By: Landgraf H.B. No. 723

A BILL TO BE ENTITLED

AN ACT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e-1) In a school year in which the occurrence of an emergency or crisis, as defined by commissioner rule, causes a statewide decrease in average enrollment [~~daily attendance~~] of school districts entitled to funding under this chapter or, for an emergency or crisis occurring only within a specific region of this state, causes a regional decrease in the average enrollment [~~daily attendance~~] of school districts located in the affected region, the commissioner shall modify or waive requirements applicable to the affected districts under this section and adopt appropriate safeguards as necessary to ensure the continued support and maintenance of an efficient system of public free schools and the continued delivery of high-quality instruction under that system.

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

(g) If a student may receive course credit toward the student's high school academic requirements and toward the student's higher education academic requirements for a single

course, including a course provided under Section 28.009 by a public institution of higher education, the time during which the student attends the course shall be counted as part of the minimum number of instructional hours required for a student to be considered a full-time student in average enrollment [~~daily attendance~~] for purposes of this section.

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

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

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

(j) A district or charter school is eligible to earn full

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

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

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

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

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

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

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

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

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

(l) A school district campus or charter school described by Subsection (j) may operate more than one program and be eligible for full average enrollment [~~daily attendance~~] for each program if the programs operated by the district campus or charter school satisfy

all applicable state and federal requirements.

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

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

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

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

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

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

(n) To assist school districts in implementing this section as amended by H.B. 2442, [~~Acts of the~~] 85th Legislature, Regular

Session, 2017, the commissioner may waive a requirement of this section or adopt rules to implement this section.

SECTION 2. 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 3. 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 the 90th day before the date of the first election of trustees from those districts.

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

(a) A charter holder is entitled to receive for the open-enrollment charter school funding under Chapter 48 equal to the amount of funding per student in weighted average enrollment [~~daily attendance~~] to which the charter holder would be entitled for the school under that chapter if the school were a school district without a tier one local share for purposes of Section 48.266, excluding:

(1) the adjustment under Section 48.052;

(2) the funding under Sections 48.101 and 48.111; and

(3) enrichment funding under Section 48.202(a).

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

(1) the product of:

(A) the quotient of:

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

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

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

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

(ii) the total number of students in average enrollment [~~daily attendance~~] in school districts

statewide; and

(2) $300.

(d) Subject to Subsections (e) and (e-2), in addition to other amounts provided by this section, a charter holder is entitled to receive, for the open-enrollment charter school, an annual allotment per student in average enrollment [~~daily attendance~~] equal to the lesser of:

(1) the state average interest and sinking fund tax rate imposed by school districts for the current year multiplied by the guaranteed level of state and local funds per student per cent of tax effort under Section 46.032(a); or

(2) the maximum amount of the basic allotment provided under Section 48.051 for the applicable school year multiplied by 0.06.

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

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

(b) For purposes of determining the average enrollment [~~daily attendance~~] of an adult education program operated under a charter granted under this subchapter, a student is considered to

be in average enrollment [~~daily attendance, with a 100 percent attendance rate,~~] for:

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

(2) three-quarters of the instructional days of the school year, if the student is enrolled for at least 50 percent but less than 75 percent of the school year;

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

(4) a quarter of the instructional days of the school year, if the student is enrolled for at least 10 percent but less than 25 percent of the school year.

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

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

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

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

(A) five percent of the district's taxable value

of all property in that district as determined under Subchapter M, Chapter 403, Government Code; and

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

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

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

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

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

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

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

(d-2) Beginning with the 2009-2010 school year, the district shall increase the monthly salary of each classroom teacher, full-time speech pathologist, full-time librarian, full-time school counselor certified under Subchapter B, Chapter

21, and full-time school nurse employed by the district by the greater of:

(1) $80; or

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

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

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

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

(c) A student who transfers to another school district under this section may not be charged tuition. The student is included in

the average enrollment [~~daily attendance~~] of the district in which the student attends school.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~regular school year plus the extended year.~~]

SECTION 17. Sections 29.081(f) and (f-1), Education Code, are amended to read as follows:

(f) Except as provided by Subsection (f-1), the commissioner shall include a student who has enrolled in a course offered through a program under Subsection (e) in the computation of the district's or school's average enrollment [~~daily attendance~~] for funding purposes.

(f-1) The commissioner shall include a student enrolled in a remote or hybrid dropout recovery education program under Subsection (e-2) in the computation of the district's or school's average enrollment [~~daily attendance~~] for funding purposes in the same manner as students enrolled in a full-time hybrid or virtual program or full-time hybrid or virtual campus, as applicable, under Chapter 30B.

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

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

~~session. The attendance of students who accumulate less than the number of attendance hours required under this subsection shall be proportionately reduced for funding purposes. The commissioner may:~~

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

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

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

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

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

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

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

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

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

SECTION 21. Section 29.355(b), Education Code, is amended to read as follows:

(b) A child who establishes eligibility under this section may, subject to available funding and the requirements of this subchapter, participate in the program until the earliest of the date on which:

(1) the child graduates from high school;

(2) the child is no longer eligible to either attend a school district or open-enrollment charter school under Section 25.001 or enroll in a school district's or open-enrollment charter school's prekindergarten program under Section 29.153, as applicable;

(3) the child enrolls in a school district or open-enrollment charter school in a manner in which the child will be counted toward the district's or school's average enrollment [~~daily attendance~~] for purposes of the allocation of funding under the Foundation School Program; or

(4) the child is declared ineligible for the program by the comptroller under this subchapter.

SECTION 22. Section 29.358(b), Education Code, is amended to read as follows:

(b) The comptroller shall approve an education service provider or vendor of educational products for participation in the program if the provider or vendor:

(1) has previously been approved by the agency to provide supplemental special education services under Subchapter A-1 and remains in good standing with the agency;

(2) for a private school, demonstrates:

(A) accreditation by an organization recognized by:

(i) the Texas Private School Accreditation Commission; or

(ii) the agency;

(B) annual administration for students in grades 3 through 12 of a nationally norm-referenced assessment instrument or the appropriate assessment instrument required under Subchapter B, Chapter 39; and

(C) the school has continuously operated a campus for at least two school years preceding the date the school seeks approval under this section;

(3) for a school district or open-enrollment charter school, demonstrates:

(A) accreditation by the agency; and

(B) the ability to provide services or products to participating children in a manner in which the children are not counted toward the district's or school's average enrollment [~~daily attendance~~];

(4) for a private tutor, therapist, or teaching

service, demonstrates that:

(A) the tutor or therapist or each employee of the teaching service who intends to provide educational services to a participating child:

(i) is an educator employed by or a retired educator formerly employed by a school accredited by the agency, an organization recognized by the agency, or an organization recognized by the Texas Private School Accreditation Commission;

(ii) holds a relevant license or accreditation issued by a state, regional, or national certification or accreditation organization; or

(iii) is employed in or retired from a teaching or tutoring capacity at a higher education provider;

(B) the tutor or therapist or each employee of the teaching service who intends to provide educational services to a participating child provides to the comptroller a national criminal history record information review completed for the tutor, therapist, or employee, as applicable, within a period established by comptroller rule or authorizes the comptroller or the comptroller's designee to conduct a national criminal history record information review of the tutor, therapist, or employee as prescribed by comptroller rule; and

(C) the tutor or therapist or each employee of the teaching service who intends to provide educational services to a participating child is not:

(i) required to be discharged or refused to be hired by a school district under Section 22A.157 [~~22.085~~]; or

(ii) included in the registry under Section 22A.151 [~~22.092~~];

(5) for a higher education provider, demonstrates nationally recognized postsecondary accreditation; or

(6) notwithstanding Subdivision (2), for a private provider serving children in prekindergarten or kindergarten, demonstrates that the provider meets the requirements to be an eligible private provider under Section 29.171.

SECTION 23. Section 29.359(a), Education Code, is amended to read as follows:

(a) Subject to Subsection (b), a participating parent may request that program money be spent only for the following education-related expenses incurred by a participating child at a preapproved education service provider or vendor of educational products:

(1) tuition and fees for:

(A) a private school;

(B) a higher education provider;

(C) an online educational course or program; or

(D) a program that provides training for an industry-based credential approved by the agency;

(2) the purchase of textbooks or other instructional materials or uniforms required by a private school, higher education provider, or course in which the child is enrolled, including purchases made through a third-party vendor of educational products;

(3) fees for classes or other educational services

provided by a school district or open-enrollment charter school if the classes or services do not qualify the child to be included in the school's average enrollment [~~daily attendance~~];

(4) costs related to academic assessments;

(5) fees for services provided by a private tutor or teaching service;

(6) fees for transportation provided by a fee-for-service transportation provider for the child to travel to and from a preapproved education service provider or vendor of educational products;

(7) fees for educational therapies or services provided by a practitioner or provider, only for fees that are not covered by any federal, state, or local government benefits such as Medicaid or the Children's Health Insurance Program (CHIP) or by any private insurance that the child is enrolled in at the time of receiving the therapies or services;

(8) costs of computer hardware or software and other technological devices required by an education service provider or vendor of educational products or prescribed by a physician to facilitate a child's education, not to exceed in any year 10 percent of the total amount transferred to the participating child's account that year; and

(9) costs of breakfast or lunch provided to a child during the school day by a private school.

SECTION 24. Sections 29.361(a) and (c), Education Code, are amended to read as follows:

(a) Regardless of the deadline by which the participating

parent applies for enrollment in the program under Section 29.356(a) and except as provided by Subsections (b), (b-1), and (d) of this section, a certified educational assistance organization shall transfer in accordance with Section 29.362 each school year that a participating child participates in the program money distributed to the organization from money available under Section 29.353 to the child's account to be held in trust for the benefit of the child in an amount equal to:

(1) 85 percent of the estimated statewide average amount of state and local funding per student in average enrollment [~~daily attendance~~] for the most recent school year for which that information is available, as provided by the agency; or

(2) for a child with a disability, subject to Subsection (b), the sum of the amount described by Subdivision (1) and the amount the school district in which the child would otherwise be enrolled would be entitled to receive for the child calculated based on the child's individualized education program, as determined in accordance with Section 29.3615, and the provisions of Chapter 48 that provide funding based on a child's participation in a school district's special education program under Subchapter A applicable for the school year preceding the school year in which the child initially enrolls in the program.

(c) In determining the estimated statewide average amount of state and local funding per student in average enrollment [~~daily attendance~~] for a school year under Subsection (a), the commissioner shall:

(1) make the determination not later than January 15

preceding the school year; and

(2) include projected state and local funding under Chapters 48 and 49 and the amount the state is required to contribute to the Teacher Retirement System of Texas under Section 825.404, Government Code, for the school year.

SECTION 25. Section 29.3611, Education Code, is amended to read as follows:

Sec. 29.3611. ENROLLMENT IN PUBLIC SCHOOL. If a child ceases participation in the program during a school year due to the child's enrollment in a school district or open-enrollment charter school:

(1) the district or school is entitled to receive, in addition to other funding to which the district or school is entitled to receive for the child, an allotment in an amount equal to the basic allotment multiplied by 0.1 for the child's average enrollment [~~daily attendance~~] at the district or school for that school year; and

(2) the child may not be considered in evaluating the performance of a school district or open-enrollment charter school under the public school accountability system as prescribed by Chapters 39 and 39A for the first school year after the child ceases participation in the program.

SECTION 26. Section 29.362(d), Education Code, is amended to read as follows:

(d) On or before the first day of October and February, a certified educational assistance organization shall:

(1) verify with the agency that each participating

child is not enrolled in a school district or open-enrollment charter school in a manner in which the child is counted toward the district's or school's average enrollment [~~daily attendance~~] for purposes of the allocation of state funding under the Foundation School Program; and

(2) notify the comptroller if the organization determines that a participating child is:

(A) enrolled in a school district or open-enrollment charter school in a manner in which the child is counted toward the district's or school's average enrollment [~~daily attendance~~] for purposes of the allocation of state funding under the Foundation School Program; or

(B) not enrolled in a preapproved private school.

SECTION 27. Section 29.369(b), Education Code, is amended to read as follows:

(b) As necessary to verify a child's eligibility for the program, the agency, a school district, or an open-enrollment charter school shall provide to a certified educational assistance organization any information available to the agency, district, or school requested by the organization regarding a child who participates or seeks to participate in the program, including information regarding the child's school district or open-enrollment charter school enrollment status and whether the child can be counted toward a school district's or open-enrollment charter school's average enrollment [~~daily attendance~~] for purposes of the allocation of funding under the Foundation School Program. The organization may not retain information provided

under this subsection beyond the period necessary to determine a child's eligibility to participate in the program.

SECTION 28. Section 29.403(b), Education Code, is amended to read as follows:

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

SECTION 29. Section 29.457(a), Education Code, is amended to read as follows:

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

SECTION 30. Sections 29.912(c) and (c-1), Education Code, are amended to read as follows:

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

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

(2) be managed by a coordinating entity that:

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

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

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

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

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

(c-1) A school district that has participated in the program may continue to participate in the program regardless of the number of students in average enrollment [~~daily attendance~~] in the district for the current school year.

SECTION 31. Section 29.914(g), Education Code, is amended to read as follows:

(g) Time that a student spends participating in the program is counted as part of the minimum number of instructional hours required for a student to be considered a full-time student in average enrollment [~~daily attendance~~] for purposes of Section 48.005.

SECTION 32. Section 30.003(b), Education Code, is amended to read as follows:

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

SECTION 33. Section 30.102(a), Education Code, is amended to read as follows:

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

SECTION 34. The heading to Section 30B.007, Education Code, is amended to read as follows:

Sec. 30B.007. ATTENDANCE AND FOUNDATION SCHOOL PROGRAM FUNDING.

SECTION 35. Section 30B.106, Education Code, is amended to read as follows:

Sec. 30B.106. FUNDING. [~~(a) For purposes of calculating the average daily attendance of students attending a full-time hybrid campus or full-time virtual campus, the commissioner shall use the number of full-time equivalent students enrolled in the full-time hybrid or full-time virtual campus multiplied by the average attendance rate of the school district or open-enrollment charter school that offers the full-time hybrid or full-time virtual campus not including any student enrolled full-time in a~~

~~full-time hybrid or full-time virtual campus. In the event that a reliable attendance rate cannot be determined under this section, the commissioner shall use the statewide average attendance rate.~~

[~~(b)~~] The commissioner shall provide proportionate funding to the applicable school district or open-enrollment charter school for a student that alternates attendance between a traditional, in-person campus setting and the full-time hybrid or full-time virtual campus of any single district or school in the same school year.

SECTION 36. Section 33.157, Education Code, is amended to read as follows:

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

SECTION 37. Section 37.0061, Education Code, is amended to read as follows:

Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN JUVENILE RESIDENTIAL FACILITIES. A school district that provides education services to pre-adjudicated and post-adjudicated students who are confined by court order in a juvenile residential facility operated by a juvenile board is entitled to count such students in the district's average enrollment [~~daily attendance~~] for purposes of receipt of state funds under the Foundation School

Program. If the district has a local revenue level greater than the guaranteed local revenue level but less than the level established under Section 48.257, the district in which the student is enrolled on the date a court orders the student to be confined to a juvenile residential facility shall transfer to the district providing education services an amount equal to the difference between the average Foundation School Program costs per student of the district providing education services and the sum of the state aid and the money from the available school fund received by the district that is attributable to the student for the portion of the school year for which the district provides education services to the student.

SECTION 38. Section 37.008(f), Education Code, is amended to read as follows:

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

SECTION 39. Section 37.0083(d), Education Code, is amended to read as follows:

(d) A student placed in a virtual expulsion program shall be counted toward the district's average enrollment [~~daily attendance~~] for purposes of receipt of state funds under the Foundation School Program if the district can confirm the student's enrollment [~~daily attendance~~] in the virtual expulsion program.

SECTION 40. Section 37.011(a-4), Education Code, is amended to read as follows:

(a-4) A school district located in a county considered to be

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

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

(2) a contracted placement with:

(A) another school district;

(B) an open-enrollment charter school;

(C) an institution of higher education;

(D) an adult literacy council; or

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

SECTION 41. Sections 39.027(c) and (f), Education Code, are amended to read as follows:

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

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

(2) to more than 10 percent of the students in the

special education program, in the case of a district or shared services arrangement with an average enrollment [~~daily attendance~~] of at least 190 and not more than 1,599; or

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

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

SECTION 42. Section 39.053(g-1), Education Code, is amended to read as follows:

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

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

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

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

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

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

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

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

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

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

(A) unable to attend school; and

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

SECTION 43. Section 39.262(a), Education Code, is amended to read as follows:

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

subject to any limitation set by the commissioner on the total amount that may be awarded to a school or district.

SECTION 44. Section 43.001(c), Education Code, is amended to read as follows:

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

SECTION 45. Section 44.004(c), Education Code, is amended to read as follows:

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

(1) contain a statement in the following form:

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

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

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

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

(A) maintenance and operations;

(B) debt service; and

(C) total expenditures;

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

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

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

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

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

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

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

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

multiplied by the district's anticipated collection rate, would impose taxes in an amount that, when added to state funds to be distributed to the district under Chapter 46 and any excess taxes collected to service the district's debt during the preceding tax year but not used for that purpose during that year, would provide the minimum dollar amount required to be paid to service the district's debt; and

(iii) the "Proposed Rate";

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

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

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

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

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

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

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

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

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

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

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

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

(7) contain the following statement in bold print:

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

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

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

SECTION 46. Sections 45.0011(a), (d), and (e), Education Code, are amended to read as follows:

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

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

[~~daily attendance~~]; or

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

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

(1) 25 percent of the sum of:

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

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

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

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

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

SECTION 47. Section 45.006(a), Education Code, is amended to read as follows:

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

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

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

population of 2.8 million or more.

SECTION 48. Section 45.105(d), Education Code, is amended to read as follows:

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

SECTION 49. Section 46.003(a), Education Code, is amended to read as follows:

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

FYA = (FYL X AE [~~ADA~~] X BTR X 100) - (BTR X (DPV/100))

where:

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

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

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

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

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

applicable, Section 48.258.

SECTION 50. Section 46.005, Education Code, is amended to read as follows:

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

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

(2) the greater of:

(A) $100,000; or

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

SECTION 51. Section 46.006(g), Education Code, is amended to read as follows:

(g) In this section, "wealth per student" means a school district's taxable value of property as determined under 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 52. Section 46.032(a), Education Code, is amended to read as follows:

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

46.034, is determined by the formula:

EDA = (EDGL X AE [~~ADA~~] X EDTR X 100) - (EDTR X (DPV/100))

where:

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

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

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

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

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

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

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

SECTION 53. Sections 48.0051(a) and (b), Education Code, are amended to read as follows:

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

(1) provides the minimum number of minutes of operational and instructional time required under Section 25.081 and commissioner rules adopted under that section over at least 175 days of instruction; and

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

(b) Subject to Subsection (b-1), for a school district or open-enrollment charter school described by Subsection (a), the commissioner shall increase the average enrollment [~~daily attendance~~] of the district or school under Section 48.005 by the amount that results from the product of:

(1) the average enrollment [~~quotient of the sum of attendance~~] by students described by Subsection (a)(2) in [~~for each of~~] the 30 additional instructional days of half-day instruction that are provided; and

(2) the quotient of 30 divided by 175.

SECTION 54. Sections 48.0052(a) and (b), Education Code, are amended to read as follows:

(a) The commissioner shall adjust the average enrollment [~~daily attendance~~] of a school district or open-enrollment charter

school under Section 48.005 in the manner provided by Subsection (b) if the district or school:

(1) does not qualify for funding under Section 48.0051;

(2) provides the minimum number of minutes of operational and instructional time required under Section 25.081 and commissioner rules adopted under that section; and

(3) offers up to an additional 30 days of half-day instruction consisting of reading interventions described by Section 28.0064 for students who are required to be provided reading interventions under that section.

(b) For a school district or open-enrollment charter school described by Subsection (a), the commissioner shall increase the average enrollment [~~daily attendance~~] of the district or school under Section 48.005 by 50 percent of the amount that results from the product of:

(1) the average enrollment [~~quotient of the sum of attendance~~] by students described by Subsection (a)(3) for [~~each of~~] the additional instructional days of half-day instruction that are provided; and

(2) the quotient of the number of additional instructional days of half-day instruction that are provided divided by 175.

SECTION 55. Section 48.006, Education Code, is amended to read as follows:

Sec. 48.006. AVERAGE ENROLLMENT [~~DAILY ATTENDANCE~~] FOR DISTRICTS IN DISASTER AREA. (a) The commissioner may adjust the

average enrollment [~~daily attendance~~] of a school district all or part of which is located in an area declared a disaster area by the governor under Chapter 418, Government Code, if the district experiences a decline in average enrollment [~~daily attendance~~] that is reasonably attributable to the impact of the disaster.

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

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

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

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

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

SECTION 56. Section 48.010, Education Code, is amended to read as follows:

Sec. 48.010. DETERMINATION OF FUNDING LEVELS. (a) Not

later than July 1 of each year, the commissioner shall determine for each school district whether the estimated amount of state and local funding per student in weighted average enrollment [~~daily attendance~~] to be provided to the district under the Foundation School Program for maintenance and operations for the following school year is less than the amount provided to the district for the 2010-2011 school year. If the amount estimated to be provided is less, the commissioner shall certify the percentage decrease in funding to be provided to the district.

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

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

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

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

SECTION 57. Section 48.051(a), Education Code, is amended to read as follows:

(a) For each student in average enrollment [~~daily attendance~~], not including the time students spend each day in career and technology education programs or in special education programs in a setting other than a general education setting, for which an additional allotment is made under Subchapter C, a school

district is entitled to an allotment equal to the lesser of the amounts that result from the following formulas:

(1) A = $6,160 + GYIA; or

(2) A = ($6,160 + GYIA) X TR/MCR

where:

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

"GYIA" is the guaranteed yield increment adjustment determined under Section 48.2561;

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

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

SECTION 58. Sections 48.052(a) and (c), Education Code, are amended to read as follows:

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

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

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

SECTION 59. Section 48.101, Education Code, is amended to read as follows:

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

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

(2) "AE" [~~"ADA"~~] is the number of students in average enrollment [~~daily attendance~~] for which the district is entitled to an allotment under Section 48.051, other than students in average enrollment [~~daily attendance~~] who do not reside in the district and are enrolled in a full-time virtual program; and

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

Section 48.051.

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

AA = ((1,600 - AE [~~ADA~~]) X .00046) X BA

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

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

(2) AA = ((5,000 - AE [~~ADA~~]) X .00003) X BA.

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

AA = ((1,600 - AE [~~ADA~~]) X .0005) X BA

SECTION 60. Sections 48.102(a) and (f), Education Code, are amended to read as follows:

(a) For each student in average enrollment [~~daily attendance~~] in a special education program under Subchapter A, Chapter 29, a school district is entitled to an annual allotment

equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by a weight in an amount set by the legislature in the General Appropriations Act for the highest tier of intensity of service for which the student qualifies.

(f) A school district that provides an extended year program required by federal law for special education students who may regress is entitled to receive funds in an amount equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled for each student in average enrollment [~~daily attendance~~], multiplied by the amount designated for the highest tier of intensity of service for which the student qualifies under this section[~~, for each day the program is provided divided by the number of days in the minimum school year~~]. A school district may use funds received under this section only in providing an extended year program.

SECTION 61. Sections 48.105(a) and (a-2), Education Code, are amended to read as follows:

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

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

(A) 0.1; or

(B) 0.15 if the student is in a bilingual

education program using a dual language immersion/one-way or two-way program model; and

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

(a-2) For each student in average enrollment [~~daily attendance~~] in an alternative language education method approved by the agency under Section 29.054(d), and offered by a school district approved to receive the allotment under Subsection (a-1), the district is entitled to an annual allotment equal to the basic allotment multiplied by:

(1) 0.15 for an emergent bilingual student, as defined by Section 29.052, if the student is in an alternative language education method using a dual language immersion/one-way or two-way program model; and

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

SECTION 62. Sections 48.106(a) and (a-1), Education Code, are amended to read as follows:

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

(1) 1.1 for a full-time equivalent student in career

and technology education courses not in an approved program of study;

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

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

(a-1) In addition to the amounts under Subsection (a), a district is entitled to $150 for each student in average enrollment [~~daily attendance~~] who:

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

(2) completes a course of study offered under the Pathways in Technology Early College High School (P-TECH) program under Subchapter N, Chapter 29, or the Rural Pathway Excellence Partnership (R-PEP) program under Section 29.912, regardless of whether the student is enrolled in the district that provides the course of study.

SECTION 63. Section 48.107(a), Education Code, is amended to read as follows:

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

weight of 0.1.

SECTION 64. Sections 48.108(a) and (a-1), Education Code, are amended to read as follows:

(a) For each student in average enrollment [~~daily attendance~~] in kindergarten through third grade, a school district is entitled to an annual allotment equal to the basic allotment multiplied by 0.01.

(a-1) In addition to the allotment under Subsection (a), a school district is entitled to an annual allotment equal to the basic allotment multiplied by 0.1 for each student in average enrollment [~~daily attendance~~] in kindergarten through third grade who is:

(1) educationally disadvantaged; or

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

SECTION 65. Section 48.1081(b), Education Code, is amended to read as follows:

(b) Notwithstanding any other provision of this chapter, from the total amount of money to which school districts are entitled under Section 48.108(a-1), the agency shall, instead of providing money to which this section applies to school districts in accordance with Section 48.108(a-1), distribute that money as follows:

(1) provide to each school district that operates a full-day program under Section 29.153(c), funding under this chapter based on one-half of the average enrollment [~~daily~~

~~attendance~~] calculated under Section 48.005 for each student in that program; and

(2) if any amount remains after distributing money under Subdivision (1), provide to each school district an amount that is proportional to the district's entitlement under Section 48.108(a-1).

SECTION 66. Section 48.109(c), Education Code, is amended to read as follows:

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

SECTION 67. Section 48.118(a), Education Code, is amended to read as follows:

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

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

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

SECTION 68. Sections 48.152(d) and (e), Education Code, are amended to read as follows:

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

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

SECTION 69. Section 48.153, Education Code, is amended to read as follows:

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

(1) resides in a residential placement facility; or

(2) is at a district or school or a campus of the district or school that is designated as a dropout recovery school under Section 39.0548.

SECTION 70. Sections 48.1581(b), (b-1), and (c), Education Code, are amended to read as follows:

(b) For purposes of this section, a school district's adjusted average enrollment [~~attendance~~] is the quotient of:

(1) the sum of the district's allotments under Subchapter B and, if applicable, the allotment under Section 48.101 for the applicable school year; and

(2) the basic allotment for the applicable school year.

(b-1) In determining adjusted average enrollment [~~daily attendance~~] under this section, the agency shall exclude students who do not reside in the district and are enrolled in a full-time virtual program.

(c) A school district is entitled to an annual allotment of $45 for each student in adjusted average enrollment [~~attendance~~].

SECTION 71. Section 48.160(a), Education Code, is amended to read as follows:

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

(1) $20 for each student in average enrollment [~~daily attendance~~], plus $1 for each student in average enrollment [~~daily attendance~~] per every $50 by which the district's maximum basic allotment under Section 48.051 exceeds $6,160, prorated as necessary; and

(2) $33,540 per campus.

SECTION 72. Section 48.202(a), Education Code, is amended to read as follows:

(a) Each school district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the district's local fund assignment

up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 48.203, is determined by the formula:

GYA = (GL X WAE [~~WADA~~] X DTR X 100) - LR

where:

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

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

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

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

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property as

determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258 or by the quotient of the value of "DPV" as determined under Section 48.256(d) if that subsection applies to the district, divided by 100.

SECTION 73. Section 48.252(b), Education Code, is amended to read as follows:

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

(1) the amount described by Section 12.106; and

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

SECTION 74. Section 48.2642(a), Education Code, is amended to read as follows:

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

SECTION 75. Section 48.266(b-1), Education Code, is amended to read as follows:

(b-1) Periodically throughout the school year, the commissioner shall adjust the determinations made under Subsection (a) to reflect current school year estimates of a district's [~~enrollment and~~] average enrollment [~~daily attendance~~], based on enrollment [~~attendance~~] reporting for each six-week interval.

SECTION 76. Section 48.273(a)(4), Education Code, is amended to read as follows:

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

SECTION 77. Sections 48.284(c) and (d), Education Code, are amended to read as follows:

(c) A school district or open-enrollment charter school to which this section applies is entitled to additional state aid for each student in adjusted average enrollment [~~daily attendance~~] in an amount equal to 80 percent of the difference between, for the 2023-2024 school year, or a different school year specified by appropriation:

(1) the total amount paid for property and casualty insurance by districts and schools in the county or catastrophe area described by Subsection (b) in which the district's or school's property is located divided by the total number of students in average enrollment [~~daily attendance~~] for all districts and schools in the county or catastrophe area; and

(2) the total amount paid for property and casualty insurance by districts and schools in the state divided by the total number of students in average enrollment [~~daily attendance~~] in the state.

(d) For purposes of Subsection (c), the average enrollment [~~daily attendance~~] of a school district that qualifies for, or an open-enrollment charter school that if the school were a school district would qualify for, an allotment under Section 48.101 is the district's or school's average enrollment [~~daily attendance~~] multiplied by the sum of one and:

(1) for a school district, the district's annual allotment per student in average enrollment [~~daily attendance~~] under that section divided by the basic allotment; or

(2) for an open-enrollment charter school, the school's allotment determined per student in average enrollment [~~daily attendance~~] under Section 12.106(a-2) divided by the basic allotment.

SECTION 78. Section 49.001(2), Education Code, is amended to read as follows:

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

SECTION 79. Section 49.002, Education Code, is amended to read as follows:

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

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

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

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

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

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

SECTION 80. Section 49.003, Education Code, is amended to read as follows:

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

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

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

SECTION 81. The heading to Subchapter D, Chapter 49, Education Code, is amended to read as follows:

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

SECTION 82. Section 49.151, Education Code, is amended to read as follows:

Sec. 49.151. AGREEMENT. A school district with a local

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

SECTION 83. Section 49.153(c), Education Code, is amended to read as follows:

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

SECTION 84. Section 49.156(b), Education Code, is amended to read as follows:

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

SECTION 85. Section 49.157, Education Code, is amended to read as follows:

Sec. 49.157. CREDIT FOR APPRAISAL COSTS. The total amount required under Section 49.153 for a district to purchase enrollment [~~attendance~~] credit under this subchapter for any school year is reduced by an amount equal to the product of the district's total costs under Section 6.06, Tax Code, for the appraisal district or districts in which it participates multiplied by a percentage that is computed by dividing the total amount required under Section 49.153 by the total amount of taxes imposed in the district for that

year less any amounts paid into a tax increment fund under Chapter 311, Tax Code.

SECTION 86. Section 49.158(a), Education Code, is amended to read as follows:

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

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

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

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

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

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

SECTION 87. Section 49.201, Education Code, is amended to

read as follows:

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

SECTION 88. Section 49.203, Education Code, is amended to read as follows:

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

SECTION 89. Section 49.205(b), Education Code, is amended

to read as follows:

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

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

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

SECTION 90. Section 49.257(b), Education Code, is amended to read as follows:

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

SECTION 91. Section 49.258, Education Code, is amended to read as follows:

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

SECTION 92. Sections 49.305(c) and (d), Education Code, are amended to read as follows:

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

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

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

(2) the commissioner determines that a partial

detachment of that parcel or item of property is preferable to the detachment of one or more other parcels or items having a lower taxable value in order to minimize the number of parcels or items of property to be detached consistent with the purposes of this chapter.

SECTION 93. Section 49.306(i), Education Code, is amended to read as follows:

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

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

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

SECTION 94. Section 49.311, Education Code, is amended to read as follows:

Sec. 49.311. STUDENT ATTENDANCE. A student who is a

resident of real property detached from a school district may choose to attend school in that district or in the district to which the property is annexed. For purposes of determining average enrollment [~~daily attendance~~] under Section 48.005, the student shall be counted in the district to which the property is annexed. If the student chooses to attend school in the district from which the property is detached, the state shall withhold any foundation school funds from the district to which the property is annexed and shall allocate to the district in which the student is attending school those funds and the amount of funds equal to the difference between the state funds the district is receiving for the student and the district's cost in educating the student.

SECTION 95. Section 49.354(e), Education Code, is amended to read as follows:

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

SECTION 96. Section 403.104(d), Government Code, is amended to read as follows:

(d) The proportionate share of an independent school district is determined by multiplying the total amount of the payment available for distribution to school districts by the ratio that the average number of [~~daily attendance for~~] students who reside in the county and are enrolled in [~~who attend~~] that school

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

SECTION 97. Section 1371.001(4), Government Code, is amended to read as follows:

(4) "Issuer" means:

(A) a home-rule municipality that:

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

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

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

(B) a conservation and reclamation district

created and organized as a river authority under Section 52, Article III, or Section 59, Article XVI, Texas Constitution;

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

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

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

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

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

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

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

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

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

(J) a nonprofit corporation organized to exercise the powers of a higher education loan authority under

Section 53B.47(e), Education Code;

(K) a county:

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

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

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

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

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

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

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

(i) a principal amount of at least $100 million in outstanding long-term indebtedness, in long-term indebtedness proposed to be issued, or in a combination of

outstanding or proposed long-term indebtedness; and

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

SECTION 98. Section 1431.001(3), Government Code, is amended to read as follows:

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

SECTION 99. Section 325.011(a), Local Government Code, is amended to read as follows:

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

SECTION 100. Section 1, Article 2688d, Vernon's Texas Civil Statutes, is amended to read as follows:

Section 1. In all counties of the State where, according to

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

SECTION 101. The following provisions of the Education Code are repealed:

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

(2) Section 48.007.

SECTION 102. This Act takes effect September 1, 2027.