

By: Bucy

H.B. No. 276

A BILL TO BE ENTITLED

AN ACT

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (d) The commissioner may adjust the average enrollment
19 [~~daily attendance~~] of a school district in which a disaster, flood,
20 extreme weather condition, fuel curtailment, or other calamity has
21 a significant effect on the district's enrollment [~~attendance~~]. In
22 addition to providing the adjustment for the amount of
23 instructional days during the semester in which the calamity first
24 occurred, an adjustment under this section may only be provided
25 based on a particular calamity for an additional amount of
26 instructional days equivalent to one school year. The commissioner
27 may divide the adjustment between two consecutive school years.

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

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

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

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

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

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

1 (h) Time [~~Subject to rules adopted by the commissioner under~~
2 ~~Section 48.007(b), time~~] that a student participates in an
3 off-campus instructional program provided by an entity other than a
4 school district or open-enrollment charter school and approved by
5 the commissioner in accordance with commissioner rule [~~under~~
6 ~~Section 48.007(a)~~] shall be counted as part of the minimum number of
7 instructional hours required for a student to be considered a
8 full-time student in average enrollment [~~daily attendance~~] for
9 purposes of this section.

10 (i) A district or a charter school operating under Chapter
11 12 that operates a prekindergarten program is eligible to receive
12 one-half of average enrollment [~~daily attendance~~] under Subsection
13 (a) if the district's or charter school's prekindergarten program
14 provides at least 32,400 minutes of instructional time to students.

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

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

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

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

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

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

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

6 (1) all campuses of the charter school operating
7 before January 1, 2015; and

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

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

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

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

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

27 (3) [~~(2)~~] establish the requirements necessary for a

1 school district or charter school to be eligible for one-half of
2 average enrollment [~~daily attendance~~], which may differ based on
3 the instructional program offered by the district or charter
4 school;

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

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

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

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

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

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

1 determined under Section 48.005.

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

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

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

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

1 purposes of Section 48.266.

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

6 (1) the product of:

7 (A) the quotient of:

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

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

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

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

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

20 (2) \$125.

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

27 (1) the state average interest and sinking fund tax

1 rate imposed by school districts for the current year; or

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

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

7 (a) Except as otherwise provided by this section, funding
8 for an adult education program operated under a charter granted
9 under this subchapter is an amount per participant through the
10 Foundation School Program equal to the amount of state funding per
11 student in weighted average enrollment [~~daily attendance~~] that
12 would be allocated under the Foundation School Program for the
13 student's enrollment [~~attendance~~] at an open-enrollment charter
14 school in accordance with Section 12.106.

15 (b) For purposes of determining the average enrollment
16 [~~daily attendance~~] of an adult education program operated under a
17 charter granted under this subchapter, a student is considered to
18 be in average enrollment [~~daily attendance, with a 100 percent~~
19 ~~attendance rate,~~] for:

20 (1) all of the instructional days of the school year,
21 if the student is enrolled for at least 75 percent of the school
22 year;

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

26 (3) a quarter of the instructional days of the school
27 year, if the student is enrolled for at least 25 percent but less

1 than 50 percent of the school year; or

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

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

10 SECTION 6. Section 13.051(c), Education Code, is amended to
11 read as follows:

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

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

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

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

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

25 SECTION 7. Section 13.102, Education Code, is amended to
26 read as follows:

27 Sec. 13.102. MINIMUM AREA AND ENROLLMENT [~~ATTENDANCE~~]

1 REQUIREMENTS. A new district may not be created with an area of
2 less than nine square miles or fewer than 8,000 students in average
3 enrollment [~~daily attendance~~], and a district may not be reduced to
4 an area of less than nine square miles or fewer than 8,000 students
5 in average enrollment [~~daily attendance~~].

6 SECTION 8. Section 13.283, Education Code, is amended to
7 read as follows:

8 Sec. 13.283. PAYMENTS REDUCED. The incentive aid payments
9 shall be reduced in direct proportion to any reduction in the
10 average enrollment [~~daily attendance~~] as determined under Section
11 48.005 of the reorganized school district for the preceding year.

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

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

20 (1) \$80; or

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

1 district during the 2009-2010 school year.

2 SECTION 10. Section 25.038, Education Code, is amended to
3 read as follows:

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

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

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

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

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

26 (f) The commissioner may proportionally reduce the amount
27 of funding a district receives under Chapter 46, 48, or 49 and the

1 average enrollment [~~daily attendance~~] calculation for the district
2 if the district operates on a calendar that provides fewer minutes
3 of operation than required under Subsection (a).

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

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

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

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

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

25 (a) Except as otherwise authorized by this section, a school
26 district may not enroll more than 22 students in a prekindergarten,
27 kindergarten, first, second, third, or fourth grade class. That

1 limitation does not apply during:

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

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

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

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

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

1 means the total amount of money generated by taxes imposed for debt
2 service and maintenance and operation less any amounts paid into a
3 tax increment fund under Chapter 311, Tax Code.

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

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

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

12 (f) The commissioner shall include a student who
13 successfully completes a course offered through a program under
14 Subsection (e) in the computation of the district's or school's
15 average enrollment ~~[daily attendance]~~ for funding purposes. ~~[For a~~
16 ~~student who successfully completes a remote course offered through~~
17 ~~the program, the commissioner shall include the student in the~~
18 ~~computation of the district's or school's average daily attendance~~
19 ~~with an attendance rate equal to:~~

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

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

27 SECTION 19. Section 29.0822(d), Education Code, is amended

1 to read as follows:

2 (d) The commissioner may adopt rules for the administration
3 of this section, including rules establishing application
4 requirements. ~~[Subject to Subsection (d-1), the commissioner shall
5 calculate average daily attendance for students served under this
6 section. The commissioner shall allow accumulations of hours of
7 instruction for students whose schedule would not otherwise allow
8 full state funding. Funding under this subsection shall be
9 determined based on the number of instructional days in the school
10 district calendar and a seven-hour school day, but attendance may
11 be cumulated over a school year, including any summer or vacation
12 session. The attendance of students who accumulate less than the
13 number of attendance hours required under this subsection shall be
14 proportionately reduced for funding purposes. The commissioner
15 may:~~

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (a) In addition to other funding to which a school district
26 is entitled under this code, each district in which alleged
27 offender residents attend school is entitled to an annual allotment

1 of \$5,100 for each resident in average enrollment [~~daily~~
2 ~~attendance~~] or a different amount for any year provided by
3 appropriation.

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

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

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

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

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

18 (B) has entered into a performance agreement
19 approved by the board of trustees of each partnering school
20 district that confers on the coordinating entity the same authority
21 with respect to pathways offered under the partnership provided to
22 an entity that contracts to operate a district campus under Section
23 11.174;

24 (C) is an eligible entity as defined by Section
25 12.101(a); and

26 (D) has on the entity's governing board as either
27 voting or ex officio members, or has on an advisory body,

1 representatives of each partnering school district and members of
2 regional higher education and workforce organizations.

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

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

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

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

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

20 (f) For a full-time electronic course program offered
21 through the state virtual school network for a grade level at or
22 above grade level three but not above grade level eight, a school
23 district or open-enrollment charter school is entitled to receive
24 federal, state, and local funding for a student enrolled in the
25 program in an amount equal to the funding the district or school
26 would otherwise receive for a student enrolled in the district or
27 school. [~~The district or school may calculate the average daily~~

1 ~~attendance of a student enrolled in the program based on:~~
2 ~~[(1) hours of contact with the student,~~
3 ~~[(2) the student's successful completion of a course,~~
4 ~~or~~
5 ~~[(3) a method approved by the commissioner.]~~

6 SECTION 28. Section 33.157, Education Code, is amended to
7 read as follows:

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

15 SECTION 29. Section 37.0061, Education Code, is amended to
16 read as follows:

17 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
18 JUVENILE RESIDENTIAL FACILITIES. A school district that provides
19 education services to pre-adjudicated and post-adjudicated
20 students who are confined by court order in a juvenile residential
21 facility operated by a juvenile board is entitled to count such
22 students in the district's average enrollment [~~daily attendance~~]
23 for purposes of receipt of state funds under the Foundation School
24 Program. If the district has a local revenue level greater than the
25 guaranteed local revenue level but less than the level established
26 under Section 48.257, the district in which the student is enrolled
27 on the date a court orders the student to be confined to a juvenile

1 residential facility shall transfer to the district providing
2 education services an amount equal to the difference between the
3 average Foundation School Program costs per student of the district
4 providing education services and the sum of the state aid and the
5 money from the available school fund received by the district that
6 is attributable to the student for the portion of the school year
7 for which the district provides education services to the student.

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

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

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

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

23 (1) the district's disciplinary alternative education
24 program; or

25 (2) a contracted placement with:

26 (A) another school district;

27 (B) an open-enrollment charter school;

- 1 (C) an institution of higher education;
2 (D) an adult literacy council; or
3 (E) a community organization that can provide an
4 educational program that allows the student to complete the credits
5 required for high school graduation.

6 SECTION 32. Sections 39.027(c) and (f), Education Code, are
7 amended to read as follows:

8 (c) The commissioner shall develop and adopt a process for
9 reviewing the exemption process of a school district or shared
10 services arrangement that gives an exemption under Subsection
11 (a)(1) as follows:

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

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

20 (3) to the greater of more than 10 percent of the
21 students in the special education program or to at least five
22 students in the special education program, in the case of a district
23 or shared services arrangement with an average enrollment [~~daily
24 attendance~~] of not more than 189.

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

27 SECTION 33. Section 39.053(g-1), Education Code, is amended

1 to read as follows:

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

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

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

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

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

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

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

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

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

1 trial as adults; and

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

5 (A) unable to attend school; and

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

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

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

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

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

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

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

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

9 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE
10 "The (name of school district) will hold a public meeting at
11 (time, date, year) in (name of room, building, physical location,
12 city, state). The purpose of this meeting is to discuss the school
13 district's budget that will determine the tax rate that will be
14 adopted. Public participation in the discussion is invited." The
15 statement of the purpose of the meeting must be in bold type. In
16 reduced type, the notice must state: "The tax rate that is
17 ultimately adopted at this meeting or at a separate meeting at a
18 later date may not exceed the proposed rate shown below unless the
19 district publishes a revised notice containing the same information
20 and comparisons set out below and holds another public meeting to
21 discuss the revised notice." In addition, in reduced type, the
22 notice must state: "Visit Texas.gov/PropertyTaxes to find a link to
23 your local property tax database on which you can easily access
24 information regarding your property taxes, including information
25 about proposed tax rates and scheduled public hearings of each
26 entity that taxes your property.";

27 (2) contain a section entitled "Comparison of Proposed

1 Budget with Last Year's Budget," which must show the difference,
2 expressed as a percent increase or decrease, as applicable, in the
3 amounts budgeted for the preceding fiscal year and the amount
4 budgeted for the fiscal year that begins in the current tax year for
5 each of the following:

6 (A) maintenance and operations;

7 (B) debt service; and

8 (C) total expenditures;

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

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

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

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

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

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

1 (a) in the case of "Maintenance &
2 Operations," is the tax rate that, when applied to the current
3 taxable value for the district, as certified by the chief appraiser
4 under Section 26.01, Tax Code, and as adjusted to reflect changes
5 made by the chief appraiser as of the time the notice is prepared,
6 would impose taxes in an amount that, when added to state funds to
7 be distributed to the district under Chapter 48, would provide the
8 same amount of maintenance and operations taxes and state funds
9 distributed under Chapter 48 per student in average enrollment
10 [~~daily attendance~~] for the applicable school year that was
11 available to the district in the preceding school year; and

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

23 (iii) the "Proposed Rate";

24 (B) contain fourth and fifth columns aligned with
25 the columns required by Paragraph (A) that show, for each row
26 required by Paragraph (A):

27 (i) the "Local Revenue per Student," which

1 is computed by multiplying the district's total taxable value of
2 property, as certified by the chief appraiser for the applicable
3 school year under Section 26.01, Tax Code, and as adjusted to
4 reflect changes made by the chief appraiser as of the time the
5 notice is prepared, by the total tax rate, and dividing the product
6 by the number of students in average enrollment [~~daily attendance~~]
7 in the district for the applicable school year; and

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

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

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

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

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

26 (ii) "Average Taxable Value of Residences,"
27 determined after taking into account the limitation on the

1 appraised value of residences under Section 23.23, Tax Code, and
2 after subtracting all homestead exemptions applicable in each year,
3 other than exemptions available only to disabled persons or persons
4 65 years of age or older or their surviving spouses, and using the
5 same group of residences for each year;

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

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

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

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

22 (8) contain the following statement in bold print:
23 "Notice of Voter-Approval Rate: The highest tax rate the district
24 can adopt before requiring voter approval at an election is (the
25 school district voter-approval rate determined under Section
26 26.08, Tax Code). This election will be automatically held if the
27 district adopts a rate in excess of the voter-approval rate of (the

1 school district voter-approval rate)."; and

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

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

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

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

17 (2) a combined aggregate principal amount of at least
18 \$50 million of outstanding bonds and voted but unissued bonds.

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

21 (1) 25 percent of the sum of:

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

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

1 (2) \$25 million, in a district that has at least 3,500
2 but not more than 15,000 students in average enrollment [~~daily~~
3 ~~attendance~~]; or

4 (3) \$50 million, in a district that has more than
5 15,000 students in average enrollment [~~daily attendance~~].

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

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

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

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

13 (2) is located in whole or part in a municipality with
14 a population of less than 25,000 that is located in a county with a
15 population of 200,000 or more bordering another county with a
16 population of 2.8 million or more.

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

19 (d) An independent school district that has in its limits a
20 municipality with a population of 150,000 or more or that contains
21 at least 170 square miles, has \$850 million or more assessed value
22 of taxable property on the most recent approved tax roll and has a
23 growth in average enrollment [~~daily attendance~~] of 11 percent or
24 more for each of the preceding five years as determined by the
25 agency may, in buying school sites or additions to school sites and
26 in building school buildings, issue and deliver negotiable or
27 nonnegotiable notes representing all or part of the cost to the

1 school district of the land or building. The district may secure
 2 the notes by a vendor's lien or deed of trust lien against the land
 3 or building. By resolution or order of the governing body made at
 4 or before the delivery of the notes, the district may set aside and
 5 appropriate as a trust fund, and the sole and only fund, for the
 6 payment of the principal of and interest on the notes that part of
 7 the local school funds, levied and collected by the school district
 8 in that year or subsequent years, as the governing body determines.
 9 The aggregate amount of local school funds set aside in or for any
 10 subsequent year for the retirement of the notes may not exceed, in
 11 any one subsequent year, 10 percent of the local school funds
 12 collected during that year. The district may issue the notes only
 13 if approved by majority vote of the qualified voters voting in an
 14 election conducted in the manner provided by Section 45.003 for
 15 approval of bonds.

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

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

$$25 \quad \text{FYA} = (\text{FYL} \times \text{AE} [\text{ADA}] \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

26 where:

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

1 funds allocated to the district for the year;

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

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

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

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

17 SECTION 41. Section 46.005, Education Code, is amended to
18 read as follows:

19 Sec. 46.005. LIMITATION ON GUARANTEED AMOUNT. The
20 guaranteed amount of state and local funds for a new project that a
21 district may be awarded in any state fiscal biennium under Section
22 46.003 for a school district may not exceed the lesser of:

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

25 (2) the greater of:

26 (A) \$100,000; or

27 (B) the product of the number of students in

1 average enrollment [~~daily attendance~~] in the district multiplied by
2 \$250.

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

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

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

12 (a) Each school district is guaranteed a specified amount
13 per student in state and local funds for each cent of tax effort to
14 pay the principal of and interest on eligible bonds. The amount of
15 state support, subject only to the maximum amount under Section
16 46.034, is determined by the formula:

17
$$EDA = (EDGL \times \underline{AE} [\del{ADA}] \times EDTR \times 100) - (EDTR \times (DPV/100))$$

18 where:

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

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

24 (1) \$40 or a greater amount for any year provided by
25 appropriation; or

26 (2) the amount that would result in a total additional
27 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 is
8 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, if
15 applicable, under Section 48.258.

16 SECTION 44. Sections 48.0051(a) and (b), Education Code,
17 are 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
24 and commissioner rules adopted under that section over at least 180
25 days of instruction; and

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

1 grade.

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

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

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

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

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

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

3 (e) A district that receives an adjustment under this
4 section may not receive any additional adjustment under Section
5 48.005(d) for the decline in average enrollment [~~daily attendance~~]
6 on which the adjustment under this section is based.

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

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

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

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

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

26 (2) for a district required to reduce its local
27 revenue level under Section 48.257, base the determinations on the

1 district's net funding levels after deducting any amounts required
2 to be expended by the district to comply with Chapter 49; and

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

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

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

15
$$A = \$6,160 \times TR/MCR$$

16 where:

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

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

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

22 (c) During any school year for which the maximum amount of
23 the basic allotment provided under Subsection (a) or (b) is greater
24 than the maximum amount provided for the preceding school year, a
25 school district must use at least 30 percent of the amount, if the
26 amount is greater than zero, that equals the product of the average
27 enrollment [~~daily attendance~~] of the district multiplied by the

1 amount of the difference between the district's funding under this
2 chapter per student in average enrollment [~~daily attendance~~] for
3 the current school year and the preceding school year to provide
4 compensation increases to full-time district employees other than
5 administrators as follows:

6 (1) 75 percent must be used to increase the
7 compensation paid to classroom teachers, full-time librarians,
8 full-time school counselors certified under Subchapter B, Chapter
9 21, and full-time school nurses, prioritizing differentiated
10 compensation for classroom teachers with more than five years of
11 experience; and

12 (2) 25 percent may be used as determined by the
13 district to increase compensation paid to full-time district
14 employees.

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

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

1 basic allotment on the basis of 75 students in average enrollment
2 [~~daily attendance~~]. An average enrollment [~~daily attendance~~] of 60
3 students shall be the basis of providing the basic allotment if a
4 district offers a kindergarten through grade 6 program and has
5 preceding or current year's average enrollment [~~daily attendance~~]
6 of at least 40 students or is 30 miles or more by bus route from the
7 nearest high school district.

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

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

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

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

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

27 (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 attendance~~]
5 based on the following formula:

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

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

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

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 attendance~~]
21 based on the following formula:

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

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

25 (a) For each student in average enrollment [~~daily~~
26 ~~attendance~~] in a special education program under Subchapter A,
27 Chapter 29, in a mainstream instructional arrangement, a school

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

13	Homebound	5.0
14	Hospital class	3.0
15	Speech therapy	5.0
16	Resource room	3.0
17	Self-contained, mild and moderate, 18 regular campus	3.0
19	Self-contained, severe, regular campus	3.0
20	Off home campus	2.7
21	Nonpublic day school	1.7
22	Vocational adjustment class	2.3

23 (j) A school district that provides an extended year program
24 required by federal law for special education students who may
25 regress is entitled to receive funds in an amount equal to 75
26 percent, or a lesser percentage determined by the commissioner, of
27 the basic allotment, or, if applicable, the sum of the basic

1 allotment and the allotment under Section 48.101 to which the
2 district is entitled for each full-time equivalent student in
3 average enrollment [~~daily attendance~~], multiplied by the amount
4 designated for the student's instructional arrangement under this
5 section[~~, for each day the program is provided divided by the number~~
6 ~~of days in the minimum school year~~]. The total amount of state
7 funding for extended year services under this section may not
8 exceed \$10 million per year. A school district may use funds
9 received under this section only in providing an extended year
10 program.

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

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

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

19 (A) 0.1; or

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

23 (2) for a student not described by Subdivision (1),
24 0.05 if the student is in a bilingual education program using a dual
25 language immersion/two-way program model.

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

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

7 (1) 1.1 for a full-time equivalent student in career
8 and technology education courses not in an approved program of
9 study;

10 (2) 1.28 for a full-time equivalent student in levels
11 one and two career and technology education courses in an approved
12 program of study, as identified by the agency; and

13 (3) 1.47 for a full-time equivalent student in levels
14 three and four career and technology education courses in an
15 approved program of study, as identified by the agency.

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

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

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

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

27 (a) Except as provided by Subsection (b), for each student

1 in average enrollment [~~daily attendance~~] who is using a public
2 education grant under Subchapter G, Chapter 29, to attend school in
3 a district other than the district in which the student resides, the
4 district in which the student attends school is entitled to an
5 annual allotment equal to the basic allotment multiplied by a
6 weight of 0.1.

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

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

- 13 (1) educationally disadvantaged; or
14 (2) an emergent bilingual student, as defined by
15 Section 29.052, and is in a bilingual education or special language
16 program under Subchapter B, Chapter 29.

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

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

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

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

- 27 (1) \$10 for each student in average enrollment [~~daily~~

1 ~~attendance~~], plus \$1 for each student in average enrollment [~~daily~~
2 ~~attendance~~] per every \$50 by which the district's maximum basic
3 allotment under Section 48.051 exceeds \$6,160, prorated as
4 necessary; and

5 (2) \$15,000 per campus.

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

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

16 (1) 1.15 if the student is educationally
17 disadvantaged; or

18 (2) 1.11 if the student is not educationally
19 disadvantaged.

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

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

1 average enrollment [~~daily attendance~~] at the facility.

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

8 SECTION 59. Section 48.153, Education Code, is amended to
9 read as follows:

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

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

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

20 (a) Each school district is guaranteed a specified amount
21 per weighted student in state and local funds for each cent of tax
22 effort over that required for the district's local fund assignment
23 up to the maximum level specified in this subchapter. The amount of
24 state support, subject only to the maximum amount under Section
25 48.203, is determined by the formula:

26
$$\text{GYA} = (\text{GL} \times \text{WAE} [\text{WADA}] \times \text{DTR} \times 100) - \text{LR}$$

27 where:

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

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

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

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

21 "LR" is the local revenue, which is determined by multiplying
22 "DTR" by the quotient of the district's taxable value of property as
23 determined under Subchapter M, Chapter 403, Government Code, or, if
24 applicable, under Section 48.258 or by the quotient of the value of
25 "DPV" as determined under Section 48.256(d) if that subsection
26 applies to the district, divided by 100.

27 SECTION 61. Section 48.252(b), Education Code, is amended

1 to read as follows:

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

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

9 (2) the amount to which the district would be entitled
10 under this chapter.

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

13 (a) Notwithstanding any other provision of this chapter,
14 the commissioner shall count toward a school district's or
15 open-enrollment charter school's average enrollment [~~daily
16 attendance~~] under Section 48.005 each student who graduates early
17 from high school in the district or school under the Texas First
18 Early High School Completion Program established under Section
19 28.0253 for the period in which the student is enrolled at an
20 eligible institution using state credit awarded under the Texas
21 First Scholarship Program established under Subchapter K-1,
22 Chapter 56, based on a 100 percent attendance rate.

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

25 (4) "Wealth per student" means the taxable property
26 values reported by the comptroller to the commissioner under
27 Section 48.256 divided by the number of students in average

1 enrollment [~~daily attendance~~].

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

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

11 (1) 103 percent of the district's or school's total
12 maintenance and operations revenue per student in average
13 enrollment [~~daily attendance~~] for the 2019-2020 school year that
14 the district or school would have received under former Chapters 41
15 and 42, as those chapters existed on January 1, 2019; or

16 (2) 128 percent of the statewide average amount of
17 maintenance and operations revenue per student in average
18 enrollment [~~daily attendance~~] that would have been provided for the
19 2019-2020 school year under former Chapters 41 and 42, as those
20 chapters existed on January 1, 2019.

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

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

25 SECTION 66. Section 49.002, Education Code, is amended to
26 read as follows:

27 Sec. 49.002. OPTIONS TO REDUCE LOCAL REVENUE LEVEL. A

1 district with a local revenue level in excess of entitlement may
2 take any combination of the following actions to reduce the
3 district's revenue level:

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

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

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

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

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

14 SECTION 67. Section 49.003, Education Code, is amended to
15 read as follows:

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

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

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

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

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

1 SECTION 69. Section 49.151, Education Code, is amended to
2 read as follows:

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

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

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

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

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

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

23 Sec. 49.157. CREDIT FOR APPRAISAL COSTS. The total amount
24 required under Section 49.153 for a district to purchase enrollment
25 [~~attendance~~] credit under this subchapter for any school year is
26 reduced by an amount equal to the product of the district's total
27 costs under Section 6.06, Tax Code, for the appraisal district or

1 districts in which it participates multiplied by a percentage that
2 is computed by dividing the total amount required under Section
3 49.153 by the total amount of taxes imposed in the district for that
4 year less any amounts paid into a tax increment fund under Chapter
5 311, Tax Code.

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

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

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

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

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

19 (A) to an extent that does not provide more than
20 10 percent of the reduction in local revenue required for the
21 district to achieve a local revenue level that is equal to or less
22 than the level established under Section 48.257; and

23 (B) under which all revenue paid by the district
24 to other districts, in excess of the reduction in state aid that
25 results from counting the weighted average enrollment [~~daily~~
26 ~~attendance~~] of the students served in the contracting district, is
27 required to be used for funding a consortium of at least three

1 districts in a county with a population of less than 40,000 that is
2 formed to support a technology initiative.

3 SECTION 74. Section 49.201, Education Code, is amended to
4 read as follows:

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

22 SECTION 75. Section 49.203, Education Code, is amended to
23 read as follows:

24 Sec. 49.203. WEIGHTED AVERAGE ENROLLMENT [~~WADA~~] COUNT. For
25 purposes of Chapter 48, students served under an agreement under
26 this subchapter are counted only in the weighted average enrollment
27 [~~daily attendance~~] of the district providing the services, except

1 that students served under an agreement authorized by Section
2 49.205 are counted in a manner determined by the commissioner.

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

5 (b) The agreement is not effective unless the commissioner
6 certifies that:

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

10 (2) the agreement requires the district with a local
11 revenue level in excess of entitlement to make expenditures
12 benefiting students from other districts in an amount at least
13 equal to the amount that would be required for the district to
14 purchase enrollment [~~attendance~~] credit under Subchapter D
15 necessary, in combination with any other actions taken under this
16 chapter other than an action under this section, to reduce the
17 district's local revenue level to a level that is equal to or less
18 than the level established under Section 48.257.

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

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

25 SECTION 78. Section 49.258, Education Code, is amended to
26 read as follows:

27 Sec. 49.258. REVENUE DISTRIBUTION. The consolidated taxing

1 district shall distribute maintenance tax revenue to the component
2 districts on the basis of the number of students in weighted average
3 enrollment [~~daily attendance~~] in the component districts.

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

6 (c) If the detachment of whole parcels or items of property
7 as provided by Subsection (a) would result in a district's local
8 revenue level that is less than the level established under Section
9 48.257 by more than the product of \$10,000 multiplied by weighted
10 average enrollment [~~daily attendance~~], the commissioner may not
11 detach the last parcel or item of property and shall detach the next
12 one or more parcels or items of property in descending order of
13 taxable value that would result in the school district having a
14 local revenue level that is equal to or less than the level
15 established under Section 48.257 by not more than the product of
16 \$10,000 multiplied by weighted average enrollment [~~daily~~
17 ~~attendance~~].

18 (d) Notwithstanding Subsections (a), (b), and (c), the
19 commissioner may detach only a portion of a parcel or item of
20 property if:

21 (1) it is not possible under this subchapter to reduce
22 the district's local revenue level to a level that is equal to or
23 less than the level established under Section 48.257 unless some or
24 all of the parcel or item of property is detached and the detachment
25 of the whole parcel or item would result in the district from which
26 it is detached having a local revenue level that is less than the
27 level established under Section 48.257 by more than the product of

1 \$10,000 multiplied by weighted average enrollment [~~daily~~
2 ~~attendance~~]; or

3 (2) the commissioner determines that a partial
4 detachment of that parcel or item of property is preferable to the
5 detachment of one or more other parcels or items having a lower
6 taxable value in order to minimize the number of parcels or items of
7 property to be detached consistent with the purposes of this
8 chapter.

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

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

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

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

1 SECTION 81. Section 49.311, Education Code, is amended to
2 read as follows:

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

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

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

24 SECTION 83. Section 403.104(d), Government Code, is amended
25 to read as follows:

26 (d) The proportionate share of an independent school
27 district is determined by multiplying the total amount of the

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

19 SECTION 84. Section [1371.001](#)(4), Government Code, is
20 amended to read as follows:

- 21 (4) "Issuer" means:
- 22 (A) a home-rule municipality that:
- 23 (i) adopted its charter under Section 5,
24 Article XI, Texas Constitution;
- 25 (ii) has a population of 50,000 or more; and
- 26 (iii) has outstanding long-term
27 indebtedness that is rated by a nationally recognized rating agency

1 for municipal securities in one of the four highest rating
2 categories for a long-term obligation;

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

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

8 (D) a metropolitan rapid transit authority,
9 regional transportation authority, or coordinated county
10 transportation authority created, organized, or operating under
11 Chapter 451, 452, or 460, Transportation Code;

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

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

18 (G) a state agency, including a state institution
19 of higher education;

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

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

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

27 (I) a hospital district in a county that has a

1 population of more than 2.5 million;

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

5 (K) a county:

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

8 (ii) that, on the date of issuance of
9 obligations under this chapter, has authorized, outstanding, or any
10 combination of authorized and outstanding, indebtedness of at least
11 \$100 million secured by and payable from the county's ad valorem
12 taxes and the authorized long-term indebtedness of which is rated
13 by a nationally recognized rating agency of securities issued by
14 local governments in one of the four highest rating categories for a
15 long-term obligation;

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

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

21 (N) a district created under Chapter 335, Local
22 Government Code;

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

26 (P) an issuer, as defined by Section 1201.002,
27 that has:

1 (i) a principal amount of at least \$100
2 million in outstanding long-term indebtedness, in long-term
3 indebtedness proposed to be issued, or in a combination of
4 outstanding or proposed long-term indebtedness; and

5 (ii) some amount of long-term indebtedness
6 outstanding or proposed to be issued that is rated in one of the
7 four highest rating categories for long-term debt instruments by a
8 nationally recognized rating agency for municipal securities,
9 without regard to the effect of any credit agreement or other form
10 of credit enhancement entered into in connection with the
11 obligation.

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

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

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

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

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

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

16 SECTION 88. The following provisions of the Education Code
17 are repealed:

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

19 (2) Section 48.007.

20 SECTION 89. This Act takes effect September 1, 2025.