

By: Bucy

H.B. No. 82

A BILL TO BE ENTITLED

AN ACT

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

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

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

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

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

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

~~[(3) for a district that operates under a flexible~~

1 ~~school day program under Section 29.0822, the average daily~~  
2 ~~attendance as calculated by the commissioner in accordance with~~  
3 ~~Sections 29.0822(d) and (d-1)]~~; or

4         (2) ~~[(4)]~~ for a district that operates a half-day  
5 program or a full-day program under Section 29.153(c), one-half of  
6 the average enrollment ~~[daily attendance]~~ calculated under  
7 Subdivision (1).

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

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

14                 (2) subject to Subsection (e), an average enrollment  
15 ~~[daily attendance]~~ not to exceed 98 percent of the actual average  
16 enrollment ~~[daily attendance]~~ of the preceding school year, if the  
17 decline is not the result of the closing or reduction in personnel  
18 of a military base.

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

23         (d) The commissioner may adjust the average enrollment

1   ~~[daily attendance]~~ of a school district in which a disaster, flood,  
2   extreme weather condition, fuel curtailment, or other calamity has  
3   a significant effect on the district's enrollment ~~[attendance]~~. In  
4   addition to providing the adjustment for the amount of  
5   instructional days during the semester in which the calamity first  
6   occurred, an adjustment under this section may only be provided  
7   based on a particular calamity for an additional amount of  
8   instructional days equivalent to one school year. The commissioner  
9   may divide the adjustment between two consecutive school years.

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

14           (1) all districts are funded on the basis of the same  
15   percentage of the preceding year's actual average enrollment  
16   ~~[daily attendance]~~; and

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

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

22       (g) If a student may receive course credit toward the  
23   student's high school academic requirements and toward the

1 student's higher education academic requirements for a single  
2 course, including a course provided under Section 28.009 by a  
3 public institution of higher education, the time during which the  
4 student attends the course shall be counted as part of the minimum  
5 number of instructional hours required for a student to be  
6 considered a full-time student in average enrollment [~~daily~~  
7 ~~attendance~~] for purposes of this section.

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

14 (h) Time [~~Subject to rules adopted by the commissioner under~~  
15 ~~Section 48.007(b), time~~] that a student participates in an off-  
16 campus instructional program provided by an entity other than a  
17 school district or open-enrollment charter school and approved by  
18 the commissioner in accordance with commissioner rule [~~under~~  
19 ~~Section 48.007(a)~~] shall be counted as part of the minimum number  
20 of instructional hours required for a student to be considered a  
21 full-time student in average enrollment [~~daily attendance~~] for  
22 purposes of this section.

23 (i) A district or a charter school operating under Chapter

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

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

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

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

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

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

(5) a school operating under Subchapter G, Chapter 12.

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

(1) all campuses of the charter school operating before

1 January 1, 2015; and

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

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

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

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

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

21 (3) [~~(2)~~] establish the requirements necessary for a  
22 school district or charter school to be eligible for one-half of  
23 average enrollment [~~daily attendance~~], which may differ based on

1 the instructional program offered by the district or charter  
2 school;

3           (4) [~~(3)~~] proportionally reduce the average enrollment  
4 [~~daily attendance~~] for a school district if any campus or  
5 instructional program in the district provides fewer than the  
6 required minimum minutes of instruction to students; and

7           (5) [~~(4)~~] allow a grade or course repeated under  
8 Section 28.02124 to qualify for average enrollment [~~daily~~  
9 ~~attendance~~] even if the student previously passed or earned credit  
10 for the grade or course, if the grade or course would otherwise be  
11 eligible.

12           (n) The rules adopted under Subsection (m)(1) must include  
13 a requirement that the agency use a school district's total  
14 enrollment on the last Friday of October and March for purposes of  
15 estimating the district's average enrollment for that school year.

16           (o) To assist school districts in implementing this section  
17 as amended by H.B. 2442, [~~Acts of the~~] 85th Legislature, Regular  
18 Session, 2017, the commissioner may waive a requirement of this  
19 section or adopt rules to implement this section.

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

22           (a) In this section, "wealth per student" means a school  
23 district's taxable value of property as determined under

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

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

6 (f) If single-member trustee districts are adopted or  
7 approved as provided by this section, the board shall divide the  
8 school district into the appropriate number of trustee districts,  
9 based on the number of members of the board that are to be elected  
10 from single-member trustee districts, and shall number each  
11 trustee district. The trustee districts must be compact and  
12 contiguous and must be as nearly as practicable of equal  
13 population. In a district with 150,000 or more students in average  
14 enrollment [~~daily attendance~~], the boundary of a trustee district  
15 may not cross a county election precinct boundary except at a point  
16 at which the boundary of the school district crosses the county  
17 election precinct boundary. Trustee districts must be drawn not  
18 later than the 90th day before the date of the first election of  
19 trustees from those districts.

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

22 (a) A charter holder is entitled to receive for the open-  
23 enrollment charter school funding under Chapter 48 equal to the



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

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

12 (1) the product of:

13 (A) the quotient of:

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

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

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

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

23 (ii) the total number of students in average

1 enrollment [~~daily attendance~~] in school districts statewide; and

2 (2) \$125.

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

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

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

14 SECTION 5. Sections 12.263(a), (b), and (c), Education Code,  
15 are amended to read as follows:

16 (a) Except as otherwise provided by this section, funding  
17 for an adult education program operated under a charter granted  
18 under this subchapter is an amount per participant through the  
19 Foundation School Program equal to the amount of state funding per  
20 student in weighted average enrollment [~~daily attendance~~] that  
21 would be allocated under the Foundation School Program for the  
22 student's enrollment [~~attendance~~] at an open-enrollment charter  
23 school in accordance with Section 12.106.

1           (b) For purposes of determining the average enrollment  
2 ~~[daily attendance]~~ of an adult education program operated under a  
3 charter granted under this subchapter, a student is considered to  
4 be in average enrollment ~~[daily attendance, with a 100 percent~~  
5 ~~attendance rate,~~] for:

6           (1) all of the instructional days of the school year,  
7 if the student is enrolled for at least 75 percent of the school  
8 year;

9           (2) half of the instructional days of the school year,  
10 if the student is enrolled for at least 50 percent but less than  
11 75 percent of the school year;

12           (3) a quarter of the instructional days of the school  
13 year, if the student is enrolled for at least 25 percent but less  
14 than 50 percent of the school year; or

15           (4) one-tenth of the instructional days of the school  
16 year, if the student is enrolled for at least 10 percent but less  
17 than 25 percent of the school year.

18           (c) A student enrolled in an adult education program  
19 operated under a charter granted under this subchapter for less  
20 than 10 percent of a school year may not be counted toward the  
21 adult education program's average enrollment ~~[daily attendance]~~  
22 for that school year.

23           SECTION 6. Section 13.051(c), Education Code, is amended to

1 read as follows:

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

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

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

10 (B) \$5,000 property value per student in average  
11 enrollment [~~daily attendance~~] as determined under Section 48.005;  
12 and

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

15 SECTION 7. Section 13.102, Education Code, is amended to  
16 read as follows:

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

23 SECTION 8. Section 13.283, Education Code, is amended to

1 read as follows:

2 Sec. 13.283. PAYMENTS REDUCED. The incentive aid payments  
3 shall be reduced in direct proportion to any reduction in the  
4 average enrollment [~~daily attendance~~] as determined under Section  
5 48.005 of the reorganized school district for the preceding year.

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

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

13 (1) \$80; or

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

22 SECTION 10. Section 25.038, Education Code, is amended to  
23 read as follows:

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

11      SECTION 11. Section 25.045(c), Education Code, is amended to  
12      read as follows:

13      (c) A student who transfers to another school district under  
14      this section may not be charged tuition. The student is included  
15      in the average enrollment [~~daily attendance~~] of the district in  
16      which the student attends school.

17      SECTION 12. Sections 25.081(e) and (f), Education Code, are  
18      amended to read as follows:

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

23      (f) The commissioner may proportionally reduce the amount of

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

5 SECTION 13. Section 25.087(d), Education Code, is amended to  
6 read as follows:

7 (d) A student whose absence is excused under Subsection (b),  
8 (b-1), (b-2), (b-4), (b-5), (b-7), (b-8), or (c) may not be  
9 penalized for that absence and shall be counted as if the student  
10 attended school for purposes of funding under Chapter 48  
11 [~~calculating the average daily attendance of students in the school~~  
12 ~~district~~]. A student whose absence is excused under Subsection  
13 (b), (b-1), (b-2), (b-4), (b-5), (b-7), (b-8), or (c) shall be  
14 allowed a reasonable time to make up school work missed on those  
15 days. If the student satisfactorily completes the school work, the  
16 day of absence shall be counted as a day of compulsory attendance.

17 SECTION 14. Section 25.111, Education Code, is amended to  
18 read as follows:

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

1       SECTION 15. Sections 25.112(a) and (b), Education Code, are  
2 amended to read as follows:

3       (a) Except as otherwise authorized by this section, a school  
4 district may not enroll more than 22 students in a prekindergarten,  
5 kindergarten, first, second, third, or fourth grade class. That  
6 limitation does not apply during:

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

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

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

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

20       (b) Except as provided by Subsection (c), costs of an  
21 approved contract for residential placement may be paid from a  
22 combination of federal, state, and local funds. The local share  
23 of the total contract cost for each student is that portion of the



1 local tax effort that exceeds the district's local fund assignment  
2 under Section 48.256, divided by the average enrollment [~~daily~~  
3 ~~attendance~~] in the district. If the contract involves a private  
4 facility, the state share of the total contract cost is that amount  
5 remaining after subtracting the local share. If the contract  
6 involves a public facility, the state share is that amount  
7 remaining after subtracting the local share from the portion of  
8 the contract that involves the costs of instructional and related  
9 services. For purposes of this subsection, "local tax effort"  
10 means the total amount of money generated by taxes imposed for  
11 debt service and maintenance and operation less any amounts paid  
12 into a tax increment fund under Chapter 311, Tax Code.

13 SECTION 17. Section 29.014(b), Education Code, is amended to  
14 read as follows:

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

19 SECTION 18. Section 29.081(f), Education Code, is amended to  
20 read as follows:

21 (f) The commissioner shall include a student who  
22 successfully completes a course offered through a program under  
23 Subsection (e) in the computation of the district's or school's

1 average enrollment [~~daily attendance~~] for funding purposes. [~~For~~  
2 ~~a student who successfully completes a remote course offered~~  
3 ~~through the program, the commissioner shall include the student in~~  
4 ~~the computation of the district's or school's average daily~~  
5 ~~attendance with an attendance rate equal to:~~

6           [~~(1) the district's or school's average attendance rate~~  
7 ~~for students successfully completing a course offered in person~~  
8 ~~under the program; or~~

9           [~~(2) if the district or school does not offer courses~~  
10 ~~in person under the program, the statewide average attendance rate~~  
11 ~~for students successfully completing a course offered in person~~  
12 ~~under a program under Subsection (e).~~]

13         SECTION 19. Section 29.0822(d), Education Code, is amended  
14 to read as follows:

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

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

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

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

14 SECTION 20. Section 29.184(b), Education Code, is amended to  
15 read as follows:

16 (b) A student who attends career and technology classes at  
17 another school under a contract authorized by Subsection (a) is  
18 included in the average enrollment [~~daily attendance~~] of the  
19 district in which the student is regularly enrolled.

20 SECTION 21. Sections 29.203(a) and (c), Education Code, are  
21 amended to read as follows:

22 (a) A student who under this subchapter uses a public  
23 education grant to attend a public school in a school district

1 other than the district in which the student resides is included  
2 in the average enrollment [~~daily attendance~~] of the district in  
3 which the student attends school.

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

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

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

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

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

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

20 (a) In addition to other funding to which a school district  
21 is entitled under this code, each district in which alleged  
22 offender residents attend school is entitled to an annual allotment  
23 of \$5,100 for each resident in average enrollment [~~daily~~]

1 ~~attendance~~] or a different amount for any year provided by  
2 appropriation.

3 SECTION 24. Section 29.912(c), Education Code, is amended to  
4 read as follows:

5 (c) The program must enable an eligible school district that  
6 has fewer than 1,600 students in average enrollment [~~daily~~  
7 ~~attendance~~] to partner with at least one other school district  
8 located within a distance of 100 miles to offer a broader array of  
9 robust college and career pathways. Each partnership must:

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

13 (2) be managed by a coordinating entity that:

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

17 (B) has entered into a performance agreement  
18 approved by the board of trustees of each partnering school  
19 district that confers on the coordinating entity the same authority  
20 with respect to pathways offered under the partnership provided to  
21 an entity that contracts to operate a district campus under Section  
22 11.174;

23 (C) is an eligible entity as defined by Section

1 12.101(a); and

2 (D) has on the entity's governing board as either  
3 voting or ex officio members, or has on an advisory body,  
4 representatives of each partnering school district and members of  
5 regional higher education and workforce organizations.

6 SECTION 25. Section 30.003(b), Education Code, is amended to  
7 read as follows:

8 (b) If the student is admitted to the school for a full-time  
9 program for the equivalent of two long semesters, the district's  
10 share of the cost is an amount equal to the dollar amount of  
11 maintenance and debt service taxes imposed by the district for  
12 that year divided by the district's average enrollment [~~daily~~  
13 ~~attendance~~] for the preceding year.

14 SECTION 26. Section 30.102(a), Education Code, is amended to  
15 read as follows:

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

21 SECTION 27. Section 30A.151(f), Education Code, is amended  
22 to read as follows:

23 (f) For a full-time electronic course program offered

1 through the state virtual school network for a grade level at or  
2 above grade level three but not above grade level eight, a school  
3 district or open-enrollment charter school is entitled to receive  
4 federal, state, and local funding for a student enrolled in the  
5 program in an amount equal to the funding the district or school  
6 would otherwise receive for a student enrolled in the district or  
7 school. ~~[The district or school may calculate the average daily~~  
8 ~~attendance of a student enrolled in the program based on:~~

9 ~~[(1) hours of contact with the student;~~

10 ~~[(2) the student's successful completion of a course;~~

11 ~~or~~

12 ~~[(3) a method approved by the commissioner.]~~

13 SECTION 28. Section 33.157, Education Code, is amended to  
14 read as follows:

15 Sec. 33.157. PARTICIPATION IN PROGRAM. An elementary or  
16 secondary school receiving funding under Section 33.156 shall  
17 participate in a local Communities In Schools program if the number  
18 of students enrolled in the school who are at risk of dropping out  
19 of school is equal to at least 10 percent of the number of students  
20 in average enrollment ~~[daily attendance]~~ at the school, as  
21 determined by the agency.

22 SECTION 29. Section 37.0061, Education Code, is amended to  
23 read as follows:

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

20       SECTION 30. Section 37.008(f), Education Code, is amended to  
21 read as follows:

22       (f) A student removed to a disciplinary alternative  
23 education program is counted in computing the average enrollment



1 ~~[daily attendance]~~ of students in the district ~~[for the student's~~  
2 ~~time in actual attendance in the program]~~.

3 SECTION 31. Section 37.011(a-4), Education Code, is amended  
4 to read as follows:

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

13 (1) the district's disciplinary alternative education  
14 program; or

15 (2) a contracted placement with:  
16 (A) another school district;  
17 (B) an open-enrollment charter school;  
18 (C) an institution of higher education;  
19 (D) an adult literacy council; or  
20 (E) a community organization that can provide an  
21 educational program that allows the student to complete the credits  
22 required for high school graduation.

23 SECTION 32. Sections 39.027(c) and (f), Education Code, are

1 amended to read as follows:

2 (c) The commissioner shall develop and adopt a process for  
3 reviewing the exemption process of a school district or shared  
4 services arrangement that gives an exemption under Subsection  
5 (a)(1) as follows:

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

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

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

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

21 SECTION 33. Section 39.053(g-1), Education Code, is amended  
22 to read as follows:

23 (g-1) In computing dropout and completion rates such as high

1 school graduation rates under Subsection (c) (1) (B) (ix), the  
2 commissioner shall exclude:

3 (1) students who are ordered by a court to attend a  
4 high school equivalency certificate program but who have not yet  
5 earned a high school equivalency certificate;

6 (2) students who were previously reported to the state  
7 as dropouts, including a student who is reported as a dropout,  
8 reenrolls, and drops out again, regardless of the number of times  
9 of reenrollment and dropping out;

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

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

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

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

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

23 (6) students who are incarcerated in state jails and

1 federal penitentiaries as adults and as persons certified to stand  
2 trial as adults; and

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

6 (A) unable to attend school; and

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

9 SECTION 34. Section 39.262(a), Education Code, is amended to  
10 read as follows:

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

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

22 (c) The term "scholastic population" in Subsection (b) or  
23 any other law governing the apportionment, distribution, and

1 transfer of the available school fund means all students of school  
2 age [~~enrolled~~] in average enrollment [~~daily attendance~~] the  
3 preceding school year in the public elementary and high school  
4 grades of school districts within or under the jurisdiction of a  
5 county of this state.

6 SECTION 36. Section 44.004(c), Education Code, is amended to  
7 read as follows:

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

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

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

16 "The (name of school district) will hold a public meeting at  
17 (time, date, year) in (name of room, building, physical location,  
18 city, state). The purpose of this meeting is to discuss the school  
19 district's budget that will determine the tax rate that will be  
20 adopted. Public participation in the discussion is invited." The  
21 statement of the purpose of the meeting must be in bold type. In  
22 reduced type, the notice must state: "The tax rate that is  
23 ultimately adopted at this meeting or at a separate meeting at a

1 later date may not exceed the proposed rate shown below unless the  
2 district publishes a revised notice containing the same  
3 information and comparisons set out below and holds another public  
4 meeting to discuss the revised notice." In addition, in reduced  
5 type, the notice must state: "Visit [Texas.gov/PropertyTaxes](https://www.texas.gov/PropertyTaxes) to  
6 find a link to your local property tax database on which you can  
7 easily access information regarding your property taxes, including  
8 information about proposed tax rates and scheduled public hearings  
9 of each entity that taxes your property.";

10 (2) contain a section entitled "Comparison of Proposed  
11 Budget with Last Year's Budget," which must show the difference,  
12 expressed as a percent increase or decrease, as applicable, in the  
13 amounts budgeted for the preceding fiscal year and the amount  
14 budgeted for the fiscal year that begins in the current tax year  
15 for each of the following:

16 (A) maintenance and operations;

17 (B) debt service; and

18 (C) total expenditures;

19 (3) contain a section entitled "Total Appraised Value  
20 and Total Taxable Value," which must show the total appraised value  
21 and the total taxable value of all property and the total appraised  
22 value and the total taxable value of new property taxable by the  
23 district in the preceding tax year and the current tax year as

1     calculated under Section 26.04, Tax Code;

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

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

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

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

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

14                                 (a)     in the case of "Maintenance &  
15    Operations," is the tax rate that, when applied to the current  
16    taxable value for the district, as certified by the chief appraiser  
17    under Section 26.01, Tax Code, and as adjusted to reflect changes  
18    made by the chief appraiser as of the time the notice is prepared,  
19    would impose taxes in an amount that, when added to state funds to  
20    be distributed to the district under Chapter 48, would provide the  
21    same amount of maintenance and operations taxes and state funds  
22    distributed under Chapter 48 per student in average enrollment  
23    [~~daily attendance~~] for the applicable school year that was

1 available to the district in the preceding school year; and

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

13 (iii) the "Proposed Rate";

14 (B) contain fourth and fifth columns aligned with  
15 the columns required by Paragraph (A) that show, for each row  
16 required by Paragraph (A):

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



1 in the district for the applicable school year; and

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

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

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

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

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

21 (ii) "Average Taxable Value of Residences,"  
22 determined after taking into account the limitation on the  
23 appraised value of residences under Section 23.23, Tax Code, and

1 after subtracting all homestead exemptions applicable in each  
2 year, other than exemptions available only to disabled persons or  
3 persons 65 years of age or older or their surviving spouses, and  
4 using the same group of residences for each year;

5 (iii) "Last Year's Rate Versus Proposed Rate  
6 per \$100 Value"; and

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

9 (B) contain the following information: "Increase  
10 (Decrease) in Taxes" expressed in dollars and cents, which is  
11 computed by subtracting the "Taxes Due on Average Residence" for  
12 the preceding tax year from the "Taxes Due on Average Residence"  
13 for the current tax year;

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

21 (8) contain the following statement in bold print:  
22 "Notice of Voter-Approval Rate: The highest tax rate the district  
23 can adopt before requiring voter approval at an election is (the

1 school district voter-approval rate determined under Section  
2 26.08, Tax Code). This election will be automatically held if the  
3 district adopts a rate in excess of the voter-approval rate of  
4 (the school district voter-approval rate)."; and

5 (9) contain a section entitled "Fund Balances," which  
6 must include the estimated amount of interest and sinking fund  
7 balances and the estimated amount of maintenance and operation or  
8 general fund balances remaining at the end of the current fiscal  
9 year that are not encumbered with or by corresponding debt  
10 obligation, less estimated funds necessary for the operation of  
11 the district before the receipt of the first payment under Chapter  
12 48 in the succeeding school year.

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

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

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

20 (2) a combined aggregate principal amount of at least  
21 \$50 million of outstanding bonds and voted but unissued bonds.

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

1           (1) 25 percent of the sum of:

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

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

8           (2) \$25 million, in a district that has at least 3,500  
9 but not more than 15,000 students in average enrollment [~~daily~~  
10 ~~attendance~~]; or

11           (3) \$50 million, in a district that has more than 15,000  
12 students in average enrollment [~~daily attendance~~].

13           (e) In this section, average enrollment [~~daily attendance~~]  
14 is determined in the manner provided by Section 48.005.

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

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

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

20                   (2) is located in whole or part in a municipality with  
21 a population of less than 25,000 that is located in a county with  
22 a population of 200,000 or more bordering another county with a  
23 population of 2.8 million or more.

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

3       (d) An independent school district that has in its limits a  
4 municipality with a population of 150,000 or more or that contains  
5 at least 170 square miles, has \$850 million or more assessed value  
6 of taxable property on the most recent approved tax roll and has  
7 a growth in average enrollment [~~daily attendance~~] of 11 percent or  
8 more for each of the preceding five years as determined by the  
9 agency may, in buying school sites or additions to school sites  
10 and in building school buildings, issue and deliver negotiable or  
11 nonnegotiable notes representing all or part of the cost to the  
12 school district of the land or building. The district may secure  
13 the notes by a vendor's lien or deed of trust lien against the  
14 land or building. By resolution or order of the governing body  
15 made at or before the delivery of the notes, the district may set  
16 aside and appropriate as a trust fund, and the sole and only fund,  
17 for the payment of the principal of and interest on the notes that  
18 part of the local school funds, levied and collected by the school  
19 district in that year or subsequent years, as the governing body  
20 determines. The aggregate amount of local school funds set aside  
21 in or for any subsequent year for the retirement of the notes may  
22 not exceed, in any one subsequent year, 10 percent of the local  
23 school funds collected during that year. The district may issue

1 the notes only if approved by majority vote of the qualified voters  
2 voting in an election conducted in the manner provided by Section  
3 45.003 for approval of bonds.

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

6 (a) For each year, except as provided by Sections 46.005 and  
7 46.006, a school district is guaranteed a specified amount per  
8 student in state and local funds for each cent of tax effort, up  
9 to the maximum rate under Subsection (b), to pay the principal of  
10 and interest on eligible bonds issued to construct, acquire,  
11 renovate, or improve an instructional facility. The amount of  
12 state support is determined by the formula:

$$13 \quad FYA = (FYL \times \underline{AE} [\underline{ADA}] \times BTR \times 100) - (BTR \times (DPV/100))$$

14 where:

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

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

20 "AE" [~~"ADA"~~] is the greater of the number of students in  
21 average enrollment [~~daily attendance~~], as determined under Section  
22 48.005, in the district or 400;

23 "BTR" is the district's bond tax rate for the current year,

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

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

9 SECTION 41. Section 46.005, Education Code, is amended to  
10 read as follows:

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

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

17 (2) the greater of:

18 (A) \$100,000; or

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

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

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

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

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

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

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 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



1 equal to \$60 million in excess of the state funds to which school  
2 districts would have been entitled under this section if the  
3 guaranteed level amount were \$35;

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

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

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

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

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

22 (1) provides the minimum number of minutes of  
23 operational and instructional time required under Section 25.081

1 and commissioner rules adopted under that section over at least  
2 180 days of instruction; and

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

6 (b) For a school district or open-enrollment charter school  
7 described by Subsection (a), the commissioner shall increase the  
8 average enrollment [~~daily attendance~~] of the district or school  
9 under Section 48.005 by the amount equal to one-sixth [~~that results~~  
10 ~~from the quotient~~] of the enrollment [~~sum of attendance~~] by  
11 students described by Subsection (a)(2) in [~~for each of~~] the 30  
12 additional instructional days of half-day instruction [~~that are~~  
13 ~~provided divided by 180~~].

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

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

23 (b) The adjustment must be sufficient to ensure that the

1 district receives funding comparable to the funding that the  
2 district would have received if the decline in average enrollment  
3 [~~daily attendance~~] reasonably attributable to the impact of the  
4 disaster had not occurred.

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

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

11 (e) A district that receives an adjustment under this  
12 section may not receive any additional adjustment under Section  
13 48.005(d) for the decline in average enrollment [~~daily attendance~~]  
14 on which the adjustment under this section is based.

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

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

21 (a) Not later than July 1 of each year, the commissioner  
22 shall determine for each school district whether the estimated  
23 amount of state and local funding per student in weighted average

1 enrollment [~~daily attendance~~] to be provided to the district under  
2 the Foundation School Program for maintenance and operations for  
3 the following school year is less than the amount provided to the  
4 district for the 2010-2011 school year. If the amount estimated  
5 to be provided is less, the commissioner shall certify the  
6 percentage decrease in funding to be provided to the district.

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

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

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

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

18 SECTION 47. Sections 48.051(a) and (c), Education Code, are  
19 amended to read as follows:

20 (a) For each student in average enrollment [~~daily~~  
21 ~~attendance~~], not including the time students spend each day in  
22 special education programs in an instructional arrangement other  
23 than mainstream or career and technology education programs, for

1 which an additional allotment is made under Subchapter C, a  
2 district is entitled to an allotment equal to the lesser of \$6,160  
3 or the amount that results from the following formula:

$$4 \qquad \qquad \qquad A = \$6,160 \times TR/MCR$$

5 where:

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

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

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

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

22 (1) 75 percent must be used to increase the  
23 compensation paid to classroom teachers, full-time librarians,

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

5 (2) 25 percent may be used as determined by the district  
6 to increase compensation paid to full-time district employees.

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

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

1 grade 6 program and has preceding or current year's average  
2 enrollment [~~daily attendance~~] of at least 40 students or is 30  
3 miles or more by bus route from the nearest high school district.

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

13 SECTION 49. 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 student  
19 in average enrollment [~~daily attendance~~];

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

23 (3) "BA" is the basic allotment determined under

1 Section 48.051.

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

$$6 \quad AA = ((1,600 - \underline{AE} \text{ [ADA]}) \times .0004) \times BA$$

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

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

$$15 \quad (2) \quad AA = ((5,000 - \underline{AE} \text{ [ADA]}) \times .000025) \times BA.$$

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

$$22 \quad AA = ((1,600 - \underline{AE} \text{ [ADA]}) \times .00047) \times BA$$

23 SECTION 50. Sections 48.102(a) and (j), Education Code, are



1 amended to read as follows:

2 (a) For each student in average enrollment [~~daily~~  
3 ~~attendance~~] in a special education program under Subchapter A,  
4 Chapter 29, in a mainstream instructional arrangement, a school  
5 district is entitled to an annual allotment equal to the basic  
6 allotment, or, if applicable, the sum of the basic allotment and  
7 the allotment under Section 48.101 to which the district is  
8 entitled, multiplied by 1.15. For each full-time equivalent  
9 student in average enrollment [~~daily attendance~~] in a special  
10 education program under Subchapter A, Chapter 29, in an  
11 instructional arrangement other than a mainstream instructional  
12 arrangement, a district is entitled to an annual allotment equal  
13 to the basic allotment, or, if applicable, the sum of the basic  
14 allotment and the allotment under Section 48.101 to which the  
15 district is entitled, multiplied by a weight determined according  
16 to instructional arrangement as follows:

17	Homebound.....	5.0
18	Hospital class.....	3.0
19	Speech therapy.....	5.0
20	Resource room.....	3.0
21	Self-contained, mild and moderate,	
22	regular campus.....	3.0
23	Self-contained, severe, regular campus.....	3.0

1           Off home campus..... 2.7  
2           Nonpublic day school..... 1.7  
3           Vocational adjustment class..... 2.3

4       (j) A school district that provides an extended year program  
5 required by federal law for special education students who may  
6 regress is entitled to receive funds in an amount equal to 75  
7 percent, or a lesser percentage determined by the commissioner, of  
8 the basic allotment, or, if applicable, the sum of the basic  
9 allotment and the allotment under Section 48.101 to which the  
10 district is entitled for each full-time equivalent student in  
11 average enrollment [~~daily attendance~~], multiplied by the amount  
12 designated for the student's instructional arrangement under this  
13 section[, ~~for each day the program is provided divided by the~~  
14 ~~number of days in the minimum school year~~]. The total amount of  
15 state funding for extended year services under this section may  
16 not exceed \$10 million per year. A school district may use funds  
17 received under this section only in providing an extended year  
18 program.

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

21       (a) For each student in average enrollment [~~daily~~  
22 ~~attendance~~] in a bilingual education or special language program  
23 under Subchapter B, Chapter 29, a district is entitled to an annual

allotment equal to the basic allotment multiplied by:

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

(A) 0.1; or

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

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

SECTION 52. Sections 48.106(a) and (a-1), Education Code, are amended to read as follows:

(a) For each full-time equivalent student in average enrollment [~~daily attendance~~] in an approved career and technology education program in grades 7 through 12, a district is entitled to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by:

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

(2) 1.28 for a full-time equivalent student in levels one and two career and technology education courses in an approved

1 program of study, as identified by the agency; and

2 (3) 1.47 for a full-time equivalent student in levels  
3 three and four career and technology education courses in an  
4 approved program of study, as identified by the agency.

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

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

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

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

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

23 SECTION 54. Section 48.108(a), Education Code, is amended to

1 read as follows:

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

6 (1) educationally disadvantaged; or

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

10 SECTION 55. Section 48.109(c), Education Code, is amended to  
11 read as follows:

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

15 SECTION 56. Section 48.115(a), Education Code, is amended to  
16 read as follows:

17 (a) Except as provided by Subsection (a-1), a school  
18 district is entitled to an annual allotment equal to the sum of  
19 the following amounts or a greater amount provided by  
20 appropriation:

21 (1) \$10 for each student in average enrollment [~~daily~~  
22 ~~attendance~~], plus \$1 for each student in average enrollment [~~daily~~  
23 ~~attendance~~] per every \$50 by which the district's maximum basic

1 allotment under Section 48.051 exceeds \$6,160, prorated as  
2 necessary; and

3 (2) \$15,000 per campus.

4 SECTION 57. Section 48.118(a), Education Code, is amended to  
5 read as follows:

6 (a) For each full-time equivalent student in average  
7 enrollment [~~daily attendance~~] in grades 9 through 12 in a college  
8 or career pathway offered through a partnership under the Rural  
9 Pathway Excellence Partnership (R-PEP) program under Section  
10 29.912, a school district is entitled to an allotment equal to the  
11 basic allotment, or, if applicable, the sum of the basic allotment  
12 and the allotment under Section 48.101 to which the district is  
13 entitled, multiplied by:

14 (1) 1.15 if the student is educationally disadvantaged;  
15 or

16 (2) 1.11 if the student is not educationally  
17 disadvantaged.

18 SECTION 58. Sections 48.152(d) and (e), Education Code, are  
19 amended to read as follows:

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

1 students attend that instructional facility, a school district is  
2 entitled to an allotment of \$1,000 for each additional student in  
3 average enrollment [~~daily attendance~~] at the facility.

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

10 SECTION 59. Section 48.153, Education Code, is amended to  
11 read as follows:

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

16 (1) resides in a residential placement facility; or  
17 (2) is at a district or school or a campus of the  
18 district or school that is designated as a dropout recovery school  
19 under Section 39.0548.

20 SECTION 60. Section 48.202(a), Education Code, is amended to  
21 read as follows:

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

1 effort over that required for the district's local fund assignment  
2 up to the maximum level specified in this subchapter. The amount  
3 of state support, subject only to the maximum amount under Section  
4 48.203, is determined by the formula:

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

6 where:

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

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

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

17 "DTR" is the district enrichment tax rate of the school  
18 district, which is determined by subtracting the amounts specified  
19 by Subsection (b) from the total amount of maintenance and  
20 operations taxes collected by the school district for the  
21 applicable school year and dividing the difference by the quotient  
22 of the district's taxable value of property as determined under  
23 Subchapter M, Chapter 403, Government Code, or, if applicable,



1 under Section 48.258 or by the quotient of the value of "DPV" as  
2 determined under Section 48.256(d) if that subsection applies to  
3 the district, divided by 100; and

4 "LR" is the local revenue, which is determined by multiplying  
5 "DTR" by the quotient of the district's taxable value of property  
6 as determined under Subchapter M, Chapter 403, Government Code,  
7 or, if applicable, under Section 48.258 or by the quotient of the  
8 value of "DPV" as determined under Section 48.256(d) if that  
9 subsection applies to the district, divided by 100.

10 SECTION 61. Section 48.252(b), Education Code, is amended to  
11 read as follows:

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

18 (1) the amount described by Section 12.106; and

19 (2) the amount to which the district would be entitled  
20 under this chapter.

21 SECTION 62. Section 48.2642(a), Education Code, is amended  
22 to read as follows:

23 (a) Notwithstanding any other provision of this chapter, the

1 commissioner shall count toward a school district's or open-  
2 enrollment charter school's average enrollment [~~daily attendance~~]  
3 under Section 48.005 each student who graduates early from high  
4 school in the district or school under the Texas First Early High  
5 School Completion Program established under Section 28.0253 for  
6 the period in which the student is enrolled at an eligible  
7 institution using state credit awarded under the Texas First  
8 Scholarship Program established under Subchapter K-1, Chapter 56,  
9 based on a 100 percent attendance rate.

10 SECTION 63. Section 48.273(a)(4), Education Code, is amended  
11 to read as follows:

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

16 SECTION 64. Section 48.277(a), Education Code, is amended to  
17 read as follows:

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

1 school year from the lesser of:

2 (1) 103 percent of the district's or school's total  
3 maintenance and operations revenue per student in average  
4 enrollment [~~daily attendance~~] for the 2019-2020 school year that  
5 the district or school would have received under former Chapters  
6 41 and 42, as those chapters existed on January 1, 2019; or

7 (2) 128 percent of the statewide average amount of  
8 maintenance and operations revenue per student in average  
9 enrollment [~~daily attendance~~] that would have been provided for  
10 the 2019-2020 school year under former Chapters 41 and 42, as those  
11 chapters existed on January 1, 2019.

12 SECTION 65. Section 49.001(2), Education Code, is amended to  
13 read as follows:

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

16 SECTION 66. Section 49.002, Education Code, is amended to  
17 read as follows:

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

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

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

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

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

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

9       SECTION 67. Section 49.003, Education Code, is amended to  
10 read as follows:

11       Sec. 49.003. INCLUSION OF ENROLLMENT [~~ATTENDANCE~~] CREDIT AND  
12 NONRESIDENTS IN WEIGHTED AVERAGE ENROLLMENT [~~DAILY ATTENDANCE~~].

13 In determining whether a school district has a local revenue level  
14 in excess of entitlement, the commissioner shall use:

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

17           (2) the amount of enrollment [~~attendance~~] credit a  
18 district purchases under Subchapter D or the number of nonresident  
19 students a district educates under Subchapter E for a school year.

20       SECTION 68. The heading to Subchapter D, Chapter 49,  
21 Education Code, is amended to read as follows:

22       SUBCHAPTER D. PURCHASE OF ENROLLMENT [~~ATTENDANCE~~] CREDIT

23       SECTION 69. Section 49.151, Education Code, is amended to

1 read as follows:

2 Sec. 49.151. AGREEMENT. A school district with a local  
3 revenue level in excess of entitlement may execute an agreement  
4 with the commissioner to purchase enrollment [~~attendance~~] credit  
5 in an amount sufficient, in combination with any other actions  
6 taken under this chapter, to reduce the district's local revenue  
7 level to a level that is equal to or less than the level established  
8 under Section 48.257.

9 SECTION 70. Section 49.153(c), Education Code, is amended to  
10 read as follows:

11 (c) The cost of enrollment [~~attendance~~] credit for a school  
12 district is computed using the final tax collections of the  
13 district.

14 SECTION 71. Section 49.156(b), Education Code, is amended to  
15 read as follows:

16 (b) The ballot shall be printed to permit voting for or  
17 against the proposition: "Authorizing the board of trustees of  
18 \_\_\_\_\_ School District to purchase enrollment [~~attendance~~]  
19 credit from the state with local tax revenues."

20 SECTION 72. Section 49.157, Education Code, is amended to  
21 read as follows:

22 Sec. 49.157. CREDIT FOR APPRAISAL COSTS. The total amount  
23 required under Section 49.153 for a district to purchase enrollment

1   ~~[attendance]~~ credit under this subchapter for any school year is  
2   reduced by an amount equal to the product of the district's total  
3   costs under Section 6.06, Tax Code, for the appraisal district or  
4   districts in which it participates multiplied by a percentage that  
5   is computed by dividing the total amount required under Section  
6   49.153 by the total amount of taxes imposed in the district for  
7   that year less any amounts paid into a tax increment fund under  
8   Chapter 311, Tax Code.

9         SECTION 73. Section 49.158(a), Education Code, is amended to  
10   read as follows:

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

12                 (1) executes an agreement to purchase enrollment  
13   ~~[attendance]~~ credit necessary to reduce the district's local  
14   revenue level to the level established under Section 48.257;

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

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

21                         (A) to an extent that does not provide more than  
22   10 percent of the reduction in local revenue required for the  
23   district to achieve a local revenue level that is equal to or less

1 than the level established under Section 48.257; and

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

9 SECTION 74. Section 49.201, Education Code, is amended to  
10 read as follows:

11 Sec. 49.201. AGREEMENT. The board of trustees of a district  
12 with a local revenue level in excess of entitlement may execute an  
13 agreement to educate the students of another district in a number  
14 that, when the weighted average enrollment [~~daily attendance~~] of  
15 the students served is added to the weighted average enrollment  
16 [~~daily attendance~~] of the contracting district, is sufficient, in  
17 combination with any other actions taken under this chapter, to  
18 reduce the district's local revenue level to a level that is equal  
19 to or less than the level established under Section 48.257. The  
20 agreement is not effective unless the commissioner certifies that  
21 the transfer of weighted average enrollment [~~daily attendance~~]  
22 will not result in any of the contracting districts' local revenue  
23 level being greater than the level established under Section 48.257

1 and that the agreement requires an expenditure per student in  
2 weighted average enrollment [~~daily attendance~~] that is at least  
3 equal to the amount per student in weighted average enrollment  
4 [~~daily attendance~~] required under Section 49.153.

5 SECTION 75. Section 49.203, Education Code, is amended to  
6 read as follows:

7 Sec. 49.203. WEIGHTED AVERAGE ENROLLMENT [~~WADA~~] COUNT. For  
8 purposes of Chapter 48, students served under an agreement under  
9 this subchapter are counted only in the weighted average enrollment  
10 [~~daily attendance~~] of the district providing the services, except  
11 that students served under an agreement authorized by Section  
12 49.205 are counted in a manner determined by the commissioner.

13 SECTION 76. Section 49.205(b), Education Code, is amended to  
14 read as follows:

15 (b) The agreement is not effective unless the commissioner  
16 certifies that:

17 (1) implementation of the agreement will not result in  
18 any of the affected districts' local revenue level being greater  
19 than the level established under Section 48.257; and

20 (2) the agreement requires the district with a local  
21 revenue level in excess of entitlement to make expenditures  
22 benefiting students from other districts in an amount at least  
23 equal to the amount that would be required for the district to



1 purchase enrollment [~~attendance~~] credit under Subchapter D  
2 necessary, in combination with any other actions taken under this  
3 chapter other than an action under this section, to reduce the  
4 district's local revenue level to a level that is equal to or less  
5 than the level established under Section 48.257.

6 SECTION 77. Section 49.257(b), Education Code, is amended to  
7 read as follows:

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

12 SECTION 78. Section 49.258, Education Code, is amended to  
13 read as follows:

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

18 SECTION 79. Sections 49.305(c) and (d), Education Code, are  
19 amended to read as follows:

20 (c) If the detachment of whole parcels or items of property  
21 as provided by Subsection (a) would result in a district's local  
22 revenue level that is less than the level established under Section  
23 48.257 by more than the product of \$10,000 multiplied by weighted

1 average enrollment [~~daily attendance~~], the commissioner may not  
2 detach the last parcel or item of property and shall detach the  
3 next one or more parcels or items of property in descending order  
4 of taxable value that would result in the school district having  
5 a local revenue level that is equal to or less than the level  
6 established under Section 48.257 by not more than the product of  
7 \$10,000 multiplied by weighted average enrollment [~~daily~~  
8 ~~attendance~~].

9 (d) Notwithstanding Subsections (a), (b), and (c), the  
10 commissioner may detach only a portion of a parcel or item of  
11 property if:

12 (1) it is not possible under this subchapter to reduce  
13 the district's local revenue level to a level that is equal to or  
14 less than the level established under Section 48.257 unless some  
15 or all of the parcel or item of property is detached and the  
16 detachment of the whole parcel or item would result in the district  
17 from which it is detached having a local revenue level that is  
18 less than the level established under Section 48.257 by more than  
19 the product of \$10,000 multiplied by weighted average enrollment  
20 [~~daily attendance~~]; or

21 (2) the commissioner determines that a partial  
22 detachment of that parcel or item of property is preferable to the  
23 detachment of one or more other parcels or items having a lower

1 taxable value in order to minimize the number of parcels or items  
2 of property to be detached consistent with the purposes of this  
3 chapter.

4 SECTION 80. Section 49.306(i), Education Code, is amended to  
5 read as follows:

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

9 (1) the annexation of the whole parcel or item would  
10 result in the district eligible to receive it in the appropriate  
11 priority order provided by this section having a local revenue  
12 level greater than the amount by which the product of \$10,000  
13 multiplied by weighted average enrollment [~~daily attendance~~]  
14 exceeds the taxable value of property necessary to generate  
15 maintenance and operations tax revenue in the amount equal to the  
16 district's entitlement under Section 48.202(a-1)(2); or

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

23 SECTION 81. Section 49.311, Education Code, is amended to

1 read as follows:

2       Sec. 49.311. STUDENT ATTENDANCE. A student who is a  
3 resident of real property detached from a school district may  
4 choose to attend school in that district or in the district to  
5 which the property is annexed. For purposes of determining average  
6 enrollment [~~daily attendance~~] under Section 48.005, the student  
7 shall be counted in the district to which the property is annexed.  
8 If the student chooses to attend school in the district from which  
9 the property is detached, the state shall withhold any foundation  
10 school funds from the district to which the property is annexed  
11 and shall allocate to the district in which the student is  
12 attending school those funds and the amount of funds equal to the  
13 difference between the state funds the district is receiving for  
14 the student and the district's cost in educating the student.

15       SECTION 82. Section 49.354(e), Education Code, is amended to  
16 read as follows:

17       (e) A restored district's proportionate share of fund  
18 balances, personal property, or indebtedness is equal to the  
19 proportion that the number of students in average enrollment [~~daily~~  
20 ~~attendance~~] in the restored district bears to the number of  
21 students in average enrollment [~~daily attendance~~] in the  
22 consolidated district.

23       SECTION 83. Section 403.104(d), Government Code, is amended

1 to read as follows:

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

22 SECTION 84. Section 1371.001(4), Government Code, is amended  
23 to read as follows:

1           (4) "Issuer" means:

2                   (A) a home-rule municipality that:

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

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

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

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

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

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

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

22                   (F) a district organized or operating under  
23 Section 59, Article XVI, Texas Constitution, that has all or part

1 of two or more municipalities within its boundaries;

2 (G) a state agency, including a state institution  
3 of higher education;

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

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

8 (ii) is included, in whole or in part, in a  
9 standard metropolitan statistical area of this state that includes  
10 a county with a population of more than 2.5 million;

11 (I) a hospital district in a county that has a  
12 population of more than 2.5 million;

13 (J) a nonprofit corporation organized to exercise  
14 the powers of a higher education loan authority under Section  
15 53B.47(e), Education Code;

16 (K) a county:

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

19 (ii) that, on the date of issuance of  
20 obligations under this chapter, has authorized, outstanding, or  
21 any combination of authorized and outstanding, indebtedness of at  
22 least \$100 million secured by and payable from the county's ad  
23 valorem taxes and the authorized long-term indebtedness of which

1 is rated by a nationally recognized rating agency of securities  
2 issued by local governments in one of the four highest rating  
3 categories for a long-term obligation;

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

7 (M) a municipality or county operating under  
8 Chapter 334, Local Government Code;

9 (N) a district created under Chapter 335, Local  
10 Government Code;

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

14 (P) an issuer, as defined by Section 1201.002,  
15 that has:

16 (i) a principal amount of at least \$100  
17 million in outstanding long-term indebtedness, in long-term  
18 indebtedness proposed to be issued, or in a combination of  
19 outstanding or proposed long-term indebtedness; and

20 (ii) some amount of long-term indebtedness  
21 outstanding or proposed to be issued that is rated in one of the  
22 four highest rating categories for long-term debt instruments by  
23 a nationally recognized rating agency for municipal securities,



1 without regard to the effect of any credit agreement or other form  
2 of credit enhancement entered into in connection with the  
3 obligation.

4 SECTION 85. Section 1431.001(3), Government Code, is amended  
5 to read as follows:

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

10 SECTION 86. Section 325.011(a), Local Government Code, is  
11 amended to read as follows:

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

20 SECTION 87. Section 1, Article 2688d, Vernon's Texas Civil  
21 Statutes, is amended to read as follows:

22 Section 1. In all counties of the State where, according to  
23 the preceding annual statistical report of the schools said county

1 has not more than four (4) school districts, with one (1) of such  
2 districts comprising more than half of the county and having more  
3 than two thousand (2,000) pupils in average enrollment [~~daily~~  
4 ~~attendance~~] in the one (1) district alone, and such district having  
5 an assessed valuation of more than Twenty Million Dollars  
6 (\$20,000,000) and where there is only one (1) common school  
7 district in such county with an average enrollment [~~daily~~  
8 ~~attendance~~] of less than sixteen (16), the office of county  
9 superintendent is hereby abolished, to be effective at the end of  
10 the term of the incumbent county superintendent, as is now provided  
11 by law.

12 SECTION 88. The following provisions of the Education Code  
13 are repealed:

14 (1) Section 29.0822(d-1); and

15 (2) Section 48.007.

16 SECTION 89. This Act takes effect on the 91st day after the  
17 last day of the legislative session.