

By: Johnson

S.B. No. 233

A BILL TO BE ENTITLED

AN ACT

relating to the public school finance system.

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

SECTION 1. Section 7.062(a), Education Code, is amended to read as follows:

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

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

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

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

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

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

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

- 18 (1) the product of:
- 19 (A) the quotient of:
- 20 (i) the total amount of funding provided to  
21 eligible school districts under Section 48.101(b) or (c); and  
22 (ii) the total number of students in  
23 average enrollment [~~daily attendance~~] in school districts that  
24 receive an allotment under Section 48.101(b) or (c); and
- 25 (B) the sum of one and the quotient of:
- 26 (i) the total number of students in average  
27 enrollment [~~daily attendance~~] in school districts that receive an

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

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

5 (2) \$125.

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

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

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

17 SECTION 4. Sections 12.263(a), (b), and (c), Education  
18 Code, are amended to read as follows:

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

27 (b) For purposes of determining the average enrollment

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

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

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

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

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

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

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

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

26 (1) the total taxable value of the property in the  
27 territory according to the most recent certified appraisal roll for

1 each school district is not greater than:

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

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

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

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

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

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

20 Sec. 13.283. PAYMENTS REDUCED. The incentive aid payments  
21 shall be reduced in direct proportion to any reduction in the  
22 average enrollment [~~daily attendance~~] as determined under Section  
23 48.005 of the reorganized school district for the preceding year.

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

26 (d-2) Beginning with the 2009-2010 school year, the  
27 district shall increase the monthly salary of each classroom

1 teacher, full-time speech pathologist, full-time librarian,  
2 full-time school counselor certified under Subchapter B, Chapter  
3 21, and full-time school nurse employed by the district by the  
4 greater of:

5 (1) \$80; or

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

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

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

26 SECTION 10. Section 25.045(c), Education Code, is amended  
27 to read as follows:

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

5 SECTION 11. Sections 25.081(e) and (f), Education Code, are  
6 amended to read as follows:

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

11 (f) The commissioner may proportionally reduce the amount  
12 of funding a district receives under Chapter 46, 48, or 49 and the  
13 average enrollment [~~daily attendance~~] calculation for the district  
14 if the district operates on a calendar that provides fewer minutes  
15 of operation than required under Subsection (a).

16 SECTION 12. Section 25.087(d), Education Code, is amended  
17 to read as follows:

18 (d) A student whose absence is excused under Subsection (b),  
19 (b-1), (b-2), (b-4), (b-5), (b-7), (b-8), or (c) may not be  
20 penalized for that absence and shall be counted as if the student  
21 attended school for purposes of funding under Chapter 48  
22 [~~calculating the average daily attendance of students in the school~~  
23 ~~district~~]. A student whose absence is excused under Subsection (b),  
24 (b-1), (b-2), (b-4), (b-5), (b-7), (b-8), or (c) shall be allowed a  
25 reasonable time to make up school work missed on those days. If the  
26 student satisfactorily completes the school work, the day of  
27 absence shall be counted as a day of compulsory attendance.

1 SECTION 13. Section 25.111, Education Code, is amended to  
2 read as follows:

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

8 SECTION 14. Sections 25.112(a) and (b), Education Code, are  
9 amended to read as follows:

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

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

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

19 (b) Not later than the 30th day after the first day of the  
20 12-week period for which a district whose average enrollment [~~daily~~  
21 ~~attendance~~] is adjusted under Section 48.005(c) is claiming an  
22 exemption under Subsection (a), the district shall notify the  
23 commissioner in writing that the district is claiming an exemption  
24 for the period stated in the notice.

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

27 (b) Except as provided by Subsection (c), costs of an



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

16 SECTION 16. Section 29.014(b), Education Code, is amended  
17 to read as follows:

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

22 SECTION 17. Section 29.081(f), Education Code, is amended  
23 to read as follows:

24 (f) The commissioner shall include a student who  
25 successfully completes a course offered through a program under  
26 Subsection (e) in the computation of the district's or school's  
27 average enrollment [~~daily attendance~~] for funding purposes. [~~For a~~

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

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

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

12 SECTION 18. Section 29.0822(d), Education Code, is amended  
13 to read as follows:

14 (d) The commissioner may adopt rules for the administration  
15 of this section, including rules establishing application  
16 requirements. ~~[Subject to Subsection (d-1), the commissioner shall~~  
17 ~~calculate average daily attendance for students served under this~~  
18 ~~section. The commissioner shall allow accumulations of hours of~~  
19 ~~instruction for students whose schedule would not otherwise allow~~  
20 ~~full state funding. Funding under this subsection shall be~~  
21 ~~determined based on the number of instructional days in the school~~  
22 ~~district calendar and a seven-hour school day, but attendance may~~  
23 ~~be cumulated over a school year, including any summer or vacation~~  
24 ~~session. The attendance of students who accumulate less than the~~  
25 ~~number of attendance hours required under this subsection shall be~~  
26 ~~proportionately reduced for funding purposes. The commissioner~~  
27 ~~may:~~

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

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

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

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

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

17           (a) A student who under this subchapter uses a public  
18 education grant to attend a public school in a school district other  
19 than the district in which the student resides is included in the  
20 average enrollment [~~daily attendance~~] of the district in which the  
21 student attends school.

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

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

27           (2) provide services to each student until the student

1 either voluntarily decides to attend a school in a different  
2 district or graduates from high school.

3 SECTION 21. Section 29.403(b), Education Code, is amended  
4 to read as follows:

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

8 SECTION 22. Section 29.457(a), Education Code, is amended  
9 to read as follows:

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

16 SECTION 23. Section 29.912(c), Education Code, is amended  
17 to read as follows:

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

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

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

27 (A) has or will have at the time students are

1 served under the partnership the capacity to effectively coordinate  
2 the partnership;

3 (B) has entered into a performance agreement  
4 approved by the board of trustees of each partnering school  
5 district that confers on the coordinating entity the same authority  
6 with respect to pathways offered under the partnership provided to  
7 an entity that contracts to operate a district campus under Section  
8 [11.174](#);

9 (C) is an eligible entity as defined by Section  
10 [12.101\(a\)](#); and

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

15 SECTION 24. Section [30.003\(b\)](#), Education Code, is amended  
16 to read as follows:

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

23 SECTION 25. Section [30.102\(a\)](#), Education Code, is amended  
24 to read as follows:

25 (a) The Texas Juvenile Justice Department is entitled to  
26 receive the state available school fund apportionment based on the  
27 average enrollment [~~daily—attendance~~] in the department's

1 educational programs of students who are at least three years of age  
2 and not older than 21 years of age.

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

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

- 14 ~~[(1) hours of contact with the student,~~  
15 ~~[(2) the student's successful completion of a course,~~  
16 ~~or~~  
17 ~~[(3) a method approved by the commissioner.]~~

18 SECTION 27. Section 33.157, Education Code, is amended to  
19 read as follows:

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

27 SECTION 28. Section 37.0061, Education Code, is amended to

1 read as follows:

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

20           SECTION 29. Section 37.008(f), Education Code, is amended  
21 to read as follows:

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

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

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

8           (1) the district's disciplinary alternative education  
9 program; or

10           (2) a contracted placement with:

11                   (A) another school district;

12                   (B) an open-enrollment charter school;

13                   (C) an institution of higher education;

14                   (D) an adult literacy council; or

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

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

20           (c) The commissioner shall develop and adopt a process for  
21 reviewing the exemption process of a school district or shared  
22 services arrangement that gives an exemption under Subsection  
23 (a)(1) as follows:

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



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

5           (3) to the greater of more than 10 percent of the  
6 students in the special education program or to at least five  
7 students in the special education program, in the case of a district  
8 or shared services arrangement with an average enrollment [~~daily  
9 attendance~~] of not more than 189.

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

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

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

17           (1) students who are ordered by a court to attend a  
18 high school equivalency certificate program but who have not yet  
19 earned a high school equivalency certificate;

20           (2) students who were previously reported to the state  
21 as dropouts, including a student who is reported as a dropout,  
22 reenrolls, and drops out again, regardless of the number of times of  
23 reenrollment and dropping out;

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

26           (4) students whose initial enrollment in a school in  
27 the United States in grades 7 through 12 was as an unschooled asylee

1 or refugee as defined by Section 39.027(a-1);

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

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

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

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

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

17 (A) unable to attend school; and

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

20 SECTION 33. Section 39.262(a), Education Code, is amended  
21 to read as follows:

22 (a) The governor may present a financial award to the  
23 schools or districts that the commissioner determines have  
24 demonstrated the highest levels of sustained success or the  
25 greatest improvement in achieving the education goals. For each  
26 student in average enrollment [~~daily attendance~~], each of those  
27 schools or districts is entitled to an amount set for the award for

1 which the school or district is selected by the commissioner,  
2 subject to any limitation set by the commissioner on the total  
3 amount that may be awarded to a school or district.

4 SECTION 34. Section 43.001(c), Education Code, is amended  
5 to read as follows:

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

13 SECTION 35. Section 44.004(c), Education Code, is amended  
14 to read as follows:

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

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

21 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE  
22 "The (name of school district) will hold a public meeting at  
23 (time, date, year) in (name of room, building, physical location,  
24 city, state). The purpose of this meeting is to discuss the school  
25 district's budget that will determine the tax rate that will be  
26 adopted. Public participation in the discussion is invited." The  
27 statement of the purpose of the meeting must be in bold type. In

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

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

- 18 (A) maintenance and operations;
- 19 (B) debt service; and
- 20 (C) total expenditures;

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

27 (4) contain a statement of the total amount of the

1 outstanding and unpaid bonded indebtedness of the school district;

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

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

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

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

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

24 (b) in the case of "Interest & Sinking  
25 Fund," is the tax rate that, when applied to the current taxable  
26 value for the district, as certified by the chief appraiser under  
27 Section 26.01, Tax Code, and as adjusted to reflect changes made by

1 the chief appraiser as of the time the notice is prepared, and when  
2 multiplied by the district's anticipated collection rate, would  
3 impose taxes in an amount that, when added to state funds to be  
4 distributed to the district under Chapter 46 and any excess taxes  
5 collected to service the district's debt during the preceding tax  
6 year but not used for that purpose during that year, would provide  
7 the amount required to service the district's debt; and

8 (iii) the "Proposed Rate";

9 (B) contain fourth and fifth columns aligned with  
10 the columns required by Paragraph (A) that show, for each row  
11 required by Paragraph (A):

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

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

25 (C) contain an asterisk after each calculation  
26 for "Interest & Sinking Fund" and a footnote to the section that, in  
27 reduced type, states "The Interest & Sinking Fund tax revenue is

1 used to pay for bonded indebtedness on construction, equipment, or  
2 both. The bonds, and the tax rate necessary to pay those bonds, were  
3 approved by the voters of this district.";

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

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

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

11 (ii) "Average Taxable Value of Residences,"  
12 determined after taking into account the limitation on the  
13 appraised value of residences under Section 23.23, Tax Code, and  
14 after subtracting all homestead exemptions applicable in each year,  
15 other than exemptions available only to disabled persons or persons  
16 65 years of age or older or their surviving spouses, and using the  
17 same group of residences for each year;

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

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

22 (B) contain the following information: "Increase  
23 (Decrease) in Taxes" expressed in dollars and cents, which is  
24 computed by subtracting the "Taxes Due on Average Residence" for  
25 the preceding tax year from the "Taxes Due on Average Residence" for  
26 the current tax year;

27 (7) contain the following statement in bold print:

1 "Under state law, the dollar amount of school taxes imposed on the  
2 residence of a person 65 years of age or older or of the surviving  
3 spouse of such a person, if the surviving spouse was 55 years of age  
4 or older when the person died, may not be increased above the amount  
5 paid in the first year after the person turned 65, regardless of  
6 changes in tax rate or property value.";

7 (8) contain the following statement in bold print:  
8 "Notice of Voter-Approval Rate: The highest tax rate the district  
9 can adopt before requiring voter approval at an election is (the  
10 school district voter-approval rate determined under Section  
11 26.08, Tax Code). This election will be automatically held if the  
12 district adopts a rate in excess of the voter-approval rate of (the  
13 school district voter-approval rate)."; and

14 (9) contain a section entitled "Fund Balances," which  
15 must include the estimated amount of interest and sinking fund  
16 balances and the estimated amount of maintenance and operation or  
17 general fund balances remaining at the end of the current fiscal  
18 year that are not encumbered with or by corresponding debt  
19 obligation, less estimated funds necessary for the operation of the  
20 district before the receipt of the first payment under Chapter 48 in  
21 the succeeding school year.

22 SECTION 36. Sections 45.0011(a), (d), and (e), Education  
23 Code, are amended to read as follows:

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

27 (1) at least 2,000 students in average enrollment



1 ~~[daily attendance]~~; or

2 (2) a combined aggregate principal amount of at least  
3 \$50 million of outstanding bonds and voted but unissued bonds.

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

6 (1) 25 percent of the sum of:

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

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

13 (2) \$25 million, in a district that has at least 3,500  
14 but not more than 15,000 students in average enrollment ~~[daily~~  
15 ~~attendance]~~; or

16 (3) \$50 million, in a district that has more than  
17 15,000 students in average enrollment ~~[daily attendance]~~.

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

20 SECTION 37. Section 45.006(a), Education Code, is amended  
21 to read as follows:

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

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

25 (2) is located in whole or part in a municipality with  
26 a population of less than 25,000 that is located in a county with a  
27 population of 200,000 or more bordering another county with a

1 population of 2.8 million or more.

2 SECTION 38. Section 45.105(d), Education Code, is amended  
3 to read as follows:

4 (d) An independent school district that has in its limits a  
5 municipality with a population of 150,000 or more or that contains  
6 at least 170 square miles, has \$850 million or more assessed value  
7 of taxable property on the most recent approved tax roll and has a  
8 growth in average enrollment [~~daily attendance~~] of 11 percent or  
9 more for each of the preceding five years as determined by the  
10 agency may, in buying school sites or additions to school sites and  
11 in building school buildings, issue and deliver negotiable or  
12 nonnegotiable notes representing all or part of the cost to the  
13 school district of the land or building. The district may secure  
14 the notes by a vendor's lien or deed of trust lien against the land  
15 or building. By resolution or order of the governing body made at  
16 or before the delivery of the notes, the district may set aside and  
17 appropriate as a trust fund, and the sole and only fund, for the  
18 payment of the principal of and interest on the notes that part of  
19 the local school funds, levied and collected by the school district  
20 in that year or subsequent years, as the governing body determines.  
21 The aggregate amount of local school funds set aside in or for any  
22 subsequent year for the retirement of the notes may not exceed, in  
23 any one subsequent year, 10 percent of the local school funds  
24 collected during that year. The district may issue the notes only  
25 if approved by majority vote of the qualified voters voting in an  
26 election conducted in the manner provided by Section 45.003 for  
27 approval of bonds.

1 SECTION 39. Section 46.003(a), Education Code, is amended  
2 to read as follows:

3 (a) For each year, except as provided by Sections 46.005 and  
4 46.006, a school district is guaranteed a specified amount per  
5 student in state and local funds for each cent of tax effort, up to  
6 the maximum rate under Subsection (b), to pay the principal of and  
7 interest on eligible bonds issued to construct, acquire, renovate,  
8 or improve an instructional facility. The amount of state support  
9 is determined by the formula:

$$10 \quad FYA = (FYL \times \underline{AE} \text{ [ADA]} \times BTR \times 100) - (BTR \times (DPV/100))$$

11 where:

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

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

17 "AE" [~~"ADA"~~] is the greater of the number of students in  
18 average enrollment [~~daily attendance~~], as determined under Section  
19 48.005, in the district or 400;

20 "BTR" is the district's bond tax rate for the current year,  
21 which is determined by dividing the amount budgeted by the district  
22 for payment of eligible bonds by the quotient of the district's  
23 taxable value of property as determined under Subchapter M, Chapter  
24 403, Government Code, or, if applicable, Section 48.258, divided by  
25 100; and

26 "DPV" is the district's taxable value of property as  
27 determined under Subchapter M, Chapter 403, Government Code, or, if

1 applicable, Section 48.258.

2 SECTION 40. Section 46.005, Education Code, is amended to  
3 read as follows:

4 Sec. 46.005. LIMITATION ON GUARANTEED AMOUNT. The  
5 guaranteed amount of state and local funds for a new project that a  
6 district may be awarded in any state fiscal biennium under Section  
7 46.003 for a school district may not exceed the lesser of:

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

10 (2) the greater of:

11 (A) \$100,000; or

12 (B) the product of the number of students in  
13 average enrollment [~~daily attendance~~] in the district multiplied by  
14 \$250.

15 SECTION 41. Section 46.006(g), Education Code, is amended  
16 to read as follows:

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

22 SECTION 42. Section 46.032(a), Education Code, is amended  
23 to read as follows:

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

1 46.034, is determined by the formula:

$$2 \quad \text{EDA} = (\text{EDGL} \times \underline{\text{AE}} \text{ [~~ADA~~] } \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

3 where:

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

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

9 (1) \$40 or a greater amount for any year provided by  
10 appropriation; or

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

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

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

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

1 SECTION 43. Section 48.005, Education Code, is amended to  
2 read as follows:

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

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

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

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

19 (2) [(4)] for a district that operates a half-day  
20 program or a full-day program under Section 29.153(c), one-half of  
21 the average enrollment [~~daily attendance~~] calculated under  
22 Subdivision (1).

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

26 (1) the actual average enrollment [~~daily attendance~~]  
27 of the preceding school year, if the decline is the result of the

1 closing or reduction in personnel of a military base; or

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

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

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

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

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

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

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

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

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

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



1 full-time student in average enrollment [~~daily attendance~~] for  
2 purposes of this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20           (3) [~~(2)~~] establish the requirements necessary for a  
21 school district or charter school to be eligible for one-half of  
22 average enrollment [~~daily attendance~~], which may differ based on  
23 the instructional program offered by the district or charter  
24 school;

25           (4) [~~(3)~~] proportionally reduce the average  
26 enrollment [~~daily attendance~~] for a school district if any campus  
27 or instructional program in the district provides fewer than the

1 required minimum minutes of instruction to students; and

2           (5) [~~(4)~~] allow a grade or course repeated under  
3 Section 28.02124 to qualify for average enrollment [~~daily~~  
4 ~~attendance~~] even if the student previously passed or earned credit  
5 for the grade or course, if the grade or course would otherwise be  
6 eligible.

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

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

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

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

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

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

1 ~~from the quotient~~] of the enrollment [~~sum of attendance~~] by  
 2 students described by Subsection (a)(2) in [~~for each of~~] the 30  
 3 additional instructional days of half-day instruction [~~that are~~  
 4 ~~provided divided by 180~~].

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

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

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

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

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

25 (e) A district that receives an adjustment under this  
 26 section may not receive any additional adjustment under Section  
 27 48.005(d) for the decline in average enrollment [~~daily attendance~~]

1 on which the adjustment under this section is based.

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

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

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

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

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

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

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

1 SECTION 47. Section 48.051, Education Code, is amended by  
 2 amending Subsections (a) and (c) and adding Subsection (a-1) to  
 3 read as follows:

4 (a) Subject to adjustment under Subsection (a-1), for [~~For~~]  
 5 each student in average enrollment [~~daily attendance~~], not  
 6 including the time students spend each day in special education  
 7 programs in an instructional arrangement other than mainstream or  
 8 career and technology education programs, for which an additional  
 9 allotment is made under Subchapter C, a district is entitled to an  
 10 allotment equal to the lesser of \$7,750 [~~\$6,160~~] or the amount that  
 11 results from the following formula:

$$12 \quad A = \underline{\$7,750} \text{ } [\underline{\$6,160}] \times \text{TR/MCR}$$

13 where:

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

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

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

19 (a-1) Beginning with the 2026-2027 school year, the basic  
 20 allotment provided to a district under Subsection (a) or (b) is  
 21 adjusted annually to increase the allotment by a factor equal to the  
 22 average annual percentage increase, if any, in the Consumer Price  
 23 Index for All Urban Consumers published by the Bureau of Labor  
 24 Statistics of the United States Department of Labor, to the  
 25 allotment for the preceding five years.

26 (c) During any school year for which the maximum amount of  
 27 the basic allotment provided under Subsection (a) or (b) is greater

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

10           (1) 75 percent must be used to increase the  
11 compensation paid to classroom teachers, full-time librarians,  
12 full-time school counselors certified under Subchapter B, Chapter  
13 21, and full-time school nurses, prioritizing differentiated  
14 compensation for classroom teachers with more than five years of  
15 experience; and

16           (2) 25 percent may be used as determined by the  
17 district to increase compensation paid to full-time district  
18 employees.

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

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

1 school district. A district offering a kindergarten through grade 8  
2 program whose preceding or current year's average enrollment [~~daily~~  
3 ~~attendance~~] was at least 50 students or which is 30 miles or more by  
4 bus route from the nearest high school district shall be provided a  
5 basic allotment on the basis of 75 students in average enrollment  
6 [~~daily attendance~~]. An average enrollment [~~daily attendance~~] of 60  
7 students shall be the basis of providing the basic allotment if a  
8 district offers a kindergarten through grade 6 program and has  
9 preceding or current year's average enrollment [~~daily attendance~~]  
10 of at least 40 students or is 30 miles or more by bus route from the  
11 nearest high school district.

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

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

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

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



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

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

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

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

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

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

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

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

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

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

1 amended to read as follows:

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

17	Homebound . . . . .	5.0
18	Hospital class . . . . .	3.0
19	Speech therapy . . . . .	5.0
20	Resource room . . . . .	3.0
21	Self-contained, mild and moderate,	
22	regular campus . . . . .	3.0
23	Self-contained, severe, regular campus . . . . .	3.0
24	Off home campus . . . . .	2.7
25	Nonpublic day school . . . . .	1.7
26	Vocational adjustment class . . . . .	2.3

27 (j) A school district that provides an extended year program

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

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

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

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

23 (A) 0.1; or

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

27 (2) for a student not described by Subdivision (1),

1 0.05 if the student is in a bilingual education program using a dual  
2 language immersion/two-way program model.

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

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

11 (1) 1.1 for a full-time equivalent student in career  
12 and technology education courses not in an approved program of  
13 study;

14 (2) 1.28 for a full-time equivalent student in levels  
15 one and two career and technology education courses in an approved  
16 program of study, as identified by the agency; and

17 (3) 1.47 for a full-time equivalent student in levels  
18 three and four career and technology education courses in an  
19 approved program of study, as identified by the agency.

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

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

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

1 education.

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

4 (a) Except as provided by Subsection (b), for each student  
5 in average enrollment [~~daily attendance~~] who is using a public  
6 education grant under Subchapter G, Chapter 29, to attend school in  
7 a district other than the district in which the student resides, the  
8 district in which the student attends school is entitled to an  
9 annual allotment equal to the basic allotment multiplied by a  
10 weight of 0.1.

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

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

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

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

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

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

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

4 (1) \$10 for each student in average enrollment [~~daily~~  
5 ~~attendance~~], plus \$1 for each student in average enrollment [~~daily~~  
6 ~~attendance~~] per every \$50 by which the district's maximum basic  
7 allotment under Section 48.051 exceeds \$7,750 [~~\$6,160~~], prorated as  
8 necessary; and

9 (2) \$15,000 per campus.

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

12 (a) For each full-time equivalent student in average  
13 enrollment [~~daily attendance~~] in grades 9 through 12 in a college or  
14 career pathway offered through a partnership under the Rural  
15 Pathway Excellence Partnership (R-PEP) program under Section  
16 29.912, a school district is entitled to an allotment equal to the  
17 basic allotment, or, if applicable, the sum of the basic allotment  
18 and the allotment under Section 48.101 to which the district is  
19 entitled, multiplied by:

20 (1) 1.15 if the student is educationally  
21 disadvantaged; or

22 (2) 1.11 if the student is not educationally  
23 disadvantaged.

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

26 (d) For the first school year in which students attend a new  
27 instructional facility, a school district is entitled to an

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

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

12 SECTION 59. Section [48.153](#), Education Code, is amended to  
13 read as follows:

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

- 18 (1) resides in a residential placement facility; or  
19 (2) is at a district or school or a campus of the  
20 district or school that is designated as a dropout recovery school  
21 under Section [39.0548](#).

22 SECTION 60. Sections [48.202](#)(a) and (a-1), Education Code,  
23 are amended to read as follows:

24 (a) Each school district is guaranteed a specified amount  
25 per weighted student in state and local funds for each cent of tax  
26 effort over that required for the district's local fund assignment  
27 up to the maximum level specified in this subchapter. The amount of

1 state support, subject only to the maximum amount under Section  
2 48.203, is determined by the formula:

$$3 \quad \text{GYA} = (\text{GL} \times \text{WAE} [\text{WADA}] \times \text{DTR} \times 100) - \text{LR}$$

4 where:

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

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

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

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

25 "LR" is the local revenue, which is determined by multiplying  
26 "DTR" by the quotient of the district's taxable value of property as  
27 determined under Subchapter M, Chapter 403, Government Code, or, if



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

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

7 (1) the greater of the amount of district tax revenue  
 8 per weighted student per cent of tax effort available to a school  
 9 district at the 96th percentile of wealth per weighted student or  
 10 the amount that results from multiplying the maximum amount of the  
 11 basic allotment provided under Section 48.051 for the applicable  
 12 school year [~~6,160, or the greater amount provided under Section~~  
 13 ~~48.051(b), if applicable,~~] by 0.016, for the first eight cents by  
 14 which the district's maintenance and operations tax rate exceeds  
 15 the district's tier one tax rate; and

16 (2) subject to Subsection (f), the amount that results  
 17 from multiplying the maximum amount of the basic allotment provided  
 18 under Section 48.051 for the applicable school year [~~\$6,160, or the~~  
 19 ~~greater amount provided under Section 48.051(b), if applicable,~~] by  
 20 0.008, for the district's maintenance and operations tax effort  
 21 that exceeds the amount of tax effort described by Subdivision (1).

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

24 (b) Notwithstanding any other provision of this chapter or  
 25 Chapter 49, a school district subject to this section is entitled to  
 26 receive for each student in average enrollment [~~daily attendance~~]  
 27 at the campus or program described by Subsection (a) an amount

1 equivalent to the difference, if the difference results in  
2 increased funding, between:

- 3 (1) the amount described by Section 12.106; and  
4 (2) the amount to which the district would be entitled  
5 under this chapter.

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

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

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

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

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

26 (a) A school district or open-enrollment charter school is  
27 entitled to receive an annual allotment for each student in average

1 enrollment [~~daily attendance~~] in the amount equal to the  
2 difference, if the difference is greater than zero, that results  
3 from subtracting the total maintenance and operations revenue per  
4 student in average enrollment [~~daily attendance~~] for the current  
5 school year from the lesser of:

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

11 (2) 128 percent of the statewide average amount of  
12 maintenance and operations revenue per student in average  
13 enrollment [~~daily attendance~~] that would have been provided for the  
14 2019-2020 school year under former Chapters 41 and 42, as those  
15 chapters existed on January 1, 2019.

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

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

20 SECTION 66. Section 49.002, Education Code, is amended to  
21 read as follows:

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

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

- 1           (2) detachment of territory as provided by Subchapter  
2 C;  
3           (3) purchase of [~~average daily~~] attendance credit as  
4 provided by Subchapter D;  
5           (4) education of nonresident students as provided by  
6 Subchapter E; or  
7           (5) tax base consolidation with another district as  
8 provided by Subchapter F.

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

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

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

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

20           SECTION 68. Section 49.158(a), Education Code, is amended  
21 to read as follows:

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

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

27           (2) executes an agreement to purchase attendance

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

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

6 (A) to an extent that does not provide more than  
7 10 percent of the reduction in local revenue required for the  
8 district to achieve a local revenue level that is equal to or less  
9 than the level established under Section 48.257; and

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

17 SECTION 69. Section 49.201, Education Code, is amended to  
18 read as follows:

19 Sec. 49.201. AGREEMENT. The board of trustees of a  
20 district with a local revenue level in excess of entitlement may  
21 execute an agreement to educate the students of another district in  
22 a number that, when the weighted average enrollment [~~daily~~  
23 ~~attendance~~] of the students served is added to the weighted average  
24 enrollment [~~daily attendance~~] of the contracting district, is  
25 sufficient, in combination with any other actions taken under this  
26 chapter, to reduce the district's local revenue level to a level  
27 that is equal to or less than the level established under Section

1 48.257. The agreement is not effective unless the commissioner  
2 certifies that the transfer of weighted average enrollment [~~daily~~  
3 ~~attendance~~] will not result in any of the contracting districts'  
4 local revenue level being greater than the level established under  
5 Section 48.257 and that the agreement requires an expenditure per  
6 student in weighted average enrollment [~~daily attendance~~] that is  
7 at least equal to the amount per student in weighted average  
8 enrollment [~~daily attendance~~] required under Section 49.153.

9 SECTION 70. Section 49.203, Education Code, is amended to  
10 read as follows:

11 Sec. 49.203. WEIGHTED AVERAGE ENROLLMENT [~~WADA~~] COUNT. For  
12 purposes of Chapter 48, students served under an agreement under  
13 this subchapter are counted only in the weighted average enrollment  
14 [~~daily attendance~~] of the district providing the services, except  
15 that students served under an agreement authorized by Section  
16 49.205 are counted in a manner determined by the commissioner.

17 SECTION 71. Section 49.257(b), Education Code, is amended  
18 to read as follows:

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

23 SECTION 72. Section 49.258, Education Code, is amended to  
24 read as follows:

25 Sec. 49.258. REVENUE DISTRIBUTION. The consolidated taxing  
26 district shall distribute maintenance tax revenue to the component  
27 districts on the basis of the number of students in weighted average

1 enrollment [~~daily attendance~~] in the component districts.

2 SECTION 73. Sections 49.305(c) and (d), Education Code, are  
3 amended to read as follows:

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

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

19 (1) it is not possible under this subchapter to reduce  
20 the district's local revenue level to a level that is equal to or  
21 less than the level established under Section 48.257 unless some or  
22 all of the parcel or item of property is detached and the detachment  
23 of the whole parcel or item would result in the district from which  
24 it is detached having a local revenue level that is less than the  
25 level established under Section 48.257 by more than the product of  
26 \$10,000 multiplied by weighted average enrollment [~~daily  
27 attendance~~]; or

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

7           SECTION 74. Section 49.306(i), Education Code, is amended  
8 to read as follows:

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

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

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

26           SECTION 75. Section 49.311, Education Code, is amended to  
27 read as follows:



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

14           SECTION 76. Section 49.354(e), Education Code, is amended  
15 to read as follows:

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

22           SECTION 77. Section 403.104(d), Government Code, is amended  
23 to read as follows:

24           (d) The proportionate share of an independent school  
25 district is determined by multiplying the total amount of the  
26 payment available for distribution to school districts by the ratio  
27 that the average number of [~~daily attendance for~~] students who

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

17 SECTION 78. Section [1371.001\(4\)](#), Government Code, is  
18 amended to read as follows:

19 (4) "Issuer" means:

20 (A) a home-rule municipality that:

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

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

24 (iii) has outstanding long-term  
25 indebtedness that is rated by a nationally recognized rating agency  
26 for municipal securities in one of the four highest rating  
27 categories for a long-term obligation;

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

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

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

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

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

16 (G) a state agency, including a state institution  
17 of higher education;

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

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

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

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

27 (J) a nonprofit corporation organized to

1 exercise the powers of a higher education loan authority under  
2 Section 53B.47(e), Education Code;

3 (K) a county:

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

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

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

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

19 (N) a district created under Chapter 335, Local  
20 Government Code;

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

24 (P) an issuer, as defined by Section 1201.002,  
25 that has:

26 (i) a principal amount of at least \$100  
27 million in outstanding long-term indebtedness, in long-term

1 indebtedness proposed to be issued, or in a combination of  
2 outstanding or proposed long-term indebtedness; and

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

10 SECTION 79. Section 1431.001(3), Government Code, is  
11 amended to read as follows:

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

16 SECTION 80. Section 325.011(a), Local Government Code, is  
17 amended to read as follows:

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

26 SECTION 81. Section 1, Article 2688d, Vernon's Texas Civil  
27 Statutes, is amended to read as follows:

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

14           SECTION 82. The following provisions of the Education Code  
15 are repealed:

- 16                   (1) Section [29.0822\(d-1\)](#); and  
17                   (2) Section [48.007](#).

18           SECTION 83. This Act takes effect September 1, 2025.