

## **BILL ANALYSIS**

Senate Research Center

H.B. 3  
By: Huberty et al. (Taylor)  
Education  
4/12/2019  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The state's current school finance system is structured around funding formulas that are ordinarily revised only in response to court decisions finding one or more parts of the system unconstitutional under the Texas Constitution. In the opinion of many, the current school finance system does not meet the needs of Texas public school students. The Texas Commission on Public School Finance, established by the 85th Legislature, found that roughly 22 percent of Texas eighth graders will go on to achieve a post-secondary credential six years following their scheduled high school graduation. For low-income Texas students, who are reported to represent approximately six out of every 10 public school students in Texas, the commission found that such post-secondary completion rates are around 12 percent.

The Texas Constitution mandates that the legislature establish and make suitable provision for the support and maintenance of an efficient system of public free schools. H.B. 3 seeks to meet that mandate and address the inefficiencies of the current school finance system by modernizing the funding formulas to rebalance the state's share of public education funding, readjusting outdated or otherwise inefficient elements of the school finance system to invest available funding in students, and improving the system's equitable administration with meaningful investment in low-income and other historically underperforming student groups to support improvements in student achievement and teacher quality. (Original Author's/Sponsor's Statement of Intent)

H.B. 3 amends current law relating to public school finance and public education.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the commissioner of education (commissioner) in SECTION 1.005 (Section 25.0841, Education Code), SECTION 1.011 (Section 48.004, Education Code), SECTION 1.013 (Section 48.009, Education Code), SECTION 1.023 (Section 48.104, Education Code), SECTION 1.032 (Section 48.157, Education Code), SECTION 2.006 (Section 28.006, Education Code), SECTION 2.021 (Section 29.194, Education Code), and SECTION 2.022 (Section 29.924, Education Code) of this bill.

Rulemaking authority is expressly granted to the State Board of Education (SBOE) in SECTION 1.023 (Section 48.104, Education Code) and SECTION 1.025 (Section 48.105, Education Code) of this bill.

Rulemaking authority previously granted to the commissioner is modified in SECTION 1.011 (Section 48.005, Education Code), SECTION 1.013 (Section 48.009, Education Code), SECTION 1.045 (Section 49.006, Education Code), SECTION 2.013 (Section 29.162, Education Code), and SECTION 2.019 (Section 29.172, Education Code) of this bill.

Rulemaking authority previously granted to SBOE is transferred to the commissioner in SECTION 1.021 (Section 48.102, Education Code) of this bill.

Rulemaking authority previously granted to SBOE is rescinded in SECTION 1.023 (Section 48.104, Education Code) of this bill.

Rulemaking authority previously granted to the commissioner is rescinded in SECTION 1.028 (Section 48.152, Education Code), SECTION 1.036 (Sections 48.254 and 48.255, Education Code), and SECTION 1.039 (Section 48.275, Education Code) of this bill.

## **SECTION BY SECTION ANALYSIS**

### ARTICLE 1. PUBLIC SCHOOL FINANCE

SECTION 1.001. Amends Subchapter D, Chapter 11, Education Code, by adding Section 11.184, as follows:

Sec. 11.184. EFFICIENCY AUDIT. (a) Defines "efficiency audit."

(b) Requires the board of trustees of a school district, except as provided by Subsection (b-1), to conduct an efficiency audit before seeking voter approval to adopt a tax rate for the maintenance and operations of the district at an election held for that purpose and prohibits the board from holding the election without complying with this section.

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

(c) Requires a school district to pay for the costs associated with an efficiency audit required under this section.

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

(e) Authorizes the board of trustees of a school district to select for purposes of Subsection (d) the auditor that conducts the district's annual audit under Section 44.008 (Annual Audit; Report) and to include the efficiency audit as part of the district's annual audit.

(f) Requires the Legislative Budget Board (LBB) to establish guidelines identifying the scope and areas of investigation of an efficiency audit, including identification of resources being used effectively and efficiently and identification of cost savings or reallocations. Authorizes the LBB to consult with the Texas Education Agency (TEA) to identify areas in which school districts in this state have a demonstrated history of effectively utilizing resources to improve student achievement and achieve cost savings. Requires the auditor selected by the board of trustees of a school district to follow the guidelines established by the LBB under this subsection.

(g) Requires an auditor selected by the board of trustees of a school district to maintain independence from the district and complete the efficiency audit not later than three months after the date the auditor was selected.

(h) Requires the board of trustees of a school district, before an election at which a school district seeks voter approval to adopt a tax rate, to hold an open meeting to discuss the results of the efficiency audit conducted under this section. Requires the results of an efficiency audit conducted under this section to be posted on the school district's Internet website not later than 30 days before the date of the election.

- (i) Requires a school district to provide all documents, records, and personnel requested by the auditor as needed to conduct the audit in an efficient manner.

SECTION 1.002. Amends Section 12.106, Education Code, by amending Subsections (a), (a-1), and (a-2) and adding Subsections (a-3) and (a-4), as follows:

(a) Makes changes conforming to subsequent section transfers and entitles a charter holder to receive for the open-enrollment charter school funding under Chapter 48 equal to the amount of funding per student in weighted average daily attendance, excluding the adjustment under Section 48.052, the allotment under Section 48.101, and enrichment funding under Section 48.202(a), rather than excluding enrichment funding under Section 42.302(a), to which the charter holder would be entitled for the school under Chapter 48 if the school were a school district without a tier one local share for purposes of Section 48.266.

(a-1) Provides that the amount of the allotment under Section 48.102, in determining funding for an open-enrollment charter school under Subsection (a), is based solely on the basic allotment to which the charter holder is entitled and does not include any amount based on the allotment under Section 48.101.

(1) Deletes this subdivision and existing text relating to basing certain adjustments on the average adjustment for the state.

(2) Deletes this subdivision and existing text relating to basing the adjustment under Section 42.103 (Small and Mid-Sized District Adjustment) on the average adjustment for the state that would have been provided under that section as it existed on January 1, 2018.

(a-2) Entitles a charter holder, in addition to the funding provided by Subsection (a), to receive for the open-enrollment charter school an allotment per student in average daily attendance in an amount equal to the product of:

(1) the state weighted average allotment per student in average daily attendance provided to eligible school districts under Section 48.101; and

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

(A) the total number of students in average daily attendance in school districts that receive an allotment under Section 48.101; and

(B) the total number of students in average daily attendance in school districts statewide.

(a-3) Makes a conforming change and entitles a charter holder, in addition to the funding provided by Subsections (a) and (a-2), rather than by Subsection (a), to receive for the open-enrollment charter school enrichment funding under Section 48.202 based on the state average tax effort.

(a-4) Entitles a charter holder, in addition to the funding provided by Subsections (a), (a-2), and (a-3), to receive funding for the open-enrollment charter school under Subchapter D, Chapter 48, if the charter holder would be entitled to the funding if the school were a school district.

SECTION 1.003. Amends Subchapter D, Chapter 12, Education Code, by adding Section 12.1142, as follows:

Sec. 12.1142. EFFICIENCY AUDIT. (a) Defines "efficiency audit."

(b) Requires the governing body of an open-enrollment charter school to conduct an efficiency audit before:

(1) requesting approval from the commissioner of education (commissioner) for a revision to the school's charter or an expansion amendment under Section 12.114 (Revision); or

(2) establishing a new open-enrollment charter school campus under Section 12.101(b-4) (relating to providing, notwithstanding Section 12.114, that approval of the commissioner under that section is not required for establishment of a new open-enrollment charter school campus if certain requirements are satisfied).

(c) Requires the open-enrollment charter school to pay for the costs associated with an efficiency audit required under this section and post the results of the efficiency audit on the open-enrollment charter school's Internet website before taking an action described by Subsection (b).

(d) Requires an auditor selected by the governing body of an open-enrollment charter school to maintain independence from the school and complete the audit not later than three months after the date the auditor was selected.

(e) Requires an open-enrollment charter school to provide all documents, records, and personnel requested by the auditor as needed to conduct the audit in an efficient manner. Requires the auditor, if an open-enrollment charter school fails to timely comply with this subsection, to report the school's failure to TEA and the governing body of the school.

SECTION 1.004. Amends Section 25.084, Education Code, by amending Subsection (b) and adding Subsection (c), as follows:

(b) Makes a conforming change and provides that the operation of schools year-round by a district, except as provided by Subsection (c), does not affect the amount of state funds to which the district is entitled under Chapter 48.

(c) Authorizes a district that adopts a year-round system under this section (Year-Round System) to receive the incentive aid under Section 25.0841 if the district meets the criteria for receiving the incentive under that section.

SECTION 1.005. Amends Subchapter C, Chapter 25, Education Code, by adding Section 25.0841, as follows:

Sec. 25.0841. INCENTIVE FOR ADDITIONAL INSTRUCTIONAL DAYS. (a) Requires the commissioner to adjust the average daily attendance of a school district or open-enrollment charter school under Section 48.005 in the manner provided by Subsection (b) if the district or school:

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

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

(b) Requires the commissioner, for a school district or open-enrollment charter school described by Subsection (a), to increase the average daily attendance of the district or school under Section 48.005 by the amount that results from the quotient of the sum of attendance for each of the 30 additional instructional days of half-day instruction that are provided divided by 30.

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

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

(e) Requires the commissioner to adopt rules necessary for the implementation of this section.

SECTION 1.006. Amends Section 30.003, Education Code, by amending Subsection (f-1) and adding Subsection (f-2), as follows:

(f-1) Requires the commissioner to determine the total amount that the Texas School for the Blind and Visually Impaired and the Texas School for the Deaf would have received from school districts in accordance with this section (Support of Students Enrolled in Texas School for the Blind and Visually Impaired or Texas School for the Deaf) if the following provisions had not reduced the districts' share of the cost of providing education services:

(1) creates this subdivision from existing text and makes no further changes to this subdivision;

(2) Section 45.0032; and

(3) Section 48.255.

(f-2) Creates this subsection from existing text and makes a nonsubstantive change. Requires the amount determined under Subsection (f-1), minus any amount the schools do receive from school districts, to be set aside as a separate account in the foundation school fund and appropriated to those schools for educational purposes. Deletes existing text relating to requiring the commissioner to determine the total amount that those schools would have received from school districts in accordance with this section if H.B. No. 1 (relating to public school finance, property tax relief, public school accountability and programs, and related matters), Acts of the 79th Legislature, 3rd Called Session, 2006, had not reduced the districts' share of the cost of providing education services.

SECTION 1.007. Amends Section 45.003, Education Code, by amending Subsections (d) and (f) and adding Subsections (d-1), (f-1), and (g), as follows:

(d) Prohibits the maintenance tax rate per \$100 of taxable value adopted by the district, for any year, from exceeding \$1.17, rather than exceeding the rate equal to the sum of \$0.17 and the product of the state compression percentage, as determined under Section 42.2516 (State Compression Percentage), multiplied by \$1.50.

(d-1) Prohibits the district, except as otherwise provided by this subsection, from adopting a maintenance and operations tax rate for the 2019 tax year that exceeds the district's rollback rate if the rollback tax rate of a school district under Section 26.08(n), Tax Code, for the 2019 tax year exceeds \$1.04 per \$100 of taxable value. Authorizes a school district that, before January 1, 2019, adopted a Strategic Plan through action taken by the board of trustees in a public meeting that proposed a maintenance and operations tax rate for the 2019 tax year that exceeds the rate permitted under this subsection to, subject to voter approval, adopt the rate proposed in the plan. Provides that this subsection expires September 1, 2020.

(f) Makes nonsubstantive changes and creates subsequent subdivisions from existing text. Prohibits a district that levied a maintenance tax for the 2005 tax year at a rate greater than \$1.50 per \$100 of taxable value in the district as permitted by special law, notwithstanding any other law except Section 48.202(f), rather than notwithstanding any other law, from levying a maintenance tax at a rate that exceeds the rate per \$100 of taxable value that is equal to the sum of:

(1) \$0.17; and

(2) the product of 66.67 percent, rather than the product of the state compression percentage as determined under Section 42.2516, multiplied by the rate of the maintenance tax levied by the district for the 2005 tax year.

(f-1) Provides that the reduction of a school district's tax rate required under Section 48.202(f) for the 2019-2020 school year, notwithstanding Section 48.202(f), applies to the district's total enrichment tax rate under Section 45.0032(b) minus six cents. Provides that this subsection expires September 1, 2020.

(g) Provides that for a district to which Subsection (f) applies, revenue generated from any cents of maintenance tax effort that exceeds \$1.17 per \$100 of taxable value is not subject to the limit on local revenue under Section 48.257.

SECTION 1.008. Amends Subchapter A, Chapter 45, Education Code, by adding Section 45.0032, as follows:

Sec. 45.0032. COMPONENTS OF MAINTENANCE AND OPERATIONS TAX. (a) Provides that a school district's tier one maintenance and operations tax rate is the number of cents levied by the district for maintenance and operations that does not exceed the product of the state compression percentage, as determined under Section 48.255, multiplied by \$1.00.

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

(b) Provides that a district's enrichment tax rate consists of any cents of additional maintenance and operations tax effort, not to exceed eight cents over the maximum tax rate described by Subsection (a), and any cents of additional maintenance and operations tax effort that exceeds the sum of the maximum tax rate described by Subsection (a) and the maximum number of cents permitted under Subdivision (1).

(c) Provides that, for a district to which Section 45.003(f) (relating to prohibiting a district that levied a maintenance tax for the 2005 tax year above a certain rate from levying a maintenance tax above a certain other rate) applies, any cents of maintenance and operations tax effort that exceeds the maximum rate permitted under Section 45.003(d) (relating to requiring a proposition submitted to authorize the levy of maintenance taxes to include a certain question) are not included in the district's tier one maintenance and operations tax rate under Subsection (a) or the district's enrichment tax rate under Subsection (b).

SECTION 1.009. Amends Subtitle I, Title 2, Education Code, by adding Chapter 48 and adding a heading to that chapter to read as follows:

## CHAPTER 48. FOUNDATION SCHOOL PROGRAM

SECTION 1.010. Amends Chapter 48, Education Code, as added by this Act, by adding Subchapter A and adding a heading to that subchapter to read as follows:

### SUBCHAPTER A. GENERAL PROVISIONS

SECTION 1.011. Transfers Sections 42.001, 42.002, 42.003, 42.004, 42.005, 42.0051, and 42.0052, Education Code, to Subchapter A, Chapter 48, Education Code, as added by this Act, redesignates them as Sections 48.001, 48.002, 48.003, 48.004, 48.005, 48.006, and 48.007, Education Code, and amends them as follows:

Sec. 48.001 and 48.002. Makes no further changes to these sections.

Sec. 48.003. STUDENT ELIGIBILITY. (a) Makes no further changes to this subsection.

(b) Entitles a student to whom Subsection (a) does not apply (relating to entitling a student to the benefits of the Foundation School Program (program) if a student meets certain criteria) to the benefits of the program if the student is enrolled in a prekindergarten class under Section 29.153 (Free Prekindergarten For Certain Children), rather than under Section 29.153 or Subchapter E-1 (High Quality Prekindergarten Grant Program), Chapter 29.

(c) and (d) Makes no further changes to these subsections.

Sec. 48.004. ADMINISTRATION OF THE PROGRAM. Requires the commissioner to adopt rules as necessary to implement and administer the program, rather than requiring the commissioner, in accordance with the rules of the State Board of Education (SBOE), to take such action and require such reports consistent with this chapter (Foundation School Program) as may be necessary to implement and administer the program.

Sec. 48.005. AVERAGE DAILY ATTENDANCE. (a) Provides that, in this chapter, average daily attendance is:

(1)–(3) makes no further changes to these subdivisions;

(4) for a district that operates a half-day program or a full-day program under Section 29.153(c) (relating to requiring a prekindergarten class under this section to be operated on a half-day basis), rather than a district that operates a half-day program, one-half of the average daily attendance calculated under Subdivision (1) (relating to a certain calculation for the average daily attendance rate).

(b) and (c) Makes no further changes to these subsections.

(c-1) Requires the commissioner to adjust the average daily attendance of a school district or open-enrollment charter school that qualifies for the incentive for additional instructional days under Section 25.0841 in the manner provided by that section.

(d)-(g-1) Makes no further changes to these subsections.

(h) Makes conforming changes to this subsection.

(i)-(m) Makes no further changes to these subsections.

(n) Authorizes the commissioner, to assist school districts in implementing this section as amended by H.B. 2442 (relating to minutes of operation required for public school districts, charter schools, and other education programs), Acts of the 85th Legislature, Regular Session, 2017, rather than as amended by H.B. 2442, Acts of the 85th Legislature, Regular Session, 2017, or similar legislation, to

waive a requirement of this section or adopt rules to implement this section. Deletes existing text providing that this subsection expires at the end of the 2018–2019 school year.

(o) Requires the commissioner to adjust the average daily attendance of a school district with average daily attendance of 400 or less to the average daily attendance of the school district from the 2018–2019 school year for a school district that has experienced a decline of four percent or more in average daily attendance from the prior year. Provides that open-enrollment charters are not eligible for an adjustment under this subsection. Provides that this subsection expires September 1, 2024.

Sec. 48.006. AVERAGE DAILY ATTENDANCE FOR DISTRICTS IN DISASTER AREA. (a)-(c) Makes no changes to these subsections.

(d)-(f) Makes conforming changes to these subsections.

Sec. 48.007. OFF-CAMPUS PROGRAMS APPROVED FOR PURPOSES OF AVERAGE DAILY ATTENDANCE. Makes a conforming change to this section.

SECTION 1.012. Transfers Sections 42.006(a), (b), (c), and (d), Education Code, to Subchapter A, Chapter 48, Education Code, as added by this Act, redesignates them as Section 48.008, Education Code, and amends them as follows:

Sec. 48.008. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS). Makes no further changes to this section.

SECTION 1.013. Transfers Sections 42.006(a-1), (a-3), and (a-4), Education Code, Section 42.006(a-2), Education Code, as added by Chapter 550 (S.B. 490), Acts of the 85th Legislature, Regular Session, 2017, and Section 42.006(a-2), as added by Chapter 916 (S.B. 1404), Acts of the 85th Legislature, Regular Session, 2017, to Subchapter A, Chapter 48, Education Code, as added by this Act, redesignates them as Section 48.009, Education Code, and amends them as follows:

Sec. 48.009. REQUIRED PEIMS REPORTING. Makes conforming and nonsubstantive changes throughout this section.

(a) Defines "full-time equivalent school counselor" for purposes of this section.

(a-1) Deletes this subsection designation. Deletes existing text requiring TEA to maintain the information provided in accordance with this subsection.

(a-2) Deletes this subsection and existing text requiring the commissioner by rule to require each school district and open-enrollment charter school to report through the Public Education Information Management System (PEIMS) information regarding the availability of school counselors at each campus. Deletes existing text requiring the commissioner's rules to require a school district or school to report the number of full-time equivalent school counselors providing counseling services at a campus. Deletes existing text requiring TEA to maintain the information provided in accordance with this subsection. Deletes existing text defining "full-time equivalent school counselor" for purposes of this subsection.

(a-3) Deletes this subsection and existing text requiring the commissioner by rule to require each school district and open-enrollment charter school to annually report through the PEIMS information regarding the total number of students, other than students described by Subsection (a-4) that also meet certain other criteria. Deletes existing text requiring TEA to maintain the information provided in accordance with this subsection.

(a-4) Deletes this subsection and existing text requiring the commissioner by rule to require each school district and open-enrollment charter school to annually report through the PEIMS information regarding the total number of students enrolled in the district or school to whom the district or school provides certain aids, accommodations, or services.

(b) Requires the commissioner by rule to require each school district and open-enrollment charter school to report through PEIMS information regarding:

(1) creates this subdivision from existing text and makes no further changes to this subdivision;

(2) the availability of school counselors, including the number of full-time equivalent school counselors, at each campus;

(3) the availability of expanded learning opportunities as described by Section 33.252 at each campus, rather than as described by Section 33.252;

(4) the total number of students, other than students described by Subdivision (5), enrolled in the district or school with whom the district or school, as applicable, used intervention strategies, as that term is defined by Section 26.004 (Access to Student Records), at any time during the year for which the report is made; and

(5) the total number of students enrolled in the district or school to whom the district or school provided aids, accommodations, or services under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), at any time during the year for which the report is made.

(c) Creates this subsection from existing text and requires TEA to maintain the information provided in accordance with this section, rather than this subsection.

(d) Requires the commissioner, not later than January 1, 2020, to adopt rules requiring PEIMS to include pregnancy as a reason a student withdraws from or otherwise no longer attends public school.

SECTION 1.014. Transfers Section 42.009, Education Code, to Subchapter A, Chapter 48, Education Code, as added by this Act, redesignates it as Section 48.010, Education Code, and amends it as follows:

Sec. 48.010. DETERMINATION OF FUNDING LEVELS. (a) Makes no further changes to this subsection.

(b) Requires the commissioner, in making the determinations regarding funding levels required by Subsection (a) (relating to requiring the commissioner to make determinations regarding the funding for each school district in a certain manner), to:

(1) makes no further changes to this subdivision;

(2) for a district required to reduce its local revenue level under Section 48.257, base the determinations on the district's net funding levels after deducting any amounts required to be expended by the district to comply with Chapter 49, rather than for a district required to take action under Chapter 41 (Equalized Wealth Level) to reduce its wealth per student to the equalized wealth level, base the determinations on the district's net funding levels after deducting any amounts required to be expended by the district to comply with Chapter 41; and

(3) makes no further changes to this subdivision.

SECTION 1.015. Amends Subchapter A, Chapter 48, Education Code, as added by this Act, by adding Section 48.011, as follows:

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

(b) Requires the commissioner, before making an adjustment under Subsection (a), to notify and receive approval from the LBB.

(c) Requires the commissioner, if the commissioner makes an adjustment under Subsection (a), to provide to the legislature an explanation regarding the changes necessary to resolve the unintended consequences.

(d) Prohibits the commissioner from making an adjustment under Subsection (a) beginning with the 2021–2022 school year.

(e) Provides that this section expires September 1, 2023.

SECTION 1.016. Amends Chapter 48, Education Code, as added by this Act, by adding Subchapter B and adding a heading to that subchapter to read as follows:

#### SUBCHAPTER B. BASIC ENTITLEMENT

SECTION 1.017. Transfers Sections 42.101 and 42.105, Education Code, to Subchapter B, Chapter 48, Education Code, as added by this Act, redesignates them as Sections 48.051 and 48.052, Education Code, and amends them as follows:

Sec. 48.051. BASIC ALLOTMENT. (a) Makes certain adjustments to the formula used to calculate the allotment to which a school district is entitled.

(a-1) Deletes this subsection and existing text relating to the calculation of a district's compressed tax rate for certain school districts.

(b) Makes no changes to this subsection.

(c) Deletes existing text providing that this subsection applies to a school district for which the compressed tax rate is determined in accordance with Subsection (a-1). Deletes existing text providing that any reduction in the district's adopted maintenance and operations tax rate is applied to certain components of the district's tax rate in a certain order. Requires a school district, during any school year for which the maximum amount of the basic allotment provided under Subsection (a) or (b) (relating to authorizing a greater amount for any school year to be provided by appropriation) is greater than the maximum amount provided for the preceding school year, to use at least 25 percent of the amount of the difference between the district's basic allotment for the current school year and the preceding school year to provide salary or wage increases to each full-time district employee other than an administrator as follows:

(1) 75 percent is required to be used to increase by an equal amount the salary or wages paid to each full-time district employee; and

(2) 25 percent is authorized to be used as determined by the district to increase salary or wages paid to full-time district employees.

Sec. 48.052. SPARSITY ADJUSTMENT. (a) Requires a school district that has fewer than 130 students in average daily attendance, notwithstanding Section 48.051, rather than notwithstanding Sections 42.101 (Basic Allotment), 42.102 (Cost of Education Adjustment), and 42.103, to be provided a basic, rather than an adjusted basic, allotment on a certain basis. Makes conforming changes.

(b) Makes no changes to this subsection.

(c) Makes conforming changes to this subsection.

SECTION 1.018. Amends Subchapter B, Chapter 48, Education Code, as added by this Act, by adding Section 48.053, as follows:

Sec. 48.053. ALLOTMENT FOR CERTAIN SPECIAL-PURPOSE SCHOOL DISTRICTS. (a) Provides that this section applies only to a special-purpose school district established under Section 11.351 (Authority to Establish Special-Purpose School District) that is operated by a general academic teaching institution, as that term is defined by Section 61.003 (Definitions).

(b) Entitles a school district to which this section applies, from funds described by Subsection (e), for each full-time equivalent student, as determined by the commissioner, who resides in this state and is enrolled in the district, to an allotment equal to the maximum amount of the basic allotment provided under Section 48.051.

(c) Authorizes a school district to which this section applies to decline to receive funding under Subsection (b).

(d) Prohibits a school district that receives funding under Subsection (b) for a school year from charging tuition or fees to students enrolled in the district who are residents of this state for that school year, other than fees authorized under Section 11.158 (Authority to Charge Fees).

(e) Requires the commissioner, from the total amount of funds appropriated for the program for each school year, to withhold an amount of funding equal to the total amount to which school districts are entitled under Subsection (b) for that school year, less any amount declined under Subsection (c), and to distribute that amount to those districts accordingly. Requires the commissioner to use a payment schedule consistent with the payment schedule adopted for open-enrollment charter schools.

SECTION 1.019. Amends Chapter 48, Education Code, as added by this Act, by adding Subchapter C and adding a heading to that subchapter as follows:

#### SUBCHAPTER C. STUDENT-BASED ALLOTMENTS

SECTION 1.020. Amends Subchapter C, Chapter 48, Education Code, as added by this Act, by adding Section 48.101, as follows:

Sec. 48.101. SMALL AND MID-SIZED DISTRICT ALLOTMENT. (a) Entitles small and mid-sized districts to an annual allotment in accordance with this section. Defines certain terms for the formulas for calculating such annual allotments.

(b) Sets forth the formula for calculating the annual allotment to which a school district that has fewer than 1,600 students in average daily attendance is entitled.

(c) Entitles a school district that offers a kindergarten through grade 12 program and has less than 5,000 students in average daily attendance to a certain annual allotment for each student in average daily attendance based on the formula, of

certain formulas, that results in the greatest annual allotment, and sets forth certain formulas for such a calculation.

SECTION 1.021. Transfers Section 42.151, Education Code, to Subchapter C, Chapter 48, Education Code, as added by this Act, redesignates it as Section 48.102, Education Code, and amends it as follows:

Sec. 48.102. SPECIAL EDUCATION. (a) Entitles a school district, for each student in average daily attendance in a special education program under Subchapter A (Special Education Program), Chapter 29, in a mainstream instructional arrangement, to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by 1.15, rather than equal to the adjusted basic allotment multiplied by 1.1. Entitles a district, for each full-time equivalent student in average daily attendance in a special education program under Subchapter A, Chapter 29, in an instructional arrangement other than a mainstream instructional arrangement, to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by a certain weight, rather than equal to the adjusted basic allotment multiplied by a certain weight.

(b) Requires a special instructional arrangement for students with disabilities residing in care and treatment facilities, other than state schools, whose parents or guardians do not reside in the district providing education services to be established by commissioner rule, rather than be established under the rules of SBOE. Requires a special instructional arrangement for students with disabilities residing in state schools to be established by commissioner rule, rather than established under the rules of SBOE, with a funding weight of 2.8.

(c) and (d) Makes no further changes to these subsections.

(e) Requires the commissioner, rather than SBOE, by rule to prescribe the qualifications an instructional arrangement is required to meet in order to be funded as a particular instructional arrangement under this section. Requires the commissioner, rather than SBOE, to establish requirements that students with disabilities and their teachers receive the direct, indirect, and support services that are necessary to enrich the regular classroom and enable student success.

(f) Makes no further changes to this subsection.

(g) Requires the commissioner, rather than SBOE, to adopt rules and procedures governing contracts for residential placement of special education students.

(h) Requires funds allocated under this section, other than an indirect cost allotment established under commissioner rule, rather than SBOE rule, to be used in the special education program under Subchapter A, Chapter 29.

(i) Makes no further changes to this subsection.

(j) Creates this subsection from existing text and entitles a school district that provides an extended year program required by federal law for special education students who may regress to receive funds in an amount equal to 75 percent, or a lesser percentage determined by the commissioner, of the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, rather than of the adjusted basic allotment or adjusted allotment, as applicable, for each full-time equivalent student in average daily attendance, calculated in a certain manner.

(k) Creates this subsection from existing text and makes no further changes to this subsection.

(l) Requires the commissioner, if the commissioner determines that the total amount of funding under this section for any school year is less than the amount required under 20 U.S.C. Section 1412(a)(18), to increase the total amount of funding under this section for that school year as necessary to comply with that provision. Requires the commissioner, if the amount of funding available for purposes of this section is insufficient to fully fund the amount determined necessary under this subsection, to reduce other funding provided under this chapter in the manner provided by Section 48.266(f) to achieve the necessary amount of funding under this subsection.

SECTION 1.022. Amends Subchapter C, Chapter 48, Education Code, as added by this Act, by adding Section 48.103, as follows:

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

(b) Entitles a school district to an allotment under Subsection (a) only for a student who is receiving services for dyslexia or a related disorder in accordance with an individualized education program developed for the student under Section 29.005 (Individualized Education Program) or a plan developed for the student under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794).

(c) Authorizes a school district to receive funding for a student under this section and Section 48.102 if the student satisfies the requirements of both sections.

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

SECTION 1.023. Transfers Section 42.152, Education Code, to Subchapter C, Chapter 48, Education Code, as added by this Act, redesignates it as Section 48.104, Education Code, and amends it as follows:

Sec. 48.104. COMPENSATORY EDUCATION ALLOTMENT. (a) Entitles a district, for each student who does not have a disability and resides in a residential placement facility in a district in which the student's parent or legal guardian does not reside, to an annual allotment equal to the basic allotment multiplied by 0.2 or, if the student is educationally disadvantaged, 0.275, rather than entitling a district, for each student who is educationally disadvantaged or who is a student who does not have a disability and resides in a residential placement facility in a district in which the student's parent or legal guardian does not reside, to an annual allotment equal to the basic allotment multiplied by 0.2, and by 2.41 for each full-time equivalent student who is in a remedial and support program under Section 29.081 (Compensatory, Intensive, and Accelerated Instruction) because the student is pregnant. Entitles a district, for each full-time equivalent student who is in a remedial and support program under Section 29.081 because the student is pregnant, to an annual allotment equal to the basic allotment multiplied by 2.41.

(b) Entitles a district, for each student who is educationally disadvantaged and resides in an economically disadvantaged census block as determined by the commissioner under Subsection (c), to an annual allotment equal to the basic allotment multiplied by the weight assigned to the student's census block under Subsection (d). Deletes existing text relating to determining the number of educationally disadvantaged students.

(1) and (2) Deletes these subdivision designations and existing text relating to determining the number of educationally disadvantaged students.

(b-1) Deletes this subsection designation.

(c) Requires the commissioner, for purposes of the allotment under Subsection (b), to establish an index for economically disadvantaged census blocks in the state that provides criteria for determining which census blocks are economically disadvantaged and categorizes economically disadvantaged census blocks in five tiers according to relative severity of economic disadvantage. Requires the commissioner, in determining the severity of economic disadvantage in a census block, to consider the median household income, the average educational attainment of the population, the percentage of single-parent households, the rate of homeownership, and other economic criteria the commissioner determines likely to disadvantage a student's preparedness and ability to learn. Deletes existing text authorizing certain funds to be used for certain programs at a campus at which at least 40 percent of the students are educationally disadvantaged. Deletes existing text requiring a district's compensatory education allotment, in meeting certain costs, to be used for certain costs supplementary to the regular education program. Deletes existing text requiring a home-rule school district or an open-enrollment charter school to use certain funds for a purpose authorized by this subsection. Deletes existing text relating to a program specifically designed to serve students at risk of dropping out of school and authorizing a district to use its compensatory education allotment for such a program.

(c-1) Deletes this subsection and existing text authorizing funds allocated under this section, notwithstanding Subsection (c), to be used to fund certain programs in certain proportions.

(c-2) Deletes this subsection and existing text authorizing funds allocated under this section, notwithstanding Subsection (c), to be used to fund certain district's mentoring services programs.

(d) Provides that the weights assigned to the five tiers of the index established under Subsection (c) are, from least to most severe economic disadvantage, 0.225, 0.2375, 0.25, 0.2625, and 0.275. Deletes existing text requiring TEA to evaluate the effectiveness of certain accelerated instruction and support programs for students at risk of dropping out of school.

(e) Entitles a school district, if insufficient data is available for any school year to evaluate the level of economic disadvantage in a census block, to an annual allotment equal to the basic allotment multiplied by 0.225 for each student who is educationally disadvantaged and resides in that census block.

(f) Authorizes a student receiving a full-time virtual education through the state virtual school network to be included in determining the number of students who are educationally disadvantaged and reside in an economically disadvantaged census block under Subsection (b) or (e), as applicable, rather than determining the number of educationally disadvantaged students under Subsection (b), if the school district submits to the commissioner a plan detailing the enhanced services that will be provided to the student and the commissioner approves the plan.

(g) Requires the commissioner, not later than March 1 of each year, to review and, if necessary, update the index established under Subsection (c) to be used for the following school year, based on the most recent estimates published by the United States Census Bureau, and notify each school district of any changes to the index.

(h) Requires the state demographer, the Texas Department of Agriculture, and any other state agency with relevant information to assist the commissioner in performing the commissioner's duties under this section.

(i) Requires each school district, on a schedule determined by the commissioner, to report to TEA the census block in which each student enrolled in the district who is educationally disadvantaged resides. Requires TEA to provide to school districts a resource for use in determining the census block in which a student resides.

(j) Requires the commissioner by rule to establish guidelines for the method of determining the number of students who qualify for an allotment under this section at a campus that participates in the Community Eligibility Provision administered by the United States Department of Agriculture, as provided by the Healthy, Hunger-Free Kids Act of 2010 (Pub. L. No. 111–296).

(j-1) Authorizes funds allocated under this section, in addition to other purposes for which those funds are authorized to be used, to also be used to provide child-care services or assistance with child-care expenses for students at risk of dropping out of school, as described by Section 29.081(d)(5) (relating to defining a student who is under 26 years of age and who is pregnant or is a parent as a "student at risk of dropping out of school"), or to pay the costs associated with services provided through a life skills program in accordance with Sections 29.085(b)(1) (relating to requiring certain life skills programs for students who are pregnant or who are parents to include individual counseling, peer, counseling, and self-help programs) and (3)–(7) (relating to requiring certain life skills programs for students who are pregnant or who are parents to include certain services).

(k) Creates this subsection from existing text and makes nonsubstantive changes to this subsection. Requires at least 52 percent of the funds allocated under this section to be used to:

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

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

(B) creates this paragraph from existing text and makes a nonsubstantive change to this paragraph; or

(2) support a program eligible under Title I of the Elementary and Secondary Education Act of 1965, as provided by Pub. L. No. 103–382 and its subsequent amendments, and by federal regulations implementing that Act.

(l) Requires the commissioner to adopt rules regarding the use of funds described by Subsection (k). Provides that the rules:

(1) are required to permit a school district to use those funds for programs and services that reflect the needs of students at each campus in the district and provide for streamlined reporting on the use of those funds; and

(2) are prohibited from prohibiting the use of those funds for any purpose for which the use of those funds was authorized under former Section 42.152 (Compensatory Education Allotment) as that section existed on September 1, 2018.

(m) Requires SBOE to adopt rules requiring a report on the use of funds under Subsection (k) as part of the annual audit under Section 44.008 and to develop minimum requirements for that report.

(n) Requires the commissioner annually to review each report required under Subsection (m) for the preceding school year and:

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

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

(o) Creates this subsection from existing text. Requires the commissioner, in the year following a determination under Subsection (n) that a school district was not in compliance with Subsection (k) for the 2021–2022 school year or a subsequent school year, to withhold from the district's foundation school fund payment an amount equal to the amount of compensatory education funds the commissioner determines were not used in compliance with Subsection (k), rather than requiring the commissioner, in the year following a local audit of compensatory education expenditures, to withhold from a district's foundation school fund payment an amount equal to the amount of compensatory education funds TEA determines were not used in compliance with Subsection (c). Authorizes the commissioner, in determining whether a school district is subject to the withholding of funding required under this subsection, to consider the district's average use of funds for the three preceding school years.

(q) Deletes this subsection and existing text relating to requiring SBOE, with the assistance of the comptroller of public accounts of the State of Texas (comptroller), to develop and implement by rule reporting and auditing systems for district and campus expenditures of compensatory education funds for a certain purpose.

(q-1) Deletes this subsection and existing text relating to requiring the commissioner to develop a system to identify school districts that are at high risk of having used compensatory education funds other than in compliance with Subsection (c) or of having inadequately reported compensatory education expenditures.

(q-2) Deletes this subsection and existing text relating to requiring the commissioner, if a review of the report submitted under Subsection (q), using the risk-based system, indicates that a district is at high risk of having misused compensatory education funds, to notify the district of that determination and requiring the commissioner to take certain actions if the district's response does not change the commissioner's determination.

(q-3) Deletes this subsection and existing text relating to authorizing the commissioner to take certain actions if a review of the report submitted under Subsection (q), using the risk-based system, indicates that a district is at high risk of having misused compensatory education funds.

(q-4) Deletes this subsection designation.

(r) Deletes this subsection and existing text relating to requiring the commissioner to grant a one-year exemption from the requirements of Subsections (q)–(q-4) to a school district in which the group of students who have failed to perform satisfactorily in the preceding school year on certain assessment instruments subsequently performs on those assessment instruments at a level that meets or exceeds a level prescribed by commissioner rule.

SECTION 1.024. Amends Subchapter C, Chapter 48, Education Code, as added by this Act, by adding Section 48.1041, as follows:

Sec. 48.1041. COMPENSATORY EDUCATION ALLOTMENT ADVISORY COMMITTEE. (a) Requires the commissioner to establish an advisory committee to advise TEA in adopting rules for the compensatory education allotment under Section 48.104, including:

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

(2) rules detailing the method to count students who qualify for the allotment in a dropout recovery school or program or a residential treatment facility;

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

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

(b) Sets forth the membership of the advisory committee.

(c) Provides that members of the advisory committee serve at the pleasure of the commissioner.

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

(e) Provides that Chapter 2110 (State Agency Advisory Committees), Government Code, does not apply to the advisory committee.

(f) Requires the advisory committee, not less than once every two years, to review census and student data and provide recommendations to TEA regarding any suggested changes to the rules adopted for the compensatory education allotment under Section 48.104.

SECTION 1.025. Transfers Sections 42.153, 42.154, and 42.157, Education Code, to Subchapter C, Chapter 48, Education Code, as added by this Act, redesignates them as Sections 48.105, 48.106, and 48.107, Education Code, and amends them as follows:

Sec. 48.105. BILINGUAL EDUCATION ALLOTMENT. (a) Entitles a district, for each student in average daily attendance in a bilingual education or special language program under Subchapter B (Bilingual Education and Special Language Programs), Chapter 29, to an annual allotment equal to the basic allotment multiplied by:

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

(A) 0.1; or

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

(2) for a student not described by Subdivision (1), 0.05 if the student is in a bilingual education program using a dual language immersion/two-way program model. Deletes existing text relating to an annual allotment equal to the adjusted basic allotment multiplied by 0.1.

(b) Requires at least 52 percent of the funds allocated under this section to be used in providing bilingual education or special language programs under Subchapter B, Chapter 29, rather than requiring funds allocated under this section, other than an indirect cost allotment established under SBOE rule, to be used in providing bilingual education or special language programs under Subchapter B, Chapter 29, and to be accounted for under existing TEA reporting and auditing procedures. Authorizes a district's bilingual education or special language allocation to be used only for certain programs, including incremental costs associated with providing smaller class sizes, rather than only for certain purposes, including other supplies required for quality instruction and smaller class size.

(c) Requires SBOE to adopt rules requiring a report on the use of funds under Subsection (b) as part of the annual audit under Section 44.008 (Annual Audit; Report) and to develop minimum requirements for that report.

(d) Requires the commissioner annually to review each report required under Subsection (c) for the preceding school year and identify each school district that was not in compliance with Subsection (b) during that school year and provide each district identified under Subdivision (1) a reasonable opportunity to comply with Subsection (b).

(e) Requires the commissioner, in the year following a determination under Subsection (d) that a school district was not in compliance with Subsection (b) for the 2021–2022 school year or a subsequent school year, to withhold from the district's foundation school fund payment an amount equal to the amount of bilingual education or special language funds the commissioner determines were not used in compliance with Subsection (b). Requires the commissioner to release to a district funds withheld under this subsection when the district provides to the commissioner a detailed plan to spend those funds in compliance with Subsection (b). Authorizes the commissioner, in determining whether a school district is subject to the withholding of funding required under this subsection, to consider the district's average use of funds for the three preceding school years.

Sec. 48.106. CAREER AND TECHNOLOGY EDUCATION ALLOTMENT. (a) Entitles a district, for each full-time equivalent student in average daily attendance in an approved career and technology education program in grades six through 12, rather than in an approved career and technology education program in grades nine through 12 or in career and technology education programs for students with disabilities in grades seven through 12, to:

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

(2) \$50 for each of the following in which the student is enrolled, rather than \$50, if the student is enrolled:

(A) creates this paragraph from existing text and makes nonsubstantive changes to this paragraph;

(B) a campus designated as a P-TECH school under Section 29.556 (P-TECH School Designation and Grant Program); or

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

(b)(1) Defines "career and technology education class" and "career and technology education program" to include technology applications courses, rather than a certain technology applications course.

(2) Makes no changes to this subdivision.

(c) Requires at least 58 percent of the funds allocated under this section to be used in providing career and technology education programs in grades six through 12, rather than requiring funds allocated under this section, other than an indirect cost allotment established under SBOE rule, to be used in providing career and technology education programs in grades nine through 12 or certain career and technology education programs for students with disabilities in grades seven through 12.

(d) Deletes this subsection and existing text requiring the commissioner to conduct a cost-benefit comparison between career and technology education programs and mathematics and science programs.

(e) Deletes this subsection and existing text relating to requiring the commissioner, out of the total statewide allotment for career and technology education under this section, to set aside a certain amount to support regional career and technology education planning.

Sec. 48.107. PUBLIC EDUCATION GRANT ALLOTMENT. Makes a conforming change to this section.

SECTION 1.026. Amends Subchapter C, Chapter 48, Education Code, as added by this Act, by adding Section 48.108, as follows:

Sec. 48.108. EARLY EDUCATION ALLOTMENT. (a) Entitles a school district, for each student in average daily attendance in kindergarten through third grade, to an annual allotment equal to the basic allotment multiplied by 0.1 if the student is educationally disadvantaged or a student of limited English proficiency, as defined by Section 29.052, and is in a bilingual education or special language program under Subchapter B, Chapter 29.

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

(c) Entitles a school district to an allotment under each subdivision of Subsection (a) for which a student qualifies.

(d) Authorizes a school district to receive funding for a student under this section and under Sections 48.104 and 48.105, as applicable, if the student satisfies the requirements of each applicable section.

SECTION 1.027. Amends Chapter 48, Education Code, as added by this Act, by adding Subchapter D and adding a heading to that subchapter to read as follows:

#### SUBCHAPTER D. ADDITIONAL FUNDING

SECTION 1.028. Transfers Sections 42.155 and 42.158, Education Code, to Subchapter D, Chapter 48, Education Code, as added by this Act, redesignates them as Sections 48.151 and 48.152, Education Code, and amends them as follows:

Sec. 48.151. TRANSPORTATION ALLOTMENT. (a) Makes no changes to this subsection.

(b) Defines, for purposes of this section:

(1) "Regular eligible student" as certain students, including a homeless child or youth, as defined by 42 U.S.C. Section 11434a.

(2) Makes no changes to this subdivision.

(3) Deletes this subdivision and existing text defining "linear density."

(c) Entitles each district or county operating a regular transportation system to an allotment based on a rate per mile per regular eligible student set by the legislature in the General Appropriations Act. Deletes existing text relating to a certain other allotment based, in part, on the cost of operating and maintaining the regular transportation system.

(d)-(e) Makes no changes to these subsections.

(f) Requires certain costs, including the cost of transporting students from a district campus to a location at which students are provided work-based learning under the district's career and technology program, to be reimbursed based on the number of actual miles traveled times the district's official extracurricular travel per mile rate as set by the board of trustees and approved by TEA. Makes nonsubstantive changes.

(g) Requires the rate per mile allowable, rather than the maximum rate per mile allowable, to be set by appropriation based on data gathered from the first year of each preceding biennium.

(h) Makes no changes to this subsection.

(i) Provides that the district's transportation allotment, in the case of a district belonging to a county transportation system, for purposes of determining a district's foundation school program allocations is determined on the basis of the number of approved daily route miles in the district, rather than the number of approved daily route miles in the district multiplied by the allotment per mile to which the county transportation system is entitled.

(j) Makes no further changes to this subsection.

(k) Prohibits the commissioner, notwithstanding any other provision of this section, from reducing the allotment to which a district or county is entitled under this section because the district or county provides certain transportation, including to and from a grandparent's residence instead of the student's residence, as authorized by Section 34.007 (Public School Transportation System), rather than to and from a grandparent's residence instead of the student's residence, as authorized by Section 34.007, if the transportation is provided within the approved routes of the district or county for the school the student attends.

(l) Makes no further changes to this subsection.

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

Sec. 48.152. NEW INSTRUCTIONAL FACILITY ALLOTMENT. (a) Creates this subsection using the text of existing Section 42.158(g).

(b), (c), and (d) Creates these subsections from existing text and makes no further changes to these subsections.

Deletes existing Subsection (d-1) and existing text relating to authorizing additional appropriation amounts.

(e) Creates this subsection from existing text.

(f) Prohibits the amount appropriated for allotments under this section from exceeding \$100 million in a school year, rather than prohibiting the amount appropriated for allotments under this section, subject to Subsection (d-1), from exceeding \$25 million in a school year. Makes a conforming change. Deletes existing text authorizing the commissioner to adopt rules necessary to implement this section.

(g) Deletes this subsection designation and existing text.

SECTION 1.029. Amends Subchapter D, Chapter 48, Education Code, as added by this Act, by adding Section 48.153, as follows:

Sec. 48.153. EDUCATOR EFFECTIVENESS ALLOTMENT. (a) Entitles a school district to an annual allotment equal to the basic allotment multiplied by 0.012:

(1) for each student in average daily attendance at a district campus that is located in a census block assigned the greatest weight for the compensatory education allotment under Section 48.104(b); or

(2) if the district qualifies as a rural school district, for each student in average daily attendance in the district.

(b) Prohibits a school district campus from receiving an allotment under both Subsections (a)(1) and (a)(2).

(c) Requires funding allocated under this section to be used to incentivize and provide pay increases to effective classroom teachers to teach at high needs campuses, at rural districts or schools, and in areas experiencing a critical shortage of teachers.

(d) Requires a school district that receives funding under this section to:

(1) use a collaborative process that includes educators, parents, and community members to develop a method to identify effective classroom teachers within and outside the district;

(2) develop a policy that:

(A) allows for effective classroom teachers identified by the district to apply to teach at high needs campuses, at rural districts or schools, or in areas experiencing a critical shortage of teachers; and

(B) clearly provides the methods through which the district's use of funding provided under this section increases the compensation available for eligible classroom teachers; and

(3) post the policy developed under Subdivision (2) on the district's Internet website.

(e) Requires TEA to conduct an evaluation of the effectiveness of the educator effectiveness allotment. Requires a school district that receives funding under this section to participate in the evaluation.

(f) Provides that information received by TEA under Subsection (e) is confidential and prohibits that information from being used in evaluating individual teachers.

SECTION 1.030. Transfers Section 42.106, Education Code, to Subchapter D, Chapter 48, Education Code, redesignates it as Section 48.154, and makes no further changes.

SECTION 1.031. Amends Subchapter D, Chapter 48, Education Code, as added by this Act, by adding Sections 48.155 and 48.156, as follows:

Sec. 48.155. COLLEGE PREPARATION ASSESSMENT REIMBURSEMENT. Entitles a school district to reimbursement for the amount of fees paid by the district for the administration of an assessment instrument under Section 39.0261(a)(3) (relating to authorizing certain high school students to take one of certain assessment instruments once, at state cost).

Sec. 48.156. CERTIFICATION EXAMINATION REIMBURSEMENT. Entitles a school district to reimbursement for the amount of a subsidy paid by the district for a student's certification examination under Section 29.190(a) (relating to entitling a student to a subsidy for certain certification examinations) as provided by Section 29.190(c) (relating to requiring TEA, on approval of the commissioner, to pay each school district a certain amount as reimbursement for a certification examination).

SECTION 1.032. Amends Subchapter D, Chapter 48, Education Code, as added by this Act, by adding Section 48.157, as follows:

Sec. 48.157. SCHOOL SAFETY ALLOTMENT. (a) Requires the commissioner, from funds appropriated for that purpose, to provide to a school district an annual allotment in the amount provided by appropriation for each student in average daily attendance.

(b) Requires funds allocated under this section to be used to improve school safety and security, including costs associated with:

(1) securing school facilities, including:

(A) improvements to school infrastructure;

(B) the use or installation of physical barriers; and

(C) the purchase and maintenance of security cameras or other security equipment and technology, including communications systems or devices, that facilitates communication and information sharing between students, school personnel, and first responders in an emergency;

(2) providing security for the district, including employing school district peace officers, private security officers, and school marshals, and collaborating with local law enforcement agencies, such as entering into a memorandum of understanding for the assignment of school resource officers to schools in the district; and

(3) school safety and security training and planning, including:

(A) active shooter and emergency response training;

(B) prevention and treatment programs relating to addressing adverse childhood experiences; and

(C) the prevention, identification, and management of emergencies and threats, including providing mental health personnel and support, providing behavioral health services, and establishing threat reporting systems.

(c) Authorizes a school district to use funds allocated under this section for equipment or software that is used for a school safety and security purpose and an instructional purpose, provided that the instructional use does not compromise the safety and security purpose of the equipment or software.

(d) Authorizes the commissioner to adopt rules to implement this section.

SECTION 1.033. Amends Chapter 48, Education Code, as added by this Act, by adding Subchapter E and adding a heading to that subchapter to read as follows:

#### SUBCHAPTER E. TIER TWO ENTITLEMENT

SECTION 1.034. Transfers Sections 42.301, 42.302, 42.303, and 42.304, Education Code, to Subchapter E, Chapter 48, Education Code, as added by this Act, redesignates them as Sections 48.201, 48.202, 48.203, and 48.204, Education Code, and amends them as follows:

Sec. 48.201. PURPOSE. Provides that the purpose of the tier two component, rather than the guaranteed yield component, of the program is to provide each school district with the opportunity to provide the basic program and to supplement that program at a level of its own choice.

Sec. 48.202. New heading: TIER TWO ALLOTMENT. (a) Makes conforming changes. Redefines "WADA," "DTR," and "LR," for purposes of the tier two allotment funding formula.

(a-1) Redefines "GL" for purposes of Subsection (a).

(a-2)-(b) Makes conforming changes to these subsections.

(c)-(e) Makes no changes to these subsections.

(f) Requires a school district, for a school year in which a certain guaranteed dollar amount exceeds that amount for the preceding school year, to reduce the district's tax rate by a certain amount for a certain period. Provides that a school district is not entitled to the amount equal to the increase of revenue described by this subsection for the school year for which the district is required to reduce the district's tax rate. Prohibits the district, for a tax year in which a district is required to reduce the district's tax rate under this subsection, from increasing the district's maintenance and operations tax rate above a certain rate. Deletes existing text relating to entitling a school district to a certain allotment relative to the state compression percentage.

Sec. 48.203. LIMITATION ON ENRICHMENT TAX. Makes conforming changes to this section.

Sec. 48.204. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. Makes no changes to this section.

SECTION 1.035. Amends Chapter 48, Education Code, as added by this Act, by adding Subchapter F and adding a heading to that subchapter to read as follows:

#### SUBCHAPTER F. FINANCING THE PROGRAM

SECTION 1.036. Transfers Sections 42.251, 42.2511, 42.2514, 42.2515, 42.2516, and 42.252, Education Code, to Subchapter F, Chapter 48, Education Code, as added by this Act, redesignates them as Sections 48.251, 48.252, 48.253, 48.254, 48.255, and 48.256, Education Code, and amends them as follows:

Sec. 48.251. FINANCING; GENERAL RULE. Makes nonsubstantive changes throughout this section. Deletes existing text relating to the calculation of tier one allotments. Deletes existing text relating to the total cost of the program.

(a) Provides that the cost of the program for a school district is the total sum of:

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

(A) the basic allotment under Subchapter B;

(B) the student-based allotments under Subchapter C;

(C) the additional funding under Subchapter D; and

(2) the tier two allotment under Subchapter E.

(b) Provides that the sum of the program maintenance and operations costs for all accredited school districts in this state constitutes the total maintenance and operations cost of the program.

(c) Requires the program to be financed by:

(1) state available school funds distributed in accordance with the law, rather than ad valorem tax revenue generated by an equalized uniform school district effort;

(2) ad valorem tax revenue generated by local school district effort, rather than ad valorem tax revenue generated by local school district effort in excess of the equalized uniform school district effort; and

(3) state funds appropriated for the purposes of public school education and allocated to each district in an amount sufficient to finance the cost of each district's program not covered by other funds specified in this subsection, rather than state available school funds distributed in accordance with law.

(4) Deletes this subdivision designation.

Sec. 48.252. SCHOOL DISTRICT ENTITLEMENT FOR CERTAIN STUDENTS. Makes conforming changes to this section.

Sec. 48.253. ADDITIONAL STATE AID FOR TAX INCREMENT FINANCING PAYMENTS. (a) Creates this subsection from existing text. Entitles a school district, rather than a school district including a school district that is otherwise ineligible for state aid under this chapter, for each school year, to state aid in an amount equal to the amount the district is required to pay into the tax increment fund for a reinvestment zone under Section 311.013(n) (relating to the payment of tax increments by a school district), Tax Code.

(b) Requires a school district to provide to TEA any agreements, amendments to agreements, or other information required by TEA to implement this section.

Sec. 48.254. ADDITIONAL STATE AID FOR AD VALOREM TAX CREDITS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. Creates this section from existing text.

(a) Deletes this subsection designation.

Deletes existing Subsection (b) and existing text authorizing the commissioner to adopt rules to implement and administer this section.

Sec. 48.255. STATE COMPRESSION PERCENTAGE. (a) Defines "state compression percentage" as the percentage of the rate of \$1.00 per \$100 valuation of taxable property at which a school district is required to levy a maintenance and operations tax to receive the full amount of the tier one allotment to which the district is entitled under this chapter, rather than as the percentage of a school district's adopted maintenance and operations tax rate for the 2005 tax year that serves as the basis for state funding.

(b) Creates this subsection from existing text. Deletes existing text relating to requiring the commissioner to determine the state compression percentage for each school year based on a certain percentage if the compression percentage is not established by appropriation for a school year. Provides that the state compression percentage is:

(1) 96 percent; or

(2) a lower percentage set by the appropriation for a school year.

Deletes existing Subsection (g) and text authorizing the commissioner to adopt rules necessary to implement this section.

Deletes existing Subsection (h) and text providing that a determination by the commissioner under this section is final and is prohibited from being appealed.

Sec. 48.256. LOCAL SHARE OF PROGRAM COST (TIER ONE). (a) Redefines "TR" for purposes of the formula for each school district's share of the program.

Deletes Subsection (a-1) and existing text relating to including certain tax effort in "TR."

(b) Requires the commissioner to adjust the values reported by the comptroller to reflect reductions in taxable value of property resulting from natural or economic disaster, rather than reported in the official report of the comptroller as required by Section 5.09(a) (relating to requiring the comptroller to prepare a certain biennial report), Tax Code, to reflect reductions in taxable value of property resulting from natural or economic disaster after January 1 in the year in which the valuations are determined.

(c) Makes no changes to this subsection.

Deletes Subsection (d) and existing text requiring a school district to raise its total local share of the program to be eligible to receive foundation school fund payments.

SECTION 1.037. Amends Subchapter F, Chapter 48, Education Code, as added by this Act, by adding Section 48.2542, as follows:

Sec. 48.2542. ADDITIONAL STATE AID FOR CERTAIN DISTRICTS THAT ARE ONLY DISTRICT IN COUNTY. (a) Entitles a school district with a student enrollment of less than 500 that is the only school district located and operating in a county, notwithstanding any other provision of this title (Public Education), to not less than the amount of state and local revenue, excluding any amount of revenue used by the district to comply with Chapter 49, to which the district was entitled for the 2019–2020 school year.

(b) Requires the commissioner to adjust the entitlement under Subchapter B of a district to which this section applies as necessary to comply with this section.

SECTION 1.038. Amends Subchapter F, Chapter 48, Education Code, as added by this Act, by adding Section 48.257, as follows:

Sec. 48.257. LOCAL REVENUE LEVEL IN EXCESS OF ENTITLEMENT. (a) Requires a school district, subject to Subsection (b), if a school district's tier one revenue level, which is the district's tier one local share under Section 48.256, exceeds the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund, to reduce the district's tier one revenue level in accordance with Chapter 49 to a level not to exceed the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund.

(b) Provides that this subsection applies only to a school district to which Subsection (a) applies. Requires TEA, if the sum of a district's maintenance and operations tax collections from the tax rate described by Section 45.0032(a) for the current tax year minus the district's tier one revenue level under Subsection (a) is less than the amount of the district's entitlement under Section 48.266(a)(1), to adjust the amount of the district's tier one revenue level under Subsection (a) to ensure that the district retains the amount of local funds necessary for the district's entitlement under Section 48.266(a)(1).

(c) Authorizes state aid to which a district is entitled under this chapter that is not described by Section 48.266(a)(1), (2), or (3), for purposes of Subsection (a), to offset the amount by which a district is required to reduce the district's tier one revenue level under Subsection (a). Requires any amount of state aid used as an offset under this subsection to reduce the amount of state aid to which the district is entitled.

(d) Entitles a school district, except as provided by Subsection (e), to retain the total amount of the district's tier two local share described by Section 48.266(a)(5)(A).

(e) Authorizes a district, in any school year for which the amount of state funds appropriated specifically excludes the amount necessary to provide the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort under Section 48.202(a-1)(1), to only retain the amount of the district's tier two local share described by Section 48.266(a)(5)(A) equal to the amount of revenue that would be generated based on the amount appropriated for the dollar amount guaranteed level of state and local funds.

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

SECTION 1.039. Transfers Sections 42.2521, 42.2522, 42.2523, 42.2524, 42.2525, 42.2526, 42.2527, 42.2528, 42.253, 42.2531, 42.2532, 42.254, 42.255, 42.257, 42.258, 42.259, 42.2591, and 42.260, Education Code, to Subchapter F, Chapter 48, Education Code, as added by this Act, redesignates them as Sections 48.258, 48.259, 48.260, 48.261, 48.262, 48.263, 48.264, 48.265, 48.266, 48.267, 48.268, 48.269, 48.270, 48.271, 48.272, 48.273, 48.274, and 48.275, Education Code, and amends them as follows:

Sec. 48.258. ADJUSTMENT FOR RAPID DECLINE IN TAXABLE VALUE OF PROPERTY. (a) Requires the commissioner, for purposes of Chapters 46 (Assistance With Instructional Facilities and Payment of Existing Debt) and 49 and this chapter, rather than Chapters 41 and 46 and this chapter, and to the extent money specifically authorized to be used under this section is available, to adjust the taxable value of

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

(b) Makes a conforming change to this subsection.

(c) Makes no changes to this subsection.

Sec. 48.259. ADJUSTMENT FOR OPTIONAL HOMESTEAD EXEMPTION. (a) Makes a conforming change. Prohibits the commissioner, in any school year, from providing funding under this chapter or Chapter 46, rather than under this chapter, based on a school district's taxable value of property computed in accordance with Section 403.302(d)(2) (relating to excluding a certain dollar amount based on certain residence homestead exemptions from "taxable value"), Government Code, unless certain criteria are met.

(b) and (c) Makes conforming changes to these subsections.

(d) Makes no changes to this subsection.

(e) Requires a district, for purposes of computing a voter-approved tax rate under Section 26.08 (Election to Ratify School Taxes), Tax Code, rather than a rollback tax rate under Section 26.08, Tax Code, to adjust the district's tax rate limit to reflect assistance received under this section.

Sec. 48.260. ADJUSTMENT FOR PROPERTY VALUE AFFECTED BY STATE OF DISASTER. (a) Requires the commissioner, for purposes of Chapters 46 and 49 and this chapter, rather than Chapters 41 and 46 and this chapter, to adjust the taxable value of property of a school district all or part of which is located in an area declared a disaster area by the governor under Chapter 418, Government Code, as necessary to ensure that the district receives funding based as soon as possible on property values as affected by the disaster.

(b) Makes no changes to this subsection.

(c) Creates this subsection from existing text and makes no further changes to this subsection.

(d) Deletes this subsection designation.

Sec. 48.261. REIMBURSEMENT FOR DISASTER REMEDIATION COSTS. (a) and (b) Makes no further changes to these subsections.

(c) Makes nonsubstantive changes. Authorizes the commissioner to provide reimbursement under this section only if funds are available for that purpose from:

(1) creates this subdivision from existing text and deletes existing text relating to funds from reimbursement for a school district not required to take action under Chapter 41; or

(A) and (B) deletes these paragraph designations;

(2) creates this subdivision from existing text and makes nonsubstantive changes. Deletes existing text relating to authorizing reimbursement for a school district required to take action under Chapter 41 to be provided from certain funds.

(d) Deletes existing text relating to requiring the commissioner, if the amount of certain money is not sufficient to fully reimburse a district's disaster remediation

costs, to reduce the amount of assistance provided to each of those districts proportionately. Creates this subsection from existing text and makes no further changes to this subsection.

(e) Creates this subsection from existing text and makes a conforming change.

Deletes existing Subsection (f) and text relating to authorizing and prohibiting certain actions for a district required to take action under Chapter 41. Creates this subsection from existing text and makes no further changes to this subsection.

(g) Creates this subsection from existing text and makes no further changes to this subsection.

Deletes designation of Subsection (j).

Sec. 48.262–48.264. Makes no changes to these sections.

Sec. 48.265. EXCESS FUNDS FOR VIDEO SURVEILLANCE OF SPECIAL EDUCATION SETTINGS. (a) Makes no changes to this subsection.

(b) Makes a conforming change.

(c) Makes no changes to this subsection.

Sec. 48.266. DISTRIBUTION OF FOUNDATION SCHOOL FUND. (a) Requires the commissioner for each school year to determine:

(1) the amount of money to which a school district is entitled under Subchapters B, C, and D, rather than under Subchapters B and C;

(2) the amount of money to which a school district is entitled under Subchapter E, rather than Subchapter F;

(3) makes no further changes to this subdivision;

(4) makes a conforming change to this subdivision; and

(5) makes a conforming change and requires the commissioner to determine the amount of each district's tier two local share under Section 48.202 for the district's maintenance and operations tax effort described by Section 48.202(a-1)(1) and the district's maintenance and operations tax effort described by Section 48.202(a-1)(2).

(b) Makes conforming changes to this subsection.

(c) and (d) Makes no changes to these subsections.

(e) Creates this subsection from existing text and makes no further changes to this subsection.

(f) Creates this subsection from existing text and makes conforming changes to this subsection.

(g) Creates this subsection from existing text and makes no further changes to this subsection.

(h) Creates this subsection from existing text and makes a conforming change to this subsection.

(i) Creates this subsection from existing text and makes a conforming change to this subsection.

Deletes designations of Subsection (j) and (k).

Sec. 48.267. ADJUSTMENT BY COMMISSIONER. Makes conforming changes to this subsection.

Sec. 48.268–48.270. Makes no changes to these sections.

Sec. 48.271. EFFECT OF APPRAISAL APPEAL. (a) and (b) Makes no changes to these subsections.

(c) Entitles a school district, in addition to the funding provided under Subsection (b) (relating to an adjustment in funding following an appraisal appeal), to reimbursement for the amount of interest included in a refund made by the district under Section 42.43 (Refund), Tax Code, in the state fiscal year ending August 31, 2018, or August 31, 2019. Provides that this subsection expires September 1, 2021.

Sec. 48.272. RECOVERY OF OVERALLOCATED FUNDS. (a) Makes no further changes to this subsection.

Deletes designation of Subsection (a-1).

(b) Creates this subsection from existing text. Authorizes TEA to recover an overallocation of state funds over a period not to exceed the subsequent five school years if the commissioner determines that the overallocation was the result of exceptional circumstances reasonably caused by statutory changes to Chapter 46 or 49 or this chapter, rather than Chapter 41 or 46 or this chapter, and related reporting requirements.

(c) Creates this subsection from existing text and makes no further changes to this subsection.

(d) Creates this subsection from existing text and makes no further changes to this subsection.

Deletes designation of Subsection (e).

Sec. 48.273. FOUNDATION SCHOOL FUND TRANSFERS. Makes a conforming change to this section.

Sec. 48.274. FOUNDATION SCHOOL FUND TRANSFERS TO CERTAIN CHARTER SCHOOLS. Makes no further changes to this section.

Sec. 48.275. USE OF CERTAIN FUNDS. (a) Makes no further changes to this subsection.

(b) Makes a conforming change to this subsection.

(c) Makes no further changes to this subsection.

(d) Makes no further changes to this subsection.

(e) Deletes this subsection and existing text authorizing the commissioner to adopt rules to implement this section.

SECTION 1.040. Amends Subchapter F, Chapter 48, Education Code, as added by this Act, by adding Sections 48.277 and 48.278, as follows:

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

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

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

(b) Requires the commissioner, for purposes of calculating maintenance and operations revenue under Subsection (a), to:

(1) include all state and local funding, except for any funding resulting from reimbursement for disaster remediation costs under former Sections 41.0931 and 42.2524, an adjustment for rapid decline in taxable value of property under former Section 42.2521, and an adjustment for property value affected by a state of disaster under former Section 42.2523;

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

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

(c) Provides that a decision by the commissioner under this section is final and is prohibited from being appealed.

(d) Provides that a school district or open-enrollment charter school is not entitled to an allotment under Subsection (a) beginning with the 2024–2025 school year.

(d-1) Entitles a school district or open-enrollment charter school, in addition to the allotment under Subsection (a), to receive an annual allotment for each student in average daily attendance in the amount equal to the difference, if the difference is greater than zero, that results from subtracting the total maintenance and operations revenue per student in average daily attendance for the current school year from the total maintenance and operations revenue per student in average daily attendance that would have been available to the district or school under former Chapters 41 and 42, as those chapters existed on January 1, 2019. Requires the commissioner, for purposes of calculating a district's maintenance and operations revenue under this subsection, to apply Subsection (b) and, in calculating a district's maintenance and operations revenue under former Chapters 41 and 42, as those chapters existed on January 1, 2019, exclude any additional revenue the district would have received under former Sections 41.002(e) through (g), as those sections existed on January 1, 2019.

(d-2) Provides that Subsection (d-1) and this subsection expire September 1, 2021.

(e) Provides that this section expires September 1, 2025.

Sec. 48.278. EQUALIZED WEALTH TRANSITION GRANT. (a) Entitles a school district, subject to Subsection (b), to receive an annual allotment in an amount equal to the amount of additional revenue a school district received for the 2018–2019 school year under former Sections 41.002(e) through (g), as those sections existed on January 1, 2019.

(b) Requires the commissioner, for purposes of calculating a district’s allotment under Subsection (a), to reduce the amount to which a district is entitled under Subsection (a) by:

- (1) for the 2020–2021 school year, 20 percent;
- (2) for the 2021–2022 school year, 40 percent;
- (3) for the 2022–2023 school year, 60 percent; and
- (4) for the 2023–2024 school year, 80 percent.

(c) Provides that this section expires September 1, 2024.

SECTION 1.041. Amends Chapter 48, Education Code, as added by this Act, by adding Subchapter G and adding a heading to that subchapter to read as follows:

#### SUBCHAPTER G. MISCELLANEOUS PROVISIONS

SECTION 1.042. Transfers Section 42.4101, Education Code, to Subchapter G, Chapter 48, Education Code, as added by this Act, redesignates it as Section 48.301, Education Code, and amends it as follows:

Sec. 48.301. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH STUDENTS USING PUBLIC EDUCATION GRANTS. (a) and (b) Makes no further changes to these subsections.

Deletes Subsection (c) and existing text providing that, if a district to which this section applies is entitled to the maximum amount of assistance under Section 42.406, the maximum is increased by the amount of additional assistance to which the district is entitled under this section.

SECTION 1.043. Amends Subtitle I, Title 2, Education Code by adding Chapter 49 and adding a heading to that chapter to read as follows:

#### CHAPTER 49. OPTIONS FOR LOCAL REVENUE LEVELS IN EXCESS OF ENTITLEMENT

SECTION 1.044. Amends Chapter 49, Education Code, as added by this Act, by adding Subchapter A and adding a heading to that subchapter to read as follows:

#### SUBCHAPTER A. GENERAL PROVISIONS

SECTION 1.045. Transfers Sections 41.001, 41.003, 41.0031, 41.004, 41.005, 41.006, 41.007, 41.008, 41.009, 41.010, 41.011, 41.012, and 41.013, Education Code, to Subchapter A, Chapter 49, Education Code, as added by this Act, redesignates them as Sections 49.001, 49.002, 49.003, 49.004, 49.005, 49.006, 49.007, 49.008, 49.009, 49.010, 49.011, 49.012, and 49.013, Education Code, and amends them as follows:

Sec. 49.001. DEFINITIONS. (1) Defines "local revenue level in excess of entitlement" as local revenue levels that exceed the levels provided by Section 48.257, rather than defining "local revenue equalized wealth level" as the wealth per student provided by Section 41.002 (Equalized Wealth Level).

(2) Deletes existing text defining "wealth per student." Creates this subsection from existing text and makes a conforming change.

(3) Deletes this subdivision designation.

Sec. 49.002. New heading: OPTIONS TO REDUCE LOCAL REVENUE LEVEL. Authorizes a district with a local revenue level in excess of entitlement to take any combination of certain actions to reduce the district's revenue level, rather than authorizing a district with a wealth per student that exceeds the equalized wealth level to take any combination of certain actions to achieve the equalized wealth level.

Sec. 49.003. New heading: INCLUSION OF ATTENDANCE CREDIT AND NONRESIDENTS IN WEIGHTED AVERAGE DAILY ATTENDANCE. Makes nonsubstantive changes and requires the commissioner, in determining whether a school district has a local revenue level in excess of entitlement, rather than has a wealth per student less than or equal to the equalized wealth level, to use certain figures.

Sec. 49.004. New heading: ANNUAL REVIEW OF LOCAL REVENUES. (a) Makes a conforming change and requires the commissioner, not later than July 15 of each year, using the estimate of enrollment under Section 48.269, to review the local revenue level, rather than the wealth per student, of school districts in the state and to notify:

(1) makes a conforming change to this subdivision; and

(2) and (3) makes no further changes to these subdivisions.

(b) and (c) Makes conforming changes to these subsections.

(d) Makes no further changes to this subsection.

Sec. 49.005. COMPTROLLER AND APPRAISAL DISTRICT COOPERATION. Makes no further changes to this section.

Sec. 49.006. RULES. Creates this section from existing text and deletes existing text authorizing the rules the commissioner is authorized by this section to adopt to provide for the commissioner to make certain necessary adjustments to the provisions of Chapter 42. Deletes designation of Subsection (a).

Deletes Subsection (b) and existing text relating to authorizing the commissioner, in certain circumstances, to modify effective dates and time periods for actions described by this chapter.

Sec. 49.007. COMMISSIONER TO APPROVE SUBSEQUENT BOUNDARY CHANGES. Makes conforming changes to this section.

Sec. 49.008. HOMESTEAD EXEMPTIONS. Makes no further changes to this section.

Sec. 49.009. TAX ABATEMENTS. Makes a conforming change to this section.

Sec. 49.010. TAX INCREMENT OBLIGATIONS. (a) Creates this subsection from existing text and makes no further changes to this subsection.

Sec. 49.011. CONTINGENCY. (a) and (b) Makes conforming changes to these subsections.

(c) Makes conforming changes to this subsection and requires the commissioner to order the release of certain funds immediately on the commissioner's determination that, through one of the means provided by law, the district has reduced the district's local revenue level in excess of entitlement to the level established under Section 48.257, rather than has achieved the equalized wealth level.

Sec. 49.012. DATE OF ELECTIONS. Makes no further changes to this section.

Sec. 49.013. PROCEDURE. Makes no further changes to this section.

SECTION 1.046. Transfers Subchapter B, Chapter 41, Education Code, to Chapter 49, Education Code, as added by this Act, redesignates it as Subchapter B, Chapter 49, Education Code, and amends it as follows:

#### SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

Sec. 49.051. AGREEMENT. Authorizes the governing boards of any two or more school districts to consolidate the districts by agreement in accordance with this subchapter to establish a consolidated district with a local revenue level equal to or less than the level established under Section 48.257, rather than establish a consolidated district with a wealth per student equal to or less than the equalized wealth level.

Sec. 49.052. GOVERNING LAW. Makes no further changes to this section.

Sec. 49.053. GOVERNANCE PLAN. Makes no further changes to this section.

Sec. 49.054. INCENTIVE AID. (a) Requires the commissioner, for the first and second school years after creation of a consolidated district under this subchapter, to adjust allotments to the consolidated district to the extent necessary to preserve the effects of an adjustment under Section 48.052, rather than under Section 42.012, 42.103, or 42.105, to which either of the consolidating districts would have been entitled but for the consolidation.

(b) Makes no further changes to this subsection.

(c) Makes a conforming change to this subsection.

SECTION 1.047. Transfers Subchapter C, Chapter 41, Education Code, to Chapter 49, Education Code, as added by this Act, redesignates it as Subchapter C, Chapter 49, Education Code, and amends it as follows:

#### SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

Sec. 49.101. AGREEMENT. Makes conforming changes to this section.

Sec. 49.102–49.105 Makes no further changes to these sections.

SECTION 1.048. Amends Chapter 49, Education Code, as added by this Act, by adding Subchapter D and adding a heading to that subchapter to read as follows:

#### SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

SECTION 1.049. Transfers Sections 41.091, 41.092, 41.093, 41.094, 41.095, 41.096, 41.097, and 41.099, Education Code, to Subchapter D, Chapter 49, Education Code, as added by this Act, redesignates them as Sections 49.151, 49.152, 49.153, 49.154, 49.155, 49.156, 49.157, and 49.158, Education Code, and amends them as follows:

Sec. 49.151. AGREEMENT. Authorizes a school district with a local revenue level in excess of entitlement to execute an agreement with the commissioner to purchase

attendance credit in an amount sufficient, in combination with any other actions taken under this chapter, to reduce the district's local revenue level to a level that is equal to or less than the level established under Section 48.257, rather than authorizing a school district with a wealth per student that exceeds the equalized wealth level to execute an agreement with the commissioner to purchase attendance credits in an amount sufficient, in combination with any other actions taken under this chapter, to reduce the district's wealth per student to a level that is equal to or less than the equalized wealth level.

Sec. 49.152. CREDIT. Creates this section from existing text. Provides that the amount of credit purchased decreases the dollar amount of a district's local revenue level for purposes of determining whether the district exceeds the level established under Section 48.257, rather than providing that for each credit purchased, the weighted average daily attendance of the purchasing school district is increased by one student in weighted average daily attendance for purposes of determining whether the district exceeds the equalized wealth level. Deletes designation of Subsection (a).

Deletes Subsection (b) and existing text providing that a credit is not used in determining a school district's scholastic population, average daily attendance, or weighted average daily attendance for purposes of Chapter 42 or 43.

Sec. 49.153. COST. (a) Creates this subsection from existing text. Provides that the total cost of credit is the amount of the district's maintenance and operations tax revenue that exceeds the level established under Section 48.257, rather than providing that, subject to Subsection (b-1), the cost of each credit is an amount equal to the greater of the amount of the district's maintenance and operations tax revenue per student in weighted average daily attendance for the school year for which the contract is executed or a certain other amount.

Deletes designation of Subdivision (1).

Deletes Subdivision (2) and existing text relating to the amount of the statewide district average of maintenance and operations tax revenue per student in weighted average daily attendance for the school year preceding the school year for which the contract is executed.

(b) Makes no further changes to this subsection.

Deletes Subsection (b-1) and existing text relating to requiring the commissioner to exclude the maintenance and operations tax revenue resulting from a certain tax rate under certain circumstances.

(c) Makes a nonsubstantive change to this subsection.

Sec. 49.154. PAYMENT. (a) Makes nonsubstantive changes to this subsection. Requires a school district to pay for credit purchased:

(1) creates this subdivision from existing text and makes a nonsubstantive change to this subdivision; or

(2) in one payment for the total amount required to be paid by the district not later than August 15 of the school year for which the agreement is in effect.

(a-1) Requires a school district, if a district elects to pay for credit purchased in the manner provided by Subsection (a)(2), to notify the commissioner not later than February 15 of the school year for which the agreement is in effect.

(b) Makes no changes to this subsection.

Sec. 49.155. DURATION. Makes a conforming change to this section.

Sec. 49.156. VOTER APPROVAL. Makes a nonsubstantive change to this section.

Sec. 49.157. CREDIT FOR APPRAISAL COSTS. Creates this section from existing text and makes conforming and nonsubstantive changes. Deletes designation of Subsection (a).

Deletes Subsection (b) and existing text relating to entitling a school district to a certain tax reduction.

Sec. 49.158. LIMITATION. (a) Makes conforming changes and provides that Sections 49.154 and 49.157, rather than Sections 41.002(e), 41.094, 41.097, and 41.098, apply only to a district that meets certain criteria.

(b) Makes no changes to this subsection.

SECTION 1.050. Amends Chapter 49, Education Code, as added by this Act, by adding Subchapter E and adding a heading to that subchapter to read as follows:

#### SUBCHAPTER E. EDUCATION OF NONRESIDENT STUDENTS

SECTION 1.051. Transfers Sections 41.121, 41.122, and 41.123, Education Code, to Subchapter E, Chapter 49, Education Code, as added by this Act, redesignates them as Sections 49.201, 49.202, and 49.203, Education Code, and amends them as follows:

Sec. 49.201. AGREEMENT. Creates this section from existing text. Deletes designation of Subsection (a). Authorizes the board of trustees of a district with a local revenue level in excess of entitlement to execute an agreement to educate the students of another district in a number that, when the weighted average daily attendance of the students served is added to the weighted average daily attendance of the contracting district, is sufficient, in combination with any other actions taken under this chapter, to reduce the district's local revenue level to a level that is equal to or less than the level established under Section 48.257, rather than authorizing the board of trustees of a district with a wealth per student that exceeds the equalized wealth level to execute such an agreement to reduce the district's wealth per student to a level that is equal to or less than the equalized wealth level. Makes conforming changes.

Sec. 49.202. VOTER APPROVAL. Makes a conforming change to this section.

Sec. 49.203. WADA COUNT. Makes conforming changes to this section.

SECTION 1.052. Reenacts Section 41.124, Education Code, as amended by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the 85th Legislature, Regular Session, 2017, transfers it to Subchapter E, Chapter 49, Education Code, as added by this Act, redesignates it as Section 49.204, Education Code, and amends it as follows:

Sec. 49.204. TRANSFERS. (a) Makes conforming changes to this subsection.

(b) Creates this subsection from existing text and makes conforming changes to this subsection. Deletes existing text relating to authorizing a school district with a wealth per student that exceeds the equalized wealth level that pays tuition to another school district for the education of students that reside in the district to apply such tuition to reduce its wealth per student.

(c) Deletes this subsection designation.

SECTION 1.053. Transfers Section 41.125, Education Code, to Subchapter E, Chapter 49, Education Code, as added by this Act, redesignates it as Section 49.205, Education Code, and amends it to make conforming changes.

SECTION 1.054. Transfers Subchapter F, Chapter 41, Education Code, to Chapter 49, Education Code, as added by this Act, redesignates it as Subchapter F, Chapter 49, Education Code, and amends it as follows:

SUBCHAPTER F. TAX BASE CONSOLIDATION

Sec. 49.251. AGREEMENT. Makes conforming changes to this section.

Sec. 49.252–49.258. Makes no further changes to these sections.

Sec. 49.259 (TAXES OF COMPONENT DISTRICTS) and 49.260 (OPTIONAL TAX BASE CONSOLIDATION). Makes conforming changes to these sections.

SECTION 1.055. Transfers Subchapter G, Chapter 41, Education Code, to Chapter 49, Education Code, as added by this Act, redesignates it as Subchapter G, Chapter 49, Education Code, and amends it as follows:

SUBCHAPTER G. DETACHMENT AND ANNEXATION BY COMMISSIONER

Sec. 49.301–49.304. Makes no changes to these sections.

Sec. 49.305. DETACHMENT OF PROPERTY. (a) Makes a conforming change to this subsection.

(b) Makes conforming changes to this subsection.

(c) Provides that the commissioner, if the detachment of whole parcels or items of property as provided by Subsection (a) (relating to requiring the commissioner to detach certain property from certain districts) would result in a district's local revenue level that is less than the level established under Section 48.257 by more than the product of \$10,000 multiplied by weighted average daily attendance, is prohibited from detaching the last parcel or item of property and is required to detach the next one or more parcels or items of property in descending order of taxable value that would result in the school district having a local revenue level that is equal to or less than the level established under Section 48.257 by not more than the product of \$10,000 multiplied by weighted average daily attendance, rather than providing that the commissioner, if the detachment of whole parcels or items of property, as provided by Subsection (a) would result in a district's wealth per student that is less than the equalized wealth level by more than \$10,000, is prohibited from detaching the last parcel or item of property and is required to detach the next one or more parcels or items of property in descending order of taxable value that would result in the school district having a wealth per student that is equal to or less than the equalized wealth level by not more than \$10,000.

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

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

(2) makes no changes to this subdivision.

Sec. 49.306. ANNEXATION OF PROPERTY. (a) Makes a conforming change. Provides that a school district is eligible for annexation of property to it under this subchapter only if, before any detachments or annexations are made in a year, the district's taxable value of property does not exceed the value necessary to generate maintenance and operations tax revenue in the amount equal to the district's entitlement under Section 48.202(a-1)(2), rather than only if, before any detachments or annexations are made in a year, the district's wealth per student is less than the greatest level for which funds are provided under Subchapter F, Chapter 42.

(b) Makes no changes to this subsection.

(c) Makes conforming changes to this subsection.

(d) and (e) Makes no changes to these subsections.

(f) and (g) Makes conforming changes to these subsections.

(h) Makes no changes to this subsection.

(i) Makes conforming changes and authorizes the commissioner to order the annexation of a portion of a parcel or item of property, including certain property, if certain conditions are met.

(j) Makes conforming changes to this subsection.

(k) Makes no changes to this subsection.

Sec. 49.307–49.310. Makes no changes to these subsections.

Sec. 49.311. STUDENT ATTENDANCE. Makes a conforming change to this section.

Sec. 49.312 (BOND TAXES) and 49.313 (DETERMINATION BY COMMISSIONER). Makes no changes to these subsections.

SECTION 1.056. Transfers Subchapter H, Chapter 41, Education Code, to Chapter 49, Education Code, as added by this Act, redesignates it as Subchapter H, Chapter 49, Education Code, and amends it as follows:

#### SUBCHAPTER H. CONSOLIDATION BY COMMISSIONER

Sec. 49.351. COMMISSIONER ORDER. Makes a conforming change to this section.

Sec. 49.352. SELECTION CRITERIA. (a) Makes conforming changes. Requires the commissioner, in achieving a certain result, to give priority to school districts in the following order:

(1) first, to the contiguous district that has the lowest local revenue level, rather than the lowest wealth per student, and is located in the same county;

(2) second, to the district that has the lowest local revenue level, rather than the lowest wealth per student, and is located in the same county;

(3) third, to a contiguous district with a local revenue level below the level established under Section 48.257, rather than with a property wealth below the equalized wealth level, that has requested the commissioner that it be considered in a consolidation plan;

(4) fourth, to include as few districts as possible that have the lowest local revenue levels below the level established under Section 48.257, rather than include as few districts as possible that fall below the equalized wealth level, within the consolidation order that have not requested the commissioner to be included;

(5) fifth, to the district that has the lowest local revenue level, rather than the lowest wealth per student, and is located in the same regional education service center area; and

(6) sixth, to a district that has a tax rate similar to that of the district that has a local revenue level greater than the level established under Section 48.257, rather than to a district that has a tax rate similar to that of the district that has a property wealth greater than the equalized wealth level.

(b) Prohibits the commissioner from selecting a district that has been created as a result of consolidation by agreement under Subchapter B to be consolidated under this subchapter with a district that has a local revenue level greater than the level established under Section 48.257, rather than a district that has a property wealth greater than the equalized wealth level.

(c) Makes conforming changes to this subsection.

Sec. 49.353–49.356. Makes no changes to these sections.

Sec. 493.357. New heading: APPLICATION OF SPARSE ADJUSTMENT AND SMALL AND TRANSPORTATION ALLOTMENTS. Makes conforming changes to this section.

SECTION 1.057. Amends the heading to Subchapter A, Chapter 316, Government Code, to read as follows:

SUBCHAPTER A. LIMIT ON GROWTH OF APPROPRIATIONS;  
DETERMINATIONS REGARDING PUBLIC SCHOOL FINANCE

SECTION 1.058. Amends Section 316.002(a), Government Code, to read as follows:

(a) Requires the LBB, before the LBB submits the budget as prescribed by Section 322.008(c) (relating to a deadline for the director of the LBB to transmit a copy of the budget of estimated appropriations to the governor and members of the legislature), to:

(1) creates this subdivision from existing text and establish for purposes of Section 316.001 (Limit), rather than establish:

(A)-(B) creates these paragraphs from existing text and makes no further changes; and

(C) creates this paragraph from existing text and makes a nonsubstantive change; and

(2) determine for purposes of the program under Chapter 48, Education Code:

(A) the estimated state share of the program for the next biennium, excluding any anticipated federal funding;

(B) the estimated reduction in the state share of the program from the current biennium to the next biennium attributable to the rate of growth of the taxable value of property in the state for the next biennium, based on the estimates submitted under Section 48.269, Education Code;

(C) the cost per cent of reducing the state compression percentage under Section 48.255, Education Code, for the next biennium; and

(D) a recommended state compression percentage under Section 48.255, Education Code, for the next biennium, based on the determinations made under Subdivision (1) and Paragraphs (A), (B), and (C).

SECTION 1.059. Amends Section 316.007(a), Government Code, as follows:

(a) Requires the LBB to include in its budget recommendations:

(1) creates this subdivision from existing text and makes a nonsubstantive change to this subdivision; and

(2) the recommended state compression percentage under Section 48.255, Education Code.

SECTION 1.060. Amends Section 322.008(b), Government Code, as follows:

(b) Authorizes the general appropriations bill to include for purposes of information the funding elements computed by the LBB under Section 316.002(a)(2), rather than under Section 42.007, Education Code, excluding the values for each school district calculated under Section 42.007(c)(2), Education Code. Deletes existing text requiring the funding elements under Section 42.007(c)(3), Education Code, if the funding elements are included, to be reported in dollar amounts per pupil.

SECTION 1.061. Amends Sections 825.405(a), (b), (e), and (f), Government Code, as follows:

(a) Makes a nonsubstantive change and deletes existing text relating to requiring an employing district to pay the state's contribution on the portion of the member's salary that exceeds the statutory minimum salary. Requires an employing school district or an open-enrollment charter school, as applicable, to pay the state's contribution on the portion of a member's salary that exceeds the statutory minimum salary for members:

(1) creates this subdivision from existing text and makes no further changes;

(2) creates this subdivision from existing text and makes nonsubstantive changes; and

(3) who would be entitled to the minimum salary for certain school personnel under Section 21.402 (Minimum Salary For Certain Professional Staff), Education Code, if the member was employed by a school district subject to that section instead of being employed by:

(A) an open-enrollment charter school; or

(B) a school district that has adopted a local innovation plan under Chapter 12A (Districts of Innovation), Education Code, that exempts the district's employees from the minimum salary schedule under that section.

(b) Makes nonsubstantive changes throughout this subsection and provides that, for purposes of this section, the statutory minimum salary for a member described by:

(1) Subsection (a)(1) is the salary provided by Section 21.402, Education Code, rather than 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 adjustment applicable under Section 42.102 (Cost of Education Adjustment), Education Code, to the district in which the member is employed;

(2) Subsection (a)(2), rather than 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; and

(3) Subsection (a)(3) is the minimum salary the member would have been entitled to if the member was subject to Section 21.402, Education Code, rather than multiplied by the cost of education adjustment applicable under Section 42.102, Education Code, to the district in which the member is employed.

(e) Requires the Teacher Retirement System of Texas, at the end of each school year, to certify to the commissioner:

(1) the names of any employers, rather than employing districts, that have failed to remit, within the period required by Section 825.408 (Interest on Contributions and Fees; Deposits in Trust), all contributions required under this section for the school year; and

(2) makes no changes to this subdivision.

(f) Makes a conforming change to this subsection.

SECTION 1.062. Amends Section 26.08, Tax Code, by amending Subsections (a), (b), (i), and (n) and adding Subsections (a-1) and (n-1), as follows:

(a) Requires the registered voters of the district at an election held for that purpose, if the governing body of a school district adopts a tax rate that exceeds the district's voter-approved tax rate, rather than the district's rollback tax rate, to determine whether to approve the adopted tax rate.

(a-1) Creates this subsection from existing text. Provides that a tax rate adopted under this subsection applies only in the year for which the rate is adopted. Prohibits the amount by which that rate exceeds the district's voter-approved tax rate for that tax year, if a district adopts a tax rate under this subsection, from being considered when calculating the district's voter-approved tax rate for the tax year following the year in which the district adopts the rate.

(b) Requires the governing body to order that the election be held in the school district on the next uniform election date prescribed by Section 41.001 (Uniform Election Dates), Election Code, that occurs after the date of the election order and that allows sufficient time to comply with the requirements of other law, rather than on a date not less than 30 or more than 90 days after the day on which it adopted the tax rate. Modifies the required language on the ballot for such an election. Deletes existing text providing that Section 41.001, Election Code, does not apply to the election unless a date specified by that section falls within the time permitted by this section.

(i) Defines "enrichment tax rate." Deletes existing text relating to the effective maintenance and operations tax rate of a school district for purposes of this section.

(n) Makes conforming and nonsubstantive changes throughout this subsection. Provides that, for purposes of this section, the voter-approved tax rate of a school district, rather than the rollback tax rate of a school district whose maintenance and operations tax rate for the 2005 tax year was \$1.50 or less per \$100 of taxable value, is:

(1) for the 2019 tax year, rather than the 2006 tax year, the sum of the following:

(A) creates this paragraph from existing text and includes the rate per \$100 of taxable value that is equal to the product of the state compression

percentage, as determined under Section 48.255, Education Code, for the 2019 tax year and \$1.00, rather than the rate that is equal to 88.67 percent of the maintenance and operations tax rate adopted by the district for the 2005 tax year, the rate of \$0.04 per \$100 of taxable value, and the district's current debt rate;

(B) the greater of:

(i) the district's maintenance and operations tax rate for the 2018 tax year, less the sum of \$1.00 and any amount by which the district is required to reduce the district's enrichment tax rate under Section 48.202(f), Education Code, in the 2019 tax year; or

(ii) the rate of \$0.04 per \$100 of taxable value; and

(C) creates this paragraph from existing text and includes the district's current debt rate; and

(2) for the 2020 and subsequent tax years, the sum of the following, rather than for the 2007 and subsequent tax years, the lesser of the following:

(A) deletes existing text relating to the sum of certain figures. Includes the rate per \$100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 48.255, Education Code, for the current year and \$1.00, rather than and \$1.50;

(B) Deletes existing text relating to the sum of certain tax rates. Includes the greater of:

(i) the district's enrichment tax rate for the preceding tax year, less any amount by which the district is required to reduce the district's enrichment tax rate under Section 48.202(f), Education Code, in the current tax year; or

(ii) the rate of \$0.05, rather than \$0.04, per \$100 of taxable value; and

(iii) deletes this subparagraph and existing text relating to the rate that is equal to the sum of the differences for the 2006 and each subsequent tax year between the adopted tax rate of the district for that year if the rate was approved at an election under this section and the rollback tax rate of the district for that year; and

(iv) deletes this subparagraph designation; and

(C) the district's current debt rate.

(n-1) Requires a school district, for the 2020 tax year, to substitute "\$0.04" for "\$0.05" in Subsection (n)(2)(B)(ii) if the governing body of the district does not adopt by unanimous vote for that tax year a maintenance and operations tax rate at least equal to the sum of the rate described by Subsection (n)(2)(A) and the rate of \$0.05 per \$100 of taxable value.

SECTION 1.063. (a) Provide that this section takes effect only if H.B. 2, 86th Legislature, Regular Session, 2019, or another act of that legislature that amends Chapter 26, Tax Code, to change the term "effective tax rate" to "no-new-revenue tax rate" becomes law.

(b) Provides that, effective January 1, 2020, Section 26.08(g), Tax Code, is amended as follows:

(g) Provides that the no-new-revenue tax rate of that tax, rather than the effective rate of that tax, as of the date of the county unit system's abolition, in a school district that received distributions from an equalization tax imposed under former Chapter 18, Education Code, is added to the district's rollback tax rate.

SECTION 1.064. Requires the commissioner, as soon as practicable after the effective date of this section, using funds appropriated for the purpose, to distribute funding to school districts and open-enrollment charter schools for each full-time equivalent student in a special education program under Subchapter A, Chapter 29, Education Code, in proportion to the weights provided for the student under Section 48.102, Education Code, as transferred, redesignated, and amended by this Act, in the amount necessary to comply with the maintenance of state financial support required under 20 U.S.C. Section 1412(a)(18) for the state fiscal year ending August 31, 2019.

## ARTICLE 2. PUBLIC EDUCATION

SECTION 2.001. Amends Subchapter C, Chapter 7, Education Code by adding Section 7.070, as follows:

Sec. 7.070. COORDINATION OF DATA COLLECTION. Authorizes the commissioner to enter into agreements with appropriate entities as necessary to provide for the collection of data regarding college, career, and military readiness of public school students, including data maintained by:

- (1) governmental agencies of the United States, this state, or another state;
- (2) political subdivisions of this state or another state;
- (3) public or private institutions of higher education; and
- (4) relevant private organizations.

SECTION 2.002. Amends Subchapter D, Chapter 11, Education Code, by adding Sections 11.185 and 11.186, as follows:

Sec. 11.185. EARLY CHILDHOOD LITERACY AND MATHEMATICS PROFICIENCY PLANS. (a) Requires the board of trustees of each school district (board of trustees) to adopt and post on the district's Internet website early childhood literacy and mathematics proficiency plans that set specific annual goals for the following five school years to reach quantifiable goals for student performance in reading and mathematics at each campus.

(b) Requires each plan adopted under Subsection (a) to:

- (1) identify annual goals for students in each group evaluated under the closing the gaps domain under Section 39.053(c)(3) (relating to the requirement that the commissioner allow for appropriately crediting a student for growth if the students perform at the highest achievement standard);
- (2) include annual goals for aggregate student growth on the third grade reading or mathematics assessment instrument, as applicable, administered under Section 39.023 (Adoption and Administration of Instruments) or on an alternative assessment instrument determined by the board of trustees;
- (3) provide for targeted professional development for classroom teachers in kindergarten or first, second, or third grade who are assigned to campuses that the board of trustees identifies as not meeting the plan's goals;

(4) assign at least one district-level administrator or employee of the regional education service center for the district's region to:

(A) coordinate implementation of the plan; and

(B) submit an annual report to the board of trustees on the district's progress toward the goals set under the plan; and

(5) be reviewed annually by the board of trustees at a public meeting.

(c) Authorizes each plan adopted under Subsection (a) to set separate goals for students in a bilingual education or special language program under Subchapter B, Chapter 29.

(d) Requires the professional development provided to classroom teachers under Subsection (b)(3) to, as appropriate, consider the unique needs of students in a bilingual education or special language program under Subchapter B, Chapter 29.

(e) Requires a school district to post the annual report described by Subsection (b)(4)(B) on the district's Internet website and on the Internet website, if any, of each campus in the district.

Sec. 11.186. COLLEGE, CAREER, AND MILITARY READINESS PLANS. (a) Requires the board of trustees of each school district to adopt college, career, and military readiness plans that set specific annual goals for the following five school years to reach quantifiable goals for measures of student college, career, and military readiness at each campus.

(b) Requires each plan adopted under Subsection (a) to:

(1) identify annual goals for students in each group evaluated under the closing the gaps domain under Section 39.053(c)(3) (relating to evaluation requirements based on indicators that include, in the third domain, the student academic differentials among students from different racial and ethnic groups and socioeconomic backgrounds);

(2) include annual goals for aggregate student growth on college, career, and military readiness indicators evaluated under the student achievement domain under Section 39.053(c)(1) (relating to school district evaluations that include, in the student domain, indicators of student achievement that are required to include certain requirements);

(3) assign at least one district-level administrator or employee of the regional education service center for the district's region to:

(A) coordinate implementation of the plan; and

(B) submit an annual report to the board of trustees on the district's progress toward the goals set under the plan; and

(4) be reviewed annually by the board of trustees at a public meeting.

(c) Requires a school district to post the annual report described by Subsection (b)(3)(B) on the district's Internet website and on the Internet website, if any, of each campus in the district.

SECTION 2.003. Reenacts Section 12.104(b), Education Code, as amended by Chapter 324 (S.B. 1488), 522 (S.B. 179), and 735 (S.B. 1153), Acts of the 85th Legislature, Regular Session, 2017, and amends it as follows:

(b) Provides that an open-enrollment charter school is subject to:

(1) makes no changes to this subdivision;

(2) the provisions in Chapter 554 (Protections For Reporting Violations), Government Code; and

(3) a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A)-(N) makes no changes to these paragraphs;

(O) makes a nonsubstantive change to this paragraph;

(P) makes no changes to this paragraph;

(Q)-(S) makes nonsubstantive changes to these paragraphs;

(T) the early childhood literacy and mathematics proficiency plans under Section 11.185; and

(U) the college, career, and military readiness plans under Section 11.186.

SECTION 2.004. Amends Subchapter J, Chapter 21, Education Code, by adding Section 21.465, as follows:

Sec. 21.465. AUTISM TRAINING. (a) Authorizes a school district to provide a salary incentive or similar compensation to a teacher who completes training provided by a regional education service center relating to autism.

(b) Requires a school district that decides to provide an incentive or compensation under Subsection (a) to adopt a policy to implement this section.

SECTION 2.005. Amends Section 25.085, Education Code by adding Subsection (i) to provide that notwithstanding any other provision of this section, a student enrolled in a school district is not required to attend school for any additional instructional days described by Section 25.0841.

SECTION 2.006. Amends Section 28.006, Education Code, by amending Subsections (b), (c), (d), (f), and (i) and adding Subsections (b-1), (c-2), (c-3), and (1) as follows:

(b) Requires the commissioner, for use in diagnosing the reading development and comprehension of kindergarten students, to adopt a multidimensional assessment tool that includes a reading instrument and tests at least three developmental skills, including literacy, rather than include on the commissioner's list at least two multidimensional assessment tools. Deletes existing text requiring a multidimensional assessment tool on the commissioner's list to meet certain criteria. Authorizes a district-level committee established under Subchapter F (District Level and Site-Based Decision Making), Chapter 11, to adopt a list of reading instruments for use in the district in a grade level other than kindergarten, rather than for use in the district, in addition to the reading instruments on the commissioner's list.

(b-1) Authorizes the commissioner to approve an alternative reading instrument for use in diagnosing the reading development and comprehension of kindergarten students that complies with the requirements under Subsection (b).

(c) Requires each school district to administer, at the first and second grade levels, rather than at the kindergarten and first and second grade levels, a reading instrument on the list adopted by the commissioner or by the district-level committee.

(c-2) Requires each school district to administer at the kindergarten level a reading instrument adopted by the commissioner under Subsection (b) or approved by the commissioner under Subsection (b-1). Requires the district to administer the reading instrument in accordance with the commissioner's recommendations under Subsection (a)(1).

(c-3) Requires the commissioner by rule to determine the performance on the reading instrument adopted under Subsection (b) that indicates kindergarten readiness.

(d) Requires the superintendent of each school district to:

(1) makes no changes to this subdivision;

(2) not later than the 30th calendar day after the date on which a reading instrument was administered report, in writing, to a student's parent or guardian the student's results on the instrument, rather than report in writing to a student's parent or guardian the student's results on the reading instrument;

(3) makes no changes to this subdivision.

(f) Authorizes this section to be implemented only if funds are appropriated for administering the reading instruments or if the reading instrument to be administered is provided to school districts at no cost to the districts, rather than the authorizing this section to be implemented only if funds are appropriated for administering the reading instruments.

(i) Requires the commissioner to certify, not later than July 1 of each school year or as soon as practicable thereafter, whether sufficient funds have been appropriated statewide for the purposes of this section or whether the applicable reading instruments have been provided to school districts at no cost to the districts, rather than whether sufficient funds have been appropriated statewide for the purposes of this section.

(l) Authorizes the commissioner to adopt rules as necessary to implement this section. Provides that Section 2001.0045 (Requirement For Rule Increasing Costs to Regulated Persons), Government Code, does not apply to rules adopted under this subsection.

SECTION 2.007. Amends Section 29.122, Education Code, as follows:

Sec. 29.122. ESTABLISHMENT. (a) Creates this subsection from existing text. Makes no further changes to this subsection.

(b) Requires each school district to adopt a policy regarding the use of funds to support the district's program for gifted and talented students.

SECTION 2.008. Amends Subchapter D, Chapter 29, Education Code, by adding Section 29.124, as follows:

Sec. 29.124. CERTIFICATION AND REPORTING REQUIRED. (a) Requires each school district to annually certify to the commissioner that the district has established a program for gifted and talented students as required by this subchapter and that the program is consistent with the state plan developed under Section 29.123 (State Plan; Assistance).

(b) Requires the commissioner, if the commissioner determines that a school district has failed to comply with Subsection (a) for a school year, to reduce the total amount of funding to which the district is entitled under Chapter 48 for that school year by an amount equal to the basic allotment multiplied by the product of a certain equation.

(c) Authorizes the commissioner to restore to a school district all or part of the funding withheld from the district's entitlement under Subsection (b) if during the school year the district complies with Subsection (a).

(d) Requires the district, at the same time that the school district makes the certification required under Subsection (a), to report to the commissioner regarding the use of funds on the district's program for gifted and talented students as provided by SBOE rule.

(e) Provides that nothing in this section may be construed as limiting the number of students that a school district may identify as gifted and talented or serve under the district's program for gifted and talented students.

SECTION 2.009. Amends Section 29.153, Education Code, by amending Subsections (c) and (d) and adding Subsections (c-1), (d-1), and (d-2) as follows:

(c) Authorizes a prekindergarten class under this section to be operated on a half-day basis for children under four years of age and requires the class to be operated on a full-day basis for children who are at least four years of age, rather than requiring a prekindergarten class under this section to be operated on a half-day basis.

(c-1) Requires a prekindergarten class under this section for children who are least four years of age to comply with the program standards required for high quality prekindergarten programs under Subchapter E-1 (High Quality Prekindergarten Grant Program).

(d) Requires the commissioner, subject to Subsections (d-1) and (d-2), on application of a district, to exempt a district from the application of all or any part of this section, including all or any part of Subchapter E-1 for a prekindergarten class described by Subsection (c-1), if the commissioner determines that, rather than authorizes the commissioner on application of a district to exempt a district from the application of this section if:

(1) Creates this subdivision from existing text makes a nonsubstantive change; or

(2) implementing any part of this section would result in fewer eligible children being enrolled in a prekindergarten class under this section.

(d-1) Prohibits a district from receiving an exemption under Subsection (d) unless the district has solicited and considered at a public meeting proposals for partnerships with public or private entities regarding prekindergarten classes required under this section. Provides that a decision of the board of trustees regarding a partnership described by this subsection is final.

(d-2) Prohibits an exemption under Subsection (d) from being granted for a period longer than three school years and provides that it may be renewed only once.

SECTION 2.010. Amends Section 29.1531(a), Education Code, as follows:

(a) Authorizes a school district to offer on a tuition basis or use district funds to provide:

(1) an additional half-day of prekindergarten classes to children who are eligible for classes under Section 29.153 and are under four years of age; and

(2) makes no changes to this subdivision.

SECTION 2.011. Amends Section 29.1532(c), Education Code, as follows:

(c) Requires a school district that offers prekindergarten classes, rather than offers prekindergarten classes, including a high quality prekindergarten program class under Subchapter E-1, to include the following information in the district's PEIMS report:

- (1)–(2) makes no changes to these subdivisions;
- (3) the number of half-day prekindergarten classes for which the district has received an exemption from full-day operation under Section 29.153(d);
- (4)–(5) redesignates Subdivisions (4)–(5) as Subdivisions (5)–(7) and includes a reference to an instrument under Section 29.169 (Program Evaluation).

SECTION 2.012. Amends Section 29.1543, Education Code, as follows:

Sec. 29.1543. EARLY EDUCATION REPORTS. Requires TEA to produce and make available to the public on TEA's Internet website annual district and campus-level reports containing information from the previous school year on early education in school districts and open-enrollment charter schools. Requires the report under this section to contain:

- (1) makes no changes to this subdivision;
- (2) a description of the diagnostic reading instruments administered in accordance with Section 28.006(c) (relating to the requirement that each school district administer a reading lists adopted by the commissioner) or (c-2);
- (3) makes a conforming change;
- (4) makes a conforming and a nonsubstantive change;
- (5) makes a nonsubstantive change;
- (6) the number and percentage of students who perform satisfactorily on the third grade reading or mathematics assessment instrument administered under Section 39.023 (Adoption and Administration of Instruments), disaggregated by whether the student was eligible for free prekindergarten under Section 29.153;
- (7) the number of students described by Subdivision (6) who attended kindergarten in the district, disaggregated by:
  - (A) whether the student met the kindergarten readiness standard on the reading instrument adopted under Section 28.006 (Reading Diagnosis);
  - (B) whether the student attended prekindergarten in the district; and
  - (C) the type of prekindergarten the student attended, if applicable; and
- (8) the information described by Subdivisions (6) and (7) disaggregated by whether the student is educationally disadvantaged.

SECTION 2.013. Amends Section 29.162, Education Code, as follows:

Sec 29.162. New heading: RULES. (a) Creates this subsection from existing text and authorizes the commissioner to adopt rules for this subchapter, including rules establishing full-day and half-day minutes of operation requirements as provided by Section 25.081.

- (b) Provides that Section 2001.0045 (Requirement For Rule Increasing Costs to Regulated Persons), Government Code, does not apply to rules adopted under this section.

SECTION 2.014. Amends the heading to Subchapter E-1, Chapter 29, Education Code, to read as follows:

SUBCHAPTER E-1. HIGH QUALITY PREKINDERGARTEN PROGRAM  
REQUIREMENTS

SECTION 2.015. Amends Section 29.164, Education Code, to redefine "program."

SECTION 2.016. Amends Section 29.167(a), Education Code, as follows:

(a) Requires a school district to select and implement a curriculum for a prekindergarten program, rather than for a prekindergarten grant program under this subchapter, that:

(1)–(3) makes no changes to these subdivisions.

SECTION 2.017. Amends Section 29.170(a), Education Code, to require the commissioner to evaluate the use and effectiveness of prekindergarten funding in improving student learning, rather than funding provided under this subchapter in improving student learning.

SECTION 2.018. Amends Section 29.171(a), Education Code, to authorize a school district that offers a prekindergarten program under this subchapter, rather than a district participating in the grant program under this subchapter, to enter into a contract with an eligible private provider to provide services or equipment for the program.

SECTION 2.019. Amends Section 29.172, Education Code, as follows:

Sec. 29.172. RULES. (a) Creates this subsection from existing text.

(b) Provides that Section 2001.0045, Government Code, does not apply to rules adopted under this section.

SECTION 2.020. Amends Section 29.190(a), Education Code, as follows:

(a) Provides that a student is entitled to a subsidy under this section if:

(1) makes no changes to this subsection;

(2) the student passes a certification examination to qualify for a license or certificate that is an industry certification for purposes of Section 39.053(c)(1)(B)(v).

SECTION 2.021. Amends Subchapter F, Chapter 29, Education Code, by adding Section 29.194, as follows:

Sec. 29.194. SUMMER CAREER AND TECHNOLOGY EDUCATION GRANT PROGRAM. (a) Requires the commissioner, from funds appropriated or available for the purpose, in cooperation with an appropriate private entity, to establish a grant program to provide funding to school districts for career and technology education courses offered during the summer.

(b) Authorizes the commissioner to solicit and accept gifts, donations, or other contributions for the grant program established under this section.

(c) Authorizes the commissioner to adopt rules as necessary to implement this section.

SECTION 2.022. Amends Subchapter Z, Chapter 29, Education Code, by adding Section 29.924, as follows:

Sec. 29.924. BLENDED LEARNING GRANT PROGRAM. (a) Defines "blended learning" for purposes of this section.

(b) Requires the commissioner, from funds appropriated or available for purposes of this section, to establish a grant program to assist school districts and open-enrollment charter schools in developing and implementing effective blended learning models. Requires the commissioner, in awarding grants under the program, to give priority to school districts and open-enrollment charter schools that have the highest enrollment of students who are educationally disadvantaged.

(c) Requires a school district or open-enrollment charter school that receives a grant under this section to:

(1) develop a plan to implement a blended learning model that meets the requirements under Subsection (d);

(2) provide training to teachers and other relevant personnel on effective blended learning practices using a program approved by the commissioner for that purpose;

(3) after completion of the training under Subdivision (2):

(A) certify to TEA that the blended learning model has been implemented; and

(B) immediately following the fourth school year of implementation, submit to TEA a report on student outcomes under the blended learning model; and

(4) provide any other information to TEA as necessary for the implementation of this section.

(d) Requires a plan to implement a blended learning model developed under Subsection (c) to:

(1) during the first year require implementation of the model across an entire grade level at a campus and permit subsequent expansion of the model to additional grade levels at the campus or, if the campus has achieved full implementation of the model across all grade levels, to additional campuses in a manner that provides students a consistent learning experience;

(2) require teachers to personalize instruction for all students in a grade level using the blended learning model, including by:

(A) using curricula and assessments that allow each student to progress at the student's pace based on demonstrated proficiency;

(B) providing learning opportunities that give students, in collaboration with the teacher, control over the time, place, path, and pace of the student's learning; and

(C) allocating a certain amount of instructional preparation time to collaborating with students and developing blended learning lesson plans and activities driven by individual student needs;

(3) provide teachers and other relevant personnel with professional development opportunities regarding blended learning; and

(4) require the use of a proficiency-based assessment to inform instruction and provide teachers with relevant information regarding strengths and gaps in a student's learning and proficiency in the essential knowledge and skills.

(e) Authorizes funds awarded under the grant program to be used only to implement a program under this section and satisfy the requirements under Subsection (c).

(f) Authorizes a school district or open-enrollment charter school to receive a grant under this section for not more than four consecutive school years.

(g) Requires the commissioner to adopt rules as necessary to implement this section, including rules establishing an application and selection process for awarding grants under this section and a list of programs that may be used for training under Subsection (c)(2). Prohibits the commissioner, in adopting rules under this subsection, from imposing any requirements on a school district's or open-enrollment charter school's plan to implement a blended learning model not listed under Subsection (d).

(h) Provides that decision of the commissioner under this section is final and is prohibited from being appealed.

SECTION 2.023. Amends Sections 39.0261(a), (e), and (f), Education Code, as follows:

(a) Provides that, in addition to the assessment instruments otherwise authorized or required by this subchapter:

(1)–(2) makes no changes to these subdivisions;

(3) high school students in the spring of the 11th grade or during the 12th grade may select and take once, at state cost:

(A) creates this paragraph from existing text and makes a nonsubstantive change; or

(B) the assessment instrument designated by the Texas Higher Education Coordinating Board (THECB) under Section 51.334.

(e) Provides that Subsection (a)(3) does not prohibit a high school student from selecting and taking, at the student's own expense, an assessment instrument described by that subdivision, rather than does not prohibit a high school student in the spring of the 11th grade or during the 12th grade from selecting and taking at the student's own expense one of the valid, reliable, and nationally norm-referenced assessment instruments used by colleges and universities as part of their undergraduate admissions processes more than once.

(f) Provides that the provisions of this section regarding assessment instruments administered under Subsection (a)(1) or (2) apply only if the legislature appropriates funds for those purposes, rather than providing that the provisions of this section apply only if the legislature appropriates funds for purposes of this section.

SECTION 2.024. Amends Section 39.306(a), Education Code, as follows:

(a) Requires each board of trustees to publish an annual report describing the educational performance of the district and of each campus in the district that includes uniform student performance and descriptive information as determined under rules adopted by the commissioner. Requires the annual report to also include:

(1)–(5) makes no changes to these subdivisions;

(6)–(7) makes nonsubstantive changes to these subdivisions; and

(8) the progress of the district and each campus in the district toward meeting the goals set in the district's:

(A) early childhood literacy and mathematics proficiency plans adopted under Section 11.185; and

(B) college, career, and military readiness plans adopted under Section 11.186.

### ARTICLE 3. CONFORMING CHANGES

SECTION 3.001. Amends Section 7.028(a), Education Code, to make a conforming change.

SECTION 3.002. Amends Sections 7.055(b)(34) and (35), Education Code, as follows:

(34) Requires the commissioner to perform duties in connection with the options for local revenue levels in excess of entitlement, rather than duties in connection with equalized wealth level, under Chapter 49, rather than under Chapter 41 (Equalized Wealth Level).

(35) Makes a conforming change.

SECTION 3.003. Amends Sections 7.062(a) and (c), Education Code, as follows:

(a) Redefines "wealth per student" for purposes of this section.

(c) Makes conforming changes.

SECTION 3.004. Amends Section 7.102(c)(30), Education Code, to make a conforming change.

SECTION 3.005. Amends Section 8.051(d), Education Code, to provide that the core services are training and assistance in certain area, including training and assistance in providing a gifted and talented program and each program that qualifies for a funding allotment under Section 48.102, 48.104, or 48.105, rather than Section 42.151, 42.152, 42.153, or 42.156.

SECTION 3.006. Amends Section 8.056, Education Code, to make a conforming change.

SECTION 3.007. Amends Section 11.158(a), Education Code, to make conforming changes.

SECTION 3.008. Amends Section 11.174(a), Education Code, to provide that a school district campus qualifies for an exemption from intervention as provided by Subsection (f) (relating to a provision that this subsection applies only to a district campus subject to a certain contract for the school year before operation of the district campus under the contract began) and qualifies for funding as provided by Section 48.252 if the board of trustees of the district contracts to partner to operate the district campus with certain governmental entities. Makes conforming changes.

SECTION 3.009. Amends Section 12.013(b), Education Code, as follows:

(b) Provides that a home-rule school district is subject to:

(1)–(2) makes no changes to these subdivisions;

(3) a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A)–(L) makes no changes to these paragraphs;

(M) makes a conforming change;

(N)-(P) makes no changes to these paragraphs;

(Q) options for local revenue levels in excess of entitlement under Chapter 49, rather than equalized wealth under Chapter 41;

(R) makes a conforming change; and

(S) makes no changes to this paragraph.

SECTION 3.010. Amends Section 12.029(b), Education Code, to make a conforming change.

SECTION 3.011. Amends Section 13.051(c), Education Code, to make a conforming change.

SECTION 3.012. Amends Sections 13.054(f) and (i), Education Code, to make conforming changes.

SECTION 3.013. Amends Sections 13.282(a) and (b), Education Code, to make conforming changes.

SECTION 3.014. Amends Section 13.283, Education Code, to make a conforming change.

SECTION 3.015. Amends Section 21.402(a), Education Code, to make a conforming change.

SECTION 3.016. Amends Section 21.4021(a), Education Code, to make a conforming change.

SECTION 3.017. Amends Section 21.410(h), Education Code, to make conforming changes.

SECTION 3.018. Amends Section 21.411(h), Education Code, to make conforming changes.

SECTION 3.019. Amends Section 21.412(h), Education Code, to make conforming changes.

SECTION 3.020. Amends Section 21.413(h), Education Code, to make conforming changes.

SECTION 3.021. Amends Section 25.001(a), Education Code, to provide that any other person enrolled in a prekindergarten class under Section 29.153 (Free Prekindergarten For Certain Children), rather than under Section 29.153 or Subchapter E-1 (High Quality Prekindergarten Grant Program), Chapter 29, is entitled to the benefits of the available school fund.

SECTION 3.022. Amends Section 25.008(b), Education Code, to provide that Subsection (a) does not apply to enrollment in a program under Section 29.088 (After-School and Summer Intensive Mathematics Instruction Programs) or 29.090 (After-School and Summer Intensive Science Instruction Programs), rather than Section 29.088, 29.090, or 29.098 (Intensive Summer Programs), or in a similar intensive program.

SECTION 3.023. Amends Section 25.081(e), Education Code, to make a conforming change.

SECTION 3.024. Amends Section 25.081(f), Education Code, as added by Chapter 851 (H.B. 2442), Acts of the 85th Legislature, Regular Session, 2017, to make conforming changes.

SECTION 3.025. Amends Sections 25.112(a) and (b), Education Code, to make conforming changes.

SECTION 3.026. Amends Section 28.0061(b), Education Code, to provide that a school district is eligible to participate in the pilot program if, as determined by the commissioner, the district has low student performance on a reading instrument administered in accordance with Section 28.006(c) (relating to requiring each school district to administer a certain reading instrument) or (c-2).

SECTION 3.027. Amends Section 28.0211(m-1), Education Code, to make conforming changes.

SECTION 3.028. Amends Section 29.001, Education Code, to make conforming changes.

SECTION 3.029. Amends Section 29.002, Education Code, to redefine "special services" for purposes of this subchapter (Special Education Program).

SECTION 3.030. Amends Section 29.008(b), Education Code, to make a conforming change.

SECTION 3.031. Amends Section 29.014(d), Education Code, to delete existing text providing that the basic allotment for a student enrolled in a district to which this sections applies is adjusted by the cost of education adjustment under Section 42.102 (Cost of Education Adjustment) for the school district in which the district is geographically located. Provides that the basic allotment for a student enrolled in a district to which this section applies is adjusted by the weight for a homebound student under Section 48.102(a), rather than under Section 42.151(a) (relating to entitling a school district to a certain annual allotment for each student in average daily attendance in a certain special education program).

SECTION 3.032. Amends Section 29.018(b), Education Code, to make a conforming change.

SECTION 3.033. Amends Section 29.022(u)(3), Education Code, to make a conforming change.

SECTION 3.034. Amends Section 29.081(b-2), Education Code, to delete existing text prohibiting a district from budgeting funds received under Section 42.152 for any other purpose until the district adopts a budget to support additional accelerated instruction under Subsection (b-1) and to make a conforming change.

SECTION 3.035. Amends Section 29.082(a), Education Code, to make a conforming change.

SECTION 3.036. Amends Section 29.086(e), Education Code, to make a conforming change.

SECTION 3.037. Amends Sections 29.087(h) and (j), Education Code, to make conforming changes.

SECTION 3.038. Amends Section 29.089(b), Education Code, to make a conforming change.

SECTION 3.039. Amends Sections 29.203(b) and (c), Education Code, to make conforming changes.

SECTION 3.040. Amends Section 29.203(g)(2), Education Code, to define "guaranteed local revenue level," rather than "guaranteed wealth level."

SECTION 3.041. Amends Section 29.403(b), Education Code, to make a conforming change.

SECTION 3.042. Amends Sections 29.918(a) and (b), Education Code, as follows:

(a) Requires a school district or open-enrollment charter school with a high dropout rate, as determined by the commissioner, notwithstanding Section 48.104, rather than Sections 39.234 or 42.152, to 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 48.104, rather than the compensatory allotment under Section 42.152 and the high school allotment under Section 42.160, for developing and implementing research-based strategies for dropout prevention. Makes a conforming change.

(b) Makes conforming changes.

SECTION 3.043. Amends Section 30A.002(a), Education Code, to make a conforming change.

SECTION 3.044. Amends Section 30A.153(a), Education Code, to make a conforming change.

SECTION 3.045. Amends Section 34.002(c), Education Code, to make a conforming change.

SECTION 3.046. Amends Section 37.0061, Education Code, to make conforming changes.

SECTION 3.047. Amends Section 37.011(h), Education Code, to make conforming changes.

SECTION 3.048. Amends Section 39.0233(a), Education Code, to require the questions adopted under this subsection to be developed in a manner consistent with any college readiness standards adopted under Subchapter F-1 (Texas Success Initiative), Chapter 51, rather than Section 39.233 (Recognition of High School Completion and Success and College Readiness Programs) and Subchapter F-1, Chapter 51.

SECTION 3.049. Amends Section 39.027(f), Education Code, to make a conforming change.

SECTION 3.050. Amends Section 39.408, Education Code, to make conforming changes.

SECTION 3.051. Amends Section 39.413, Education Code, as follows:

Sec. 39.413. FUNDING FOR CERTAIN PROGRAMS. (a) Deletes existing text requiring THECB, from funds appropriated, to provide funding to the commissioner of education to implement and administer the program under Section 29.098.

(b) Makes a conforming change.

SECTION 3.052. Amends Section 39A.903, Education Code, to make conforming changes.

SECTION 3.053. Amends Section 43.002(b), Education Code, to make conforming changes.

SECTION 3.054. Amends Section 44.0011, Education Code, to make conforming changes.

SECTION 3.055. Amends Section 44.004(c), Education Code, to prohibit the notice of a certain public meeting to discuss and adopt the budget and the proposed tax rate from being smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and to provide that the headline on the notice is required to be in 18-point or larger type. Sets forth required language for the notice and makes conforming changes.

SECTION 3.056. Amends Section 44.051, Education Code, to make a conforming change.

SECTION 3.057. Amends Section 45.0011(e), Education Code, to make a conforming change.

SECTION 3.058. Amends Sections 45.0031(b) and (c), Education Code, to make conforming changes.

SECTION 3.059. Amends Section 45.251(2), Education Code, to make a conforming change.

SECTION 3.060. Amends Section 45.259(d), Education Code, to make conforming changes.

SECTION 3.061. Amends Section 45.261(a), Education Code, to make conforming changes.

SECTION 3.062. Amends Section 45.263(b), Education Code, to make conforming changes.

SECTION 3.063. Amends Section 46.003(a), Education Code, to make conforming changes in the formula for determining the amount of state and local funds to which a district is entitled for each cent of tax effort.

SECTION 3.064. Amends Section 46.006(g), Education Code, to make conforming changes.

SECTION 3.065. Amends Sections 46.009(b), (c), (e), and (f), Education Code, to make conforming changes.

SECTION 3.066. Amends Section 46.0111(e), Education Code, to make a conforming change.

SECTION 3.067. Amends Section 46.013, Education Code, to make conforming changes.

SECTION 3.068. Amends Section 46.032(a), Education Code, to make conforming changes to the formula for determining the specified amount per student in state and local funds for each cent of tax effort to pay the principal of and interest on eligible bonds to which a district is entitled.

SECTION 3.069. Amends Section 46.037, Education Code, to make a conforming change.

SECTION 3.070. Amends Section 79.10(f), Education Code, to make conforming changes.

SECTION 3.071. Amends Section 87.208, Education Code, to make a conforming change.

SECTION 3.072. Amends Section 87.505(g), Education Code, to make conforming changes.

SECTION 3.073. Amends Section 96.707(k), Education Code, to make conforming changes.

SECTION 3.074. Amends Sections 105.301(e) and (f), Education Code, to make conforming changes.

SECTION 3.075. Amends Section 317.005(f), Government Code, to make conforming changes.

SECTION 3.076. Amends Section 403.093(d), Government Code, to make conforming changes.

SECTION 3.077. Amends Section 403.302(a), Government Code, to make conforming changes.

SECTION 3.078. Amends Section 403.303(b), Government Code, to make conforming changes.

SECTION 3.079. Amends Section 404.121(1), Government Code, to redefine "cash flow deficit."

SECTION 3.080. Amends Section 437.117(a), Government Code, to make conforming changes.

SECTION 3.081. Amends Section 466.355(c), Government Code, to make a conforming change.

SECTION 3.082. Amends Section 1371.001(4), Government Code, to make a conforming change.

SECTION 3.083. Amends Section 1431.001(3), Government Code, to redefine "eligible school district."

SECTION 3.084. Amends Section 2175.304(c), Government Code, to make conforming changes.

SECTION 3.085. Amends Section 221.0071(d), Human Resources Code, to make conforming changes.

SECTION 3.086. Amends Section 1579.251(a), Insurance Code, to make a conforming change.

SECTION 3.087. Amends Section 1581.053, Insurance Code, to make conforming changes.

SECTION 3.088. Amends Section 37.10(c)(2), Penal Code, to make a conforming change.

SECTION 3.089. Amends Section 39.03(d), Penal Code, to make a conforming change.

SECTION 3.090. Amends Section 21.01, Tax Code, to make a conforming change.

SECTION 3.091. Amends Sections 21.02(b) and (c), Tax Code, to make conforming changes.

SECTION 3.092. Amends Section 25.25(k), Tax Code, to make a conforming change.

SECTION 3.093. Amends Section 311.013(n), Tax Code, to make conforming changes.

SECTION 3.094. Amends Section 312.002(g), Tax Code, to make a conforming change.

SECTION 3.095. Amends Section 312.210(b), Tax Code, to provide that a tax abatement agreement with the owner of real property or tangible personal property that is located in the reinvestment zone described by Subsection (a) (relating to a provision that this section applies only to a tax abatement agreement applicable to property located in a reinvestment zone with respect to which certain political subdivisions have entered into certain agreements) and in a school district that has a local revenue level, rather than wealth per student, that does not exceed the level established under Section 48.257, rather than the equalized wealth level, is required to exempt from taxation certain values of the property.

SECTION 3.096. Amends Section 313.027(i), Tax Code, to make a conforming change.

#### ARTICLE 4. REPEALER

SECTION 4.001. (a) Repealer: Sections 28.006(d-1) (relating to the requirement that TEA contract with the State Center for Early Childhood Development to receive and use scores under Subsection on a certain reading assessment instrument on behalf of TEA), Education Code.

Repealer: Section 28.006(e) (relating to prohibiting the results of reading instruments administered under this section from being used for purposes of appraisals and incentives under certain chapters or accountability under certain chapters), Education Code.

Repealer: Section 29.097 (Intensive Technology-Based Academic Intervention Pilot Program), Education Code.

Repealer: Section 29.098 (Intensive Summer Programs), Education Code.

Repealer: Section 29.165 (High Quality Prekindergarten Grant Program), Education Code.

Repealer: Section 29.166 (High Quality Grant Program Funding), Education Code.

Repealer: Section 29.203(g)(1) (relating to the definition of "equalized wealth levels"), Education Code.

Repealer: Section 29.203(g)(3) (relating to the definition of "wealth per student"), Education Code.

Repealer: Section 39.233 (Recognition of High School Completion and Success and College Readiness Programs), Education Code.

Repealer: Section 39.234 (Use of High School Allotment), Education Code.

Repealer: Heading to Chapter 41 (Equalized Wealth Level), Education Code.

Repealer: Heading to Chapter 42 (Foundation School Program), Education Code.

Repealer: Heading to Subchapter A (General Provisions), Chapter 41, Education Code.

Repealer: Section 41.002 (Equalized Wealth Level), Education Code.

Repealer: Section 41.0041 (Effect of State Aid), Education Code.

Repealer: Heading to Subchapter D (Purchase of Attendance Credit), Chapter 41, Education Code.

Repealer: Section 41.0931 (Disaster Remediation Costs), Education Code.

Repealer: Section 41.098 (Early Agreement Credit), Education Code.

Repealer: Heading to Subchapter E (Education of Nonresident Students) Chapter 41, Education Code.

Repealer: Heading to Subchapter A (General Provisions), Chapter 42, Education Code.

Repealer: Heading to Section 42.006 (Public Education Information Management System (PEIMS)), Education Code.

Repealer: Heading to Section 42.007 (Equalized Funding Elements), Education Code.

Repealer: Heading to Subchapter B (Basic Entitlement), Chapter 42, Education Code.

Repealer: Section 42.102 (Cost of Education Adjustment), Education Code.

Repealer: Section 42.103 (Small and Mid-Sized District Adjustment), Education Code.

Repealer: Section 42.104 (Use of Small or Mid-Sized District Adjustment in Calculating Special Allotments), Education Code.

Repealer: Heading to Subchapter C (Special Allotments), Chapter 42, Education Code.

Repealer: Section 42.1541 (Indirect Costs Allotments), Education Code.

Repealer: Section 42.156 (Gifted and Talented Student Allotment), Government Code.

Repealer: Section 42.160 (High School Allotment), Government Code.

Repealer: Heading to Subchapter E (Financing the Program), Chapter 42, Government Code.

Repealer: Section 42.2513 (Additional State Aid For Staff Salary Increases), Government Code.

Repealer: Section 42.2517 (Excess Funds For Cost of Education Adjustment), Government Code.

Repealer: Section 42.2518 (Additional State Aid For Homestead Exemption and Limitation on Tax Increases), Education Code.

Repealer: Section 42.262 (Tax Rate Conversion Fund), Education Code.

Repealer: Heading to Subchapter F (Guaranteed Yield Program), Chapter 42, Education Code

Repealer: Heading to Subchapter G (School Facilities Inventory and Standards), Chapter 42, Education Code.

Repealer: Section 42.352 (Standards), Education Code.

(b) Repealer: Section 26.08(o) (relating to the computation of the rollback tax rate of a school district fitting certain criteria), Tax Code.

Repealer: 26.08(p) (relating to the calculation of the rollback tax rate of a school district fitting certain criteria), Tax Code.

Repealer: Sections 312.210(c) (relating to the definitions of "wealth per student" and "equalized wealth level"), Tax Code.

#### ARTICLE 5. TRANSITION; CONFLICT OF LAW

SECTION 5.001. (a) Provides that, except as provided by Subsection (b) of this section, Article 2 of this Act applies beginning with the 2019–2020 school year.

(b) Provides that Section 28.006, Education Code, as amended by this Act, applies beginning with the 2020–2021 school year.

SECTION 5.002. Provides that, except as otherwise provided by this Act, Section 26.08, Tax Code, as amended by this Act, applies beginning with the 2019 tax year.

SECTION 5.003. Authorizes a school district that took action to comply with publication requirements under Section 44.004, Education Code, before the effective date of this Act, notwithstanding any provision of the Education Code, for the 2019 tax year, to amend the district's previously published notices to comply with the changes made to the district's permissible and proposed tax rates as a result of this Act by posting those changes on the district's Internet website. Authorizes a school district that complied with the law in effect at the time of the district's original publication to hold the district's scheduled public hearing as originally published.

SECTION 5.004. Requires the commissioner by rule, not later than September 1, 2019, to establish an indirect cost allotment under Section 48.102(h), Education Code, as redesignated and amended by this Act, at the level in effect for the 2018–2019 school year under former Section 42.151(h), Education Code.

SECTION 5.005. Requires each school district, not later than December 1, 2020, to submit to the legislature a report on salary or wage increases provided to district employees under Section 48.051(c), Education Code, as added by this Act, for the 2019–2020 school year. Requires the report to include for each salary or wage increase the employee's position at the school district and the amount of the increase.

SECTION 5.006. Provides that, to the extent of any conflict, this Act prevails over another Act of the 86th Legislature, Regular Session, 2019, regardless of the relative dates of enactment.

#### ARTICLE 6. EFFECTIVE DATE

SECTION 6.001. (a) Effective date, this Act, except as provided by Subsections (b), (c), (d), and (e) of this section or as otherwise provided by this Act: September 1, 2019.

(b) Effective date, Section 11.184, Education Code, as added by this Act: January 1, 2020.

(c) Effective date, Section 48.1041, Education Code, as added by this Act, and Section 1.064 of this Act: upon passage or September 1, 2019.

(d) Effective date, Section 48.005(o), Education Code, as added by this Act: September 1, 2021.

(e) Effective date, Article 2 of this Act: upon passage or September 1, 2019.