of the bill, in added Section
7 29.364(d), Education Code (page 40, line 58), between the
8 underlined period and "The", insert "Failure to reimburse the state
9 on demand by the comptroller constitutes a debt to the state for
10 purposes of Section 403.055, Government Code.".

11 (36) In SECTION 3.02 of the bill, adding Subchapter J,
12 Chapter 29, Education Code, strike added Section 29.366 (page 41,
13 lines 1 through 8) and substitute the following appropriately
14 numbered section:

15 Sec. 29. . REFERRAL TO ATTORNEY GENERAL OR PROSECUTING
16 ATTORNEY. (a) If the comptroller obtains evidence of fraudulent
17 use of an account or money distributed under the program or any
18 other violation of law by a certified educational assistance
19 organization or program participant, the comptroller shall notify
20 the attorney general or the appropriate local county or district
21 attorney with jurisdiction over the principal place of business of
22 the certified educational assistance organization or the residence
23 of the program participant, as applicable.

24 (b) With the consent of the appropriate local county or
25 district attorney, the attorney general has concurrent
26 jurisdiction with the consenting local prosecutor to prosecute an
27 offense referred to the attorney general under Subsection (a).

28 (37) In SECTION 3.02 of the bill, in added Section
29 29.367(a), Education Code (page 41, lines 9 and 10), strike "A
30 certified educational assistance organization" and substitute
31 "Each certified educational assistance organization designated

1 under Section 29.356(a)".

2 (38) In SECTION 3.02 of the bill, in added Section 29.368,
3 Education Code (page 41, lines 32 through 50), strike Subsection
4 (b) and substitute the following appropriately lettered
5 subsection:

6 () A rule adopted or other action taken related to the
7 program may not unduly limit the ability of an education service
8 provider, vendor of educational products, or program participant
9 to:

10 (1) determine:

11 (A) the methods of instruction or curriculum used
12 to educate students;

13 (B) admissions and enrollment practices,
14 policies, and standards; or

15 (C) employment practices, policies, and
16 standards; or

17 (2) exercise the provider's, vendor's, or
18 participant's religious or institutional practices as determined
19 by the provider, vendor, or participant.

20 (39) In SECTION 3.02 of the bill, in added Section
21 29.369(c), Education Code (page 42, line 2), strike "The" and
22 substitute "A".

23 (40) In SECTION 3.02 of the bill, in added Section
24 29.371(a), Education Code (page 42, line 16), strike "each
25 certified educational assistance organization" and substitute "the
26 certified educational assistance organizations collaborate to".

27 (41) In SECTION 3.02 of the bill, in added Section
28 29.371(a)(8), Education Code (page 42, line 34), strike "an
29 organization" and substitute "the organizations".

30 (42) In SECTION 3.02 of the bill, in added Section
31 29.371(b), Education Code (page 42, lines 51 and 52), strike "each

1 certified educational assistance organization" and substitute "the
2 certified educational assistance organizations".

3 (43) In SECTION 3.02 of the bill, adding Subchapter J,
4 Chapter 29, Education Code, strike added Section 29.373 (page 42,
5 line 68, through page 43, line 11) and substitute the following
6 appropriately numbered section:

7 Sec. 29. . APPEAL; FINALITY OF DECISIONS. (a) A program
8 participant may appeal to the comptroller an administrative
9 decision made by a certified educational assistance organization
10 under this subchapter, including a decision regarding eligibility,
11 allowable expenses, or the participant's removal from the program.

12 (b) This subchapter may not be construed to confer a
13 property right on a certified educational assistance organization,
14 education service provider, vendor of educational products, or
15 program participant.

16 (c) A decision of the comptroller made under this subchapter
17 is final and not subject to appeal.

18 (44) In SECTION 3.06 of the bill, providing transition
19 language (page 43, line 48), strike "(a)".

20 (45) In SECTION 3.06 of the bill, providing transition
21 language (page 43, lines 51 through 58), strike Subsection (b).

22 (46) In SECTION 3.07 of the bill, in Subsection (a) of that
23 section (page 43), strike lines 64 and 65 and substitute "Travis
24 County."

25 (47) In SECTION 3.08 of the bill (page 44, lines 41 and 42),
26 strike "and may not be affected".

ADOPTED

MAY 23 2023

FLOOR AMENDMENT NO. 12

BY: Latey Law
Secretary of the Senate

Brenda Coughlin

Amend C.S.H.B. 100 (senate committee printing) by adding the following appropriately numbered SECTION to ARTICLE 1 of the bill and renumbering subsequent SECTIONS of that ARTICLE accordingly:

SECTION 1.____. Subchapter Z, Chapter 25, Education Code, is amended by adding Section 25.906 to read as follows:

Sec. 25.906. PROTECTIONS FOR CERTAIN MILITARY DEPENDENTS.

(a) In this section:

(1) "Compact" means the Interstate Compact on Educational Opportunity for Military Children executed under Section 162.002.

(2) "Uniformed services" means:

(A) the United States Army, Navy, Air Force, Space Force, Marine Corps, or Coast Guard;

(B) the Commissioned Corps of the National Oceanic and Atmospheric Administration; or

(C) the Commissioned Corps of the United States Public Health Service.

(b) The provisions of Articles IV, V, VI, and VII of the compact apply to the following children as if those children were children described by Article III of the compact:

(1) a child of a veteran of the uniformed services who was discharged or released through retirement, for a period of four years after the date of the veteran's retirement, if the veteran returns to the veteran's home of record on military orders; and

(2) a child of a member of the uniformed services who dies on active duty or as a result of injuries sustained on active duty, for a period of four years after the member's death.

(c) Each school district and open-enrollment charter school that maintains an Internet website shall post on the district's or

1 school's Internet website an easily accessible link to information
2 regarding the compact and the additional protections provided by
3 this section.

MAY 23 2023

1 Amend C.S.H.B. 100 (senate ^{Secretary of the Senate} committee report) by adding the
2 following appropriately numbered SECTION to Article 1 of the bill
3 and renumbering subsequent SECTIONS of that article accordingly:

4 SECTION 1. Subchapter Z, Chapter 29, Education Code, is
5 amended by adding Section 29.9016 to read as follows:

6 Sec. 29.9016. CAREER AND MILITARY TECHNICAL GRANT PILOT
7 PROGRAM. (a) The agency shall establish a pilot program to award
8 grants to school districts to implement or maintain a program under
9 which the district:

10 (1) establishes a junior reserve officer training corps
11 program under 10 U.S.C. Section 2031 for students in high school;

12 (2) annually administers the Armed Services Vocational
13 Aptitude Battery test to each student in grades 9 through 12; and

14 (3) provides career counseling at least once each year
15 to each student administered the test under Subdivision (2) based
16 on the results of the test.

17 (b) The amount of a grant awarded under the pilot program is
18 \$50,000.

19 (c) The total amount of grants awarded under the pilot
20 program for a school year may not exceed \$2 million.

21 (d) Not later than December 1, 2026, the agency shall submit
22 to the legislature a report on the results of the pilot
23 program. The report must include the agency's recommendation on
24 whether the pilot program should be continued, expanded, or
25 terminated.

26 (e) The commissioner may adopt rules necessary to implement
27 the pilot program.

28 (f) This section expires September 1, 2027.

ADOPTED

MAY 23 2023

FLOOR AMENDMENT NO. 14

BY: Mayer Middleton

Lacey Law
Secretary of the Senate

1 Amend C.S.H.B. 100 (senate committee report) by adding the
2 following appropriately numbered SECTIONS to Article 1 of the bill
3 and renumbering subsequent SECTIONS of that article accordingly:

4 SECTION 1.____. Subchapter A, Chapter 48, Education Code, is
5 amended by adding Section 48.0011 to read as follows:

6 Sec. 48.0011. REFERENCES TO BASIC ALLOTMENT. In this code,
7 a reference to the basic allotment means the initial allotment
8 under Section 48.051.

9 SECTION 1.____. The heading to Section 48.051, Education Code,
10 is amended to read as follows:

11 Sec. 48.051. INITIAL [~~BASIC~~] ALLOTMENT.

12 SECTION 1.____. Section 317.005(f), Government Code, is
13 amended to read as follows:

14 (f) The governor or board may adopt an order under this
15 section withholding or transferring any portion of the total amount
16 appropriated to finance the foundation school program for a fiscal
17 year. The governor or board may not adopt such an order if it would
18 result in an allocation of money between particular programs or
19 statutory allotments under the foundation school program contrary
20 to the statutory proration formula provided by Section 48.266(f),
21 Education Code. The governor or board may transfer an amount to the
22 total amount appropriated to finance the foundation school program
23 for a fiscal year and may increase the initial [~~basic~~] allotment.
24 The governor or board may adjust allocations of amounts between
25 particular programs or statutory allotments under the foundation
26 school program only for the purpose of conforming the allocations
27 to actual pupil enrollments or attendance.

ADOPTED

MAY 23 2023

Latey Law
Secretary of the Senate

FLOOR AMENDMENT NO. 15

BY: *Bryan Hughes*

1 Amend C.S.H.B. No. 100 (senate committee report) by adding
2 the following appropriately numbered SECTIONS to ARTICLE 1 of the
3 bill and renumbering subsequent SECTIONS of ARTICLE 1 of the bill
4 accordingly:

5 SECTION 1.____. Subchapter B, Chapter 8, Education Code, is
6 amended by adding Section 8.063 to read as follows:

7 Sec. 8.063. REGIONAL TEACHER SHORTAGES EVALUATION
8 COMMITTEE. (a) The executive director of each regional education
9 service center shall establish a committee to:

10 (1) evaluate teacher shortages in the committee's
11 region; and

12 (2) determine the need for the center, independently
13 or in collaboration with public schools in the committee's region,
14 to offer an educator preparation program to facilitate the
15 recruitment, preparation, and retention of teachers.

16 (b) If an educator preparation program has already been
17 established in a region served by a regional education service
18 center, the committee established for that region shall evaluate
19 the effectiveness of the educator preparation program and make
20 recommendations for improving the program.

21 (c) The committee is composed of nine members appointed by
22 the executive director of each regional education service center as
23 follows:

24 (1) three members who are superintendents employed by
25 a school district served by the center;

26 (2) three members who are teachers employed by a
27 public school served by the center; and

28 (3) three members who are parents of students enrolled
29 in a public school served by the center.

1 (d) Not later than November 1, 2024, each committee
2 established under Subsection (a) shall submit to the governor, the
3 lieutenant governor, the speaker of the house of representatives,
4 the commissioner, the Senate Education Committee, and the House
5 Public Education Committee a report that includes the committee's
6 findings under this section.

7 (e) This section expires November 1, 2025.

8 SECTION 1.____. As soon as practicable after the effective
9 date of this article, each executive director of a regional
10 education service center shall appoint the members of the center's
11 regional teacher shortage evaluation committee, as required by
12 Section 8.063, Education Code, as added by this article.

ADOPTED

MAY 23 2023

FLOOR AMENDMENT NO. 16

Latey Law
Secretary of the Senate

BY: *Bryan Hughes*

1 Amend C.S.H.B. 100 (senate committee report) by adding the
2 following appropriately numbered ARTICLE to the bill and
3 renumbering subsequent ARTICLES and SECTIONS in those ARTICLES
4 accordingly:

5 ARTICLE ____ HEALTH COVERAGE FOR PUBLIC SCHOOL EMPLOYEES

6 SECTION ____ Chapter 791, Government Code, is amended
7 by adding Subchapter D to read as follows:

8 SUBCHAPTER D. INTERLOCAL CONTRACTING BETWEEN LOCAL EDUCATION
9 AGENCIES TO PROCURE HEALTH INSURANCE COVERAGE

10 Sec. 791.051. DEFINITIONS. In this subchapter:

11 (1) "Cooperative" means a cooperative established
12 under this subchapter by an interlocal contract for group health
13 coverage.

14 (2) "Local education agency" means:

15 (A) a school district; or

16 (B) an open-enrollment charter school as defined
17 by Section 5.001, Education Code.

18 (3) "Participating local education agency" means,
19 with respect to a cooperative, a local education agency that
20 participates in the cooperative.

21 Sec. 791.052. COMPLIANCE WITH SUBCHAPTER REQUIRED. A local
22 education agency shall comply with this subchapter when procuring
23 and administering employee group health coverage with another local
24 education agency.

25 Sec. 791.053. INTERLOCAL CONTRACT FOR GROUP HEALTH
26 INSURANCE COVERAGE. (a) The governing body of a local education
27 agency may by resolution enter into an interlocal contract and
28 cooperate with one or more other local education agencies to
29 establish a cooperative for the purposes of procuring group health

1 insurance coverage under this subchapter.

2 (b) The governing body of a local education agency may renew
3 an interlocal contract entered into under Subsection (a).

4 (c) This subchapter does not affect the ability of local
5 education agencies to provide group health coverage through a risk
6 pool established in accordance with Chapter 172, Local Government
7 Code.

8 Sec. 791.054. COOPERATIVE. (a) A cooperative is a legal
9 entity that may procure employee group health insurance coverage
10 for each participating local education agency.

11 (b) Participating local education agencies may contract for
12 the supervision and administration of the cooperative in accordance
13 with Section 791.013.

14 (c) Except as provided by this subsection, a cooperative is
15 governed by a board of directors composed of the chief executive
16 officers of each participating local education agency or the
17 officers' designees. If the cooperative is composed of more than
18 seven local education agencies, the cooperative shall appoint at
19 least seven directors to serve on the cooperative's board of
20 directors.

21 Sec. 791.055. PROCUREMENT. (a) A cooperative must procure
22 a contract for employee group health coverage under this subchapter
23 through a request for proposals to potential vendors advertised in
24 a manner consistent with Section 44.031(g), Education Code, in at
25 least one county in which a participating local education agency's
26 central office is located.

27 (b) The board of directors of a cooperative shall select the
28 vendor that provides the best value to participating local
29 education agencies considering the factors described by Section
30 44.031(b), Education Code.

31 (c) A cooperative that enters into a contract in accordance

1 with this section satisfies a competitive bidding requirement
2 applicable to the procurement of group health coverage under other
3 law.

4 Sec. 791.056. OFFER OF COVERAGE; PREMIUM LIABILITY. (a) A
5 cooperative shall offer one or more group health insurance plans
6 procured under Section 791.055 to employees of participating local
7 education agencies and dependents of those employees.

8 (b) The board of directors of a cooperative may determine a
9 participating local education agency's payment of all or part of
10 the premiums for employees or dependents for a plan offered under
11 Subsection (a).

12 (c) A participating local education agency's payment:

13 (1) is subject to the requirements described by
14 Section 1581.052, Insurance Code; and

15 (2) shall include the contributions by the state
16 described by Subchapter F, Chapter 1579, Insurance Code.

17 SECTION _____. This article takes effect September 1,
18 2023.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 25, 2023

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB100** by King, Ken (Relating to public education and public school finance, including the rights, certification, and compensation of public school educators, contributions by a public school to the Teacher Retirement System of Texas, and an education savings account program for certain children.),
As Passed 2nd House

Estimated Two-year Net Impact to General Revenue Related Funds for HB100, As Passed 2nd House : a negative impact of (\$4,403,656,949) through the biennium ending August 31, 2025.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

Costs associated with changes to special education entitlement funding in the Foundation School Program (FSP) cannot be determined, as the tiers, service groups, and weights are unknown.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$1,502,893,676)
2025	(\$2,900,763,273)
2026	(\$3,396,441,864)
2027	(\$4,011,242,857)
2028	(\$4,462,016,775)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Foundation School Fund 193</i>	<i>Probable Savings/(Cost) from Recapture Payments Atten Crdts 8905</i>	<i>Probable Revenue Gain/(Loss) from Certif & Assessment Fees 751</i>
2024	(\$129,471,580)	(\$1,373,422,096)	\$204,118,228	\$0
2025	(\$704,984,283)	(\$2,195,778,990)	\$353,362,079	\$0
2026	(\$1,226,286,847)	(\$2,170,374,051)	\$359,980,765	\$219,034
2027	(\$1,569,313,944)	(\$2,442,147,947)	\$425,692,182	\$219,034
2028	(\$1,913,072,443)	(\$2,549,163,366)	\$471,573,827	\$219,034

<i>Fiscal Year</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	70.5
2025	77.5
2026	77.5
2027	77.5
2028	77.5

Fiscal Analysis

The bill would modify the Foundation School Program (FSP) funding entitlement for charter schools related to the Small and Mid-Sized District Allotment and would provide for a new allotment per student in average daily attendance for charter schools equal to 0.04 multiplied by the basic allotment.

The bill would rename the basic allotment to the “initial allotment”.

The bill would establish a regional teacher shortages evaluation committee which would evaluate teacher shortages and determine the need for the regional education service center to offer an educator preparation program to facilitate the recruitment, preparation, and retention of teachers. The committees would be composed of nine members and each would be required to submit a report of the committee's findings, not later than November 1, 2024, to the governor, the lieutenant governor, the speaker of the house of representatives, the commissioner, the Senate Education Committee, and the House Public Education Committee.

The bill would require that certain certification examination fees be waived by the State Board for Educator Certification (SBEC).

The bill would require the SBEC to propose rules establishing a process for identifying continuing education courses and programs that fulfill educators' continuing education requirements, including opportunities for educators to receive micro-credentials in fields of study related to the educator's certification class or digital teaching. The bill would require SBEC to engage relevant stakeholders in the development of micro-credentials related to digital teaching.

The bill would amend the Teacher Incentive Allotment (TIA) designations. A new designation, "acknowledged", would be added to existing Local Optional Teacher Designation System designations. The bill would also change the designation of national board certified teachers from "recognized" to “nationally board certified.”

The bill would require the Texas Education Agency (TEA) to provide technical assistance that would include providing examples of local optional teacher designation systems; establish partnerships between districts and schools; apply performance and validity standards that would be established by the Commissioner; provide centralized support for the analysis of the results of assessments; and facilitate effective communication and promotion of local optional teacher designation systems.

The bill would establish the local optional teacher designation system grant program. From funds appropriated or available, TEA would develop and administer a grant program with money and technical assistance for districts and open-enrollment charter schools to expand implementation of local optional teacher designations system and increase the number of teachers eligible for a designation. Grants that would be awarded under this section would be required to meet the needs of individual school districts and enable regional leadership capacity. The bill would allow the Commissioner to adopt rules to establish and administer the grant program.

The bill would redesign the Minimum Salary Schedule (MSS). The bill would increase the MSS and would add a clause for teachers holding a residency educator certificate as would be established by the bill in new TEC 29.905.

The bill would create the Employed Retiree Teacher Reimbursement Grant Program to reimburse school districts that employ Teacher Retirement System (TRS) retirees for the contribution amount that the district

would be responsible for paying when employing a TRS retiree. The grants provided under this section may be modified by appropriation and the grant program would be established and administered by the Commissioner. The bill would repeal Section 825.4092(f) of the Government Code to allow employers to pass on surcharges to employed retirees. The bill would require TEA to provide resources, including liability insurance, for classroom teachers. From funds appropriated or otherwise available for the purpose, the agency would be required to contract with a third party to provide services for a classroom teacher employed under a probationary, continuing, or term contract.

From funds appropriated, the agency would be required to provide school districts with information and technical assistance regarding staffing models, scheduling, and teacher compensation models; programs that would encourage high school students to become teachers, including apprenticeships; programs that school leaders may use to establish behavior expectations while positively supporting students; and studies related to non-instructional duties for teachers and best practices for refining schedules for students and teachers.

The bill would establish the Texas Teacher Residency Partnership Program to create a teacher mentor program between schools and educator preparation programs (EPPs). TEA would be required to provide technical assistance and support to participating schools and EPPs.

The bill would amend TEC 29.153(b) to include children of classroom teachers as eligible for prekindergarten in the school district that offers a prekindergarten class under that section.

The bill would reduce district contributions to the School for the Blind and Visually Impaired (TSBVI) and School for the Deaf (TSD) for districts who do not retain all of their maintenance and operations property taxes due to paying recapture. The Commissioner would determine the total amount that the TSBVI and TSD would have received from school districts in accordance with this section if the section had not been amended and provide the amount to TSBVI and TSD.

The bill would reduce the required number of days from 180 to 175 to provide the required minimum number of minutes of operational and instruction time to receive FSP funding for additional days of attendance.

The bill would increase the basic allotment from \$6,160 to \$6,210 in fiscal year 2024 and would require districts to use 50 percent of their certain revenue increases to provide compensation increases for full-time classroom teachers.

The bill would increase the weights for the Small and Mid-sized Allotment under the FSP.

The bill would establish the Special Education Full Individual and Initial Evaluation allotment which would provide districts with \$500, or a greater amount by appropriation, for each student for whom the district conducts a full individual and initial evaluation. The bill would also increase the College, Career and Military Readiness Outcomes Bonus for special education students from \$2,000 to \$4,000.

The bill would amend the Fast Growth Allotment to remove the statewide cap.

The bill would amend the associated allotment amounts under the TIA.

The bill would amend the mentor allotment to require training be provided to mentor teachers and would establish the allotment at \$2,000 for each teacher with less than two years experience. The allotment would be capped at 40 teachers per school district, or by appropriation. The bill would require the agency to oversee the development of a statewide mentor training, which would be rolled out through Education Service Centers (ESCs).

The bill would also increase the transportation allotment for special education students to the sum of \$1.13.

The bill would establish the Residency Partnership Allotment for the Texas Teacher Residency Partnership Program. For each partnership resident employed at the district in a residency position under Subchapter R, Ch. 21, the district would be entitled to an allotment equal to the base amount of \$22,000 increased by the high needs and rural factor, as determined under Subsection (c), to an amount not to exceed \$42,000. TSD and TSBVI would be entitled to the allotment under this section. The bill would also require districts to reimburse

teachers for certification fees incurred while obtaining special education and bilingual certification

The bill would establish the Advanced Mathematics Pathway Allotment at \$10 per eligible high school student and an additional weight of 0.1 multiplied by the basic allotment for eligible students in a small or mid-sized school district.

The bill would amend TEC 48.257 to provide for a hold harmless provision for certain recapture districts that were beneficiaries of the Formula Transition Grant in the 2023-24 school year and adopt an enrichment tax rate of at least five cents for the current school year. The select districts would receive an adjustment to recapture so as to enable them to retain the maintenance and operations revenue (including formula transition grant funds) per student in ADA to which they were entitled in the 2023-24 school year.

The bill would establish the Salary Transition Allotment. In fiscal years 2024-26, a school district would be entitled to an annual allotment equal to the number of MSS employees multiplied by the difference between the change in average MSS employee compensation from fiscal year 2022 to 2023 and a second amount equal to the difference between average maintenance and operations (M&O) revenue per MSS employee under the bill and average M&O revenue per MSS employee the district would have received under the bill using prior law Basic Allotment and Small and Midsize Allotment values. The allotment provided under this section would decrease over time, to two-thirds in fiscal year 2027, one-third in fiscal year 2028, and zero in fiscal year 2029.

The bill's provisions would allow day placement program funding, with regional education service centers entitled to an allotment for each qualifying day placement program made available in partnership with a local education agency (LEA). The bill would also establish the Parent-Directed Services for Students Receiving Special Education Services Grant.

The bill would repeal the expiration of the Grant Program Providing Training in Dyslexia for Teachers and Staff.

The bill would transition special education funding in the basic allotment to a tier of intensity of service model. The bill would provide for a special education service group allotment under which the commissioner would establish four service groups for funding determinations. The bill would also allow for the transition of special education funding models to ensure maintenance of state financial support and would require TEA to provide related technical assistance to LEAs.

The bill would increase the weights for the Compensatory Education Allotment under the FSP.

The bill would add prekindergarten to the Early Education Allotment under the FSP.

The bill would establish the education savings account program to be administered by the Comptroller of Public Accounts (CPA). The program fund would be an account in the General Revenue Fund. This account would consist of transfers, appropriations, gifts, grants, and donations, and any other money available for the purpose of the program.

The CPA would set eligibility requirements for a selection of organizations defined as Certified Educational Assistance Organizations (CEAOs). The bill would require the CPA to make payments from the program fund account to each CEO for deposit into participating child's account.

This legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a fund either in, with, or outside of the Treasury, or dedicate or rededicate a revenue source. The Legislature consolidated funds into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has enacted a funds consolidation bill. The dedication included in this bill, unless created by a constitutional amendment, would be subject to funds consolidation review by the current Legislature.

The bill would set program eligibility requirements for children and educational services providers and provide a list of approved education-related expenses on which program funds could be spent.

The total annual payments to each participating child's account would be \$8,000. Money remaining in the child's account could be carried into the next fiscal year. Any money remaining in a child's account after it is closed would be deposited into the program fund account. A school district with student enrollment of less than 20,000 would be entitled to receive \$10,000 for the first five school years a child residing in the district participates in the program.

The bill would allow LEAs to enter into interlocal contracts for the purposes of procuring group health insurance coverage.

The bill would increase the Career and Technology Education Allotment for students enrolled in campus designated as a P-TECH school under 29,556 or the campus is a member of the New Tech Network, from \$50 per ADA to \$150.

The bill would establish the Career and Military Technical Grant Program pilot. TEA would be required to establish the pilot program, adopt rules to implement the program, submit a report to the legislature no later than December 1, 2026, on the results of the program, and award grants to districts of \$50,000. The total amount of grants awarded under the pilot program would not exceed \$2 million for each school year.

The bill would provide a grant program, administered by TEA, to LEAs to increase the number of qualified and appropriately credentialed special education staff, to include special education teachers, paraprofessionals, evaluation personnel, ancillary instructional personnel, and related service personnel.

The bill would require the Comptroller to notify the Office of the Attorney General (OAG) or the appropriate local county or district attorney of violations concerning the fraudulent use of funds or money distributed under the program or any other violation of law by a CEO or program participant. With the appropriate consent the bill authorizes the OAG with concurrent jurisdiction to enforce the provisions of the bill.

Methodology

The agency estimates that provisions of the bill requiring the waiver of certain examination and certification fees, including vendor costs for administration, would cost \$2.9 million in fiscal year 2024 and \$2.9 million in fiscal year 2025, increasing to \$3.1 million in fiscal year 2028.

TEA assumes an Education Specialist V and an Education Specialist III would be required to develop criteria and rules to create the micro-credential and digital teacher programs. The positions would be needed to establish application and approval processes for micro-credential providers; audit providers; provide technical assistance to educators and providers; collect and analyze data; and update databases and websites. The agency anticipates a new SBEC fee would be paid by providers and educators to cover the administrative costs of the program beginning in fiscal year 2026. The agency assumes current data tools would need to be updated to implement this section and anticipate the cost to be \$33,440 in the first fiscal year.

This would be administered partially by the existing TEA TIA team but would require additional positions: six Education Specialist Vs to manage technical assistance, implementation support, and data validation support, and a Director I to manage the technical assistance team.

To develop and administer the local optional teacher designation system grant program, the agency assumes one Education Specialist V would be required. The agency estimates that the grant program would cost \$30 million annually to implement.

The amount appropriated to the Employed Retiree Teacher Reimbursement Grant Program is unspecified, and the legislature may restrict eligibility for the program by appropriation; therefore, costs cannot be determined. As an illustrative example of the potential cost, in fiscal year 2022 TRS received a total of approximately \$40.0 million for retirement program surcharges and \$11.0 million for TRS-Care surcharges, including both employee and employer surcharges for all positions. To administer the grant program, TEA would require an Education Specialist V to develop, oversee, and improve the grant program. The bill would not make changes to the amount of the TRS retirement contribution, just the source of the funding; therefore, TRS assumes there would be no significant impact to the agency from this provision.

To implement the program, TEA assumes it would run a competitive solicitation process to select a thirdparty vendor who would provide the liability insurance and other supports described in the section. In developing the cost estimate to implement the program, the agency assumed estimated annual liability insurances cost of \$125 per educator with the educator contributing \$25 and a \$100 subsidy from the state. After an initial planning year in fiscal year 2024, TEA estimates an uptake of 17,000 teachers at a cost of \$1.7 million in fiscal year 2025, increasing to \$6.8 million in fiscal year 2028.

To administer Teacher Quality Assistance, TEA assumes funding would be required for development and implementation of supports, technical assistance to support LEAs in implementing improvements, and grants to LEAs. The agency assumes development of strategic scheduling, staffing, and compensation modules to support technical assistance would cost \$1,500,000 in fiscal year 2024. The agency assumes grants for delivery of technical assistance would cost \$2,250,000 in fiscal year 2024 and \$4,500,000 annually in fiscal years 2025-28. Grants to LEAs to support implementation of strategic staffing, scheduling, and compensation systems is assumed to cost \$4,000,000 annually in fiscal years 2025-28. Technical assistance grants to support school leaders develop school culture routines and discipline systems would cost \$3,000,000 annually in fiscal years 2024-28. Technical assistance grants to LEAs to establish grow-your-own partnerships is assumed to cost \$1,500,000 annually. The development of teacher leader and co-teacher training modules would cost \$500,000 annually in fiscal years 2024-25 and \$100,000 annually in fiscal years 2026-28. Technical assistance grants to LEAs to support the development of teacher leadership roles is assumed to cost \$1,250,000 annually. The agency assumes a Director I and five Education Specialist Vs would be required to implement this section in fiscal years 2024-28.

To administer the Teacher Time Study, TEA assumes a cost of \$500,000 in fiscal year 2024 and \$50,000 annually in fiscal years 2025-28 would be required for the development and implementation of the study. The agency assumes that \$750,000 in fiscal year 2024 and \$1.5 million annually in fiscal years 2025-28 would be required for technical assistance to LEA. The agency assumes \$3.0 million annually in fiscal years 2025-28 would be required to provide grants to LEAs under this section. TEA assumes this section would be administered by a Director II, an Education Specialist V, and a Data Analyst IV.

To provide technical assistance and support to school districts, charter schools, and qualified EPPs regarding teacher residency strategic staffing and compensation models and recruitment supports, TEA would administer grants to all 20 education service centers (ESCs) to provide Texas Strategic Staffing technical assistance support. The grants would fund two full-time positions at each ESC. Beginning in fiscal year 2024, and in subsequent years, the agency assumes funding would be required for 40 total positions. Additionally, the agency assumes three statewide leads would be needed to support the service quality and sustainability. The agency estimates that total funding for fiscal years 2024-28 would be \$6.5 million. Additionally, the agency assumes \$10,000 annually in fiscal years 2024-28 would be required to update data tools provided to EPPs and LEAs to support implementation of the program.

To support educator preparation programs to meet the requirements for a qualified residency program as outlined by the SBEC, TEA would provide grants to EPPs to pay for technical assistance and other transformation supports. TEA anticipates that 10 EPPs would be engaged in transformation annually and would require \$200,000 each, for a total of \$2,000,000 annually in fiscal years 2024-28. The agency assumes nine FTEs would be required to administer this section.

TEA assumes that to implement the changes to the Mentor Program Allotment, they would need to oversee the development of a statewide mentor training, which would be rolled out through Education Service Centers. The agency assumes that the total costs for the content development of the training would be \$500,000 in fiscal year 2024 and \$500,000 in fiscal year 2025. There are no anticipated costs for this work in fiscal years 2026-28.

The agency assumes that they would need to develop teacher training implementation support, which would include field site implementation support across several regions of the state. The agency estimates that the costs of this would equal \$1,500,000 in fiscal year 2025 and \$1,500,000 in fiscal year 2026.

The agency assumes that the cost to the FSP associated with the changes to the Mentor Program Allotment would be \$13.5 million in fiscal year 2025, \$20.9 million in fiscal year 2026, increasing to \$27.9 million in fiscal year 2028.

TEA assumes that the cost of continuing the grant program providing training in dyslexia for teachers and staff would be \$10 million each fiscal year.

The bill would add new TEC 30.003(b-1) which would reduce district contributions to TSBVI and TSD for districts who do not retain all their maintenance and operations property taxes due to paying recapture. The contribution would be based on the retained taxes and additional state funding would be provided to TSBVI and TSD to make up for the loss. TEA estimates that this would cost the state approximately \$2.0 million annually.

The bill would establish the Special Education Full Individual and Initial Evaluation allotment under the FSP. A district would be entitled to \$500, or a greater amount by appropriation, for each student for whom the district conducts a full individual and initial evaluation. The agency assumes that the costs to the FSP under this section would be \$75 million in fiscal year 2024, \$70 million in fiscal year 2025, decreasing to \$60 million in fiscal year 2028.

This analysis assumes that grants awarded under the Career and Military Technical Grant Program pilot would be \$2 million each fiscal year for fiscal years 2024-27.

The bill would amend formulas for special education entitlement funding. Under the bill, the commissioner would by rule establish seven service intensity tiers for use in determining funding for special education; one of which must include residential placement. The Commissioner would be required to submit funding formula weights to the Legislative Budget Board. The FSP costs for this section cannot be determined as the tiers and weights are not known.

The bill would create the Special Education Service Group Allotment under the FSP and would require the Commissioner to establish four service groups to determine funding for special education students under this section. The FSP costs for this section cannot be determined as the tiers and weights are not known.

The bill would also establish the Special Education Transition Funding allotment. The FSP costs for this section cannot be determined as the tiers and weights are not known.

This analysis assumes TEA would need a total of 59.5 FTEs in fiscal year 2024 and 66.5 FTEs in fiscal years 2025-28 to develop and implement the requirements of the bill. The estimated cost of these positions would be \$7.2 million in fiscal year 2024 and \$7.7 million in each subsequent fiscal year.

This analysis assumes there would be costs to the state for TRS retirement and TRS-Care health care payroll contributions resulting from the compensation increases required by the bill. These costs are estimated to be approximately \$40.2 million each fiscal year. TRS costs would total 8.25 percent of the additional payroll that falls below the amended minimum salary schedule for TRS retirement and 1.25 percent of all additional payroll for TRS-Care.

The bill would allow TEA to provide grants to LEAs to increase the number of qualified and appropriately credentialed special education staff. TEA assumes that this grant program would cost \$10 million in fiscal year 2024 and \$2 million in subsequent fiscal years, with highest program demand in the first year.

The bill would create the Day Placement Program Funding Allotment for qualifying day placement programs to receive funding for operation costs; qualifying day programs would be entitled to \$250,000 in the first year and \$150,000 in the second year. TEA assumes there would be 5 applicants in the first year, 30 in the next two years, decreasing to 15 in the following two years. The cost under this section is assumed by the agency to be \$1.3 million in fiscal year 2024, \$8.3 million in fiscal year 2025, increasing to \$15.8 million in fiscal year 2028.

TEA assumes that the net new cost associated with the Parent-Directed Services for Students Receiving Special Education Services Grant would be \$19.0 million in fiscal year 2024, \$17.7 million in fiscal year 2025, increasing to \$74.1 million in fiscal year 2028.

The total estimated cost for providing grants under the ESA program is estimated to be \$568.9 million in fiscal year 2025, \$1,096.9 million in fiscal year 2026, increasing to \$1,783.7 million in fiscal year 2028. The savings to the FSP is estimated to be \$231.8 million in fiscal year 2026, \$282.8 million in fiscal year 2027,

and \$334.8 million in fiscal year 2028. This analysis assumes there would be sufficient funds available for the purpose of funding the students participating in the program. To the extent that appropriations, grants, and transfers to the fund under the education savings account program were less, the cost of the program and the number of students it would have the capacity to serve would be less.

The CPA assumes that 11 FTEs would be required to implement the provisions of the bill related to the ESA program. The CPA estimates that the fiscal impact of the FTEs and other administrative costs would be \$1.6 million in fiscal year 2024 and \$1.8 million in subsequent fiscal years.

The bill would amend or create other allotments under the FSP as outlined in the Fiscal Analysis section above. This analysis assumes that the total cost to the FSP would be \$1,393.7 million in fiscal year 2024, \$2,212.5 million in fiscal year 2025, increasing to \$2,564.9 million in fiscal year 2028. The cost to the FSP includes estimated decreases in Recapture Payments - Attendance Credits of \$204.1 million in fiscal year 2024, \$353.4 million in fiscal year 2025, increasing to \$471.6 million in fiscal year 2028. The decrease in recapture is reflected as a savings in the table above because recapture is appropriated as a method of finance for the FSP in the General Appropriations Act.

The OAG assumes that any legal work that would result from the bill could be absorbed using existing resources.

Technology

TEA estimates the need for various onetime and ongoing technology costs to implement the provisions of the bill.

TEA estimates that the cost to implement the TSDS and TREx changes necessary for the bill's implementation would be \$2.8 million in fiscal year 2024, \$0.8 million in fiscal year 2025, and \$0.1 million in subsequent years.

TEA estimates the cost to develop and implement a new application and amend current applications to be \$2.5 million in fiscal year 2024, \$7.0 million in fiscal year 2025, and \$0.2 million in subsequent years.

Additionally, this analysis assumes 11 FTEs in fiscal year 2024 and 18 FTEs in subsequent fiscal years would be needed for ongoing maintenance and support across applications. Estimated costs for these positions are included in the FTEs in the Methodology section above.

If a certified educational assistance organization (CEAO) is not certified by the Comptroller's office, a programming expense would be incurred, but those costs cannot be estimated at this time.

Local Government Impact

The provisions of the bill would require extensive changes to funding and reporting requirements for school districts.

Districts would collect the number of days a student participating in a flexible attendance is enrolled in addition to their total minutes. Additionally, districts would report additional information about special education students and the programs they are provided.

LEAs would continue to report attendance as they currently do during the PEIMS Summer Submission. The LEA would need to begin to collect the number of days a student participating in a flexible attendance is enrolled in addition to their total minutes.

Additionally, the agency assumes that LEAs would need to report additional information about special education students and the programs provided to them.

LEAs may choose to enter into an interlocal contract for group health insurance, which may result in additional costs associated with collaboration and procurement. Cost savings related to entering into an interlocal contract cannot be determined at this time.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 323 Teacher Retirement System, 529 Health and Human Services Commission, 701 Texas Education Agency, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 771 School for the Blind and Visually Impaired, 783 University of Houston System Administration, 978 San Jacinto College

LBB Staff: JMc, CMA, ASA, MJe, KSk

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 22, 2023

TO: Honorable Brandon Creighton, Chair, Senate Committee on Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB100** by King, Ken (relating to public education and public school finance, including the rights, certification, and compensation of public school educators, contributions by a public school to the Teacher Retirement System of Texas, and an education savings account program for certain children.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB100, Committee Report 2nd House, Substituted : a negative impact of (\$4,422,171,014) through the biennium ending August 31, 2025.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

Costs associated with changes to special education entitlement funding in the Foundation School Program (FSP) cannot be determined, as the tiers, service groups, and weights are unknown.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$1,598,751,385)
2025	(\$2,823,419,629)
2026	(\$3,333,348,160)
2027	(\$3,956,370,640)
2028	(\$4,411,087,398)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Foundation School Fund 193</i>	<i>Probable Savings/(Cost) from Recapture Payments Atten Crdts 8905</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$127,801,827)	(\$1,470,949,558)	\$299,209,993	77.5
2025	(\$702,952,673)	(\$2,120,466,956)	\$279,623,744	77.5
2026	(\$1,224,361,926)	(\$2,108,986,234)	\$300,175,348	77.5
2027	(\$1,567,500,023)	(\$2,388,870,617)	\$374,082,798	77.5
2028	(\$1,913,258,522)	(\$2,497,828,876)	\$421,960,870	77.5

Fiscal Analysis

The bill would modify the Foundation School Program (FSP) funding entitlement for charter schools related to the Small and Mid-Sized District Allotment and would provide for a new allotment per student in average daily

attendance for charter schools equal to 0.04 multiplied by the basic allotment.

The bill would provide additional FSP funding to districts related to an annexation that occurs on or after June 1, 2013.

The bill would require that certain certification examination fees be waived by the State Board for Educator Certification (SBEC).

The bill would require the State Board for Educator Certification (SBEC) to propose rules establishing a process for identifying continuing education courses and programs that fulfill educators' continuing education requirements, including opportunities for educators to receive micro-credentials in fields of study related to the educator's certification class or digital teaching. The bill would require SBEC to engage relevant stakeholders in the development of micro-credentials related to digital teaching.

The bill would amend the Teacher Incentive Allotment (TIA) designations. A new designation, "acknowledged", would be added to existing Local Optional Teacher Designation System designations. The bill would also change the designation of national board certified teachers from "recognized" to "nationally board certified."

The bill would require the Texas Education Agency (TEA) to provide technical assistance that would include providing examples of local optional teacher designation systems; establish partnerships between districts and schools; apply performance and validity standards that would be established by the Commissioner; provide centralized support for the analysis of the results of assessments; and facilitate effective communication and promotion of local optional teacher designation systems.

The bill would establish the local optional teacher designation system grant program. From funds appropriated or available, TEA would develop and administer a grant program with money and technical assistance for districts and open-enrollment charter schools to expand implementation of local optional teacher designations system and increase the number of teachers eligible for a designation. Grants that would be awarded under this section would be required to meet the needs of individual school districts and enable regional leadership capacity. The bill would allow the Commissioner to adopt rules to establish and administer the grant program.

The bill would redesign the Minimum Salary Schedule (MSS). The bill would increase the MSS and would add a clause for teachers holding a residency educator certificate as would be established by the bill in new TEC 29.905.

The bill would create the Employed Retiree Teacher Reimbursement Grant Program to reimburse school districts that employ Teacher Retirement System (TRS) retirees for the contribution amount that the district would be responsible for paying when employing a TRS retiree. The grants provided under this section may be modified by appropriation and the grant program would be established and administered by the Commissioner. The bill would repeal Section 825.4092(f) of the Government Code to allow employers to pass on surcharges to employed retirees. The bill would require TEA to provide resources, including liability insurance, for classroom teachers. From funds appropriated or otherwise available for the purpose, the agency shall contract with a third party to provide services for a classroom teacher employed under a probationary, continuing, or term contract.

From funds appropriated, the agency would be required to provide school districts with information and technical assistance regarding staffing models, scheduling, and teacher compensation models; programs that would encourage high school students to become teachers, including apprenticeships; programs that school leaders may use to establish behavior expectations while positively supporting students; and studies related to noninstructional duties for teachers and best practices for refining schedules for students and teachers.

The bill would establish the Texas Teacher Residency Partnership Program to create a teacher mentor program between schools and educator preparation programs (EPPs). TEA would be required to provide technical assistance and support to participating schools and EPPs.

The bill would amend TEC 29.153(b) to include children of classroom teachers as eligible for prekindergarten in the school district that offers a prekindergarten class under this section.

The bill would reduce district contributions to the School for the Blind and Visually Impaired (TSBVI) and School for the Deaf (TSD) for districts who do not retain all of their maintenance and operations property taxes due to paying recapture. The Commissioner would determine the total amount that the TSBVI and TSD would have received from school districts in accordance with this section if the section had not been amended and provide the amount to TSBVI and TSD.

The bill would reduce the required number of days from 180 to 175 to provide the required minimum number of minutes of operational and instruction time to receive FSP funding for additional days of attendance.

The bill would increase the basic allotment from \$6,160 to \$6,210 in fiscal year 2024 and would require districts to use 50 percent of their certain revenue increases to provide compensation increases for full-time classroom teachers.

The bill would increase the weights for the Small and Mid-sized Allotment under the FSP.

The bill would establish the Special Education Full Individual and Initial Evaluation allotment which would provide districts with \$500, or a greater amount by appropriation, for each student for whom the district conducts a full individual and initial evaluation. The bill would also increase the College, Career and Military Readiness Outcomes Bonus for special education students from \$2,000 to \$4,000.

The bill would amend the Fast Growth Allotment to remove the statewide cap.

The bill would amend the associated allotment amounts under the TIA.

The bill would amend the mentor allotment to require training be provided to mentor teachers and establishes the allotment at \$2,000 for each teacher with less than two years experience. The allotment would be capped at 40 teachers per school district, or by appropriation. The bill would require the agency to oversee the development of a statewide mentor training, which would be rolled out through Education Service Centers (ESCs).

The bill would also increase the transportation allotment for special education students to the sum of \$1.13.

The bill would establish the Residency Partnership Allotment for the Texas Teacher Residency Partnership Program. For each partnership resident employed at the district in a residency position under Subchapter R, Ch. 21, the district would be entitled to an allotment equal to the base amount of \$22,000 increased by the high needs and rural factor, as determined under Subsection (c), to an amount not to exceed \$42,000. Texas School for the Deaf (TSD) and Texas School for the Blind and Visually Impaired (TSBVI) would be entitled to the allotment under this section. The bill would also require districts to reimburse teachers for certification fees incurred while obtaining special education and bilingual certification

The bill would establish the Advanced Mathematics Pathway Allotment at \$10 per eligible high school student and an additional weight of 0.1 multiplied by the basic allotment for eligible students in a small or midsized school district.

The bill would establish the Salary Transition Allotment. In fiscal years 2024-26, a school district would be entitled to an annual allotment equal to the difference between the change in average MSS employee compensation from fiscal year 2022 to 2023 and a second amount equal to the difference between average maintenance and operations (M&O) revenue per MSS employee under the bill and average M&O revenue per MSS employee the district would have received under the bill using prior law Basic Allotment and Small and Midsize Allotment values.. The allotment provided under this section would decrease over time, to two-thirds in fiscal year 2027, one-third in fiscal year 2028, and zero in fiscal year 2029.

The bill's provisions would allow day placement program funding, with regional education service centers entitled to an allotment for each qualifying day placement program made available in partnership with an LEA. The bill would also establish the Parent-Directed Services for Students Receiving Special Education Services Grant.

The bill would repeal the expiration of the Grant Program Providing Training in Dyslexia for Teachers and

Staff.

The bill would transition special education funding in the basic allotment to a tier of intensity of service model. The bill would provide for a special education service group allotment under which the commissioner would establish four service groups for funding determinations. The bill would also allow for the transition of special education funding models to ensure maintenance of state financial support and would require TEA to provide related technical assistance to LEAs.

The bill would increase the weights for the Compensatory Education Allotment under the FSP.

The bill would add prekindergarten to the Early Education Allotment under the FSP.

The bill would establish the education savings account program to be administered by the Comptroller of Public Accounts (CPA). The program fund would be an account in the General Revenue Fund. This account would consist of transfers, appropriations, gifts, grants, and donations, and any other money available for the purpose of the program.

The CPA would set eligibility requirements for a selection of organizations defined as Certified Educational Assistance Organizations (CEAOs). The bill would require the CPA to make payments from the program fund account to each CEO for deposit into participating child's account.

This legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a fund either in, with, or outside of the Treasury, or dedicate or rededicate a revenue source. The Legislature consolidated funds into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has enacted a funds consolidation bill. The dedication included in this bill, unless created by a constitutional amendment, would be subject to funds consolidation review by the current Legislature.

The bill would define CEO and set eligibility requirements for the selection of such organizations by the Comptroller. The Comptroller could certify one or more such organizations to support the administration of the program.

The bill would set program eligibility requirements for children and educational services providers and provide a list of approved education-related expenses on which program funds could be spent.

The total annual payments to each participating child's account would be \$8,000. Money remaining in the child's account could be carried into the next fiscal year. Any money remaining in a child's account after it is closed would be deposited into the program fund account. A school district with student enrollment of less than 20,000 would be entitled to receive \$10,000 for the first five school years a child residing in the district participates in the program.

The bill would provide a grant program, administered by TEA, to LEAs to increase the number of qualified and appropriately credentialed special education staff, to include special education teachers, paraprofessionals, evaluation personnel, ancillary instructional personnel, and related service personnel.

Methodology

The bill would amend Section 13.054, Education Code to provide funding for Houston ISD (HISD) to which the North Forest ISD was annexed under this Section in 2013. HISD did not receive the full 5 years of adjustments to the local fund assignment because HISD became a recapture district during that time period. The TEA estimates the lost funding under this provision to be \$96 million, based on the amount of the aid the district did not receive, which would be credited against recapture in 2024.

The agency estimates that provisions of the bill requiring the waiver of certain examination and certification fees, including vendor costs for administration, would cost \$2.9 million in fiscal year 2024 and \$2.9 million in fiscal year 2025, increasing to \$3.1 million in fiscal year 2028.

TEA assumes an Education Specialist V and an Education Specialist III would be required to develop criteria and

rules to create the micro-credential and digital teacher programs. The positions would be needed to establish application and approval processes for micro-credential providers; audit providers; provide technical assistance to educators and providers; collect and analyze data; and update databases and websites. The agency anticipates a new SBEC fee would be paid by providers and educators to cover the administrative costs of the program beginning in fiscal year 2026. The agency assumes current data tools would need to be updated to implement this section and anticipate the cost to be \$33,440 in the first fiscal year.

This would be administered partially by the existing TEA TIA team but would require additional positions: six Education Specialist Vs to manage technical assistance, implementation support, and data validation support, and a Director I to manage the technical assistance team.

To develop and administer the local optional teacher designation system grant program, the agency assumes one Education Specialist V would be required. The agency estimates that the grant program would cost \$30 million annually to implement.

The amount appropriated to the Employed Retiree Teacher Reimbursement Grant Program is unspecified, and the legislature may restrict eligibility for the program by appropriation; therefore, costs cannot be determined. As an illustrative example of the potential cost, in fiscal year 2022 TRS received a total of approximately \$40.0 million for retirement program surcharges and \$11.0 million for TRS-Care surcharges, including both employee and employer surcharges for all positions. To administer the grant program, TEA would require an Education Specialist V to develop, oversee, and improve the grant program. The bill would not make changes to the amount of the TRS retirement contribution, just the source of the funding; therefore, TRS assumes there would be no significant impact to the agency from this provision.

To administer Teacher Quality Assistance, TEA assumes funding would be required for development and implementation of supports, technical assistance to support LEAs in implementing improvements, and grants to LEAs. The agency assumes development of strategic scheduling, staffing, and compensation modules to support technical assistance would cost \$1,500,000 in fiscal year 2024. The agency assumes grants for delivery of technical assistance would cost \$2,250,000 in fiscal year 2024 and \$4,500,000 annually in fiscal years 2025-28. Grants to LEAs to support implementation of strategic staffing, scheduling, and compensation systems is assumed to cost \$4,000,000 annually in fiscal years 2025-28. Technical assistance grants to support school leaders develop school culture routines and discipline systems would cost \$3,000,000 annually in fiscal years 2024-28. Technical assistance grants to LEAs to establish grow-your-own partnerships is assumed to cost \$1,500,000 annually. The development of teacher leader and co-teacher training modules would cost \$500,000 annually in fiscal years 2024-25 and \$100,000 annually in fiscal years 2026-28. Technical assistance grants to LEAs to support the development of teacher leadership roles is assumed to cost \$1,250,000 annually. The agency assumes a Director I and five Education Specialist Vs would be required to implement this section in fiscal years 2024-28.

To administer the Teacher Time Study, TEA assumes a cost of \$500,000 in fiscal year 2024 and \$50,000 annually in fiscal years 2025-28 would be required for the development and implementation of the study. The agency assumes that \$750,000 in fiscal year 2024 and \$1.5 million annually in fiscal years 2025-28 would be required for technical assistance to LEA. The agency assumes \$3.0 million annually in fiscal years 2025-28 would be required to provide grants to LEAs under this section. TEA assumes this section would be administered by a Director II, an Education Specialist V, and a Data Analyst IV.

To provide technical assistance and support to school districts, charter schools, and qualified EPPs regarding teacher residency strategic staffing and compensation models and recruitment supports, TEA would administer grants to all 20 education service centers (ESCs) to provide Texas Strategic Staffing technical assistance support. The grants would fund two full-time positions at each ESC. Beginning in fiscal year 2024, and in subsequent years, the agency assumes funding would be required for 40 total positions. Additionally, the agency assumes three statewide leads would be needed to support the service quality and sustainability. The agency estimates that total funding for fiscal years 2024-28 would be \$6.5 million. Additionally, the agency assumes \$10,000 annually in fiscal years 2024-28 would be required to update data tools provided to EPPs and LEAs to support implementation of the program.

To support educator preparation programs to meet the requirements for a qualified residency program as outlined by the SBEC, TEA would provide grants to EPPs to pay for technical assistance and other

transformation supports. TEA anticipates that 10 EPPs would be engaged in transformation annually and would require \$200,000 each, for a total of \$2,000,000 annually in fiscal years 2024-28. The agency assumes nine FTEs would be required to administer this section.

TEA assumes that to implement the changes to the Mentor Program Allotment, they would need to oversee the development of a statewide mentor training, which would be rolled out through Education Service Centers. The agency assumes that the total costs for the content development of the training would be \$500,000 in fiscal year 2024 and \$500,000 in fiscal year 2025. There are no anticipated costs for this work in fiscal years 2026-28.

The agency assumes that they would need to develop teacher training implementation support, which would include field site implementation support across several regions of the state. The agency estimates that the costs of this would equal \$1,500,000 in fiscal year 2025 and \$1,500,000 in fiscal year 2026.

The agency assumes that the cost to the FSP associated with the changes to the Mentor Program Allotment would be \$13.5 million in fiscal year 2025, \$20.9 million in fiscal year 2026, increasing to \$27.9 million in fiscal year 2028.

TEA assumes that the cost of continuing the grant program providing training in dyslexia for teachers and staff would be \$10 million each fiscal year.

The bill would add new TEC 30.003(b-1) which would reduce district contributions to TSBVI and TSD for districts who do not retain all their maintenance and operations property taxes due to paying recapture. The contribution would be based on the retained taxes and additional state funding would be provided to TSBVI and TSD to make up for the loss. TEA estimates that this would cost the state approximately \$2.0 million annually.

The bill would establish the Special Education Full Individual and Initial Evaluation allotment under the FSP. A district would be entitled to \$500, or a greater amount by appropriation, for each student for whom the district conducts a full individual and initial evaluation. The agency assumes that the costs to the FSP under this section would be \$75 million in fiscal year 2024, \$70 million in fiscal year 2025, decreasing to \$60 million in fiscal year 2028.

The bill would amend formulas for special education entitlement funding. Under the bill, the commissioner would by rule establish seven service intensity tiers for use in determining funding for special education; one of which must include residential placement. The Commissioner would be required to submit funding formula weights to the LBB. The FSP costs for this section cannot be determined as the tiers and weights are not known.

The bill would create the Special Education Service Group Allotment under the FSP and would require the Commissioner to establish four service groups to determine funding for special education students under this section. The FSP costs for this section cannot be determined as the tiers and weights are not known.

The bill would also establish the Special Education Transition Funding allotment. The FSP costs for this section cannot be determined as the tiers and weights are not known.

This analysis assumes TEA would need a total of 50.5 FTEs to develop and implement the requirements of the bill. The estimated cost of these positions would be \$6.1 million in fiscal year 2024 and \$6.3 million in each subsequent fiscal year.

This analysis assumes there would be costs to the state for TRS retirement and TRS-Care health care payroll contributions resulting from the compensation increases required by the bill. These costs are estimated to be approximately \$40.2 million each fiscal year. TRS costs would total 8.25 percent of the additional payroll that falls below the amended minimum salary schedule for TRS retirement and 1.25 percent of all additional payroll for TRS-Care.

TEA estimates that the costs associated with the Salary Transition Allotment would be \$20.3 million in fiscal year 2024, \$2.2 million in fiscal year 2025, and \$1.7 million in fiscal year 2026.

The bill would create the Day Placement Program Funding Allotment for qualifying day placement programs to receive funding for operation costs; qualifying day programs would be entitled to \$250,000 in the first year and \$150,000 in the second year. TEA assumes there would be 5 applicants in the first year, 30 in the next two years, decreasing to 15 in the following two years. The cost under this section is assumed by the agency to be \$1.3 million in fiscal year 2024, \$8.3 million in fiscal year 2025, increasing to \$15.8 million in fiscal year 2028.

TEA assumes that the net new cost associated with the Parent-Directed Services for Students Receiving Special Education Services Grant would be \$19.0 million in fiscal year 2024, \$17.7 million in fiscal year 2025, increasing to \$74.1 million in fiscal year 2028.

The total estimated cost for providing grants under the ESA program is estimated to be \$568.9 million in fiscal year 2025, \$1,096.9 million in fiscal year 2026, increasing to \$1.783.7 million in fiscal year 2028. The savings to the FSP is estimated to be \$231.8 million in fiscal year 2026, \$282.8 million in fiscal year 2027, and \$334.8 million in fiscal year 2028. This analysis assumes there would be sufficient funds available for the purpose of funding the students participating in the program. To the extent that appropriations, grants, and transfers to the fund under the education savings account program were less, the cost of the program and the number of students it would have the capacity to serve would be less.

The bill would allow TEA to provide grants to LEAs to increase the number of qualified and appropriately credentialed special education staff. TEA assumes that this grant program would cost \$10.0 million in fiscal year 2024, and \$2.0 million in subsequent fiscal years, with highest program demand in the first year.

The bill would amend or create other allotments under the FSP as outlined in the Fiscal Analysis section above. This analysis assumes that the total cost to the FSP would be \$1,470.9 million in fiscal year 2024, \$2,120.5 million in fiscal year 2025, increasing to \$2,497.8 million in fiscal year 2028. The cost to the FSP includes estimated decreases in Recapture Payments - Attendance Credits of \$299.2 million in fiscal year 2024, \$279.6 million in fiscal year 2025, increasing to \$422.0 million in fiscal year 2028. The decrease in recapture is reflected as a savings in the table above because recapture is appropriated as a method of finance for the FSP in the General Appropriations Act.

Technology

TEA estimates the need for various onetime and ongoing technology costs to implement the provisions of the bill.

TEA indicates that the cost to implement the teacher vacancy data collection system in TSDS would be \$2.3 million, and that DCS costs would be \$156,288 in fiscal year 2024 and \$116,756 each subsequent fiscal year. Additionally, TEA estimates the cost to implement the other provisions of the bill in TSDS would be \$0.9 million with a onetime DCS cost of \$75,000 and an ongoing DCS cost of \$3,750 per fiscal year.

TEA estimates the cost to implement the provisions of the bill in the TREx system would be approximately \$14,000.

TEA estimates the cost to develop and implement a new application for ESAs would cost \$2.7 million over the biennium. TEA also indicates that a onetime Data Center Service (DCS) cost of \$11,532 and an annual DCS cost of \$108,756 would also be required for this application.

TEA estimates the cost to implement the requirements of the bill in the Foundation School Program would be \$2.4 million for the biennium.

The agency estimates that the cost to implement provisions of the bill in the SSES application would be \$0.7 million and \$1.0 million for the ECOS/TPDM application.

TEA estimates the development cost for SCOMS to be \$2.2 million over the biennium. TEA also indicates that a onetime Data Center Service (DCS) cost of \$11,532 and an annual DCS cost of \$108,756 would also be required for this application.

Additionally, this analysis assumes 7 FTEs would be needed for ongoing maintenance and support across applications. Estimated costs for these positions are included in the FTEs in the Methodology section above.

If a certified educational assistance organization (CEAO) is not certified by the Comptroller's office, a programming expense would be incurred, but those costs cannot be estimated at this time.

Local Government Impact

The provisions of the bill would require extensive changes to funding and reporting requirements for school districts.

Districts would collect the number of days a student participating in a flexible attendance is enrolled in addition to their total minutes. Additionally, districts would report additional information about special education students and the programs they are provided.

LEAs would continue to report attendance as they currently do during the PEIMS Summer Submission. LEAs would need to begin to collect the number of days a student participating in a flexible attendance is enrolled in addition to their total minutes.

Additionally, the agency assumes that LEAs would need to report additional information about special education students and the programs provided to them.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 323 Teacher Retirement System, 529 Health and Human Services Commission, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 771 School for the Blind and Visually Impaired, 783 University of Houston System Administration, 978 San Jacinto College

LBB Staff: JMc, KSk, ASA, MJe

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 22, 2023

TO: Honorable Brandon Creighton, Chair, Senate Committee on Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB100 by King, Ken (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.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB100, As Engrossed : a negative impact of (\$5,420,427,230) through the biennium ending August 31, 2025.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The total fiscal impact of the bill cannot be determined because certain provisions of the bill related to special education funding do not have known tiers and weights required for funding determinations.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$2,301,360,342)
2025	(\$3,119,066,888)
2026	(\$3,108,799,444)
2027	(\$4,429,187,441)
2028	(\$4,494,572,366)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Foundation School Fund 193</i>	<i>Probable Savings/(Cost) from Recapture Payments Attention Crdts 8905</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$12,739,760)	(\$2,288,620,582)	\$521,536,832	13.0
2025	(\$33,479,461)	(\$3,085,587,427)	\$580,338,868	13.0
2026	(\$24,907,727)	(\$3,083,891,717)	\$586,438,158	13.0
2027	(\$15,907,727)	(\$4,413,279,714)	\$850,733,818	13.0
2028	(\$15,907,727)	(\$4,478,664,639)	\$868,175,551	13.0

Fiscal Analysis

The bill would modify the Foundation School Program (FSP) funding entitlement for charter schools related to the Small and Mid-Sized District Allotment.

The bill would provide additional FSP funding to districts related to an annexation that occurs on or after June 1, 2013.

The bill would redesign the Minimum Salary Schedule (MSS). Contingent on enactment of HB 11, or similar legislation related to establishing a residency partnership program and authorizing the issuance of a residency educator certificate, the bill would increase the MSS and would add a clause for teachers holding a residency educator certificate. If HB 11, or similar legislation related to establishing a residency partnership program and authorizing the issuance of a residency educator certificate, does not pass, the bill would increase the MSS. The bill would require a district to use 50 percent of any savings in required contributions to TRS retirement related to the increase in the MSS to increase the average compensation for full-time classroom teachers, librarians, counselors, and nurses.

The bill would create the Rural Pathway Excellence Partnership (RPEP) program, which would allow rural school districts to partner with at least one other school district and a coordinating entity to offer college and career pathways. The bill would create financial incentives for R-PEP including a grant to assist with R-PEP planning and implementation, an allotment for R-PEP programs, and outcomes bonuses for R-PEP programs.

The Commissioner would establish a grant program to assist in the planning and implementation of a partnership under the program. No more than 15 percent of the funds appropriated for the grant program could be used for administering the program.

The bill would reduce district contributions to the School for the Blind and Visually Impaired (TSBVI) and School for the Deaf (TSD) for districts who do not retain all of their maintenance and operations property taxes due to paying recapture. The Commissioner would determine the total amount that the TSBVI and TSD would have received from school districts in accordance with this section if the section had not been amended and provide the amount to TSBVI and TSD.

The bill would increase the basic allotment from \$6,160 to \$6,250 in fiscal year 2024 and would require districts to use 50 percent of the basic allotment increase and increases related to the Small and Mid-Sized Allotment to increase compensation for classroom teachers, librarians, counselors and nurses. The bill would increase the basic allotment to at least \$6,300 in fiscal year 2025 and would require the Commissioner to adjust the basic allotment beginning in fiscal year 2027 by a factor equal to the average annual percentage increase of the Texas Consumer Price Index for the preceding 10 years for the second year in a fiscal biennium.

The bill would reduce the required number of days from 180 to 175 to provide the required minimum number of minutes of operational and instruction time to receive FSP funding for additional days of attendance.

The bill would provide for enrollment-based funding for sections of the Foundation School Program (FSP) under TEC, Chapters 46 and 48. The bill would require that the Commissioner of Education establish a method for determining average enrollment for the purposes of enrollment-based funding.

The bill would increase the weights for the Compensatory Education Allotment and would restructure funding for Career and Technology Education (CTE) students to include funding through the Basic Allotment and additional weighted funding through the CTE Allotment. The bill would amend the Fast Growth Allotment to remove the statewide cap. The bill would also increase the transportation allotment for regular eligible students to \$1.54 per mile and would increase the transportation allotment for special education students to the sum of \$1.54 per mile plus \$0.13. The bill would extend the Formula Transition Grant expiration from fiscal year 2025 to fiscal year 2030. The bill would also amend the Tax Code to allow school districts to adopt \$0.06 of enrichment tax effort without a tax ratification election.

The bill would add Education Code Section 48.013 requiring TEA to determine the taxable value of property of each school district using locally determined property values adjusted in accordance with Government Code Section 403.302(d). The bill would revise the definition of local revenue for the purposes of determining maintenance and operations and facilities funding within the FSP to reference Section 48.013. The bill would also amend the calculation of the State Compression Percentage and district Maximum Compressed Rates to reference Section 48.013.

The bill would establish a property value study hardship grant program to help offset a reduction in a district's

funding under the FSP resulting from the use of state value for the district's taxable value of property for tax years 2022 and 2023. The grant program would be limited to \$175 million per year.

The bill would establish the Special Education Full Individual and Initial Evaluation allotment which would provide districts with \$500, or a greater amount by appropriation, for each student for whom the district conducts a full individual and initial evaluation.

The bill would transition special education funding in the basic allotment to an intensity of service model. The bill would provide for a special education service group allotment under which the commissioner would establish four service groups for funding determinations. The bill would also establish the Special Education Transition Funding allotment.

The bill would establish the Fine Arts Allotment that would provide an allotment for each grade 6 to grade 12 student in average daily attendance enrolled in an approved fine arts education course with 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 0.008. The agency would be required to publish a list of approved courses annually.

The bill would add the Rural Pathway Excellence Partnership (R-PEP) Allotment and Outcome Bonus. For each student in average daily attendance in an R-PEP college or career pathway, a school district would be entitled to an allotment equal to the basic allotment or, if applicable, the sum of the basic allotment and the small to mid-sized district allotment to which the district is entitled, multiplied by 1.15 if the student is educationally disadvantaged; or 1.11 if the student is not educationally disadvantaged. For each school district, the commissioner would be required to determine the minimum number of annual graduates of a R-PEP college or career pathway who would have to obtain no later than five years after high school graduation a postsecondary credential of value. For each R-PEP graduate above the threshold, the district would be entitled to an annual outcomes bonus of \$2,000 if the graduate is educationally disadvantaged; \$1,000 if the graduate is not educationally disadvantaged; and \$2,000 if the graduate is enrolled in a special education program, regardless of whether the graduate is educationally disadvantaged.

The bill would establish the Advanced Mathematics Pathway Allotment at \$10 per eligible high school student and an additional weight of 0.1 multiplied by the basic allotment for eligible students in a small or midsized school district. The bill would establish the Book Safety Allotment at \$3 per student in average enrollment, or a greater amount provided by appropriation.

The bill would establish the Salary Transition Allotment. In fiscal years 2024-26, a school district would be entitled to an annual allotment equal to the difference between the employer contributions under the new MSS and under current law MSS for the 2022-23 school year less the difference in maintenance and operations revenue for the current school year less the maintenance and operations revenue for the current school year assuming current law TEC, Sections 48.051 and 48.101. The allotment provided under this section would decrease over time, to two-thirds in fiscal year 2027, one-third in fiscal year 2028, and zero in fiscal year 2029.

The bill would require TEA, the Division for Early Childhood Intervention Services of the Health and Human Services Commission, and the Educational Resource Center on Deafness at TSD to jointly prepare and post a report that includes for each child the percentage of the instructional day the child spends on average in a general education setting.

The bill would amend TEC 48.257 to provide for a hold harmless provision for certain recapture districts that were beneficiaries of the Formula Transition Grant in the 2023-24 school year and adopts an enrichment tax rate of at least five cents for the current school year. The select districts would receive an adjustment to recapture so as to enable them to retain the maintenance and operations revenue (including formula transition grant funds) per student in ADA to which they were entitled in the 2023-24 school year.

The bill would amend Subchapter D, Chapter 49, Education Code, by adding section 49.1541 to provide credit for prepayment of the amount required to be paid by a school district for the purchase of attendance credit under the public school finance system. The proposed amendment would entitle a school district to receive a credit against the total amount required under Section 49.153. The credit would be equal to four percent of any amount required to be paid by the district if the district pays that amount not later than February 15 of the school year for which the agreement is in effect. This section would take effect in fiscal year 2026.

Methodology

TEA assumes the bill would amend Section 13.054, Education Code to provide funding for the Houston ISD (HISD) to which the North Forest ISD was annexed under this Section in 2013. HISD did not receive the full 5 years of adjustments to the local fund assignment because HISD became a recapture district during that time period. The agency estimates the lost funding under this provision to be \$96 million, based on the amount of the aid the district did not receive, which would be credited against recapture in 2024.

TEA assumes there would be costs associated with creating a R-PEP grant program, including R-PEP grant funds, grant administration, technical assistance, and R-PEP program development. There are 473 districts defined as rural; the agency assumes approximately 25.0 percent would choose to participate, resulting in 60 partnerships in the first fiscal year. Assuming the program is modeled after the existing College and Career Readiness School Models, each partnership would require approximately \$150,000 in grant funds for initial planning in the first fiscal year and approximately \$300,000 per partnership for implementation in the second fiscal year. The agency assumes that the number of new partnerships will remain at 60 in fiscal year 2025 and decrease to 30 in fiscal years 2026-28. TEA estimates that the cost of the grants would be \$9.0 million in fiscal year 2024, \$27.0 million in fiscal year 2025, decreasing to \$13.5 million in fiscal year 2028. It is anticipated that approximately \$500,000 would be needed each year for centralized technical assistance; less than the 15% that would be allowable under the bill.

New Subsection (b-1) would reduce district contributions to TSBVI and TSD for districts who do not retain all their maintenance and operations property taxes due to paying recapture. The contribution would be based on the retained taxes and additional state funding would be provided to TSBVI and TSD to make up for the loss. TEA estimates that this would cost the state approximately \$2.0 million annually.

The bill would establish the Special Education Full Individual and Initial Evaluation allotment under the FSP. A district would be entitled to \$500, or a greater amount by appropriation, for each student for whom the district conducts a full individual and initial evaluation. The agency assumes that the costs to the FSP under this section would be \$75 million in fiscal year 2024, \$70 million in fiscal year 2025, decreasing to \$60 million in fiscal year 2028.

The bill would amend formulas for special education entitlement funding. Under the bill, the commissioner would by rule establish seven service intensity tiers for use in determining funding for special education; one of which must include residential placement. The Commissioner would be required to submit funding formula weights to the LBB. The FSP costs for this section cannot be determined as the tiers and weights are not known.

The bill would create the Special Education Service Group Allotment under the FSP and would require the Commissioner to establish four service groups to determine funding for special education students under this section. The FSP costs for this section cannot be determined as the tiers and weights are not known.

The bill would also establish the Special Education Transition Funding allotment. The FSP costs for this section cannot be determined as the tiers and weights are not known.

The bill would amend the Tax Code to allow school districts to adopt \$0.06 of enrichment tax effort without a tax ratification election. The agency assumes that each school district that has adopted \$0.05 of enrichment tax effort would elect to adopt \$0.06 of enrichment tax effort under this bill.

The costs associated with the property value study hardship grant program cannot be determined at this time; however, the bill provides for a \$175 million cap each fiscal year for funds that could be available for the grant program.

TEA estimates the need for 13.0 ongoing FTEs to develop and implement the requirements of the bill. The estimated cost of these positions would be \$1.9 million in each fiscal year.

This analysis assumes there would be costs to the state for TRS retirement and TRS-Care health care payroll contributions resulting from the compensation increases required by the bill; however, these costs cannot be determined at this time. TRS costs would total 8.25 percent of the additional payroll that falls below the

amended minimum salary schedule for TRS retirement and 1.25 percent of all additional payroll for TRS-Care.

The bill would amend or create other allotments and provisions related to recapture under the FSP as outlined in the Fiscal Analysis section above. TEA assumes that the cost to the FSP would be \$2,288.6 million in fiscal year 2024, \$3,085.6 million in fiscal year 2025, increasing to \$4,478.7 million in fiscal year 2028. The cost to the FSP includes estimated decreases in Recapture Payments - Attendance Credits of \$521.5 million in fiscal year 2024, \$580.3 million in fiscal year 2025, increasing to \$868.2 million in fiscal year 2028. The decrease in recapture is reflected as a savings in the table above because recapture is appropriated as a method of finance for the FSP in the General Appropriations Act.

Technology

TEA estimates the need for various onetime and ongoing technology costs to implement the provisions of the bill.

TEA assumes that the cost to develop and implement the requirements for the bill in the Texas Student Data System (TSDS) would be \$347,474 in fiscal year 2024 and \$1,042,421 in fiscal year 2025.

TEA assumes that the cost to develop and implement the requirements in the Foundation School Program would be \$1,002,945 in fiscal year 2024 and \$3,008,835 in fiscal year 2025.

TEA assumes that the cost to develop and implement the requirements in the TREx application would be \$6,826 in fiscal year 2024 and \$20,478 in fiscal year 2025.

Additionally, TEA estimates the need for 6.0 ongoing Information Systems FTEs. Estimated costs for these positions are included in the FTEs in the Methodology section above.

Local Government Impact

The provisions of the bill would require extensive changes to funding and reporting requirements for school districts.

TEA assumes Local Education Agencies (LEAs) would continue to report attendance as they currently do during the PEIMS Summer Submission. The LEAs will need to begin to collect the number of days a student participating in a flexible attendance is enrolled in addition to their total minutes.

Additionally, the agency assumes that LEAs would need to report additional information about special education students and the programs provided to them.

Eligible LEAs could partner with another district in the R-PEP program to offer a broader array of robust college and career pathways. This would provide more opportunities for students and will require additional actions and time commitments as outlined in the bill for a district to enter into these agreements. TEA assumes that districts who would choose to participate in the R-PEP program could have costs associated with planning, implementing, and sustaining the R-PEP program outside of the life of grant funds.

Source Agencies: 323 Teacher Retirement System, 644 Juvenile Justice Department, 701 Texas Education Agency, 771 School for the Blind and Visually Impaired, 772 School for the Deaf

LBB Staff: JMc, KSk, ASA, MJe, MMo, SL

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 19, 2023

TO: Honorable Brad Buckley, Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB100** by King, Ken (relating to the compensation of public school educators and to the public school finance system, including enrollment-based funding for certain allotments under the Foundation School Program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB100, Committee Report 1st House, Substituted : a negative impact of (\$4,357,311,114) through the biennium ending August 31, 2025.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill. The total fiscal impact of the bill cannot be determined because certain provisions of the bill related to special education funding do not have known tiers and weights required for funding determinations.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$1,303,338,540)
2025	(\$3,053,972,574)
2026	(\$3,818,719,006)
2027	(\$3,821,353,195)
2028	(\$3,942,300,342)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Foundation School Fund 193</i>	<i>Probable Savings/(Cost) from Recapture Payments Attention Credits 8905</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$53,671,217)	(\$1,249,667,323)	\$311,224,318	11.0
2025	(\$75,899,971)	(\$2,978,072,603)	\$515,744,797	11.0
2026	(\$70,913,806)	(\$3,747,805,200)	\$556,058,166	11.0
2027	(\$63,652,000)	(\$3,757,701,195)	\$588,031,613	11.0
2028	(\$65,471,475)	(\$3,876,828,867)	\$619,658,220	11.0

Fiscal Analysis

The bill would modify the Foundation School Program (FSP) funding entitlement for charter schools related to the Small and Mid-Sized District Allotment.

The bill would provide additional FSP funding to districts related to an annexation that occurs on or after June

1, 2013.

The bill would redesign the Minimum Salary Schedule (MSS). Contingent on enactment of HB 11, or similar legislation related to establishing a residency partnership program and authorizing the issuance of a residency educator certificate, the bill would increase the MSS and would add a clause for teachers holding a residency educator certificate. If HB 11, or similar legislation related to establishing a residency partnership program and authorizing the issuance of a residency educator certificate, does not pass, the bill would increase the MSS. The bill would require a district to use 50 percent of any savings in required contributions to TRS retirement related to the increase in the MSS to increase the average compensation for full-time classroom teachers, librarians, counselors, and nurses.

The bill would establish the Rural Pathway Excellence Partnership (R-PEP) Program. The bill would create the Rural Pathway Excellence Partnership (RPEP) program, which would allow rural school districts to partner with at least one other school district and a coordinating entity to offer college and career pathways. The bill would create financial incentives for R-PEP including a grant to assist with R-PEP planning and implementation, an allotment for R-PEP programs, and college, career, and military readiness outcomes bonuses for R-PEP programs.

The Commissioner would establish a grant program to assist in the planning and implementation of a partnership under the program. No more than 15 percent of the funds appropriated for the grant program could be used for administering the program.

The bill would reduce district contributions to the School for the Blind and Visually Impaired (TSBVI) and School for the Deaf (TSD) for districts who do not retain all of their maintenance and operations property taxes due to paying recapture. The Commissioner would determine the total amount that the TSBVI and TSD would have received from school districts in accordance with this section if the section had not been amended and provide the amount to TSBVI and TSD.

The bill would increase the basic allotment from \$6,160 to \$6,250 in fiscal year 2024 and would require districts to use 50 percent of the basic allotment increase and increases related to the Small and Mid-Sized Allotment to increase compensation for classroom teachers, librarians, counselors and nurses. The bill would increase the basic allotment to at least \$6,300 in fiscal year 2025 and would require the Commissioner to adjust the basic allotment in fiscal year 2025 by a factor equal to the average annual percentage increase of the Texas Consumer Price Index for the preceding 10 years.

The bill would provide for enrollment-based funding for sections of the Foundation School Program (FSP) under TEC, Chapters 46 and 48. The bill would require that the Commissioner of Education establish a method for determining average enrollment for the purposes of enrollment-based funding.

The bill would increase the weights for the Compensatory Education Allotment and would restructure funding for Career and Technology Education (CTE) students to include funding through the Basic Allotment and additional weighted funding through the CTE Allotment. The bill would amend the Fast Growth Allotment to remove the statewide cap. The bill would also increase the transportation allotment for regular eligible students to \$1.54 per mile and would increase the transportation allotment for special education students to \$1.28 per mile. The bill would extend the Formula Transition Grant expiration from fiscal year 2025 to fiscal year 2030. The bill would also amend the Tax Code to allow school districts to adopt \$0.06 of enrichment tax effort without a tax ratification election.

The bill would establish the Special Education Full Individual and Initial Evaluation allotment which would provide districts with \$500, or a greater amount by appropriation, for each student for whom the district conducts a full individual and initial evaluation.

The bill would transition special education funding in the basic allotment to an intensity of service model. The bill would provide for a special education service group allotment under which the commissioner would establish four service groups for funding determinations. The bill would also establish the Special Education Transition Funding allotment.

The bill would establish the Fine Arts Allotment that would provide an allotment for each grade 6 to grade 12

student in average daily attendance enrolled in an approved fine arts education course with 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 0.008. The agency would be required to publish a list of approved courses annually.

The bill would add the Rural Pathway Excellence Partnership (R-PEP) Allotment and Outcome Bonus. For each student in average daily attendance in an R-PEP college or career pathway, a school district would be entitled to an allotment equal to the basic allotment or, if applicable, the sum of the basic allotment and the small to mid-sized district allotment to which the district is entitled, multiplied by 1.15 if the student is educationally disadvantaged; or 1.11 if the student is not educationally disadvantaged. For each school district, the commissioner would be required to determine the minimum number of annual graduates of a R-PEP college or career pathway required to demonstrate college, career, or military readiness. For each R-PEP graduate above the threshold, the district would be entitled to an annual outcomes bonus of \$2,000 if the graduate is educationally disadvantaged; \$1,000 if the graduate is not educationally disadvantaged; and \$2,000 if the graduate is enrolled in a special education program, regardless of whether the graduate is educationally disadvantaged.

The bill would establish the Advanced Mathematics Pathway Allotment at \$10 per eligible high school student and an additional weight of 0.1 multiplied by the basic allotment for eligible students in a small or midsized school district. The bill would establish the Book Safety Allotment at \$3 per student in average enrollment, or a greater amount provided by appropriation.

The bill would establish the Salary Transition Allotment. In fiscal years 2024-26, a school district would be entitled to an annual allotment equal to the difference between the employer contributions under the new MSS and under current law MSS for the 2022-23 school year less the difference in maintenance and operations revenue for the current school year less the maintenance and operations revenue for the current school year assuming current law TEC, Sections 48.051 and 48.101. The allotment provided under this section would decrease over time, to two-thirds in fiscal year 2027, one-third in fiscal year 2028, and zero in fiscal year 2029.

The bill would require TEA, the Division for Early Childhood Intervention Services of the Health and Human Services Commission, and the Educational Resource Center on Deafness at TSD to jointly prepare and post a report that includes for each child the percentage of the instructional day the child spends on average in a general education setting.

The bill would amend TEC 48.257 to provide for a hold harmless provision for certain recapture districts that were beneficiaries of the Formula Transition Grant in the 2023-24 school year and adopted an enrichment tax rate of at least 5 cents for the 2022-23 school year. The select districts would receive an adjustment to recapture so as to enable them to retain the maintenance and operations revenue (including formula transition grant funds) per student in ADA to which they were entitled in the 2023-24 school year.

Methodology

TEA assumes Section 1.02 of the bill would amend Section 13.054, Education Code to provide funding for the Houston ISD (HISD) to which the North Forest ISD was annexed under this Section in 2013. HISD did not receive the full 5 years of adjustments to the local fund assignment because HISD became a recapture district during that time period. The agency estimates the lost funding under this provision to be \$96 million, based on the amount of the aid the district did not receive, which would be credited against recapture in 2024.

TEA assumes there would be costs associated with creating a R-PEP grant program, including R-PEP grant funds, grant administration, technical assistance, and R-PEP program development. There are 473 districts defined as rural; the agency assumes approximately 25.0 percent would choose to participate, resulting in 60 partnerships in the first fiscal year. Assuming the program is modeled after the existing College and Career Readiness School Models, each partnership would require approximately \$150,000 in grant funds for initial planning in the first fiscal year and approximately \$300,000 per partnership for implementation in the second fiscal year. The agency assumes that the number of new partnerships will remain at 60 in fiscal year 2025 and decrease to 30 in fiscal years 2026-28. TEA estimates that the cost of the grants would be \$9.0 million in fiscal year 2024, \$27.0 million in fiscal year 2025, decreasing to \$13.5 million in fiscal year 2028. It is anticipated

that approximately \$500,000 would be needed each year for centralized technical assistance; less than the 15% that would be allowable under the bill.

New Subsection (b-1) would reduce district contributions to TSBVI and TSD for districts who do not retain all of their maintenance and operations property taxes due to paying recapture. The contribution would be based on the retained taxes and additional state funding would be provided to TSBVI and TSD to make up for the loss. TEA estimates that this would cost the state approximately \$2.0 million annually.

The bill would establish the Special Education Full Individual and Initial Evaluation allotment under the FSP. A district would be entitled to \$500, or a greater amount by appropriation, for each student for whom the district conducts a full individual and initial evaluation. The agency assumes that the costs to the FSP under this section would be \$75 million in fiscal year 2024, \$70 million in fiscal year 2025, decreasing to \$60 million in fiscal year 2028.

The bill would amend formulas for special education entitlement funding. Under the bill, the commissioner would by rule establish seven service intensity tiers for use in determining funding for special education; one of which must include residential placement. The Commissioner would be required to submit funding formula weights to the LBB. The FSP costs for this section cannot be determined as the tiers and weights are not known.

The bill would create the Special Education Service Group Allotment under the FSP and would require the Commissioner to establish four service groups to determine funding for special education students under this section. The FSP costs for this section cannot be determined as the tiers and weights are not known.

The bill would also establish the Special Education Transition Funding allotment. The FSP costs for this section cannot be determined as the tiers and weights are not known.

The bill would amend the basic allotment. This analysis assumes that the basic allotment would be \$6,250 in fiscal year 2024, and would increase to \$6,418 in fiscal year 2025 as a result of Section 48.051(a-1) added in Article 2 of the bill. The bill would amend the Tax Code to allow school districts to adopt \$0.06 of enrichment tax effort without a tax ratification election. The agency assumes that each school district that has adopted \$0.05 of enrichment tax effort would elect to adopt \$0.06 of enrichment tax effort under this bill.

The bill would amend or create other allotments under the FSP as outlined in the Fiscal Analysis section above. This analysis assumes that the cost to the FSP would be \$1,249.7 million in fiscal year 2024, \$2,978.1 million in fiscal year 2025, increasing to \$3,876.8 million in fiscal year 2028. The cost to the FSP includes estimated decreases in Recapture Payments - Attendance Credits of \$311.2 million in fiscal year 2024, \$515.7 million in fiscal year 2025, increasing to \$619.7 million in fiscal year 2028. The decrease in recapture is reflected as a savings in the table above because recapture is appropriated as a method of finance for the FSP in the General Appropriations Act.

TEA estimates the need for 11.0 ongoing FTEs to develop and implement the requirements of the bill. The estimated cost of these positions would be \$1,554,971 in fiscal year 2024 and \$1,574,461 in subsequent years from General Revenue.

The estimated increase in the statutorily required state contribution to public education employees' retirement, associated with the salary increases provided for in the bill, is \$22.9 million of General Revenue in fiscal year 2024 and \$23.7 million in each subsequent fiscal year. The estimated increase in the statutorily required state contribution to TRS-Care is \$18.9 million of General Revenue in fiscal year 2024, \$20.6 million in fiscal year 2025, increasing to \$26.2 million in fiscal year 2028.

Technology

TEA estimates the need for various onetime and ongoing technology costs to implement the provisions of the bill.

The cost estimate to develop and implement requirements for the bill in the Texas Student Data System, Texas Records Exchange System, and Foundation School Program would be \$831,651 in fiscal year 2024 and

\$2,494,952 in fiscal year 2025.

Additionally, TEA estimates the need for 4.0 ongoing Information Systems FTEs. Estimated costs for these positions are included in the FTEs in the Methodology section above.

Local Government Impact

The provisions of the bill would require extensive changes to funding and reporting requirements for school districts.

Districts would collect the number of days a student participating in a flexible attendance is enrolled in addition to their total minutes. Additionally, districts would report additional information about special education students and the programs they are provided. Districts choosing to participate in the R-PEP program may have costs associated with planning, implementing, and sustaining the R-PEP program outside of the life of grant funds.

Source Agencies: 323 Teacher Retirement System, 644 Juvenile Justice Department, 701 Texas Education Agency, 771 School for the Blind and Visually Impaired, 772 School for the Deaf

LBB Staff: JMc, KSk, ASA, MJe, MMo, SL

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 4, 2023

TO: Honorable Brad Buckley, Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB100** by King, Ken (Relating to the compensation of public school educators and to the public school finance system, including enrollment-based funding for certain allotments under the Foundation School Program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB100, As Introduced : a negative impact of (\$5,081,276,864) through the biennium ending August 31, 2025.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$914,200,105)
2025	(\$4,167,076,759)
2026	(\$4,452,219,765)
2027	(\$4,540,035,759)
2028	(\$4,856,418,075)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Foundation School Fund 193</i>	<i>Probable Savings/(Cost) from Recapture Payments Atten Crdts 8905</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$27,704,814)	(\$886,495,291)	\$141,949,514	3.0
2025	(\$28,474,059)	(\$4,138,602,700)	\$609,191,115	3.0
2026	(\$27,331,037)	(\$4,424,888,728)	\$646,987,756	3.0
2027	(\$27,331,037)	(\$4,512,704,722)	\$700,396,674	3.0
2028	(\$27,331,037)	(\$4,829,087,038)	\$751,157,330	3.0

Fiscal Analysis

The bill would provide for enrollment-based funding for sections of the Foundation School Program (FSP) under TEC, Chapters 46 and 48. The bill would require that the Commissioner of Education establish a method for determining average enrollment for the purposes of enrollment-based funding.

The bill would increase the basic allotment from \$6,160 to \$6,210 and would require districts to use 50 percent of the basic allotment increase to increase compensation for school district employees. The bill would

amend the Small and Mid-Sized Allotment to provide for enrollment-based funding under this section. Additionally, the bill would change the weights under this section, but these are undetermined at this time.

The bill would increase the transportation allotment to \$1.54 per mile for regular transportation. The bill does not specify an increase to the special education transportation allotment which is currently at \$1.08 per mile. The bill would establish the Advanced Mathematics Pathway Allotment at \$10 per eligible high school student and an additional weight of 0.1 multiplied by the basic allotment for eligible students in a small or mid-sized school district. The bill would also extend the Formula Transition Grant expiration from fiscal year 2025 to fiscal year 2030.

The bill would increase and redesign the minimum salary schedule (MSS) from a monthly minimum to an annual minimum. The bill would require districts to spend a minimum of 50 percent of savings realized from the MSS change due to increased state Teacher Retirement System (TRS) contributions on teacher compensation increases.

The bill would establish the Salary Transition Allotment. In fiscal years 2024-26, a school district would be entitled to an annual allotment equal to the difference between the employer contributions under the new MSS and under current law MSS for the 2022-23 school year less the difference in maintenance and operations revenue for the current school year less the maintenance and operations revenue for the current school year assuming current law TEC, Sections 48.051 and 48.101. The allotment provided under this section would decrease over time, to two-thirds in fiscal year 2027, one-third in fiscal year 2028, and zero in fiscal year 2029.

Methodology

To implement the change to enrollment-based funding, the Texas Education Agency (TEA) would require one Financial Analyst IV to develop rules and procedures. The annual salary and benefits costs associated with this additional FTE is estimated to be \$136,749 in fiscal year 2024 and \$138,259 in fiscal year 2025 and each subsequent year after.

The bill would change sections of the FSP to provide enrollment-based funding; would provide increases to the transportation allotment and basic allotment; would create new allotments such as the Advanced Mathematics Pathway Allotment and Salary Transition Grant; and would amend the weights for the Small and Mid-Sized Allotment, the Compensatory Education Allotment, and the Career and Technology Education Allotment.

The bill would amend the weights for the Small and Mid-Sized Allotment and the Career and Technology Education Allotment; however, the bill does not provide the new weights. Therefore, the total cost under this section cannot be determined. For the purpose of this fiscal note, this analysis assumes that the weights would remain the same as in current law, and the cost under these sections would be due to moving to enrollment-based funding. To the extent that the weights would be higher or lower than in current law, the total cost would be higher or lower. Additionally, the bill would increase the transportation allotment for regular transportation. This analysis assumes that the special education rate would remain unchanged. To the extent that the special education rate were increased, the total cost would increase as well.

This analysis assumes that the cost to the FSP would be \$886.5 million in fiscal year 2024, \$4,138.6 million in fiscal year 2025, increasing to \$4,829.1 million in fiscal year 2028. The cost to the FSP includes estimated decreases in Recapture Payments - Attendance Credits of \$141.9 million in fiscal year 2024, \$609.2 million in fiscal year 2025, increasing to \$751.2 million in fiscal year 2028. The decrease in recapture is reflected as a savings in the table above because recapture is appropriated as a method of finance for the FSP in the General Appropriations Act.

The estimated increase in the statutorily required state contribution to public education employees' retirement, associated with the salary increases provided for in the bill, is \$21,755,877 of General Revenue in each fiscal year. The estimated increase in the statutorily required state contribution to TRS-Care is \$5,103,634 of General Revenue in each fiscal year.

Technology

This analysis assumes that TEA would incur various onetime and ongoing technology costs to implement the provisions of the bill.

The cost estimate to develop and implement the requirements of the bill in the Texas Student Data System (TSDS) would be \$84,576 in fiscal year 2024 and \$253,727 in fiscal year 2025.

The cost estimate to develop and implement the requirements of the bill in the Foundation School Program (FSP) application would be \$294,536 in fiscal year 2024 and \$883,607 in fiscal year 2025. Additionally, two full-time-equivalent positions (FTEs), one Programmer V and one System Analyst V, would be needed to provide ongoing support and maintenance. These FTEs would result in a cost of \$327,545 in fiscal year 2024 and \$333,267 in fiscal year 2025 and each subsequent year after.

The cost estimate to develop and implement the requirements in the Texas Records Exchange system (TREx) would be \$1,897 in fiscal year 2024 and \$5,688 in fiscal year 2025.

Local Government Impact

Districts would incur costs from the increased retirement and TRS-Care contributions associated with the salary increases provided for in the bill.

Local Education Agencies (LEAs) would be required to revise their student attendance software. Certain LEAs would be impacted by the new MSS and funding would be provided for the increases. Districts which receive the Formula Transition Grant would have that funding extended through fiscal year 2030.

Source Agencies: 701 Texas Education Agency, 771 School for the Blind and Visually Impaired, 772 School for the Deaf
LBB Staff: JMc, KSk, ASA, MJe, CMA, MMo

LEGISLATIVE BUDGET BOARD
Austin, Texas

ACTUARIAL IMPACT STATEMENT
88TH LEGISLATIVE REGULAR SESSION

May 22, 2023

TO: Honorable Brandon Creighton, Chair, Senate Committee on Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB100 by King, Ken (relating to public education and public school finance, including the rights, certification, and compensation of public school educators, contributions by a public school to the Teacher Retirement System of Texas, and an education savings account program for certain children.), **Committee Report 2nd House, Substituted**

ACTUARIAL EFFECTS

The actuarial review states that the bill would be estimated to increase the unfunded actuarial accrued liability (UAAL) between \$400 million and \$1.8 billion based due to increases in the salaries of TRS active members. It is unclear precisely how much salaries would increase.

The actuarial review states under the current PRB Pension Funding Guidelines, funding should be sufficient to cover the normal cost and to amortize the UAAL over as brief a period as possible, but not to exceed 30 years, with 10 to 25 years being the preferable target range. TRS statute defines actuarial soundness, for purposes of making modifications to benefit and contribution levels, as less than 31 years. TRS is currently actuarially sound, with an amortization period of 27 years. The increase in funding period would be dependent on the level of increase in salaries. For reference the actuarial analysis states that previous estimates have included funding period increases by up to one year. Based on that range, TRS would remain actuarially sound.

SYNOPSIS OF PROVISIONS

The bill would make changes to multiple sections of the Texas Education Code, including but not limited to, increases to the state's minimum salary schedule for teachers and other specified positions.

Section 21.402 of the Education Code would be amended to redefine the minimum salary schedule for all classroom teachers, full-time librarians, full-time school counselors, and full-time school nurses from a minimum monthly schedule to a highest annual minimum.

In addition to the increased annual minimum salaries, a school district or open-enrollment charter school would also have to increase the average total compensation for classroom teachers, full-time librarians, full-time school counselors, and full-time school nurses based on the difference between salaries paid before and after the effective date of the bill. This calculation could not include compensation to new hires that would increase the ratio of employees to enrolled students from the preceding year's ratio.

This increase in compensation could also be satisfied by providing a one-time bonus payment during the 2024-2025 school year in an amount equal to the difference between compensation in the 2023-2024 school year and the amount they would have earned if they had followed the previously described compensation increase, or by increasing their compensation in the 2023-2024 school year by at least \$8,000 more than what their compensation was for the 2022-2023 school year.

The bill would also add Section 21.416 to the Education Code, which would create a grant program that would award funds to reimburse a school district or open enrollment charter school that hires a teacher who retired prior to September 1, 2022, for the increased contributions that would be paid to TRS. The Commissioner of

Education would be able to further modify the date range other than September 1, 2022, before which a teacher must have retired for grant eligibility based on the need to do so from the funds appropriated for the grants. The commissioner would also be able to limit grants to only teachers with certain certifications, teach certain grades or subjects, teach in certain geographical areas, or provide instruction to specific types of students as needed.

The bill would be effective September 1, 2024.

FINDINGS AND CONCLUSIONS

The actuarial analysis states although the bill would not explicitly change the benefit provisions of TRS, the benefits paid from and contributions paid into TRS are based on the salaries of the individual members and thus a significant change to the salary levels would have an impact to the financial position of TRS, at least over the short-term.

The actuarial analysis also states the educational savings account created in the bill could provide funding to private and charter schools that may have active employees not covered by TRS. To the extent these members are replacing positions that would be covered under TRS, there is a potential for a lower total covered population of active TRS members which would impact contributions to TRS. This could slow down the progress towards fully funding TRS, although this would be a significant change in trend as the active population of TRS has been increasing for decades. If the state continues growing in population, it could lead to a level number of employees rather than declining. A level employee count would not have an impact on funding progress because it is already assumed.

The actuarial review further adds, if a significant number of teachers leave TRS, the payroll growth assumption could need to decrease, resulting in an increase in the funding period. The actuarial analysis states that even a slight change in the assumed payroll growth rate from 2.9 percent to 2.75 percent per year would be enough for TRS to no longer be actuarially sound according to the statutory definition.

METHODOLOGY AND STANDARDS

The TRS analysis relies on the participant data, financial information, benefit structure and actuarial assumptions and methods used in the TRS actuarial valuations for August 31, 2022.

According to the PRB actuary, the actuarial assumptions, methods, and procedures are reasonable for the purpose of this analysis. All actuarial projections have a degree of uncertainty because they are based on the probability of occurrence of future contingent events. Accordingly, actual results will be different from the results contained in the analysis to the extent actual future experience varies from the experience implied by the assumptions. This analysis is based on the assumption that no other legislative changes affecting the funding or benefits of TRS will be adopted. It should be noted that when several proposals are adopted, the effect of each may be compounded, resulting in a cost that is greater (or less) than the sum of each proposal considered independently.

SOURCES

Actuarial Analysis by Joseph P. Newton, FSA, EA, MAAA, and Dana Woolfrey, FSA, EA, MAAA, Gabriel, Roeder, Smith & Company, May 22, 2023.

Actuarial Review by David Fee, ASA, EA, Staff Actuary, Pension Review Board, May 22, 2023.

GLOSSARY

Actuarial Accrued Liability (AAL) -The current value of benefits attributed to past years.

Actuarial Value of Assets (AVA) - The value of assets used for the actuarial valuation. The AVA can be either the market value (MVA) or a smoothed value of assets.

Amortization Payments - The portion of the total contribution used to reduce the unfunded actuarial accrued liability (UAAL).

Amortization Period - The specified length of time used when calculating the amortization payment portion of an actuarially determined contribution, or as the time it would theoretically take to fully fund the UAAL or fully recognize a surplus. The State Pension Review Board recommends that funding should be sufficient to cover the normal cost and to amortize the UAAL over as brief a period as possible, but not to exceed 30 years, with 10-25 years being the preferable target range.

Actuarial Cost Method -An actuarial cost method is a way to allocate pieces of a participant's total expected

benefit to each year of their working career. In other words, it is a technique to determine how much of the present value of future benefits (PVFB) to assign to past service (AAL) vs. future service (present value of future normal costs, or PVFNC).

Funded Ratio (FR) - The ratio of actuarial assets to the actuarial accrued liabilities.

Market Value of Assets (MVA) - The fair market value of the system's assets.

Normal Cost (NC) - Computed differently under different actuarial cost methods, the normal cost generally represents the current value of benefits attributed to the present year. The employer normal cost equals the total normal cost of the plan reduced by employee contributions.

Present Value of Future Benefits (PVFB) - The current value of all benefits expected to be paid from the plan to current plan participants.

Present Value of Future Normal Costs (PVFNC) - The current value of benefits attributed to the present year and all future years (includes the normal cost as the first year).

Unfunded Actuarial Accrued Liability (UAAL) - The difference between the actuarial accrued liability and the actuarial value of assets; therefore, the UAAL is the amount that is still owed to the fund for past obligations.

Source

338 Pension Review Board

Agencies:

LBB Staff: JMc, KSk, ASA, MMo

LEGISLATIVE BUDGET BOARD
Austin, Texas

ACTUARIAL IMPACT STATEMENT
88TH LEGISLATIVE REGULAR SESSION

May 22, 2023

TO: Honorable Brandon Creighton, Chair, Senate Committee on Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB100 by King, Ken (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.), **As Engrossed**

ACTUARIAL EFFECTS

The actuarial impact for House Bill 100 as engrossed cannot be determined.

The actuarial analysis for the Committee Substitute for HB 100 states that the bill would be expected to increase total payroll of the Teacher Retirement System of Texas (TRS) by approximately \$1.5 billion the first year and approximately \$2 billion per year after five years. This is estimated to increase the unfunded actuarial accrued liability (UAAL) by \$1.8 billion.

The actuarial review states under the current Pension Review Board (PRB) Pension Funding Guidelines, funding should be sufficient to cover the normal cost and to amortize the UAAL over as brief a period as possible, but not to exceed 30 years, with 10 to 25 years being the preferable target range.

TRS statute defines actuarial soundness, for purposes of making modifications to benefit and contribution levels, as less than 31 years. TRS is currently actuarially sound, with an amortization period of 27 years. The actuarial analysis states the funding period would be expected to increase by one year, and the increase in the UAAL would mostly be offset by increased contributions that would accompany the increase in payroll.

SYNOPSIS OF PROVISIONS

The bill would make changes to multiple sections of the Texas Education Code, including but not limited to, increases to the state's minimum salary schedule for teachers and other specified positions.

Section 21.402 of the Education Code would be amended to redefine the minimum salary schedule for all classroom teachers, full-time librarians, full-time school counselors, and full-time school nurses from a minimum monthly schedule to a highest annual minimum.

In addition to the increased annual minimum salaries, a school district or open-enrollment charter school would also have to increase the average total compensation for classroom teachers, full-time librarians, full-time school counselors, and full-time school nurses based on the difference between salaries paid before and after the effective date of the bill. This calculation could not include compensation to new hires that would increase the ratio of employees to enrolled students from the preceding year's ratio.

This increase in compensation could also be satisfied by providing a one-time bonus payment during the 2024-2025 school year in an amount equal to the difference between compensation in the 2023-2024 school year and the amount they would have earned if they had followed the previously described compensation increase, or by increasing their compensation in the 2023-2024 school year by at least \$8,000 more than what their compensation was for the 2022-2023 school year.

The bill would be effective September 1, 2024.

FINDINGS AND CONCLUSIONS

The actuarial analysis states the actual cost will depend on how the actual salary increases are distributed. If teachers with more service receive a higher portion of the allotment then the UAAL will likely increase by slightly more than \$1.8 billion. However, if shorter service or lower paid teachers end up with a higher portion, the UAAL increase could be slightly less.

METHODOLOGY AND STANDARDS

The TRS analysis relies on the participant data, financial information, benefit structure and actuarial assumptions and methods used in the TRS actuarial valuations for August 31, 2022.

According to the PRB actuary, the actuarial assumptions, methods, and procedures are reasonable for the purpose of this analysis. All actuarial projections have a degree of uncertainty because they are based on the probability of occurrence of future contingent events. Accordingly, actual results will be different from the results contained in the analysis to the extent actual future experience varies from the experience implied by the assumptions. This analysis is based on the assumption that no other legislative changes affecting the funding or benefits of TRS will be adopted. It should be noted that when several proposals are adopted, the effect of each may be compounded, resulting in a cost that is greater (or less) than the sum of each proposal considered independently.

SOURCES

Actuarial Analysis by Joseph P. Newton, FSA, EA, MAAA, and Dana Woolfrey, FSA, EA, MAAA, Gabriel, Roeder, Smith & Company, April 18, 2023.

Actuarial Review by David Fee, ASA, EA, Staff Actuary, Pension Review Board, April 18, 2023.

GLOSSARY

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Amortization Period - The specified length of time used when calculating the amortization payment portion of an actuarially determined contribution, or as the time it would theoretically take to fully fund the UAAL or fully recognize a surplus. The State Pension Review Board recommends that funding should be sufficient to cover the normal cost and to amortize the UAAL over as brief a period as possible, but not to exceed 30 years, with 10-25 years being the preferable target range.

Actuarial Cost Method - An actuarial cost method is a way to allocate pieces of a participant's total expected benefit to each year of their working career. In other words, it is a technique to determine how much of the present value of future benefits (PVFB) to assign to past service (AAL) vs. future service (present value of future normal costs, or PVFNC).

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Unfunded Actuarial Accrued Liability (UAAL) - The difference between the actuarial accrued liability and the actuarial value of assets; therefore, the UAAL is the amount that is still owed to the fund for past obligations.

Source
Agencies: 338 Pension Review Board

LBB Staff: JMc, KSk, ASA, MMo

LEGISLATIVE BUDGET BOARD
Austin, Texas

ACTUARIAL IMPACT STATEMENT
88TH LEGISLATIVE REGULAR SESSION

April 19, 2023

TO: Honorable Brad Buckley, Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB100 by King, Ken (relating to the compensation of public school educators and to the public school finance system, including enrollment-based funding for certain allotments under the Foundation School Program.), **Committee Report 1st House, Substituted**

ACTUARIAL EFFECTS

The actuarial analysis states that the bill would be expected to increase total payroll of the Teacher Retirement System of Texas (TRS) by approximately \$1.5 billion the first year and approximately \$2 billion per year after five years. This is estimated to increase the unfunded actuarial accrued liability (UAAL) by \$1.8 billion.

The actuarial review states under the current PRB Pension Funding Guidelines, funding should be sufficient to cover the normal cost and to amortize the UAAL over as brief a period as possible, but not to exceed 30 years, with 10 to 25 years being the preferable target range. TRS statute defines actuarial soundness, for purposes of making modifications to benefit and contribution levels, as less than 31 years. TRS is currently actuarially sound, with an amortization period of 27 years. The actuarial analysis states the funding period would be expected to increase by one year, and the increase in the UAAL would mostly be offset by increased contributions that would accompany the increase in payroll.

SYNOPSIS OF PROVISIONS

The bill would make changes to multiple sections of the Texas Education Code, including but not limited to, increases to the state's minimum salary schedule for teachers and other specified positions.

Section 21.402 of the Education Code would be amended to redefine the minimum salary schedule for all classroom teachers, full-time librarians, full-time school counselors, and full-time school nurses from a minimum monthly schedule to a highest annual minimum.

In addition to the increased annual minimum salaries, a school district or open-enrollment charter school would also have to increase the average total compensation for classroom teachers, full-time librarians, full-time school counselors, and full-time school nurses based on the difference between salaries paid before and after the effective date of the bill. This calculation could not include compensation to new hires that would increase the ratio of employees to enrolled students from the preceding year's ratio.

This increase in compensation could also be satisfied by providing a one-time bonus payment during the 2024-2025 school year in an amount equal to the difference between compensation in the 2023-2024 school year and the amount they would have earned if they had followed the previously described compensation increase, or by increasing their compensation in the 2023-2024 school year by at least \$8,000 more than what their compensation was for the 2022-2023 school year.

The bill would be effective September 1, 2024.

FINDINGS AND CONCLUSIONS

The actuarial analysis states the actual cost will depend on how the actual salary increases are distributed. If teachers with more service receive a higher portion of the allotment then the UAAL will likely increase by slightly more than \$1.8 billion. However, if shorter service or lower paid teachers end up with a higher portion, the UAAL increase could be slightly less.

METHODOLOGY AND STANDARDS

The TRS analysis relies on the participant data, financial information, benefit structure and actuarial assumptions and methods used in the TRS actuarial valuations for August 31, 2022.

According to the PRB actuary, the actuarial assumptions, methods, and procedures are reasonable for the purpose of this analysis. All actuarial projections have a degree of uncertainty because they are based on the probability of occurrence of future contingent events. Accordingly, actual results will be different from the results contained in the analysis to the extent actual future experience varies from the experience implied by the assumptions. This analysis is based on the assumption that no other legislative changes affecting the funding or benefits of TRS will be adopted. It should be noted that when several proposals are adopted, the effect of each may be compounded, resulting in a cost that is greater (or less) than the sum of each proposal considered independently.

SOURCES

Actuarial Analysis by Joseph P. Newton, FSA, EA, MAAA, and Dana Woolfrey, FSA, EA, MAAA, Gabriel, Roeder, Smith & Company, April 18, 2023.

Actuarial Review by David Fee, ASA, EA, Staff Actuary, Pension Review Board, April 18, 2023.

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Amortization Period - The specified length of time used when calculating the amortization payment portion of an actuarially determined contribution, or as the time it would theoretically take to fully fund the UAAL or fully recognize a surplus. The State Pension Review Board recommends that funding should be sufficient to cover the normal cost and to amortize the UAAL over as brief a period as possible, but not to exceed 30 years, with 10-25 years being the preferable target range.

Actuarial Cost Method - An actuarial cost method is a way to allocate pieces of a participant's total expected benefit to each year of their working career. In other words, it is a technique to determine how much of the present value of future benefits (PVFB) to assign to past service (AAL) vs. future service (present value of future normal costs, or PVFNC).

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Unfunded Actuarial Accrued Liability (UAAL) - The difference between the actuarial accrued liability and the actuarial value of assets; therefore, the UAAL is the amount that is still owed to the fund for past obligations.

Source 338 Pension Review Board
Agencies:
LBB Staff: JMc, KSk, ASA, MMo

LEGISLATIVE BUDGET BOARD
Austin, Texas

ACTUARIAL IMPACT STATEMENT
88TH LEGISLATIVE REGULAR SESSION

April 4, 2023

TO: Honorable Brad Buckley, Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB100** by King, Ken (Relating to the compensation of public school educators and to the public school finance system, including enrollment-based funding for certain allotments under the Foundation School Program.), **As Introduced**

ACTUARIAL EFFECTS

The actuarial analysis states that the bill would be expected to increase total payroll of the Teacher Retirement System of Texas (TRS) by approximately \$400 million. This is estimated to increase the unfunded actuarial accrued liability (UAAL) by \$300 million.

The actuarial review states under the current Pension Review Board (PRB) Pension Funding Guidelines, funding should be sufficient to cover the normal cost and to amortize the UAAL over as brief a period as possible, but not to exceed 30 years, with 10 to 25 years being the preferable target range.

TRS statute defines actuarial soundness, for purposes of making modifications to benefit and contribution levels, as less than 31 years. TRS is currently actuarially sound, with an amortization period of 27 years. The actuarial analysis states the net funding period would not be expected to change due to the increase in contributions that would accompany the increase in payroll.

SYNOPSIS OF PROVISIONS

The bill would make changes to multiple sections of the Texas Education Code, including but not limited to, increases to the state's minimum salary schedule for teachers and other specified positions.

Section 21.402 of the Education Code would be amended to redefine the minimum salary schedule for all classroom teachers, full-time librarians, full-time school counselors, and full-time school nurses from a minimum monthly schedule to a highest annual minimum.

In addition to the increased annual minimum salaries, a school district or open-enrollment charter school would also have to increase the average total compensation for classroom teachers, full-time librarians, full-time school counselors, and full-time school nurses based on the difference between salaries paid before and after the effective date of the bill. This calculation could not include compensation to new hires that would increase the ratio of employees to enrolled students from the preceding year's ratio.

This increase in compensation could also be satisfied by providing a one-time bonus payment during the 2024-2025 school year in an amount equal to the difference between compensation in the 2023-2024 school year and the amount they would have earned if they had followed the previously described compensation increase, or by increasing their compensation in the 2023-2024 school year by at least \$8,000 more than what their compensation was for the 2022-2023 school year.

The bill would be effective September 1, 2024.

FINDINGS AND CONCLUSIONS

The actuarial analysis states the current actuarial model includes an assumption for how salaries for individual members and overall pay will grow over time. While there is the potential that the salary increases in the bill would exceed the current assumption, it is believed that the impact to TRS would be modest.

METHODOLOGY AND STANDARDS

The TRS analysis relies on the participant data, financial information, benefit structure and actuarial assumptions and methods used in the TRS actuarial valuations for August 31, 2022.

According to the PRB actuary, the actuarial assumptions, methods, and procedures are reasonable for the purpose of this analysis. All actuarial projections have a degree of uncertainty because they are based on the probability of occurrence of future contingent events. Accordingly, actual results will be different from the results contained in the analysis to the extent actual future experience varies from the experience implied by the assumptions. This analysis is based on the assumption that no other legislative changes affecting the funding or benefits of TRS will be adopted. It should be noted that when several proposals are adopted, the effect of each may be compounded, resulting in a cost that is greater (or less) than the sum of each proposal considered independently.

SOURCES

Actuarial Analysis by Joseph P. Newton, FSA, EA, MAAA, and Dana Woolfrey, FSA, EA, MAAA, Gabriel, Roeder, Smith & Company, April 3, 2023.

Actuarial Review by David Fee, ASA, EA, Staff Actuary, Pension Review Board, April 3, 2023.

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Funded Ratio (FR) - The ratio of actuarial assets to the actuarial accrued liabilities.

Market Value of Assets (MVA) - The fair market value of the system's assets.

Normal Cost (NC) - Computed differently under different actuarial cost methods, the normal cost generally represents the current value of benefits attributed to the present year. The employer normal cost equals the total normal cost of the plan reduced by employee contributions.

Present Value of Future Benefits (PVFB) - The current value of all benefits expected to be paid from the plan to current plan participants.

Present Value of Future Normal Costs (PVFNC) - The current value of benefits attributed to the present year and all future years (includes the normal cost as the first year).

Unfunded Actuarial Accrued Liability (UAAL) - The difference between the actuarial accrued liability and the actuarial value of assets; therefore, the UAAL is the amount that is still owed to the fund for past obligations.

Source
Agencies: 338 Pension Review Board

LBB Staff: JMc, KSk, ASA, MMo

LEGISLATIVE BUDGET BOARD

Austin, Texas

EQUALIZED EDUCATION FUNDING IMPACT STATEMENT

88TH LEGISLATIVE REGULAR SESSION

April 19, 2023

TO: Honorable Brad Buckley, Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB100 by King, Ken (relating to the compensation of public school educators and to the public school finance system, including enrollment-based funding for certain allotments under the Foundation School Program.), **Committee Report 1st House, Substituted**

The bill would make formula and/or structural changes to the Foundation School Program.

The total impact on equalized funding requirements of the bill cannot be determined because certain provisions of the bill related to special education funding do not have known tiers and weights required for funding determinations. However, of the provisions of the bill with known funding impacts, no significant impact on equalized funding requirements and policies affecting public education is anticipated.

Source

Agencies:

LBB Staff: JMc, KSk, ASA, MJe