

BILL ANALYSIS

C.S.H.B. 1759
By: Aycock
Public Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties suggest that changes to the public school finance system are necessary in order to meet the requirement under the Texas Constitution that the legislature establish and make suitable provision for the support and maintenance of an efficient system of public free schools. C.S.H.B. 1759 seeks to provide for such changes.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the commissioner of education in SECTION 26 of this bill.

ANALYSIS

C.S.H.B. 1759 repeals Education Code provisions relating to the hold harmless provision with regard to equalized wealth level, the cost of education adjustments under the Foundation School Program (FSP), the transportation allotment, the high school allotment, and additional state aid for staff salary increases under the FSP.

C.S.H.B. 1759 amends the Education Code to authorize the commissioner of education to provide a school district to which an academically unacceptable school district is annexed and that is required to take action to reduce its wealth per student to the equalized wealth level the value of the adjustment of the district's local fund assignment in the form of a credit against the total amount required for the district to purchase attendance credits.

C.S.H.B. 1759 entitles the Texas School for the Deaf to a transportation allotment paid from the foundation school fund and requires the commissioner to determine the appropriate allotment. The bill authorizes a school district to receive an allotment paid from the fund for the transportation of students participating in a regional day school program for the deaf, as determined by the commissioner. The bill establishes that a county public school transportation system is not entitled to receive funding for transportation costs directly from the state, but rather that funding for such a system is provided by each school district participating in the system in accordance with the terms of the interlocal contract under which the county provides transportation services for the participating districts as provided by the Interlocal Cooperation Act.

C.S.H.B. 1759 establishes that the compressed tax rate of a school district that adopted a maintenance and operations (M&O) tax rate for the 2005 tax year below the maximum rate permitted by law for that year includes the portion of the district's current M&O tax rate in

excess of the first six cents above the district's compressed tax rate until the district's compressed tax rate is equal to the state maximum compressed tax rate. The bill adds temporary provisions, set to expire September 1, 2018, making the inclusion of such additional tax effort in the calculation of the district's compressed M&O tax rate applicable beginning with the 2017–2018 school year and authorizing the board of trustees of a school district with an applicable 2005 M&O tax rate to choose to include such additional tax effort in the calculation of the district's compressed M&O tax rate for the 2015–2016 and 2016–2017 school years but requires the board of trustees to notify the commissioner of that decision in writing not later than September 1 of the affected school year. The bill includes any such additional tax effort that is factored into the calculation of a district's compressed M&O tax rate in the calculation of the first equalized wealth level, which is applied to a district's compressed tax rate, and excludes it from the calculation of the third equalized wealth level, currently set at \$319,500, which is applied to a district's tax effort greater than six cents above the district's compressed tax rate.

C.S.H.B. 1759 revises the formulas used to calculate the applicable small and mid-size district adjustment. The bill establishes that the adjusted allotment of a district that is eligible for an adjustment under any one of various conditions is equal to the sum of the value of the basic allotment and the greatest adjustment for which the district is eligible. The bill establishes that the adjusted allotment of a district that is not eligible for a small or mid-size adjustment is equal to the value of the district basic allotment.

C.S.H.B. 1759 excludes amounts spent for the transportation of special education students and career and technology education students from the requirements that the special education allotment and the career and technology allotment be used in the state special education program and in providing career and technology education programs, respectively. The bill expands the career and technology allotment for each full-time equivalent student in average daily attendance in an approved career and technology education program in grades 9 through 12 to include students in such a program in grade eight.

C.S.H.B. 1759 replaces the requirement that the State Board of Education (SBOE) increase by rule certain indirect cost allotments in effect for the 2010–2011 school year in proportion to the average percentage reduction in total state and local M&O revenue provided for the 2011–2012 school year as a result of legislation enacted by the 82nd Legislature, 1st Called Session, 2011, with a requirement that the SBOE revise such indirect cost allotments in effect for the 2014–2015 school year for the 2015–2016 and subsequent school years to reflect any increase in the percentage of total M&O funding represented by the basic allotment as a result of Acts of the 84th Legislature, Regular Session, 2015.

C.S.H.B. 1759 establishes that the tax rate of a school district that adopted an M&O tax rate for the 2005 tax year below the maximum rate permitted by law for that year includes, for purposes of calculating the district's tier one local share, the additional tax effort included in calculating the district's compressed tax rate to the extent that the additional tax effort brings the district's compressed tax rate to the maximum rate permitted by law under the bill's provisions. The bill adds a temporary provision, set to expire September 1, 2017, establishing that revenue generated by the portion of a district's M&O tax rate included in calculating the district's compressed tax rate and local share under the bill's provisions is included in determining the amount of additional state aid for tax reduction to which a district is entitled as a hold harmless for a prior mandatory reduction in tax rates.

C.S.H.B. 1759 adds temporary provisions, set to expire September 1, 2017, applicable to a school district that, as a result of the changes in law made by the bill, is entitled to an amount of state and local funding per student in weighted average daily attendance for maintenance and operations for a school year that is less than the amount of such funding to which the district would have been entitled for the school year under statutory provisions governing equalized wealth level and the FSP as those provisions existed on January 1, 2015. The bill entitles such a district to transitional funding in an amount equal to the difference between the amount of M&O

revenue to which the district is entitled for a school year after the changes in law made by the bill take effect and the amount of M&O revenue to which the district would have been entitled for the same school year under statutory provisions governing equalized wealth level and the FSP as those provisions existed on January 1, 2015. The bill requires the commissioner, for the purpose of determining the latter amount, to use the amount of the district's transportation allotment for the 2014–2015 school year. The bill caps the amount of transitional funding at \$75.7 million for the 2015–2016 school year and \$81.2 million for the 2016–2017 school year. The bill requires the commissioner, if the total amount of transitional funding to which school districts are entitled for a school year exceeds the applicable cap, to rank districts by state and local M&O revenue per cent per student in weighted average daily attendance and to provide transitional funding to districts in ascending order, beginning with the district with the lowest such revenue, until no remaining funds are available for such purposes. The bill authorizes the commissioner to adopt rules to implement the transitional funding, establishes that a related determination of the commissioner is final, and prohibits such a determination from being appealed.

C.S.H.B. 1759 excludes any additional tax effort included in calculating a district's compressed tax rate to the extent that the additional tax effort brings the district's compressed tax rate to the maximum rate permitted by law as provided by the bill, if applicable, from the M&O tax effort used to determine which of two possible dollar amount guaranteed levels of state and local funds per weighted student per cent of tax effort for the district apply in computing a district's guaranteed yield amount under the guaranteed yield program.

C.S.H.B. 1759 amends the Government Code to make conforming changes.

C.S.H.B. 1759 repeals the following provisions of the Education Code:

- Section 29.097(g)
- Section 29.098(e)
- Section 34.002(c)
- Section 39.233
- Section 39.234
- Sections 41.002(e), (f), and (g)
- Section 42.102
- Section 42.1541(c)
- Section 42.155
- Section 42.160
- Section 42.2513
- Section 42.2517

EFFECTIVE DATE

September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1759 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

HOUSE COMMITTEE SUBSTITUTE

84R 26228

15.117.376

Substitute Document Number: 84R 20786

SECTION 1. Subchapter C, Chapter 7, Education Code, is amended by adding Section 7.0551 to read as follows:

Sec. 7.0551. DISTRIBUTION OF STATE REVENUE FOR PUBLIC EDUCATION.

The commissioner shall adopt rules providing for the distribution of state revenue for the maintenance and operation of public schools and the support of instructional facilities and school district debt. For purposes of this section, "state revenue" means state financial assistance formerly distributed under Chapters 42 and 46, as those chapters existed on January 1, 2015.

No equivalent provision.

No equivalent provision.

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

(c) Except as otherwise provided by this subsection, if the commissioner certifies that the amount appropriated for a state fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds the amount to which school districts are entitled under those subchapters for that year, the commissioner shall use the excess funds, in an amount not to exceed \$20 million in any state fiscal year, for the purpose of making grants under this section. The use of excess funds under this subsection has priority over any provision of Chapter 42 that permits or directs the use of excess foundation school program funds, including Sections [~~42.2517,~~] 42.2521, 42.2522, and 42.2531. The commissioner is required to use excess funds as provided by this subsection only if the commissioner is not required to reduce the total amount of state funds allocated to school districts under Section 42.253(h).

No equivalent provision.

SECTION 2. Section 11.158(a), Education Code, is amended to read as follows:

(a) The board of trustees of an independent school district may require payment of:

- (1) a fee for materials used in any program in which the resultant product in excess of minimum requirements becomes, at the student's option, the personal property of the student, if the fee does not exceed the cost of materials;
- (2) membership dues in student organizations or clubs and admission fees or charges for attending extracurricular activities, if membership or attendance is voluntary;
- (3) a security deposit for the return of

- materials, supplies, or equipment;
- (4) a fee for personal physical education and athletic equipment and apparel, although any student may provide the student's own equipment or apparel if it meets reasonable requirements and standards relating to health and safety established by the board;
- (5) a fee for items of personal use or products that a student may purchase at the student's option, such as student publications, class rings, annuals, and graduation announcements;
- (6) a fee specifically permitted by any other statute;
- (7) a fee for an authorized voluntary student health and accident benefit plan;
- (8) a reasonable fee, not to exceed the actual annual maintenance cost, for the use of musical instruments and uniforms owned or rented by the district;
- (9) a fee for items of personal apparel that become the property of the student and that are used in extracurricular activities;
- (10) a parking fee or a fee for an identification card;
- (11) a fee for a driver training course, not to exceed the actual district cost per student in the program for the current school year;
- (12) a fee for a course offered for credit that requires the use of facilities not available on the school premises or the employment of an educator who is not part of the school's regular staff, if participation in the course is at the student's option;
- (13) a fee for a course offered during summer school, except that the board may charge a fee for a course required for graduation only if the course is also offered without a fee during the regular school year;
- (14) a reasonable fee for transportation of a student who lives within two miles of the school the student attends to and from that school[; ~~except that the board may not charge a fee for transportation for which the school district receives funds under Section 42.155(d)~~]; or
- (15) a reasonable fee, not to exceed \$50, for costs associated with an educational program offered outside of regular school hours through which a student who was absent from class receives instruction voluntarily for the purpose of making up the missed instruction and meeting the level of attendance required under Section 25.092[; ~~or~~];
- ~~[(16) if the district does not receive any funds~~

~~under Section 42.155 and does not participate in a county transportation system for which an allotment is provided under Section 42.155(i), a reasonable fee for the transportation of a student to and from the school the student attends].~~

No equivalent provision.

SECTION 3. Section 12.106(a-1), Education Code, is amended to read as follows:

(a-1) In determining funding for an open-enrollment charter school under Subsection (a), adjustments under Sections ~~[42.102,]~~ 42.103, 42.104, and 42.105 are based on the average adjustment for the state.

No equivalent provision.

SECTION 4. Section 13.054, Education Code, is amended by adding Subsection (f-1) to read as follows:

(f-1) For a school district to which territory is annexed under this section and that is required to take action under Chapter 41 to reduce its wealth per student to the equalized wealth level, the commissioner may provide the value of the adjustment described by Subsection (f) in the form of a credit against the total amount required under Section 41.093 for the district to purchase attendance credits.

No equivalent provision.

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

(d) The basic allotment for a student enrolled in a district to which this section applies is adjusted by[:

~~[(1) the cost of education adjustment under Section 42.102 for the school district in which the district is geographically located; and~~

~~[(2)] the weight for a homebound student under Section 42.151(a).~~

No equivalent provision.

SECTION 6. Section 29.918(a), Education Code, is amended to read as follows:

(a) Notwithstanding Section ~~[39.234 or]~~ 42.152, a school district or open-enrollment charter school with a high dropout rate, as determined by the commissioner, must submit a plan to the commissioner describing the manner in which the district or charter school intends to use the compensatory education allotment under Section 42.152 ~~[and the high school allotment under Section 42.160]~~ for developing and implementing research-based strategies for dropout prevention. The district or charter school shall submit the plan not later than December 1 of each school year

preceding the school year in which the district or charter school will receive the compensatory education allotment or high school allotment to which the plan applies.

No equivalent provision.

SECTION 7. Subchapter C, Chapter 30, Education Code, is amended by adding Section 30.0561 to read as follows:

Sec. 30.0561. TRANSPORTATION ALLOTMENT. The Texas School for the Deaf is entitled to a transportation allotment paid from the foundation school fund. The commissioner shall determine the appropriate allotment.

No equivalent provision.

SECTION 8. Section 30.087(c), Education Code, is amended to read as follows:

(c) A school district may receive an allotment paid from the foundation school fund for transportation of students participating in a regional day school program, as determined by the commissioner [~~in the same manner as an allotment for the transportation of other special education students~~].

No equivalent provision.

SECTION 9. Section 34.007, Education Code, is amended by adding Subsection (c) to read as follows:

(c) A county transportation system is not entitled to receive funding for transportation costs directly from the state. Funding for a county transportation system is provided by each school district participating in the county transportation system in accordance with the terms of the interlocal contract under Chapter 791, Government Code, under which the county provides transportation services for the participating districts.

No equivalent provision.

SECTION 10. Section 39.0233(a), Education Code, is amended to read as follows:

(a) The agency, in coordination with the Texas Higher Education Coordinating Board, shall adopt a series of questions to be included in an end-of-course assessment instrument administered under Section 39.023(c) to be used for purposes of Section 51.3062. The questions adopted under this subsection must be developed in a manner consistent with any college readiness standards adopted under Section [~~Sections 39.233 and~~] 51.3062.

No equivalent provision.

SECTION 11. Section 41.002(a), Education Code, is amended to read as follows:

(a) A school district may not have a wealth per student that exceeds:

(1) the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student available to a district with maintenance and operations tax revenue per cent of tax effort equal to the maximum amount provided per cent under Section 42.101(a) or (b), for the district's maintenance and operations tax effort equal to or less than the rate equal to the sum of the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year and any additional tax effort included in calculating the district's compressed tax rate under Section 42.101(a-1);

(2) the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, for the first six cents by which the district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, subject to Section 41.093(b-1); or

(3) \$319,500, for the district's maintenance and operations tax effort that exceeds the first six cents by which the district's maintenance and operations tax effort exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, less any additional tax effort included in calculating the district's compressed tax rate under Section 42.101(a-1).

No equivalent provision.

SECTION 12. Section 41.034(a), Education Code, is amended to read as follows:

(a) For the first and second school years after creation of a consolidated district under this subchapter, the commissioner shall adjust allotments to the consolidated district to the extent necessary to preserve the effects of an adjustment under Section [~~42.102,~~] 42.103[~~,~~] or 42.105 to which either of the consolidating districts would have been entitled but for the

consolidation.

No equivalent provision.

SECTION 13. Section 41.099(a), Education Code, is amended to read as follows:

(a) Sections ~~[41.002(e);]~~ 41.094, 41.097, and 41.098 apply only to a district that:

(1) executes an agreement to purchase all attendance credits necessary to reduce the district's wealth per student to the equalized wealth level;

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

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

(A) to an extent that does not provide more than 10 percent of the reduction in wealth per student required for the district to achieve a wealth per student that is equal to or less than the equalized wealth level; and

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

No equivalent provision.

SECTION 14. Section 41.257, Education Code, is amended to read as follows:

Sec. 41.257. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS ~~[AND TRANSPORTATION ALLOTMENT]~~. The budget of the consolidated district must apply the benefit of the adjustment or allotment to the schools of the consolidating district to which Section 42.103 or 42.105 ~~or 42.155~~ would have applied in the event that the consolidated district still qualifies as a small or sparse district.

No equivalent provision.

SECTION 15. Section 42.007(c), Education Code, is amended to read as follows:

(c) The funding elements must include:

(1) a basic allotment for the purposes of Section 42.101 that, when combined with the guaranteed yield component provided by Subchapter F, represents the cost per student

of a regular education program that meets all mandates of law and regulation;

(2) ~~[adjustments designed to reflect the variation in known resource costs and costs of education beyond the control of school districts;~~

~~[(3)]~~ appropriate program cost differentials and other funding elements for the programs authorized under Subchapter C, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(3) ~~[(4)]~~ the maximum guaranteed level of qualified state and local funds per student for the purposes of Subchapter F;

(4) ~~[(5)]~~ the enrichment ~~[and facilities]~~ tax rate under Subchapter F;

(5) ~~[(6)]~~ the computation of students in weighted average daily attendance under Section 42.302; and

(6) ~~[(7)]~~ the amount to be appropriated for the school facilities assistance program under Chapter 46.

No equivalent provision.

SECTION 16. Section 42.101, Education Code, is amended by adding Subsections (a-1) and (a-2) to read as follows:

(a-1) Notwithstanding Subsection (a), for a school district that adopted a maintenance and operations tax rate for the 2005 tax year below the maximum rate permitted by law for that year, the district's compressed tax rate ("DCR") includes the portion of the district's current maintenance and operations tax rate in excess of the first six cents above the district's compressed tax 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").

(a-2) Subsection (a-1) applies beginning with the 2017-2018 school year. For the 2015-2016 and 2016-2017 school years, the board of trustees of a school district that adopted a maintenance and operations tax rate for the 2005 tax year below the maximum rate permitted by law for that year may choose to apply Subsection (a-1) to the calculation of the district's compressed tax rate ("DCR"). A board of trustees that chooses to apply Subsection (a-1) must notify the commissioner of the decision in writing not later than September 1 of the affected school year. This subsection expires September 1,

No equivalent provision.

2018.

SECTION 17. Section 42.103, Education Code, is amended to read as follows:

Sec. 42.103. ADJUSTMENT BASED ON DISTRICT SIZE, INCLUDING SMALL AND MID-SIZE [MID-SIZED] DISTRICT ADJUSTMENTS [ADJUSTMENT]. (a) The basic allotment for [certain small and mid-sized] districts, including certain small and mid-size districts, is adjusted in accordance with this section. In this section:

(1) ~~["AA" is the district's adjusted allotment per student;~~

~~[(2)]~~ "ADA" is the number of students in average daily attendance for which the district is entitled to an allotment under Section 42.101;

(2) "SDA" is the amount of a small-size district's per student adjustment to the allotment under Section 42.101, as determined under Subsection (b) or (c);

(3) "MSA" is the amount of a mid-size district's per student adjustment to the allotment under Section 42.101, determined under Subsection (d);

(4) "DTR" is the district's tax rate, which is equal to the district's compressed tax rate used to calculate the district's allotment under Section 42.101, including any additional tax effort included in calculating the district's compressed tax rate under Section 42.101(a-1);

(5) "MCR" is the state maximum compressed tax rate, which is the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50;

(6) "SDABA" is the amount used in determining a small-size district's adjustment under this section that results from the following formula:

$(\$5,040 \times (DTR/MCR)) + \$125;$

(7) "MSABA" is the amount used in determining a mid-size district's adjustment under this section that results from the following formula:

$(\$5,040 \times (DTR/MCR)) \times MSPCT;$ and

(8) "MSPCT" is the percentage used to calculate a mid-size adjustment, as provided by Subsection (g)

~~[(3) "ABA" is the adjusted basic allotment determined under Section 42.102].~~

(b) The basic allotment of a small-size school district that contains at least 300 square miles and has not more than 1,600 students in

average daily attendance is adjusted by adding to the allotment the amount determined by applying the formula:

$$\underline{SDA [AA]} = ((1 + ((1,600 - ADA) \times .0004)) \times \underline{SDABA}) - \underline{SDABA [ABA]}$$

(c) The basic allotment of a small-size school district that contains less than 300 square miles and has not more than 1,600 students in average daily attendance is adjusted by adding to the allotment the amount determined by applying the formula:

$$\underline{SDA [AA]} = ((1 + ((1,600 - ADA) \times .00025)) \times \underline{SDABA}) - \underline{SDABA [ABA]}$$

(d) The basic allotment of a mid-size school district that offers a kindergarten through grade 12 program and has less than 5,000 students in average daily attendance is adjusted by adding to the allotment the amount determined by applying the formula, of the following formulas, that results in the greatest adjustment [~~adjusted allotment~~]:

(1) the formula in Subsection (b) or (c) for which the district is eligible; or

$$(2) \underline{MSA [AA]} = ((1 + ((5,000 - ADA) \times .000025)) \times \underline{MSABA}) - \underline{MSABA [ABA]}.$$

(e) The adjusted allotment of a school district that is not eligible for an adjustment under Subsection (b), (c), or (d) is equal to the value of the basic allotment as determined under Section 42.101.

(f) The adjusted allotment of a school district that is eligible for an adjustment under Subsection (b), (c), or (d) is equal to the sum of the value of the basic allotment as determined under Section 42.101 and the greatest adjustment under this section for which the district is eligible.

(g) For the 2015-2016 school year, "MSPCT" is equal to 0.75. For each subsequent school year, "MSPCT" is equal to the value used for the preceding school year less 0.05, until "MSPCT" is equal to 0.

No equivalent provision.

SECTION 18. Section 42.104, Education Code, is amended to read as follows:

Sec. 42.104. USE OF SIZE ADJUSTMENT, INCLUDING SMALL AND MID-SIZE [~~OR MID-SIZED~~] DISTRICT ADJUSTMENT, IN CALCULATING SPECIAL ALLOTMENTS. In determining the amount of a special allotment under Subchapter C [~~for a district to which Section 42.103 applies~~], a district's adjusted basic allotment is considered to be the district's adjusted allotment determined under Section 42.103.

No equivalent provision.

SECTION 19. Section 42.105, Education Code, as effective September 1, 2015, is amended to read as follows:

Sec. 42.105. SPARSITY ADJUSTMENT. Notwithstanding Sections 42.101[~~—42.102,~~] and 42.103, a school district that has fewer than 130 students in average daily attendance shall be provided an adjusted basic allotment on the basis of 130 students in average daily attendance if it offers a kindergarten through grade 12 program and has preceding or current year's average daily attendance of at least 90 students or is 30 miles or more by bus route from the nearest high school district. A district offering a kindergarten through grade 8 program whose preceding or current year's average daily attendance was at least 50 students or which is 30 miles or more by bus route from the nearest high school district shall be provided an adjusted basic allotment on the basis of 75 students in average daily attendance. An average daily attendance of 60 students shall be the basis of providing the adjusted basic allotment if a district offers a kindergarten through grade 6 program and has preceding or current year's average daily attendance of at least 40 students or is 30 miles or more by bus route from the nearest high school district.

No equivalent provision.

SECTION 20. Section 42.151(h), Education Code, is amended to read as follows:

(h) Funds allocated under this section, other than an indirect cost allotment established under State Board of Education rule or amounts spent for the transportation of special education students, must be used in the special education program under Subchapter A, Chapter 29.

No equivalent provision.

SECTION 21. Sections 42.154(a) and (c), Education Code, are amended to read as follows:

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

(1) an annual allotment equal to the adjusted basic allotment multiplied by a weight of 1.35; and

(2) \$50, if the student is enrolled in:

(A) two or more advanced career and

technology education classes for a total of three or more credits; or
(B) an advanced course as part of a tech-prep program under Subchapter T, Chapter 61.
(c) Funds allocated under this section, other than an indirect cost allotment established under State Board of Education rule or amounts spent for the transportation of career and technology education students, must be used in providing career and technology education programs in grades eight ~~nine~~ through 12 or career and technology education programs for students with disabilities in grades seven through 12 under Sections 29.182, 29.183, and 29.184.

No equivalent provision.

SECTION 22. Section 42.1541(a), Education Code, is amended to read as follows:

(a) For the 2015-2016 and subsequent school years, the ~~The~~ State Board of Education shall by rule revise ~~increase~~ the indirect cost allotments established under Sections 42.151(h), 42.152(c), 42.153(b), and 42.154(c) ~~42.154(a-1) and (e)~~ and in effect for the 2014-2015 ~~2010-2011~~ school year to reflect any increase in the percentage of total maintenance and operations funding represented by the basic allotment ~~in proportion to the average percentage reduction in total state and local maintenance and operations revenue provided under this chapter for the 2011-2012 school year~~ as a result of ~~[S.B. Nos. 1 and 2,]~~ Acts of the 84th ~~82nd~~ Legislature, Regular ~~1st-Called~~ Session, 2015 ~~2011~~.

No equivalent provision.

SECTION 23. Section 42.156(a), Education Code, is amended to read as follows:

(a) For each identified student a school district serves in a program for gifted and talented students that the district certifies to the commissioner as complying with Subchapter D, Chapter 29, a district is entitled to an annual allotment equal to the district's adjusted basic allotment as determined under ~~[Section 42.102 or]~~ Section 42.103, ~~[as applicable,]~~ multiplied by .12 for each school year or a greater amount provided by appropriation.

No equivalent provision.

SECTION 24. Section 42.2516, Education Code, as effective until September 1, 2017, is amended by amending Subsection (b-1) and adding Subsection (c-1) to read as follows:

(b-1) The amount determined for a school

district under Subsection (b) is increased or reduced as follows:

(1) if for any school year the district is entitled to a greater allotment under Section ~~[42.155- $\text{\textcircled{r}}$]~~ 42.158 or more additional state aid under Section 42.2515 than the allotment or additional state aid to which the district was entitled under Section ~~[42.155,]~~ 42.158~~;~~ or 42.2515, as applicable, for the 2009-2010 school year, the district's entitlement under Subsection (b) is increased by an amount equal to the difference between the amount to which the district is entitled under Section ~~[42.155,]~~ 42.158~~;~~ or 42.2515, as applicable, for that school year and the amount to which the district was entitled under the applicable section for the 2009-2010 school year; and

(2) if for any school year the district is not entitled to an allotment under Section ~~[42.155- $\text{\textcircled{r}}$]~~ 42.158 or additional state aid under Section 42.2515 or is entitled to a lesser allotment or less additional state aid under the applicable section than the allotment or additional state aid to which the district was entitled under the applicable section for the 2009-2010 school year, the district's entitlement under Subsection (b) is reduced by an amount equal to the difference between the amount to which the district was entitled under Section ~~[42.155,]~~ 42.158~~;~~ or 42.2515, as applicable, for the 2009-2010 school year and the amount to which the district is entitled under the applicable section for the current school year.

(c-1) Revenue generated by the portion of a district's maintenance and operations tax rate included in calculating the district's compressed tax rate under Section 42.101(a-1) and local share under Section 42.252(a-1) is included in determining the amount to which a district is entitled under this section. This subsection expires September 1, 2017.

No equivalent provision.

SECTION 25. Section 42.252, Education Code, is amended by adding Subsection (a-1) to read as follows:

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

No equivalent provision.

SECTION 26. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2529 to read as follows:

Sec. 42.2529. TRANSITIONAL FUNDING.

(a) This section applies to a school district that, as a result of the changes in law made by H.B. No. 1759, Acts of the 84th Legislature, Regular Session, 2015, is entitled to an amount of state and local funding per student in weighted average daily attendance for maintenance and operations for a school year that is less than the amount of state and local funding per student in weighted average daily attendance for maintenance and operations to which the district would have been entitled for the school year under Chapter 41 and this chapter, as those chapters existed on January 1, 2015.

(b) Subject to Subsection (d), a school district to which this section applies is entitled to transitional funding under this section in an amount equal to the difference between:

(1) the amount of maintenance and operations revenue to which the district is entitled for a school year after the changes in law made by H.B. No. 1759, Acts of the 84th Legislature, Regular Session, 2015, take effect; and

(2) the amount of maintenance and operations revenue to which the district would have been entitled for the same school year under Chapter 41 and this chapter, as those chapters existed on January 1, 2015.

(c) For the purpose of determining under Subsection (b)(2) the amount to which a district would have been entitled under Section 42.155, as that section existed on January 1, 2015, the commissioner shall use the amount of the district's transportation allotment for the 2014-2015 school year.

(d) The amount of transitional funding provided under this section may not exceed \$75.7 million for the 2015-2016 school year and \$81.2 million for the 2016-2017 school year. If the total amount of transitional funding to which districts are entitled under this section for a school year exceeds the amount specified by this subsection, the commissioner shall rank districts by state and local maintenance and operations revenue per cent per student in weighted average daily attendance and shall provide transitional funding under this section to districts in ascending order, beginning with the district with the lowest maintenance and operations revenue per cent per student in weighted

average daily attendance, until no remaining funds are available for purposes of this section.

(e) The commissioner may adopt rules to implement this section.

(f) A determination of the commissioner under this section is final and may not be appealed.

(g) This section expires September 1, 2017.

No equivalent provision.

SECTION 27. Section 42.261(a), Education Code, is amended to read as follows:

(a) Funds appropriated by the legislature for a tax year for the purpose of reducing a school district's maintenance and operations tax rate and providing state aid under Section 42.2516:

(1) ~~[are not excess funds for purposes of Section 42.2517;~~

~~[(2)]~~ are not available for purposes of Section 42.2521 or 42.2522;

~~(2) [(3)]~~ may not be used for purposes of Chapter 46; and

~~(3) [(4)]~~ may not be provided by the commissioner to a school district for a purpose other than reduction of the district's maintenance and operations tax rate.

No equivalent provision.

SECTION 28. Sections 42.302(a) and (a-1), Education Code, are amended to read as follows:

(a) Each school district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the district's local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 42.303, is determined by the formula:

$GYA = (GL \times WADA \times DTR \times 100) - LR$

where:

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

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

"WADA" is the number of students in weighted average daily attendance, which is calculated by dividing the sum of the school district's allotments under Subchapters B and C, less any allotment ~~[to the district for~~

~~transportation, any allotment]~~ under Section 42.158 ~~[or 42.160, and 50 percent of the adjustment under Section 42.102]~~, by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the school district, which is determined by subtracting the amounts specified by Subsection (b) from the total amount of maintenance and operations taxes collected by the school district for the applicable school year and dividing the difference by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 42.2521, divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 42.2521, divided by 100.

(a-1) ~~[In this section, "wealth per student" has the meaning assigned by Section 41.001.]~~ For purposes of Subsection (a), the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") for a school district is:

(1) the greater of the amount of district tax revenue per weighted student per cent of tax effort that would be available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, if the reduction of the limitation on tax increases as provided by Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply, or the amount of district tax revenue per weighted student per cent of tax effort used for purposes of this subdivision in the preceding school year, for the first six cents by which the district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year; and

(2) \$31.95, for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (1), less any additional tax effort included in calculating the district's compressed tax rate under Section 42.101(a-1).

No equivalent provision.

SECTION 29. Section 322.008(b), Government Code, is amended to read as follows:

(b) The general appropriations bill may include for purposes of information the funding elements computed by the Legislative Budget Board under Section 42.007, Education Code~~[, excluding the values for each school district calculated under Section 42.007(c)(2), Education Code]~~. If the funding elements are included, the funding elements under Section 42.007(c)(2) ~~[42.007(c)(3)]~~, Education Code, shall be reported in dollar amounts per pupil.

No equivalent provision.

SECTION 30. Section 825.405(b), Government Code, is amended to read as follows:

(b) For purposes of this section:

(1) the statutory minimum salary for certain school personnel under Section 21.402, Education Code, is the salary provided by that section multiplied by the cost of education index adjustment adopted by the foundation school fund budget committee and contained in Chapter 203, Title 19, Texas Administrative Code, as that chapter existed on March 26, 1997, applicable [under Section 42.102, Education Code],] to the district in which the member is employed; and

(2) the statutory minimum salary for members who would have been entitled to the minimum salary for certain school personnel under former Section 16.056, Education Code, as that section existed on January 1, 1995, is a minimum salary computed in the same manner as the minimum salary for certain school personnel under Section 21.402, Education Code, multiplied by the cost of education index adjustment adopted by the foundation school fund budget committee and contained in Chapter 203, Title 19, Texas Administrative Code, as that chapter existed on March 26, 1997, applicable [under Section 42.102, Education Code],] to the district in which the member is employed.

SECTION 2. Chapters 41, 42, and 46, Education Code, are repealed.

SECTION 31. The following provisions of the Education Code are repealed:

- (1) Section 29.097(g);
- (2) Section 29.098(e);
- (3) Section 34.002(c);
- (4) Section 39.233;
- (5) Section 39.234;
- (6) Sections 41.002(e), (f), and (g);

- (7) Section 42.102;
- (8) Section 42.1541(c);
- (9) Section 42.155;
- (10) Section 42.160;
- (11) Section 42.2513; and
- (12) Section 42.2517.

SECTION 3. (a) Except as provided by Subsection (b) of this section:

(1) this Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution; and

(2) if this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.

(b) The repeal of Chapters 41, 42, and 46, Education Code, by this Act takes effect September 1, 2015.

SECTION 32. This Act takes effect September 1, 2015.