

1 AN ACT

2 relating to public school finance and public education; creating a
3 criminal offense; authorizing the imposition of a fee.

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

5 ARTICLE 1. PUBLIC SCHOOL FINANCE

6 SECTION 1.001. Subchapter D, Chapter 11, Education Code, is
7 amended by adding Section 11.184 to read as follows:

8 Sec. 11.184. EFFICIENCY AUDIT. (a) For purposes of this
9 section, "efficiency audit" means an investigation of the
10 operations of a school district to examine fiscal management,
11 efficiency, and utilization of resources.

12 (b) Except as provided by Subsection (b-1), the board of
13 trustees of a school district shall conduct an efficiency audit
14 before seeking voter approval to adopt a tax rate for the
15 maintenance and operations of the district at an election held for
16 that purpose and may not hold the election without complying with
17 this section.

18 (b-1) The board of trustees of a school district all or part
19 of which is located in an area declared a disaster area by the
20 governor under Chapter 418, Government Code, may hold an election
21 to seek voter approval to adopt a maintenance and operations tax
22 rate during the two-year period following the date of the
23 declaration without conducting an efficiency audit otherwise
24 required under this section.

1 (c) A school district must pay for the costs associated with
2 an efficiency audit required under this section.

3 (d) The board of trustees of a school district must select
4 an auditor to conduct an efficiency audit under this section not
5 later than four months before the date on which the district
6 proposes to hold an election to adopt a maintenance and operations
7 tax rate.

8 (e) The board of trustees of a school district may select
9 for purposes of Subsection (d) the auditor that conducts the
10 district's annual audit under Section 44.008 and may include the
11 efficiency audit as part of the district's annual audit.

12 (f) The Legislative Budget Board shall establish guidelines
13 identifying the scope and areas of investigation of an efficiency
14 audit, including identification of resources being used
15 effectively and efficiently and identification of cost savings or
16 reallocations. The Legislative Budget Board may consult with the
17 agency to identify areas in which school districts in this state
18 have a demonstrated history of effectively utilizing resources to
19 improve student achievement and achieve cost savings. The auditor
20 selected by the board of trustees of a school district must follow
21 the guidelines established by the Legislative Budget Board under
22 this subsection.

23 (g) An auditor selected by the board of trustees of a school
24 district must maintain independence from the district and complete
25 the efficiency audit not later than three months after the date the
26 auditor was selected.

27 (h) Before an election at which a school district seeks

1 voter approval to adopt a tax rate the board of trustees of the
2 school district must hold an open meeting to discuss the results of
3 the efficiency audit conducted under this section. Not later than
4 30 days before the date of the election, the results of an
5 efficiency audit conducted under this section must be posted on the
6 school district's Internet website.

7 (i) A school district shall provide all documents, records,
8 and personnel requested by the auditor as needed to conduct the
9 audit in an efficient manner.

10 SECTION 1.002. Section 12.106, Education Code, is amended
11 by amending Subsections (a), (a-1), and (a-2) and adding
12 Subsections (a-3) and (a-4) to read as follows:

13 (a) A charter holder is entitled to receive for the
14 open-enrollment charter school funding under Chapter 48 [42] equal
15 to the amount of funding per student in weighted average daily
16 attendance, excluding the adjustment under Section 48.052, the
17 funding under Sections 48.101, 48.110, 48.111, and 48.112, and
18 enrichment funding under Section 48.202(a) [42.302(a)], to which
19 the charter holder would be entitled for the school under Chapter 48
20 [42] if the school were a school district without a tier one local
21 share for purposes of Section 48.266 [42.253].

22 (a-1) In determining funding for an open-enrollment charter
23 school under Subsection (a), the amount of the allotment under
24 Section 48.102 is based solely on the basic allotment to which the
25 charter holder is entitled and does not include any amount based on
26 the allotment under Section 48.101[+]

27 ~~[(1) adjustments under Sections 42.102, 42.104, and~~

1 ~~42.105~~ are based on the average adjustment for the state; and
2 ~~[(2) the adjustment under Section 42.103 is based on~~
3 ~~the average adjustment for the state that would have been provided~~
4 ~~under that section as it existed on January 1, 2018].~~

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

9 (1) the product of:

10 (A) the quotient of:

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

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

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

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

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

22 (2) \$125.

23 (a-3) In addition to the funding provided by Subsections
24 [Subsection] (a) and (a-2), a charter holder is entitled to receive
25 for the open-enrollment charter school enrichment funding under
26 Section 48.202 [42.302] based on the state average tax effort.

27 (a-4) In addition to the funding provided by Subsections

1 (a), (a-2), and (a-3), a charter holder is entitled to receive
2 funding for the open-enrollment charter school under Sections
3 48.110 and 48.112 and Subchapter D, Chapter 48, if the charter
4 holder would be entitled to the funding if the school were a school
5 district.

6 SECTION 1.003. Section 13.054(f), Education Code, is
7 amended to read as follows:

8 (f) For five years beginning with the school year in which
9 the annexation occurs, a school district shall receive additional
10 funding under this subsection or Subsection (h). The amount of
11 funding shall be determined by multiplying the lesser of the
12 enlarged district's local fund assignment computed under Section
13 48.256 [42.252] or the enlarged district's total cost of tier one by
14 a fraction, the numerator of which is the number of students
15 residing in the territory annexed to the receiving district
16 preceding the date of the annexation and the denominator of which is
17 the number of students residing in the district as enlarged on the
18 date of the annexation, and dividing the resulting product by the
19 state compression percentage, as determined under Section 48.255.

20 SECTION 1.004. (a) Effective September 1, 2019, Section
21 25.084(b), Education Code, is amended to read as follows:

22 (b) The operation of schools year-round by a district does
23 not affect the amount of state funds to which the district is
24 entitled under Chapter 48 [42].

25 (b) Effective September 1, 2020, Section 25.084, Education
26 Code, is amended by amending Subsection (b) and adding Subsection
27 (c) to read as follows:

1 (b) Except as provided by Subsection (c), the [The]
2 operation of schools year-round by a district does not affect the
3 amount of state funds to which the district is entitled under
4 Chapter 48 [42].

5 (c) A district that adopts a year-round system under this
6 section may receive the incentive aid under Section 48.0051 if the
7 district meets the criteria for receiving the incentive under that
8 section.

9 SECTION 1.005. Section 30.003, Education Code, is amended
10 by amending Subsection (f-1) and adding Subsection (f-2) to read as
11 follows:

12 (f-1) The commissioner shall determine the total amount
13 that the Texas School for the Blind and Visually Impaired and the
14 Texas School for the Deaf would have received from school districts
15 in accordance with this section if the following provisions had not
16 reduced the districts' share of the cost of providing education
17 services:

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

20 (2) Section 45.0032; and

21 (3) Section 48.255.

22 (f-2) The amount determined under Subsection (f-1), [~~had~~
23 ~~not reduced the districts' share of the cost of providing education~~
24 ~~services. That amount,~~] minus any amount the schools do receive
25 from school districts, shall be set aside as a separate account in
26 the foundation school fund and appropriated to those schools for
27 educational purposes.

1 SECTION 1.006. Section 44.004, Education Code, is amended
2 by amending Subsections (c), (e), and (i) and adding Subsection
3 (c-2) to read as follows:

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

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

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

11 "The (name of school district) will hold a public meeting at
12 (time, date, year) in (name of room, building, physical location,
13 city, state). The purpose of this meeting is to discuss the school
14 district's budget that will determine the tax rate that will be
15 adopted. Public participation in the discussion is invited." The
16 statement of the purpose of the meeting must be in bold type. In
17 reduced type, the notice must state: "The tax rate that is
18 ultimately adopted at this meeting or at a separate meeting at a
19 later date may not exceed the proposed rate shown below unless the
20 district publishes a revised notice containing the same information
21 and comparisons set out below and holds another public meeting to
22 discuss the revised notice.";

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

1 each of the following:

2 (A) maintenance and operations;

3 (B) debt service; and

4 (C) total expenditures;

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

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

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

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

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

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

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

1 made by the chief appraiser as of the time the notice is prepared,
2 would impose taxes in an amount that, when added to state funds to
3 be distributed to the district under Chapter 48 [42], would provide
4 the same amount of maintenance and operations taxes and state funds
5 distributed under Chapter 48 [42] per student in average daily
6 attendance for the applicable school year that was available to the
7 district in the preceding school year; and

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

19 (iii) the "Proposed Rate";

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

23 (i) the "Local Revenue per Student," which
24 is computed by multiplying the district's total taxable value of
25 property, as certified by the chief appraiser for the applicable
26 school year under Section 26.01, Tax Code, and as adjusted to
27 reflect changes made by the chief appraiser as of the time the

1 notice is prepared, by the total tax rate, and dividing the product
2 by the number of students in average daily attendance in the
3 district for the applicable school year; and

4 (ii) the "State Revenue per Student," which
5 is computed by determining the amount of state aid received or to be
6 received by the district under Chapters ~~[42,]~~ 43, ~~[and]~~ 46, and 48
7 and dividing that amount by the number of students in average daily
8 attendance in the district for the applicable school year; and

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

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

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

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

22 (ii) "Average Taxable Value of Residences,"
23 determined after taking into account the limitation on the
24 appraised value of residences under Section 23.23, Tax Code, and
25 after subtracting all homestead exemptions applicable in each year,
26 other than exemptions available only to disabled persons or persons
27 65 years of age or older or their surviving spouses, and using the

1 same group of residences for each year;

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

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

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

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

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

26 (9) contain a section entitled "Fund Balances," which
27 must include the estimated amount of interest and sinking fund

1 balances and the estimated amount of maintenance and operation or
2 general fund balances remaining at the end of the current fiscal
3 year that are not encumbered with or by corresponding debt
4 obligation, less estimated funds necessary for the operation of the
5 district before the receipt of the first payment under Chapter 48
6 [42] in the succeeding school year.

7 (c-2) The notice described by Subsection (c) must include a
8 statement that a school district may not increase the district's
9 maintenance and operations tax rate to create a surplus in
10 maintenance and operations tax revenue for the purpose of paying
11 the district's debt service.

12 (e) A person who owns taxable property in a school district
13 is entitled to an injunction restraining the collection of taxes by
14 the district if the district has not complied with the requirements
15 of Subsections (b), (c), (c-1), (c-2), and (d), and, if applicable,
16 Subsection (i), and the failure to comply was not in good faith. An
17 action to enjoin the collection of taxes must be filed before the
18 date the ~~[school]~~ district delivers substantially all of its tax
19 bills.

20 (i) A school district that uses a certified estimate, as
21 authorized by Subsection (h), may adopt a budget at the public
22 meeting designated in the notice prepared using the estimate, but
23 the district may not adopt a tax rate before the district receives
24 the certified appraisal roll for the district required by Section
25 26.01(a), Tax Code. After receipt of the certified appraisal roll,
26 the district must publish a revised notice and hold another public
27 meeting before the district may adopt a tax rate that exceeds:

1 (1) the rate proposed in the notice prepared using the
2 estimate; or

3 (2) the district's voter-approval [~~rollback~~] rate
4 determined under Section 26.08, Tax Code, using the certified
5 appraisal roll.

6 SECTION 1.007. Subchapter A, Chapter 45, Education Code, is
7 amended by adding Section 45.0021 to read as follows:

8 Sec. 45.0021. RESTRICTION ON MAINTENANCE TAX LEVY. (a) A
9 school district may not increase the rate of the district's
10 maintenance taxes described by Section 45.002 to create a surplus
11 in maintenance tax revenue for the purpose of paying the district's
12 debt service.

13 (b) A person who owns taxable property in a school district
14 is entitled to an injunction restraining the collection of taxes by
15 the district if the district adopts a maintenance tax rate in
16 violation of Subsection (a). An action to enjoin the collection of
17 taxes must be filed before the date the district delivers
18 substantially all of the district's tax bills.

19 SECTION 1.008. Section 45.003, Education Code, is amended
20 by adding Subsections (b-1) and (d-1) and amending Subsections (d)
21 and (f) to read as follows:

22 (b-1) The ballot proposition under Subsection (b) must
23 include the following statement: "THIS IS A PROPERTY TAX INCREASE."

24 (d) A proposition submitted to authorize the levy of
25 maintenance taxes must include the question of whether the
26 governing board or commissioners court may levy, assess, and
27 collect annual ad valorem taxes for the further maintenance of

1 public schools, at a rate not to exceed the rate stated in the
2 proposition. For any year, the maintenance tax rate per \$100 of
3 taxable value adopted by the district may not exceed the rate equal
4 to the sum of \$0.17 and the product of the state compression
5 percentage, as determined under Section 48.255 [~~42.2516~~],
6 multiplied by \$1.00 [~~\$1.50~~].

7 (d-1) Except as otherwise provided by this subsection or
8 Section 26.08(a-1), Tax Code, if the voter-approval tax rate of a
9 school district under Section 26.08(n), Tax Code, excluding the
10 district's current debt rate under Section 26.08(n)(1)(C), Tax
11 Code, for the 2019 tax year is equal to or exceeds \$0.97 per \$100 of
12 taxable value, the district may not adopt a maintenance and
13 operations tax rate for the 2019 tax year that exceeds the
14 district's voter-approval rate, excluding the district's current
15 debt rate under Section 26.08(n)(1)(C), Tax Code. A school
16 district that, before January 1, 2019, adopted a strategic plan
17 through action taken by the board of trustees in a public meeting
18 that proposed a maintenance and operations tax rate for the 2019 tax
19 year that exceeds the rate permitted under this subsection may,
20 subject to voter approval, adopt the rate proposed in the plan minus
21 the amount by which the district is required to reduce the
22 district's enrichment tax rate under Section 48.202(f). This
23 subsection expires September 1, 2020.

24 (f) Notwithstanding any other law, a district that levied a
25 maintenance tax for the 2005 tax year at a rate greater than \$1.50
26 per \$100 of taxable value in the district as permitted by special
27 law may not levy a maintenance tax at a rate that exceeds the rate

1 per \$100 of taxable value that is equal to the sum of:

2 (1) \$0.17; and

3 (2) the product of 66.67 percent [~~the state~~
4 ~~compression percentage, as determined under Section 42.2516,~~]
5 multiplied by the rate of the maintenance tax levied by the district
6 for the 2005 tax year, minus the amount by which \$1.00 exceeds the
7 product of the state compression percentage, as determined under
8 Section 48.255, multiplied by \$1.00.

9 SECTION 1.009. Subchapter A, Chapter 45, Education Code, is
10 amended by adding Section 45.0032 to read as follows:

11 Sec. 45.0032. COMPONENTS OF MAINTENANCE AND OPERATIONS TAX.

12 (a) A school district's tier one maintenance and operations tax
13 rate is the number of cents levied by the district for maintenance
14 and operations that does not exceed the product of the state
15 compression percentage, as determined under Section 48.255,
16 multiplied by \$1.00.

17 (a-1) This subsection applies to a school district with a
18 tier one maintenance and operations tax rate for the 2018-2019
19 school year that was less than \$1.00 per \$100 of taxable value. For
20 purposes of determining a school district's tier one maintenance
21 and operations tax rate under Subsection (a) for the 2019-2020
22 school year, the state compression percentage, as determined under
23 Section 48.255, is applied to the number of cents levied by the
24 district for the 2018-2019 school year for maintenance and
25 operations that does not exceed \$1.00. This subsection expires
26 September 1, 2020.

27 (b) A district's enrichment tax rate consists of:

1 (1) any cents of additional maintenance and operations
2 tax effort, not to exceed eight cents over the maximum tax rate
3 described by Subsection (a); and

4 (2) any cents of additional maintenance and operations
5 tax effort that exceeds the sum of the maximum tax rate described by
6 Subsection (a) and the maximum number of cents permitted under
7 Subdivision (1).

8 (c) For a district to which Section 45.003(f) applies, any
9 cents of maintenance and operations tax effort that exceeds the
10 maximum rate permitted under Section 45.003(d) are not included in
11 the district's tier one maintenance and operations tax rate under
12 Subsection (a) or the district's enrichment tax rate under
13 Subsection (b), and the district is not entitled to the guaranteed
14 yield amount of state funds under Section 48.202 for those cents of
15 tax effort.

16 (d) For a district to which Section 26.08(a-1), Tax Code,
17 applies, the amount by which the district's maintenance tax rate
18 exceeds the district's voter-approval tax rate, excluding the
19 district's current debt rate under Section 26.08(n)(1)(C), Tax
20 Code, for the preceding year is not considered in determining a
21 district's tier one maintenance and operations tax rate under
22 Subsection (a) or the district's enrichment tax rate under
23 Subsection (b) for the current tax year.

24 (e) For the 2019 tax year, Section 48.202(f) applies to a
25 district's maintenance and operations tax rate after adjusting the
26 district's rate in accordance with this section. This subsection
27 expires September 1, 2020.

1 SECTION 1.010. Subtitle I, Title 2, Education Code, is
2 amended by adding Chapter 47 to read as follows:

3 CHAPTER 47. TAX REDUCTION AND EXCELLENCE IN EDUCATION FUND

4 Sec. 47.001. DEFINITION. In this chapter, "fund" means the
5 tax reduction and excellence in education fund.

6 Sec. 47.002. FUND ESTABLISHED. (a) The tax reduction and
7 excellence in education fund is a special fund in the state treasury
8 outside the general revenue fund.

9 (b) The fund consists of:

10 (1) money appropriated by the legislature for deposit
11 to the credit of the fund;

12 (2) gifts to the state for the purposes of the fund;
13 and

14 (3) money directed by law for deposit to the credit of
15 the fund.

16 Sec. 47.003. USES OF FUND. Except as otherwise provided by
17 this chapter, money in the fund may be appropriated only:

18 (1) to pay the cost of tier one allotments under
19 Chapter 48; or

20 (2) for the purpose of reducing school district
21 maintenance and operations ad valorem tax rates.

22 Sec. 47.004. DEPOSIT OF CERTAIN MONEY DEDICATED FOR SCHOOL
23 DISTRICT AD VALOREM TAX RATE REDUCTION. (a) The comptroller shall
24 deposit to the credit of the fund money that Section 49-g, Article
25 III, Texas Constitution, dedicates to the purpose of reducing
26 school district maintenance and operations ad valorem tax rates.

27 (b) Money deposited to the fund under this section may be

1 appropriated from the fund only for the purpose described by
2 Section 47.003(2).

3 Sec. 47.005. CERTAIN MONEY DISTRIBUTED TO AVAILABLE SCHOOL
4 FUND. (a) Of the money distributed to the available school fund
5 each year under Section 5(g), Article VII, Texas Constitution, the
6 amount that exceeds the first \$300 million is considered part of the
7 tax reduction and excellence in education fund.

8 (b) Money considered part of the fund as described by
9 Subsection (a) may be appropriated only to pay the cost of tier one
10 allotments under Chapter 48.

11 Sec. 47.006. DEPOSIT OF MONEY BASED ON CERTAIN SALES AND USE
12 TAX COLLECTIONS. (a) The comptroller shall deposit to the credit
13 of the fund on or before the fifth business day after the end of each
14 month an amount of general revenue equal to the amount of state
15 sales and use tax revenue collected by marketplace providers on
16 sales of taxable items made through the marketplace under Section
17 151.0242, Tax Code, and remitted to this state during the preceding
18 month, less any amount of that revenue the comptroller estimates
19 would have been collected and remitted if Section 151.0242 were not
20 law.

21 (b) Money deposited to the fund under this section may be
22 appropriated from the fund only for the purpose described by
23 Section 47.003(2).

24 SECTION 1.011. Subtitle I, Title 2, Education Code, is
25 amended by adding Chapter 48, and a heading is added to that chapter
26 to read as follows:

27 CHAPTER 48. FOUNDATION SCHOOL PROGRAM

1 SECTION 1.012. Chapter 48, Education Code, as added by this
2 Act, is amended by adding Subchapter A, and a heading is added to
3 that subchapter to read as follows:

4 SUBCHAPTER A. GENERAL PROVISIONS

5 SECTION 1.013. Sections 42.001, 42.002, 42.003, 42.004, and
6 42.005, Education Code, are transferred to Subchapter A, Chapter
7 48, Education Code, as added by this Act, redesignated as Sections
8 48.001, 48.002, 48.003, 48.004, and 48.005, Education Code, and
9 amended to read as follows:

10 Sec. 48.001 [~~42.001~~]. STATE POLICY. (a) It is the policy
11 of this state that the provision of public education is a state
12 responsibility and that a thorough and efficient system be provided
13 and substantially financed through state revenue sources so that
14 each student enrolled in the public school system shall have access
15 to programs and services that are appropriate to the student's
16 educational needs and that are substantially equal to those
17 available to any similar student, notwithstanding varying local
18 economic factors.

19 (b) The public school finance system of this state shall
20 adhere to a standard of neutrality that provides for substantially
21 equal access to similar revenue per student at similar tax effort,
22 considering all state and local tax revenues of districts after
23 acknowledging all legitimate student and district cost
24 differences.

25 Sec. 48.002 [~~42.002~~]. PURPOSES OF FOUNDATION SCHOOL
26 PROGRAM. (a) The purposes of the Foundation School Program set
27 forth in this chapter are to guarantee that each school district in

1 the state has:

2 (1) adequate resources to provide each eligible
3 student a basic instructional program and facilities suitable to
4 the student's educational needs; and

5 (2) access to a substantially equalized program of
6 financing in excess of basic costs for certain services, as
7 provided by this chapter.

8 (b) The Foundation School Program consists of:

9 (1) two tiers that in combination provide for:

10 (A) sufficient financing for all school
11 districts to provide a basic program of education that is rated
12 acceptable or higher under Section 39.054 and meets other
13 applicable legal standards; and

14 (B) substantially equal access to funds to
15 provide an enriched program; and

16 (2) a facilities component as provided by Chapter 46.

17 Sec. 48.003 [~~42.003~~]. STUDENT ELIGIBILITY. (a) A
18 student is entitled to the benefits of the Foundation School
19 Program if, on September 1 of the school year, the student:

20 (1) is 5 years of age or older and under 21 years of age
21 and has not graduated from high school, or is at least 21 years of
22 age and under 26 years of age and has been admitted by a school
23 district to complete the requirements for a high school diploma; or

24 (2) is at least 19 years of age and under 26 years of
25 age and is enrolled in an adult high school diploma and industry
26 certification charter school pilot program under Section 29.259.

27 (b) A student to whom Subsection (a) does not apply is

1 entitled to the benefits of the Foundation School Program if the
2 student is enrolled in a prekindergarten class under Section 29.153
3 [~~or Subchapter E-1, Chapter 29~~].

4 (c) A child may be enrolled in the first grade if the child
5 is at least six years of age at the beginning of the school year of
6 the district or has been enrolled in the first grade or has
7 completed kindergarten in the public schools in another state
8 before transferring to a public school in this state.

9 (d) Notwithstanding Subsection (a), a student younger than
10 five years of age is entitled to the benefits of the Foundation
11 School Program if:

12 (1) the student performs satisfactorily on the
13 assessment instrument administered under Section 39.023(a) to
14 students in the third grade; and

15 (2) the district has adopted a policy for admitting
16 students younger than five years of age.

17 Sec. 48.004 [~~42.004~~]. ADMINISTRATION OF THE PROGRAM. The
18 commissioner [~~, in accordance with the rules of the State Board of~~
19 ~~Education,~~] shall adopt rules and take [~~such~~] action and require
20 [~~such~~] reports consistent with this chapter as [~~may be~~] necessary
21 to implement and administer the Foundation School Program.

22 Sec. 48.005 [~~42.005~~]. AVERAGE DAILY ATTENDANCE. (a) In
23 this chapter, average daily attendance is:

24 (1) the quotient of the sum of attendance for each day
25 of the minimum number of days of instruction as described under
26 Section 25.081(a) divided by the minimum number of days of
27 instruction;

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

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

10 (4) for a district that operates a half-day program or
11 a full-day program under Section 29.153(c), one-half of the average
12 daily attendance calculated under Subdivision (1).

13 (b) A school district that experiences a decline of two
14 percent or more in average daily attendance shall be funded on the
15 basis of:

16 (1) the actual average daily attendance of the
17 preceding school year, if the decline is the result of the closing
18 or reduction in personnel of a military base; or

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

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

27 (d) The commissioner may adjust the average daily

1 attendance of a school district in which a disaster, flood, extreme
2 weather condition, fuel curtailment, or other calamity has a
3 significant effect on the district's attendance.

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

8 (1) all districts are funded on the basis of the same
9 percentage of the preceding year's actual average daily attendance;
10 and

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

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

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

25 (g-1) The commissioner shall adopt rules to calculate
26 average daily attendance for students participating in a blended
27 learning program in which classroom instruction is supplemented

1 with applied workforce learning opportunities, including
2 participation of students in internships, externships, and
3 apprenticeships.

4 (h) Subject to rules adopted by the commissioner under
5 Section 48.007(b) [~~42.0052(b)~~], time that a student participates in
6 an off-campus instructional program approved under Section
7 48.007(a) [~~42.0052(a)~~] shall be counted as part of the minimum
8 number of instructional hours required for a student to be
9 considered a full-time student in average daily attendance for
10 purposes of this section.

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

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

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

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

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

27 (4) a school program offered at a correctional

1 facility; or

2 (5) a school operating under Section 29.259.

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

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

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

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

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

20 (1) establish the minimum amount of instructional time
21 per day that allows a school district or charter school to be
22 eligible for full average daily attendance, which may differ based
23 on the instructional program offered by the district or charter
24 school;

25 (2) establish the requirements necessary for a school
26 district or charter school to be eligible for one-half of average
27 daily attendance, which may differ based on the instructional

1 program offered by the district or charter school; and

2 (3) proportionally reduce the average daily
3 attendance for a school district if any campus or instructional
4 program in the district provides fewer than the required minimum
5 minutes of instruction to students.

6 (n) To assist school districts in implementing this section
7 as amended by H.B. 2442, Acts of the 85th Legislature, Regular
8 Session, 2017, [~~or similar legislation,~~] the commissioner may waive
9 a requirement of this section or adopt rules to implement this
10 section. [~~This subsection expires at the end of the 2018-2019~~
11 ~~school year.~~]

12 SECTION 1.014. Effective September 1, 2020, Subchapter A,
13 Chapter 48, Education Code, as added by this Act, is amended by
14 adding Section 48.0051 to read as follows:

15 Sec. 48.0051. INCENTIVE FOR ADDITIONAL INSTRUCTIONAL DAYS.

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

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

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

27 (a-1) A school district entitled to an incentive under this

1 section and funding for a campus under Section 48.252 may receive
2 only the incentive or funding for the campus, as applicable, that
3 would result in the greater amount of funding.

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

11 (c) The commissioner may provide the incentive under this
12 section to a school district or open-enrollment charter school that
13 intended, but due to circumstances beyond the district's or
14 school's control, including the occurrence of a natural disaster
15 affecting the district or school, was unable to meet the
16 requirement for instruction under Section 25.081 plus an additional
17 30 days of half-day instruction. The commissioner may
18 proportionately reduce the incentive provided to a district or
19 school described by this subsection.

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

25 (e) The agency shall assist school districts and
26 open-enrollment charter schools in qualifying for the incentive
27 under this section.

1 (f) A school district or open-enrollment charter school may
2 use funding attributable to the incentive provided under this
3 section to pay costs associated with providing academic instruction
4 in a voluntary summer program for students enrolled in the district
5 or school.

6 (g) The commissioner shall adopt rules necessary for the
7 implementation of this section.

8 SECTION 1.015. Sections 42.0051 and 42.0052, Education
9 Code, are transferred to Subchapter A, Chapter 48, Education Code,
10 as added by this Act, redesignated as Sections 48.006 and 48.007,
11 Education Code, and amended to read as follows:

12 Sec. 48.006 [~~42.0051~~]. AVERAGE DAILY ATTENDANCE FOR
13 DISTRICTS IN DISASTER AREA. (a) The [~~From funds specifically~~
14 ~~appropriated for the purpose or other funds available to the~~
15 ~~commissioner for that purpose, the~~] commissioner may [~~shall~~] adjust
16 the average daily attendance of a school district all or part of
17 which is located in an area declared a disaster area by the governor
18 under Chapter 418, Government Code, if the district experiences a
19 decline in average daily attendance that is reasonably attributable
20 to the impact of the disaster.

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

26 (c) The commissioner may [~~shall~~] make the adjustment under
27 [~~required by~~] this section for the two-year period following the

1 date of the governor's initial proclamation or executive order
2 declaring the state of disaster.

3 (d) Section 48.005(b)(2) [~~42.005(b)(2)~~] does not apply to a
4 district that receives an adjustment under this section.

5 (e) A district that receives an adjustment under this
6 section may not receive any additional adjustment under Section
7 48.005(d) [~~42.005(d)~~] for the decline in average daily attendance
8 on which the adjustment under this section is based.

9 (f) For purposes of this title, a district's adjusted
10 average daily attendance under this section is considered to be the
11 district's average daily attendance as determined under Section
12 48.005 [~~42.005~~].

13 Sec. 48.007 [~~42.0052~~]. OFF-CAMPUS PROGRAMS APPROVED FOR
14 PURPOSES OF AVERAGE DAILY ATTENDANCE. (a) The commissioner may,
15 based on criteria developed by the commissioner, approve
16 instructional programs provided off campus by an entity other than
17 a school district or open-enrollment charter school as a program in
18 which participation by a student of a district or charter school may
19 be counted for purposes of determining average daily attendance in
20 accordance with Section 48.005(h) [~~42.005(h)~~].

21 (b) The commissioner shall adopt by rule verification and
22 reporting procedures concerning time spent by students
23 participating in instructional programs approved under Subsection
24 (a).

25 SECTION 1.016. Sections 42.006(a), (b), (c), and (d),
26 Education Code, are transferred to Subchapter A, Chapter 48,
27 Education Code, as added by this Act, redesignated as Section

1 48.008, Education Code, and amended to read as follows:

2 Sec. 48.008. PUBLIC EDUCATION INFORMATION MANAGEMENT
3 SYSTEM (PEIMS). (a) Each school district shall participate in the
4 Public Education Information Management System (PEIMS) and shall
5 provide through that system information required for the
6 administration of this chapter and of other appropriate provisions
7 of this code.

8 (b) Each school district shall use a uniform accounting
9 system adopted by the commissioner for the data required to be
10 reported for the Public Education Information Management System.

11 (c) Annually, the commissioner shall review the Public
12 Education Information Management System and shall repeal or amend
13 rules that require school districts to provide information through
14 the Public Education Information Management System that is not
15 necessary. In reviewing and revising the Public Education
16 Information Management System, the commissioner shall develop
17 rules to ensure that the system:

18 (1) provides useful, accurate, and timely information
19 on student demographics and academic performance, personnel, and
20 school district finances;

21 (2) contains only the data necessary for the
22 legislature and the agency to perform their legally authorized
23 functions in overseeing the public education system; and

24 (3) does not contain any information related to
25 instructional methods, except as provided by Section 29.066 or
26 required by federal law.

27 (d) The commissioner's rules must ensure that the Public

1 Education Information Management System links student performance
2 data to other related information for purposes of efficient and
3 effective allocation of scarce school resources, to the extent
4 practicable using existing agency resources and appropriations.

5 SECTION 1.017. Sections 42.006(a-1), (a-3), and (a-4),
6 Education Code, Section 42.006(a-2), Education Code, as added by
7 Chapter 550 (S.B. 490), Acts of the 85th Legislature, Regular
8 Session, 2017, and Section 42.006(a-2), as added by Chapter 916
9 (S.B. 1404), Acts of the 85th Legislature, Regular Session, 2017,
10 are transferred to Subchapter A, Chapter 48, Education Code, as
11 added by this Act, redesignated as Section 48.009, Education Code,
12 and amended to read as follows:

13 Sec. 48.009. REQUIRED PEIMS REPORTING. (a) In this
14 section, "full-time equivalent school counselor" means 40 hours of
15 counseling services a week.

16 (b) [(a-1)] The commissioner by rule shall require each
17 school district and open-enrollment charter school to report
18 through the Public Education Information Management System
19 information regarding:

20 (1) the number of students enrolled in the district or
21 school who are identified as having dyslexia;

22 (2) [~~The agency shall maintain the information~~
23 ~~provided in accordance with this subsection.~~

24 [(a-2) ~~The commissioner by rule shall require each school~~
25 ~~district and open-enrollment charter school to report through the~~
26 ~~Public Education Information Management System information~~
27 ~~regarding]~~ the availability of school counselors, including [at

1 ~~each campus. The commissioner's rules shall require a district or~~
2 ~~school to report]~~ the number of full-time equivalent school
3 counselors, ~~[providing counseling services]~~ at each ~~[a]~~ campus;

4 (3) ~~[. For purposes of this subsection, "full-time~~
5 ~~equivalent school counselor" means 40 hours of counseling services~~
6 ~~a week. The agency shall maintain the information provided in~~
7 ~~accordance with this subsection.~~

8 ~~[(a-2) The commissioner by rule shall require each school~~
9 ~~district and open-enrollment charter school to report through the~~
10 ~~Public Education Information Management System information for~~
11 ~~each campus of the district or school regarding:~~

12 ~~[(1)]~~ the availability of expanded learning
13 opportunities as described by Section 33.252 at each campus; ~~[and]~~

14 (4) ~~[(2) the number of students participating in each~~
15 ~~of the categories of expanded learning opportunities listed under~~
16 ~~Section 33.252(b).~~

17 ~~[(a-3) The commissioner by rule shall require each school~~
18 ~~district and open-enrollment charter school to annually report~~
19 ~~through the Public Education Information Management System~~
20 ~~information regarding]~~ the total number of students, other than
21 students described by Subdivision (5) ~~[Subsection (a-4)]~~, enrolled
22 in the district or school with whom the district or school, as
23 applicable, used intervention strategies, as that term is defined
24 by Section 26.004, at any time during the year for which the report
25 is made; and

26 (5) ~~[. The agency shall maintain the information~~
27 ~~provided in accordance with this subsection.~~

1 ~~[(a-4) The commissioner by rule shall require each school~~
2 ~~district and open-enrollment charter school to annually report~~
3 ~~through the Public Education Information Management System~~
4 ~~information regarding]~~ the total number of students enrolled in the
5 district or school to whom the district or school provided aids,
6 accommodations, or services under Section 504, Rehabilitation Act
7 of 1973 (29 U.S.C. Section 794), at any time during the year for
8 which the report is made.

9 (c) The agency shall maintain the information provided in
10 accordance with this section ~~[subsection]~~.

11 (d) Not later than January 1, 2020, the commissioner shall
12 adopt rules requiring the Public Education Information Management
13 System (PEIMS) to include pregnancy as a reason a student withdraws
14 from or otherwise no longer attends public school.

15 SECTION 1.018. Section 42.009, Education Code, is
16 transferred to Subchapter A, Chapter 48, Education Code, as added
17 by this Act, redesignated as Section 48.010, Education Code, and
18 amended to read as follows:

19 Sec. 48.010 [~~42.009~~]. DETERMINATION OF FUNDING LEVELS.

20 (a) Not later than July 1 of each year, the commissioner shall
21 determine for each school district whether the estimated amount of
22 state and local funding per student in weighted average daily
23 attendance to be provided to the district under the Foundation
24 School Program for maintenance and operations for the following
25 school year is less than the amount provided to the district for the
26 2010-2011 school year. If the amount estimated to be provided is
27 less, the commissioner shall certify the percentage decrease in

1 funding to be provided to the district.

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

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

6 (2) for a district required to ~~[take action under~~
7 ~~Chapter 41 to]~~ reduce its local revenue level under Section 48.257
8 ~~[wealth per student to the equalized wealth level]~~, base the
9 determinations on the district's net funding levels after deducting
10 any amounts required to be expended by the district to comply with
11 Chapter 49 [~~41~~]; and

12 (3) determine a district's weighted average daily
13 attendance in accordance with this chapter as it existed on January
14 1, 2011.

15 SECTION 1.019. Subchapter A, Chapter 48, Education Code, as
16 added by this Act, is amended by adding Sections 48.011 and 48.012
17 to read as follows:

18 Sec. 48.011. COMMISSIONER AUTHORITY TO RESOLVE UNINTENDED
19 CONSEQUENCES FROM SCHOOL FINANCE FORMULAS. (a) Subject to
20 Subsections (b) and (d), the commissioner may adjust a school
21 district's funding entitlement under this chapter if the funding
22 formulas used to determine the district's entitlement result in an
23 unanticipated loss or gain for a district.

24 (a-1) The commissioner may modify dates relating to the
25 adoption of a school district's maintenance and operations tax rate
26 and, if applicable, an election required for the district to adopt
27 that rate as necessary to implement the changes made by H.B. 3, 86th

1 Legislature, Regular Session, 2019.

2 (b) Before making an adjustment under Subsection (a) or
3 (a-1), the commissioner shall notify and must receive approval from
4 the Legislative Budget Board and the office of the governor.

5 (c) If the commissioner makes an adjustment under
6 Subsection (a), the commissioner must provide to the legislature an
7 explanation regarding the changes necessary to resolve the
8 unintended consequences.

9 (d) Beginning with the 2021-2022 school year, the
10 commissioner may not make an adjustment under Subsection (a) or
11 (a-1).

12 (e) This section expires September 1, 2023.

13 Sec. 48.012. STUDY ON GEOGRAPHIC EDUCATION COST VARIATIONS
14 AND TRANSPORTATION COSTS. (a) The agency shall enter into a
15 memorandum of understanding with a public institution of higher
16 education to conduct a study on:

17 (1) geographic variations in known resource costs and
18 costs of education due to factors beyond the control of school
19 districts; and

20 (2) school district transportation costs.

21 (b) The study must include a review of cost drivers for
22 school districts.

23 (c) Not later than December 1, 2020, the agency shall submit
24 to the legislature a report on the results of the study.

25 (d) This section expires September 1, 2021.

26 SECTION 1.020. Chapter 48, Education Code, as added by this
27 Act, is amended by adding Subchapter B, and a heading is added to

1 that subchapter to read as follows:

2 SUBCHAPTER B. BASIC ENTITLEMENT

3 SECTION 1.021. Sections 42.101 and 42.105, Education Code,
4 are transferred to Subchapter B, Chapter 48, Education Code, as
5 added by this Act, redesignated as Sections 48.051 and 48.052,
6 Education Code, and amended to read as follows:

7 Sec. 48.051 [~~42.101~~]. BASIC ALLOTMENT. (a) For each
8 student in average daily attendance, not including the time
9 students spend each day in special education programs in an
10 instructional arrangement other than mainstream or career and
11 technology education programs, for which an additional allotment is
12 made under Subchapter C, a district is entitled to an allotment
13 equal to the lesser of \$6,160 [~~\$4,765~~] or the amount that results
14 from the following formula:

15
$$A = \underline{\$6,160} [\underline{\$4,765}] \times \underline{TR/MCR} [(\underline{DCR/MCR})]$$

16 where:

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

18 "TR" [~~"DCR"~~] is the district's tier one maintenance and
19 operations [~~compressed~~] tax rate, as provided by Section 45.0032 [~~7~~]
20 ~~which is the product of the state compression percentage, as~~
21 ~~determined under Section 42.2516, multiplied by the maintenance and~~
22 ~~operations tax rate adopted by the district for the 2005 tax year];~~

23 and

24 "MCR" is the state maximum compressed tax rate, which is the
25 product of the state compression percentage, as determined under
26 Section 48.255 [42.2516], multiplied by \$1.00 [~~\$1.50~~].

27 [~~(a-1) Notwithstanding Subsection (a), for a school~~

1 ~~district that adopted a maintenance and operations tax rate for the~~
2 ~~2005 tax year below the maximum rate permitted by law for that year,~~
3 ~~the district's compressed tax rate ("DCR") includes the portion of~~
4 ~~the district's current maintenance and operations tax rate in~~
5 ~~excess of the first six cents above the district's compressed tax~~
6 ~~rate, as defined by Subsection (a), until the district's compressed~~
7 ~~tax rate computed in accordance with this subsection is equal to the~~
8 ~~state maximum compressed tax rate ("MCR").]~~

9 (b) A greater amount for any school year may be provided by
10 appropriation.

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

21 (1) 75 percent must be used to increase the
22 compensation paid to classroom teachers, full-time librarians,
23 full-time school counselors certified under Subchapter B, Chapter
24 21, and full-time school nurses, prioritizing differentiated
25 compensation for classroom teachers with more than five years of
26 experience; and

27 (2) 25 percent may be used as determined by the

1 district to increase compensation paid to full-time district
2 employees [~~This subsection applies to a school district for which~~
3 ~~the compressed tax rate ("DCR") is determined in accordance with~~
4 ~~Subsection (a-1). Any reduction in the district's adopted~~
5 ~~maintenance and operations tax rate is applied to the following~~
6 ~~components of the district's tax rate in the order specified:~~

7 [~~(1) tax effort described by Section 42.302(a-1)(2);~~

8 [~~(2) tax effort described by Section 42.302(a-1)(1);~~

9 and

10 [~~(3) tax effort included in the determination of the~~
11 ~~district's compressed tax rate ("DCR") under Subsection (a-1)].~~

12 (d) In this section, "compensation" includes benefits such
13 as insurance premiums.

14 Sec. 48.052 [~~42.105~~]. SPARSITY ADJUSTMENT. (a)
15 Notwithstanding Section 48.051 [~~Sections 42.101, 42.102, and~~
16 ~~42.103~~], a school district that has fewer than 130 students in
17 average daily attendance shall be provided a [~~an adjusted~~] basic
18 allotment on the basis of 130 students in average daily attendance
19 if it offers a kindergarten through grade 12 program and has
20 preceding or current year's average daily attendance of at least 90
21 students or is 30 miles or more by bus route from the nearest high
22 school district. A district offering a kindergarten through grade 8
23 program whose preceding or current year's average daily attendance
24 was at least 50 students or which is 30 miles or more by bus route
25 from the nearest high school district shall be provided a [~~an~~
26 ~~adjusted~~] basic allotment on the basis of 75 students in average
27 daily attendance. An average daily attendance of 60 students shall

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

6 (b) Subsection (c) applies only to a school district that:

7 (1) does not offer each grade level from kindergarten
8 through grade 12 and whose prospective or former students generally
9 attend school in a state that borders this state for the grade
10 levels the district does not offer;

11 (2) serves both students residing in this state and
12 students residing in a state that borders this state who are
13 subsequently eligible for in-state tuition rates at institutions of
14 higher education in either state regardless of the state in which
15 the students reside; and

16 (3) shares students with an out-of-state district that
17 does not offer competing instructional services.

18 (c) Notwithstanding Subsection (a) or Section 48.051
19 [~~Sections 42.101, 42.102, and 42.103~~], a school district to which
20 this subsection applies, as provided by Subsection (b), that has
21 fewer than 130 students in average daily attendance shall be
22 provided a [~~an adjusted~~] basic allotment on the basis of 130
23 students in average daily attendance if it offers a kindergarten
24 through grade four program and has preceding or current year's
25 average daily attendance of at least 75 students or is 30 miles or
26 more by bus route from the nearest high school district.

27 SECTION 1.022. Subchapter B, Chapter 48, Education Code, as

1 added by this Act, is amended by adding Section 48.053 to read as
2 follows:

3 Sec. 48.053. ALLOTMENT FOR CERTAIN SPECIAL-PURPOSE SCHOOL
4 DISTRICTS. (a) This section applies only to a special-purpose
5 school district established under Section 11.351 that is operated
6 by a general academic teaching institution, as that term is defined
7 by Section 61.003.

8 (b) For each student who resides in this state and is
9 enrolled in the district, a school district to which this section
10 applies is entitled to funding under this chapter as if the district
11 had no tier one local share for purposes of Section 48.256.

12 (c) A school district to which this section applies may
13 decline to receive funding under Subsection (b).

14 (d) A school district that receives funding under
15 Subsection (b) for a school year may not charge tuition or fees to
16 students enrolled in the district who are residents of this state
17 for that school year, other than fees authorized under Section
18 11.158.

19 SECTION 1.023. Chapter 48, Education Code, as added by this
20 Act, is amended by adding Subchapter C, and a heading is added to
21 that subchapter to read as follows:

22 SUBCHAPTER C. STUDENT-BASED ALLOTMENTS

23 SECTION 1.024. Subchapter C, Chapter 48, Education Code, as
24 added by this Act, is amended by adding Section 48.101 to read as
25 follows:

26 Sec. 48.101. SMALL AND MID-SIZED DISTRICT ALLOTMENT. (a)
27 Small and mid-sized districts are entitled to an annual allotment

1 in accordance with this section. In this section:

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

4 (2) "ADA" is the number of students in average daily
5 attendance for which the district is entitled to an allotment under
6 Section 48.051; and

7 (3) "BA" is the basic allotment determined under
8 Section 48.051.

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

13
$$\underline{AA = ((1,600 - ADA) \times .0004) \times BA}$$

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

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

21
$$\underline{AA = ((5,000 - ADA) \times .000025) \times BA.}$$

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

27
$$\underline{AA = ((1,600 - ADA) \times .00047) \times BA}$$

1 SECTION 1.025. Section 42.151, Education Code, is
2 transferred to Subchapter C, Chapter 48, Education Code, as added
3 by this Act, redesignated as Section 48.102, Education Code, and
4 amended to read as follows:

5 Sec. 48.102 [~~42.151~~]. SPECIAL EDUCATION. (a) For each
6 student in average daily attendance in a special education program
7 under Subchapter A, Chapter 29, in a mainstream instructional
8 arrangement, a school district is entitled to an annual allotment
9 equal to the ~~[adjusted]~~ basic allotment, or, if applicable, the sum
10 of the basic allotment and the allotment under Section 48.101 to
11 which the district is entitled, multiplied by 1.15 [~~1.1~~]. For each
12 full-time equivalent student in average daily attendance in a
13 special education program under Subchapter A, Chapter 29, in an
14 instructional arrangement other than a mainstream instructional
15 arrangement, a district is entitled to an annual allotment equal to
16 the ~~[adjusted]~~ basic allotment, or, if applicable, the sum of the
17 basic allotment and the allotment under Section 48.101 to which the
18 district is entitled, multiplied by a weight determined according
19 to instructional arrangement as follows:

20	Homebound	5.0
21	Hospital class	3.0
22	Speech therapy	5.0
23	Resource room	3.0
24	Self-contained, mild and moderate,	
25	regular campus	3.0
26	Self-contained, severe, regular campus	3.0
27	Off home campus	2.7

1 Nonpublic day school 1.7
 2 Vocational adjustment class 2.3

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

14 (c) For funding purposes, the number of contact hours
 15 credited per day for each student in the off home campus
 16 instructional arrangement may not exceed the contact hours credited
 17 per day for the multidistrict class instructional arrangement in
 18 the 1992-1993 school year.

19 (d) For funding purposes the contact hours credited per day
 20 for each student in the resource room; self-contained, mild and
 21 moderate; and self-contained, severe, instructional arrangements
 22 may not exceed the average of the statewide total contact hours
 23 credited per day for those three instructional arrangements in the
 24 1992-1993 school year.

25 (e) The commissioner [~~State Board of Education~~] by rule
 26 shall prescribe the qualifications an instructional arrangement
 27 must meet in order to be funded as a particular instructional

1 arrangement under this section. In prescribing the qualifications
2 that a mainstream instructional arrangement must meet, the
3 commissioner [~~board~~] shall establish requirements that students
4 with disabilities and their teachers receive the direct, indirect,
5 and support services that are necessary to enrich the regular
6 classroom and enable student success.

7 (f) In this section, "full-time equivalent student" means
8 30 hours of contact a week between a special education student and
9 special education program personnel.

10 (g) The commissioner [~~State Board of Education~~] shall adopt
11 rules and procedures governing contracts for residential placement
12 of special education students. The legislature shall provide by
13 appropriation for the state's share of the costs of those
14 placements.

15 (h) At least 55 percent of the funds [~~Funds~~] allocated under
16 this section [~~, other than an indirect cost allotment established~~
17 ~~under State Board of Education rule,~~] must be used in the special
18 education program under Subchapter A, Chapter 29.

19 (i) The agency shall encourage the placement of students in
20 special education programs, including students in residential
21 instructional arrangements, in the least restrictive environment
22 appropriate for their educational needs.

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

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

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

23 SECTION 1.026. Subchapter C, Chapter 48, Education Code, as
 24 added by this Act, is amended by adding Section 48.1021 to read as
 25 follows:

26 Sec. 48.1021. SPECIAL EDUCATION ALLOTMENT ADVISORY
 27 COMMITTEE. (a) The commissioner shall establish an advisory

1 committee to develop and make recommendations regarding methods of
2 financing special education under the public school finance system.

3 (b) The advisory committee consists of the following
4 members appointed by the commissioner:

5 (1) a parent of a student eligible to participate in a
6 school district's special education program under Section 29.003;

7 (2) a director of a school district's special
8 education program under Subchapter A, Chapter 29;

9 (3) a teacher certified in special education;

10 (4) a diagnostician;

11 (5) a licensed specialist in school psychology;

12 (6) a provider who provides related services, as
13 described by Section 29.002(2);

14 (7) a superintendent of a school district;

15 (8) a member of a school district's board of trustees;

16 (9) a representative of a disability advocacy
17 organization;

18 (10) a member of the special education continuing
19 advisory committee under Section 29.006;

20 (11) a teacher certified in general education;

21 (12) a student eligible to participate in a school
22 district's special education program under Section 29.003;

23 (13) a representative of a regional education service
24 center; and

25 (14) a school district official who handles business
26 and finance matters for the district.

27 (c) Not later than May 1, 2020, the advisory committee, with

1 assistance from the Legislative Budget Board, shall submit to the
2 lieutenant governor, the speaker of the house of representatives,
3 and the standing legislative committees with primary jurisdiction
4 over public education a report on methods of financing special
5 education under the public school finance system. The report must
6 include:

7 (1) a description of the current funding methods;

8 (2) an analysis of the possible implementation of a
9 method of financing special education based on the services and
10 supports each student receives instead of instructional
11 arrangement;

12 (3) data on current special education expenditures
13 from a representative sample of school districts; and

14 (4) recommendations for improvements to the current
15 funding methods or for the implementation of new funding methods.

16 (d) This section expires September 1, 2021.

17 SECTION 1.027. Subchapter C, Chapter 48, Education Code, as
18 added by this Act, is amended by adding Section 48.103 to read as
19 follows:

20 Sec. 48.103. ALLOTMENT FOR STUDENT WITH DYSLEXIA OR RELATED
21 DISORDER. (a) Subject to Subsection (b), for each student that a
22 school district serves who has been identified as having dyslexia
23 or a related disorder, the district is entitled to an annual
24 allotment equal to the basic allotment multiplied by 0.1 or a
25 greater amount provided by appropriation.

26 (b) A school district is entitled to an allotment under
27 Subsection (a) only for a student who:

1 (1) is receiving services for dyslexia or a related
2 disorder in accordance with:

3 (A) an individualized education program
4 developed for the student under Section 29.005; or

5 (B) a plan developed for the student under
6 Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794);

7 (2) is receiving instruction that:

8 (A) meets applicable dyslexia program criteria
9 established by the State Board of Education; and

10 (B) is provided by a person with specific
11 training in providing that instruction; or

12 (3) is permitted, on the basis of having dyslexia or a
13 related disorder, to use modifications in the classroom or
14 accommodations in the administration of assessment instruments
15 under Section 39.023.

16 (c) A school district may receive funding for a student
17 under this section and Section 48.102 if the student satisfies the
18 requirements of both sections.

19 (d) A school district may use an amount not to exceed 20
20 percent of the allotment provided for a qualifying student under
21 this section to contract with a private provider to provide
22 supplemental academic services to the student that are recommended
23 under the student's program or plan described by Subsection (b). A
24 student may not be excused from school to receive supplemental
25 academic services provided under this subsection.

26 SECTION 1.028. Section 42.152, Education Code, is
27 transferred to Subchapter C, Chapter 48, Education Code, as added

1 by this Act, redesignated as Section 48.104, Education Code, and
2 amended to read as follows:

3 Sec. 48.104 [~~42.152~~]. COMPENSATORY EDUCATION ALLOTMENT.

4 (a) For each student who [~~is educationally disadvantaged or who is~~
5 ~~a student who~~] does not have a disability and resides in a
6 residential placement facility in a district in which the student's
7 parent or legal guardian does not reside, a district is entitled to
8 an annual allotment equal to the [~~adjusted~~] basic allotment
9 multiplied by 0.2 or, if the student is educationally
10 disadvantaged, 0.275. For [~~, and by 2.41 for~~] each full-time
11 equivalent student who is in a remedial and support program under
12 Section 29.081 because the student is pregnant, a district is
13 entitled to an annual allotment equal to the basic allotment
14 multiplied by 2.41.

15 (b) For each student who is educationally disadvantaged and
16 resides in an economically disadvantaged census block group as
17 determined by the commissioner under Subsection (c), a district is
18 entitled to an annual allotment equal to the basic allotment
19 multiplied by the weight assigned to the student's census block
20 group under Subsection (d).

21 (c) For purposes of the allotment under Subsection (b), the
22 commissioner shall establish an index for economically
23 disadvantaged census block groups in the state that provides
24 criteria for determining which census block groups are economically
25 disadvantaged and categorizes economically disadvantaged census
26 block groups in five tiers according to relative severity of
27 economic disadvantage. In determining the severity of economic

1 disadvantage in a census block group, the commissioner shall
2 consider:

- 3 (1) the median household income;
4 (2) the average educational attainment of the
5 population;
6 (3) the percentage of single-parent households;
7 (4) the rate of homeownership; and
8 (5) other economic criteria the commissioner
9 determines likely to disadvantage a student's preparedness and
10 ability to learn.

11 (d) The weights assigned to the five tiers of the index
12 established under Subsection (c) are, from least to most severe
13 economic disadvantage, 0.225, 0.2375, 0.25, 0.2625, and 0.275.

14 (e) If insufficient data is available for any school year to
15 evaluate the level of economic disadvantage in a census block
16 group, a school district is entitled to an annual allotment equal to
17 the basic allotment multiplied by 0.225 for each student who is
18 educationally disadvantaged and resides in that census block group
19 ~~[For purposes of this section, the number of educationally~~
20 ~~disadvantaged students is determined:~~

21 ~~[(1) by averaging the best six months' numbers of~~
22 ~~students eligible for enrollment in the national school lunch~~
23 ~~program of free or reduced-price lunches for the preceding school~~
24 ~~year; or~~

25 ~~[(2) in the manner provided by commissioner rule].~~

26 (f) [(b-1)] A student receiving a full-time virtual
27 education through the state virtual school network may be included

1 in determining the number of [~~educationally disadvantaged~~]
2 students who are educationally disadvantaged and reside in an
3 economically disadvantaged census block group under Subsection (b)
4 or (e), as applicable, if the school district submits to the
5 commissioner a plan detailing the enhanced services that will be
6 provided to the student and the commissioner approves the plan.

7 (g) Not later than March 1 of each year, the commissioner
8 shall:

9 (1) review and, if necessary, update the index
10 established under Subsection (c) to be used for the following
11 school year, based on the most recent estimates published by the
12 United States Census Bureau; and

13 (2) notify each school district of any changes to the
14 index.

15 (h) The state demographer, the Department of Agriculture,
16 and any other state agency with relevant information shall assist
17 the commissioner in performing the commissioner's duties under this
18 section.

19 (i) On a schedule determined by the commissioner, each
20 school district shall report to the agency the census block group in
21 which each student enrolled in the district who is educationally
22 disadvantaged resides. The agency shall provide to school
23 districts a resource for use in determining the census block group
24 in which a student resides.

25 (j) The commissioner shall adopt rules for the method of
26 determining the number of students who qualify for an allotment
27 under this section at a campus that participates in the Community

1 Eligibility Provision administered by the United States Department
2 of Agriculture, as provided by the Healthy, Hunger-Free Kids Act of
3 2010 (Pub. L. No. 111-296).

4 (j-1) In addition to other purposes for which funds
5 allocated under this section may be used, those funds may also be
6 used to:

7 (1) provide child-care services or assistance with
8 child-care expenses for students at risk of dropping out of school,
9 as described by Section 29.081(d)(5); or

10 (2) pay the costs associated with services provided
11 through a life skills program in accordance with Sections
12 29.085(b)(1) and (3)-(7).

13 (k) At least 55 percent of the funds [~~(c) Funds~~] allocated
14 under this section must [~~shall~~] be used to:

15 (1) fund supplemental programs and services designed
16 to eliminate any disparity in performance on assessment instruments
17 administered under Subchapter B, Chapter 39, or disparity in the
18 rates of high school completion between:

19 (A) students who are educationally disadvantaged
20 and students who are not educationally disadvantaged; and

21 (B) students at risk of dropping out of school,
22 as defined by Section 29.081, and all other students; or

23 (2) [~~Specifically, the funds, other than an indirect~~
24 ~~cost allotment established under State Board of Education rule,~~
25 ~~which may not exceed 45 percent, may be used to meet the costs of~~
26 ~~providing a compensatory, intensive, or accelerated instruction~~
27 ~~program under Section 29.081 or a disciplinary alternative~~

1 ~~education program established under Section 37.008, to pay the~~
2 ~~costs associated with placing students in a juvenile justice~~
3 ~~alternative education program established under Section 37.011, or~~
4 ~~to] support a program eligible under Title I of the Elementary and~~
5 Secondary Education Act of 1965, as provided by Pub. L. No. 103-382
6 and its subsequent amendments, and by federal regulations
7 implementing that Act [~~, at a campus at which at least 40 percent of~~
8 ~~the students are educationally disadvantaged)].~~

9 (1) The commissioner shall adopt rules regarding the use of
10 funds described by Subsection (k). The rules:

11 (1) must:

12 (A) permit a school district to use those funds
13 for programs and services that reflect the needs of students at each
14 campus in the district; and

15 (B) provide for streamlined reporting on the use
16 of those funds; and

17 (2) may not prohibit the use of those funds for any
18 purpose for which the use of those funds was authorized under former
19 Section 42.152 as that section existed on September 1, 2018.

20 (m) The State Board of Education shall adopt rules requiring
21 a report on the use of funds under Subsection (k) as part of the
22 annual audit under Section 44.008 and shall develop minimum
23 requirements for that report.

24 (n) The commissioner annually shall review each report
25 required under Subsection (m) for the preceding school year and:

26 (1) identify each school district that was not in
27 compliance with Subsection (k) during that school year; and

1 (2) provide each district identified under
2 Subdivision (1) a reasonable opportunity to comply with Subsection
3 (k).

4 (o) [In meeting the costs of providing a compensatory,
5 intensive, or accelerated instruction program under Section
6 29.081, a district's compensatory education allotment shall be used
7 for costs supplementary to the regular education program, such as
8 costs for program and student evaluation, instructional materials
9 and equipment and other supplies required for quality instruction,
10 supplemental staff expenses, salary for teachers of at-risk
11 students, smaller class size, and individualized instruction. A
12 home-rule school district or an open-enrollment charter school must
13 use funds allocated under Subsection (a) for a purpose authorized
14 in this subsection but is not otherwise subject to Subchapter C,
15 Chapter 29. For purposes of this subsection, a program specifically
16 designed to serve students at risk of dropping out of school, as
17 defined by Section 29.081, is considered to be a program
18 supplemental to the regular education program, and a district may
19 use its compensatory education allotment for such a program.

20 [(c-1) Notwithstanding Subsection (c), funds allocated
21 under this section may be used to fund in proportion to the
22 percentage of students served by the program that meet the criteria
23 in Section 29.081(d) or (g):

24 [(1) an accelerated reading instruction program under
25 Section 28.006(g); or

26 [(2) a program for treatment of students who have
27 dyslexia or a related disorder as required by Section 38.003.

1 ~~[(c-2) Notwithstanding Subsection (c), funds allocated~~
2 ~~under this section may be used to fund a district's mentoring~~
3 ~~services program under Section 29.089.~~

4 ~~[(d) The agency shall evaluate the effectiveness of~~
5 ~~accelerated instruction and support programs provided under~~
6 ~~Section 29.081 for students at risk of dropping out of school.~~

7 ~~[(q) The State Board of Education, with the assistance of~~
8 ~~the comptroller, shall develop and implement by rule reporting and~~
9 ~~auditing systems for district and campus expenditures of~~
10 ~~compensatory education funds to ensure that compensatory education~~
11 ~~funds, other than the indirect cost allotment, are spent only to~~
12 ~~supplement the regular education program as required by Subsection~~
13 ~~(c). The reporting requirements shall be managed electronically to~~
14 ~~minimize local administrative costs. A district shall submit the~~
15 ~~report required by this subsection not later than the 150th day~~
16 ~~after the last day permissible for resubmission of information~~
17 ~~required under Section 42.006.~~

18 ~~[(q-1) The commissioner shall develop a system to identify~~
19 ~~school districts that are at high risk of having used compensatory~~
20 ~~education funds other than in compliance with Subsection (c) or of~~
21 ~~having inadequately reported compensatory education expenditures.~~
22 ~~If a review of the report submitted under Subsection (q), using the~~
23 ~~risk-based system, indicates that a district is not at high risk of~~
24 ~~having misused compensatory education funds or of having~~
25 ~~inadequately reported compensatory education expenditures, the~~
26 ~~district may not be required to perform a local audit of~~
27 ~~compensatory education expenditures and is not subject to on-site~~

1 ~~monitoring under this section.~~

2 ~~[(q-2) If a review of the report submitted under Subsection~~
3 ~~(q), using the risk-based system, indicates that a district is at~~
4 ~~high risk of having misused compensatory education funds, the~~
5 ~~commissioner shall notify the district of that determination. The~~
6 ~~district must respond to the commissioner not later than the 30th~~
7 ~~day after the date the commissioner notifies the district of the~~
8 ~~commissioner's determination. If the district's response does not~~
9 ~~change the commissioner's determination that the district is at~~
10 ~~high risk of having misused compensatory education funds or if the~~
11 ~~district does not respond in a timely manner, the commissioner~~
12 ~~shall:~~

13 ~~[(1) require the district to conduct a local audit of~~
14 ~~compensatory education expenditures for the current or preceding~~
15 ~~school year,~~

16 ~~[(2) order agency staff to conduct on-site monitoring~~
17 ~~of the district's compensatory education expenditures, or~~

18 ~~[(3) both require a local audit and order on-site~~
19 ~~monitoring.~~

20 ~~[(q-3) If a review of the report submitted under Subsection~~
21 ~~(q), using the risk-based system, indicates that a district is at~~
22 ~~high risk of having inadequately reported compensatory education~~
23 ~~expenditures, the commissioner may require agency staff to assist~~
24 ~~the district in following the proper reporting methods or amending~~
25 ~~a district or campus improvement plan under Subchapter F, Chapter~~
26 ~~11. If the district does not take appropriate corrective action~~
27 ~~before the 45th day after the date the agency staff notifies the~~

1 ~~district of the action the district is expected to take, the~~
2 ~~commissioner may:~~

3 ~~[(1) require the district to conduct a local audit of~~
4 ~~the district's compensatory education expenditures; or~~

5 ~~[(2) order agency staff to conduct on-site monitoring~~
6 ~~of the district's compensatory education expenditures.~~

7 ~~[(q-4)]~~ The commissioner, in the year following a
8 determination under Subsection (n) that a school district was not
9 in compliance with Subsection (k) for the 2021-2022 school year or a
10 subsequent school year ~~[local audit of compensatory education~~
11 ~~expenditures]~~, shall withhold from the ~~[a]~~ district's foundation
12 school fund payment an amount equal to the amount of compensatory
13 education funds the commissioner ~~[agency]~~ determines were not used
14 in compliance with Subsection (k) ~~[(c)]~~. The commissioner shall
15 release to a district funds withheld under this subsection when the
16 district provides to the commissioner a detailed plan to spend
17 those funds in compliance with Subsection (k) ~~[(c)]~~. In determining
18 whether a school district is subject to the withholding of funding
19 required under this subsection, the commissioner may consider the
20 district's average use of funds for the three preceding school
21 years.

22 ~~[(r) The commissioner shall grant a one-year exemption from~~
23 ~~the requirements of Subsections (q)-(q-4) to a school district in~~
24 ~~which the group of students who have failed to perform~~
25 ~~satisfactorily in the preceding school year on an assessment~~
26 ~~instrument required under Section 39.023(a), (c), or (l)~~
27 ~~subsequently performs on those assessment instruments at a level~~

1 ~~that meets or exceeds a level prescribed by commissioner rule. Each~~
2 ~~year the commissioner, based on the most recent information~~
3 ~~available, shall determine if a school district is entitled to an~~
4 ~~exemption for the following school year and notify the district of~~
5 ~~that determination.]~~

6 SECTION 1.029. Subchapter C, Chapter 48, Education Code, as
7 added by this Act, is amended by adding Section 48.1041 to read as
8 follows:

9 Sec. 48.1041. COMPENSATORY EDUCATION ALLOTMENT ADVISORY
10 COMMITTEE. (a) The commissioner shall establish an advisory
11 committee to advise the agency in adopting rules for the
12 compensatory education allotment under Section 48.104, including:

13 (1) rules establishing the economic criteria
14 described by Section 48.104(c)(5);

15 (2) rules detailing the method to count students who
16 qualify for the allotment in:

17 (A) a dropout recovery school or program; or

18 (B) a residential treatment facility;

19 (3) methods for properly counting students who are
20 homeless within the meaning of "homeless children and youths" under
21 42 U.S.C. Section 11434a; and

22 (4) rules to determine the appropriate weight by which
23 to adjust the basic allotment in determining the compensatory
24 allotment for students described by Subdivision (3).

25 (b) The advisory committee consists of members appointed by
26 the commissioner, including:

27 (1) school district superintendents and chief

1 financial officers;

2 (2) classroom teachers;

3 (3) representatives of school districts located in an
4 area other than an urban area, as designated by the United States
5 Census Bureau;

6 (4) at least one representative of an open-enrollment
7 charter school;

8 (5) demographers;

9 (6) experts on census data;

10 (7) public school finance experts; and

11 (8) appropriate employees of the agency.

12 (c) Members of the advisory committee serve at the pleasure
13 of the commissioner.

14 (d) A member of the advisory committee is not entitled to
15 receive compensation for service on the committee or reimbursement
16 for expenses incurred in performing official duties as a member of
17 the committee.

18 (e) Chapter 2110, Government Code, does not apply to the
19 advisory committee.

20 (f) Not less than once every two years, the advisory
21 committee shall review census and student data and provide
22 recommendations to the agency regarding any suggested changes to
23 the rules adopted for the compensatory education allotment under
24 Section 48.104.

25 SECTION 1.030. Sections 42.153, 42.154, and 42.157,
26 Education Code, are transferred to Subchapter C, Chapter 48,
27 Education Code, as added by this Act, redesignated as Sections

1 48.105, 48.106, and 48.107, Education Code, and amended to read as
2 follows:

3 Sec. 48.105 [~~42.153~~]. BILINGUAL EDUCATION ALLOTMENT. (a)
4 For each student in average daily attendance in a bilingual
5 education or special language program under Subchapter B, Chapter
6 29, a district is entitled to an annual allotment equal to the
7 [~~adjusted~~] basic allotment multiplied by:

8 (1) for a student of limited English proficiency, as
9 defined by Section 29.052:

10 (A) 0.1; or

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

14 (2) for a student not described by Subdivision (1),
15 0.05 if the student is in a bilingual education program using a dual
16 language immersion/two-way program model.

17 (b) At least 55 percent of the funds [~~Funds~~] allocated under
18 this section[~~, other than an indirect cost allotment established~~
19 ~~under State Board of Education rule,~~] must be used in providing
20 bilingual education or special language programs under Subchapter
21 B, Chapter 29[~~, and must be accounted for under existing agency~~
22 ~~reporting and auditing procedures~~].

23 [~~(c)~~] A district's bilingual education or special language
24 allocation may be used only for program and student evaluation,
25 instructional materials and equipment, staff development,
26 supplemental staff expenses, salary supplements for teachers,
27 incremental costs associated with providing smaller class sizes,

1 and other supplies required for quality instruction [~~and smaller~~
2 ~~class size~~].

3 (c) The State Board of Education shall adopt rules requiring
4 a report on the use of funds under Subsection (b) as part of the
5 annual audit under Section 44.008 and shall develop minimum
6 requirements for that report.

7 (d) The commissioner annually shall review each report
8 required under Subsection (c) for the preceding school year and:

9 (1) identify each school district that was not in
10 compliance with Subsection (b) during that school year; and

11 (2) provide each district identified under
12 Subdivision (1) a reasonable opportunity to comply with Subsection
13 (b).

14 (e) The commissioner, in the year following a determination
15 under Subsection (d) that a school district was not in compliance
16 with Subsection (b) for the 2021-2022 school year or a subsequent
17 school year, shall withhold from the district's foundation school
18 fund payment an amount equal to the amount of bilingual education or
19 special language funds the commissioner determines were not used in
20 compliance with Subsection (b). The commissioner shall release to a
21 district funds withheld under this subsection when the district
22 provides to the commissioner a detailed plan to spend those funds in
23 compliance with Subsection (b). In determining whether a school
24 district is subject to the withholding of funding required under
25 this subsection, the commissioner may consider the district's
26 average use of funds for the three preceding school years.

27 Sec. 48.106 [~~42.154~~]. CAREER AND TECHNOLOGY EDUCATION

1 ALLOTMENT. (a) For each full-time equivalent student in average
2 daily attendance in an approved career and technology education
3 program in grades 7 [~~nine~~] through 12 [~~or in career and technology~~
4 ~~education programs for students with disabilities in grades seven~~
5 ~~through 12~~], a district is entitled to:

6 (1) an annual allotment equal to the [~~adjusted~~] basic
7 allotment multiplied by a weight of 1.35; and

8 (2) \$50 for each of the following in which [~~, if~~] the
9 student is enrolled:

10 (A) [~~in~~] two or more advanced career and
11 technology education classes for a total of three or more credits;

12 (B) a campus designated as a P-TECH school under
13 Section 29.556; or

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

17 (b) In this section:

18 (1) "Career and technology education class" and
19 "career and technology education program" include [~~a~~] technology
20 applications courses [~~course on cybersecurity adopted or selected~~
21 ~~by the State Board of Education under Section 28.025(c-10)].~~

22 (2) "Full-time equivalent student" means 30 hours of
23 contact a week between a student and career and technology
24 education program personnel.

25 (c) At least 55 percent of the funds [~~Funds~~] allocated under
26 this section [~~, other than an indirect cost allotment established~~
27 ~~under State Board of Education rule,~~] must be used in providing

1 career and technology education programs in grades 7 [~~nine~~] through
2 12 [~~or career and technology education programs for students with~~
3 ~~disabilities in grades seven through 12 under Sections 29.182,~~
4 ~~29.183, and 29.184~~].

5 [~~(d) The commissioner shall conduct a cost-benefit~~
6 ~~comparison between career and technology education programs and~~
7 ~~mathematics and science programs.~~

8 [~~(e) Out of the total statewide allotment for career and~~
9 ~~technology education under this section, the commissioner shall set~~
10 ~~aside an amount specified in the General Appropriations Act, which~~
11 ~~may not exceed an amount equal to one percent of the total amount~~
12 ~~appropriated, to support regional career and technology education~~
13 ~~planning. After deducting the amount set aside under this~~
14 ~~subsection from the total amount appropriated for career and~~
15 ~~technology education under this section, the commissioner shall~~
16 ~~reduce each district's tier one allotments in the same manner~~
17 ~~described for a reduction in allotments under Section 42.253.]~~

18 Sec. 48.107 [~~42.157~~]. PUBLIC EDUCATION GRANT ALLOTMENT.

19 (a) Except as provided by Subsection (b), for each student in
20 average daily attendance who is using a public education grant
21 under Subchapter G, Chapter 29, to attend school in a district other
22 than the district in which the student resides, the district in
23 which the student attends school is entitled to an annual allotment
24 equal to the [~~adjusted~~] basic allotment multiplied by a weight of
25 0.1.

26 (b) The total number of allotments under this section to
27 which a district is entitled may not exceed the number by which the

1 number of students using public education grants to attend school
2 in the district exceeds the number of students who reside in the
3 district and use public education grants to attend school in
4 another district.

5 SECTION 1.031. Subchapter C, Chapter 48, Education Code, as
6 added by this Act, is amended by adding Sections 48.108, 48.110,
7 48.1101, 48.111, 48.112, and 48.114 to read as follows:

8 Sec. 48.108. EARLY EDUCATION ALLOTMENT. (a) For each
9 student in average daily attendance in kindergarten through third
10 grade, a school district is entitled to an annual allotment equal to
11 the basic allotment multiplied by 0.1 if the student is:

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

16 (b) Funds allocated under this section must be used to fund
17 programs and services designed to improve student performance in
18 reading and mathematics in prekindergarten through third grade,
19 including programs and services designed to assist the district in
20 achieving the goals set in the district's early childhood literacy
21 and mathematics proficiency plans adopted under Section 11.185.

22 (c) A school district is entitled to an allotment under each
23 subdivision of Subsection (a) for which a student qualifies.

24 (d) A school district may receive funding for a student
25 under this section and under Sections 48.104 and 48.105, as
26 applicable, if the student satisfies the requirements of each
27 applicable section.

1 Sec. 48.110. COLLEGE, CAREER, OR MILITARY READINESS
2 OUTCOMES BONUS. (a) The purpose of this section is to further the
3 goal set under the state's master plan for higher education
4 developed under Section 61.051 for at least 60 percent of all adults
5 aged 25 to 34 in this state to achieve a postsecondary degree or
6 workforce credential by 2030.

7 (b) For purposes of the outcomes bonus under this section,
8 the commissioner shall determine the threshold percentage as
9 provided by Subsection (g) for college, career, or military
10 readiness as described by Subsection (f) for each of the following
11 cohorts:

12 (1) annual graduates who are educationally
13 disadvantaged;

14 (2) annual graduates who are not educationally
15 disadvantaged; and

16 (3) annual graduates who are enrolled in a special
17 education program under Subchapter A, Chapter 29, regardless of
18 whether the annual graduates are educationally disadvantaged.

19 (c) Each year, the commissioner shall determine for each
20 school district the minimum number of annual graduates in each
21 cohort described by Subsection (b) who would have to demonstrate
22 college, career, or military readiness as described by Subsection
23 (f) in order for the district to achieve a percentage of college,
24 career, or military readiness for that cohort equal to the
25 threshold percentage established for that cohort under Subsection
26 (b).

27 (d) For each annual graduate in a cohort described by

1 Subsection (b) who demonstrates college, career, or military
2 readiness as described by Subsection (f) in excess of the minimum
3 number of students determined for the applicable district cohort
4 under Subsection (c), a school district is entitled to an annual
5 outcomes bonus of:

6 (1) if the annual graduate is educationally
7 disadvantaged, \$5,000;

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

10 (3) if the annual graduate is enrolled in a special
11 education program under Subchapter A, Chapter 29, \$2,000,
12 regardless of whether the annual graduate is educationally
13 disadvantaged.

14 (e) A school district is entitled to an outcomes bonus under
15 each subdivision of Subsection (d) for which an annual graduate
16 qualifies.

17 (f) For purposes of this section, an annual graduate
18 demonstrates:

19 (1) college readiness if the annual graduate:

20 (A) achieves college readiness standards used
21 for accountability purposes under Chapter 39 on the ACT, the SAT, or
22 an assessment instrument designated by the Texas Higher Education
23 Coordinating Board under Section 51.334; and

24 (B) during a time period established by
25 commissioner rule, enrolls at a postsecondary educational
26 institution;

27 (2) career readiness if the annual graduate:

1 (A) achieves college readiness standards used
2 for accountability purposes under Chapter 39 on the ACT, the SAT, or
3 an assessment instrument designated by the Texas Higher Education
4 Coordinating Board under Section 51.334; and

5 (B) during a time period established by
6 commissioner rule, earns an industry-accepted certificate; and

7 (3) military readiness if the annual graduate:

8 (A) achieves a passing score set by the
9 applicable military branch on the Armed Services Vocational
10 Aptitude Battery; and

11 (B) during a time period established by
12 commissioner rule, enlists in the armed forces of the United
13 States.

14 (g) The commissioner shall establish the threshold
15 percentages under Subsection (b) using the 25th percentile of
16 statewide college, career, or military readiness as described by
17 Subsection (f) for the applicable cohort of annual graduates during
18 the 2016-2017 school year.

19 (h) On application by a school district, the commissioner
20 may allow annual graduates from the district to satisfy the
21 requirement for demonstrating career readiness under Subsection
22 (f)(2)(B) by successfully completing a coherent sequence of courses
23 required to obtain an industry-accepted certificate. The district
24 must demonstrate in the application that the district is unable to
25 provide sufficient courses or programs to enable students enrolled
26 at the district to earn an industry-accepted certificate within the
27 time period established by the commissioner under Subsection

1 (f)(2)(B). The commissioner by rule shall provide the criteria
2 required for an application under this subsection.

3 (i) At least 55 percent of the funds allocated under this
4 section must be used in grades 8 through 12 to improve college,
5 career, and military readiness outcomes as described by Subsection
6 (f).

7 Sec. 48.1101. STUDY ON ALTERNATIVE CAREER READINESS
8 MEASURES FOR SMALL AND RURAL DISTRICTS. (a) The agency shall
9 conduct a study on alternative career readiness measures for small
10 and rural school districts to determine if annual graduates
11 demonstrate career readiness under Section 48.110(f)(2)(B).

12 (b) Not later than January 1, 2021, the agency shall submit
13 to the legislature a report on the results of the study and any
14 recommendations for legislative or other action.

15 (c) This section expires September 1, 2021.

16 Sec. 48.111. FAST GROWTH ALLOTMENT. A school district in
17 which the growth in student enrollment in the district over the
18 preceding three school years is in the top quartile of student
19 enrollment growth in school districts in the state for that period,
20 as determined by the commissioner, is entitled to an annual
21 allotment equal to the basic allotment multiplied by 0.04 for each
22 student in average daily attendance.

23 Sec. 48.112. TEACHER INCENTIVE ALLOTMENT. (a) In this
24 section, "rural campus" means a school campus that is:

25 (1) located in:

26 (A) an area that is not designated as an
27 urbanized area or an urban cluster by the United States Census

1 Bureau; and

2 (B) a school district with fewer than 5,000
3 enrolled students; or

4 (2) designated as a rural campus under rules adopted
5 by the commissioner.

6 (b) To ensure classroom teachers in this state have access
7 to a six-figure salary, the allotment provided to a school district
8 under this section offers resources to the district to increase
9 teacher compensation and prioritize funding for high needs and
10 rural district campuses.

11 (c) For each classroom teacher with a teacher designation
12 under Section 21.3521 employed by a school district, the school
13 district is entitled to an allotment equal to the following
14 applicable base amount increased by the high needs and rural factor
15 as determined under Subsection (d):

16 (1) \$12,000, or an increased amount not to exceed
17 \$32,000 as determined under Subsection (d), for each master
18 teacher;

19 (2) \$6,000, or an increased amount not to exceed
20 \$18,000 as determined under Subsection (d), for each exemplary
21 teacher; and

22 (3) \$3,000, or an increased amount not to exceed
23 \$9,000 as determined under Subsection (d), for each recognized
24 teacher.

25 (d) The high needs and rural factor is determined by
26 multiplying the following applicable amounts by the average of the
27 point value assigned to each student at a district campus under

1 Subsection (e):

2 (1) \$5,000 for each master teacher;

3 (2) \$3,000 for each exemplary teacher; and

4 (3) \$1,500 for each recognized teacher.

5 (e) Except as provided by Subsection (f), a point value for
6 each student at a district campus shall be assigned as follows:

7 (1) 0, for a student for whom the district does not
8 receive a compensatory education allotment under Section 48.104(b)
9 or (e); or

10 (2) 0.5, 1.0, 2.0, 3.0, or 4.0, respectively, from
11 least to most severe economic disadvantage according to the census
12 block group in which the student resides, for a student for whom the
13 district receives a compensatory education allotment under Section
14 48.104(b) or (e).

15 (f) If the campus at which a student is enrolled is
16 classified as a rural campus, a student is assigned the point value
17 two tiers higher than the student's point value determined under
18 Subsection (e)(1) or (2).

19 (g) A district is entitled to receive an increased allotment
20 under this section in the amount necessary for reimbursement for
21 any fees paid under Section 21.3521.

22 (h) The commissioner shall annually make available to the
23 public a list of campuses with the projected allotment amounts per
24 teacher designation at each campus.

25 (i) A district shall annually certify that:

26 (1) funds received under this section were used as
27 follows:

1 (A) at least 90 percent of each allotment
2 received under Subsection (c) was used for the compensation of
3 teachers employed at the campus at which the teacher for whom the
4 district received the allotment is employed; and

5 (B) any other funds received under this section
6 were used for costs associated with implementing Section 21.3521,
7 including efforts to support teachers in obtaining designations;
8 and

9 (2) the district prioritized high needs campuses in
10 the district in using funds received under this section.

11 Sec. 48.114. MENTOR PROGRAM ALLOTMENT. (a) A school
12 district that has implemented a mentoring program for classroom
13 teachers who have less than two years of teaching experience under
14 Section 21.458 is entitled to an allotment as determined under
15 Subsection (b) to fund the mentoring program and to provide
16 stipends for mentor teachers.

17 (b) The commissioner shall adopt a formula to determine the
18 amount to which each district described by Subsection (a) is
19 entitled.

20 (c) Funding provided to districts under this section may be
21 used only for providing:

22 (1) mentor teacher stipends;

23 (2) scheduled release time for mentor teachers and the
24 classroom teachers to whom they are assigned for meeting and
25 engaging in mentoring activities; and

26 (3) mentoring support through providers of mentor
27 training.

1 SECTION 1.032. Chapter 48, Education Code, as added by this
2 Act, is amended by adding Subchapter D, and a heading is added to
3 that subchapter to read as follows:

4 SUBCHAPTER D. ADDITIONAL FUNDING

5 SECTION 1.033. Sections 42.155 and 42.158, Education Code,
6 are transferred to Subchapter D, Chapter 48, Education Code, as
7 added by this Act, redesignated as Sections 48.151 and 48.152,
8 Education Code, and amended to read as follows:

9 Sec. 48.151 [~~42.155~~]. TRANSPORTATION ALLOTMENT. (a) Each
10 district or county operating a transportation system is entitled to
11 allotments for transportation costs as provided by this section.

12 (b) As used in this section:

13 (1) "Regular eligible student" means a student who:

14 (A) resides two or more miles from the student's
15 campus of regular attendance, measured along the shortest route
16 that may be traveled on public roads, and who is not classified as a
17 student eligible for special education services; or

18 (B) is a homeless child or youth, as defined by 42
19 U.S.C. Section 11434a.

20 (2) "Eligible special education student" means a
21 student who is eligible for special education services under
22 Section 29.003 and who would be unable to attend classes without
23 special transportation services.

24 [~~(3) "Linear density" means the average number of~~
25 ~~regular eligible students transported daily, divided by the~~
26 ~~approved daily route miles traveled by the respective~~
27 ~~transportation system.]~~

1 (c) Each district or county operating a regular
2 transportation system is entitled to an allotment based on a rate
3 per mile [~~the daily cost~~] per regular eligible student set [~~of~~
4 ~~operating and maintaining the regular transportation system and the~~
5 ~~linear density of that system. In determining the cost, the~~
6 ~~commissioner shall give consideration to factors affecting the~~
7 ~~actual cost of providing these transportation services in each~~
8 ~~district or county. The average actual cost is to be computed by the~~
9 ~~commissioner and included for consideration]~~ by the legislature in
10 the General Appropriations Act. [~~The allotment per mile of approved~~
11 ~~route may not exceed the amount set by appropriation.~~]

12 (d) A district or county may apply for and on approval of the
13 commissioner receive an additional amount of up to 10 percent of its
14 regular transportation allotment to be used for the transportation
15 of children living within two miles of the school they attend who
16 would be subject to hazardous traffic conditions or a high risk of
17 violence if they walked to school.

18 (d-1) For purposes of Subsection (d), each board of trustees
19 shall provide to the commissioner an explanation of the hazardous
20 traffic conditions or areas presenting a high risk of violence
21 applicable to that district and shall identify the specific
22 hazardous or high-risk areas for which the allocation is
23 requested. A hazardous traffic condition exists where no walkway
24 is provided and children must walk along or cross a freeway or
25 expressway, an underpass, an overpass or a bridge, an uncontrolled
26 major traffic artery, an industrial or commercial area, or another
27 comparable condition. An area presents a high risk of violence if

1 law enforcement records indicate a high incidence of violent crimes
2 in the area. Each board of trustees requesting funds for an area
3 presenting a high risk of violence must, in addition to the
4 explanation required by this subsection, provide the commissioner
5 with consolidated law enforcement records that document violent
6 crimes identified by reporting agencies within the relevant
7 jurisdiction.

8 (d-2) A district or county may use all or part of any funds
9 received under Subsection (d) to support community walking
10 transportation programs, including walking school bus programs,
11 provided that the district or county requires each supported
12 program to submit a financial report to the district or county each
13 semester that covers services provided by the program for the
14 benefit of the district or county. The commissioner shall adopt
15 rules governing the transportation allotment as necessary to permit
16 a district or county to receive funds under Subsection (d) that may
17 be used to support innovative school safety projects, including
18 community walking transportation programs as provided by this
19 subsection and any other appropriate safety project, including
20 rules defining an approved walking route mile that may be used as
21 necessary in implementing this subsection.

22 (e) The commissioner may grant an amount set by
23 appropriation for private or commercial transportation for
24 eligible students from isolated areas. The need for this type of
25 transportation grant shall be determined on an individual basis and
26 the amount granted shall not exceed the actual cost. The grants may
27 be made only in extreme hardship cases. A grant may not be made if

1 the students live within two miles of an approved school bus route.

2 (f) The cost of transporting career and technology
3 education students from one campus to another inside a district,
4 ~~or~~ from a sending district to another secondary public school for
5 a career and technology program or an area career and technology
6 school or to an approved post-secondary institution under a
7 contract for instruction approved by the agency, or from a district
8 campus to a location at which students are provided work-based
9 learning under the district's career and technology program shall
10 be reimbursed based on the number of actual miles traveled times the
11 district's official extracurricular travel per mile rate as set by
12 the board of trustees and approved by the agency.

13 (g) A school district or county that provides special
14 transportation services for eligible special education students is
15 entitled to a state allocation paid on a previous year's
16 cost-per-mile basis. The ~~maximum~~ rate per mile allowable shall
17 be set by appropriation based on data gathered from the first year
18 of each preceding biennium. Districts may use a portion of their
19 support allocation to pay transportation costs, if necessary. The
20 commissioner may grant an amount set by appropriation for private
21 transportation to reimburse parents or their agents for
22 transporting eligible special education students. The mileage
23 allowed shall be computed along the shortest public road from the
24 student's home to school and back, morning and afternoon. The need
25 for this type transportation shall be determined on an individual
26 basis and shall be approved only in extreme hardship cases.

27 (h) Funds allotted under this section must be used in

1 providing transportation services.

2 (i) In the case of a district belonging to a county
3 transportation system, the district's transportation allotment for
4 purposes of determining a district's foundation school program
5 allocations is determined on the basis of the number of approved
6 daily route miles in the district [~~multiplied by the allotment per~~
7 ~~mile to which the county transportation system is entitled~~].

8 (j) The Texas School for the Deaf is entitled to an
9 allotment under this section. The commissioner shall determine the
10 appropriate allotment.

11 (k) Notwithstanding any other provision of this section,
12 the commissioner may not reduce the allotment to which a district or
13 county is entitled under this section because the district or
14 county provides transportation for an eligible student to and from
15 a child-care facility, as defined by Section 42.002, Human
16 Resources Code, or a grandparent's residence instead of the
17 student's residence, as authorized by Section 34.007 of this code
18 [~~, if the transportation is provided within the approved routes of~~
19 ~~the district or county for the school the student attends~~].

20 (l) A school district may, with the funds allotted under
21 this section, provide a bus pass or card for another transportation
22 system to each student who is eligible to use the regular
23 transportation system of the district but for whom the regular
24 transportation system of the district is not a feasible method of
25 providing transportation. The commissioner by rule shall provide
26 procedures for a school district to provide bus passes or cards to
27 students under this subsection.

1 (m) A school district shall be reimbursed on a per-mile
2 basis for the cost of transporting a dual credit student to another
3 campus in the district, a campus in another district, or a
4 postsecondary educational institution for purposes of attending
5 the course, if the course is not available at the student's campus.

6 Sec. 48.152 [~~42.158~~]. NEW INSTRUCTIONAL FACILITY
7 ALLOTMENT. (a) In this section:

8 (1) "Instructional facility" has the meaning assigned
9 by Section 46.001.

10 (2) "New instructional facility" includes:
11 (A) a newly constructed instructional facility;
12 (B) a repurposed instructional facility; and
13 (C) a leased facility operating for the first
14 time as an instructional facility with a minimum lease term of not
15 less than 10 years.

16 (b) A school district is entitled to an additional allotment
17 as provided by this section for operational expenses associated
18 with opening a new instructional facility.

19 (c) [~~(a-1)~~] A school district entitled to an allotment
20 under this section may use funds from the district's allotment to
21 renovate an existing instructional facility to serve as a dedicated
22 cybersecurity computer laboratory.

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

1 allotment of \$1,000 for each additional student in average daily
2 attendance at the facility.

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

9 (f) The [~~(d)~~ Subject to Subsection (d-1), the] amount
10 appropriated for allotments under this section may not exceed \$100
11 [~~\$25~~] million in a school year. If the total amount of allotments
12 to which districts are entitled under this section for a school year
13 exceeds the amount appropriated under this subsection, the
14 commissioner shall reduce each district's allotment under this
15 section in the manner provided by Section 48.266(f) [~~42.253(h)~~].

16 [~~(d-1)~~ In addition to the appropriation amount described by
17 Subsection (d), the amount of \$1 million may be appropriated each
18 school year to supplement the allotment to which a school district
19 is entitled under this section that may be provided using the
20 appropriation amount described by Subsection (d). The
21 commissioner shall first apply the funds appropriated under this
22 subsection to prevent any reduction under Subsection (d) in the
23 allotment for attendance at an eligible high school instructional
24 facility, subject to the maximum amount of \$1,000 for each student
25 in average daily attendance. Any funds remaining after preventing
26 all reductions in amounts due for high school instructional
27 facilities may be applied proportionally to all other eligible

1 ~~instructional facilities, subject to the maximum amount of \$1,000~~
2 ~~for each student in average daily attendance.~~

3 ~~[(e) A school district that is required to take action under~~
4 ~~Chapter 41 to reduce its wealth per student to the equalized wealth~~
5 ~~level is entitled to a credit, in the amount of the allotments to~~
6 ~~which the district is entitled under this section, against the~~
7 ~~total amount required under Section 41.093 for the district to~~
8 ~~purchase attendance credits. A school district that is otherwise~~
9 ~~ineligible for state aid under this chapter is entitled to receive~~
10 ~~allotments under this section.~~

11 ~~[(f) The commissioner may adopt rules necessary to~~
12 ~~implement this section.~~

13 ~~[(g) In this section:~~

14 ~~[(1) "Instructional facility" has the meaning~~
15 ~~assigned by Section 46.001.~~

16 ~~[(2) "New instructional facility" includes:~~

17 ~~[(A) a newly constructed instructional facility,~~

18 ~~[(B) a repurposed instructional facility, and~~

19 ~~[(C) a leased facility operating for the first~~
20 ~~time as an instructional facility with a minimum lease term of not~~
21 ~~less than 10 years.]~~

22 SECTION 1.034. Subchapter D, Chapter 48, Education Code, as
23 added by this Act, is amended by adding Section 48.153 to read as
24 follows:

25 Sec. 48.153. DROPOUT RECOVERY SCHOOL AND RESIDENTIAL
26 PLACEMENT FACILITY ALLOTMENT. A school district or open-enrollment
27 charter school is entitled to \$275 for each student in average daily

1 attendance who:

2 (1) resides in a residential placement facility; or

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

6 SECTION 1.035. Section 42.106, Education Code, is
7 transferred to Subchapter D, Chapter 48, Education Code, as added
8 by this Act, redesignated as Section 48.154, and amended to read as
9 follows:

10 Sec. 48.154 [~~42.106~~]. TUITION ALLOTMENT FOR DISTRICTS NOT
11 OFFERING ALL GRADE LEVELS. A school district that contracts for
12 students residing in the district to be educated in another
13 district under Section 25.039(a) is entitled to receive an
14 allotment equal to the total amount of tuition required to be paid
15 by the district under Section 25.039, not to exceed the amount
16 specified by commissioner rule under Section 25.039(b).

17 SECTION 1.036. Subchapter D, Chapter 48, Education Code, as
18 added by this Act, is amended by adding Sections 48.155 and 48.156
19 to read as follows:

20 Sec. 48.155. COLLEGE PREPARATION ASSESSMENT REIMBURSEMENT.
21 A school district is entitled to reimbursement for the amount of
22 fees paid by the district for the administration of an assessment
23 instrument under Section 39.0261(a)(3).

24 Sec. 48.156. CERTIFICATION EXAMINATION REIMBURSEMENT. A
25 school district is entitled to reimbursement for the amount of a
26 subsidy paid by the district for a student's certification
27 examination under Section 29.190(a) as provided by Section

1 29.190(c).

2 SECTION 1.037. Chapter 48, Education Code, as added by this
3 Act, is amended by adding Subchapter E, and a heading is added to
4 that subchapter to read as follows:

5 SUBCHAPTER E. TIER TWO ENTITLEMENT

6 SECTION 1.038. Sections 42.301, 42.302, 42.303, and 42.304,
7 Education Code, are transferred to Subchapter E, Chapter 48,
8 Education Code, as added by this Act, redesignated as Sections
9 48.201, 48.202, 48.203, and 48.204, Education Code, and amended to
10 read as follows:

11 Sec. 48.201 [~~42.301~~]. PURPOSE. The purpose of the tier
12 two [~~guaranteed yield~~] component of the Foundation School Program
13 is to provide each school district with the opportunity to provide
14 the basic program and to supplement that program at a level of its
15 own choice. An allotment under this subchapter may be used for any
16 legal purpose other than capital outlay or debt service.

17 Sec. 48.202 [~~42.302~~]. TIER TWO ALLOTMENT. (a) Each school
18 district is guaranteed a specified amount per weighted student in
19 state and local funds for each cent of tax effort over that required
20 for the district's local fund assignment up to the maximum level
21 specified in this subchapter. The amount of state support, subject
22 only to the maximum amount under Section 48.203 [~~42.303~~], is
23 determined by the formula:

24
$$\text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

25 where:

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

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

5 "WADA" is the number of students in weighted average daily
6 attendance, which is calculated by dividing the sum of the school
7 district's allotments under Subchapters B and C [~~7, less any~~
8 ~~allotment to the district for transportation, any allotment under~~
9 ~~Section 42.158 or 42.160, and 50 percent of the adjustment under~~
10 ~~Section 42.102,~~] by the basic allotment for the applicable year;

11 "DTR" is the district enrichment tax rate of the school
12 district, which is determined by subtracting the amounts specified
13 by Subsection (b) from the total amount of maintenance and
14 operations taxes collected by the school district for the
15 applicable school year and dividing the difference by the quotient
16 of the district's taxable value of property as determined under
17 Subchapter M, Chapter 403, Government Code, or, if applicable,
18 under Section 48.258 or by the quotient of the value of "DPV" as
19 determined under Section 48.256(d) if that subsection applies to
20 the district [~~42.2521~~], divided by 100; and

21 "LR" is the local revenue, which is determined by multiplying
22 "DTR" by the quotient of the district's taxable value of property as
23 determined under Subchapter M, Chapter 403, Government Code, or, if
24 applicable, under Section 48.258 or by the quotient of the value of
25 "DPV" as determined under Section 48.256(d) if that subsection
26 applies to the district [~~42.2521~~], divided by 100.

27 (a-1) For purposes of Subsection (a), the dollar amount

1 guaranteed level of state and local funds per weighted student per
2 cent of tax effort ("GL") for a school district is:

3 (1) the greater of the amount of district tax revenue
4 per weighted student per cent of tax effort [~~that would be~~
5 available to a school district at the 96th percentile of wealth per
6 weighted student [~~the Austin Independent School District, as~~
7 ~~determined by the commissioner in cooperation with the Legislative~~
8 ~~Budget Board, if the reduction of the limitation on tax increases as~~
9 ~~provided by Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not~~
10 ~~apply,~~] or the amount that results from multiplying 6,160, or the
11 greater amount provided under Section 48.051(b), if applicable, by
12 0.016 [~~of district tax revenue per weighted student per cent of tax~~
13 ~~effort used for purposes of this subdivision in the preceding~~
14 ~~school year], for the first eight [~~six~~] cents by which the
15 district's maintenance and operations tax rate exceeds the
16 district's tier one tax rate [~~equal to the sum of the product of the~~
17 ~~state compression percentage, as determined under Section 42.2516,~~
18 ~~multiplied by the maintenance and operations tax rate adopted by~~
19 ~~the district for the 2005 tax year and any additional tax effort~~
20 ~~included in calculating the district's compressed tax rate under~~
21 ~~Section 42.101(a-1)]; and~~~~

22 (2) subject to Subsection (f), the amount that results
23 from multiplying \$6,160, or the greater amount provided under
24 Section 48.051(b), if applicable, by 0.008 [~~\$31.95], for the
25 district's maintenance and operations tax effort that exceeds the
26 amount of tax effort described by Subdivision (1).~~

27 (a-2) The limitation on district enrichment tax rate

1 ("DTR") under Section 48.203 [~~42.303~~] does not apply to the
2 district's maintenance and operations tax effort described by
3 Subsection (a-1)(1).

4 (b) In computing the district enrichment tax rate of a
5 school district, the total amount of maintenance and operations
6 taxes collected by the school district does not include the amount
7 of:

8 (1) the district's local fund assignment under Section
9 48.256 [~~42.252~~]; or

10 (2) taxes paid into a tax increment fund under Chapter
11 311, Tax Code.

12 (c) For purposes of this section, school district taxes for
13 which credit is granted under Section 31.035, 31.036, or 31.037,
14 Tax Code, are considered taxes collected by the school district as
15 if the taxes were paid when the credit for the taxes was granted.

16 (d) For purposes of this section, the total amount of
17 maintenance and operations taxes collected for an applicable school
18 year by a school district with alternate tax dates, as authorized by
19 Section 26.135, Tax Code, is the amount of taxes collected on or
20 after January 1 of the year in which the school year begins and not
21 later than December 31 of the same year.

22 (e) For purposes of this section, school district taxes for
23 which credit is granted under former Subchapter D, Chapter 313, Tax
24 Code, are considered taxes collected by the school district as if
25 the taxes were paid when the credit for the taxes was granted.

26 (f) For a school year in which the dollar amount guaranteed
27 level of state and local funds per weighted student per cent of tax

1 effort ("GL") under Subsection (a-1)(2) exceeds the dollar amount
2 guaranteed level of state and local funds per weighted student per
3 cent of tax effort ("GL") under Subsection (a-1)(2) for the
4 preceding school year, a school district shall reduce the
5 district's tax rate under Section 45.0032(b)(2) for the tax year
6 that corresponds to that school year to a rate that results in the
7 amount of state and local funds per weighted student per cent of tax
8 effort available to the district at the dollar amount guaranteed
9 level for the preceding school year. A school district is not
10 entitled to the amount equal to the increase of revenue described by
11 this subsection for the school year for which the district must
12 reduce the district's tax rate. Unless Section 26.08(a-1), Tax
13 Code, applies to the district, for a tax year in which a district
14 must reduce the district's tax rate under this subsection, the
15 district may not increase the district's maintenance and operations
16 tax rate to a rate that exceeds the maximum maintenance and
17 operations tax rate permitted under Section 45.003(d) or (f), as
18 applicable, minus the reduction of tax effort required under this
19 subsection. This subsection does not apply if the amount of state
20 funds appropriated for a school year specifically excludes the
21 amount necessary to provide the dollar amount guaranteed level of
22 state and local funds per weighted student per cent of tax effort
23 under Subsection (a-1)(2) [~~If a school district imposes a~~
24 ~~maintenance and operations tax at a rate greater than the rate equal~~
25 ~~to the product of the state compression percentage, as determined~~
26 ~~under Section 42.2516, multiplied by the maintenance and operations~~
27 ~~tax rate adopted by the district for the 2005 tax year, the district~~

1 ~~is entitled to receive an allotment under this section on the basis~~
2 ~~of that greater tax effort].~~

3 (f-1) Notwithstanding Subsection (f), for the 2019-2020
4 school year, the reduction of a school district's tax rate required
5 under Subsection (f) applies to the district's total enrichment tax
6 rate under Section 45.0032(b) minus eight cents. This subsection
7 expires September 1, 2020.

8 Sec. 48.203 [~~42.303~~]. LIMITATION ON ENRICHMENT TAX RATE.
9 The district enrichment tax rate ("DTR") under Section 48.202
10 [~~42.302~~] may not exceed the amount per \$100 of valuation by which
11 the maximum rate permitted under Section 45.003 exceeds the rate
12 used to determine the district's local share under Section 48.256
13 [~~42.252~~], or a greater amount for any year provided by
14 appropriation.

15 Sec. 48.204 [~~42.304~~]. COMPUTATION OF AID FOR DISTRICT ON
16 MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under
17 this subchapter for a school district located on a federal military
18 installation or at Moody State School is computed using the average
19 tax rate and property value per student of school districts in the
20 county, as determined by the commissioner.

21 SECTION 1.039. Chapter 48, Education Code, as added by this
22 Act, is amended by adding Subchapter F, and a heading is added to
23 that subchapter to read as follows:

24 SUBCHAPTER F. FINANCING THE PROGRAM

25 SECTION 1.040. Sections 42.251, 42.2511, 42.2514, 42.2515,
26 42.2516, and 42.252, Education Code, are transferred to Subchapter
27 F, Chapter 48, Education Code, as added by this Act, redesignated as

1 Sections 48.251, 48.252, 48.253, 48.254, 48.255, and 48.256,
2 Education Code, and amended to read as follows:

3 Sec. 48.251 [~~42.251~~]. FINANCING; GENERAL RULE. (a) The
4 cost of the Foundation School Program for a school district is the
5 total sum of:

6 (1) the sum of the tier one allotments and other
7 funding as follows:

8 (A) the basic allotment under Subchapter B;

9 (B) [~~and~~] the student-based [~~special~~]
10 allotments under Subchapter C; and

11 (C) the additional funding under Subchapter D;
12 and

13 (2) [~~, computed in accordance with this chapter,~~
14 ~~constitute the tier one allotments. The sum of the tier one~~
15 ~~allotments and~~] the tier two allotment [~~guaranteed yield~~
16 ~~allotments~~] under Subchapter E.

17 (b) The sum of the Foundation School Program maintenance and
18 operations costs for all accredited school districts in this state
19 constitutes [~~F, computed in accordance with this chapter,~~
20 ~~constitute~~] the total maintenance and operations cost of the
21 Foundation School Program.

22 (c) [~~(b)~~] The program shall be financed by:

23 (1) state available school funds distributed in
24 accordance with the law [~~ad valorem tax revenue generated by an~~
25 ~~equalized uniform school district effort~~];

26 (2) ad valorem tax revenue generated by local school
27 district effort [~~in excess of the equalized uniform school district~~

1 effort]; and

2 (3) [~~state available school funds distributed in~~
3 ~~accordance with law; and~~

4 [~~(4)~~] state funds appropriated for the purposes of
5 public school education and allocated to each district in an amount
6 sufficient to finance the cost of each district's Foundation School
7 Program not covered by other funds specified in this subsection.

8 Sec. 48.252 [~~42.2511~~]. SCHOOL DISTRICT ENTITLEMENT FOR
9 CERTAIN STUDENTS. (a) This section applies only to:

10 (1) a school district and an open-enrollment charter
11 school that enter into a contract to operate a district campus as
12 provided by Section 11.174; and

13 (2) a charter granted by a school district for a
14 program operated by an entity that has entered into a contract under
15 Section 11.174, provided that the district does not appoint a
16 majority of the governing body of the charter holder.

17 (b) Notwithstanding any other provision of this chapter or
18 Chapter 49 [~~41~~], a school district subject to this section is
19 entitled to receive for each student in average daily attendance at
20 the campus described by Subsection (a) an amount equivalent to the
21 difference, if the difference results in increased funding,
22 between:

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

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

26 (c) The commissioner shall adopt rules as necessary to
27 administer this section.

1 Sec. 48.253 [~~42.2514~~]. ADDITIONAL STATE AID FOR TAX
2 INCREMENT FINANCING PAYMENTS. (a) For each school year, a school
3 district [~~, including a school district that is otherwise ineligible~~
4 ~~for state aid under this chapter,~~] is entitled to state aid in an
5 amount equal to the amount the district is required to pay into the
6 tax increment fund for a reinvestment zone under Section
7 311.013(n), Tax Code.

8 (b) A school district shall provide to the agency any
9 agreements, amendments to agreements, or other information
10 required by the agency to implement this section.

11 Sec. 48.254 [~~42.2515~~]. ADDITIONAL STATE AID FOR AD VALOREM
12 TAX CREDITS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. [~~(a)~~] For each
13 school year, a school district, including a school district that is
14 otherwise ineligible for state aid under this chapter, is entitled
15 to state aid in an amount equal to the amount of all tax credits
16 credited against ad valorem taxes of the district in that year under
17 former Subchapter D, Chapter 313, Tax Code.

18 ~~[(b) The commissioner may adopt rules to implement and~~
19 ~~administer this section.]~~

20 Sec. 48.255 [~~42.2516~~]. STATE COMPRESSION PERCENTAGE. (a)
21 In this title, "state compression percentage" means the percentage
22 of the rate of \$1.00 per \$100 valuation of taxable property at which
23 a school district must levy a [district's adopted] maintenance and
24 operations tax to receive the full amount of the tier one allotment
25 to which the district is entitled under this chapter.

26 (b) The [~~tax rate for the 2005 tax year that serves as the~~
27 ~~basis for state funding. If the]~~ state compression percentage is:

1 (1) 93 percent; or

2 (2) a lower percentage set ~~[not established]~~ by

3 appropriation for a school year ~~[, the commissioner shall determine~~
4 ~~the state compression percentage for each school year based on the~~
5 ~~percentage by which a district is able to reduce the district's~~
6 ~~maintenance and operations tax rate for that year, as compared to~~
7 ~~the district's adopted maintenance and operations tax rate for the~~
8 ~~2005 tax year, as a result of state funds appropriated for that year~~
9 ~~from the property tax relief fund established under Section~~
10 ~~403.109, Government Code, or from another funding source available~~
11 ~~for school district property tax relief.~~

12 ~~[(g) The commissioner may adopt rules necessary to~~
13 ~~implement this section.~~

14 ~~[(h) A determination by the commissioner under this section~~
15 ~~is final and may not be appealed].~~

16 Sec. 48.256 ~~[42.252]~~. LOCAL SHARE OF PROGRAM COST (TIER
17 ONE). (a) Each school district's share of the Foundation School
18 Program is determined by the following formula:

19 LFA = TR X DPV

20 where:

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

22 "TR" is the school district's adopted tier one maintenance
23 and operations ~~[a]~~ tax rate, as described by Section 45.0032(a)
24 ~~[which]~~ for each hundred dollars of valuation ~~[is an effective tax~~
25 ~~rate of the amount equal to the product of the state compression~~
26 ~~percentage, as determined under Section 42.2516, multiplied by the~~
27 ~~lesser of:~~

1 ~~[(1) \$1.50; or~~

2 ~~[(2) the maintenance and operations tax rate adopted~~
3 ~~by the district for the 2005 tax year]; and~~

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

7 ~~[(a-1) Notwithstanding Subsection (a), for a school~~
8 ~~district that adopted a maintenance and operations tax rate for the~~
9 ~~2005 tax year below the maximum rate permitted by law for that year,~~
10 ~~the district's tax rate ("TR") includes the tax effort included in~~
11 ~~calculating the district's compressed tax rate under Section~~
12 ~~42.101(a-1).]~~

13 (b) The commissioner shall adjust the values reported by by ~~[in~~
14 ~~the official report of]~~ the comptroller ~~[as required by Section~~
15 ~~5.09(a), Tax Code,]~~ to reflect reductions in taxable value of
16 property resulting from natural or economic disaster ~~[after January~~
17 ~~±]~~ in the year in which the valuations are determined. The decision
18 of the commissioner is final. An adjustment does not affect the
19 local fund assignment of any other school district.

20 (c) Appeals of district values shall be held pursuant to
21 Section 403.303, Government Code.

22 (d) This subsection applies to a school district in which
23 the board of trustees entered into a written agreement with a
24 property owner under Section 313.027, Tax Code, for the
25 implementation of a limitation on appraised value under Subchapter
26 B or C, Chapter 313, Tax Code. For purposes of determining "DPV"
27 under Subsection (a) for a school district to which this subsection

1 applies, the commissioner shall exclude a portion of the market
2 value of property not otherwise fully taxable by the district under
3 Subchapter B or C, Chapter 313, Tax Code, before the expiration of
4 the subchapter. The comptroller shall provide information to the
5 agency necessary for this subsection. A revenue protection payment
6 required as part of an agreement for a limitation on appraised value
7 shall be based on the district's taxable value of property for the
8 preceding tax year.

9 (e) Subsection (d) does not apply to property that was the
10 subject of an application under Subchapter B or C, Chapter 313, Tax
11 Code, made after May 1, 2009, that the comptroller recommended
12 should be disapproved. [~~A school district must raise its total~~
13 ~~local share of the Foundation School Program to be eligible to~~
14 ~~receive foundation school fund payments.]~~

15 SECTION 1.041. Subchapter F, Chapter 48, Education Code, as
16 added by this Act, is amended by adding Section 48.257 to read as
17 follows:

18 Sec. 48.257. LOCAL REVENUE LEVEL IN EXCESS OF ENTITLEMENT.

19 (a) Subject to Subsection (b), if a school district's tier one
20 local share under Section 48.256 exceeds the district's entitlement
21 under Section 48.266(a)(1) less the district's distribution from
22 the state available school fund, the district must reduce the
23 district's tier one revenue level in accordance with Chapter 49 to a
24 level not to exceed the district's entitlement under Section
25 48.266(a)(1) less the district's distribution from the state
26 available school fund.

27 (b) This subsection applies only to a school district to

1 which Subsection (a) applies. If a district's maintenance and
2 operations tax collections from the tax rate described by Section
3 45.0032(a) for the current tax year minus the required reduction in
4 a district's tier one revenue level under Subsection (a) results in
5 an amount that is less than the amount of the district's entitlement
6 under Section 48.266(a)(1) less the district's distribution from
7 the state available school fund, the agency shall adjust the amount
8 of the reduction required in the district's tier one revenue level
9 under Subsection (a) up to the amount of local funds necessary for
10 the district's entitlement under Section 48.266(a)(1) less the
11 district's distribution from the state available school fund.

12 (c) For purposes of Subsection (a), state aid to which a
13 district is entitled under this chapter that is not described by
14 Section 48.266(a)(1), (2), or (3) may offset the amount by which a
15 district must reduce the district's tier one revenue level under
16 Subsection (a). Any amount of state aid used as an offset under this
17 subsection shall reduce the amount of state aid to which the
18 district is entitled.

19 (d) Except as provided by Subsection (e), a school district
20 is entitled to retain the total amount of the district's tier two
21 local share described by Section 48.266(a)(5)(A).

22 (e) In any school year for which the amount of state funds
23 appropriated specifically excludes the amount necessary to provide
24 the dollar amount guaranteed level of state and local funds per
25 weighted student per cent of tax effort under Section
26 48.202(a-1)(1), a district may only retain the amount of the
27 district's tier two local share described by Section

1 48.266(a)(5)(A) equal to the amount of revenue that would be
 2 generated based on the amount appropriated for the dollar amount
 3 guaranteed level of state and local funds.

4 (f) If the amount of a school district's tier two local
 5 share described by Section 48.266(a)(5)(B) to which a district is
 6 entitled exceeds the amount described by Section 48.202(a-1)(2),
 7 the district must reduce the district's revenue in accordance with
 8 Chapter 49 to a level not to exceed the amount described by Section
 9 48.202 (a-1)(2).

10 (g) For a district to which Section 45.003(f) applies,
 11 revenue generated from any cents of maintenance and operations tax
 12 effort that exceeds the maximum rate permitted under Section
 13 45.003(d) is subject to the revenue limit established under
 14 Subsection (f).

15 SECTION 1.042. Sections 42.2521, 42.2522, 42.2523,
 16 42.2524, 42.2525, 42.2526, 42.2527, 42.2528, 42.253, 42.2531,
 17 42.2532, 42.254, 42.255, 42.257, 42.258, 42.259, 42.2591, and
 18 42.260, Education Code, are transferred to Subchapter F, Chapter
 19 48, Education Code, as added by this Act, redesignated as Sections
 20 48.258, 48.259, 48.260, 48.261, 48.262, 48.263, 48.264, 48.265,
 21 48.266, 48.267, 48.268, 48.269, 48.270, 48.271, 48.272, 48.273,
 22 48.274, and 48.275, Education Code, and amended to read as follows:

23 Sec. 48.258 [~~42.2521~~]. ADJUSTMENT FOR RAPID DECLINE IN
 24 TAXABLE VALUE OF PROPERTY. (a) For purposes of Chapters [~~41 and~~
 25 46 and 49 and this chapter, and to the extent money specifically
 26 authorized to be used under this section is available, the
 27 commissioner shall adjust the taxable value of property in a school

1 district that, due to factors beyond the control of the board of
2 trustees, experiences a rapid decline in the tax base used in
3 calculating taxable values in excess of four percent of the tax base
4 used in the preceding year.

5 (b) To the extent that a sufficient amount of money is not
6 available to fund all adjustments under this section, the
7 commissioner shall reduce adjustments in the manner provided by
8 Section 48.266(f) [~~42.253(h)~~] so that the total amount of
9 adjustments equals the amount of money available to fund the
10 adjustments.

11 (c) A decision of the commissioner under this section is
12 final and may not be appealed.

13 Sec. 48.259 [~~42.2522~~]. ADJUSTMENT FOR OPTIONAL HOMESTEAD
14 EXEMPTION. (a) In any school year, the commissioner may not
15 provide funding under this chapter or Chapter 46 based on a school
16 district's taxable value of property computed in accordance with
17 Section 403.302(d)(2), Government Code, unless:

18 (1) funds are specifically appropriated for purposes
19 of this section; or

20 (2) the commissioner determines that the total amount
21 of state funds appropriated for purposes of the Foundation School
22 Program for the school year exceeds the amount of state funds
23 distributed to school districts in accordance with Section 48.266
24 [~~42.253~~] based on the taxable values of property in school
25 districts computed in accordance with Section 403.302(d),
26 Government Code, without any deduction for residence homestead
27 exemptions granted under Section 11.13(n), Tax Code.

1 (b) In making a determination under Subsection (a)(2), the
2 commissioner shall:

3 (1) notwithstanding Section 48.266(b) [~~42.253(b)~~],
4 reduce the entitlement under this chapter of a school district
5 whose final taxable value of property is higher than the estimate
6 under Section 48.269 [~~42.254~~] and make payments to school districts
7 accordingly; and

8 (2) give priority to school districts that, due to
9 factors beyond the control of the board of trustees, experience a
10 rapid decline in the tax base used in calculating taxable values in
11 excess of four percent of the tax base used in the preceding year.

12 (c) In the first year of a state fiscal biennium, before
13 providing funding as provided by Subsection (a)(2), the
14 commissioner shall ensure that sufficient appropriated funds for
15 purposes of the Foundation School Program are available for the
16 second year of the biennium, including funds to be used for purposes
17 of Section 48.258 [~~42.2521~~].

18 (d) If the commissioner determines that the amount of funds
19 available under Subsection (a)(1) or (2) does not at least equal the
20 total amount of state funding to which districts would be entitled
21 if state funding under this chapter were based on the taxable values
22 of property in school districts computed in accordance with Section
23 403.302(d)(2), Government Code, the commissioner may, to the extent
24 necessary, provide state funding based on a uniform lesser fraction
25 of the deduction under Section 403.302(d)(2), Government Code.

26 (e) The commissioner shall notify school districts as soon
27 as practicable as to the availability of funds under this section.

1 For purposes of computing a voter-approval [~~rollback~~] tax rate
2 under Section 26.08, Tax Code, a district shall adjust the
3 district's tax rate limit to reflect assistance received under this
4 section.

5 Sec. 48.260 [~~42.2523~~]. ADJUSTMENT FOR PROPERTY VALUE
6 AFFECTED BY STATE OF DISASTER. (a) For purposes of Chapters [~~41~~
7 ~~and~~] 46 and 49 and this chapter, the commissioner shall adjust the
8 taxable value of property of a school district all or part of which
9 is located in an area declared a disaster area by the governor under
10 Chapter 418, Government Code, as necessary to ensure that the
11 district receives funding based as soon as possible on property
12 values as affected by the disaster.

13 (b) The commissioner may fund adjustments under this
14 section using funds specifically appropriated for the purpose or
15 other funds available to the commissioner for that purpose.

16 (c) [~~(d)~~] A decision of the commissioner under this section
17 is final and may not be appealed.

18 Sec. 48.261 [~~42.2524~~]. REIMBURSEMENT FOR DISASTER
19 REMEDIATION COSTS. (a) This section applies only to a school
20 district all or part of which is located in an area declared a
21 disaster area by the governor under Chapter 418, Government Code,
22 and that incurs disaster remediation costs as a result of the
23 disaster.

24 (b) During the two-year period following the date of the
25 governor's initial proclamation or executive order declaring a
26 state of disaster, a district may apply to the commissioner for
27 reimbursement of disaster remediation costs that the district pays

1 during that period and does not anticipate recovering through
2 insurance proceeds, federal disaster relief payments, or another
3 similar source of reimbursement.

4 (c) The commissioner may provide reimbursement under this
5 section only if funds are available for that purpose from [~~as~~
6 ~~follows~~]:

7 (1) [~~reimbursement for a school district not required~~
8 ~~to take action under Chapter 41 may be provided from:~~

9 [(A)] amounts appropriated for that purpose,
10 including amounts appropriated for school [~~those~~] districts for
11 that purpose to the disaster contingency fund established under
12 Section 418.073, Government Code; or

13 (2) [(B)] Foundation School Program funds available
14 for that purpose, based on a determination by the commissioner that
15 the amount appropriated for the Foundation School Program,
16 including the facilities component as provided by Chapter 46,
17 exceeds the amount to which districts are entitled under this
18 chapter and Chapter 46 [~~, and~~

19 [(2) ~~reimbursement for a school district required to~~
20 ~~take action under Chapter 41 may be provided from funds described by~~
21 ~~Subdivision (1)(B) if funds remain available after fully~~
22 ~~reimbursing each school district described by Subdivision (1) for~~
23 ~~its disaster remediation costs]~~.

24 (d) [~~If the amount of money available for purposes of~~
25 ~~reimbursing school districts not required to take action under~~
26 ~~Chapter 41 is not sufficient to fully reimburse each district's~~
27 ~~disaster remediation costs, the commissioner shall reduce the~~

1 ~~amount of assistance provided to each of those districts~~
2 ~~proportionately. If the amount of money available for purposes of~~
3 ~~reimbursing school districts required to take action under Chapter~~
4 ~~41 is not sufficient to fully reimburse each district's disaster~~
5 ~~remediation costs, the commissioner shall reduce the amount of~~
6 ~~assistance provided to each of those districts proportionately.~~

7 ~~[(e)]~~ A district seeking reimbursement under this section
8 must provide the commissioner with adequate documentation of the
9 costs for which the district seeks reimbursement.

10 (e) ~~[(f)] A district required to take action under Chapter~~
11 ~~41.~~

12 ~~[(1)] may, at its discretion, receive assistance~~
13 ~~provided under this section either as a payment of state aid under~~
14 ~~this chapter or as a reduction in the total amount required to be~~
15 ~~paid by the district for attendance credits under Section 41.093;~~
16 ~~and~~

17 ~~[(2)] may not obtain reimbursement under this section~~
18 ~~for the payment of any disaster remediation costs that resulted in a~~
19 ~~reduction under Section 41.0931 of the district's cost of~~
20 ~~attendance credits.~~

21 ~~[(h)]~~ The commissioner shall adopt rules necessary to
22 implement this section, including rules:

23 (1) defining "disaster remediation costs" for
24 purposes of this section, which must include the cost to repair or
25 replace vehicles or computers damaged in the disaster; and

26 (2) specifying the type of documentation required
27 under Subsection (d) ~~[(e)]~~.

1 (f) [~~(i)~~] Notwithstanding any other provision of this
2 section, the commissioner may permit a district to use amounts
3 provided to a district under this section to pay the costs of
4 replacing a facility instead of repairing the facility. The
5 commissioner shall ensure that a district that elects to replace a
6 facility does not receive an amount under this section that exceeds
7 the lesser of:

8 (1) the amount that would be provided to the district
9 if the facility were repaired; or

10 (2) the amount necessary to replace the facility.

11 (g) [~~(j)~~] This section does not require the commissioner to
12 provide any requested reimbursement. A decision of the
13 commissioner regarding reimbursement is final and may not be
14 appealed.

15 Sec. 48.262 [~~42.2525~~]. ADJUSTMENTS FOR CERTAIN DISTRICTS
16 RECEIVING FEDERAL IMPACT AID. The commissioner is granted the
17 authority to ensure that school districts receiving federal impact
18 aid due to the presence of a military installation or significant
19 concentrations of military students do not receive more than an
20 eight percent reduction should the federal government reduce
21 appropriations to those schools.

22 Sec. 48.263 [~~42.2526~~]. ADJUSTMENT FOR DISTRICT OPERATING
23 PILOT PROGRAM. (a) This section applies only to a school district
24 operating a pilot program authorized by Section 28.0255.

25 (b) Beginning with the first school year that follows the
26 first school year in which students receive high school diplomas
27 under the pilot program authorized by Section 28.0255 and

1 continuing for every subsequent school year that the district
2 operates the pilot program, the commissioner shall provide funding
3 for the district's prekindergarten program under Section 29.153 on
4 a full-day basis for a number of prekindergarten students equal to
5 twice the number of students who received a high school diploma
6 under the pilot program authorized by Section 28.0255 during the
7 preceding school year.

8 (c) This section expires September 1, 2023.

9 Sec. 48.264 [~~42.2527~~]. ADJUSTMENT FOR CERTAIN DISTRICTS
10 WITH EARLY HIGH SCHOOL GRADUATION PROGRAMS. (a) As a pilot program
11 to enable the state to evaluate the benefit of providing additional
12 funding at the prekindergarten level for low-income students, the
13 commissioner shall provide prekindergarten funding in accordance
14 with this section to a school district located in a county that
15 borders the United Mexican States and the Gulf of Mexico.

16 (b) The commissioner shall provide funding for a school
17 district's prekindergarten program on a half-day basis for a number
18 of low-income prekindergarten students equal to twice the number of
19 students who received, as a result of participation in an early high
20 school graduation program operated by the district, a high school
21 diploma from the district during the preceding school year after
22 three years of secondary school attendance.

23 (c) The commissioner may adopt rules necessary to implement
24 this section.

25 (d) This section expires September 1, 2023.

26 Sec. 48.265 [~~42.2528~~]. EXCESS FUNDS FOR VIDEO SURVEILLANCE
27 OF SPECIAL EDUCATION SETTINGS. (a) Notwithstanding any other

1 provision of law, if the commissioner determines that the amount
2 appropriated for the purposes of the Foundation School Program
3 exceeds the amount to which school districts are entitled under
4 this chapter, the commissioner by rule shall establish a grant
5 program through which excess funds are awarded as grants for the
6 purchase of video equipment, or for the reimbursement of costs for
7 previously purchased video equipment, used for monitoring special
8 education classrooms or other special education settings required
9 under Section 29.022.

10 (b) In awarding grants under this section, the commissioner
11 shall give highest priority to districts with maintenance and
12 operations tax rates at the greatest rates permitted by law. The
13 commissioner shall also give priority to:

14 (1) districts with maintenance and operations tax
15 rates at least equal to the state maximum compressed tax rate, as
16 defined by Section 48.051(a) [~~42.101(a)~~], and lowest amounts of
17 maintenance and operations tax revenue per weighted student; and

18 (2) districts with debt service tax rates near or
19 equal to the greatest rates permitted by law.

20 (c) The commissioner may adopt rules to implement and
21 administer this section.

22 Sec. 48.266 [~~42.253~~]. DISTRIBUTION OF FOUNDATION SCHOOL
23 FUND. (a) For each school year the commissioner shall determine:

24 (1) the amount of money to which a school district is
25 entitled under Subchapters B, [~~and~~] C, and D;

26 (2) the amount of money to which a school district is
27 entitled under Subchapter E [~~F~~];

1 (3) the amount of money allocated to the district from
2 the available school fund;

3 (4) the amount of each district's tier one local share
4 under Section 48.256 [~~42.252~~]; and

5 (5) the amount of each district's tier two local share
6 under Section 48.202 for:

7 (A) the district's maintenance and operations
8 tax effort described by Section 48.202(a-1)(1); and

9 (B) the district's maintenance and operations
10 tax effort described by Section 48.202(a-1)(2) [~~42.302~~].

11 (b) Except as provided by this subsection, the commissioner
12 shall base the determinations under Subsection (a) on the estimates
13 provided to the legislature under Section 48.269 [~~42.254~~], or, if
14 the General Appropriations Act provides estimates for that purpose,
15 on the estimates provided under that Act, for each school district
16 for each school year. The commissioner shall reduce the
17 entitlement of each district that has a final taxable value of
18 property for the second year of a state fiscal biennium that is
19 higher than the estimate under Section 48.269 [~~42.254~~] or the
20 General Appropriations Act, as applicable. A reduction under this
21 subsection may not reduce the district's entitlement below the
22 amount to which it is entitled at its actual taxable value of
23 property.

24 (c) Each school district is entitled to an amount equal to
25 the difference for that district between the sum of Subsections
26 (a)(1) and (a)(2) and the sum of Subsections (a)(3), (a)(4), and
27 (a)(5).

1 (d) The commissioner shall approve warrants to each school
2 district equaling the amount of its entitlement except as provided
3 by this section. Warrants for all money expended according to this
4 chapter shall be approved and transmitted to treasurers or
5 depositories of school districts in the same manner that warrants
6 for state payments are transmitted. The total amount of the
7 warrants issued under this section may not exceed the total amount
8 appropriated for Foundation School Program purposes for that fiscal
9 year.

10 (e) [~~(g)~~] If a school district demonstrates to the
11 satisfaction of the commissioner that the estimate of the
12 district's tax rate, student enrollment, or taxable value of
13 property used in determining the amount of state funds to which the
14 district is entitled are so inaccurate as to result in undue
15 financial hardship to the district, the commissioner may adjust
16 funding to that district in that school year to the extent that
17 funds are available for that year.

18 (f) [~~(h)~~] If the amount appropriated for the Foundation
19 School Program for the second year of a state fiscal biennium is
20 less than the amount to which school districts and open-enrollment
21 charter schools are entitled for that year, the commissioner shall
22 certify the amount of the difference to the Legislative Budget
23 Board not later than January 1 of the second year of the state
24 fiscal biennium. The Legislative Budget Board shall propose to the
25 legislature that the certified amount be transferred to the
26 foundation school fund from the economic stabilization fund and
27 appropriated for the purpose of increases in allocations under this

1 subsection. If the legislature fails during the regular session to
2 enact the proposed transfer and appropriation and there are not
3 funds available under Subsection (h) [~~(j)~~], the commissioner shall
4 adjust the total amounts due to each school district and
5 open-enrollment charter school under this chapter and the total
6 amounts necessary for each school district to comply with the
7 requirements of Chapter 49 [~~41~~] by an amount determined by applying
8 to each district and school the same percentage adjustment to the
9 total amount of state and local revenue due to the district or
10 school under this chapter and Chapter 49 [~~41~~] so that the total
11 amount of the adjustment to all districts and schools results in an
12 amount equal to the total adjustment necessary. The following
13 fiscal year:

14 (1) a district's or school's entitlement under this
15 section is increased by an amount equal to the adjustment made
16 under this subsection; and

17 (2) the amount necessary for a district to comply with
18 the requirements of Chapter 49 [~~41~~] is reduced by an amount
19 necessary to ensure a district's full recovery of the adjustment
20 made under this subsection.

21 (g) [~~(i)~~] Not later than March 1 each year, the commissioner
22 shall determine the actual amount of state funds to which each
23 school district is entitled under the allocation formulas in this
24 chapter for the current school year and shall compare that amount
25 with the amount of the warrants issued to each district for that
26 year. If the amount of the warrants differs from the amount to
27 which a district is entitled because of variations in the

1 district's tax rate, student enrollment, or taxable value of
2 property, the commissioner shall adjust the district's entitlement
3 for the next fiscal year accordingly.

4 (h) [~~(j)~~] The legislature may appropriate funds necessary
5 for increases under Subsection (g) [~~(i)~~] from funds that the
6 comptroller, at any time during the fiscal year, finds are
7 available.

8 (i) [~~(k)~~] The commissioner shall compute for each school
9 district the total amount by which the district's allocation of
10 state funds is increased or reduced under Subsection (g) [~~(i)~~] and
11 shall certify that amount to the district.

12 Sec. 48.267 [~~42.2531~~]. ADJUSTMENT BY COMMISSIONER. (a)
13 The commissioner may make adjustments to amounts due to a school
14 district under this chapter or Chapter 46, or to amounts necessary
15 for a district to comply with the requirements of Chapter 49 [~~41~~],
16 as provided by this section.

17 (b) A school district that has a major taxpayer, as
18 determined by the commissioner, that because of a protest of the
19 valuation of the taxpayer's property fails to pay all or a portion
20 of the ad valorem taxes due to the district may apply to the
21 commissioner to have the district's taxable value of property or ad
22 valorem tax collections adjusted for purposes of this chapter or
23 Chapter [~~41~~ or 46 or 49]. The commissioner may make the adjustment
24 only to the extent the commissioner determines that making the
25 adjustment will not:

26 (1) in the fiscal year in which the adjustment is made,
27 cause the amount to which school districts are entitled under this

1 chapter to exceed the amount appropriated for purposes of the
2 Foundation School Program for that year; and

3 (2) if the adjustment is made in the first year of a
4 state fiscal biennium, cause the amount to which school districts
5 are entitled under this chapter for the second year of the biennium
6 to exceed the amount appropriated for purposes of the Foundation
7 School Program for that year.

8 (c) The commissioner shall recover the benefit of any
9 adjustment made under this section by making offsetting adjustments
10 in the school district's taxable value of property or ad valorem tax
11 collections for purposes of this chapter or Chapter [~~41 or~~ 46 or 49
12 on a final determination of the taxable value of property that was
13 the basis of the original adjustment, or in the second school year
14 following the year in which the adjustment is made, whichever is
15 earlier.

16 (d) This section does not require the commissioner to make
17 any requested adjustment. A determination by the commissioner
18 under this section is final and may not be appealed.

19 Sec. 48.268 [~~42.2532~~]. ADJUSTMENT FOR RESOLUTION OF
20 DISPUTE OR ERROR RESULTING IN TAXATION OF SAME PROPERTY BY MULTIPLE
21 SCHOOL DISTRICTS. The commissioner shall adjust the amounts due to
22 a school district under this chapter and Chapter 46 as necessary to
23 account for the resolution of a dispute or error involving the
24 district and another district by an agreement between the districts
25 entered into under Section 31.112(c), Tax Code, or by a final order
26 of the supreme court entered under Section 72.010, Local Government
27 Code.

1 Sec. 48.269 [~~42.254~~]. ESTIMATES REQUIRED. (a) Not later
2 than October 1 of each even-numbered year:

3 (1) the agency shall submit to the legislature an
4 estimate of the tax rate and student enrollment of each school
5 district for the following biennium; and

6 (2) the comptroller shall submit to the legislature an
7 estimate of the total taxable value of all property in the state as
8 determined under Subchapter M, Chapter 403, Government Code, for
9 the following biennium.

10 (b) The agency and the comptroller shall update the
11 information provided to the legislature under Subsection (a) not
12 later than March 1 of each odd-numbered year.

13 Sec. 48.270 [~~42.255~~]. FALSIFICATION OF RECORDS; REPORT.
14 When, in the opinion of the agency's director of school audits,
15 audits or reviews of accounting, enrollment, or other records of a
16 school district reveal deliberate falsification of the records, or
17 violation of the provisions of this chapter, through which the
18 district's share of state funds allocated under the authority of
19 this chapter would be, or has been, illegally increased, the
20 director shall promptly and fully report the fact to the State Board
21 of Education, the state auditor, and the appropriate county
22 attorney, district attorney, or criminal district attorney.

23 Sec. 48.271 [~~42.257~~]. EFFECT OF APPRAISAL APPEAL. (a) If
24 the final determination of an appeal under Chapter 42, Tax Code,
25 results in a reduction in the taxable value of property that exceeds
26 five percent of the total taxable value of property in the school
27 district for the same tax year determined under Subchapter M,

1 Chapter 403, Government Code, the commissioner shall request the
2 comptroller to adjust its taxable property value findings for that
3 year consistent with the final determination of the appraisal
4 appeal.

5 (b) If the district would have received a greater amount
6 from the foundation school fund for the applicable school year
7 using the adjusted value, the commissioner shall add the difference
8 to subsequent distributions to the district from the foundation
9 school fund. An adjustment does not affect the local fund
10 assignment of any other district.

11 (c) In addition to the funding provided under Subsection
12 (b), a school district is entitled to reimbursement for the amount
13 of interest included in a refund made by the district under Section
14 42.43, Tax Code, in the state fiscal year ending August 31, 2018, or
15 August 31, 2019. This subsection expires September 1, 2021.

16 Sec. 48.272 [~~42.258~~]. RECOVERY OF OVERALLOCATED FUNDS.

17 (a) If a school district has received an overallocation of state
18 funds, the agency shall, by withholding from subsequent allocations
19 of state funds for the current or subsequent school year or by
20 requesting and obtaining a refund, recover from the district an
21 amount equal to the overallocation.

22 (b) [~~(a-1)~~] Notwithstanding Subsection (a), the agency may
23 recover an overallocation of state funds over a period not to exceed
24 the subsequent five school years if the commissioner determines
25 that the overallocation was the result of exceptional circumstances
26 reasonably caused by statutory changes to Chapter [~~41 or~~] 46 or 49
27 or this chapter and related reporting requirements.

1 (c) [~~(b)~~] If a district fails to comply with a request for a
2 refund under Subsection (a), the agency shall certify to the
3 comptroller that the amount constitutes a debt for purposes of
4 Section 403.055, Government Code. The agency shall provide to the
5 comptroller the amount of the overallocation and any other
6 information required by the comptroller. The comptroller may
7 certify the amount of the debt to the attorney general for
8 collection.

9 (d) [~~(c)~~] Any amounts recovered under this section shall be
10 deposited in the foundation school fund.

11 (e) Subject to Subsection (f), the agency may review a
12 school district as necessary to determine if the district qualifies
13 for each allotment received by the district under this chapter. If
14 the agency determines that a school district received an allotment
15 to which the district was not entitled, the agency may establish a
16 corrective action plan or withhold the applicable amount of funding
17 from the district.

18 (f) The agency may not review school district expenditures
19 that occurred seven or more years before the review.

20 Sec. 48.273 [~~42.259~~]. FOUNDATION SCHOOL FUND TRANSFERS.

21 (a) In this section:

22 (1) "Category 1 school district" means a school
23 district having a wealth per student of less than one-half of the
24 statewide average wealth per student.

25 (2) "Category 2 school district" means a school
26 district having a wealth per student of at least one-half of the
27 statewide average wealth per student but not more than the

1 statewide average wealth per student.

2 (3) "Category 3 school district" means a school
3 district having a wealth per student of more than the statewide
4 average wealth per student.

5 (4) "Wealth per student" means the taxable property
6 values reported by the comptroller to the commissioner under
7 Section 48.256 [~~42.252~~] divided by the number of students in
8 average daily attendance.

9 (b) Payments from the foundation school fund to each
10 category 1 school district shall be made as follows:

11 (1) 15 percent of the yearly entitlement of the
12 district shall be paid in an installment to be made on or before the
13 25th day of September of a fiscal year;

14 (2) 80 percent of the yearly entitlement of the
15 district shall be paid in eight equal installments to be made on or
16 before the 25th day of October, November, December, January, March,
17 May, June, and July; and

18 (3) five percent of the yearly entitlement of the
19 district shall be paid in an installment to be made on or before the
20 25th day of February.

21 (c) Payments from the foundation school fund to each
22 category 2 school district shall be made as follows:

23 (1) 22 percent of the yearly entitlement of the
24 district shall be paid in an installment to be made on or before the
25 25th day of September of a fiscal year;

26 (2) 18 percent of the yearly entitlement of the
27 district shall be paid in an installment to be made on or before the

1 25th day of October;

2 (3) 9.5 percent of the yearly entitlement of the
3 district shall be paid in an installment to be made on or before the
4 25th day of November;

5 (4) 7.5 percent of the yearly entitlement of the
6 district shall be paid in an installment to be made on or before the
7 25th day of April;

8 (5) five percent of the yearly entitlement of the
9 district shall be paid in an installment to be made on or before the
10 25th day of May;

11 (6) 10 percent of the yearly entitlement of the
12 district shall be paid in an installment to be made on or before the
13 25th day of June;

14 (7) 13 percent of the yearly entitlement of the
15 district shall be paid in an installment to be made on or before the
16 25th day of July; and

17 (8) 15 percent of the yearly entitlement of the
18 district shall be paid in an installment to be made on or before the
19 25th day of August.

20 (d) Payments from the foundation school fund to each
21 category 3 school district shall be made as follows:

22 (1) 45 percent of the yearly entitlement of the
23 district shall be paid in an installment to be made on or before the
24 25th day of September of a fiscal year;

25 (2) 35 percent of the yearly entitlement of the
26 district shall be paid in an installment to be made on or before the
27 25th day of October; and

1 (3) 20 percent of the yearly entitlement of the
2 district shall be paid in an installment to be made on or before the
3 25th day of August.

4 (e) The amount of any installment required by this section
5 may be modified to provide a school district with the proper amount
6 to which the district may be entitled by law and to correct errors
7 in the allocation or distribution of funds. If an installment under
8 this section is required to be equal to other installments, the
9 amount of other installments may be adjusted to provide for that
10 equality. A payment under this section is not invalid because it is
11 not equal to other installments.

12 (f) Previously unpaid additional funds from prior fiscal
13 years owed to a district shall be paid to the district together with
14 the September payment of the current fiscal year entitlement.

15 (g) The commissioner shall make all annual Foundation
16 School Program payments under this section for purposes described
17 by Sections [45.252](#)(a)(1) and (2) before the deadline established
18 under Section [45.263](#)(b) for payment of debt service on
19 bonds. Notwithstanding any other provision of this section, the
20 commissioner may make Foundation School Program payments under this
21 section after the deadline established under Section [45.263](#)(b) only
22 if the commissioner has not received notice under Section [45.258](#)
23 concerning a district's failure or inability to pay matured
24 principal or interest on bonds.

25 Sec. [48.274](#) [~~[42.2591](#)~~]. FOUNDATION SCHOOL FUND TRANSFERS
26 TO CERTAIN CHARTER SCHOOLS. (a) On the request of an
27 open-enrollment charter school, the commissioner shall compare the

1 student enrollment of the open-enrollment charter school for the
2 current school year to the student enrollment of the school during
3 the preceding school year. If the number of students enrolled at
4 the open-enrollment charter school for the current school year has
5 increased by 10 percent or more from the number of students enrolled
6 during the preceding school year, the open-enrollment charter
7 school may request that payments from the foundation school fund to
8 the school for the following school year and each subsequent school
9 year, subject to Subsection (b), be made according to the schedule
10 provided under Subsection (c).

11 (b) An open-enrollment charter school that qualifies to
12 receive funding as provided by this section is entitled to receive
13 funding in that manner for three school years. On the expiration
14 of that period, the commissioner shall determine the eligibility of
15 the open-enrollment charter school to continue receiving payments
16 from the foundation school fund under this section for an
17 additional three school years. Subsequently, the open-enrollment
18 charter school must reestablish eligibility in the manner provided
19 by this subsection every three school years.

20 (c) Payments from the foundation school fund to an
21 open-enrollment charter school under this section shall be made as
22 follows:

23 (1) 22 percent of the yearly entitlement of the school
24 shall be paid in an installment to be made on or before the 25th day
25 of September of a fiscal year;

26 (2) 18 percent of the yearly entitlement of the school
27 shall be paid in an installment to be made on or before the 25th day

1 of October;

2 (3) 9.5 percent of the yearly entitlement of the
3 school shall be paid in an installment to be made on or before the
4 25th day of November;

5 (4) four percent of the yearly entitlement of the
6 school shall be paid in an installment to be made on or before the
7 25th day of December;

8 (5) four percent of the yearly entitlement of the
9 school shall be paid in an installment to be made on or before the
10 25th day of January;

11 (6) four percent of the yearly entitlement of the
12 school shall be paid in an installment to be made on or before the
13 25th day of February;

14 (7) four percent of the yearly entitlement of the
15 school shall be paid in an installment to be made on or before the
16 25th day of March;

17 (8) 7.5 percent of the yearly entitlement of the
18 school shall be paid in an installment to be made on or before the
19 25th day of April;

20 (9) five percent of the yearly entitlement of the
21 school shall be paid in an installment to be made on or before the
22 25th day of May;

23 (10) seven percent of the yearly entitlement of the
24 school shall be paid in an installment to be made on or before the
25 25th day of June;

26 (11) seven percent of the yearly entitlement of the
27 school shall be paid in an installment to be made on or before the

1 25th day of July; and

2 (12) eight percent of the yearly entitlement of the
3 school shall be paid in an installment to be made on or before the
4 25th day of August.

5 (d) The amount of any installment required by this section
6 may be modified to provide an open-enrollment charter school with
7 the proper amount to which the school may be entitled by law and to
8 correct errors in the allocation or distribution of funds.

9 (e) Previously unpaid additional funds from prior fiscal
10 years owed to an open-enrollment charter school shall be paid to the
11 school together with the September payment of the current fiscal
12 year entitlement.

13 Sec. 48.275 [~~42.260~~]. USE OF CERTAIN FUNDS. (a) In this
14 section, "participating charter school" means an open-enrollment
15 charter school that participates in the uniform group coverage
16 program established under Chapter 1579, Insurance Code.

17 (b) The amount of additional funds to which each school
18 district or participating charter school is entitled due to the
19 increases in formula funding made by H.B. No. 3343, Acts of the 77th
20 Legislature, Regular Session, 2001, and any subsequent legislation
21 amending the provisions amended by that Act that increase formula
22 funding under Chapter 49 [~~41~~] and this chapter to school districts
23 and charter schools is available for purposes of Subsection (c).

24 (c) Notwithstanding any other provision of this code, a
25 school district or participating charter school may use the sum of
26 the following amounts of funds only to pay contributions under a
27 group health coverage plan for district or school employees:

1 (1) the amount determined by multiplying the amount of
2 \$900 or the amount specified in the General Appropriations Act for
3 that year for purposes of the state contribution under Section
4 1579.251, Insurance Code, by the number of district or school
5 employees who participate in a group health coverage plan provided
6 by or through the district or school; and

7 (2) the difference between the amount necessary for
8 the district or school to comply with Section 1581.052, Insurance
9 Code, for the school year and the amount the district or school is
10 required to use to provide health coverage under Section 1581.051,
11 Insurance Code, for that year.

12 (d) A determination by the commissioner under this section
13 is final and may not be appealed.

14 ~~[(c) The commissioner may adopt rules to implement this~~
15 ~~section.]~~

16 SECTION 1.043. Subchapter F, Chapter 48, Education Code, as
17 added by this Act, is amended by adding Sections 48.277, 48.278, and
18 48.279 to read as follows:

19 Sec. 48.277. FORMULA TRANSITION GRANT. (a) A school
20 district or open-enrollment charter school is entitled to receive
21 an annual allotment for each student in average daily attendance in
22 the amount equal to the difference, if the difference is greater
23 than zero, that results from subtracting the total maintenance and
24 operations revenue per student in average daily attendance for the
25 current school year from the lesser of:

26 (1) 103 percent of the district's or school's total
27 maintenance and operations revenue per student in average daily

1 attendance for the 2019-2020 school year that the district or
2 school would have received under former Chapters 41 and 42, as those
3 chapters existed on January 1, 2019; or

4 (2) 128 percent of the statewide average amount of
5 maintenance and operations revenue per student in average daily
6 attendance that would have been provided for the 2019-2020 school
7 year under former Chapters 41 and 42, as those chapters existed on
8 January 1, 2019.

9 (b) For purposes of calculating maintenance and operations
10 revenue under Subsection (a), the commissioner shall:

11 (1) for purposes of Subsections (a)(1) and (2), use
12 the following applicable school year:

13 (A) in a school year ending in an even-numbered
14 year, the 2019-2020 school year; and

15 (B) in a school year ending in an odd-numbered
16 year, the 2019-2020 or 2020-2021 school year, whichever is greater;

17 (2) include all state and local funding, except for
18 any funding resulting from:

19 (A) reimbursement for disaster remediation costs
20 under former Sections 41.0931 and 42.2524;

21 (B) an adjustment for rapid decline in taxable
22 value of property under former Section 42.2521; and

23 (C) an adjustment for property value affected by
24 a state of disaster under former Section 42.2523;

25 (3) adjust the calculation to reflect a reduction in
26 tax effort by a school district; and

27 (4) if a school district or open-enrollment charter

1 school receives a waiver relating to eligibility requirements for
2 the national free or reduced-price lunch program under 42 U.S.C.
3 Section 1751 et seq., use the numbers of educationally
4 disadvantaged students on which the district's or school's
5 entitlement to compensatory education funds was based for the
6 school year before the school year in which the district or school
7 received the waiver, adjusted for estimated enrollment growth.

8 (c) A decision by the commissioner under this section is
9 final and may not be appealed.

10 (d) A school district or open-enrollment charter school is
11 not entitled to an allotment under Subsection (a) beginning with
12 the 2024-2025 school year.

13 (d-1) Subject to Subsection (d-2), a school district or
14 open-enrollment charter school is entitled to receive an annual
15 allotment for each student in average daily attendance in the
16 amount equal to the difference, if the difference is greater than
17 zero, that results from subtracting the total maintenance and
18 operations revenue per student in average daily attendance for the
19 current school year from the total maintenance and operations
20 revenue per student in average daily attendance that would have
21 been available to the district or school under former Chapters 41
22 and 42, as those chapters existed on January 1, 2019. For purposes
23 of calculating a district's maintenance and operations revenue
24 under this subsection, the commissioner shall:

25 (1) apply Subsection (b); and

26 (2) in calculating a district's maintenance and
27 operations revenue under former Chapters 41 and 42, as those

1 chapters existed on January 1, 2019, exclude any additional revenue
2 the district would have received under former Sections 41.002(e)
3 through (g), as those sections existed on January 1, 2019.

4 (d-2) A school district or open-enrollment charter school
5 may only receive an allotment under Subsection (a) or (d-1),
6 whichever is greater, but not both.

7 (d-3) Subsections (d-1) and (d-2) and this subsection
8 expire September 1, 2021.

9 (e) This section expires September 1, 2025.

10 Sec. 48.278. EQUALIZED WEALTH TRANSITION GRANT. (a)
11 Subject to Subsection (b), a school district is entitled to receive
12 an annual allotment in an amount equal to the amount of additional
13 revenue a school district received for the 2018-2019 school year
14 under former Sections 41.002(e) through (g), as those sections
15 existed on January 1, 2019.

16 (b) For purposes of calculating a district's allotment
17 under Subsection (a), the commissioner shall reduce the amount to
18 which a district is entitled under Subsection (a) by:

19 (1) for the 2020-2021 school year, 20 percent;

20 (2) for the 2021-2022 school year, 40 percent;

21 (3) for the 2022-2023 school year, 60 percent; and

22 (4) for the 2023-2024 school year, 80 percent.

23 (c) This section expires September 1, 2024.

24 Sec. 48.279. MAINTENANCE OF STATE FINANCIAL SUPPORT FOR
25 SPECIAL EDUCATION. (a) Funds appropriated for purposes of this
26 section or transferred in accordance with this section are state
27 funds for purposes of compliance with the requirements regarding

1 maintenance of state financial support for special education under
2 20 U.S.C. Section 1412(a)(18). The commissioner shall identify the
3 amount of funding described by this subsection and separate that
4 amount from other funding provided under this chapter.

5 (b) If the commissioner determines that the total amount of
6 funding for special education for a school year that ends during the
7 first state fiscal year of a state fiscal biennium is less than the
8 amount required to comply with requirements regarding maintenance
9 of state financial support under 20 U.S.C. Section 1412(a)(18), the
10 commissioner shall use funds appropriated for the Foundation School
11 Program for the second state fiscal year of that biennium to
12 increase funding for special education for the first state fiscal
13 year of that biennium in an amount necessary to ensure compliance
14 with that provision.

15 (c) If the commissioner determines that the total amount of
16 funding for special education for a school year that ends during the
17 second state fiscal year of a state fiscal biennium is less than the
18 amount required to comply with requirements regarding maintenance
19 of state financial support under 20 U.S.C. Section 1412(a)(18), the
20 commissioner shall submit to the legislature an estimate of the
21 amount of funding needed to comply with that provision for that
22 state fiscal year.

23 (d) If federal funds are withheld for a school year due to
24 noncompliance with requirements regarding maintenance of state
25 financial support under 20 U.S.C. Section 1412(a)(18), the
26 commissioner shall use for that school year an amount of funds
27 described by Subsection (a) equal to the amount of withheld funds in

1 the same manner and for the same purposes as the withheld funds
2 would have been provided.

3 (e) After the commissioner has replaced any withheld
4 federal funds as provided by Subsection (d), the commissioner shall
5 distribute the remaining amount, if any, of funds described by
6 Subsection (a) to proportionately increase funding for the special
7 education allotment under Section 48.102.

8 (f) In complying with Subsection (d), the commissioner may
9 implement any program necessary to ensure the use of funds in
10 accordance with that subsection.

11 SECTION 1.044. Chapter 48, Education Code, as added by this
12 Act, is amended by adding Subchapter G, and a heading is added to
13 that subchapter to read as follows:

14 SUBCHAPTER G. MISCELLANEOUS PROVISIONS

15 SECTION 1.045. Section 42.4101, Education Code, is
16 transferred to Subchapter G, Chapter 48, Education Code, as added
17 by this Act, redesignated as Section 48.301, Education Code, and
18 amended to read as follows:

19 Sec. 48.301 [42.4101]. ADDITIONAL ASSISTANCE FOR
20 DISTRICTS WITH STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A
21 district is entitled to additional assistance under this section as
22 provided by Section 29.203(c).

23 (b) The amount of additional assistance under this section
24 is computed by subtracting the number of students residing in the
25 district and using public education grants to attend school in
26 another district for the year in which the assistance is granted
27 from the number of students using public education grants to attend

1 school in the district for that year and multiplying the difference
2 by \$266.

3 ~~[(c) If a district to which this section applies is entitled
4 to the maximum amount of assistance under Section 42.406, the
5 maximum is increased by the amount of additional assistance to
6 which the district is entitled under this section.]~~

7 SECTION 1.046. Subchapter G, Chapter 48, Education Code, as
8 added by this Act, is amended by adding Section 48.302 to read as
9 follows:

10 Sec. 48.302. SUBSIDY FOR HIGH SCHOOL EQUIVALENCY
11 EXAMINATION FOR CERTAIN INDIVIDUALS. (a) In this section,
12 "commission" means the Texas Workforce Commission.

13 (b) The agency shall enter into a memorandum of
14 understanding with the commission for the agency to transfer to the
15 commission funds specifically appropriated to the agency for the
16 commission to provide to an individual who is 21 years of age or
17 older a subsidy in an amount equal to the cost of taking one high
18 school equivalency examination administered under Section 7.111.

19 (c) The commission shall adopt rules to implement the
20 subsidy program described by Subsection (b), including rules
21 regarding eligibility requirements.

22 SECTION 1.047. Subtitle I, Title 2, Education Code, is
23 amended by adding Chapter 49, and a heading is added to that chapter
24 to read as follows:

25 CHAPTER 49. OPTIONS FOR LOCAL REVENUE LEVELS IN EXCESS OF
26 ENTITLEMENT

27 SECTION 1.048. Chapter 49, Education Code, as added by this

1 Act, is amended by adding Subchapter A, and a heading is added to
2 that subchapter to read as follows:

3 SUBCHAPTER A. GENERAL PROVISIONS

4 SECTION 1.049. Sections 41.001, 41.003, 41.0031, 41.004,
5 41.005, 41.006, 41.007, 41.008, 41.009, 41.010, 41.011, 41.012, and
6 41.013, Education Code, are transferred to Subchapter A, Chapter
7 49, Education Code, as added by this Act, redesignated as Sections
8 49.001, 49.002, 49.003, 49.004, 49.005, 49.006, 49.007, 49.008,
9 49.009, 49.010, 49.011, 49.012, and 49.013, Education Code, and
10 amended to read as follows:

11 Sec. 49.001 [~~41.001~~]. DEFINITIONS. In this chapter:

12 (1) "Local revenue [~~Equalized wealth~~] level in excess
13 of entitlement" means local revenue levels that exceed the levels
14 [~~the wealth per student~~] provided by Section 48.257 [~~41.002~~].

15 (2) [~~"Wealth per student" means the taxable value of~~
16 ~~property, as determined under Subchapter M, Chapter 403, Government~~
17 ~~Code, divided by the number of students in weighted average daily~~
18 ~~attendance.~~

19 [~~(3)~~] "Weighted average daily attendance" has the
20 meaning assigned by Section 48.202 [~~42.302~~].

21 Sec. 49.002 [~~41.003~~]. OPTIONS TO REDUCE LOCAL REVENUE
22 [~~ACHIEVE EQUALIZED WEALTH~~] LEVEL. A district with a local revenue
23 level in excess of entitlement [~~wealth per student that exceeds the~~
24 ~~equalized wealth level~~] may take any combination of the following
25 actions to reduce the district's revenue level [~~achieve the~~
26 ~~equalized wealth level~~]:

27 (1) consolidation with another district as provided by

1 Subchapter B;

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

4 (3) purchase of average daily attendance credit as
5 provided by Subchapter D;

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

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

10 Sec. 49.003 [~~41.0031~~]. INCLUSION OF ATTENDANCE CREDIT
11 [~~CREDITS~~] AND NONRESIDENTS IN WEIGHTED AVERAGE DAILY ATTENDANCE.
12 In determining whether a school district has a local revenue
13 [~~wealth per student less than or equal to the equalized wealth~~]
14 level in excess of entitlement, the commissioner shall use:

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

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

21 Sec. 49.004 [~~41.004~~]. ANNUAL REVIEW OF LOCAL REVENUES
22 [~~PROPERTY WEALTH~~]. (a) Not later than July 15 of each year, using
23 the estimates [~~estimate~~] of enrollment and taxable property value
24 under Section 48.269 [~~42.254~~], the commissioner shall review the
25 local revenue level [~~wealth per student~~] of school districts in the
26 state and shall notify:

27 (1) each district with a local revenue level in excess

1 of entitlement [~~wealth per student exceeding the equalized wealth~~
2 ~~level~~];

3 (2) each district to which the commissioner proposes
4 to annex property detached from a district notified under
5 Subdivision (1), if necessary, under Subchapter G; and

6 (3) each district to which the commissioner proposes
7 to consolidate a district notified under Subdivision (1), if
8 necessary, under Subchapter H.

9 (b) If, before the dates provided by this subsection, a
10 district notified under Subsection (a)(1) has not successfully
11 exercised one or more options under Section 49.002 [~~41.003~~] that
12 reduce the district's local revenue level [~~wealth per student~~] to a
13 level equal to or less than the [~~equalized wealth~~] level
14 established under Section 48.257, the commissioner shall order the
15 detachment of property from that district as provided by Subchapter
16 G. If that detachment will not reduce the district's local revenue
17 level [~~wealth per student~~] to a level equal to or less than the
18 [~~equalized wealth~~] level established under Section 48.257, the
19 commissioner may not detach property under Subchapter G but shall
20 order the consolidation of the district with one or more other
21 districts as provided by Subchapter H. An agreement under Section
22 49.002(1) [~~41.003(1)~~] or (2) must be executed not later than
23 September 1 immediately following the notice under Subsection (a).
24 An election for an option under Section 49.002(3) [~~41.003(3)~~], (4),
25 or (5) must be ordered before September 1 immediately following the
26 notice under Subsection (a).

27 (c) A district notified under Subsection (a) may not adopt a

1 tax rate for the tax year in which the district receives the notice
2 until the commissioner certifies that the district has reduced the
3 district's local revenue level in excess of entitlement to the
4 [achieved the equalized wealth] level established under Section
5 48.257.

6 (d) A detachment and annexation or consolidation under this
7 chapter:

8 (1) is effective for Foundation School Program funding
9 purposes for the school year that begins in the calendar year in
10 which the detachment and annexation or consolidation is agreed to
11 or ordered; and

12 (2) applies to the ad valorem taxation of property
13 beginning with the tax year in which the agreement or order is
14 effective.

15 Sec. 49.005 [~~41.005~~]. COMPTROLLER AND APPRAISAL DISTRICT
16 COOPERATION. The chief appraiser of each appraisal district and
17 the comptroller shall cooperate with the commissioner and school
18 districts in implementing this chapter.

19 Sec. 49.006 [~~41.006~~]. RULES. (a) The commissioner may
20 adopt rules necessary for the implementation of this chapter. The
21 rules may provide for the commissioner to make necessary
22 adjustments to the provisions of Chapter 48 [~~42~~], including
23 providing for the commissioner to make an adjustment in the funding
24 element established by Section 48.202 [~~42.302~~], at the earliest
25 date practicable, to the amount the commissioner believes, taking
26 into consideration options exercised by school districts under this
27 chapter and estimates of student enrollments, will match

1 appropriation levels.

2 (b) As necessary for the effective and efficient
3 administration of this chapter, the commissioner may modify
4 effective dates and time periods for actions described by this
5 chapter.

6 Sec. 49.007 [~~41.007~~]. COMMISSIONER TO APPROVE SUBSEQUENT
7 BOUNDARY CHANGES. A school district that is involved in an action
8 under this chapter that results in boundary changes to the district
9 or in the consolidation of tax bases is subject to consolidation,
10 detachment, or annexation under Chapter 13 only if the commissioner
11 certifies that the change under Chapter 13 will not result in a
12 district with a local revenue [~~wealth per student that exceeds the~~
13 ~~equalized wealth~~] level in excess of entitlement.

14 Sec. 49.008 [~~41.008~~]. HOMESTEAD EXEMPTIONS. (a) The
15 governing board of a school district that results from
16 consolidation under this chapter, including a consolidated taxing
17 district under Subchapter F, for the tax year in which the
18 consolidation occurs may determine whether to adopt a homestead
19 exemption provided by Section 11.13, Tax Code, and may set the
20 amount of the exemption, if adopted, at any time before the school
21 district adopts a tax rate for that tax year. This section applies
22 only to an exemption that the governing board of a school district
23 is authorized to adopt or change in amount under Section 11.13, Tax
24 Code.

25 (b) This section prevails over any inconsistent provision
26 of Section 11.13, Tax Code, or other law.

27 Sec. 49.009 [~~41.009~~]. TAX ABATEMENTS. (a) A tax abatement

1 agreement executed by a school district that is involved in
2 consolidation or in detachment and annexation of territory under
3 this chapter is not affected and applies to the taxation of the
4 property covered by the agreement as if executed by the district
5 within which the property is included.

6 (b) The commissioner shall determine the local revenue
7 [~~wealth per student~~] of a school district under this chapter as if
8 any tax abatement agreement executed by a school district on or
9 after May 31, 1993, had not been executed.

10 Sec. 49.010 [~~41.010~~]. TAX INCREMENT OBLIGATIONS. The
11 payment of tax increments under Chapter 311, Tax Code, is not
12 affected by the consolidation of territory or tax bases or by
13 annexation under this chapter. In each tax year a school district
14 paying a tax increment from taxes on property over which the
15 district has assumed taxing power is entitled to retain the same
16 percentage of the tax increment from that property that the
17 district in which the property was located before the consolidation
18 or annexation could have retained for the respective tax year.

19 Sec. 49.011 [~~41.011~~]. CONTINGENCY. (a) If any of the
20 options described by Section 49.002 [~~41.003~~] as applied to a school
21 district are held invalid by a final decision of a court of
22 competent jurisdiction, a school district is entitled to exercise
23 any of the remaining valid options in accordance with a schedule
24 approved by the commissioner.

25 (b) If a final order of a court of competent jurisdiction
26 should hold each of the options provided by Section 49.002 [~~41.003~~]
27 invalid, the commissioner shall act under Subchapter G or H to

1 reduce the local revenue [~~achieve the equalized wealth~~] level in
2 excess of entitlement only after notice and hearing is afforded to
3 each school district affected by the order. The commissioner shall
4 adopt a plan that least disrupts the affected school districts. If
5 because the exigency to adopt a plan prevents the commissioner from
6 giving a reasonable time for notice and hearing, the commissioner
7 shall timely give notice to and hold a hearing for the affected
8 school districts, but in no event less than 30 days from time of
9 notice to the date of hearing.

10 (c) If a final order of a court of competent jurisdiction
11 should hold an option provided by Section 49.002 [~~41.003~~] invalid
12 and order a refund to a district of any amounts paid by a district
13 choosing that option, the amount shall be refunded but held in
14 reserve and not expended by the district until released by order of
15 the commissioner. The commissioner shall order the release
16 immediately on the commissioner's determination that, through one
17 of the means provided by law, the district has reduced the
18 district's local revenue level in excess of entitlement to the
19 [~~achieved the equalized wealth~~] level established under Section
20 48.257. The amount released shall be deducted from any state aid
21 payable to the district according to a schedule adopted by the
22 commissioner.

23 Sec. 49.012 [~~41.012~~]. DATE OF ELECTIONS. An election under
24 this chapter for voter approval of an agreement entered by the board
25 of trustees shall be held on a Tuesday or Saturday not more than 45
26 days after the date of the agreement. Section 41.001, Election
27 Code, does not apply to the election.

1 Sec. 49.013 [~~41.013~~]. PROCEDURE. (a) Except as provided
2 by Subchapter G, a decision of the commissioner under this chapter
3 is appealable under Section 7.057.

4 (b) Any order of the commissioner issued under this chapter
5 shall be given immediate effect and may not be stayed or enjoined
6 pending any appeal.

7 (c) Chapter 2001, Government Code, does not apply to a
8 decision of the commissioner under this chapter.

9 (d) On the request of the commissioner, the secretary of
10 state shall publish any rules adopted under this chapter in the
11 Texas Register and the Texas Administrative Code.

12 SECTION 1.050. Subchapter B, Chapter 41, Education Code, is
13 transferred to Chapter 49, Education Code, as added by this Act,
14 redesignated as Subchapter B, Chapter 49, Education Code, and
15 amended to read as follows:

16 SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

17 Sec. 49.051 [~~41.031~~]. AGREEMENT. The governing boards of
18 any two or more school districts may consolidate the districts by
19 agreement in accordance with this subchapter to establish a
20 consolidated district with a local revenue level [~~wealth per~~
21 ~~student~~] equal to or less than the [~~equalized wealth~~] level
22 established under Section 48.257. The agreement is not effective
23 unless the commissioner certifies that the consolidated district,
24 as a result of actions taken under this chapter, will have a local
25 revenue level [~~wealth per student~~] equal to or less than the
26 [~~equalized wealth~~] level established under Section 48.257.

27 Sec. 49.052 [~~41.032~~]. GOVERNING LAW. Except to the extent

1 modified by the terms of the agreement, the consolidated district
2 is governed by the applicable provisions of Subchapter D, Chapter
3 13, other than a provision requiring consolidating districts to be
4 contiguous. The agreement may not be inconsistent with the
5 requirements of this subchapter.

6 Sec. 49.053 [~~41.033~~]. GOVERNANCE PLAN. (a) The agreement
7 among the consolidating districts may include a governance plan
8 designed to preserve community-based and site-based decision
9 making within the consolidated district, including the delegation
10 of specific powers of the governing board of the district other than
11 the power to levy taxes, including a provision authorized by
12 Section 13.158(b).

13 (b) The governance plan may provide for a transitional board
14 of trustees during the first year after consolidation, but
15 beginning with the next year the board of trustees must be elected
16 from within the boundaries of the consolidated district. If the
17 consolidating districts elect trustees from single-member
18 districts, the consolidated district must adopt a plan to elect its
19 board of trustees from single-member districts.

20 Sec. 49.054 [~~41.034~~]. INCENTIVE AID. (a) For the first and
21 second school years after creation of a consolidated district under
22 this subchapter, the commissioner shall adjust allotments to the
23 consolidated district to the extent necessary to preserve the
24 effects of an adjustment under Section 48.052 [~~42.102, 42.103, or~~
25 ~~42.105~~] to which either of the consolidating districts would have
26 been entitled but for the consolidation.

27 (b) Except as provided by Subsection (c), a district

1 receiving incentive aid payments under this section is not entitled
2 to incentive aid under Subchapter G, Chapter 13.

3 (c) Four or more districts that consolidate into one
4 district under this subchapter within a period of one year may elect
5 to receive incentive aid under this section or to receive incentive
6 aid for not more than five years under Subchapter G, Chapter 13.
7 Incentive aid under this subsection may not provide the
8 consolidated district with more revenue in state and local funds
9 than the district would receive at the ~~[equalized wealth]~~ level
10 established under Section 48.257.

11 SECTION 1.051. Subchapter C, Chapter 41, Education Code, is
12 transferred to Chapter 49, Education Code, as added by this Act,
13 redesignated as Subchapter C, Chapter 49, Education Code, and
14 amended to read as follows:

15 SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

16 Sec. 49.101 [~~41.061~~]. AGREEMENT. (a) By agreement of the
17 governing boards of two school districts, territory may be detached
18 from one of the districts and annexed to the other district if,
19 after the action:

20 (1) the local revenue level [~~wealth per student~~] of
21 the district from which territory is detached is equal to or less
22 than the ~~[equalized wealth]~~ level established under Section 48.257;
23 and

24 (2) the local revenue level [~~wealth per student~~] of
25 the district to which territory is annexed is not greater than the
26 dollar amount guaranteed level of [~~greatest level for which~~] funds
27 ~~[are]~~ provided under Section 48.202(a-1)(2) [~~Subchapter F, Chapter~~

1 42].

2 (b) The agreement is not effective unless the commissioner
3 certifies that, after all actions taken under this chapter, the
4 local revenue level [~~wealth per student~~] of each district involved
5 will be equal to or less than the applicable level permitted by
6 Subsection (a).

7 Sec. 49.102 [~~41.062~~]. GOVERNING LAW. Except to the extent
8 of any conflict with this chapter and except for any requirement
9 that detached property must be annexed to a school district that is
10 contiguous to the detached territory, the annexation and detachment
11 is governed by Chapter 13.

12 Sec. 49.103 [~~41.063~~]. ALLOCATION OF APPRAISED VALUE OF
13 DIVIDED UNIT. If portions of a parcel or other item of property are
14 located in different school districts as a result of a detachment
15 and annexation under this subchapter, the parcel or other item of
16 property shall be appraised for taxation as a unit, and the
17 agreement shall allocate the taxable value of the property between
18 the districts.

19 Sec. 49.104 [~~41.064~~]. ALLOCATION OF INDEBTEDNESS. The
20 annexation agreement may allocate to the receiving district any
21 portion of the indebtedness of the district from which the
22 territory is detached, and the receiving district assumes and is
23 liable for the allocated indebtedness.

24 Sec. 49.105 [~~41.065~~]. NOTICE. As soon as practicable after
25 the agreement is executed, the districts involved shall notify each
26 affected property owner and the appraisal district in which the
27 affected property is located.

1 SECTION 1.052. Chapter 49, Education Code, as added by this
 2 Act, is amended by adding Subchapter D, and a heading is added to
 3 that subchapter to read as follows:

4 SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

5 SECTION 1.053. Sections 41.091, 41.092, 41.093, 41.094,
 6 41.095, 41.096, 41.097, and 41.099, Education Code, are transferred
 7 to Subchapter D, Chapter 49, Education Code, as added by this Act,
 8 redesignated as Sections 49.151, 49.152, 49.153, 49.154, 49.155,
 9 49.156, 49.157, and 49.158, Education Code, and amended to read as
 10 follows:

11 Sec. 49.151 [~~41.091~~]. AGREEMENT. A school district with a
 12 local revenue [~~wealth per student that exceeds the equalized~~
 13 ~~wealth~~] level in excess of entitlement may execute an agreement
 14 with the commissioner to purchase attendance credit [~~credits~~] in an
 15 amount sufficient, in combination with any other actions taken
 16 under this chapter, to reduce the district's local revenue level
 17 [~~wealth per student~~] to a level that is equal to or less than the
 18 [~~equalized wealth~~] level established under Section 48.257.

19 Sec. 49.152 [~~41.092~~]. CREDIT. The amount of [~~(a) For each~~]
 20 credit purchased decreases the dollar amount of a district's local
 21 revenue level [~~, the weighted average daily attendance of the~~
 22 ~~purchasing school district is increased by one student in weighted~~
 23 ~~average daily attendance~~] for purposes of determining whether the
 24 district exceeds the [~~equalized wealth~~] level established under
 25 Section 48.257.

26 [~~(b) A credit is not used in determining a school district's~~
 27 ~~scholastic population, average daily attendance, or weighted~~

1 ~~average daily attendance for purposes of Chapter 42 or 43.~~]

2 Sec. 49.153 [41.093]. COST. (a) The total [~~Subject to~~
3 ~~Subsection (b-1), the~~] cost of [~~each~~] credit is the [~~an~~] amount
4 [~~equal to the greater of:~~

5 ~~[(1) the amount]~~ of the district's maintenance and
6 operations tax revenue that exceeds the level established under
7 Section 48.257 [~~per student in weighted average daily attendance~~
8 ~~for the school year for which the contract is executed; or~~

9 ~~[(2) the amount of the statewide district average of~~
10 ~~maintenance and operations tax revenue per student in weighted~~
11 ~~average daily attendance for the school year preceding the school~~
12 ~~year for which the contract is executed].~~

13 (b) For purposes of this section, a school district's
14 maintenance and operations tax revenue does not include any amounts
15 paid into a tax increment fund under Chapter 311, Tax Code.

16 ~~[(b-1) If the guaranteed level of state and local funds per~~
17 ~~weighted student per cent of tax effort under Section~~
18 42.302(a-1)(1) ~~for which state funds are appropriated for a school~~
19 ~~year is an amount at least equal to the amount of revenue per~~
20 ~~weighted student per cent of tax effort available to the Austin~~
21 ~~Independent School District, as determined by the commissioner in~~
22 ~~cooperation with the Legislative Budget Board, the commissioner, in~~
23 ~~computing the amounts described by Subsections (a)(1) and (2) and~~
24 ~~determining the cost of an attendance credit, shall exclude~~
25 ~~maintenance and operations tax revenue resulting from the tax rate~~
26 ~~described by Section 41.002(a)(2).~~]

27 (c) The cost of [~~an~~] attendance credit for a school district

1 is computed using the final tax collections of the district.

2 Sec. 49.154 [~~41.094~~]. PAYMENT. (a) A school district
3 shall pay for credit [~~credits~~] purchased:

4 (1) in equal monthly payments as determined by the
5 commissioner beginning February 15 and ending August 15 of the
6 school year for which the agreement is in effect; or

7 (2) in one payment for the total amount required to be
8 paid by the district not later than August 15 of the school year for
9 which the agreement is in effect.

10 (a-1) If a school district elects to pay for credit
11 purchased in the manner provided by Subsection (a)(2), the district
12 must notify the commissioner not later than February 15 of the
13 school year for which the agreement is in effect.

14 (b) Receipts shall be deposited in the state treasury and
15 may be used only for foundation school program purposes.

16 Sec. 49.155 [~~41.095~~]. DURATION. An agreement under this
17 section is valid for one school year and, subject to Section 49.156
18 [~~41.096~~], may be renewed annually.

19 Sec. 49.156 [~~41.096~~]. VOTER APPROVAL. (a) After first
20 executing an agreement under this section, the board of trustees
21 shall order and conduct an election, in the manner provided by
22 Sections 13.003(d)-(g), to obtain voter approval of the agreement.

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

27 (c) The proposition is approved if the proposition receives

1 a favorable vote of a majority of the votes cast. If the
 2 proposition is approved, the agreement executed by the board is
 3 ratified, and the board has continuing authority to execute
 4 agreements under this subchapter on behalf of the district without
 5 further voter approval.

6 Sec. 49.157 [~~41.097~~]. CREDIT FOR APPRAISAL COSTS. [~~(a)~~]
 7 The total amount required under Section 49.153 [~~41.093~~] for a
 8 district to purchase attendance credit [~~credits~~] under this
 9 subchapter for any school year is reduced by an amount equal to the
 10 product of the district's total costs under Section 6.06, Tax Code,
 11 for the appraisal district or districts in which it participates
 12 multiplied by a percentage that is computed by dividing the total
 13 amount required under Section 49.153 [~~41.093~~] by the total amount
 14 of taxes imposed in the district for that year less any amounts paid
 15 into a tax increment fund under Chapter 311, Tax Code.

16 [~~(b) A school district is entitled to a reduction under~~
 17 ~~Subsection (a) beginning with the 1996-1997 school year. For that~~
 18 ~~school year, the reduction to which a district is entitled is the~~
 19 ~~sum of the amounts computed under Subsection (a) for the 1993-1994,~~
 20 ~~1994-1995, 1995-1996, and 1996-1997 school years. If that amount~~
 21 ~~exceeds the total amount required under Section 41.093 for the~~
 22 ~~1996-1997 school year, the difference is carried forward and the~~
 23 ~~total amount required under Section 41.093 is reduced each~~
 24 ~~subsequent school year until the total amount of the credit has been~~
 25 ~~applied to such reductions.]~~

26 Sec. 49.158 [~~41.099~~]. LIMITATION. (a) Sections 49.154 and
 27 49.157 [~~41.002(e), 41.094, 41.097, and 41.098~~] apply only to a

1 district that:

2 (1) executes an agreement to purchase [~~all~~] attendance
3 credit [~~credits~~] necessary to reduce the district's local revenue
4 [~~wealth per student to the equalized wealth~~] level to the level
5 established under Section 48.257;

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

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

12 (A) to an extent that does not provide more than
13 10 percent of the reduction in local revenue [~~wealth per student~~]
14 required for the district to achieve a local revenue level [~~wealth~~
15 ~~per student~~] that is equal to or less than the [~~equalized wealth~~]
16 level established under Section 48.257; and

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

24 (b) A district that executes an agreement under Subsection
25 (a)(3) must pay full market value for any good or service the
26 district obtains through the consortium.

27 SECTION 1.054. Chapter 49, Education Code, as added by this

1 Act, is amended by adding Subchapter E, and a heading is added to
2 that subchapter to read as follows:

3 SUBCHAPTER E. EDUCATION OF NONRESIDENT STUDENTS

4 SECTION 1.055. Sections 41.121, 41.122, and 41.123,
5 Education Code, are transferred to Subchapter E, Chapter 49,
6 Education Code, as added by this Act, redesignated as Sections
7 49.201, 49.202, and 49.203, Education Code, and amended to read as
8 follows:

9 Sec. 49.201 [~~41.121~~]. AGREEMENT. [~~(a)~~] The board of
10 trustees of a district with a local revenue [~~wealth per student that~~
11 ~~exceeds the equalized wealth~~] level in excess of entitlement may
12 execute an agreement to educate the students of another district in
13 a number that, when the weighted average daily attendance of the
14 students served is added to the weighted average daily attendance
15 of the contracting district, is sufficient, in combination with any
16 other actions taken under this chapter, to reduce the district's
17 local revenue level [~~wealth per student~~] to a level that is equal to
18 or less than the [~~equalized wealth~~] level established under Section
19 48.257. The agreement is not effective unless the commissioner
20 certifies that the transfer of weighted average daily attendance
21 will not result in any of the contracting districts' local revenue
22 level [~~wealth per student~~] being greater than the [~~equalized~~
23 ~~wealth~~] level established under Section 48.257 and that the
24 agreement requires an expenditure per student in weighted average
25 daily attendance that is at least equal to the amount per student in
26 weighted average daily attendance required under Section 49.153
27 [~~41.093~~].

1 Sec. 49.202 [~~41.122~~]. VOTER APPROVAL. (a) After first
2 executing an agreement under this subchapter other than an
3 agreement under Section 49.205 [~~41.125~~], the board of trustees of
4 the district that will be educating nonresident students shall
5 order and conduct an election, in the manner provided by Sections
6 13.003(d)-(g), to obtain voter approval of the agreement.

7 (b) The ballot shall be printed to permit voting for or
8 against the proposition: "Authorizing the board of trustees of
9 _____ School District to educate students of other school
10 districts with local tax revenues."

11 (c) The proposition is approved if the proposition receives
12 a favorable vote of a majority of the votes cast. If the
13 proposition is approved, the agreement executed by the board is
14 ratified, and the board has continuing authority to execute
15 agreements under this subchapter on behalf of the district without
16 further voter approval.

17 Sec. 49.203 [~~41.123~~]. WADA COUNT. For purposes of Chapter
18 48 [~~42~~], students served under an agreement under this subchapter
19 are counted only in the weighted average daily attendance of the
20 district providing the services, except that students served under
21 an agreement authorized by Section 49.205 [~~41.125~~] are counted in a
22 manner determined by the commissioner.

23 SECTION 1.056. Section 41.124, Education Code, as amended
24 by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the 85th
25 Legislature, Regular Session, 2017, is transferred to Subchapter E,
26 Chapter 49, Education Code, as added by this Act, redesignated as
27 Section 49.204, Education Code, and reenacted and amended to read

1 as follows:

2 Sec. 49.204 [~~41.124~~]. TRANSFERS. (a) The board of
3 trustees of a school district with a local revenue [~~wealth per~~
4 ~~student that exceeds the equalized wealth~~] level in excess of
5 entitlement may reduce the district's local revenue level [~~wealth~~
6 ~~per student~~] by serving nonresident students who transfer to the
7 district and are educated by the district but who are not charged
8 tuition. A district that exercises the option under this
9 subsection is not required to execute an agreement with the school
10 district in which a transferring student resides and must certify
11 to the commissioner that the district has not charged or received
12 tuition for the transferring students.

13 (b) [~~A school district with a wealth per student that~~
14 ~~exceeds the equalized wealth level that pays tuition to another~~
15 ~~school district for the education of students that reside in the~~
16 ~~district may apply the amount of tuition paid toward the cost of the~~
17 ~~option chosen by the district to reduce its wealth per student. The~~
18 ~~amount applied under this subsection may not exceed the amount~~
19 ~~determined under Section 41.093 as the cost of an attendance credit~~
20 ~~for the district. The commissioner may require any reports~~
21 ~~necessary to document the tuition payments.~~

22 [~~(c)~~] A school district that receives tuition for a student
23 from a school district with a local revenue [~~wealth per student that~~
24 ~~exceeds the equalized wealth~~] level in excess of entitlement may
25 not claim attendance for that student for purposes of Chapters [~~42~~
26 ~~and~~] 46 and 48 and the instructional materials and technology
27 allotment under Section 31.0211.

1 SECTION 1.057. Section ~~41.125~~, Education Code, is
2 transferred to Subchapter E, Chapter 49, Education Code, as added
3 by this Act, redesignated as Section 49.205, Education Code, and
4 amended to read as follows:

5 Sec. 49.205 [~~41.125~~]. CAREER AND TECHNOLOGY EDUCATION
6 PROGRAMS. (a) The board of trustees of a school district with a
7 local revenue [~~wealth per student that exceeds the equalized~~
8 ~~wealth~~] level in excess of entitlement may reduce the district's
9 local revenue level [~~wealth per student~~] by executing an agreement
10 to provide students of one or more other districts with career and
11 technology education through a program designated as an area
12 program for career and technology education.

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

15 (1) implementation of the agreement will not result in
16 any of the affected districts' local revenue level [~~wealth per~~
17 ~~student~~] being greater than the [~~equalized wealth~~] level
18 established under Section 48.257; and

19 (2) the agreement requires the district with a local
20 revenue [~~wealth per student that exceeds the equalized wealth~~]
21 level in excess of entitlement to make expenditures benefiting
22 students from other districts in an amount at least equal to the
23 amount that would be required for the district to purchase [~~the~~
24 ~~number of~~] attendance credit [~~credits~~] under Subchapter D
25 necessary, in combination with any other actions taken under this
26 chapter other than an action under this section, to reduce the
27 district's local revenue level [~~wealth per student~~] to a level that

1 is equal to or less than the [~~equalized wealth~~] level established
2 under Section 48.257.

3 SECTION 1.058. Subchapter F, Chapter 41, Education Code, is
4 transferred to Chapter 49, Education Code, as added by this Act,
5 redesignated as Subchapter F, Chapter 49, Education Code, and
6 amended to read as follows:

7 SUBCHAPTER F. TAX BASE CONSOLIDATION

8 Sec. 49.251 [~~41.151~~]. AGREEMENT. The board of trustees of
9 two or more school districts may execute an agreement to conduct an
10 election on the creation of a consolidated taxing district for the
11 maintenance and operation of the component school districts. The
12 agreement is subject to approval by the commissioner. The
13 agreement is not effective unless the commissioner certifies that
14 the consolidated taxing district will have a local revenue level
15 [~~wealth per student~~] equal to or less than the [~~equalized wealth~~]
16 level established under Section 48.257 after all actions taken
17 under this chapter.

18 Sec. 49.252 [~~41.152~~]. DATE OF ELECTION. Any agreement
19 under this subchapter must provide for the ordering of an election
20 to be held on the same date in each district.

21 Sec. 49.253 [~~41.153~~]. PROPOSITION. (a) The ballot shall
22 be printed to permit voting for or against the proposition:
23 "Creation of a consolidated taxing district composed of the
24 territory of _____ school districts, and
25 authorizing the levy, assessment, and collection of annual ad
26 valorem taxes for the maintenance of the public free schools within
27 that taxing district at a rate not to exceed \$_____ on the \$100

1 valuation of taxable property."

2 (b) The rate to be included in the proposition shall be
3 provided by the agreement among the districts but may not exceed the
4 maximum rate provided by law for independent school districts.

5 Sec. 49.254 [~~41.154~~]. APPROVAL. The proposition is
6 approved only if the proposition receives a favorable vote of the
7 majority of the votes cast within each participating school
8 district.

9 Sec. 49.255 [~~41.155~~]. CONSOLIDATED TAXING DISTRICT. A
10 consolidated taxing district is a school district established for
11 the limited purpose of exercising the taxing power authorized by
12 Section 3, Article VII, Texas Constitution, and distributing the
13 revenue to its component school districts.

14 Sec. 49.256 [~~41.156~~]. GOVERNANCE. (a) The consolidated
15 taxing district is governed by the boards of the component school
16 districts acting jointly.

17 (b) Any action taken by the joint board must receive a
18 favorable vote of a majority of each component district's board of
19 trustees.

20 Sec. 49.257 [~~41.157~~]. MAINTENANCE TAX. (a) The joint
21 board shall levy a maintenance tax for the benefit of the component
22 school districts not later than September 1 of each year or as soon
23 thereafter as practicable.

24 (b) Each component district shall bear a share of the costs
25 of assessing and collecting taxes in proportion to the component
26 district's share of weighted average daily attendance in the
27 consolidated taxing district.

1 (c) A component district may not levy an ad valorem tax for
2 the maintenance and operation of the schools.

3 (d) Notwithstanding Section 45.003, the consolidated taxing
4 district may levy, assess, and collect a maintenance tax for the
5 benefit of the component districts at a rate that exceeds \$1.50 per
6 \$100 valuation of taxable property to the extent necessary to pay
7 contracted obligations on the lease purchase of permanent
8 improvements to real property entered into on or before May 12,
9 1993. The proposition to impose taxes at the necessary rate must be
10 submitted to the voters in the manner provided by Section 45.003.

11 Sec. 49.258 [~~41.158~~]. REVENUE DISTRIBUTION. The
12 consolidated taxing district shall distribute maintenance tax
13 revenue to the component districts on the basis of the number of
14 students in weighted average daily attendance in the component
15 districts.

16 Sec. 49.259 [~~41.159~~]. TAXES OF COMPONENT DISTRICTS. (a)
17 The governing board of a component school district of a
18 consolidated taxing district that has consolidated for maintenance
19 and operation purposes only may issue bonds and levy, pledge, and
20 collect ad valorem taxes within that component district sufficient
21 to pay the principal of and interest on those bonds as provided by
22 Chapter 45.

23 (b) A component district levying an ad valorem tax under
24 this section or Section 49.260(b)(1) [~~41.160(b)(1)~~] is entitled to
25 the guaranteed yield provided by Subchapter E [~~F~~], Chapter 48 [~~42~~],
26 for that portion of its tax rate that, when added to the maintenance
27 tax levied by the consolidated taxing unit, does not exceed the

1 limitation provided by Section 48.203 [~~42.303~~].

2 Sec. 49.260 [~~41.160~~]. OPTIONAL TOTAL TAX BASE
3 CONSOLIDATION. (a) An agreement executed under Section 49.251
4 [~~41.151~~] may provide for total tax base consolidation instead of
5 consolidation for maintenance and operation purposes only.

6 (b) Under an agreement providing for total tax base
7 consolidation:

8 (1) the component districts may not levy maintenance
9 or bond taxes, except to the extent necessary to retire bonds and
10 other obligations issued before the effective date of the
11 consolidation;

12 (2) the joint board may issue bonds and levy, pledge,
13 and collect ad valorem taxes sufficient to pay the principal of and
14 interest on those bonds, and issue refunding bonds, as provided by
15 Chapter 45 for independent school districts; and

16 (3) to the end of the ballot proposition required
17 under Section 49.253(a) [~~41.153(a)~~] shall be added ", and further
18 to create a consolidated tax base for the repayment of all bonded
19 indebtedness issued by the joint board of the taxing district after
20 the effective date of the consolidation and to authorize the joint
21 board to levy, pledge, and collect ad valorem taxes at a rate
22 sufficient to pay the principal of and interest on those bonds."

23 (c) Under an agreement providing for total tax base
24 consolidation:

25 (1) the component districts may provide for the
26 consolidated taxing district to assume all of the indebtedness of
27 all component districts; and

1 (2) to the end of the ballot proposition required by
2 Section 49.253(a) [~~41.153(a)~~] shall be added ", and further to
3 create a consolidated tax base for the repayment of all bonded
4 indebtedness issued by the joint board of the taxing district or
5 previously issued by the component school districts and to
6 authorize the joint board to levy, pledge, and collect ad valorem
7 taxes at a rate sufficient to pay the principal of and interest on
8 those bonds."

9 SECTION 1.059. Subchapter G, Chapter 41, Education Code, is
10 transferred to Chapter 49, Education Code, as added by this Act,
11 redesignated as Subchapter G, Chapter 49, Education Code, and
12 amended to read as follows:

13 SUBCHAPTER G. DETACHMENT AND ANNEXATION BY COMMISSIONER

14 Sec. 49.301 [~~41.201~~]. DEFINITION. In this subchapter,
15 "mineral property" means a real property mineral interest that has
16 been severed from the surface estate by a mineral lease creating a
17 determinable fee or by a conveyance that creates an interest
18 taxable separately from the surface estate. A mineral property
19 includes each royalty interest, working interest, or other
20 undivided interest in the mineral property.

21 Sec. 49.302 [~~41.202~~]. DETERMINATION OF TAXABLE VALUE. (a)
22 For purposes of this subchapter, the taxable value of an individual
23 parcel or other item of property and the total taxable value of
24 property in a school district resulting from the detachment of
25 property from or annexation of property to that district is
26 determined by applying the appraisal ratio for the appropriate
27 category of property determined under Subchapter M, Chapter 403,

1 Government Code, for the preceding tax year to the taxable value of
2 the detached or annexed property determined under Title 1, Tax
3 Code, for the preceding tax year.

4 (b) For purposes of this subchapter, the taxable value of
5 all or a portion of a parcel or item of real property includes the
6 taxable value of personal property having taxable situs at the same
7 location as the real property.

8 Sec. 49.303 [~~41.203~~]. PROPERTY SUBJECT TO DETACHMENT AND
9 ANNEXATION. (a) Only the following property may be detached and
10 annexed under this subchapter:

11 (1) a mineral property;

12 (2) real property used in the operation of a public
13 utility, including a pipeline, pipeline gathering system, or
14 railroad or other rail system; and

15 (3) real property used primarily for industrial or
16 other commercial purposes, other than property used primarily for
17 agriculture or for residential purposes.

18 (b) If a final judgment of a court determines that a mineral
19 interest may not be annexed and detached as provided by this
20 subchapter without an attendant annexation and detachment of the
21 surface estate or any other interest in the same land, the
22 detachment and annexation of a mineral interest under this
23 subchapter includes the surface estate and each other interest in
24 the land covered by the mineral interest.

25 Sec. 49.304 [~~41.204~~]. TAXATION OF PERSONAL PROPERTY.
26 Personal property having a taxable situs at the same location as
27 real property detached and annexed under this subchapter is taxable

1 by the school district to which the real property is annexed.

2 Sec. 49.305 [~~41.205~~]. DETACHMENT OF PROPERTY. (a) The
3 commissioner shall detach property under this section from each
4 school district from which the commissioner is required under
5 Section 49.004 [~~41.004~~] to detach property under this subchapter.

6 (b) The commissioner shall detach from each school district
7 covered by Subsection (a) one or more whole parcels or items of
8 property in descending order of the taxable value of each parcel or
9 item, beginning with the parcel or item having the greatest taxable
10 value, until the school district's local revenue level [~~wealth per~~
11 ~~student~~] is equal to or less than the [~~equalized wealth~~] level
12 established under Section 48.257, except as otherwise provided by
13 Subsection (c).

14 (c) If the detachment of whole parcels or items of property
15 [~~7~~] as provided by Subsection (a) would result in a district's local
16 revenue level [~~wealth per student~~] that is less than the [~~equalized~~
17 ~~wealth~~] level established under Section 48.257 by more than the
18 product of \$10,000 multiplied by weighted average daily attendance,
19 the commissioner may not detach the last parcel or item of property
20 and shall detach the next one or more parcels or items of property
21 in descending order of taxable value that would result in the school
22 district having a local revenue level [~~wealth per student~~] that is
23 equal to or less than the [~~equalized wealth~~] level established
24 under Section 48.257 by not more than the product of \$10,000
25 multiplied by weighted average daily attendance.

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

1 property if:

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

12 (2) the commissioner determines that a partial
13 detachment of that parcel or item of property is preferable to the
14 detachment of one or more other parcels or items having a lower
15 taxable value in order to minimize the number of parcels or items of
16 property to be detached consistent with the purposes of this
17 chapter.

18 Sec. 49.306 [~~41.206~~]. ANNEXATION OF PROPERTY. (a) The
19 commissioner shall annex property detached under Section 49.305
20 [~~41.205~~] to school districts eligible for annexation in accordance
21 with this section. A school district is eligible for annexation of
22 property to it under this subchapter only if, before any
23 detachments or annexations are made in a year, the district's
24 taxable value of property does not exceed the value necessary to
25 generate maintenance and operations tax revenue in the amount equal
26 to the district's entitlement under Section 48.202(a-1)(2) [~~wealth~~
27 ~~per student is less than the greatest level for which funds are~~

1 ~~provided under Subchapter F, Chapter 42~~].

2 (b) Property may be annexed to a school district without
3 regard to whether the property is contiguous to other property in
4 that district.

5 (c) The commissioner shall annex property detached from
6 school districts beginning with the property detached from the
7 school district with the greatest local revenue level in excess of
8 entitlement [~~wealth per student~~] before detachment, and continuing
9 with the property detached from each other school district in
10 descending order of the district's local revenue level in excess of
11 entitlement [~~wealth per student~~] before detachment.

12 (d) The commissioner shall annex the parcels or items of
13 property detached from a school district to other school districts
14 that are eligible for annexation of property in descending order of
15 the taxable value of each parcel or item according to the following
16 priorities:

17 (1) first, to the eligible school districts assigned
18 to the same county as the school district from which the property is
19 detached whose total adopted tax rate for the preceding tax year
20 does not exceed by more than \$0.15 the total tax rate adopted for
21 that year by the school district from which the property is
22 detached;

23 (2) second, to the eligible school districts served by
24 the same regional education service center as the district from
25 which the property is detached whose total adopted tax rate for the
26 preceding tax year does not exceed by more than \$0.10 the total tax
27 rate adopted for that year by the school district from which the

1 property is detached; and

2 (3) third, to other eligible school districts whose
3 total adopted tax rate for the preceding tax year does not exceed by
4 more than \$0.05 the total tax rate adopted for that year by the
5 school district from which the property is detached.

6 (e) If the districts identified by Subsection (d) for a
7 school district are insufficient to annex all the property detached
8 from the school district, the commissioner shall increase, for
9 purposes of this section, all the maximum difference in tax rates
10 allowed under Subsection (d) in increments of \$0.01 until the
11 districts are identified that are sufficient to annex all the
12 property detached from the district.

13 (f) If only one school district is eligible to annex
14 property detached from a school district within a priority group
15 established by Subsections (d) and (e), the commissioner shall
16 annex property to that district until it reaches the taxable value
17 of property necessary to generate maintenance and operations tax
18 revenue in the amount equal to the district's entitlement under
19 Section 48.202(a-1)(2) [a wealth per student equal as nearly as
20 possible to the greatest level for which funds are provided under
21 Subchapter F, Chapter 42], by annexing whole parcels or items of
22 property. Any remaining detached property shall be annexed to
23 eligible school districts in the next priority group as provided by
24 this section.

25 (g) If more than one school district is eligible to annex
26 property detached from a school district within a priority group
27 established by Subsections (d) and (e), the commissioner shall

1 first annex property to the district within the priority group to
2 which could be annexed the most taxable value of property without
3 increasing the district's taxable value of property to an amount
4 that exceeds the amount necessary to generate maintenance and
5 operations tax revenue in the amount equal to the district's
6 entitlement under Section 48.202(a-1)(2) [~~its wealth per student~~
7 ~~above the greatest level for which funds are provided under~~
8 ~~Subchapter F, Chapter 42~~], until that district reaches a taxable
9 value of property necessary to generate maintenance and operations
10 tax revenue in the amount equal to the district's entitlement under
11 Section 48.202(a-1)(2) [~~wealth per student equal as nearly as~~
12 ~~possible to the greatest level for which funds are provided under~~
13 ~~Subchapter F, Chapter 42~~], by annexing whole parcels or items of
14 property. Then any additional detached property shall be annexed
15 in the same manner to other eligible school districts in the same
16 priority group in descending order of capacity to receive taxable
17 value of annexed property without increasing the district's taxable
18 value of property to an amount that exceeds the amount necessary to
19 generate maintenance and operations tax revenue in the amount equal
20 to the district's entitlement under Section 48.202(a-1)(2) [~~wealth~~
21 ~~per student above the greatest level for which funds are provided~~
22 ~~under Subchapter F, Chapter 42~~]. If every school district in a
23 priority group reaches a taxable value of property necessary to
24 generate maintenance and operations tax revenue in the amount equal
25 to the district's entitlement under Section 48.202(a-1)(2) [~~wealth~~
26 ~~per student equal to the greatest level for which funds are provided~~
27 ~~under Subchapter F, Chapter 42~~], as nearly as possible, the

1 remaining detached property shall be annexed to school districts in
2 the next priority group in the manner provided by this section.

3 (h) For purposes of this section, a portion of a parcel or
4 item of property detached in that subdivided form from a school
5 district is treated as a whole parcel or item of property.

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

9 (1) the annexation of the whole parcel or item would
10 result in the district eligible to receive it in the appropriate
11 priority order provided by this section having a local revenue
12 level [~~wealth per student~~] greater than the amount by which the
13 product of \$10,000 multiplied by weighted average daily attendance
14 exceeds the taxable value of property necessary to generate
15 maintenance and operations tax revenue in the amount equal to the
16 district's entitlement under Section 48.202(a-1)(2) [~~more than the~~
17 ~~greatest level for which funds are provided under Subchapter F,~~
18 ~~Chapter 42~~]; or

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

26 (j) The commissioner may modify the priorities established
27 by this section as the commissioner considers reasonable to

1 minimize or reduce the number of school districts to which the
2 property detached from a school district is annexed, to minimize or
3 reduce the geographic dispersal of property in a school district,
4 to minimize or reduce disparities in school district taxable values
5 of property necessary to generate maintenance and operations tax
6 revenue in the amount equal to a district's entitlement under
7 Section 48.202(a-1)(2) [~~wealth per student~~] that would otherwise
8 result, or to minimize or reduce any administrative burden or
9 expense.

10 (k) For purposes of this section, a school district is
11 assigned to a county if the school district is assigned to that
12 county in the 1992-1993 Texas School Directory published by the
13 Central Education Agency.

14 Sec. 49.307 [~~41.207~~]. LIMITATIONS ON DETACHMENT AND
15 ANNEXATION. The commissioner may detach and annex property under
16 this subchapter only if:

17 (1) the property is not exempt from ad valorem
18 taxation under Section 11.20 or 11.21, Tax Code; and

19 (2) the property does not contain a building or
20 structure owned by the United States, this state, or a political
21 subdivision of this state that is exempt from ad valorem taxation
22 under law.

23 Sec. 49.308 [~~41.208~~]. ORDERS AND NOTICE. (a) The
24 commissioner shall order any detachments and annexations of
25 property under this subchapter not later than November 8 of each
26 year.

27 (b) As soon as practicable after issuing the order under

1 Subsection (a), the commissioner shall notify each affected school
2 district and the appraisal district in which the affected property
3 is located of the determination.

4 Sec. 49.309 [~~41.209~~]. TREATMENT OF SUBDIVIDED PROPERTY.

5 (a) If the commissioner orders the detachment or annexation of a
6 portion of a parcel or item of property under this subchapter, the
7 order shall specify the portion of the taxable value of the property
8 to be detached or annexed and may, but need not, describe the
9 specific area of the parcel or item to be detached or annexed.

10 (b) If an order for the detachment or annexation of a
11 portion of a parcel or item of property does not describe the
12 specific area of the parcel or item to be detached or annexed, the
13 commissioner, as soon as practicable after issuing the order, shall
14 determine the specific area to be detached or annexed and shall
15 certify that determination to the appraisal district for the county
16 in which the property is located.

17 (c) If portions of a parcel or item of property are located
18 in two or more school districts as the result of a detachment or
19 annexation, the parcel or item shall be appraised for taxation as a
20 unit, and the commissioner shall determine the portion of the
21 taxable value of the property that is located in each of those
22 school districts based on the square footage of the property, or any
23 other reasonable method adopted by the commissioner.

24 Sec. 49.310 [~~41.210~~]. DUTIES OF CHIEF APPRAISER. (a) The
25 chief appraiser of each appraisal district shall cooperate with the
26 commissioner in administering this subchapter. The commissioner
27 may require the chief appraiser to submit any reports or provide any

1 information available to the chief appraiser in the form and at the
2 times required by the commissioner.

3 (b) As soon as practicable after the detachment and
4 annexation of property, the chief appraiser of the appraisal
5 district in which the property is located shall send a written
6 notice of the detachment and annexation to the owner of any property
7 taxable in a different school district as a result of the detachment
8 and annexation. The notice must include the name of the school
9 district by which the property is taxable after the detachment and
10 annexation.

11 (c) The commissioner may reimburse an appraisal district
12 for any costs incurred in administering this subchapter and may
13 condition the reimbursement or the amount of the reimbursement on
14 the timely submission of reports or information required by the
15 commissioner or the satisfactory performance of any other action
16 required or requested by the commissioner.

17 Sec. 49.311 [~~41.211~~]. STUDENT ATTENDANCE. A student who
18 is a resident of real property detached from a school district may
19 choose to attend school in that district or in the district to which
20 the property is annexed. For purposes of determining average daily
21 attendance under Section 48.005 [~~42.005~~], the student shall be
22 counted in the district to which the property is annexed. If the
23 student chooses to attend school in the district from which the
24 property is detached, the state shall withhold any foundation
25 school funds from the district to which the property is annexed and
26 shall allocate to the district in which the student is attending
27 school those funds and the amount of funds equal to the difference

1 between the state funds the district is receiving for the student
2 and the district's cost in educating the student.

3 Sec. 49.312 [~~41.212~~]. BOND TAXES. Property detached from
4 a school district is released from the obligation for any tax to pay
5 principal and interest on bonds authorized by the district before
6 detachment. The property is subject to any tax to pay principal or
7 interest on bonds authorized by the district to which the property
8 is annexed whether authorized before or after annexation.

9 Sec. 49.313 [~~41.213~~]. DETERMINATION BY COMMISSIONER
10 FINAL. A decision or determination of the commissioner under this
11 subchapter is final and not appealable.

12 SECTION 1.060. Subchapter H, Chapter 41, Education Code, is
13 transferred to Chapter 49, Education Code, as added by this Act,
14 redesignated as Subchapter H, Chapter 49, Education Code, and
15 amended to read as follows:

16 SUBCHAPTER H. CONSOLIDATION BY COMMISSIONER

17 Sec. 49.351 [~~41.251~~]. COMMISSIONER ORDER. If the
18 commissioner is required under Section 49.004 [~~41.004~~] to order the
19 consolidation of districts, the consolidation is governed by this
20 subchapter. The commissioner's order shall be effective on a date
21 determined by the commissioner, but not later than the earliest
22 practicable date after November 8.

23 Sec. 49.352 [~~41.252~~]. SELECTION CRITERIA. (a) In
24 selecting the districts to be consolidated with a district that has
25 taxable values of property in an amount that exceeds the local
26 revenue level established under Section 48.257 [~~a property wealth~~
27 ~~greater than the equalized wealth level~~], the commissioner shall

1 select one or more districts [~~with a wealth per student~~] that, when
2 consolidated, will result in a consolidated district with a local
3 revenue level [~~wealth per student~~] equal to or less than the
4 [~~equalized wealth~~] level established under Section 48.257. In
5 achieving that result, the commissioner shall give priority to
6 school districts in the following order:

7 (1) first, to the contiguous district that has the
8 lowest local revenue level [~~wealth per student~~] and is located in
9 the same county;

10 (2) second, to the district that has the lowest local
11 revenue level [~~wealth per student~~] and is located in the same
12 county;

13 (3) third, to a contiguous district with a local
14 revenue level [~~property wealth~~] below the [~~equalized wealth~~] level
15 established under Section 48.257 that has requested the
16 commissioner that it be considered in a consolidation plan;

17 (4) fourth, to include as few districts as possible
18 that have the lowest local revenue levels below the [~~fall below the~~
19 ~~equalized wealth~~] level established under Section 48.257 within the
20 consolidation order that have not requested the commissioner to be
21 included;

22 (5) fifth, to the district that has the lowest local
23 revenue level [~~wealth per student~~] and is located in the same
24 regional education service center area; and

25 (6) sixth, to a district that has a tax rate similar to
26 that of the district that has a local revenue level [~~property~~
27 ~~wealth~~] greater than the [~~equalized wealth~~] level established under

1 Section 48.257.

2 (b) The commissioner may not select a district that has been
3 created as a result of consolidation by agreement under Subchapter
4 B to be consolidated under this subchapter with a district that has
5 a local revenue level [~~property wealth~~] greater than the [~~equalized~~
6 ~~wealth~~] level established under Section 48.257.

7 (c) In applying the selection criteria specified by
8 Subsection (a), if more than two districts are to be consolidated,
9 the commissioner shall select the third and each subsequent
10 district to be consolidated by treating the district that has a
11 local revenue level [~~property wealth~~] greater than the [~~equalized~~
12 ~~wealth~~] level established under Section 48.257 and the district or
13 districts previously selected for consolidation as one district.

14 Sec. 49.353 [~~41.253~~]. GOVERNANCE. (a) Until the initial
15 trustees elected as provided by Subsection (b) have qualified and
16 taken office, a district consolidated under this subchapter is
17 governed by a transitional board of trustees consisting of the
18 board of trustees of the district having the greatest student
19 membership on the last day of the school year preceding the
20 consolidation plus one member of the board of trustees of each other
21 consolidating district selected by that board.

22 (b) The transitional board of trustees shall divide the
23 consolidated district into nine single-member trustee districts in
24 accordance with the procedures provided by Section 11.052. The
25 transitional board shall order an election for the initial board of
26 trustees to be held on the first May uniform election date after the
27 effective date of a consolidation order.

1 (c) Members of the board of trustees of a consolidated
2 district serve staggered terms of office for four years.

3 (d) Section 13.156 applies to districts consolidated under
4 this subchapter.

5 Sec. 49.354 [~~41.254~~]. DISSOLUTION OF CONSOLIDATED
6 DISTRICT. (a) If the legislature abolishes ad valorem taxes for
7 public school maintenance and operations and adopts another method
8 of funding public education, the board of trustees of a
9 consolidated district created under this subchapter may dissolve
10 the consolidated district, provided that the dissolution is
11 approved by a majority of those voters residing within the district
12 participating in an election called for the purpose of approving
13 the dissolution of the consolidated school district.

14 (b) If a consolidated district is dissolved, each of the
15 former districts is restored as a separate district and is
16 classified as an independent district.

17 (c) Title to real property of the consolidated district is
18 allocated to the restored district in which the property is
19 located. Title to proportionate shares of the fund balances and
20 personal property of the consolidated district, as determined by
21 Subsection (e), are allocated to each restored district.

22 (d) Each of the restored districts assumes and is liable
23 for:

24 (1) indebtedness of the consolidated district that
25 relates to real property allocated to the district; and

26 (2) a proportionate share, as determined by Subsection
27 (e), of indebtedness of the consolidated district that does not

1 relate to real property.

2 (e) A restored district's proportionate share of fund
3 balances, personal property, or indebtedness is equal to the
4 proportion that the number of students in average daily attendance
5 in the restored district bears to the number of students in average
6 daily attendance in the consolidated district.

7 Sec. 49.355 [~~41.255~~]. FUND BALANCES. Fund balances of a
8 school district consolidated under this subchapter may be used only
9 for the benefit of the schools within the district that generated
10 the funds.

11 Sec. 49.356 [~~41.256~~]. EMPLOYMENT CONTRACTS. A
12 consolidated district created under this subchapter shall honor an
13 employment contract entered into by a consolidating district.

14 Sec. 49.357 [~~41.257~~]. APPLICATION OF [~~SMALL AND~~] SPARSE
15 ADJUSTMENT [~~ADJUSTMENTS~~] AND SMALL AND TRANSPORTATION ALLOTMENTS
16 [~~ALLOTMENT~~]. The budget of the consolidated district must apply
17 the benefit of the adjustment or allotment to the schools of the
18 consolidating district to which Section 48.052 [~~42.103~~], 48.101
19 [~~42.105~~], or 48.151 [~~42.155~~] would have applied in the event that
20 the consolidated district still qualifies as a small or sparse
21 district.

22 SECTION 1.061. Section 403.302(d), Government Code, is
23 amended to read as follows:

24 (d) For the purposes of this section, "taxable value" means
25 the market value of all taxable property less:

26 (1) the total dollar amount of any residence homestead
27 exemptions lawfully granted under Section 11.13(b) or (c), Tax

1 Code, in the year that is the subject of the study for each school
2 district;

3 (2) one-half of the total dollar amount of any
4 residence homestead exemptions granted under Section 11.13(n), Tax
5 Code, in the year that is the subject of the study for each school
6 district;

7 (3) the total dollar amount of any exemptions granted
8 before May 31, 1993, within a reinvestment zone under agreements
9 authorized by Chapter 312, Tax Code;

10 (4) subject to Subsection (e), the total dollar amount
11 of any captured appraised value of property that:

12 (A) is within a reinvestment zone created on or
13 before May 31, 1999, or is proposed to be included within the
14 boundaries of a reinvestment zone as the boundaries of the zone and
15 the proposed portion of tax increment paid into the tax increment
16 fund by a school district are described in a written notification
17 provided by the municipality or the board of directors of the zone
18 to the governing bodies of the other taxing units in the manner
19 provided by former Section 311.003(e), Tax Code, before May 31,
20 1999, and within the boundaries of the zone as those boundaries
21 existed on September 1, 1999, including subsequent improvements to
22 the property regardless of when made;

23 (B) generates taxes paid into a tax increment
24 fund created under Chapter 311, Tax Code, under a reinvestment zone
25 financing plan approved under Section 311.011(d), Tax Code, on or
26 before September 1, 1999; and

27 (C) is eligible for tax increment financing under

1 Chapter 311, Tax Code;

2 (5) the total dollar amount of any captured appraised
3 value of property that:

4 (A) is within a reinvestment zone:

5 (i) created on or before December 31, 2008,
6 by a municipality with a population of less than 18,000; and

7 (ii) the project plan for which includes
8 the alteration, remodeling, repair, or reconstruction of a
9 structure that is included on the National Register of Historic
10 Places and requires that a portion of the tax increment of the zone
11 be used for the improvement or construction of related facilities
12 or for affordable housing;

13 (B) generates school district taxes that are paid
14 into a tax increment fund created under Chapter 311, Tax Code; and

15 (C) is eligible for tax increment financing under
16 Chapter 311, Tax Code;

17 (6) the total dollar amount of any exemptions granted
18 under Section 11.251 or 11.253, Tax Code;

19 (7) the difference between the comptroller's estimate
20 of the market value and the productivity value of land that
21 qualifies for appraisal on the basis of its productive capacity,
22 except that the productivity value estimated by the comptroller may
23 not exceed the fair market value of the land;

24 (8) the portion of the appraised value of residence
25 homesteads of individuals who receive a tax limitation under
26 Section 11.26, Tax Code, on which school district taxes are not
27 imposed in the year that is the subject of the study, calculated as

1 if the residence homesteads were appraised at the full value
2 required by law;

3 (9) a portion of the market value of property not
4 otherwise fully taxable by the district at market value because
5 of[+]

6 [~~(A)~~] action required by statute or the
7 constitution of this state, other than Section 11.311, Tax Code,
8 that, if the tax rate adopted by the district is applied to it,
9 produces an amount equal to the difference between the tax that the
10 district would have imposed on the property if the property were
11 fully taxable at market value and the tax that the district is
12 actually authorized to impose on the property, if this subsection
13 does not otherwise require that portion to be deducted; [~~or~~

14 [~~(B) action taken by the district under~~
15 ~~Subchapter B or C, Chapter 313, Tax Code, before the expiration of~~
16 ~~the subchapter,]~~

17 (10) the market value of all tangible personal
18 property, other than manufactured homes, owned by a family or
19 individual and not held or used for the production of income;

20 (11) the appraised value of property the collection of
21 delinquent taxes on which is deferred under Section 33.06, Tax
22 Code;

23 (12) the portion of the appraised value of property
24 the collection of delinquent taxes on which is deferred under
25 Section 33.065, Tax Code; and

26 (13) the amount by which the market value of a
27 residence homestead to which Section 23.23, Tax Code, applies

1 exceeds the appraised value of that property as calculated under
2 that section.

3 SECTION 1.062. Sections 825.405(a), (b), (e), and (f),
4 Government Code, are amended to read as follows:

5 (a) An employing school district or an open-enrollment
6 charter school, as applicable, shall pay the state's contribution
7 on the portion of a member's salary that exceeds the statutory
8 minimum salary for ~~For~~ members:

9 (1) entitled to the minimum salary for certain school
10 personnel under Section 21.402, Education Code;

11 (2) [, and for members] who would have been entitled to
12 the minimum salary for certain school personnel under former
13 Section 16.056, Education Code, as that section existed on January
14 1, 1995; and

15 (3) who would be entitled to the minimum salary for
16 certain school personnel under Section 21.402, Education Code, if
17 the member was employed by a school district subject to that section
18 instead of being employed by:

19 (A) an open-enrollment charter school; or

20 (B) a school district that has adopted a local
21 innovation plan under Chapter 12A, Education Code, that exempts the
22 district's employees from the minimum salary schedule under that
23 section~~[, the employing district shall pay the state's contribution~~
24 ~~on the portion of the member's salary that exceeds the statutory~~
25 ~~minimum salary].~~

26 (b) For purposes of this section, [+

27 ~~(-)]~~ the statutory minimum salary for a member

1 described by:

2 (1) Subsection (a)(1) [~~certain school personnel under~~
3 ~~Section 21.402, Education Code,~~] is the salary provided by Section
4 21.402, Education Code [~~that section multiplied by the cost of~~
5 ~~education adjustment applicable under Section 42.102, Education~~
6 ~~Code, to the district in which the member is employed]; [and]~~

7 (2) Subsection (a)(2) [~~the statutory minimum salary~~
8 ~~for members who would have been entitled to the minimum salary for~~
9 ~~certain school personnel under former Section 16.056, Education~~
10 ~~Code, as that section existed on January 1, 1995,~~] is a minimum
11 salary computed in the same manner as the minimum salary for certain
12 school personnel under Section 21.402, Education Code; and

13 (3) Subsection (a)(3) is the minimum salary the member
14 would have been entitled to if the member was subject to Section
15 21.402, Education Code[~~, multiplied by the cost of education~~
16 ~~adjustment applicable under Section 42.102, Education Code, to the~~
17 ~~district in which the member is employed)].~~

18 (e) After the end of each school year, the retirement system
19 shall certify to the commissioner of education:

20 (1) the names of any employers [~~employing districts~~]
21 that have failed to remit, within the period required by Section
22 825.408, all contributions required under this section for the
23 school year; and

24 (2) the amounts of the unpaid contributions.

25 (f) If the commissioner of education receives a
26 certification under Subsection (e), the commissioner shall direct
27 the comptroller of public accounts to withhold the amount

1 certified, plus interest computed at the rate and in the manner
2 provided by Section 825.408, from the first state money payable to
3 the employer [~~school district~~]. The amount withheld shall be
4 deposited to the credit of the appropriate accounts of the
5 retirement system.

6 SECTION 1.063. Section 26.08, Tax Code, is amended by
7 amending Subsections (a), (b), (i), and (n) and adding Subsections
8 (a-1) and (n-1) to read as follows:

9 (a) If the governing body of a school district adopts a tax
10 rate that exceeds the district's voter-approval [~~rollback~~] tax
11 rate, the registered voters of the district at an election held for
12 that purpose must determine whether to approve the adopted tax
13 rate.

14 (a-1) When increased expenditure of money by a school
15 district is necessary to respond to a disaster, including a
16 tornado, hurricane, flood, wildfire, or other calamity, but not
17 including a drought, that has impacted a school district and the
18 governor has requested federal disaster assistance for the area in
19 which the school district is located, an election is not required
20 under this section to approve the tax rate adopted by the governing
21 body for the year following the year in which the disaster occurs.
22 A tax rate adopted under this subsection applies only in the year
23 for which the rate is adopted. If a district adopts a tax rate under
24 this subsection, the amount by which that rate exceeds the
25 district's voter-approval tax rate for that tax year may not be
26 considered when calculating the district's voter-approval tax rate
27 for the tax year following the year in which the district adopts the

1 rate.

2 (b) The governing body shall order that the election be held
 3 in the school district on the next uniform election [a] date
 4 prescribed by [~~not less than 30 or more than 90 days after the day on~~
 5 ~~which it adopted the tax rate.~~] Section 41.001, Election Code, that
 6 occurs after the date of the election order and that allows
 7 sufficient time to comply with the requirements of other law [~~does~~
 8 ~~not apply to the election unless a date specified by that section~~
 9 ~~falls within the time permitted by this section]. At the election,
 10 the ballots shall be prepared to permit voting for or against the
 11 proposition: "Ratifying [~~Approving~~] the ad valorem tax rate of ____
 12 (insert adopted tax rate) [~~per \$100 valuation~~] in (name of
 13 school district) for the current year, a rate that will result in an
 14 increase of ____ (insert percentage increase in maintenance and
 15 operations tax revenue under the adopted tax rate as compared to
 16 maintenance and operations tax revenue in the preceding tax year)
 17 percent in maintenance and operations tax revenue for the district
 18 for the current year as compared to the preceding year, which is an
 19 additional \$____ (insert dollar amount of increase in maintenance
 20 and operations tax revenue under the adopted tax rate as compared to
 21 maintenance and operations tax revenue in the preceding tax year)
 22 [~~is \$____ higher per \$100 valuation than the school district~~
 23 ~~rollback tax rate, for the purpose of (description of purpose of~~
 24 ~~increase)]." [~~The ballot proposition must include the adopted tax~~
 25 ~~rate and the difference between that rate and the rollback tax rate~~
 26 ~~in the appropriate places.]~~~~~~

27 (i) For purposes of this section, "enrichment tax rate" has

1 the meaning assigned by Section 45.0032, Education Code [~~the~~
 2 ~~effective maintenance and operations tax rate of a school district~~
 3 ~~is the tax rate that, applied to the current total value for the~~
 4 ~~district, would impose taxes in an amount that, when added to state~~
 5 ~~funds that would be distributed to the district under Chapter 42,~~
 6 ~~Education Code, for the school year beginning in the current tax~~
 7 ~~year using that tax rate, would provide the same amount of state~~
 8 ~~funds distributed under Chapter 42, Education Code, and maintenance~~
 9 ~~and operations taxes of the district per student in weighted~~
 10 ~~average daily attendance for that school year that would have been~~
 11 ~~available to the district in the preceding year if the funding~~
 12 ~~elements for Chapters 41 and 42, Education Code, for the current~~
 13 ~~year had been in effect for the preceding year].~~

14 (n) For purposes of this section, the voter-approval
 15 [~~rollback~~] tax rate of a school district [~~whose maintenance and~~
 16 ~~operations tax rate for the 2005 tax year was \$1.50 or less per \$100~~
 17 ~~of taxable value]~~ is:

18 (1) for the 2019 [~~2006~~] tax year, the sum of the
 19 following:

20 (A) the rate [~~that is equal to 88.67 percent of~~
 21 ~~the maintenance and operations tax rate adopted by the district for~~
 22 ~~the 2005 tax year, the rate of \$0.04]~~ per \$100 of taxable value that
 23 is equal to the product of the state compression percentage, as
 24 determined under Section 48.255, Education Code, for the 2019 tax
 25 year and \$1.00;

26 (B) the greater of:

27 (i) the district's maintenance and

1 operations tax rate for the 2018 tax year, less the sum of:

2 (a) \$1.00; and

3 (b) any amount by which the district
4 is required to reduce the district's enrichment tax rate under
5 Section 48.202(f), Education Code, in the 2019 tax year; or

6 (ii) the rate of \$0.04 per \$100 of taxable
7 value; and

8 (C) [~~and~~] the district's current debt rate; and

9 (2) for the 2020 [2007] and subsequent tax years, the
10 sum [lesser] of the following:

11 (A) [~~the sum of the following:~~

12 [~~(i)~~] the rate per \$100 of taxable value
13 that is equal to the product of the state compression percentage, as
14 determined under Section 48.255 [42.2516], Education Code, for the
15 current year and \$1.00 [~~\$1.50~~];

16 (B) the greater of:

17 (i) the district's enrichment tax rate for
18 the preceding tax year, less any amount by which the district is
19 required to reduce the district's enrichment tax rate under Section
20 48.202(f), Education Code, in the current tax year; or

21 (ii) the rate of \$0.05 [~~\$0.04~~] per \$100 of
22 taxable value; and

23 (C) [~~(iii)~~] the rate that is equal to the sum of
24 the differences for the 2006 and each subsequent tax year between
25 the adopted tax rate of the district for that year if the rate was
26 approved at an election under this section and the rollback tax rate
27 of the district for that year, and

1 ~~[(iv)]~~ the district's current debt rate~~+~~

2 ~~or~~

3 ~~[(B) the sum of the following:~~

4 ~~[(i) the effective maintenance and~~
5 ~~operations tax rate of the district as computed under Subsection~~
6 ~~(i) or (k), as applicable;~~

7 ~~[(ii) the rate per \$100 of taxable value~~
8 ~~that is equal to the product of the state compression percentage, as~~
9 ~~determined under Section 42.2516, Education Code, for the current~~
10 ~~year and \$0.06; and~~

11 ~~[(iii) the district's current debt rate].~~

12 (n-1) For the 2020 tax year, a school district shall
13 substitute "\$0.04" for "\$0.05" in Subsection (n)(2)(B)(ii) if the
14 governing body of the district does not adopt by unanimous vote for
15 that tax year a maintenance and operations tax rate at least equal
16 to the sum of the rate described by Subsection (n)(2)(A) and the
17 rate of \$0.05 per \$100 of taxable value.

18 SECTION 1.064. Chapter 26, Tax Code, is amended by adding
19 Section 26.151 to read as follows:

20 Sec. 26.151. ESCROW ACCOUNT FOR PROPERTY TAXES. (a) In this
21 section:

22 (1) "Home loan" has the meaning assigned by Section
23 343.001, Finance Code.

24 (2) "Home loan servicer" means a person who:

25 (A) receives scheduled payments from a borrower
26 under the terms of a home loan, including amounts for escrow
27 accounts; and

1 (B) makes the payments of principal and interest
2 to the owner of the loan or other third party and makes any other
3 payments with respect to the amounts received from the borrower as
4 may be required under the terms of the servicing loan document or
5 servicing contract.

6 (3) "Property tax escrow account" means an escrow
7 account maintained by a lender or loan servicer to hold funds
8 prepaid by the borrower on a loan for the payment of property taxes
9 on real property securing the loan as the taxes become due.

10 (b) To the extent that H.B. 3, 86th Legislature, Regular
11 Session, 2019, has the effect of reducing property taxes in this
12 state, a lender or home loan servicer of a home loan that maintains
13 a property tax escrow account must take into account the effect of
14 that legislation in establishing the borrower's annual property tax
15 payments to be held in that account and immediately adjust the
16 borrower's monthly payments accordingly.

17 (c) This section expires September 1, 2023.

18 SECTION 1.065. Effective January 1, 2020, Sections 26.08(d)
19 and (g), Tax Code, are amended to read as follows:

20 (d) If the proposition is not approved as provided by
21 Subsection (c), the governing body may not adopt a tax rate for the
22 school district for the current year that exceeds the school
23 district's voter-approval [~~rollback~~] tax rate.

24 (g) In a school district that received distributions from an
25 equalization tax imposed under former Chapter 18, Education Code,
26 the no-new-revenue [~~effective~~] rate of that tax as of the date of
27 the county unit system's abolition is added to the district's

1 voter-approval [~~rollback~~] tax rate.

2 ARTICLE 1A. PROPERTY TAX COMPRESSION

3 SECTION 1A.001. Effective September 1, 2020, Section
4 13.054, Education Code, is amended by amending Subsection (f) and
5 adding Subsection (f-1) to read as follows:

6 (f) For five years beginning with the school year in which
7 the annexation occurs, a school district shall receive additional
8 funding under this subsection or Subsection (h). The amount of
9 funding shall be determined by multiplying the lesser of the
10 enlarged district's local fund assignment computed under Section
11 48.256 [~~42.252~~] or the enlarged district's total cost of tier one by
12 a fraction, the numerator of which is the number of students
13 residing in the territory annexed to the receiving district
14 preceding the date of the annexation and the denominator of which is
15 the number of students residing in the district as enlarged on the
16 date of the annexation, and multiplying the resulting product by
17 the quotient of the enlarged district's maximum compressed tax
18 rate, as determined under Section 48.2551, for the current school
19 year divided by the receiving district's maximum compressed tax
20 rate, as determined under Section 48.2551, for the year in which the
21 annexation occurred.

22 (f-1) Notwithstanding Subsection (f), for an annexation
23 that occurred before September 1, 2019, for five years beginning
24 with the school year in which the annexation occurs, a school
25 district shall receive additional funding under this subsection or
26 Subsection (h). The amount of funding shall be determined by
27 multiplying the lesser of the enlarged district's local fund

1 assignment computed under Section 48.256 or the enlarged district's
2 total cost of tier one by a fraction, the numerator of which is the
3 number of students residing in the territory annexed to the
4 receiving district preceding the date of the annexation and the
5 denominator of which is the number of students residing in the
6 district as enlarged on the date of the annexation, and dividing the
7 receiving district's maximum compressed tax rate, as determined
8 under Section 48.2551. This subsection expires September 1, 2021.

9 SECTION 1A.002. Effective September 1, 2020, Section
10 30.003, Education Code, is amended by amending Subsection (f-1) and
11 adding Subsection (f-2) to read as follows:

12 (f-1) The commissioner shall determine the total amount
13 that the Texas School for the Blind and Visually Impaired and the
14 Texas School for the Deaf would have received from school districts
15 in accordance with this section if the following provisions had not
16 reduced the districts' share of the cost of providing education
17 services:

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

20 (2) Section 45.0032;

21 (3) Section 48.255; and

22 (4) Section 48.2551.

23 (f-2) The amount determined under Subsection (f-1), [had
24 not reduced the districts' share of the cost of providing education
25 services. That amount,] minus any amount the schools do receive
26 from school districts, shall be set aside as a separate account in
27 the foundation school fund and appropriated to those schools for

1 educational purposes.

2 SECTION 1A.003. Effective September 1, 2020, Section
3 45.003(d), Education Code, is amended to read as follows:

4 (d) A proposition submitted to authorize the levy of
5 maintenance taxes must include the question of whether the
6 governing board or commissioners court may levy, assess, and
7 collect annual ad valorem taxes for the further maintenance of
8 public schools, at a rate not to exceed the rate stated in the
9 proposition. For any year, the maintenance tax rate per \$100 of
10 taxable value adopted by the district may not exceed the rate equal
11 to the sum of \$0.17 and the district's maximum compressed rate
12 [~~product of the state compression percentage~~], as determined under
13 Section 48.2551 [~~42.2516, multiplied by \$1.50~~].

14 SECTION 1A.004. (a) Effective September 1, 2020, Section
15 45.0032, Education Code, as added by this Act, is amended by adding
16 Subsection (a) to read as follows:

17 (a) A school district's tier one maintenance and operations
18 tax rate is the number of cents levied by the district for
19 maintenance and operations that does not exceed the maximum
20 compressed rate, as determined under Section 48.2551.

21 (b) Section 45.0032(a), Education Code, as added by Article
22 1 of this Act, expires on the effective date of this section.

23 SECTION 1A.005. Effective September 1, 2020, Section
24 42.101, Education Code, is transferred to Subchapter B, Chapter 48,
25 Education Code, as added by this Act, redesignated as Section
26 48.051, Education Code, and amended to read as follows:

27 Sec. 48.051 [~~42.101~~]. BASIC ALLOTMENT. (a) For each

1 student in average daily attendance, not including the time
 2 students spend each day in special education programs in an
 3 instructional arrangement other than mainstream or career and
 4 technology education programs, for which an additional allotment is
 5 made under Subchapter C, a district is entitled to an allotment
 6 equal to the lesser of \$6,160 [~~\$4,765~~] or the amount that results
 7 from the following formula:

$$8 \quad A = \underline{\$6,160} [\underline{\$4,765}] \times \underline{TR/MCR} [(\underline{DCR/MCR})]$$

9 where:

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

11 "TR" [~~"DCR"~~] is the district's tier one maintenance and
 12 operations [~~compressed~~] tax rate, as provided by Section 45.0032
 13 [~~which is the product of the state compression percentage, as~~
 14 ~~determined under Section 42.2516, multiplied by the maintenance and~~
 15 ~~operations tax rate adopted by the district for the 2005 tax year];~~

16 and

17 "MCR" is the district's [~~state~~] maximum compressed tax rate,
 18 as determined under Section 48.2551 [~~which is the product of the~~
 19 ~~state compression percentage, as determined under Section 42.2516,~~
 20 ~~multiplied by \$1.50].~~

21 [~~(a-1) Notwithstanding Subsection (a), for a school~~
 22 ~~district that adopted a maintenance and operations tax rate for the~~
 23 ~~2005 tax year below the maximum rate permitted by law for that year,~~
 24 ~~the district's compressed tax rate ("DCR") includes the portion of~~
 25 ~~the district's current maintenance and operations tax rate in~~
 26 ~~excess of the first six cents above the district's compressed tax~~
 27 ~~rate, as defined by Subsection (a), until the district's compressed~~

~~tax rate computed in accordance with this subsection is equal to the state maximum compressed tax rate ("MCR").]~~

(b) A greater amount for any school year may be provided by appropriation.

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

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

(2) 25 percent may be used as determined by the district to increase compensation paid to full-time district employees ~~[This subsection applies to a school district for which the compressed tax rate ("DCR") is determined in accordance with Subsection (a-1). Any reduction in the district's adopted maintenance and operations tax rate is applied to the following components of the district's tax rate in the order specified.]~~

1 ~~[(1) tax effort described by Section 42.302(a-1)(2),~~
2 ~~[(2) tax effort described by Section 42.302(a-1)(1),~~
3 ~~and~~
4 ~~[(3) tax effort included in the determination of the~~
5 ~~district's compressed tax rate ("DCR") under Subsection (a-1)].~~

6 (d) In this section, "compensation" includes benefits such
7 as insurance premiums.

8 SECTION 1A.006. Effective September 1, 2020, Section
9 42.2516, Education Code, is transferred to Subchapter F, Chapter
10 48, Education Code, as added by this Act, redesignated as Section
11 48.255, Education Code, and amended to read as follows:

12 Sec. 48.255 [~~42.2516~~]. STATE COMPRESSION PERCENTAGE. (a)
13 In this title, "state compression percentage" means the percentage
14 of the rate of \$1.00 per \$100 valuation of taxable property that is
15 used to determine a school district's maximum compressed [~~adopted~~
16 ~~maintenance and operations~~] tax rate under Section 48.2551.

17 (b) The [~~for the 2005 tax year that serves as the basis for~~
18 ~~state funding. If the~~] state compression percentage is the lower
19 of:

20 (1) 93 percent, or a lower percentage set [~~not~~
21 ~~established~~] by appropriation for a school year;

22 (2) the percentage determined by the following
23 formula:

24
$$\text{SCP} = \text{PYCP} \times 1.025 / (1 + \text{ECPV}); \text{ or}$$

25 (3) the percentage determined under this section for
26 the preceding school year.

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

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

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

4 (3) "ECPV" is the estimated percentage change in total
5 taxable property value for the applicable tax year as determined
6 based on the estimate submitted to the legislature under Section
7 48.269. [~~the commissioner shall determine the state compression~~
8 percentage for each school year based on the percentage by which a
9 district is able to reduce the district's maintenance and
10 operations tax rate for that year, as compared to the district's
11 adopted maintenance and operations tax rate for the 2005 tax year,
12 as a result of state funds appropriated for that year from the
13 property tax relief fund established under Section 403.109,
14 Government Code, or from another funding source available for
15 school district property tax relief.

16 ~~[(g) The commissioner may adopt rules necessary to~~
17 ~~implement this section.~~

18 ~~[(h) A determination by the commissioner under this section~~
19 ~~is final and may not be appealed.]~~

20 SECTION 1A.007. Effective September 1, 2020, Subchapter F,
21 Chapter 48, Education Code, as added by this Act, is amended by
22 adding Sections 48.2551, 48.2552, 48.2553, and 48.2554 to read as
23 follows:

24 Sec. 48.2551. MAXIMUM COMPRESSED TAX RATE. (a) In this
25 section:

26 (1) "DPV" has the meaning assigned by Section 48.256;

27 (2) "E" is the expiration of the exclusion of

1 appraised property value for the preceding tax year that is
2 recognized as taxable property value for the current tax year,
3 which is the sum of the following:

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

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

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

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

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

19 (b) Except as provided by Subsection (c), a district's
20 maximum compressed rate ("MCR") is the lesser of:

21 (1) the rate determined by the following applicable
22 formula:

23 (A) if "DPV" exceeds "PYDPV" by an amount equal
24 to or greater than 2.5 percent:

25 $MCR = (1.025((PYDPV+E) \times PYMCR))/DPV$; or

26 (B) if Paragraph (A) does not apply:

27 $MCR = PYMCR$; or

1 (2) the product of the state compression percentage,
2 as determined under Section 48.255, for the current tax year,
3 multiplied by \$1.00.

4 (c) Notwithstanding Subsection (b), for a district to which
5 Section 48.2552(b) applies, the district's maximum compressed rate
6 is the value calculated for "MCR" under Subsection (b)(1)(B).

7 (c-1) For purposes of determining a district's maximum
8 compressed rate ("MCR") under Subsection (b) for the 2020-2021
9 school year, the value of "PYMCR" is \$1.00. This subsection expires
10 September 1, 2021.

11 (d) The agency shall calculate and make available school
12 districts' maximum compressed rates, as determined under this
13 section.

14 (e) It is the intent of the legislature that the state
15 continue to fund public schools at the same or similar level as the
16 state would have if this section had not taken effect.

17 Sec. 48.2552. LIMITATION ON MAXIMUM COMPRESSED RATE. (a)
18 Each year, the agency shall evaluate the difference between school
19 districts' maximum compressed rates, as determined under Section
20 48.2551.

21 (b) If a school district has a maximum compressed rate that
22 is less than 90 percent of another school district's maximum
23 compressed rate, the district's maximum compressed rate is
24 calculated under Section 48.2551(c) until the agency determines
25 that the difference between the district's and another district's
26 maximum compressed rates is not more than 10 percent.

27 (c) The amount of revenue available to the state as a result

1 of the differences in the amount of state aid and reduction in local
2 revenue between calculating a district's maximum compressed rate in
3 accordance with Subsection (b) and calculating the district's
4 maximum compressed rate under Section 48.2551 shall be used to
5 lower the state compression percentage under Section 48.255. The
6 agency shall provide estimates to the legislature of the reduction
7 of the state compression percentage based on this subsection.

8 Sec. 48.2553. PERMITTED TAX RATE FOR MAINTENANCE OF
9 2020-2021 SCHOOL YEAR BASIC ALLOTMENT. (a) Notwithstanding any
10 other provision of this title or Chapter 26, Tax Code, if the
11 maximum amount of the basic allotment provided under Section
12 48.051(a) or (b) for a school year is less than the maximum amount
13 provided for the 2020-2021 school year, subject to Subsection (b),
14 a school district may adopt a maintenance and operations tax rate
15 that exceeds the maximum compressed tax rate permitted under
16 Section 48.2551, provided that:

17 (1) the rate adopted by the district was previously
18 approved by voters for a tax year subsequent to the 2005 tax year;
19 and

20 (2) the rate may not exceed the lesser of:

21 (A) \$1.17; or

22 (B) the district's maximum compressed tax rate
23 and the additional tax rate necessary to generate the amount of
24 revenue equal to the difference in per student funding.

25 (b) Before adopting a maintenance and operations tax rate
26 under Subsection (a), a school district must receive approval from
27 the agency. To receive approval from the agency under this

1 subsection the district must submit the following information:

2 (1) a statement detailing the loss of funding to the
3 district that resulted from the decline in the maximum amount of the
4 basic allotment provided under Section 48.051(a) or (b);

5 (2) the proposed additional tax effort and the amount
6 of funding the proposed additional tax effort will generate;

7 (3) evidence that the proposed additional tax effort
8 described by Subdivision (2) had been previously authorized by
9 voters subsequent to the 2005 tax year; and

10 (4) any other information required by the
11 commissioner.

12 (c) The agency's approval of a district's tax rate under
13 Subsection (b) expires at the end of each tax year.

14 (d) Any additional tax effort by a school district
15 authorized under this section is not:

16 (1) eligible for funding under Subchapter B, C, or D;

17 (2) eligible for the guaranteed yield amount of state
18 funds under Section 48.202; or

19 (3) subject to the limit on local revenue under
20 Section 48.257.

21 (e) The commissioner shall reduce state aid or adjust the
22 limit on local revenue under Section 48.257 in an amount equal to
23 the amount of revenue generated by a school district's tax effort
24 that is not in compliance with this section or Section 48.2551.

25 (f) This section does not apply to a school district to
26 which Section 45.003(f) applies.

27 Sec. 48.2554. STUDY ON DISTRICT PROPERTY TAX COMPRESSION.

1 (a) The Legislative Budget Board, in conjunction with other
2 appropriate state agencies, shall study possible methods of
3 providing property tax relief through the reduction of school
4 district maintenance and operations taxes. The study must
5 evaluate:

6 (1) potential sources of revenue that may be used to
7 reduce school district maintenance and operations taxes;

8 (2) methods of limiting increases in maintenance and
9 operations tax revenue that adjust for enrollment growth,
10 inflation, and other relevant factors; and

11 (3) for each method of providing property tax relief
12 considered:

13 (A) any difference in anticipated benefits to
14 property taxpayers based on the school district in which the
15 taxpayer resides;

16 (B) the cost to the state; and

17 (C) the anticipated impact on equity in the
18 public school finance system.

19 (b) Not later than September 1, 2020, the Legislative Budget
20 Board shall submit to the governor, the lieutenant governor, and
21 the speaker of the house of representatives a report on the results
22 of the study and any recommendations for legislative or other
23 action.

24 (c) This section expires September 1, 2021.

25 SECTION 1A.008. Effective January 1, 2020, Section
26 26.08(n), Tax Code, is amended to read as follows:

27 (n) For purposes of this section, the voter-approval

1 ~~[rollback]~~ tax rate of a school district ~~[whose maintenance and~~
2 ~~operations tax rate for the 2005 tax year was \$1.50 or less per \$100~~
3 ~~of taxable value]~~ is the sum of the following:

4 (1) ~~[for the 2006 tax year, the sum of the rate that is~~
5 ~~equal to 88.67 percent of the maintenance and operations tax rate~~
6 ~~adopted by the district for the 2005 tax year, the rate of \$0.04 per~~
7 ~~\$100 of taxable value, and the district's current debt rate; and~~

8 ~~[(2) for the 2007 and subsequent tax years, the lesser~~
9 ~~of the following:~~

10 ~~[(A) the sum of the following:~~

11 ~~[(i)]~~ the rate per \$100 of taxable value
12 that is equal to the district's maximum compressed tax rate
13 ~~[product of the state compression percentage]~~, as determined under
14 Section 48.2551 [~~42.2516~~], Education Code, for the current year
15 ~~[and \$1.50];~~

16 (2) the greater of:

17 (A) the district's enrichment tax rate for the
18 preceding tax year, less any amount by which the district is
19 required to reduce the district's enrichment tax rate under Section
20 48.202(f), Education Code, in the current tax year; or

21 (B) [(ii)] the rate of \$0.05 [~~\$0.04~~] per \$100 of
22 taxable value; and

23 (3) [(iii)] ~~the rate that is equal to the sum of the~~
24 ~~differences for the 2006 and each subsequent tax year between the~~
25 ~~adopted tax rate of the district for that year if the rate was~~
26 ~~approved at an election under this section and the rollback tax rate~~
27 ~~of the district for that year, and~~

1 ~~[(iv)]~~ the district's current debt rate~~+~~
2 ~~or~~
3 ~~[(B) the sum of the following:~~
4 ~~[(i) the effective maintenance and~~
5 ~~operations tax rate of the district as computed under Subsection~~
6 ~~(i) or (k), as applicable;~~
7 ~~[(ii) the rate per \$100 of taxable value~~
8 ~~that is equal to the product of the state compression percentage, as~~
9 ~~determined under Section 42.2516, Education Code, for the current~~
10 ~~year and \$0.06; and~~
11 ~~[(iii) the district's current debt rate].~~

12 ARTICLE 2. PUBLIC EDUCATION

13 SECTION 2.001. Section 7.028(a), Education Code, is amended
14 to read as follows:

15 (a) Except as provided by Section 21.006(k), 22.093(l),
16 22.096, 29.001(5), 29.010(a), or 39.057, the agency may monitor
17 compliance with requirements applicable to a process or program
18 provided by a school district, campus, program, or school granted
19 charters under Chapter 12, including the process described by
20 Subchapter F, Chapter 11, or a program described by Subchapter B, C,
21 D, E, F, H, or I, Chapter 29, Subchapter A, Chapter 37, or Section
22 38.003, ~~[and the use of funds provided for such a program under~~
23 ~~Subchapter C, Chapter 42,~~] only as necessary to ensure:

- 24 (1) compliance with federal law and regulations;
25 (2) financial accountability, including compliance
26 with grant requirements; ~~[and]~~
27 (3) data integrity for purposes of:

1 (A) the Public Education Information Management
2 System (PEIMS); and

3 (B) accountability under Chapters 39 and 39A; and
4 (4) qualification for funding under Chapter 48.

5 SECTION 2.002. Subchapter C, Chapter 7, Education Code, is
6 amended by adding Section 7.070 to read as follows:

7 Sec. 7.070. COORDINATION OF DATA COLLECTION. The
8 commissioner may enter into agreements with appropriate entities as
9 necessary to provide for the collection of data regarding college,
10 career, and military readiness of public school students, including
11 data maintained by:

12 (1) governmental agencies of the United States, this
13 state, or another state;

14 (2) political subdivisions of this state or another
15 state;

16 (3) public or private institutions of higher
17 education; and

18 (4) relevant private organizations.

19 SECTION 2.003. Subchapter D, Chapter 11, Education Code, is
20 amended by adding Sections 11.185 and 11.186 to read as follows:

21 Sec. 11.185. EARLY CHILDHOOD LITERACY AND MATHEMATICS
22 PROFICIENCY PLANS. (a) The board of trustees of each school
23 district shall adopt and post on the district's Internet website
24 early childhood literacy and mathematics proficiency plans that set
25 specific annual goals for the following five school years to reach
26 quantifiable goals for student performance in reading and
27 mathematics at each campus.

1 (b) Each plan adopted under Subsection (a) must:

2 (1) identify annual goals for students in each group
3 evaluated under the closing the gaps domain under Section
4 39.053(c)(3);

5 (2) include annual goals for aggregate student growth
6 on the third grade reading or mathematics assessment instrument, as
7 applicable, administered under Section 39.023 or on an alternative
8 assessment instrument determined by the board of trustees;

9 (3) provide for targeted professional development for
10 classroom teachers in kindergarten or first, second, or third grade
11 who are assigned to campuses that the board of trustees identifies
12 as not meeting the plan's goals;

13 (4) assign at least one district-level administrator
14 or employee of the regional education service center for the
15 district's region to:

16 (A) coordinate implementation of the plan; and

17 (B) submit an annual report to the board of
18 trustees on the district's progress toward the goals set under the
19 plan; and

20 (5) be reviewed annually by the board of trustees at a
21 public meeting.

22 (c) Each plan adopted under Subsection (a) may set separate
23 goals for students in a bilingual education or special language
24 program under Subchapter B, Chapter 29.

25 (d) The professional development provided to classroom
26 teachers under Subsection (b)(3) must, as appropriate, consider the
27 unique needs of students in a bilingual education or special

1 language program under Subchapter B, Chapter 29.

2 (e) A school district shall post the annual report described
3 by Subsection (b)(4)(B) on the district's Internet website and on
4 the Internet website, if any, of each campus in the district.

5 Sec. 11.186. COLLEGE, CAREER, AND MILITARY READINESS PLANS.

6 (a) The board of trustees of each school district shall adopt
7 college, career, and military readiness plans that set specific
8 annual goals for the following five school years to reach
9 quantifiable goals for measures of student college, career, and
10 military readiness at each campus.

11 (b) Each plan adopted under Subsection (a) must:

12 (1) identify annual goals for students in each group
13 evaluated under the closing the gaps domain under Section
14 39.053(c)(3);

15 (2) include annual goals for aggregate student growth
16 on college, career, and military readiness indicators evaluated
17 under the student achievement domain under Section 39.053(c)(1);

18 (3) assign at least one district-level administrator
19 or employee of the regional education service center for the
20 district's region to:

21 (A) coordinate implementation of the plan; and

22 (B) submit an annual report to the board of
23 trustees on the district's progress toward the goals set under the
24 plan; and

25 (4) be reviewed annually by the board of trustees at a
26 public meeting.

27 (c) A school district shall post the annual report described

1 by Subsection (b)(3)(B) on the district's Internet website and on
2 the Internet website, if any, of each campus in the district.

3 SECTION 2.004. Section 12.104(b), Education Code, as
4 amended by Chapters 324 (S.B. 1488), 522 (S.B. 179), and 735 (S.B.
5 1153), Acts of the 85th Legislature, Regular Session, 2017, is
6 reenacted and amended to read as follows:

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

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

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

12 (3) [~~2~~] a prohibition, restriction, or requirement,
13 as applicable, imposed by this title or a rule adopted under this
14 title, relating to:

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

18 (B) criminal history records under Subchapter C,
19 Chapter 22;

20 (C) reading instruments and accelerated reading
21 instruction programs under Section 28.006;

22 (D) accelerated instruction under Section
23 28.0211;

24 (E) high school graduation requirements under
25 Section 28.025;

26 (F) special education programs under Subchapter
27 A, Chapter 29;

- 1 (G) bilingual education under Subchapter B,
2 Chapter 29;
- 3 (H) prekindergarten programs under Subchapter E
4 or E-1, Chapter 29;
- 5 (I) extracurricular activities under Section
6 33.081;
- 7 (J) discipline management practices or behavior
8 management techniques under Section 37.0021;
- 9 (K) health and safety under Chapter 38;
- 10 (L) public school accountability under
11 Subchapters B, C, D, F, G, and J, Chapter 39, and Chapter 39A;
- 12 (M) the requirement under Section 21.006 to
13 report an educator's misconduct;
- 14 (N) intensive programs of instruction under
15 Section 28.0213;
- 16 (O) the right of a school employee to report a
17 crime, as provided by Section 37.148; ~~and~~
- 18 (P) bullying prevention policies and procedures
19 under Section 37.0832;
- 20 (Q) the right of a school under Section 37.0052
21 to place a student who has engaged in certain bullying behavior in a
22 disciplinary alternative education program or to expel the student;
23 ~~and~~
- 24 (R) the right under Section 37.0151 to report to
25 local law enforcement certain conduct constituting assault or
26 harassment;
- 27 (S) ~~(P)~~ a parent's right to information

1 regarding the provision of assistance for learning difficulties to
2 the parent's child as provided by Sections 26.004(b)(11) and
3 26.0081(c) and (d);

4 (T) the early childhood literacy and mathematics
5 proficiency plans under Section 11.185; and

6 (U) the college, career, and military readiness
7 plans under Section 11.186.

8 SECTION 2.005. Section 21.048, Education Code, is amended
9 by adding Subsection (a-2) to read as follows:

10 (a-2) The board shall adopt rules that provide that in order
11 to teach any grade level from prekindergarten through grade six a
12 person must demonstrate proficiency in the science of teaching
13 reading on a certification examination for each class of
14 certificate issued by the board after January 1, 2021.

15 SECTION 2.006. Subchapter B, Chapter 21, Education Code, is
16 amended by adding Sections 21.063 and 21.064 to read as follows:

17 Sec. 21.063. TEACHER DESIGNATIONS ON CERTIFICATE. The
18 board shall place on or remove from a teacher's certificate the
19 appropriate designation issued to the teacher under Section
20 21.3521:

21 (1) after being notified by the agency of the issuance
22 or removal of the designation; or

23 (2) if the board determines that removal of the
24 designation is necessary because of action taken against the
25 teacher's certificate.

26 Sec. 21.064. LEGACY MASTER TEACHER CERTIFICATIONS. (a)
27 The board shall recognize a master teacher certificate issued under

1 former Section 21.0481, 21.0482, 21.0483, or 21.0484 until the
2 certificate expires. The board shall note a designation of
3 "legacy" on the certificate.

4 (b) A master teacher certificate described by Subsection
5 (a) is not eligible for funding under the teacher incentive
6 allotment under Section 48.112.

7 SECTION 2.007. Section 21.352(c), Education Code, is
8 amended to read as follows:

9 (c) Except as otherwise provided by this subsection,
10 appraisal must be done at least once for [~~during~~] each school year.
11 A teacher may be appraised less frequently if the teacher agrees in
12 writing and the teacher's most recent evaluation rated the teacher
13 as at least proficient, or the equivalent, and did not identify any
14 area of deficiency. A teacher who is appraised less frequently than
15 annually must be appraised at least once during each period of five
16 school years. The district shall maintain a written copy of the
17 evaluation of each teacher's performance in the teacher's personnel
18 file. Each teacher is entitled to receive a written copy of the
19 evaluation promptly on its completion. After receiving a written
20 copy of the evaluation, a teacher is entitled to a second appraisal
21 by a different appraiser or to submit a written rebuttal to the
22 evaluation to be attached to the evaluation in the teacher's
23 personnel file. The evaluation and any rebuttal may be given to
24 another school district at which the teacher has applied for
25 employment at the request of that district.

26 SECTION 2.008. Subchapter H, Chapter 21, Education Code, is
27 amended by adding Section 21.3521 to read as follows:

1 Sec. 21.3521. LOCAL OPTIONAL TEACHER DESIGNATION SYSTEM.

2 (a) Subject to Subsection (b), a school district or open-enrollment
3 charter school may designate a certified classroom teacher as a
4 master, exemplary, or recognized teacher for a five-year period
5 based on the results from single year or multiyear appraisals that
6 comply with Section 21.351 or 21.352.

7 (b) The commissioner shall establish performance and
8 validity standards for each local optional teacher designation
9 system. The performance standards:

10 (1) must provide a mathematical possibility that all
11 teachers eligible for a designation may earn the designation; and

12 (2) may not require a district to use an assessment
13 instrument adopted under Section 39.023 to evaluate teacher
14 performance.

15 (c) Notwithstanding performance standards established
16 under Subsection (b), a classroom teacher that holds a National
17 Board Certification issued by the National Board for Professional
18 Teaching Standards may be designated as recognized.

19 (d) The commissioner shall:

20 (1) ensure that local optional teacher designation
21 systems:

22 (A) meet the requirements of this section; and

23 (B) prioritize high needs campuses; and

24 (2) enter into a memorandum of understanding with
25 Texas Tech University to monitor the quality and fairness of local
26 optional teacher designation systems.

27 (e) The agency shall develop and provide technical

1 assistance for school districts and open-enrollment charter
2 schools that request assistance in implementing a local optional
3 teacher designation system, including assistance in prioritizing
4 high needs campuses.

5 (f) A teacher has no vested property right in a teacher
6 designation assigned to the teacher under this section. A teacher
7 designation issued under this section is void in the determination
8 that the designation was issued improperly. Subchapters C through
9 H, Chapter 2001, Government Code, do not apply to the voiding of a
10 teacher designation under this subsection.

11 (g) The agency shall periodically conduct evaluations of
12 the effectiveness of the local optional teacher designation systems
13 under this section and the teacher incentive allotment under
14 Section 48.112 and report the results of the evaluations to the
15 legislature. A school district or open-enrollment charter school
16 that has implemented a local optional teacher designation system or
17 received funds under the teacher incentive allotment shall
18 participate in the evaluations.

19 (h) The agency shall collect information necessary to
20 implement this section. Information otherwise confidential remains
21 confidential and is not subject to Chapter 552, Government Code.

22 (i) The commissioner may adopt fees to implement this
23 section. A fee adopted by the agency under this section is not
24 subject to Sections 2001.0045 and 2001.0221, Government Code.

25 (j) The commissioner may adopt rules to implement this
26 section. A decision made by the commissioner under this section is
27 final and may not be appealed.

1 SECTION 2.009. Section 21.458, Education Code, is amended
2 by adding Subsections (a-1), (b-1), (f), (f-1), and (g) and
3 amending Subsections (b) and (d) to read as follows:

4 (a-1) To be assigned as a mentor, a teacher must agree to
5 serve as a mentor teacher for at least one school year. The
6 assignment must begin not later than the 30th day of employment of
7 the classroom teacher to whom the mentor teacher is assigned. A
8 district must agree to assign a mentor to a new classroom teacher
9 for at least two school years.

10 (b) The commissioner shall adopt rules necessary to
11 administer this section, including rules concerning the duties and
12 qualifications of a teacher who serves as a mentor and the number of
13 classroom teachers that may be assigned to a mentor. The rules
14 concerning qualifications must require that to serve as a mentor a
15 teacher must:

16 (1) complete a research-based mentor and induction
17 training program approved by the commissioner;

18 (2) complete a mentor training program provided by the
19 district; ~~and~~

20 (3) have at least three complete years of teaching
21 experience with a superior record of assisting students, as a
22 whole, in achieving improvement in student performance; and

23 (4) demonstrate interpersonal skills, instructional
24 effectiveness, and leadership skills.

25 (b-1) A school district must provide training to mentor
26 teachers and any appropriate district and campus employees who work
27 with the classroom teacher or supervise the classroom teacher. The

1 training must be completed by the mentor teacher and the district
2 and campus employees before the beginning of the school year. The
3 district shall also provide supplemental training to mentor
4 teachers and employees during the school year. The training must
5 include content related to best mentorship practices.

6 (d) In adopting rules under this section [~~Subsection (c)~~],
7 the commissioner shall rely on research-based mentoring programs
8 that, through external evaluation, have demonstrated success.

9 (f) A mentor teacher must meet with each classroom teacher
10 assigned to the mentor not less than 12 hours each semester.
11 Observations of the mentor by the classroom teacher being mentored
12 or of the classroom teacher being mentored by the mentor may count
13 toward the 12 hours of meeting time required for the semester.
14 Except as provided by Subsection (f-1), the mentoring sessions must
15 address the following topics:

16 (1) orientation to the context, policies, and
17 practices of the school district;

18 (2) data-driven instructional practices;

19 (3) specific instructional coaching cycles, including
20 coaching regarding conferences between parents and the classroom
21 teacher;

22 (4) professional development; and

23 (5) professional expectations.

24 (f-1) Subject to approval by the agency, in determining the
25 topics to be addressed in the mentoring sessions, a school district
26 may create an appropriate curriculum that meets the district needs.

27 (g) A school district must:

1 (1) designate a specific time during the regularly
2 contracted school day for meetings between mentor teachers and
3 classroom teachers assigned to a mentor; and

4 (2) schedule release time or a reduced teaching load
5 for mentor teachers and classroom teachers under this section to
6 facilitate mentoring activities, including classroom observations
7 or participation in supportive coaching.

8 SECTION 2.010. Subchapter J, Chapter 21, Education Code, is
9 amended by adding Section 21.465 to read as follows:

10 Sec. 21.465. AUTISM TRAINING. (a) A school district may
11 provide a salary incentive or similar compensation to a teacher who
12 completes training provided by a regional education service center
13 relating to autism.

14 (b) A school district that decides to provide an incentive
15 or compensation under Subsection (a) shall adopt a policy to
16 implement this section.

17 SECTION 2.011. Effective September 1, 2020, Section 25.085,
18 Education Code, is amended by adding Subsection (i) to read as
19 follows:

20 (i) Notwithstanding any other provision of this section, a
21 student enrolled in a school district is not required to attend
22 school for any additional instructional days described by Section
23 48.0051.

24 SECTION 2.012. Section 28.006, Education Code, is amended
25 by amending Subsections (b), (c), (d), and (f) and adding
26 Subsections (b-1), (c-2), (c-3), and (l) to read as follows:

27 (b) The commissioner shall adopt a list of reading

1 instruments that a school district may use to diagnose student
2 reading development and comprehension. For use in diagnosing the
3 reading development and comprehension of kindergarten students,
4 the commissioner shall adopt a [~~include on the commissioner's list~~
5 ~~at least two~~] multidimensional assessment tool that includes
6 [~~tools. A multidimensional assessment tool on the commissioner's~~
7 ~~list must either include~~] a reading instrument and tests [~~test~~] at
8 least three developmental skills, including literacy[, ~~or test at~~
9 ~~least two developmental skills, other than literacy, and be~~
10 ~~administered in conjunction with a separate reading instrument that~~
11 ~~is on a list adopted under this subsection~~]. A multidimensional
12 assessment tool administered as provided by this subsection is
13 considered to be a reading instrument for purposes of this section.
14 A district-level committee established under Subchapter F, Chapter
15 11, may adopt a list of reading instruments for use in the district
16 in a grade level other than kindergarten in addition to the reading
17 instruments on the commissioner's list. Each reading instrument
18 adopted by the commissioner or a district-level committee must be
19 based on scientific research concerning reading skills development
20 and reading comprehension. A list of reading instruments adopted
21 under this subsection must provide for diagnosing the reading
22 development and comprehension of students participating in a
23 program under Subchapter B, Chapter 29.

24 (b-1) The commissioner may approve an alternative reading
25 instrument for use in diagnosing the reading development and
26 comprehension of kindergarten students that complies with the
27 requirements under Subsection (b).

1 (c) Each school district shall administer, at the
2 [~~kindergarten and~~] first and second grade levels, a reading
3 instrument on the list adopted by the commissioner or by the
4 district-level committee. The district shall administer the
5 reading instrument in accordance with the commissioner's
6 recommendations under Subsection (a)(1).

7 (c-2) Each school district shall administer at the
8 kindergarten level a reading instrument adopted by the commissioner
9 under Subsection (b) or approved by the commissioner under
10 Subsection (b-1). The district shall administer the reading
11 instrument in accordance with the commissioner's recommendations
12 under Subsection (a)(1).

13 (c-3) The commissioner by rule shall determine the
14 performance on the reading instrument adopted under Subsection (b)
15 that indicates kindergarten readiness.

16 (d) The superintendent of each school district shall:

17 (1) report to the commissioner and the board of
18 trustees of the district the results of the reading instruments;

19 (2) not later than the 60th calendar day after the date
20 on which a reading instrument was administered report, in writing,
21 to a student's parent or guardian the student's results on the
22 [~~reading~~] instrument; and

23 (3) using the school readiness certification system
24 provided to the school district in accordance with Section
25 29.161(e), report electronically each student's raw score on the
26 reading instrument to the agency for use in the school readiness
27 certification system.

1 (f) The agency shall ensure at least one reading instrument
2 for each grade level for which a reading instrument is required to
3 be administered under this section is available to school districts
4 at no cost. [~~This section may be implemented only if funds are~~
5 ~~appropriated for administering the reading instruments. Funds,~~
6 ~~other than local funds, may be used to pay the cost of administering~~
7 ~~a reading instrument only if the instrument is on the list adopted~~
8 ~~by the commissioner.~~]

9 (1) The commissioner may adopt rules as necessary to
10 implement this section. Section 2001.0045, Government Code, does
11 not apply to rules adopted under this subsection.

12 SECTION 2.013. Subchapter A, Chapter 28, Education Code, is
13 amended by adding Section 28.0062 to read as follows:

14 Sec. 28.0062. READING STANDARDS FOR KINDERGARTEN THROUGH
15 THIRD GRADE. (a) Each school district and open-enrollment charter
16 school shall:

17 (1) provide for the use of a phonics curriculum that
18 uses systematic direct instruction in kindergarten through third
19 grade to ensure all students obtain necessary early literacy
20 skills;

21 (2) ensure that:

22 (A) not later than the 2021-2022 school year,
23 each classroom teacher in kindergarten or first, second, or third
24 grade and each principal at a campus with kindergarten or first,
25 second, or third grade has attended a teacher literacy achievement
26 academy developed under Section 21.4552; and

27 (B) each classroom teacher and each principal

1 initially employed in a grade level or at a campus described by
2 Paragraph (A) for the 2021-2022 school year or a subsequent school
3 year has attended a teacher literacy achievement academy developed
4 under Section 21.4552 before the teacher's or principal's first
5 year of placement in that grade level or campus; and

6 (3) certify to the agency that the district or school:

7 (A) prioritizes placement of highly effective
8 teachers in kindergarten through second grade; and

9 (B) has integrated reading instruments used to
10 diagnose reading development and comprehension to support each
11 student in prekindergarten through third grade.

12 (b) The agency shall provide assistance to school districts
13 and open-enrollment charter schools in complying with the
14 requirements under this section.

15 (c) The agency shall:

16 (1) monitor the implementation of this section; and

17 (2) periodically report to the legislature on the
18 implementation of this section and the effectiveness of this
19 section in improving educational outcomes.

20 (d) The commissioner shall establish an advisory board to
21 assist the agency in fulfilling the agency's duties under this
22 section. Chapter 2110, Government Code, does not apply to the
23 advisory board.

24 (e) The commissioner may adopt rules to implement this
25 section.

26 SECTION 2.014. Section 28.025(c), Education Code, is
27 amended to read as follows:

1 (c) A person may receive a diploma if the person is eligible
2 for a diploma under Section 28.0251. In other cases, a student may
3 graduate and receive a diploma only if:

4 (1) the student successfully completes the curriculum
5 requirements identified by the State Board of Education under
6 Subsection (a) and complies with Sections 28.0256 and [Section]
7 39.025; or

8 (2) the student successfully completes an
9 individualized education program developed under Section 29.005.

10 SECTION 2.015. Subchapter B, Chapter 28, Education Code, is
11 amended by adding Section 28.0256 to read as follows:

12 Sec. 28.0256. FINANCIAL AID APPLICATION REQUIREMENT FOR
13 HIGH SCHOOL GRADUATION. (a) Before graduating from high school,
14 each student must complete and submit a free application for
15 federal student aid (FAFSA) or a Texas application for state
16 financial aid (TASFA).

17 (b) A student is not required to comply with Subsection (a)
18 if:

19 (1) the student's parent or other person standing in
20 parental relation submits a signed form indicating that the parent
21 or other person authorizes the student to decline to complete and
22 submit the financial aid application;

23 (2) the student signs and submits the form described
24 by Subdivision (1) on the student's own behalf if the student is 18
25 years of age or older or the student's disabilities of minority have
26 been removed for general purposes under Chapter 31, Family Code; or

27 (3) a school counselor authorizes the student to

1 decline to complete and submit the financial aid application for
2 good cause, as determined by the school counselor.

3 (c) A school district or open-enrollment charter school
4 shall adopt a form to be used for purposes of Subsection (b). The
5 form must be:

6 (1) approved by the agency; and

7 (2) made available in English, Spanish, and any other
8 language spoken by a majority of the students enrolled in a
9 bilingual education or special language program under Subchapter B,
10 Chapter 29, in the district or school.

11 (d) If a school counselor notifies a school district whether
12 a student has complied with this section for purposes of
13 determining whether the student meets high school graduation
14 requirements under Section 28.025, the school counselor may only
15 indicate whether the student has complied with this section and may
16 not indicate the manner in which the student complied.

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

19 (1) establish:

20 (A) a timeline for:

21 (i) the distribution to students of the
22 free application for federal student aid or Texas application for
23 state financial aid and the form adopted under Subsection (c); and

24 (ii) the submission of a form under
25 Subsection (b);

26 (B) standards regarding the information that a
27 school district or open-enrollment charter school must provide to

1 students regarding:

2 (i) in accordance with Section
3 33.007(b)(5), instructions for filling out the free application for
4 federal student aid or Texas application for state financial aid;
5 and

6 (ii) the options available to a student
7 under Subsection (b) if the student wishes to decline to complete
8 and submit a financial aid application; and

9 (C) the method by which a student must provide to
10 a school district or open-enrollment charter school proof that the
11 student has completed and submitted the free application for
12 federal student aid or Texas application for state financial aid as
13 required by this section;

14 (2) require each school district to report to the
15 agency:

16 (A) the number of students who completed and
17 submitted a financial aid application under Subsection (a); and

18 (B) the number of students who received an
19 exception from complying with Subsection (a) under Subsection (b);
20 and

21 (3) ensure compliance with federal law regarding
22 confidentiality of student educational information, including the
23 Family Educational Rights and Privacy Act of 1974 (20 U.S.C.
24 Section 1232g), and any state law relating to the privacy of student
25 information.

26 (f) The agency shall establish an advisory committee to
27 assist the agency in adopting rules under Subsection (e) to

1 implement this section and to develop recommendations for that
2 purpose. The advisory committee is composed of:

- 3 (1) school counselors;
4 (2) school administrators; and
5 (3) stakeholders to represent the needs of interested
6 students.

7 (g) Not later than January 1, 2021, the agency shall report
8 the advisory committee's recommendations to the standing committee
9 of each house of the legislature with jurisdiction over public
10 education. Subsection (f) and this subsection expire January 1,
11 2023.

12 SECTION 2.016. Subchapter B, Chapter 29, Education Code, is
13 amended by adding Section 29.065 to read as follows:

14 Sec. 29.065. ASSISTANCE BY AGENCY. The agency shall
15 develop tools to assist school districts and open-enrollment
16 charter schools in implementing bilingual education and special
17 language programs under this chapter.

18 SECTION 2.017. Section 29.122, Education Code, is amended
19 to read as follows:

20 Sec. 29.122. ESTABLISHMENT. (a) Using criteria established
21 by the State Board of Education, each school district shall adopt a
22 process for identifying and serving gifted and talented students in
23 the district and shall establish a program for those students in
24 each grade level. A district may establish a shared services
25 arrangement program with one or more other districts.

26 (b) Each school district shall adopt a policy regarding the
27 use of funds to support the district's program for gifted and

1 talented students.

2 SECTION 2.018. Subchapter D, Chapter 29, Education Code, is
3 amended by adding Section 29.124 to read as follows:

4 Sec. 29.124. CERTIFICATION AND REPORTING REQUIRED. (a)
5 Each school district shall annually certify to the commissioner
6 that the district has established a program for gifted and talented
7 students as required by this subchapter and that the program is
8 consistent with the state plan developed under Section 29.123.

9 (b) If the commissioner determines that a school district
10 has failed to comply with Subsection (a) for a school year, the
11 commissioner shall reduce the total amount of funding to which the
12 district is entitled under Chapter 48 for that school year by an
13 amount equal to the basic allotment multiplied by the product of:

14 (1) 0.12; and

15 (2) an amount equal to five percent of the students in
16 average daily attendance in the district.

17 (c) The commissioner may restore to a school district all or
18 part of the funding withheld from the district's entitlement under
19 Subsection (b) if during the school year the district complies with
20 Subsection (a).

21 (d) At the same time that a school district makes the
22 certification required under Subsection (a), the district shall
23 report to the commissioner regarding the use of funds on the
24 district's program for gifted and talented students as provided by
25 State Board of Education rule.

26 (e) Nothing in this section may be construed as limiting the
27 number of students that a school district may identify as gifted and

1 talented or serve under the district's program for gifted and
2 talented students.

3 SECTION 2.019. Section 29.153, Education Code, is amended
4 by amending Subsections (c) and (d) and adding Subsections (c-1),
5 (d-1), (d-2), and (g) to read as follows:

6 (c) A prekindergarten class under this section may [~~shall~~]
7 be operated on a half-day basis for children under four years of age
8 and shall be operated on a full-day basis for children who are at
9 least four years of age. A district is not required to provide
10 transportation for a prekindergarten class, but transportation, if
11 provided, is included for funding purposes as part of the regular
12 transportation system.

13 (c-1) A prekindergarten class under this section for
14 children who are least four years of age must comply with the
15 program standards required for high quality prekindergarten
16 programs under Subchapter E-1.

17 (d) Subject to Subsections (d-1) and (d-2), on [~~On~~]
18 application of a district, the commissioner shall [~~may~~] exempt a
19 district from the application of all or any part of this section,
20 including all or any part of Subchapter E-1 for a prekindergarten
21 class described by Subsection (c-1), if the commissioner determines
22 that:

23 (1) the district would be required to construct
24 classroom facilities in order to provide prekindergarten classes;
25 or

26 (2) implementing any part of this section would result
27 in fewer eligible children being enrolled in a prekindergarten

1 class under this section.

2 (d-1) A district may not receive an exemption under
3 Subsection (d) unless the district has solicited and considered at
4 a public meeting proposals for partnerships with public or private
5 entities regarding prekindergarten classes required under this
6 section. A decision of the board of trustees regarding a
7 partnership described by this subsection is final.

8 (d-2) An exemption under Subsection (d) may not be granted
9 for a period longer than three school years and may be renewed only
10 once.

11 (g) Before a school district or open-enrollment charter
12 school may construct, repurpose, or lease a classroom facility, or
13 issue bonds for the construction or repurposing of a classroom
14 facility, to provide the prekindergarten classes required under
15 this section, the district or school must solicit and consider
16 proposals for partnerships to provide those classes with
17 community-based child-care providers who:

18 (1) are a Texas Rising Star Program provider with a
19 three-star certification or higher;

20 (2) are nationally accredited;

21 (3) are a Head Start program provider;

22 (4) are a Texas School Ready! participant; or

23 (5) meet the requirements under Section [29.1532](#).

24 SECTION 2.020. Section [29.1531\(a\)](#), Education Code, is
25 amended to read as follows:

26 (a) A school district may offer on a tuition basis or use
27 district funds to provide:

1 (1) an additional half-day of prekindergarten classes
2 to children who are eligible for classes under Section 29.153 and
3 are under four years of age; and

4 (2) half-day and full-day prekindergarten classes to
5 children not eligible for classes under Section 29.153.

6 SECTION 2.021. Section 29.1532(c), Education Code, is
7 amended to read as follows:

8 (c) A school district that offers prekindergarten classes[~~7~~
9 ~~including a high quality prekindergarten program class under~~
10 ~~Subchapter E-1,~~] shall include the following information in the
11 district's Public Education Information Management System (PEIMS)
12 report:

13 (1) demographic information, as determined by the
14 commissioner, on students enrolled in district and campus
15 prekindergarten classes, including the number of students who are
16 eligible for classes under Section 29.153;

17 (2) the numbers of half-day and full-day
18 prekindergarten classes offered by the district and campus;

19 (3) the number of half-day prekindergarten classes for
20 which the district has received an exemption from full-day
21 operation under Section 29.153(d);

22 (4) the sources of funding for the prekindergarten
23 classes;

24 (5) [~~4~~] the class size and ratio of instructional
25 staff to students for each prekindergarten program class offered by
26 the district and campus;

27 (6) [~~5~~] if the district elects to administer an

1 assessment instrument under Section 29.169 to students enrolled in
2 district and campus prekindergarten program classes, a description
3 and the results of each type of assessment instrument; and

4 (7) [~~(6)~~] curricula used in the district's
5 prekindergarten program classes.

6 SECTION 2.022. Section 29.1543, Education Code, is amended
7 to read as follows:

8 Sec. 29.1543. EARLY EDUCATION REPORTS. The agency shall
9 produce and make available to the public on the agency's Internet
10 website annual district and campus-level reports containing
11 information from the previous school year on early education in
12 school districts and open-enrollment charter schools. A report
13 under this section must contain:

14 (1) the information required by Section 29.1532(c) to
15 be reported through the Public Education Information Management
16 System (PEIMS);

17 (2) a description of the diagnostic reading
18 instruments administered in accordance with Section 28.006(c) or
19 (c-2);

20 (3) the number of students who were administered a
21 diagnostic reading instrument administered in accordance with
22 Section 28.006(c) or (c-2);

23 (4) the number of students whose scores from a
24 diagnostic reading instrument administered in accordance with
25 Section 28.006(c) or (c-2) indicate reading proficiency; [~~and~~]

26 (5) the number of kindergarten students who were
27 enrolled in a prekindergarten program in the previous school year

1 in the same district or school as the district or school in which
2 the student attends kindergarten;

3 (6) the number and percentage of students who perform
4 satisfactorily on the third grade reading or mathematics assessment
5 instrument administered under Section 39.023, disaggregated by
6 whether the student was eligible for free prekindergarten under
7 Section 29.153;

8 (7) the number of students described by Subdivision
9 (6) who attended kindergarten in the district, disaggregated by:

10 (A) whether the student met the kindergarten
11 readiness standard on the reading instrument adopted under Section
12 28.006;

13 (B) whether the student attended prekindergarten
14 in the district; and

15 (C) the type of prekindergarten the student
16 attended, if applicable; and

17 (8) the information described by Subdivisions (6) and
18 (7) disaggregated by whether the student is educationally
19 disadvantaged.

20 SECTION 2.023. Subchapter E, Chapter 29, Education Code, is
21 amended by adding Section 29.1544 to read as follows:

22 Sec. 29.1544. REPORTING OF CERTAIN INFORMATION REGARDING
23 PREKINDERGARTEN PROGRAMS; AGENCY REPORT. (a) The agency by rule
24 shall require each school district that offers a prekindergarten
25 program under Section 29.153 and each private entity that provides
26 a prekindergarten program under contract with a school district to
27 report the following information in the form and manner prescribed

1 by the agency for each prekindergarten class offered by the
2 district or private entity:

3 (1) the number of students in each prekindergarten
4 class;

5 (2) the number of certified teachers in each
6 prekindergarten class;

7 (3) the number of teacher's aides in each
8 prekindergarten class;

9 (4) whether each prekindergarten class is full-day or
10 half-day; and

11 (5) if the district offers half-day classes, whether
12 the district offers two half-day classes per day.

13 (b) From the information submitted under Subsection (a),
14 the agency shall determine the total number of teachers and
15 teacher's aides in prekindergarten classes in this state.

16 (c) From the information submitted under Subsection (a) and
17 for purposes of calculating the student/teacher ratio for each
18 prekindergarten class offered by a school district or private
19 entity that provides a prekindergarten program under contract with
20 a school district, the agency shall count each teacher or teacher's
21 aide:

22 (1) once for a full-day class; and

23 (2) twice for a half-day class if the district offers
24 two half-day classes per day.

25 (d) Not later than August 1 of each year, the agency shall
26 prepare and submit a report to the legislature based on the
27 information collected under Subsection (a).

1 SECTION 2.024. Section 29.162, Education Code, is amended
2 to read as follows:

3 Sec. 29.162. RULES [~~DETERMINATION OF FULL-DAY AND~~
4 ~~HALF-DAY~~]. (a) The commissioner may adopt rules for this
5 subchapter, including rules establishing full-day and half-day
6 minutes of operation requirements as provided by Section 25.081.

7 (b) Section 2001.0045, Government Code, does not apply to
8 rules adopted under this section.

9 SECTION 2.025. The heading to Subchapter E-1, Chapter 29,
10 Education Code, is amended to read as follows:

11 SUBCHAPTER E-1. HIGH QUALITY PREKINDERGARTEN [~~GRANT~~] PROGRAM
12 REQUIREMENTS

13 SECTION 2.026. Section 29.164, Education Code, is amended
14 to read as follows:

15 Sec. 29.164. DEFINITION. In this subchapter, "program"
16 means a high quality prekindergarten [~~grant~~] program required under
17 Section 29.153(c-1) to be provided free of tuition or fees in
18 accordance with this subchapter.

19 SECTION 2.027. Section 29.167(a), Education Code, is
20 amended to read as follows:

21 (a) A school district shall select and implement a
22 curriculum for a prekindergarten [~~grant~~] program [~~under this~~
23 ~~subchapter~~] that:

24 (1) includes the prekindergarten guidelines
25 established by the agency;

26 (2) measures the progress of students in meeting the
27 recommended learning outcomes; and

1 (3) does not use national curriculum standards
2 developed by the Common Core State Standards Initiative.

3 SECTION 2.028. Section 29.170(a), Education Code, is
4 amended to read as follows:

5 (a) The commissioner shall evaluate the use and
6 effectiveness of prekindergarten funding [~~provided under this~~
7 ~~subchapter~~] in improving student learning. The commissioner shall
8 identify effective instruction strategies implemented by school
9 districts under this subchapter.

10 SECTION 2.029. Section 29.171(a), Education Code, is
11 amended to read as follows:

12 (a) A school district that offers a prekindergarten
13 [~~participating in the grant~~] program under this subchapter may
14 enter into a contract with an eligible private provider to provide
15 services or equipment for the program.

16 SECTION 2.030. Section 29.172, Education Code, is amended
17 to read as follows:

18 Sec. 29.172. RULES. (a) The commissioner may adopt rules
19 necessary to implement this subchapter.

20 (b) Section 2001.0045, Government Code, does not apply to
21 rules adopted under this section.

22 SECTION 2.031. Section 29.190, Education Code, is amended
23 by amending Subsection (a) and adding Subsection (a-1) to read as
24 follows:

25 (a) A student is entitled to a subsidy under this section
26 if:

27 (1) the student:

1 (A) successfully completes the career and
2 technology program of a school district in which the student
3 receives training and instruction for employment; or

4 (B) is enrolled in a special education program
5 under Subchapter A; and

6 (2) the student passes a certification examination to
7 qualify for a license or certificate that is an industry
8 certification for purposes of Section 39.053(c)(1)(B)(v),
9 administered while the student is enrolled in a school district.

10 (a-1) A student may not receive more than one subsidy under
11 this section.

12 SECTION 2.032. Subchapter F, Chapter 29, Education Code, is
13 amended by adding Section 29.194 to read as follows:

14 Sec. 29.194. SUMMER CAREER AND TECHNOLOGY EDUCATION GRANT
15 PROGRAM. (a) From funds appropriated or available for the purpose,
16 the commissioner, in cooperation with an appropriate private
17 entity, shall establish a grant program to provide funding to
18 school districts for career and technology education courses
19 offered during the summer.

20 (b) The commissioner may solicit and accept gifts,
21 donations, or other contributions for the grant program established
22 under this section.

23 (c) The commissioner may adopt rules as necessary to
24 implement this section.

25 SECTION 2.033. Subchapter Z, Chapter 29, Education Code, is
26 amended by adding Section 29.924 to read as follows:

27 Sec. 29.924. BLENDED LEARNING GRANT PROGRAM. (a) In this

1 section, "blended learning" means an instructional delivery method
2 that combines classroom and online instruction.

3 (b) From funds appropriated or available for purposes of
4 this section, the commissioner shall establish a grant program to
5 assist school districts and open-enrollment charter schools in
6 developing and implementing effective blended learning models,
7 including an innovative mathematics instructional program at a
8 campus designated as a mathematics innovation zone as provided by
9 Section 28.020. In awarding grants under the program, the
10 commissioner shall give priority to school districts and
11 open-enrollment charter schools that have the highest enrollment of
12 students who are educationally disadvantaged.

13 (c) A school district or open-enrollment charter school
14 that receives a grant under this section must:

15 (1) develop a plan to implement a blended learning
16 model that meets the requirements under Subsection (d);

17 (2) provide training to teachers and other relevant
18 personnel on effective blended learning practices using a program
19 approved by the commissioner for that purpose;

20 (3) after completion of the training under Subdivision
21 (2):

22 (A) certify to the agency that the blended
23 learning model has been implemented; and

24 (B) immediately following the fourth school year
25 of implementation, submit to the agency a report on student
26 outcomes under the blended learning model; and

27 (4) provide any other information to the agency as

1 necessary for the implementation of this section.

2 (d) A plan to implement a blended learning model developed
3 under Subsection (c) must:

4 (1) during the first year require implementation of
5 the model across an entire grade level at a campus and permit
6 subsequent expansion of the model to additional grade levels at the
7 campus or, if the campus has achieved full implementation of the
8 model across all grade levels, to additional campuses in a manner
9 that provides students a consistent learning experience;

10 (2) require teachers to differentiate instruction for
11 all students in a grade level using the blended learning model,
12 including by:

13 (A) using curricula and assessments that allow
14 each student to progress at the student's pace based on
15 demonstrated proficiency;

16 (B) providing learning opportunities that give
17 students, in collaboration with the teacher, control over the time,
18 place, path, and pace of the student's learning; and

19 (C) allocating a certain amount of instructional
20 preparation time to collaborating with students and developing
21 blended learning lesson plans and activities driven by individual
22 student needs;

23 (3) provide teachers and other relevant personnel with
24 professional development opportunities regarding blended learning;
25 and

26 (4) require the use of a proficiency-based assessment
27 to inform instruction and provide teachers with relevant

1 information regarding strengths and gaps in a student's learning
2 and proficiency in the essential knowledge and skills.

3 (e) Funds awarded under the grant program may be used only
4 to implement a program under this section and satisfy the
5 requirements under Subsection (c).

6 (f) A school district or open-enrollment charter school may
7 receive a grant under this section for not more than four
8 consecutive school years.

9 (g) The commissioner shall adopt rules as necessary to
10 implement this section, including rules establishing an
11 application and selection process for awarding grants under this
12 section and a list of programs that may be used for training under
13 Subsection (c)(2). In adopting rules under this subsection, the
14 commissioner may not impose any requirements on a school district's
15 or open-enrollment charter school's plan to implement a blended
16 learning model not listed under Subsection (d).

17 SECTION 2.034. Sections 39.0261(a), (e), and (f), Education
18 Code, are amended to read as follows:

19 (a) In addition to the assessment instruments otherwise
20 authorized or required by this subchapter:

21 (1) each school year and at state cost, a school
22 district may administer to students in the spring of the eighth
23 grade an established, valid, reliable, and nationally
24 norm-referenced preliminary college preparation assessment
25 instrument for the purpose of diagnosing the academic strengths and
26 deficiencies of students before entrance into high school;

27 (2) each school year and at state cost, a school

1 district may administer to students in the 10th grade an
2 established, valid, reliable, and nationally norm-referenced
3 preliminary college preparation assessment instrument for the
4 purpose of measuring a student's progress toward readiness for
5 college and the workplace; and

6 (3) high school students in the spring of the 11th
7 grade or during the 12th grade may select and take once, at state
8 cost:

9 (A) ~~[7]~~ one of the valid, reliable, and
10 nationally norm-referenced assessment instruments used by colleges
11 and universities as part of their undergraduate admissions
12 processes; or

13 (B) the assessment instrument designated by the
14 Texas Higher Education Coordinating Board under Section 51.334.

15 (e) Subsection (a)(3) does not prohibit a high school
16 student [~~in the spring of the 11th grade or during the 12th grade~~]
17 from selecting and taking, at the student's own expense, an
18 assessment instrument described by that subdivision [~~one of the~~
19 ~~valid, reliable, and nationally norm-referenced assessment~~
20 ~~instruments used by colleges and universities as part of their~~
21 ~~undergraduate admissions processes more than once~~].

22 (f) The provisions of this section regarding assessment
23 instruments administered under Subsection (a)(1) or (2) apply only
24 if the legislature appropriates funds for those purposes [~~of this~~
25 ~~section~~].

26 SECTION 2.035. Section 39.306(a), Education Code, is
27 amended to read as follows:

1 (a) Each board of trustees shall publish an annual report
2 describing the educational performance of the district and of each
3 campus in the district that includes uniform student performance
4 and descriptive information as determined under rules adopted by
5 the commissioner. The annual report must also include:

6 (1) campus performance objectives established under
7 Section 11.253 and the progress of each campus toward those
8 objectives, which shall be available to the public;

9 (2) information indicating the district's
10 accreditation status and identifying each district campus awarded a
11 distinction designation under Subchapter G or considered an
12 unacceptable campus under Chapter 39A;

13 (3) the district's current special education
14 compliance status with the agency;

15 (4) a statement of the number, rate, and type of
16 violent or criminal incidents that occurred on each district
17 campus, to the extent permitted under the Family Educational Rights
18 and Privacy Act of 1974 (20 U.S.C. Section 1232g);

19 (5) information concerning school violence prevention
20 and violence intervention policies and procedures that the district
21 is using to protect students;

22 (6) the findings that result from evaluations
23 conducted under the Safe and Drug-Free Schools and Communities Act
24 of 1994 (20 U.S.C. Section 7101 et seq.); ~~and~~

25 (7) information received under Section 51.403(e) for
26 each high school campus in the district, presented in a form
27 determined by the commissioner; and

1 (8) the progress of the district and each campus in the
2 district toward meeting the goals set in the district's:

3 (A) early childhood literacy and mathematics
4 proficiency plans adopted under Section 11.185; and

5 (B) college, career, and military readiness
6 plans adopted under Section 11.186.

7 SECTION 2.036. Subchapter Z, Chapter 39A, Education Code,
8 is amended by adding Section 39A.907 to read as follows:

9 Sec. 39A.907. ASSESSMENT INSTRUMENT STUDY. (a) The
10 commissioner shall enter into a memorandum of understanding with a
11 public institution of higher education to conduct a study to
12 determine whether, for each applicable grade level, each assessment
13 instrument administered under Section 39.023(a) during the
14 2018-2019 school year or scheduled to be administered during the
15 2019-2020 school year:

16 (1) is written at the appropriate reading level for
17 students in that grade level; and

18 (2) includes only:

19 (A) passages, questions, answers, and other
20 content aligned with the essential knowledge and skills adopted by
21 the State Board of Education for the applicable subject for the
22 grade level at which the assessment instrument is administered or
23 for any previous grade level; and

24 (B) passages written at a reading level not
25 higher than the grade level at which the assessment instrument is
26 administered.

27 (b) Not later than December 1, 2019, the commissioner shall

1 submit a report to the legislature and the presiding officer of each
2 legislative standing committee with jurisdiction over primary and
3 secondary education that includes the results of the study.

4 ARTICLE 2A. PROVISIONS REGARDING EMPLOYING, TERMINATING, AND
5 REPORTING MISCONDUCT OF PUBLIC SCHOOL AND RELATED ENTITY PERSONNEL

6 SECTION 2A.001. Section 12.027(a), Education Code, is
7 amended to read as follows:

8 (a) The State Board of Education may place on probation or
9 revoke a home-rule school district charter of a school district if
10 the board determines that the district:

11 (1) committed a material violation of the charter,
12 including by failure to comply with the duty to discharge or refuse
13 to hire certain employees or applicants for employment, as provided
14 by Section 12.0271;

15 (2) failed to satisfy generally accepted accounting
16 standards of fiscal management; or

17 (3) failed to comply with this subchapter or other
18 applicable federal or state law or rule.

19 SECTION 2A.002. Subchapter B, Chapter 12, Education Code,
20 is amended by adding Section 12.0271 to read as follows:

21 Sec. 12.0271. FAILURE TO DISCHARGE OR REFUSE TO HIRE
22 CERTAIN EMPLOYEES OR APPLICANTS. A home-rule school district
23 commits a material violation of the school district's charter if
24 the school district fails to comply with the duty to discharge or
25 refuse to hire certain employees or applicants for employment under
26 Section 22.085 or 22.092.

27 SECTION 2A.003. Section 12.056(b), Education Code, is

1 amended to read as follows:

2 (b) A campus or program for which a charter is granted under
3 this subchapter is subject to:

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

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

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

12 (B) criminal history records under Subchapter C,
13 Chapter 22;

14 (C) high school graduation under Section 28.025;

15 (D) special education programs under Subchapter
16 A, Chapter 29;

17 (E) bilingual education under Subchapter B,
18 Chapter 29;

19 (F) prekindergarten programs under Subchapter E,
20 Chapter 29;

21 (G) extracurricular activities under Section
22 33.081;

23 (H) health and safety under Chapter 38; ~~and~~

24 (I) public school accountability under
25 Subchapters B, C, D, F, and J, Chapter 39, and Chapter 39A; and

26 (J) the duty to discharge or refuse to hire
27 certain employees or applicants for employment under Section

1 [12.1059](#).

2 SECTION 2A.004. Section [12.063](#)(a), Education Code, is
3 amended to read as follows:

4 (a) A board of trustees may place on probation or revoke a
5 charter it grants if the board determines that the campus or
6 program:

7 (1) committed a material violation of the charter,
8 including by failure to comply with the duty to discharge or refuse
9 to hire certain employees or applicants for employment, as provided
10 by Section 12.0631;

11 (2) failed to satisfy generally accepted accounting
12 standards of fiscal management; or

13 (3) failed to comply with this subchapter, another
14 law, or a state agency rule.

15 SECTION 2A.005. Subchapter C, Chapter [12](#), Education Code,
16 is amended by adding Section 12.0631 to read as follows:

17 Sec. 12.0631. FAILURE TO DISCHARGE OR REFUSE TO HIRE
18 CERTAIN EMPLOYEES OR APPLICANTS. A campus or campus program
19 granted a charter under this subchapter commits a material
20 violation of its charter if the campus or program fails to comply
21 with the duty to discharge or refuse to hire certain employees or
22 applicants for employment under Section [12.1059](#), [22.085](#), or 22.092.

23 SECTION 2A.006. Section [12.1059](#), Education Code, is amended
24 to read as follows:

25 Sec. 12.1059. REQUIREMENTS [~~AGENCY APPROVAL REQUIRED~~] FOR
26 EMPLOYMENT OF CERTAIN EMPLOYEES. A person may not be employed by or
27 serve as a teacher, librarian, educational aide, administrator, or

1 school counselor for an open-enrollment charter school unless:

2 (1) the person has been approved by the agency
3 following a review of the person's national criminal history record
4 information as provided by Section [22.0832](#); and

5 (2) the school has confirmed that the person is not
6 included in the registry under Section 22.092.

7 SECTION 2A.007. Section [12.115](#)(a), Education Code, is
8 amended to read as follows:

9 (a) Except as provided by Subsection (c), the commissioner
10 shall revoke the charter of an open-enrollment charter school or
11 reconstitute the governing body of the charter holder if the
12 commissioner determines that the charter holder:

13 (1) committed a material violation of the charter,
14 including by a failure to:

15 (A) satisfy accountability provisions prescribed
16 by the charter; or

17 (B) comply with the duty to discharge or refuse
18 to hire certain employees or applicants for employment, as provided
19 by Section [12.1151](#);

20 (2) failed to satisfy generally accepted accounting
21 standards of fiscal management;

22 (3) failed to protect the health, safety, or welfare
23 of the students enrolled at the school;

24 (4) failed to comply with this subchapter or another
25 applicable law or rule;

26 (5) failed to satisfy the performance framework
27 standards adopted under Section [12.1181](#); or

1 (6) is imminently insolvent as determined by the
2 commissioner in accordance with commissioner rule.

3 SECTION 2A.008. Subchapter D, Chapter 12, Education Code,
4 is amended by adding Section 12.1151 to read as follows:

5 Sec. 12.1151. FAILURE TO DISCHARGE OR REFUSE TO HIRE
6 CERTAIN EMPLOYEES OR APPLICANTS. An open-enrollment charter school
7 commits a material violation of the school's charter if the school
8 fails to comply with the duty to discharge or refuse to hire certain
9 employees or applicants for employment under Section 12.1059,
10 22.085, or 22.092.

11 SECTION 2A.009. Section 12A.008, Education Code, is amended
12 by adding Subsection (b-1) to read as follows:

13 (b-1) The commissioner may terminate a district's
14 designation as a district of innovation if the district fails to
15 comply with the duty to discharge or refuse to hire certain
16 employees or applicants for employment under Section 12.1059,
17 applicable to the district under Section 12A.004(a)(1), or Section
18 22.085 or 22.092.

19 SECTION 2A.010. Section 21.006, Education Code, is amended
20 by amending Subsections (a), (b), (b-1), (b-2), (c-1), (d), and (e)
21 and adding Subsections (g-1) and (k) to read as follows:

22 (a) In this section:

23 (1) "Abuse" [~~,"abuse"~~] has the meaning assigned by
24 Section 261.001, Family Code, and includes any sexual conduct
25 involving an educator and a student or minor.

26 (2) "Other charter entity" means:

27 (A) a school district operating under a home-rule

1 school district charter adopted under Subchapter B, Chapter 12;

2 (B) a campus or campus program operating under a
3 charter granted under Subchapter C, Chapter 12; and

4 (C) an entity that contracts to partner with a
5 school district under Section 11.174(a)(2) to operate a district
6 campus under a charter granted to the entity by the district under
7 Subchapter C, Chapter 12.

8 (b) In addition to the reporting requirement under Section
9 261.101, Family Code, the superintendent or director of a school
10 district, district of innovation, open-enrollment charter school,
11 other charter entity, regional education service center, or shared
12 services arrangement shall notify the State Board for Educator
13 Certification if:

14 (1) an educator employed by or seeking employment by
15 the school district, district of innovation, charter school, other
16 charter entity, service center, or shared services arrangement has
17 a criminal record and the school district, district of innovation,
18 charter school, other charter entity, service center, or shared
19 services arrangement obtained information about the educator's
20 criminal record by a means other than the criminal history
21 clearinghouse established under Section 411.0845, Government Code;

22 (2) an educator's employment at the school district,
23 district of innovation, charter school, other charter entity,
24 service center, or shared services arrangement was terminated and
25 there is evidence that the educator:

26 (A) abused or otherwise committed an unlawful act
27 with a student or minor;

1 (A-1) was involved in a romantic relationship
2 with or solicited or engaged in sexual contact with a student or
3 minor;

4 (B) possessed, transferred, sold, or distributed
5 a controlled substance, as defined by Chapter 481, Health and
6 Safety Code, or by 21 U.S.C. Section 801 et seq.;

7 (C) illegally transferred, appropriated, or
8 expended funds or other property of the school district, district
9 of innovation, charter school, other charter entity, service
10 center, or shared services arrangement;

11 (D) attempted by fraudulent or unauthorized
12 means to obtain or alter a professional certificate or license for
13 the purpose of promotion or additional compensation; or

14 (E) committed a criminal offense or any part of a
15 criminal offense on school property or at a school-sponsored event;

16 (3) the educator resigned and there is evidence that
17 the educator engaged in misconduct described by Subdivision (2); or

18 (4) the educator engaged in conduct that violated the
19 assessment instrument security procedures established under
20 Section 39.0301.

21 (b-1) A superintendent or director of a school district,
22 district of innovation, open-enrollment charter school, other
23 charter entity, regional education service center, or shared
24 services arrangement shall complete an investigation of an educator
25 that involves evidence that the educator may have engaged in
26 misconduct described by Subsection (b)(2)(A) or (A-1), despite the
27 educator's resignation from employment before completion of the

1 investigation.

2 (b-2) The principal of a school district, district of
3 innovation, [~~or~~] open-enrollment charter school, or other charter
4 entity campus must notify the superintendent or director of the
5 school district, district of innovation, [~~or~~] charter school, or
6 other charter entity not later than the seventh business day after
7 the date:

8 (1) of an educator's termination of employment or
9 resignation following an alleged incident of misconduct described
10 by Subsection (b); or

11 (2) the principal knew about an educator's criminal
12 record under Subsection (b)(1).

13 (c-1) The report under Subsection (c):

14 (1) must be:

15 (A) [~~(1)~~] in writing; and

16 (B) [~~(2)~~] in a form prescribed by the board; and

17 (2) may be filed through the Internet portal developed
18 and maintained by the State Board for Educator Certification under
19 Subsection (g-1).

20 (d) The superintendent or director shall notify the board of
21 trustees or governing body of the school district, open-enrollment
22 charter school, other charter entity, regional education service
23 center, or shared services arrangement and the educator of the
24 filing of the report required by Subsection (c).

25 (e) A superintendent, director, or principal of a school
26 district, district of innovation, open-enrollment charter school,
27 other charter entity, regional education service center, or shared

1 services arrangement who in good faith and while acting in an
2 official capacity files a report with the State Board for Educator
3 Certification under this section or communicates with another
4 superintendent, director, or principal concerning an educator's
5 criminal record or alleged incident of misconduct is immune from
6 civil or criminal liability that might otherwise be incurred or
7 imposed.

8 (g-1) The State Board for Educator Certification shall
9 develop and maintain an Internet portal through which a report
10 required under Subsection (c) may be confidentially and securely
11 filed.

12 (k) The commissioner may review the records of a school
13 district, district of innovation, open-enrollment charter school,
14 other charter entity, regional education service center, or shared
15 services arrangement to ensure compliance with the requirement to
16 report misconduct under this section.

17 SECTION 2A.011. Section 21.0061, Education Code, is amended
18 by amending Subsection (a) and adding Subsection (c) to read as
19 follows:

20 (a) The board of trustees or governing body of a school
21 district, district of innovation, open-enrollment charter school,
22 other charter entity, regional education service center, or shared
23 services arrangement shall adopt a policy under which notice is
24 provided to the parent or guardian of a student with whom an
25 educator is alleged to have engaged in misconduct described by
26 Section 21.006(b)(2)(A) or (A-1) informing the parent or guardian:

27 (1) that the alleged misconduct occurred;

1 (2) whether the educator was terminated following an
2 investigation of the alleged misconduct or resigned before
3 completion of the investigation; and

4 (3) whether a report was submitted to the State Board
5 for Educator Certification concerning the alleged misconduct.

6 (c) In this section, "other charter entity" has the meaning
7 assigned by Section 21.006.

8 SECTION 2A.012. Subchapter B, Chapter 21, Education Code,
9 is amended by adding Section 21.0585 to read as follows:

10 Sec. 21.0585. NOTICE TO AGENCY REGARDING REVOCATION OF
11 CERTIFICATE OR PERMIT FOR CERTAIN MISCONDUCT. The board shall
12 promptly notify the agency for purposes of Section 22.092 if the
13 board revokes a certificate or permit of a person on a finding that
14 the person engaged in misconduct described by Section
15 21.006(b)(2)(A) or (A-1).

16 SECTION 2A.013. Subchapter C, Chapter 22, Education Code,
17 is amended by adding Sections 22.0815 and 22.0825 to read as
18 follows:

19 Sec. 22.0815. APPLICABILITY OF SUBCHAPTER TO DISTRICTS OF
20 INNOVATION AND OTHER CHARTER ENTITIES. (a) In this section, "other
21 charter entity" has the meaning assigned by Section 21.006.

22 (b) A prohibition, restriction, or requirement imposed by
23 this subchapter on an open-enrollment charter school applies to the
24 same extent to a district of innovation or other charter entity.

25 (c) The failure of a district of innovation to provide
26 information required under Section 22.0832 may result in
27 termination of the district's designation as a district of

1 innovation.

2 Sec. 22.0825. ACCESS TO CRIMINAL HISTORY RECORDS BY TEXAS
3 EDUCATION AGENCY. (a) In this section, "other charter entity" has
4 the meaning assigned by Section 21.006.

5 (b) The agency shall subscribe to the criminal history
6 clearinghouse as provided by Section 411.0845, Government Code, and
7 may obtain from any law enforcement or criminal justice agency all
8 criminal history record information and all records contained in
9 any closed criminal investigation file that relate to a specific
10 applicant for employment or current or former employee of a school
11 district, district of innovation, open-enrollment charter school,
12 other charter entity, regional education service center, or shared
13 services arrangement.

14 SECTION 2A.014. The heading to Section 22.085, Education
15 Code, is amended to read as follows:

16 Sec. 22.085. EMPLOYEES AND APPLICANTS CONVICTED OF OR
17 PLACED ON DEFERRED ADJUDICATION COMMUNITY SUPERVISION FOR CERTAIN
18 OFFENSES.

19 SECTION 2A.015. Sections 22.085(a) and (e), Education Code,
20 are amended to read as follows:

21 (a) A school district, open-enrollment charter school, or
22 shared services arrangement shall discharge or refuse to hire an
23 employee or applicant for employment if the district, school, or
24 shared services arrangement obtains information through a criminal
25 history record information review that[+]

26 [~~1~~] the employee or applicant has been:

27 (1) convicted of or placed on deferred adjudication

1 community supervision for~~+~~

2 ~~[(A) a felony offense under Title 5, Penal Code,~~

3 ~~[(B)] an offense for ~~[on conviction of]~~ which a~~

4 defendant is required to register as a sex offender under Chapter

5 62, Code of Criminal Procedure; or

6 (2) convicted of:

7 (A) a felony offense under Title 5, Penal Code,

8 if the victim of the offense was under 18 years of age at the time

9 the offense was committed; or

10 (B) [(C)] an offense under the laws of another

11 state or federal law that is equivalent to an offense under

12 Subdivision (1) or Paragraph (A) ~~[or (B); and~~

13 ~~[(2) at the time the offense occurred, the victim of~~

14 ~~the offense described by Subdivision (1) was under 18 years of age~~

15 ~~or was enrolled in a public school].~~

16 (e) The State Board for Educator Certification may impose a

17 sanction on an educator who does not discharge an employee or refuse

18 to hire an applicant for employment if the educator knows or should

19 have known, through a criminal history record information review,

20 that the employee or applicant has been:

21 (1) convicted of or placed on deferred adjudication

22 community supervision for an offense described by Subsection

23 (a)(1); or

24 (2) convicted of an offense described by Subsection

25 (a)(2) ~~[(a)].~~

26 SECTION 2A.016. Chapter 22, Education Code, is amended by

27 adding Subchapter C-1 to read as follows:

1 SUBCHAPTER C-1. PERSONS NOT ELIGIBLE FOR EMPLOYMENT IN PUBLIC
2 SCHOOLS

3 Sec. 22.091. DEFINITION. In this subchapter, "other
4 charter entity" has the meaning assigned by Section 21.006.

5 Sec. 22.092. REGISTRY OF PERSONS NOT ELIGIBLE FOR
6 EMPLOYMENT IN PUBLIC SCHOOLS. (a) The agency shall maintain and
7 make available through the Internet portal developed and maintained
8 by the agency under Section 22.095 a registry of persons who are not
9 eligible to be employed by a school district, district of
10 innovation, open-enrollment charter school, other charter entity,
11 regional education service center, or shared services arrangement.

12 (b) A school district, district of innovation,
13 open-enrollment charter school, other charter entity, regional
14 education service center, or shared services arrangement shall
15 discharge or refuse to hire a person listed on the registry
16 maintained under this section.

17 (c) The registry maintained under this section must list the
18 following persons as not eligible to be employed by public schools:

19 (1) a person determined by the agency under Section
20 22.0832 as a person who would not be eligible for educator
21 certification under Subchapter B, Chapter 21;

22 (2) a person determined by the agency to be not
23 eligible for employment based on the person's criminal history
24 record information review, as provided by Section 22.0833;

25 (3) a person who is not eligible for employment based
26 on criminal history record information received by the agency under
27 Section 21.058(b);

1 (4) a person whose certification or permit issued
2 under Subchapter B, Chapter 21, is revoked by the State Board for
3 Educator Certification on a finding that the person engaged in
4 misconduct described by Section 21.006(b)(2)(A) or (A-1); and

5 (5) a person who is determined by the commissioner
6 under Section 22.094 to have engaged in misconduct described by
7 Section 22.093(c)(1)(A) or (B).

8 (d) The agency shall provide private schools and public
9 schools equivalent access to the registry maintained under this
10 section.

11 (e) The agency shall adopt rules as necessary to implement
12 this section.

13 Sec. 22.093. REQUIREMENT TO REPORT EMPLOYEE MISCONDUCT.

14 (a) In this section, "abuse" has the meaning assigned by Section
15 261.001, Family Code, and includes any sexual conduct involving a
16 student or minor.

17 (b) This section applies to a person who is employed by a
18 school district, district of innovation, open-enrollment charter
19 school, other charter entity, regional education service center, or
20 shared services arrangement and who does not hold a certification
21 or permit issued under Subchapter B, Chapter 21.

22 (c) In addition to the reporting requirement under Section
23 261.101, Family Code, the superintendent or director of a school
24 district, district of innovation, open-enrollment charter school,
25 other charter entity, regional education service center, or shared
26 services arrangement shall notify the commissioner if:

27 (1) an employee's employment at the school district,

1 district of innovation, charter school, other charter entity,
2 service center, or shared services arrangement was terminated and
3 there is evidence that the employee:

4 (A) abused or otherwise committed an unlawful act
5 with a student or minor; or

6 (B) was involved in a romantic relationship with
7 or solicited or engaged in sexual contact with a student or minor;
8 or

9 (2) the employee resigned and there is evidence that
10 the employee engaged in misconduct described by Subdivision (1).

11 (d) A superintendent or director of a school district,
12 district of innovation, open-enrollment charter school, other
13 charter entity, regional education service center, or shared
14 services arrangement shall complete an investigation of an employee
15 that involves evidence that the employee may have engaged in
16 misconduct described by Subsection (c)(1)(A) or (B), despite the
17 employee's resignation from employment before completion of the
18 investigation.

19 (e) The principal of a school district, district of
20 innovation, open-enrollment charter school, or other charter
21 entity campus must notify the superintendent or director of the
22 school district, district of innovation, charter school, or other
23 charter entity not later than the seventh business day after the
24 date of an employee's termination of employment or resignation
25 following an alleged incident of misconduct described by Subsection
26 (c)(1)(A) or (B).

27 (f) The superintendent or director must notify the

1 commissioner by filing a report with the commissioner not later
2 than the seventh business day after the date the superintendent or
3 director receives a report from a principal under Subsection (e) or
4 knew about an employee's termination of employment or resignation
5 following an alleged incident of misconduct described by Subsection
6 (c)(1)(A) or (B). The report must be:

7 (1) in writing; and

8 (2) in a form prescribed by the commissioner.

9 (g) The superintendent or director shall notify the board of
10 trustees or governing body of the school district, district of
11 innovation, open-enrollment charter school, other charter entity,
12 regional education service center, or shared services arrangement
13 and the employee of the filing of the report required by Subsection
14 (f).

15 (h) A superintendent or director who in good faith and while
16 acting in an official capacity files a report with the commissioner
17 under Subsection (f) or a principal who in good faith and while
18 acting in an official capacity notifies a superintendent or
19 director under Subsection (e) is immune from civil or criminal
20 liability that might otherwise be incurred or imposed.

21 (i) The commissioner shall refer an educator who fails to
22 file a report in violation of Subsection (f) to the State Board for
23 Educator Certification, and the board shall determine whether to
24 impose sanctions against the educator.

25 (j) The name of a student or minor who is the victim of abuse
26 or unlawful conduct by an employee must be included in a report
27 filed under this section, but the name of the student or minor is

1 not public information under Chapter 552, Government Code.

2 (k) A superintendent or director required to file a report
3 under Subsection (f) commits an offense if the superintendent or
4 director fails to file the report by the date required by that
5 subsection with intent to conceal an employee's criminal record or
6 alleged incident of misconduct. A principal required to notify a
7 superintendent or director about an employee's alleged incident of
8 misconduct under Subsection (e) commits an offense if the principal
9 fails to provide the notice by the date required by that subsection
10 with intent to conceal an employee's alleged incident of
11 misconduct. An offense under this subsection is a state jail
12 felony.

13 (l) The commissioner may review the records of a school
14 district, district of innovation, open-enrollment charter school,
15 other charter entity, regional education service center, or shared
16 services arrangement to ensure compliance with the requirement to
17 report misconduct under this section.

18 (m) The commissioner shall adopt rules as necessary to
19 implement this section.

20 Sec. 22.094. NOTICE OF ALLEGED MISCONDUCT; INVESTIGATION;
21 HEARING. (a) A person described by Section 22.093(b) and who is
22 the subject of a report that alleges misconduct described by
23 Section 22.093(c)(1)(A) or (B) is entitled to a hearing on the
24 merits of the allegations of misconduct under the procedures
25 provided by Chapter 2001, Government Code, to contest the
26 allegation in the report.

27 (b) On receiving a report filed under Section 22.093(f), the

1 commissioner shall promptly send to the person who is the subject of
2 the report a notice that includes:

3 (1) a statement informing the person that the person
4 must request a hearing on the merits of the allegations of
5 misconduct within the period provided by Subsection (c);

6 (2) a request that the person submit a written
7 response within the period provided by Subsection (c) to show cause
8 why the commissioner should not pursue an investigation; and

9 (3) a statement informing the person that if the
10 person does not timely submit a written response to show cause as
11 provided by Subdivision (2), the agency shall provide information
12 indicating the person is under investigation in the manner provided
13 by Subsection (d).

14 (c) A person entitled to a hearing under Subsection (a) must
15 request a hearing and submit a written response to show cause not
16 later than the 10th day after the date the person receives the
17 notice from the commissioner provided under Subsection (b).

18 (d) If a person who receives notice provided under
19 Subsection (b) does not timely submit a written response to show
20 cause why the commissioner should not pursue an investigation, the
21 commissioner shall instruct the agency to make available through
22 the Internet portal developed and maintained by the agency under
23 Section 22.095 information indicating that the person is under
24 investigation for alleged misconduct.

25 (e) If a person entitled to a hearing under Subsection (a)
26 does not request a hearing as provided by Subsection (c), the
27 commissioner shall:

1 (1) based on the report filed under Section 22.093(f),
2 make a determination whether the person engaged in misconduct; and

3 (2) if the commissioner determines that the person
4 engaged in misconduct described by Section 22.093(c)(1)(A) or (B),
5 instruct the agency to add the person's name to the registry
6 maintained under Section 22.092.

7 (f) If a person entitled to a hearing under Subsection (a)
8 requests a hearing as provided by Subsection (c) and the final
9 decision in that hearing determines that the person engaged in
10 misconduct described by Section 22.093(c)(1)(A) or (B), the
11 commissioner shall instruct the agency to add the person's name to
12 the registry maintained under Section 22.092.

13 (g) If a person entitled to a hearing under Subsection (a)
14 requests a hearing as provided by Subsection (c) and the final
15 decision in that hearing determines that the person did not engage
16 in misconduct described by Section 22.093(c)(1)(A) or (B), the
17 commissioner shall instruct the agency to immediately remove from
18 the Internet portal developed and maintained by the agency under
19 Section 22.095 the information indicating that the person is under
20 investigation for alleged misconduct.

21 (h) The commissioner shall adopt rules as necessary to
22 implement this section.

23 Sec. 22.095. INTERNET PORTAL. The agency shall develop and
24 maintain an Internet portal through which:

25 (1) a report required under Section 22.093(f) may be
26 confidentially and securely filed; and

27 (2) the agency makes available:

1 (A) the registry of persons who are not eligible
2 to be employed in public schools as described by Section 22.092; and

3 (B) information indicating that a person is under
4 investigation for alleged misconduct in accordance with Section
5 22.094(d), provided that the agency must provide the information
6 through a procedure other than the registry described under
7 Paragraph (A).

8 Sec. 22.096. COMPLIANCE MONITORING. The agency shall
9 periodically conduct site visits and review the records of school
10 districts, districts of innovation, open-enrollment charter
11 schools, other charter entities, regional education service
12 centers, and shared services arrangements to ensure compliance with
13 Section 22.092(b).

14 SECTION 2A.017. Section 39.0302(a), Education Code, is
15 amended to read as follows:

16 (a) During an agency investigation or audit of a school
17 district under Section 39.0301(e) or (f), an accreditation
18 investigation under Section 39.057(a)(8) or (14), a compliance
19 review under Section 21.006(k), 22.093(l), or 22.096, or an
20 investigation by the State Board for Educator Certification of an
21 educator for an alleged violation of an assessment instrument
22 security procedure established under Section 39.0301(a), the
23 commissioner may issue a subpoena to compel the attendance of a
24 relevant witness or the production, for inspection or copying, of
25 relevant evidence that is located in this state.

26 ARTICLE 3. CONFORMING CHANGES

27 SECTION 3.001. Sections 7.055(b)(34) and (35), Education

1 Code, are amended to read as follows:

2 (34) The commissioner shall perform duties in
3 connection with the options for local revenue levels in excess of
4 entitlement [~~equalized wealth level~~] under Chapter 49 [41].

5 (35) The commissioner shall perform duties in
6 connection with the Foundation School Program as prescribed by
7 Chapter 48 [42].

8 SECTION 3.002. Sections 7.062(a) and (c), Education Code,
9 are amended to read as follows:

10 (a) In this section, "wealth per student" means a school
11 district's taxable value of property as determined under Subchapter
12 M, Chapter 403, Government Code, or, if applicable, Section 48.258
13 [~~42.2521~~], divided by the district's average daily attendance as
14 determined under Section 48.005 [~~42.005~~].

15 (c) Except as otherwise provided by this subsection, if the
16 commissioner certifies that the amount appropriated for a state
17 fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds
18 the amount to which school districts are entitled under those
19 subchapters for that year, the commissioner shall use the excess
20 funds, in an amount not to exceed \$20 million in any state fiscal
21 year, for the purpose of making grants under this section. The use
22 of excess funds under this subsection has priority over any
23 provision of Chapter 48 [42] that permits or directs the use of
24 excess foundation school program funds, including Sections 48.258
25 [~~42.2517, 42.2521~~], 48.259 [~~42.2522~~], and 48.267 [~~42.2531~~]. The
26 commissioner is required to use excess funds as provided by this
27 subsection only if the commissioner is not required to reduce the

1 total amount of state funds allocated to school districts under
2 Section 48.266(f) [~~42.253(h)~~].

3 SECTION 3.003. Section 7.102(c)(30), Education Code, is
4 amended to read as follows:

5 (30) The board shall perform duties in connection with
6 the Foundation School Program as prescribed by Chapter 48 [~~42~~].

7 SECTION 3.004. Section 8.051(d), Education Code, is amended
8 to read as follows:

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

12 (1) training and assistance in:

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

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

17 (2) training and assistance in providing a gifted and
18 talented program and each program that qualifies for a funding
19 allotment under Section 48.102 [~~42.151~~], 48.104 [~~42.152~~], or 48.105
20 [~~42.153, or 42.156~~];

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

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

27 (5) assistance specifically designed for a school

1 district that is considered out of compliance with state or federal
2 special education requirements, based on the agency's most recent
3 compliance review of the district's special education programs; and

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

5 SECTION 3.005. Section 8.056, Education Code, is amended to
6 read as follows:

7 Sec. 8.056. LIMITATION ON COMPENSATION FOR CERTAIN
8 SERVICES. A regional education service center that acts as a fiscal
9 agent or broker in connection with an agreement between two school
10 districts under Subchapter E, Chapter 49 [~~41~~], may not, unless
11 authorized in writing by the district receiving transferred funds
12 in accordance with the agreement:

13 (1) be compensated by the districts in an amount that
14 exceeds the administrative cost of providing the service; or

15 (2) otherwise retain for use by the center any amount
16 other than the compensation permitted under Subdivision (1) from
17 the funds transferred between the districts in accordance with the
18 agreement.

19 SECTION 3.006. Section 11.158(a), Education Code, is
20 amended to read as follows:

21 (a) The board of trustees of an independent school district
22 may require payment of:

23 (1) a fee for materials used in any program in which
24 the resultant product in excess of minimum requirements becomes, at
25 the student's option, the personal property of the student, if the
26 fee does not exceed the cost of materials;

27 (2) membership dues in student organizations or clubs

1 and admission fees or charges for attending extracurricular
2 activities, if membership or attendance is voluntary;

3 (3) a security deposit for the return of materials,
4 supplies, or equipment;

5 (4) a fee for personal physical education and athletic
6 equipment and apparel, although any student may provide the
7 student's own equipment or apparel if it meets reasonable
8 requirements and standards relating to health and safety
9 established by the board;

10 (5) a fee for items of personal use or products that a
11 student may purchase at the student's option, such as student
12 publications, class rings, annuals, and graduation announcements;

13 (6) a fee specifically permitted by any other statute;

14 (7) a fee for an authorized voluntary student health
15 and accident benefit plan;

16 (8) a reasonable fee, not to exceed the actual annual
17 maintenance cost, for the use of musical instruments and uniforms
18 owned or rented by the district;

19 (9) a fee for items of personal apparel that become the
20 property of the student and that are used in extracurricular
21 activities;

22 (10) a parking fee or a fee for an identification card;

23 (11) a fee for a driver training course, not to exceed
24 the actual district cost per student in the program for the current
25 school year;

26 (12) a fee for a course offered for credit that
27 requires the use of facilities not available on the school premises

1 or the employment of an educator who is not part of the school's
2 regular staff, if participation in the course is at the student's
3 option;

4 (13) a fee for a course offered during summer school,
5 except that the board may charge a fee for a course required for
6 graduation only if the course is also offered without a fee during
7 the regular school year;

8 (14) a reasonable fee for transportation of a student
9 who lives within two miles of the school the student attends to and
10 from that school, except that the board may not charge a fee for
11 transportation for which the school district receives funds under
12 Section 48.151(d) [~~42.155(d)~~];

13 (15) a reasonable fee, not to exceed \$50, for costs
14 associated with an educational program offered outside of regular
15 school hours through which a student who was absent from class
16 receives instruction voluntarily for the purpose of making up the
17 missed instruction and meeting the level of attendance required
18 under Section 25.092; or

19 (16) if the district does not receive any funds under
20 Section 48.151 [~~42.155~~] and does not participate in a county
21 transportation system for which an allotment is provided under
22 Section 48.151(i) [~~42.155(i)~~], a reasonable fee for the
23 transportation of a student to and from the school the student
24 attends.

25 SECTION 3.007. Section 11.174(a), Education Code, is
26 amended to read as follows:

27 (a) A school district campus qualifies for an exemption from

1 intervention as provided by Subsection (f) and qualifies for
2 funding as provided by Section 48.252 [~~42.2511~~] if the board of
3 trustees of the district contracts to partner to operate the
4 district campus as provided by this section with:

5 (1) the governing body of an open-enrollment charter
6 school; or

7 (2) on approval by the commissioner, an entity granted
8 a charter by the district under Subchapter C, Chapter 12, that is
9 eligible to be awarded a charter under Section 12.101(a).

10 SECTION 3.008. Section 12.013(b), Education Code, is
11 amended to read as follows:

12 (b) A home-rule school district is subject to:

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

15 (2) a provision of this title relating to limitations
16 on liability; and

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

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

23 (B) educator certification under Chapter 21 and
24 educator rights under Sections 21.407, 21.408, and 22.001;

25 (C) criminal history records under Subchapter C,
26 Chapter 22;

27 (D) student admissions under Section 25.001;

- 1 (E) school attendance under Sections 25.085,
2 25.086, and 25.087;
- 3 (F) inter-district or inter-county transfers of
4 students under Subchapter B, Chapter 25;
- 5 (G) elementary class size limits under Section
6 25.112, in the case of any campus in the district that fails to
7 satisfy any standard under Section 39.054(e);
- 8 (H) high school graduation under Section 28.025;
- 9 (I) special education programs under Subchapter
10 A, Chapter 29;
- 11 (J) bilingual education under Subchapter B,
12 Chapter 29;
- 13 (K) prekindergarten programs under Subchapter E,
14 Chapter 29;
- 15 (L) safety provisions relating to the
16 transportation of students under Sections 34.002, 34.003, 34.004,
17 and 34.008;
- 18 (M) computation and distribution of state aid
19 under Chapters 31, ~~42, and~~ 43, and 48;
- 20 (N) extracurricular activities under Section
21 33.081;
- 22 (O) health and safety under Chapter 38;
- 23 (P) public school accountability under
24 Subchapters B, C, D, and J, Chapter 39, and Chapter 39A;
- 25 (Q) options for local revenue levels in excess of
26 entitlement ~~[equalized wealth]~~ under Chapter 49 ~~[41]~~;
- 27 (R) a bond or other obligation or tax rate under

1 Chapters [~~42,~~] 43, [~~and~~] 45, and 48; and

2 (S) purchasing under Chapter 44.

3 SECTION 3.009. Section 12.029(b), Education Code, is
4 amended to read as follows:

5 (b) Except as provided by Subchapter H, Chapter 49 [~~41~~], if
6 two or more school districts having different status, one of which
7 is home-rule school district status, consolidate into a single
8 district, the petition under Section 13.003 initiating the
9 consolidation must state the status for the consolidated district.
10 The ballot shall be printed to permit voting for or against the
11 proposition: "Consolidation of (names of school districts) into a
12 single school district governed as (status of school district
13 specified in the petition)."

14 SECTION 3.010. Section 13.051(c), Education Code, is
15 amended to read as follows:

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

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

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

24 (B) \$5,000 property value per student in average
25 daily attendance as determined under Section 48.005 [~~42.005~~]; and

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

1 SECTION 3.011. Section 13.054(i), Education Code, is
2 amended to read as follows:

3 (i) The funding provided under Subsection (f), (g), or (h)
4 is in addition to other funding the district receives through other
5 provisions of this code, including Chapters 48 [~~41~~] and 49 [~~42~~].

6 SECTION 3.012. Sections 13.282(a) and (b), Education Code,
7 are amended to read as follows:

8 (a) The amount of incentive aid payments may not exceed the
9 difference between:

10 (1) the sum of the entitlements computed under Section
11 48.266 [~~42.253~~] that would have been paid to the districts included
12 in the reorganized district if the districts had not been
13 consolidated; and

14 (2) the amount to which the reorganized district is
15 entitled under Section 48.266 [~~42.253~~].

16 (b) If the reorganized district is not eligible for an
17 entitlement under Section 48.266 [~~42.253~~], the amount of the
18 incentive aid payments may not exceed the sum of the entitlements
19 computed under Section 48.266 [~~42.253~~] for which the districts
20 included in the reorganized district were eligible in the school
21 year when they were consolidated.

22 SECTION 3.013. Section 13.283, Education Code, is amended
23 to read as follows:

24 Sec. 13.283. PAYMENTS REDUCED. The incentive aid payments
25 shall be reduced in direct proportion to any reduction in the
26 average daily attendance as determined under Section 48.005
27 [~~42.005~~] of the reorganized school district for the preceding year.

1 SECTION 3.014. Section 21.402(a), Education Code, is
2 amended to read as follows:

3 (a) Except as provided by Subsection (e-1) or (f), a school
4 district must pay each classroom teacher, full-time librarian,
5 full-time school counselor certified under Subchapter B, or
6 full-time school nurse not less than the minimum monthly salary,
7 based on the employee's level of experience in addition to other
8 factors, as determined by commissioner rule, determined by the
9 following formula:

10
$$MS = SF \times FS$$

11 where:

12 "MS" is the minimum monthly salary;

13 "SF" is the applicable salary factor specified by Subsection
14 (c); and

15 "FS" is the amount, as determined by the commissioner under
16 Subsection (b), of the basic allotment as provided by Section
17 48.051(a) [~~42.101(a)~~] or (b) for a school district with a
18 maintenance and operations tax rate at least equal to the state
19 maximum compressed tax rate, as defined by Section 48.051(a)
20 [~~42.101(a)~~].

21 SECTION 3.015. Section 21.4021(a), Education Code, is
22 amended to read as follows:

23 (a) Notwithstanding Section 21.401 and subject to Section
24 21.4022, the board of trustees of a school district may, in
25 accordance with district policy, implement a furlough program and
26 reduce the number of days of service otherwise required under
27 Section 21.401 by not more than six days of service during a school

1 year if the commissioner certifies in accordance with Section
2 48.010 [~~42.009~~] that the district will be provided with less state
3 and local funding for that year than was provided to the district
4 for the 2010-2011 school year.

5 SECTION 3.016. Section 25.001(a), Education Code, is
6 amended to read as follows:

7 (a) A person who, on the first day of September of any school
8 year, is at least five years of age and under 21 years of age, or is
9 at least 21 years of age and under 26 years of age and is admitted by
10 a school district to complete the requirements for a high school
11 diploma is entitled to the benefits of the available school fund for
12 that year. Any other person enrolled in a prekindergarten class
13 under Section 29.153 [~~or Subchapter E-1, Chapter 29,~~] is entitled
14 to the benefits of the available school fund.

15 SECTION 3.017. Section 25.008(b), Education Code, is
16 amended to read as follows:

17 (b) Subsection (a) does not apply to enrollment in a program
18 under Section 29.088 or [~~7~~] 29.090 [~~7, or 29.098~~] or in a similar
19 intensive program.

20 SECTION 3.018. Section 25.081(e), Education Code, is
21 amended to read as follows:

22 (e) A school district or education program is exempt from
23 the minimum minutes of operation requirement if the district's or
24 program's average daily attendance is calculated under Section
25 48.005(j) [~~42.005(j)~~].

26 SECTION 3.019. Section 25.081(f), Education Code, as added
27 by Chapter 851 (H.B. 2442), Acts of the 85th Legislature, Regular

1 Session, 2017, is amended to read as follows:

2 (f) The commissioner may proportionally reduce the amount
3 of funding a district receives under Chapter [~~41, 42, or~~] 46, 48, or
4 49 and the average daily attendance calculation for the district if
5 the district operates on a calendar that provides fewer minutes of
6 operation than required under Subsection (a).

7 SECTION 3.020. Sections 25.112(a) and (b), Education Code,
8 are amended to read as follows:

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

13 (1) any 12-week period of the school year selected by
14 the district, in the case of a district whose average daily
15 attendance is adjusted under Section 48.005(c) [~~42.005(c)~~]; or

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

18 (b) Not later than the 30th day after the first day of the
19 12-week period for which a district whose average daily attendance
20 is adjusted under Section 48.005(c) [~~42.005(c)~~] is claiming an
21 exemption under Subsection (a), the district shall notify the
22 commissioner in writing that the district is claiming an exemption
23 for the period stated in the notice.

24 SECTION 3.021. Section 28.0061(b), Education Code, is
25 amended to read as follows:

26 (b) A school district is eligible to participate in the
27 pilot program if, as determined by the commissioner, the district

1 has low student performance on:

2 (1) a reading instrument administered in accordance
3 with Section 28.006(c) or (c-2); or

4 (2) a third grade reading assessment instrument
5 administered under Section 39.023(a).

6 SECTION 3.022. Section 28.0211(m-1), Education Code, is
7 amended to read as follows:

8 (m-1) For purposes of certification under Subsection (m),
9 the commissioner may not consider Foundation School Program funds
10 except for compensatory education funds under Section 48.104
11 [~~42.152~~]. This section may be implemented only if the commissioner
12 certifies that sufficient funds have been appropriated during a
13 school year for administering the accelerated instruction programs
14 specified under this section and Section 28.0217, including teacher
15 training for that purpose.

16 SECTION 3.023. Section 29.001, Education Code, is amended
17 to read as follows:

18 Sec. 29.001. STATEWIDE PLAN. The agency shall develop, and
19 modify as necessary, a statewide design, consistent with federal
20 law, for the delivery of services to children with disabilities in
21 this state that includes rules for the administration and funding
22 of the special education program so that a free appropriate public
23 education is available to all of those children between the ages of
24 three and 21. The statewide design shall include the provision of
25 services primarily through school districts and shared services
26 arrangements, supplemented by regional education service
27 centers. The agency shall also develop and implement a statewide

1 plan with programmatic content that includes procedures designed
2 to:

3 (1) ensure state compliance with requirements for
4 supplemental federal funding for all state-administered programs
5 involving the delivery of instructional or related services to
6 students with disabilities;

7 (2) facilitate interagency coordination when other
8 state agencies are involved in the delivery of instructional or
9 related services to students with disabilities;

10 (3) periodically assess statewide personnel needs in
11 all areas of specialization related to special education and pursue
12 strategies to meet those needs through a consortium of
13 representatives from regional education service centers, local
14 education agencies, and institutions of higher education and
15 through other available alternatives;

16 (4) ensure that regional education service centers
17 throughout the state maintain a regional support function, which
18 may include direct service delivery and a component designed to
19 facilitate the placement of students with disabilities who cannot
20 be appropriately served in their resident districts;

21 (5) allow the agency to effectively monitor and
22 periodically conduct site visits of all school districts to ensure
23 that rules adopted under this section are applied in a consistent
24 and uniform manner, to ensure that districts are complying with
25 those rules, and to ensure that annual statistical reports filed by
26 the districts and not otherwise available through the Public
27 Education Information Management System under Sections 48.008 and

1 48.009 [~~Section 42.006~~] are accurate and complete;

2 (6) ensure that appropriately trained personnel are
3 involved in the diagnostic and evaluative procedures operating in
4 all districts and that those personnel routinely serve on district
5 admissions, review, and dismissal committees;

6 (7) ensure that an individualized education program
7 for each student with a disability is properly developed,
8 implemented, and maintained in the least restrictive environment
9 that is appropriate to meet the student's educational needs;

10 (8) ensure that, when appropriate, each student with a
11 disability is provided an opportunity to participate in career and
12 technology and physical education classes, in addition to
13 participating in regular or special classes;

14 (9) ensure that each student with a disability is
15 provided necessary related services;

16 (10) ensure that an individual assigned to act as a
17 surrogate parent for a child with a disability, as provided by 20
18 U.S.C. Section 1415(b), is required to:

19 (A) complete a training program that complies
20 with minimum standards established by agency rule;

21 (B) visit the child and the child's school;

22 (C) consult with persons involved in the child's
23 education, including teachers, caseworkers, court-appointed
24 volunteers, guardians ad litem, attorneys ad litem, foster parents,
25 and caretakers;

26 (D) review the child's educational records;

27 (E) attend meetings of the child's admission,

1 review, and dismissal committee;

2 (F) exercise independent judgment in pursuing
3 the child's interests; and

4 (G) exercise the child's due process rights under
5 applicable state and federal law; and

6 (11) ensure that each district develops a process to
7 be used by a teacher who instructs a student with a disability in a
8 regular classroom setting:

9 (A) to request a review of the student's
10 individualized education program;

11 (B) to provide input in the development of the
12 student's individualized education program;

13 (C) that provides for a timely district response
14 to the teacher's request; and

15 (D) that provides for notification to the
16 student's parent or legal guardian of that response.

17 SECTION 3.024. Section 29.002, Education Code, is amended
18 to read as follows:

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

21 (1) special education instruction, which may be
22 provided by professional and supported by paraprofessional
23 personnel in the regular classroom or in an instructional
24 arrangement described by Section 48.102 [~~42.151~~]; and

25 (2) related services, which are developmental,
26 corrective, supportive, or evaluative services, not instructional
27 in nature, that may be required for the student to benefit from

1 special education instruction and for implementation of a student's
2 individualized education program.

3 SECTION 3.025. Section 29.008(b), Education Code, is
4 amended to read as follows:

5 (b) Except as provided by Subsection (c), costs of an
6 approved contract for residential placement may be paid from a
7 combination of federal, state, and local funds. The local share of
8 the total contract cost for each student is that portion of the
9 local tax effort that exceeds the district's local fund assignment
10 under Section 48.256 [~~42.252~~], divided by the average daily
11 attendance in the district. If the contract involves a private
12 facility, the state share of the total contract cost is that amount
13 remaining after subtracting the local share. If the contract
14 involves a public facility, the state share is that amount
15 remaining after subtracting the local share from the portion of the
16 contract that involves the costs of instructional and related
17 services. For purposes of this subsection, "local tax effort"
18 means the total amount of money generated by taxes imposed for debt
19 service and maintenance and operation less any amounts paid into a
20 tax increment fund under Chapter 311, Tax Code.

21 SECTION 3.026. Section 29.014(d), Education Code, is
22 amended to read as follows:

23 (d) The basic allotment for a student enrolled in a district
24 to which this section applies is adjusted by[+]

25 [~~(1) the cost of education adjustment under Section~~
26 ~~42.102 for the school district in which the district is~~
27 ~~geographically located, and~~

1 ~~[(2)]~~ the weight for a homebound student under Section
2 48.102(a) [~~42.151(a)~~].

3 SECTION 3.027. Section 29.018(b), Education Code, is
4 amended to read as follows:

5 (b) A school district is eligible to apply for a grant under
6 this section if:

7 (1) the district does not receive sufficient funds,
8 including state funds provided under Section 48.102 [~~42.151~~] and
9 federal funds, for a student with disabilities to pay for the
10 special education services provided to the student; or

11 (2) the district does not receive sufficient funds,
12 including state funds provided under Section 48.102 [~~42.151~~] and
13 federal funds, for all students with disabilities in the district
14 to pay for the special education services provided to the students.

15 SECTION 3.028. Section 29.022(u)(3), Education Code, is
16 amended to read as follows:

17 (3) "Self-contained classroom" does not include a
18 classroom that is a resource room instructional arrangement under
19 Section 48.102 [~~42.151~~].

20 SECTION 3.029. Section 29.081(b-2), Education Code, is
21 amended to read as follows:

22 (b-2) A district that is required to provide accelerated
23 instruction under Subsection (b-1) shall separately budget
24 sufficient funds, including funds under Section 48.104 [~~42.152~~],
25 for that purpose. [~~A district may not budget funds received under~~
26 ~~Section 42.152 for any other purpose until the district adopts a~~
27 ~~budget to support additional accelerated instruction under~~

1 ~~Subsection (b-1).]~~

2 SECTION 3.030. Section 29.082(a), Education Code, is
3 amended to read as follows:

4 (a) A school district may set aside an amount from the
5 district's allotment under Section 48.104 [42.152] or may apply to
6 the agency for funding of an extended year program for a period not
7 to exceed 30 instructional days for students in:

8 (1) kindergarten through grade 11 who are identified
9 as likely not to be promoted to the next grade level for the
10 succeeding school year; or

11 (2) grade 12 who are identified as likely not to
12 graduate from high school before the beginning of the succeeding
13 school year.

14 SECTION 3.031. Section 29.086(e), Education Code, is
15 amended to read as follows:

16 (e) The amount of a grant under this section must take into
17 account funds distributed to the school district under Chapter 48
18 [42].

19 SECTION 3.032. Sections 29.087(h) and (j), Education Code,
20 are amended to read as follows:

21 (h) A student who has received a high school equivalency
22 certificate is entitled to enroll in a public school as authorized
23 by Section 25.001 and is entitled to the benefits of the Foundation
24 School Program under Section 48.003 [42.003] in the same manner as
25 any other student who has not received a high school diploma.

26 (j) For purposes of funding under Chapters [41, 42, and] 46,
27 48, and 49, a student attending a program authorized by this section

1 may be counted in attendance only for the actual number of hours
2 each school day the student attends the program, in accordance with
3 Section 25.081.

4 SECTION 3.033. Section 29.089(b), Education Code, is
5 amended to read as follows:

6 (b) The commissioner, in consultation with the governor,
7 lieutenant governor, and speaker of the house of representatives,
8 by rule shall determine accountability standards under this section
9 for a school district providing a mentoring services program using
10 funds allocated under Section 48.104 [~~42.152~~].

11 SECTION 3.034. Sections 29.203(b) and (c), Education Code,
12 are amended to read as follows:

13 (b) A school district is entitled to the allotment provided
14 by Section 48.107 [~~42.157~~] for each eligible student using a public
15 education grant. If the district has a local revenue level [~~wealth~~
16 ~~per student~~] greater than the guaranteed local revenue [~~wealth~~
17 level but less than the [~~equalized wealth~~] level established under
18 Section 48.257, a school district is entitled under rules adopted
19 by the commissioner to additional state aid in an amount equal to
20 the difference between the cost to the district of providing
21 services to a student using a public education grant and the sum of
22 the state aid received because of the allotment under Section
23 48.107 [~~42.157~~] and money from the available school fund
24 attributable to the student.

25 (c) A school district is entitled to additional facilities
26 assistance under Section 48.301 [~~42.4101~~] if the district agrees
27 to:

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

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

7 SECTION 3.035. Section 29.203(g)(2), Education Code, is
8 amended to read as follows:

9 (2) "Guaranteed local revenue [~~wealth~~] level" means a
10 local revenue level [~~wealth per student~~] equal to the dollar amount
11 guaranteed level of state and local funds per weighted student per
12 cent of tax effort, as provided by Section 48.202 [~~42.302~~],
13 multiplied by 10,000.

14 SECTION 3.036. Section 29.403(b), Education Code, is
15 amended to read as follows:

16 (b) A student who is enrolled in a program under this
17 subchapter is included in determining the average daily attendance
18 under Section 48.005 [~~42.005~~] of the partnering school district.

19 SECTION 3.037. Sections 29.918(a) and (b), Education Code,
20 are amended to read as follows:

21 (a) Notwithstanding Section 48.104 [~~39.234 or 42.152~~], a
22 school district or open-enrollment charter school with a high
23 dropout rate, as determined by the commissioner, must submit a plan
24 to the commissioner describing the manner in which the district or
25 charter school intends to use the compensatory education allotment
26 under Section 48.104 [~~42.152 and the high school allotment under~~
27 ~~Section 42.160~~] for developing and implementing research-based

1 strategies for dropout prevention. The district or charter school
2 shall submit the plan not later than December 1 of each school year
3 preceding the school year in which the district or charter school
4 will receive the compensatory education allotment [~~or high school~~
5 ~~allotment~~] to which the plan applies.

6 (b) A school district or open-enrollment charter school to
7 which this section applies may not spend or obligate more than 25
8 percent of the district's or charter school's compensatory
9 education allotment [~~or high school allotment~~] unless the
10 commissioner approves the plan submitted under Subsection
11 (a). The commissioner shall complete an initial review of the
12 district's or charter school's plan not later than March 1 of the
13 school year preceding the school year in which the district or
14 charter school will receive the compensatory education allotment
15 [~~or high school allotment~~] to which the plan applies.

16 SECTION 3.038. Section [30A.002](#)(a), Education Code, is
17 amended to read as follows:

18 (a) A student is eligible to enroll in a course provided
19 through the state virtual school network only if the student:

20 (1) on September 1 of the school year:

21 (A) is younger than 21 years of age; or

22 (B) is younger than 26 years of age and entitled
23 to the benefits of the Foundation School Program under Section
24 [48.003](#) [~~42.003~~];

25 (2) has not graduated from high school; and

26 (3) is otherwise eligible to enroll in a public school
27 in this state.

1 SECTION 3.039. Section 30A.153(a), Education Code, is
2 amended to read as follows:

3 (a) Subject to the limitation imposed under Subsection
4 (a-1), a school district or open-enrollment charter school in which
5 a student is enrolled is entitled to funding under Chapter 48 [42]
6 or in accordance with the terms of a charter granted under Section
7 12.101 for the student's enrollment in an electronic course offered
8 through the state virtual school network in the same manner that the
9 district or school is entitled to funding for the student's
10 enrollment in courses provided in a traditional classroom setting,
11 provided that the student successfully completes the electronic
12 course.

13 SECTION 3.040. Section 34.002(c), Education Code, is
14 amended to read as follows:

15 (c) A school district that fails or refuses to meet the
16 safety standards for school buses established under this section is
17 ineligible to share in the transportation allotment under Section
18 48.151 [42.155] until the first anniversary of the date the
19 district begins complying with the safety standards.

20 SECTION 3.041. Section 37.0061, Education Code, is amended
21 to read as follows:

22 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
23 JUVENILE RESIDENTIAL FACILITIES. A school district that provides
24 education services to pre-adjudicated and post-adjudicated
25 students who are confined by court order in a juvenile residential
26 facility operated by a juvenile board is entitled to count such
27 students in the district's average daily attendance for purposes of

1 receipt of state funds under the Foundation School Program. If the
2 district has a local revenue level [~~wealth per student~~] greater
3 than the guaranteed local revenue [~~wealth~~] level but less than the
4 [~~equalized wealth~~] level established under Section 48.257, the
5 district in which the student is enrolled on the date a court orders
6 the student to be confined to a juvenile residential facility shall
7 transfer to the district providing education services an amount
8 equal to the difference between the average Foundation School
9 Program costs per student of the district providing education
10 services and the sum of the state aid and the money from the
11 available school fund received by the district that is attributable
12 to the student for the portion of the school year for which the
13 district provides education services to the student.

14 SECTION 3.042. Section 37.011(h), Education Code, is
15 amended to read as follows:

16 (h) Academically, the mission of juvenile justice
17 alternative education programs shall be to enable students to
18 perform at grade level. For purposes of accountability under
19 Chapters 39 and 39A, a student enrolled in a juvenile justice
20 alternative education program is reported as if the student were
21 enrolled at the student's assigned campus in the student's
22 regularly assigned education program, including a special
23 education program. Annually the Texas Juvenile Justice
24 Department, with the agreement of the commissioner, shall develop
25 and implement a system of accountability consistent with Chapters
26 39 and 39A, where appropriate, to assure that students make
27 progress toward grade level while attending a juvenile justice

1 alternative education program. The department shall adopt rules
2 for the distribution of funds appropriated under this section to
3 juvenile boards in counties required to establish juvenile justice
4 alternative education programs. Except as determined by the
5 commissioner, a student served by a juvenile justice alternative
6 education program on the basis of an expulsion required under
7 Section 37.007(a), (d), or (e) is not eligible for Foundation
8 School Program funding under Chapter [~~42 or~~] 31 or 48 if the
9 juvenile justice alternative education program receives funding
10 from the department under this subchapter.

11 SECTION 3.043. Section 39.0233(a), Education Code, is
12 amended to read as follows:

13 (a) The agency, in coordination with the Texas Higher
14 Education Coordinating Board, shall adopt a series of questions to
15 be included in an end-of-course assessment instrument administered
16 under Section 39.023(c) to be used for purposes of Subchapter F-1,
17 Chapter 51. The questions adopted under this subsection must be
18 developed in a manner consistent with any college readiness
19 standards adopted under [~~Section 39.233 and~~] Subchapter F-1,
20 Chapter 51.

21 SECTION 3.044. Section 39.027(f), Education Code, is
22 amended to read as follows:

23 (f) In this section, "average daily attendance" is computed
24 in the manner provided by Section 48.005 [~~42.005~~].

25 SECTION 3.045. Section 39.408, Education Code, is amended
26 to read as follows:

27 Sec. 39.408. ELIGIBILITY CRITERIA FOR CERTAIN GRANT

1 PROGRAMS. A school district or campus is eligible to participate in
2 programs under Sections 21.4541, 29.095, and 29.096[, ~~29.097, and~~
3 ~~29.098~~] if the district or campus exhibited during each of the three
4 preceding school years characteristics that strongly correlate
5 with high dropout rates.

6 SECTION 3.046. Section 39.413, Education Code, is amended
7 to read as follows:

8 Sec. 39.413. FUNDING FOR CERTAIN PROGRAMS. (a) From funds
9 appropriated, the Texas Higher Education Coordinating Board shall
10 allocate \$8.75 million each year to establish mathematics, science,
11 and technology teacher preparation academies under Section
12 61.0766[, ~~provide funding to the commissioner of education to~~
13 ~~implement and administer the program under Section 29.098,~~] and
14 award grants under Section 61.0762(a)(3).

15 (b) The Texas Higher Education Coordinating Board shall
16 establish mathematics, science, and technology teacher preparation
17 academies under Section 61.0766[, ~~provide funding to the~~
18 ~~commissioner of education to implement and administer the program~~
19 ~~under Section 29.098,~~] and award grants under Section 61.0762(a)(3)
20 in a manner consistent with the goals of this subchapter and the
21 goals in "Closing the Gaps," the state's master plan for higher
22 education.

23 SECTION 3.047. Section 39A.903, Education Code, is amended
24 to read as follows:

25 Sec. 39A.903. COSTS PAID BY SCHOOL DISTRICT. The costs of
26 providing a monitor, conservator, management team, campus
27 intervention team, technical assistance team, managing entity, or

1 service provider under this chapter shall be paid by the school
2 district. If the district fails or refuses to pay the costs in a
3 timely manner, the commissioner may:

4 (1) pay the costs using amounts withheld from any
5 funds to which the district is otherwise entitled; or

6 (2) recover the amount of the costs in the manner
7 provided for recovery of an overallocation of state funds under
8 Section 48.272 [~~42.258~~].

9 SECTION 3.048. Section 43.002(b), Education Code, is
10 amended to read as follows:

11 (b) Of the amounts available for transfer from the general
12 revenue fund to the available school fund for the months of January
13 and February of each fiscal year, no more than the amount necessary
14 to enable the comptroller to distribute from the available school
15 fund an amount equal to 9-1/2 percent of the estimated annual
16 available school fund apportionment to category 1 school districts,
17 as defined by Section 48.273 [~~42.259~~], and 3-1/2 percent of the
18 estimated annual available school fund apportionment to category 2
19 school districts, as defined by Section 48.273 [~~42.259~~], may be
20 transferred from the general revenue fund to the available school
21 fund. Any remaining amount that would otherwise be available for
22 transfer for the months of January and February shall be
23 transferred from the general revenue fund to the available school
24 fund in equal amounts in June and in August of the same fiscal year.

25 SECTION 3.049. Section 44.0011, Education Code, is amended
26 to read as follows:

27 Sec. 44.0011. FISCAL YEAR. The fiscal year of a school

1 district begins on July 1 or September 1 of each year, as determined
2 by the board of trustees of the district. The commissioner may adopt
3 rules concerning the submission of information by a district under
4 Chapter 39, 39A, or 48 [~~42~~] based on the fiscal year of the
5 district.

6 SECTION 3.050. Section 44.051, Education Code, is amended
7 to read as follows:

8 Sec. 44.051. INTERFERENCE WITH OPERATION OF FOUNDATION
9 SCHOOL PROGRAM. An offense under Section 37.10, Penal Code, is a
10 felony of the third degree if it is shown on trial of the offense
11 that the governmental record was a record, form, report, or budget
12 required under Chapter 48 [~~42~~] or rules adopted under that chapter.
13 If the actor's intent is to defraud the state or the public school
14 system, the offense is a felony of the second degree.

15 SECTION 3.051. Section 45.0011(e), Education Code, is
16 amended to read as follows:

17 (e) In this section, average daily attendance is determined
18 in the manner provided by Section 48.005 [~~42.005~~].

19 SECTION 3.052. Sections 45.0031(b) and (c), Education Code,
20 are amended to read as follows:

21 (b) A district may demonstrate the ability to comply with
22 Subsection (a) by using the most recent taxable value of property in
23 the district, combined with state assistance to which the district
24 is entitled under Chapter [~~42 or~~] 46 or 48 that may be lawfully used
25 for the payment of bonds.

26 (c) A district may demonstrate the ability to comply with
27 Subsection (a) by using a projected future taxable value of

1 property in the district anticipated for the earlier of the tax year
2 five years after the current tax year or the tax year in which the
3 final payment is due for the bonds submitted to the attorney
4 general, combined with state assistance to which the district is
5 entitled under Chapter [~~42 or~~] 46 or 48 that may be lawfully used
6 for the payment of bonds. The district must submit to the attorney
7 general a certification of the district's projected taxable value
8 of property that is prepared by a registered professional appraiser
9 certified under Chapter 1151, Occupations Code, who has
10 demonstrated professional experience in projecting taxable values
11 of property or who can by contract obtain any necessary assistance
12 from a person who has that experience. To demonstrate the
13 professional experience required by this subsection, a registered
14 professional appraiser must provide to the district written
15 documentation relating to two previous projects for which the
16 appraiser projected taxable values of property. Until the bonds
17 submitted to the attorney general are approved or disapproved, the
18 district must maintain the documentation and on request provide the
19 documentation to the attorney general or comptroller. The
20 certification of the district's projected taxable value of property
21 must be signed by the district's superintendent. The attorney
22 general must base a determination of whether the district has
23 complied with Subsection (a) on a taxable value of property that is
24 equal to 90 percent of the value certified under this subsection.

25 SECTION 3.053. Effective January 1, 2020, Section
26 45.105(e), Education Code, is amended to read as follows:

27 (e) The governing body of an independent school district

1 that governs a junior college district under Subchapter B, Chapter
2 130, in a county with a population of more than two million may
3 dedicate a specific percentage of the local tax levy to the use of
4 the junior college district for facilities and equipment or for the
5 maintenance and operating expenses of the junior college district.
6 To be effective, the dedication must be made by the governing body
7 on or before the date on which the governing body adopts its tax
8 rate for a year. The amount of local tax funds derived from the
9 percentage of the local tax levy dedicated to a junior college
10 district from a tax levy may not exceed the amount that would be
11 levied by five percent of the no-new-revenue [~~effective~~] tax rate
12 for the tax year calculated as provided by Section 26.04, Tax Code,
13 on all property taxable by the school district. All real property
14 purchased with these funds is the property of the school district,
15 but is subject to the exclusive control of the governing body of the
16 junior college district for as long as the junior college district
17 uses the property for educational purposes.

18 SECTION 3.054. Section 45.251(2), Education Code, is
19 amended to read as follows:

20 (2) "Foundation School Program" means the program
21 established under Chapters [~~41, 42, and~~] 46, 48, and 49, or any
22 successor program of state appropriated funding for school
23 districts in this state.

24 SECTION 3.055. Section 45.259(d), Education Code, is
25 amended to read as follows:

26 (d) If money appropriated for the Foundation School Program
27 is used for purposes of this subchapter and as a result there is

1 insufficient money to fully fund the Foundation School Program, the
2 commissioner shall, to the extent necessary, reduce each school
3 district's foundation school fund allocations, other than any
4 portion appropriated from the available school fund, in the same
5 manner provided by Section 48.266(f) [~~42.253(h)~~] for a case in
6 which school district entitlements exceed the amount
7 appropriated. The following fiscal year, a district's entitlement
8 under Section 48.266 [~~42.253~~] is increased by an amount equal to the
9 reduction under this subsection.

10 SECTION 3.056. Section 45.261(a), Education Code, is
11 amended to read as follows:

12 (a) If the commissioner orders payment from the money
13 appropriated to the Foundation School Program on behalf of a school
14 district that is not required to reduce its local revenue level
15 [~~wealth per student~~] under Section 48.257 [~~Chapter 41~~], the
16 commissioner shall direct the comptroller to withhold the amount
17 paid from the first state money payable to the district. If the
18 commissioner orders payment from the money appropriated to the
19 Foundation School Program on behalf of a school district that is
20 required to reduce its local revenue level [~~wealth per student~~]
21 under Section 48.257 [~~Chapter 41~~], the commissioner shall increase
22 amounts due from the district under Chapter 49 [~~that chapter~~] in a
23 total amount equal to the amount of payments made on behalf of the
24 district under this subchapter. Amounts withheld or received
25 under this subsection shall be used for the Foundation School
26 Program.

27 SECTION 3.057. Effective January 1, 2020, Section

1 45.261(e), Education Code, is amended to read as follows:

2 (e) Any part of a school district's tax rate attributable to
3 producing revenue for purposes of Subsection (c)(1) is considered
4 part of the district's:

5 (1) current debt rate for purposes of computing a
6 voter-approval [~~rollback~~] tax rate under Section 26.08, Tax Code;
7 and

8 (2) interest and sinking fund tax rate.

9 SECTION 3.058. Section 45.263(b), Education Code, is
10 amended to read as follows:

11 (b) In adopting rules under Subsection (a), the
12 commissioner shall establish an annual deadline by which a school
13 district must pay the debt service on bonds for which credit
14 enhancement is provided under this subchapter. The deadline
15 established may not be later than the 10th day before the date
16 specified under Section 48.273 [~~42.259~~] for payment to school
17 districts of the final Foundation School Program installment for a
18 state fiscal year.

19 SECTION 3.059. Section 46.003(a), Education Code, is
20 amended to read as follows:

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

1 FYA = (FYL X ADA X BTR X 100) - (BTR X (DPV/100))

2 where:

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

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

8 "ADA" is the greater of the number of students in average
9 daily attendance, as determined under Section 48.005 [~~42.005~~], in
10 the district or 400;

11 "BTR" is the district's bond tax rate for the current year,
12 which is determined by dividing the amount budgeted by the district
13 for payment of eligible bonds by the quotient of the district's
14 taxable value of property as determined under Subchapter M, Chapter
15 403, Government Code, or, if applicable, Section 48.258 [~~42.2521~~],
16 divided by 100; and

17 "DPV" is the district's taxable value of property as
18 determined under Subchapter M, Chapter 403, Government Code, or, if
19 applicable, Section 48.258 [~~42.2521~~].

20 SECTION 3.060. Section 46.006(g), Education Code, is
21 amended to read as follows:

22 (g) In this section, "wealth per student" means a school
23 district's taxable value of property as determined under Subchapter
24 M, Chapter 403, Government Code, or, if applicable, Section 48.258
25 [~~42.2521~~], divided by the district's average daily attendance as
26 determined under Section 48.005 [~~42.005~~].

27 SECTION 3.061. Sections 46.009(b), (c), (e), and (f),

1 Education Code, are amended to read as follows:

2 (b) If the amount appropriated for purposes of this
3 subchapter for a year is less than the total amount determined under
4 Subsection (a) for that year, the commissioner shall:

5 (1) transfer from the Foundation School Program to the
6 instructional facilities program the amount by which the total
7 amount determined under Subsection (a) exceeds the amount
8 appropriated; and

9 (2) reduce each district's foundation school fund
10 allocations in the manner provided by Section 48.266(f)
11 [~~42.253(h)~~].

12 (c) Warrants for payments under this subchapter shall be
13 approved and transmitted to school district treasurers or
14 depositories in the same manner as warrants for payments under
15 Chapter 48 [~~42~~].

16 (e) Section 48.272 [~~42.258~~] applies to payments under this
17 subchapter.

18 (f) If a school district would have received a greater
19 amount under this subchapter for the applicable school year using
20 the adjusted value determined under Section 48.271 [~~42.257~~], the
21 commissioner shall add the difference between the adjusted value
22 and the amount the district received under this subchapter to
23 subsequent distributions to the district under this subchapter.

24 SECTION 3.062. Section 46.0111(e), Education Code, is
25 amended to read as follows:

26 (e) The state's share is state property. The school
27 district shall send to the comptroller any portion of the state's

1 share not used by the school district to repair the defective
2 design, construction, renovation, or improvement of the
3 instructional facility on which the action is brought or to replace
4 the facility. Section 48.272 [~~42.258~~] applies to the state's share
5 under this subsection.

6 SECTION 3.063. Section 46.013, Education Code, is amended
7 to read as follows:

8 Sec. 46.013. MULTIPLE ALLOTMENTS PROHIBITED. A school
9 district is not entitled to state assistance under this subchapter
10 based on taxes with respect to which the district receives state
11 assistance under Subchapter E [~~F~~], Chapter 48 [~~42~~].

12 SECTION 3.064. Section 46.032(a), Education Code, is
13 amended to read as follows:

14 (a) Each school district is guaranteed a specified amount
15 per student in state and local funds for each cent of tax effort to
16 pay the principal of and interest on eligible bonds. The amount of
17 state support, subject only to the maximum amount under Section
18 46.034, is determined by the formula:

19
$$\text{EDA} = (\text{EDGL} \times \text{ADA} \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

20 where:

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

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

26 (1) \$40 or a greater amount for any year provided by
27 appropriation; or

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

6 "ADA" is the number of students in average daily attendance,
7 as determined under Section 48.005 [~~42.005~~], in the district;

8 "EDTR" is the existing debt tax rate of the district, which is
9 determined by dividing the amount budgeted by the district for
10 payment of eligible bonds by the quotient of the district's taxable
11 value of property as determined under Subchapter M, Chapter 403,
12 Government Code, or, if applicable, under Section 48.258 [~~42.2521~~],
13 divided by 100; and

14 "DPV" is the district's taxable value of property as
15 determined under Subchapter M, Chapter 403, Government Code, or, if
16 applicable, under Section 48.258 [~~42.2521~~].

17 SECTION 3.065. Section 46.037, Education Code, is amended
18 to read as follows:

19 Sec. 46.037. MULTIPLE ALLOTMENTS PROHIBITED. A school
20 district is not entitled to state assistance under this subchapter
21 based on taxes with respect to which the district receives state
22 assistance under Subchapter E [~~F~~], Chapter 48 [~~42~~].

23 SECTION 3.066. Section 61.0766(e), Education Code, is
24 amended to read as follows:

25 (e) An academy program may:

26 (1) provide financial assistance for the purpose of
27 allowing participants to complete the program [~~and obtain a master~~

1 ~~teacher certificate under Section [21.0482](#), [21.0483](#), or [21.0484](#)];~~

2 (2) include programs in leadership skills to develop
3 training, mentoring, and coaching skills;

4 (3) deliver coursework electronically for some or all
5 of the program; and

6 (4) provide for ongoing professional development and
7 coordination with specific public school instructional programs.

8 SECTION 3.067. Section [79.10\(f\)](#), Education Code, is amended
9 to read as follows:

10 (f) For each student enrolled in the academy, the academy is
11 entitled to allotments from the foundation school fund under
12 Chapter [48](#) [~~[42](#)~~] as if the academy were a school district without a
13 tier one local share for purposes of Section [48.266](#) [~~[42.253](#)~~]. If
14 in any academic year the amount of the allotments under this
15 subsection exceeds the amount of state funds paid to the academy in
16 the first fiscal year of the academy's operation, the commissioner
17 of education shall set aside from the total amount of funds to which
18 school districts are entitled under Section [48.266\(c\)](#) [~~[42.253\(c\)](#)~~]
19 an amount equal to the excess amount and shall distribute that
20 amount to the academy. After deducting the amount set aside and
21 paid to the academy by the commissioner of education under this
22 subsection, the commissioner of education shall reduce the amount
23 to which each district is entitled under Section [48.266\(c\)](#)
24 [~~[42.253\(c\)](#)~~] in the manner described by Section [48.266\(f\)](#)
25 [~~[42.253\(h\)](#)~~]. A determination of the commissioner of education
26 under this subsection is final and may not be appealed.

27 SECTION 3.068. Section [87.208](#), Education Code, is amended

1 to read as follows:

2 Sec. 87.208. SEABORNE CONSERVATION CORPS. If the board of
3 regents of The Texas A&M University System administers a program
4 that is substantially similar to the Seaborne Conservation Corps as
5 it was administered by the board during the 1998-1999 school year,
6 the program is entitled, for each student enrolled, to allotments
7 from the Foundation School Program under Chapter 48 [~~42~~] as if the
8 program were a school district, except that the program has a local
9 share applied that is equivalent to the local fund assignment of the
10 school district in which the principal facilities of the program
11 are located.

12 SECTION 3.069. Section 87.505(g), Education Code, is
13 amended to read as follows:

14 (g) For each student enrolled in the academy, the academy is
15 entitled to allotments from the foundation school fund under
16 Chapter 48 [~~42~~] as if the academy were a school district without a
17 tier one local share for purposes of Section 48.266 [~~42.253~~]. If
18 in any academic year the amount of the allotments under this
19 subsection exceeds the amount of state funds paid to the academy in
20 the first fiscal year of the academy's operation, the commissioner
21 of education shall set aside from the total amount of funds to which
22 school districts are entitled under Section 48.266(c) [~~42.253(c)~~]
23 an amount equal to the excess amount and shall distribute that
24 amount to the academy. After deducting the amount set aside and
25 paid to the academy by the commissioner of education under this
26 subsection, the commissioner of education shall reduce the amount
27 to which each district is entitled under Section 48.266(c)

1 ~~[42.253(e)]~~ in the manner described by Section 48.266(f)
2 ~~[42.253(h)]~~. A determination of the commissioner of education
3 under this subsection is final and may not be appealed.

4 SECTION 3.070. Section 96.707(k), Education Code, is
5 amended to read as follows:

6 (k) For each student enrolled in the academy, the academy is
7 entitled to allotments from the Foundation School Program under
8 Chapter 48 ~~[42]~~ as if the academy were a school district without a
9 tier one local share for purposes of Section 48.266 ~~[42.253]~~.

10 SECTION 3.071. Sections 105.301(e) and (f), Education Code,
11 are amended to read as follows:

12 (e) The academy is not subject to the provisions of this
13 code, or to the rules of the Texas Education Agency, regulating
14 public schools, except that:

15 (1) professional employees of the academy are entitled
16 to the limited liability of an employee under Section 22.0511,
17 22.0512, or 22.052;

18 (2) a student's attendance at the academy satisfies
19 compulsory school attendance requirements; and

20 (3) for each student enrolled, the academy is entitled
21 to allotments from the foundation school program under Chapter 48
22 ~~[42]~~ as if the academy were a school district without a tier one
23 local share for purposes of Section 48.266 ~~[42.253]~~.

24 (f) If in any academic year the amount of the allotments
25 under Subsection (e)(3) exceeds the amount of state funds paid to
26 the academy under this section in the fiscal year ending August 31,
27 2003, the commissioner shall set aside from the total amount of

1 funds to which school districts are entitled under Section
2 48.266(c) [~~42.253(e)~~] an amount equal to the excess amount and
3 shall distribute that amount to the academy. After deducting the
4 amount set aside and paid to the academy by the commissioner under
5 this subsection, the commissioner shall reduce the amount to which
6 each district is entitled under Section 48.266(c) [~~42.253(e)~~] in
7 the manner described by Section 48.266(f) [~~42.253(h)~~]. A
8 determination of the commissioner under this section is final and
9 may not be appealed.

10 SECTION 3.072. Section 317.005(f), Government Code, is
11 amended to read as follows:

12 (f) The governor or board may adopt an order under this
13 section withholding or transferring any portion of the total amount
14 appropriated to finance the foundation school program for a fiscal
15 year. The governor or board may not adopt such an order if it would
16 result in an allocation of money between particular programs or
17 statutory allotments under the foundation school program contrary
18 to the statutory proration formula provided by Section 48.266(f)
19 [~~42.253(h)~~], Education Code. The governor or board may transfer an
20 amount to the total amount appropriated to finance the foundation
21 school program for a fiscal year and may increase the basic
22 allotment. The governor or board may adjust allocations of amounts
23 between particular programs or statutory allotments under the
24 foundation school program only for the purpose of conforming the
25 allocations to actual pupil enrollments or attendance.

26 SECTION 3.073. Section 403.093(d), Government Code, as
27 amended by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the

1 85th Legislature, Regular Session, 2017, is reenacted and amended
2 to read as follows:

3 (d) The comptroller shall transfer from the general revenue
4 fund to the foundation school fund an amount of money necessary to
5 fund the foundation school program as provided by Chapter 48 [~~42~~],
6 Education Code. The comptroller shall make the transfers in
7 installments as necessary to comply with Section 48.273 [~~42.259~~],
8 Education Code, and permit the Texas Education Agency, to the
9 extent authorized by the General Appropriations Act, to make
10 temporary transfers from the foundation school fund for payment of
11 the instructional materials and technology allotment under Section
12 31.0211, Education Code. Unless an earlier date is necessary for
13 purposes of temporary transfers for payment of the instructional
14 materials and technology allotment, an installment must be made not
15 earlier than two days before the date an installment to school
16 districts is required by Section 48.273 [~~42.259~~], Education Code,
17 and must not exceed the amount necessary for that payment and any
18 temporary transfers for payment of the instructional materials and
19 technology allotment.

20 SECTION 3.074. Section 403.302(a), Government Code, is
21 amended to read as follows:

22 (a) The comptroller shall conduct a study using comparable
23 sales and generally accepted auditing and sampling techniques to
24 determine the total taxable value of all property in each school
25 district. The study shall determine the taxable value of all
26 property and of each category of property in the district and the
27 productivity value of all land that qualifies for appraisal on the

1 basis of its productive capacity and for which the owner has applied
2 for and received a productivity appraisal. The comptroller shall
3 make appropriate adjustments in the study to account for actions
4 taken under Chapter 49 [~~41~~], Education Code.

5 SECTION 3.075. Section 403.303(b), Government Code, is
6 amended to read as follows:

7 (b) After receipt of a petition, the comptroller shall hold
8 a hearing. The comptroller has the burden to prove the accuracy of
9 the findings. Until a final decision is made by the comptroller,
10 the taxable value of property in the district is determined, with
11 respect to property subject to the protest, according to the value
12 claimed by the school district or property owner, except that the
13 value to be used while a final decision is pending may not be less
14 than the appraisal roll value for the year of the study. If after a
15 hearing the comptroller concludes that the findings should be
16 changed, the comptroller shall order the appropriate changes and
17 shall certify to the commissioner of education the changes in the
18 values of the school district that brought the protest, the values
19 of the school district named by the property owner who brought the
20 protest, or, if the comptroller by rule allows an appraisal
21 district to bring a protest, the values of the school district named
22 by the appraisal district that brought the protest. The
23 comptroller may not order a change in the values of a school
24 district as a result of a protest brought by another school
25 district, a property owner in the other school district, or an
26 appraisal district that appraises property for the other school
27 district. The comptroller shall complete all protest hearings and

1 certify all changes as necessary to comply with Chapter 48 [42],
2 Education Code. A hearing conducted under this subsection is not a
3 contested case for purposes of Section 2001.003.

4 SECTION 3.076. Section 404.121(1), Government Code, is
5 amended to read as follows:

6 (1) "Cash flow deficit" for any period means the
7 excess, if any, of expenditures paid and transfers made from the
8 general revenue fund in the period, including payments provided by
9 Section 48.273 [~~42.259~~], Education Code, over taxes and other
10 revenues deposited to the fund in the period, other than revenues
11 deposited pursuant to Section 403.092, that are legally available
12 for the expenditures and transfers.

13 SECTION 3.077. Section 437.117(a), Government Code, is
14 amended to read as follows:

15 (a) For each student enrolled in the Texas Challenge
16 Academy, the department is entitled to allotments from the
17 Foundation School Program under Chapter 48 [42], Education Code, as
18 if the academy were a school district without a tier one local share
19 for purposes of Section 48.266 [~~42.253~~], Education Code.

20 SECTION 3.078. Section 466.355(c), Government Code, as
21 repealed by Chapter 431 (S.B. 559), Acts of the 83rd Legislature,
22 Regular Session, 2013, and amended by Chapter 1410 (S.B. 758), Acts
23 of the 83rd Legislature, Regular Session, 2013, is reenacted and
24 amended to read as follows:

25 (c) Each August the comptroller shall:

26 (1) estimate the amount to be transferred to the
27 foundation school fund on or before September 15; and

1 (2) notwithstanding Subsection (b)(4), transfer the
2 amount estimated in Subdivision (1) to the foundation school fund
3 before August installment payments are made under Section 48.273
4 [~~42.259~~], Education Code.

5 SECTION 3.079. Section 822.201(b), Government Code, is
6 amended to read as follows:

7 (b) "Salary and wages" as used in Subsection (a) means:

8 (1) normal periodic payments of money for service the
9 right to which accrues on a regular basis in proportion to the
10 service performed;

11 (2) amounts by which the member's salary is reduced
12 under a salary reduction agreement authorized by Chapter 610;

13 (3) amounts that would otherwise qualify as salary and
14 wages under Subdivision (1) but are not received directly by the
15 member pursuant to a good faith, voluntary written salary reduction
16 agreement in order to finance payments to a deferred compensation
17 or tax sheltered annuity program specifically authorized by state
18 law or to finance benefit options under a cafeteria plan qualifying
19 under Section 125 of the Internal Revenue Code of 1986, if:

20 (A) the program or benefit options are made
21 available to all employees of the employer; and

22 (B) the benefit options in the cafeteria plan are
23 limited to one or more options that provide deferred compensation,
24 group health and disability insurance, group term life insurance,
25 dependent care assistance programs, or group legal services plans;

26 (4) performance pay awarded to an employee by a school
27 district as part of a total compensation plan approved by the board

1 of trustees of the district and meeting the requirements of
2 Subsection (e);

3 (5) the benefit replacement pay a person earns under
4 Subchapter H, Chapter 659, except as provided by Subsection (c);

5 (6) stipends paid to teachers in accordance with
6 former Section 21.410, 21.411, 21.412, or 21.413, Education Code;

7 (7) amounts by which the member's salary is reduced or
8 that are deducted from the member's salary as authorized by
9 Subchapter J, Chapter 659;

10 (8) a merit salary increase made under Section 51.962,
11 Education Code;

12 (9) amounts received under the relevant parts of the
13 educator excellence awards program under Subchapter O, Chapter 21,
14 Education Code, or a mentoring program under Section 21.458,
15 Education Code, that authorize compensation for service;

16 (10) salary amounts designated as health care
17 supplementation by an employee under Subchapter D, Chapter 22,
18 Education Code; and

19 (11) to the extent required by Sections 3401(h) and
20 414(u)(12), Internal Revenue Code of 1986, differential wage
21 payments received by an individual from an employer on or after
22 January 1, 2009, while the individual is performing qualified
23 military service as defined by Section 414(u), Internal Revenue
24 Code of 1986.

25 SECTION 3.080. Effective January 1, 2020, Sections
26 825.405(h) and (i), Government Code, are amended to read as
27 follows:

1 (h) This section does not apply to state contributions for
2 members employed by a school district in a school year if the
3 district's no-new-revenue [~~effective~~] tax rate for maintenance and
4 operation revenues for the tax year that ended in the preceding
5 school year equals or exceeds 125 percent of the statewide average
6 no-new-revenue [~~effective~~] tax rate for school district
7 maintenance and operation revenues for that tax year. For a tax
8 year, the statewide average no-new-revenue [~~effective~~] tax rate for
9 school district maintenance and operation revenues is the tax rate
10 that, if applied to the statewide total appraised value of taxable
11 property for every school district in the state determined under
12 Section 403.302, would produce an amount equal to the statewide
13 total amount of maintenance and operation taxes imposed in the tax
14 year for every school district in the state.

15 (i) Not later than the seventh day after the final date the
16 comptroller certifies to the commissioner of education changes to
17 the property value study conducted under Subchapter M, Chapter 403,
18 the comptroller shall certify to the Teacher Retirement System of
19 Texas:

20 (1) the no-new-revenue [~~effective~~] tax rate for school
21 district maintenance and operation revenues for each school
22 district in the state for the immediately preceding tax year; and

23 (2) the statewide average no-new-revenue [~~effective~~]
24 tax rate for school district maintenance and operation revenues for
25 the immediately preceding tax year.

26 SECTION 3.081. Section 1371.001(4), Government Code, is
27 amended to read as follows:

- 1 (4) "Issuer" means:
- 2 (A) a home-rule municipality that:
- 3 (i) adopted its charter under Section 5,
- 4 Article XI, Texas Constitution;
- 5 (ii) has a population of 50,000 or more; and
- 6 (iii) has outstanding long-term
- 7 indebtedness that is rated by a nationally recognized rating agency
- 8 for municipal securities in one of the four highest rating
- 9 categories for a long-term obligation;
- 10 (B) a conservation and reclamation district
- 11 created and organized as a river authority under Section 52,
- 12 Article III, or Section 59, Article XVI, Texas Constitution;
- 13 (C) a joint powers agency organized and operating
- 14 under Chapter 163, Utilities Code;
- 15 (D) a metropolitan rapid transit authority,
- 16 regional transportation authority, or coordinated county
- 17 transportation authority created, organized, or operating under
- 18 Chapter 451, 452, or 460, Transportation Code;
- 19 (E) a conservation and reclamation district
- 20 organized or operating as a navigation district under Section 52,
- 21 Article III, or Section 59, Article XVI, Texas Constitution;
- 22 (F) a district organized or operating under
- 23 Section 59, Article XVI, Texas Constitution, that has all or part of
- 24 two or more municipalities within its boundaries;
- 25 (G) a state agency, including a state institution
- 26 of higher education;
- 27 (H) a hospital authority created or operating

1 under Chapter 262 or 264, Health and Safety Code, in a county that:

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

4 (ii) is included, in whole or in part, in a
5 standard metropolitan statistical area of this state that includes
6 a county with a population of more than 2.2 million;

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

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

12 (K) a county:

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

15 (ii) that, on the date of issuance of
16 obligations under this chapter, has authorized, outstanding, or any
17 combination of authorized and outstanding, indebtedness of at least
18 \$100 million secured by and payable from the county's ad valorem
19 taxes and the authorized long-term indebtedness of which is rated
20 by a nationally recognized rating agency of securities issued by
21 local governments in one of the four highest rating categories for a
22 long-term obligation;

23 (L) an independent school district that has an
24 average daily attendance of 50,000 or more as determined under
25 Section 48.005 [~~42.005~~], Education Code;

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

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

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

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

8 (i) a principal amount of at least \$100
9 million in outstanding long-term indebtedness, in long-term
10 indebtedness proposed to be issued, or in a combination of
11 outstanding or proposed long-term indebtedness; and

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

19 SECTION 3.082. Section 1431.001(3), Government Code, is
20 amended to read as follows:

21 (3) "Eligible school district" means an independent
22 school district that has an average daily attendance of 190,000 or
23 more as determined under Section 48.005 [~~42.005~~], Education Code.

24 SECTION 3.083. Section 2175.304(c), Government Code, is
25 amended to read as follows:

26 (c) The procedures established under Subsection (b) must
27 give preference to transferring the property directly to a public

1 school or school district or to an assistance organization
2 designated by the school district before disposing of the property
3 in another manner. If more than one public school or school
4 district or assistance organization seeks to acquire the same
5 property on substantially the same terms, the system, institution,
6 or agency shall give preference to a public school that is
7 considered low-performing by the commissioner of education or to a
8 school district that has a taxable wealth per student that entitles
9 the district to an allotment of state funds under Subchapter E [~~F~~],
10 Chapter 48 [42], Education Code, or to the assistance organization
11 designated by such a school district.

12 SECTION 3.084. Section 221.0071(d), Human Resources Code,
13 is amended to read as follows:

14 (d) A charter school operating under a charter granted under
15 this section is entitled to receive open-enrollment charter school
16 funding under Chapter 48 [42], Education Code, in the same manner as
17 an open-enrollment charter school operating under Subchapter D,
18 Chapter 12, Education Code.

19 SECTION 3.085. Section 1579.251(a), Insurance Code, is
20 amended to read as follows:

21 (a) The state shall assist employees of participating
22 school districts and charter schools in the purchase of group
23 health coverage under this chapter by providing for each covered
24 employee the amount of \$900 each state fiscal year or a greater
25 amount as provided by the General Appropriations Act. The state
26 contribution shall be distributed through the school finance
27 formulas under Chapters 48 [41] and 49 [42], Education Code, and

1 used by school districts and charter schools as provided by
2 Section 48.275 [~~42.260~~], Education Code.

3 SECTION 3.086. Section 1581.053, Insurance Code, is amended
4 to read as follows:

5 Sec. 1581.053. USE OF STATE FUNDS. (a) To comply with
6 Section 1581.052, a school district or participating charter school
7 may use state funds received under Chapter 48 [~~42~~], Education Code,
8 other than funds that may be used under that chapter only for a
9 specific purpose.

10 (b) Notwithstanding Subsection (a), amounts a district or
11 school is required to use to pay contributions under a group health
12 coverage plan for district or school employees under Section
13 48.275 [~~42.260~~], Education Code, other than amounts described by
14 Section 48.275(c)(2) [~~42.260(c)(2)(B)~~], are not used in computing
15 whether the district or school complies with Section 1581.052.

16 SECTION 3.087. Section 37.10(c)(2), Penal Code, is amended
17 to read as follows:

18 (2) An offense under this section is a felony of the
19 third degree if it is shown on the trial of the offense that the
20 governmental record was:

21 (A) a public school record, report, or assessment
22 instrument required under Chapter 39, Education Code, data reported
23 for a school district or open-enrollment charter school to the
24 Texas Education Agency through the Public Education Information
25 Management System (PEIMS) described by Sections 48.008 and 48.009
26 [~~Section 42.006~~], Education Code, under a law or rule requiring
27 that reporting, or a license, certificate, permit, seal, title,

1 letter of patent, or similar document issued by government, by
2 another state, or by the United States, unless the actor's intent is
3 to defraud or harm another, in which event the offense is a felony
4 of the second degree;

5 (B) a written report of a medical, chemical,
6 toxicological, ballistic, or other expert examination or test
7 performed on physical evidence for the purpose of determining the
8 connection or relevance of the evidence to a criminal action;

9 (C) a written report of the certification,
10 inspection, or maintenance record of an instrument, apparatus,
11 implement, machine, or other similar device used in the course of an
12 examination or test performed on physical evidence for the purpose
13 of determining the connection or relevance of the evidence to a
14 criminal action; or

15 (D) a search warrant issued by a magistrate.

16 SECTION 3.088. Section 39.03(d), Penal Code, is amended to
17 read as follows:

18 (d) An offense under this section is a Class A misdemeanor,
19 except that an offense is a felony of the third degree if the public
20 servant acted with the intent to impair the accuracy of data
21 reported to the Texas Education Agency through the Public Education
22 Information Management System (PEIMS) described by Sections 48.008
23 and 48.009 [~~Section 42.006~~], Education Code, under a law requiring
24 that reporting.

25 SECTION 3.089. Section 21.01, Tax Code, is amended to read
26 as follows:

27 Sec. 21.01. REAL PROPERTY. Real property is taxable by a

1 taxing unit if located in the unit on January 1, except as provided
2 by Chapter 49 [~~41~~], Education Code.

3 SECTION 3.090. Sections 21.02(b) and (c), Tax Code, are
4 amended to read as follows:

5 (b) Tangible personal property having taxable situs at the
6 same location as real property detached from a school district and
7 annexed by another school district under Chapter 49 [~~41~~], Education
8 Code, is taxable in the tax year in which the detachment and
9 annexation occurs by the same school district by which the real
10 property is taxable in that tax year under Chapter 49 [~~41~~],
11 Education Code. For purposes of this subsection and Chapter 49
12 [~~41~~], Education Code, tangible personal property has taxable situs
13 at the same location as real property detached and annexed under
14 Chapter 49 [~~41~~], Education Code, if the detachment and annexation
15 of the real property, had it occurred before January 1 of the tax
16 year, would have changed the taxable situs of the tangible personal
17 property determined as provided by Subsection (a) from the school
18 district from which the real property was detached to the school
19 district to which the real property was annexed.

20 (c) Tangible personal property has taxable situs in a school
21 district that is the result of a consolidation under Chapter 49
22 [~~41~~], Education Code, in the year in which the consolidation occurs
23 if the property would have had taxable situs in the consolidated
24 district in that year had the consolidation occurred before January
25 1 of that year.

26 SECTION 3.091. Section 25.25(k), Tax Code, is amended to
27 read as follows:

1 (k) The chief appraiser shall change the appraisal records
2 and school district appraisal rolls promptly to reflect the
3 detachment and annexation of property among school districts under
4 Subchapter C or G, Chapter 49 [~~41~~], Education Code.

5 SECTION 3.092. Section 311.013(n), Tax Code, is amended to
6 read as follows:

7 (n) This subsection applies only to a school district whose
8 taxable value computed under Section 403.302(d), Government Code,
9 is reduced in accordance with Subdivision (4) of that
10 subsection. In addition to the amount otherwise required to be
11 paid into the tax increment fund, the district shall pay into the
12 fund an amount equal to the amount by which the amount of taxes the
13 district would have been required to pay into the fund in the
14 current year if the district levied taxes at the rate the district
15 levied in 2005 exceeds the amount the district is otherwise
16 required to pay into the fund in the year of the reduction. This
17 additional amount may not exceed the amount the school district
18 receives in state aid for the current tax year under Section 48.253
19 [~~42.2514~~], Education Code. The school district shall pay the
20 additional amount after the district receives the state aid to
21 which the district is entitled for the current tax year under
22 Section 48.253 [~~42.2514~~], Education Code.

23 SECTION 3.093. Section 312.002(g), Tax Code, is amended to
24 read as follows:

25 (g) "Taxing unit" has the meaning assigned by Section 1.04,
26 except that for a tax abatement agreement executed on or after
27 September 1, 2001, the term does not include a school district that

1 is subject to Chapter 48 [42], Education Code, and that is organized
2 primarily to provide general elementary and secondary public
3 education.

4 SECTION 3.094. Section 312.210(b), Tax Code, is amended to
5 read as follows:

6 (b) A tax abatement agreement with the owner of real
7 property or tangible personal property that is located in the
8 reinvestment zone described by Subsection (a) and in a school
9 district that has a local revenue level [~~wealth per student~~] that
10 does not exceed the [~~equalized wealth~~] level established under
11 Section 48.257 must exempt from taxation:

12 (1) the portion of the value of the property in the
13 amount specified in the joint agreement among the municipality,
14 county, and junior college district; and

15 (2) an amount equal to 10 percent of the maximum
16 portion of the value of the property that may under Section
17 312.204(a) be otherwise exempted from taxation.

18 SECTION 3.095. Section 313.027(i), Tax Code, is amended to
19 read as follows:

20 (i) A person and the school district may not enter into an
21 agreement under which the person agrees to provide supplemental
22 payments to a school district or any other entity on behalf of a
23 school district in an amount that exceeds an amount equal to the
24 greater of \$100 per student per year in average daily attendance, as
25 defined by Section 48.005 [~~42.005~~], Education Code, or \$50,000 per
26 year, or for a period that exceeds the period beginning with the
27 period described by Section 313.021(4) and ending December 31 of

1 the third tax year after the date the person's eligibility for a
2 limitation under this chapter expires. This limit does not apply
3 to amounts described by Subsection (f)(1) or (2).

4 ARTICLE 4. REPEALER

5 SECTION 4.001. (a) The following provisions of the
6 Education Code are repealed:

- 7 (1) Section 7.102(c)(5);
- 8 (2) Section 21.0481;
- 9 (3) Section 21.0482;
- 10 (4) Section 21.0483;
- 11 (5) Section 21.0484;
- 12 (6) Section 21.410;
- 13 (7) Section 21.411;
- 14 (8) Section 21.412;
- 15 (9) Section 21.413;
- 16 (10) Section 21.458(c);
- 17 (11) Sections 28.006(d-1) and (e);
- 18 (12) Section 29.097;
- 19 (13) Section 29.098;
- 20 (14) Section 29.165;
- 21 (15) Section 29.166;
- 22 (16) Sections 29.203(g)(1) and (3);
- 23 (17) Section 39.233;
- 24 (18) Section 39.234;
- 25 (19) the headings to Chapters 41 and 42;
- 26 (20) the heading to Subchapter A, Chapter 41;
- 27 (21) Section 41.002;

- 1 (22) Section 41.0041;
- 2 (23) the heading to Subchapter D, Chapter 41;
- 3 (24) Section 41.0931;
- 4 (25) Section 41.098;
- 5 (26) the heading to Subchapter E, Chapter 41;
- 6 (27) the heading to Subchapter A, Chapter 42;
- 7 (28) the heading to Section 42.006;
- 8 (29) Section 42.007;
- 9 (30) the heading to Subchapter B, Chapter 42;
- 10 (31) Section 42.102;
- 11 (32) Section 42.103;
- 12 (33) Section 42.104;
- 13 (34) the heading to Subchapter C, Chapter 42;
- 14 (35) Section 42.1541;
- 15 (36) Section 42.156;
- 16 (37) Section 42.160;
- 17 (38) the heading to Subchapter E, Chapter 42;
- 18 (39) Section 42.2513;
- 19 (40) Section 42.2517;
- 20 (41) Section 42.2518;
- 21 (42) Section 42.262;
- 22 (43) the headings to Subchapters F and G, Chapter 42;
- 23 and
- 24 (44) Section 42.352.

25 (b) Sections 322.008(b) and 403.302(m), Government Code,
26 are repealed.

27 (c) The following provisions of the Tax Code are repealed:

1 (1) Sections 26.08(o) and (p); and

2 (2) Section 312.210(c).

3 ARTICLE 5. TRANSITION; CONFLICT OF LAW

4 SECTION 5.001. (a) Except as provided by Subsection (b) or
5 (c) of this section, Article 2 of this Act applies beginning with
6 the 2019-2020 school year.

7 (b) Section 28.006, Education Code, as amended by this Act,
8 applies beginning with the 2020-2021 school year.

9 (c) Section 28.025, Education Code, as amended by this Act,
10 and Section 28.0256, Education Code, as added by this Act, apply
11 beginning with students enrolled at the 12th grade level during the
12 2021-2022 school year.

13 SECTION 5.002. Except as otherwise provided by this Act,
14 Section 26.08, Tax Code, as amended by this Act, applies beginning
15 with the 2019 tax year. A school district is required to calculate
16 the district's voter-approval tax rate for the 2019 tax year in the
17 manner provided by Section 26.08, Tax Code, as amended by this Act,
18 regardless of whether the district has already calculated that rate
19 or adopted a tax rate for the 2019 tax year before September 1,
20 2019.

21 SECTION 5.003. As soon as practicable after September 1,
22 2019:

23 (1) the State Board for Educator Certification shall
24 develop the Internet portal required by Section 21.006(g-1),
25 Education Code, as added by this Act; and

26 (2) the Texas Education Agency shall develop the
27 Internet portal required by Section 22.095, Education Code, as

1 added by this Act.

2 SECTION 5.004. The Texas Education Agency shall establish
3 the registry of persons who are not eligible to be employed by a
4 school district, district of innovation, open-enrollment charter
5 school, other charter entity, regional education service center, or
6 shared services arrangement, as required by Section 22.092,
7 Education Code, as added by this Act, as soon as practicable after
8 September 1, 2019, and not later than January 1, 2020.

9 SECTION 5.005. The State Board for Educator Certification
10 may not issue a new or renew a master teacher certificate issued
11 under Section 21.0481, 21.0482, 21.0483, or 21.0484, Education
12 Code, on or after the effective date of this Act.

13 SECTION 5.006. Not later than August 1, 2020, the Texas
14 Education Agency shall submit the initial report required under
15 Section 29.1544, Education Code, as added by this Act.

16 SECTION 5.007. Notwithstanding any provision of the
17 Education Code, for the 2019 tax year, a school district that took
18 action to comply with publication requirements under Section
19 44.004, Education Code, before the effective date of this Act may
20 amend the district's previously published notices to comply with
21 the changes made to the district's permissible and proposed tax
22 rates as a result of this Act by posting those changes on the
23 district's Internet website. A school district that complied with
24 the law in effect at the time of the district's original publication
25 may hold the district's scheduled public hearing as originally
26 published.

27 SECTION 5.008. Not later than December 1, 2020, each school

1 district shall submit to the legislature a report on salary or wage
2 increases provided to district employees under Section 48.051(c),
3 Education Code, as added by this Act, for the 2019-2020 school year.
4 The report must include for each salary or wage increase:

- 5 (1) the employee's position at the school district;
- 6 and
- 7 (2) the amount of the increase.

8 SECTION 5.009. As soon as practicable after the effective
9 date of Section 48.1021, Education Code, as added by this Act, the
10 commissioner of education shall establish and appoint members to
11 the advisory committee required under that section.

12 SECTION 5.010. (a) Notwithstanding any other law, to secure
13 the best value for the state and ensure the best design, operation,
14 and implementation of assessment instruments, the Texas Education
15 Agency may:

- 16 (1) provide an additional period for all respondents
- 17 to provide new proposals for the assessment solicitations posted in
- 18 2019; and
- 19 (2) extend the current assessment contracts through
- 20 the end of the state fiscal biennium ending August 31, 2021.

21 (b) This section expires September 1, 2021.

22 SECTION 5.011. (a) The State Board for Educator
23 Certification is required to implement a provision of Article 2A of
24 this Act only if the legislature appropriates money specifically
25 for that purpose. If the legislature does not appropriate money
26 specifically for that purpose, the board may, but is not required
27 to, implement a provision of Article 2A of this Act using other

1 appropriations available for that purpose.

2 (b) The Texas Education Agency is required to implement a
3 provision of Article 2A of this Act only if the legislature
4 appropriates money specifically for that purpose. If the
5 legislature does not appropriate money specifically for that
6 purpose, the agency may, but is not required to, implement a
7 provision of Article 2A of this Act using other appropriations
8 available for that purpose.

9 SECTION 5.012. If any provision of this Act or its
10 application to any person or circumstance is held invalid, the
11 invalidity does not affect other provisions or applications of this
12 Act that can be given effect without the invalid provision or
13 application, and to this end the provisions of this Act are declared
14 to be severable.

15 SECTION 5.013. To the extent of any conflict, this Act
16 prevails over another Act of the 86th Legislature, Regular Session,
17 2019, regardless of the relative dates of enactment.

18 ARTICLE 6. EFFECTIVE DATE

19 SECTION 6.001. (a) Except as otherwise provided by this
20 section or as otherwise provided by this Act, this Act takes effect
21 September 1, 2019.

22 (b) Section 11.184, Education Code, as added by this Act,
23 takes effect January 1, 2020.

24 (c) Section 47.006, Education Code, as added by this Act,
25 takes effect only if H.B. 1525 or similar legislation of the 86th
26 Legislature, Regular Session, 2019, relating to the administration
27 and collection of sales and use taxes applicable to sales involving

1 marketplace providers is enacted and becomes law.

2 (d) Subject to Subsection (c) of this section, Chapter 47,
3 Education Code, as added by this Act, takes effect January 1, 2020.

4 (e) Sections 48.1021 and 48.1041, Education Code, as added
5 by this Act, take effect immediately if this Act receives a vote of
6 two-thirds of all the members elected to each house, as provided by
7 Section 39, Article III, Texas Constitution. If this Act does not
8 receive the vote necessary for Sections 48.1021 and 48.1041,
9 Education Code, as added by this Act, to have immediate effect,
10 those sections take effect September 1, 2019.

11 (f) Article 2 and Section 5.010 of this Act take effect
12 immediately if this Act receives a vote of two-thirds of all the
13 members elected to each house, as provided by Section 39, Article
14 III, Texas Constitution. If this Act does not receive the vote
15 necessary for immediate effect, Article 2 and Section 5.010 of this
16 Act take effect September 1, 2019.

President of the Senate

Speaker of the House

I certify that H.B. No. 3 was passed by the House on April 3, 2019, by the following vote: Yeas 148, Nays 1, 0 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 3 on May 7, 2019, and requested the appointment of a conference committee to consider the differences between the two houses; that the House adopted the conference committee report on H.B. No. 3 on May 25, 2019, by the following vote: Yeas 139, Nays 0, 0 present, not voting; and that the House adopted H.C.R. No. 193 authorizing certain corrections in H.B. No. 3 on May 27, 2019, by the following vote: Yeas 149, Nays 0, 1 present, not voting.

Chief Clerk of the House

H.B. No. 3

I certify that H.B. No. 3 was passed by the Senate, with amendments, on May 6, 2019, by the following vote: Yeas 26, Nays 2, 3 present, not voting; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; that the Senate adopted the conference committee report on H.B. No. 3 on May 25, 2019, by the following vote: Yeas 30, Nays 0; and that the Senate adopted H.C.R. No. 193 authorizing certain corrections in H.B. No. 3 on May 27, 2019, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor