

# CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

May 30, 2009


Date

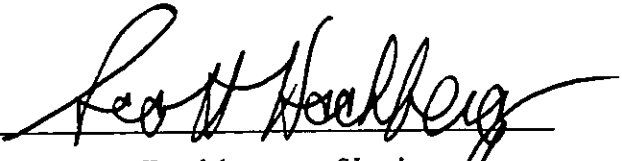
Honorable David Dewhurst  
President of the Senate


Honorable Joe Straus  
Speaker of the House of Representatives


Sirs:

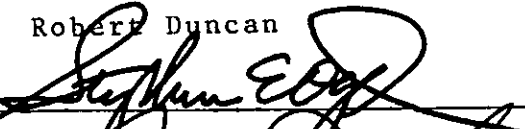
We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on House Bill 3646 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

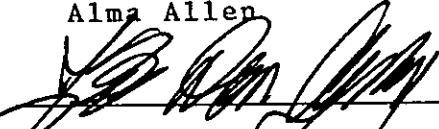
  
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Florence Shapiro, Chair

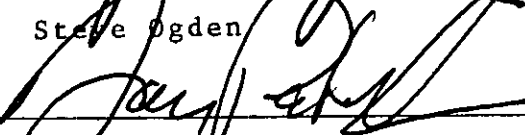
  
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Scott Hochberg, Chair

  
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Robert Duncan

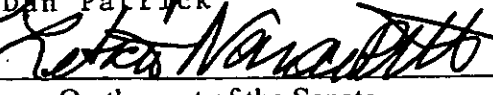
  
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Alma Allen

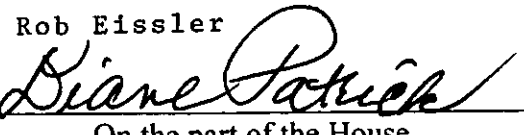
  
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Steve Ogden

  
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Jimmie Don Aycock

  
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Dan Patrick

  
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Rob Eissler

  
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On the part of the Senate  
Leticia Van de Putte

  
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On the part of the House  
Diane Patrick

### Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

# CONFERENCE COMMITTEE REPORT

3<sup>rd</sup> Printing

H.B. No. 3646

A BILL TO BE ENTITLED

AN ACT

relating to public school finance and programs.

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

SECTION 1. Section 1.001(b), Education Code, is amended to read as follows:

(b) Except as provided by Chapter 18, Chapter 19, Subchapter A of Chapter 29, ~~of~~ Subchapter E of Chapter 30, or Chapter 30A, this code does not apply to students, facilities, or programs under the jurisdiction of the Department of Aging and Disability Services, the Department of State Health Services, the Health and Human Services Commission, the Texas Youth Commission, the Texas Department of Criminal Justice, a Job Corps program operated by or under contract with the United States Department of Labor, or any juvenile probation agency.

SECTION 2. Section 7.024(a), Education Code, is amended to read as follows:

(a) The investment capital fund consists of money appropriated for purposes of ~~transferred to~~ the fund ~~as provided by Section 42.152(1)]~~. The agency shall administer the

1 fund. The purposes of this fund are to assist eligible public  
2 schools to implement practices and procedures consistent with  
3 deregulation and school restructuring in order to improve  
4 student achievement and to help schools identify and train  
5 parents and community leaders who will hold the school and the  
6 school district accountable for achieving high academic  
7 standards.

8 SECTION 3. Section 8.051(d), Education Code, is amended to  
9 read as follows:

10 (d) Each regional education service center shall maintain  
11 core services for purchase by school districts and campuses.  
12 The core services are:

13 (1) training and assistance in:

14 (A) teaching each subject area assessed under  
15 Section 39.023; and

16 (B) providing instruction in personal financial  
17 literacy as required under Section 28.0021;

18 (2) training and assistance in providing each program  
19 that qualifies for a funding allotment under Section 42.151,  
20 42.152, 42.153, or 42.156;

21 (3) assistance specifically designed for a school  
22 district rated academically unacceptable under Section 39.072(a)  
23 or a campus whose performance is considered unacceptable based  
24 on the indicators adopted under Section 39.051;

25 (4) training and assistance to teachers,  
26 administrators, members of district boards of trustees, and  
27 members of site-based decision-making committees;

1 (5) assistance specifically designed for a school  
2 district that is considered out of compliance with state or  
3 federal special education requirements, based on the agency's  
4 most recent compliance review of the district's special  
5 education programs; and

6 (6) assistance in complying with state laws and  
7 rules.

8 SECTION 4. Section 11.168, Education Code, is amended to  
9 read as follows:

10 Sec. 11.168. USE OF DISTRICT RESOURCES PROHIBITED FOR  
11 CERTAIN PURPOSES. Except as provided by Section 45.109 (a-1)  
12 and (a-2), the [~~The~~] board of trustees of a school district may  
13 not enter into an agreement authorizing the use of school  
14 district employees, property, or resources for the provision of  
15 materials or labor for the design, construction, or renovation  
16 of improvements to real property not owned or leased by the  
17 district.

18 SECTION 5. Section 12.106, Education Code, is amended by  
19 amending Subsection (a) and adding Subsections (a-1) and (a-2)  
20 to read as follows:

21 (a) A charter holder is entitled to receive for the open-  
22 enrollment charter school funding under Chapter 42 equal to the  
23 greater of:

24 (1) the amount of funding per student in weighted  
25 average daily attendance, excluding enrichment funding under  
26 Sections 42.302(a-1)(2) and (3), as they existed on January 1,  
27 2009, that would have been received for the school during the



1 2009-2010 school year under Chapter 42 as it existed on January  
2 1, 2009, and an additional amount of \$120 for each student in  
3 weighted average daily attendance; or

4 (2) the amount of funding per student in weighted  
5 average daily attendance, excluding enrichment funding under  
6 Section 42.302(a), to which the charter holder would be entitled  
7 for the school under Chapter 42 [as] if the school were a school  
8 district without a tier one local share for purposes of Section  
9 42.253 and without any local revenue [~~LR~~] for purposes of  
10 Section 42.2516 [42-302].

11 (a-1) In determining funding for an open-enrollment  
12 charter school under Subsection (a), adjustments under Sections  
13 42.102, 42.103, 42.104, and 42.105 [~~and the district enrichment~~  
14 tax rate ("DTR") under Section 42.302] are based on the average  
15 adjustment [~~and average district enrichment tax rate]~~ for the  
16 state.

17 (a-2) In addition to the funding provided by Subsection  
18 (a), a charter holder is entitled to receive for the open-  
19 enrollment charter school enrichment funding under Section  
20 42.302 based on the state average tax effort.

21 SECTION 6. Subchapter D, Chapter 12, Education Code, is  
22 amended by adding Section 12.1331 to read as follows:

23 Sec. 12.1331. WAGE INCREASE FOR CERTAIN PROFESSIONAL  
24 STAFF. (a) This section applies to a charter holder that on  
25 January 1, 2009, operated an open-enrollment charter school.

26 (b) Beginning with the 2009-2010 school year, each charter  
27 holder shall increase the monthly salary of each classroom

1 teacher, full-time speech pathologist, full-time librarian,  
2 full-time counselor, and full-time school nurse employed by the  
3 charter holder at an open-enrollment charter school by the  
4 greater of:

- 5           (1) \$80; or  
6           (2) the maximum uniform amount that, when combined  
7 with any resulting increases in the amount of contributions made  
8 by the charter holder for social security coverage for the  
9 specified employees or by the charter holder on behalf of the  
10 specified employees under Section 825.405, Government Code, may  
11 be provided using an amount equal to the product of \$60  
12 multiplied by the number of students in weighted average daily  
13 attendance in the school during the 2009-2010 school year.

14           (c) A payment under Subsection (b) is in addition to wages  
15 the charter holder would otherwise pay the employee during the  
16 school year.

17           SECTION 7. Section 19.007, Education Code, is amended by  
18 adding Subsection (g) to read as follows:

19           (g) In addition to other amounts received by the district  
20 under this section, the district is entitled to state aid in the  
21 amount necessary to fund the salary increases required by  
22 Section 19.009(d-2).

23           SECTION 8. Section 19.009, Education Code, is amended by  
24 adding Subsections (d-2) and (d-3) to read as follows:

25           (d-2) Beginning with the 2009-2010 school year, the  
26 district shall increase the monthly salary of each classroom  
27 teacher, full-time speech pathologist, full-time librarian,

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

4 (1) \$80; or

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

13 (d-2) A payment under Subsection (d-1) is in addition to  
14 salary the district would otherwise pay the employees during the  
15 school year.

16 SECTION 9. Section 21.402, Education Code, is amended by  
17 amending Subsections (a), (d), and (g) and adding Subsections  
18 (c-1), (c-2), and (c-3) to read as follows:

19 (a) Except as provided by Subsection (d), (e), or (f), a  
20 school district must pay each classroom teacher, full-time  
21 librarian, full-time counselor certified under Subchapter B, or  
22 full-time school nurse not less than the minimum monthly salary,  
23 based on the employee's level of experience in addition to other  
24 factors, as determined by commissioner rule, determined by the  
25 following formula:

26 
$$MS = SF \times FS$$

27 where:

1 "MS" is the minimum monthly salary;

2 "SF" is the applicable salary factor specified by  
3 Subsection (c); and

4 "FS" is the amount, as determined by the commissioner under  
5 Subsection (b), of state and local funds per weighted student,  
6 including funds provided under Section 42.2516  
7 [~~42.2516(b)(1)(B)~~, ~~but not funds provided under Section~~  
8 ~~42.2516(b)(1)(A)~~, ~~(b)(1)(C)~~, ~~(b)(2)~~, ~~or (b)(3)~~], available to a  
9 district eligible to receive state assistance under Section  
10 42.302 with a maintenance and operations tax rate per \$100 of  
11 taxable value equal to the product of the state compression  
12 percentage, as determined under Section 42.2516, multiplied by  
13 \$1.50, except that the amount of state and local funds per  
14 weighted student does not include the amount attributable to the  
15 increase in the guaranteed level made by Chapter 1187, Acts of  
16 the 77th Legislature, Regular Session, 2001.

17 (c-1) Notwithstanding Subsection (a), for the 2009-2010  
18 and 2010-2011 school years, each school district shall increase  
19 the monthly salary of each classroom teacher, full-time speech  
20 pathologist, full-time librarian, full-time counselor certified  
21 under Subchapter B, and full-time school nurse by the greater  
22 of:

23 (1) \$80; or

24 (2) the maximum uniform amount that, when combined  
25 with any resulting increases in the amount of contributions made  
26 by the district for social security coverage for the specified  
27 employees or by the district on behalf of the specified

1 employees under Section 825.405, Government Code, may be  
2 provided using an amount equal to the product of \$60 multiplied  
3 by the number of students in weighted average daily attendance  
4 in the school during the 2009-2010 school year.

5 (c-2) An increase in salary under Subsection (c-1) does  
6 not include:

7 (1) any amount an employee would have received for  
8 the 2009-2010 or 2010-2011 school year, as applicable, under the  
9 district's salary schedule for the 2008-2009 school year, if  
10 that schedule had been in effect for the 2009-2010 or 2010-2011  
11 school year, including any local supplement and any money  
12 representing a career ladder supplement the employee would have  
13 received in the 2009-2010 or 2010-2011 school year; or

14 (2) any part of the salary to which an employee is  
15 entitled under Subsection (a).

16 (c-3) Subsections (c-1) and (c-2) and this subsection  
17 expire September 1, 2011.

18 (d) A classroom teacher, full-time speech pathologist,  
19 full-time librarian, full-time counselor certified under  
20 Subchapter B, or full-time school nurse employed by a school  
21 district in the 2010-2011 [~~2006-2007~~] school year is, as long as  
22 the employee is employed by the same district, entitled to a  
23 salary that is at least equal to the salary the employee  
24 received for the 2010-2011 [~~2006-2007~~] school year.

25 (g) The commissioner may adopt rules to govern the  
26 application of this section, including rules that:

27 (1) require the payment of a minimum salary under

1 this section to a person employed in more than one capacity for  
2 which a minimum salary is provided and whose combined employment  
3 in those capacities constitutes full-time employment; and

4 (2) specify the credentials a person must hold to be  
5 considered a speech pathologist or school nurse under this  
6 section.

7 SECTION 10. Section 21.415(a), Education Code, is amended  
8 to read as follows:

9 (a) A school district shall provide in employment  
10 contracts that qualifying employees may receive an incentive  
11 payment under an awards program established under Subchapter [N  
12 ~~or~~] O if the district participates in the program.

13 SECTION 11. Sections 21.703(a) and (d), Education Code,  
14 are amended to read as follows:

15 (a) Each state fiscal year, the commissioner shall deposit  
16 an amount determined by the General Appropriations Act [~~the sum~~  
17 ~~of \$1,000 multiplied by the number of classroom teachers in this~~  
18 ~~state]~~ to the credit of the educator excellence fund in the  
19 general revenue fund. Each state fiscal year, the agency shall  
20 use[+]

21 [~~(1) not more than \$100 million of the funds in the~~  
22 ~~educator excellence fund to provide grant awards under the~~  
23 ~~awards for student achievement program established under~~  
24 ~~Subchapter N; and~~

25 [(2) ~~any remaining~~] funds in the educator excellence  
26 fund to provide a qualifying school district a grant in an  
27 amount determined by:

1           (1) [~~A~~] dividing the amount of [~~remaining~~] money  
2 available for distribution in the educator excellence fund by  
3 the total number of students in average daily attendance in  
4 qualifying districts for that fiscal year; and

5           (2) [~~B~~] multiplying the amount determined under  
6 Subdivision (1) [~~Paragraph (A)~~] by the number of students in  
7 average daily attendance in the district.

8           (d) Notwithstanding Subsection (a) [~~or (b)~~], the agency  
9 may use funds in the educator excellence fund as necessary to  
10 conduct or contract with another entity to conduct the  
11 evaluation required under Section 21.706. This subsection  
12 expires June 1, 2011.

13           SECTION 12. Section 21.704, Education Code, is amended by  
14 adding Subsection (c-1) to read as follows:

15           (c-1) A local awards plan must provide for teachers and  
16 principals eligible to receive awards under the plan to be  
17 notified of the specific criteria and any formulas on which the  
18 awards will be based before the beginning of the period on which  
19 the awards will be based.

20           SECTION 13. Section 21.705, Education Code, is amended to  
21 read as follows:

22           Sec. 21.705. AWARD PAYMENTS. A school district must use  
23 at least 60 percent of grant funds awarded to the district under  
24 this subchapter to directly award classroom teachers and  
25 principals who effectively improve student achievement as  
26 determined by meaningful, objective measures. The remaining  
27 funds must be used only to:

- 1           (1) provide teacher induction and mentoring support,  
2 including stipends to effective mentors or teacher coaches;
- 3           (2) provide stipends to classroom teachers who are  
4 certified in a subject that is designated by the commissioner as  
5 commonly experiencing a critical shortage of teachers;
- 6           (3) provide stipends to classroom teachers who are  
7 certified under Subchapter B in the main subject area in which  
8 they teach;
- 9           (4) provide stipends to recruit and retain classroom  
10 teachers and principals with proven records of success for  
11 improving student performance who are assigned to campuses at  
12 which the district has experienced difficulty assigning or  
13 retaining teachers;
- 14           (5) [~~provide stipends to classroom teachers who hold~~  
15 ~~postgraduate degrees,~~
- 16           [~~(6) provide awards to principals who effectively~~  
17 ~~increase student performance as determined by objective~~  
18 ~~measures,~~
- 19           [~~(7)~~] provide awards to other campus employees who  
20 demonstrate excellence; [~~(8)~~]
- 21           (6) [~~(8)~~] implement the components of a Teacher  
22 Advancement Program (TAP), including:
- 23           (A) an instructionally focused accountability  
24 system; and
- 25           (B) the adjustment of teaching schedules to  
26 permit ongoing applied professional growth; or
- 27           (7) provide funding for previously developed



1 incentive programs.

2 SECTION 14. Section 21.706(a), Education Code, is amended  
3 to read as follows:

4 (a) Using funds from the educator excellence fund created  
5 under Section 21.703, the agency shall conduct or contract with  
6 another entity to conduct a comprehensive evaluation of the  
7 ~~[awards for student achievement program established under~~  
8 ~~Subchapter N and the educator excellence awards]~~ program  
9 ~~[established under this subchapter]~~. The evaluation must  
10 include:

11 (1) a descriptive analysis of the design and  
12 implementation of the ~~[awards for student achievement program~~  
13 ~~and the educator excellence awards]~~ program at participating  
14 campuses or school districts, including detailed descriptions of  
15 the models and approaches used by the campuses or districts in  
16 distributing incentive awards to classroom teachers;

17 (2) detailed information regarding the distribution  
18 of incentive awards to classroom teachers under the ~~[awards for~~  
19 ~~student achievement program and the educator excellence awards]~~  
20 program, including the measurements used by the campuses or  
21 districts in determining the amounts of incentive awards to  
22 distribute to classroom teachers;

23 (3) a comprehensive, quantitative analysis of the  
24 impact of the ~~[awards for student achievement program and the~~  
25 ~~educator excellence awards]~~ program at participating campuses or  
26 districts, including the impact of the various incentive award  
27 distribution models used by the campuses or districts on key

1 outcomes in the program [~~programs~~]; and

2 (4) a summary of the approaches used by participating  
3 campuses or districts in distributing grant funds that are not  
4 specifically designated for distribution as incentive awards for  
5 classroom teachers and an assessment of whether those funds are  
6 used effectively by the participating campuses or districts.

7 SECTION 15. Section 28.009, Education Code, is amended by  
8 adding Subsection (a-2) to read as follows:

9 (a-2) A school district is not required to pay a student's  
10 tuition or other associated costs for taking a course under this  
11 section. This subsection expires September 1, 2011.

12 SECTION 16. Subchapter A, Chapter 29, Education Code, is  
13 amended by adding Section 29.018 to read as follows:

14 Sec. 29.018. SPECIAL EDUCATION GRANT. (a) From funds  
15 appropriated for the purposes of this section, federal funds, or  
16 any other funds available, the commissioner shall make grants  
17 available to school districts to assist districts in covering  
18 the cost of educating students with disabilities.

19 (b) A school district is eligible to apply for a grant  
20 under this section if:

21 (1) the district does not receive sufficient funds,  
22 including state funds provided under Section 42.151 and federal  
23 funds, for a student with disabilities to pay for the special  
24 education services provided to the student; or

25 (2) the district does not receive sufficient funds,  
26 including state funds provided under Section 42.151 and federal  
27 funds, for all students with disabilities in the district to pay

1 for the special education services provided to the students.

2 (c) A school district that applies for a grant under this  
3 section must provide the commissioner with a report comparing  
4 the state and federal funds received by the district for  
5 students with disabilities and the expenses incurred by the  
6 district in providing special education services to students  
7 with disabilities.

8 (d) Expenses that may be included by a school district in  
9 applying for a grant under this section include the cost of  
10 training personnel to provide special education services to a  
11 student with disabilities.

12 (e) A school district that receives a grant under this  
13 section must educate students with disabilities in the least  
14 restrictive environment that is appropriate to meet the  
15 student's educational needs.

16 (f) The commissioner shall adopt rules as necessary to  
17 administer this section.

18 SECTION 17. Section 29.082, Education Code, is amended by  
19 adding Subsection (h) to read as follows:

20 (h) The commissioner shall give priority to applications  
21 for extended year programs to districts with high concentrations  
22 of educationally disadvantaged students.

23 SECTION 18. Section 29.0822, Education Code, is amended  
24 by amending Subsections (a), (c), and (d) and adding Subsection  
25 (e) to read as follows:

26 (a) Notwithstanding Section 25.081 or 25.082, a school  
27 district may apply to the commissioner to provide a flexible

1 school day program for students [~~in grades nine through 12~~] who:

2 (1) have dropped out of school or are at risk of  
3 dropping out of school as defined by Section 29.081; [ø]

4 (2) attend a campus that is implementing an  
5 innovative redesign of the campus or an early college high  
6 school under a plan approved by the commissioner; or

7 (3) as a result of attendance requirements under  
8 Section 25.092, will be denied credit for one or more classes in  
9 which the students have been enrolled.

10 (c) Except in the case of a course designed for a student  
11 described by Subsection (a)(3), a [A] course offered in a  
12 program under this section must provide for at least the same  
13 number of instructional hours as required for a course offered  
14 in a program that meets the required minimum number of  
15 instructional days under Section 25.081 and the required length  
16 of school day under Section 25.082.

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

1 accumulate less than the number of attendance hours required  
2 under this subsection shall be proportionately reduced for  
3 funding purposes. The commissioner may:

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

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

12 (e) A student described by Subsection (a)(3) may enroll in  
13 a course in a program under this section offered during the  
14 school year or during the period in which school is recessed for  
15 the summer to enable the student to earn class credit that, as a  
16 result of attendance requirements under Section 25.092, the  
17 student would not otherwise be able to receive without retaking  
18 the class.

19 SECTION 19. Section 29.085, Education Code, is amended by  
20 adding Subsection (e) to read as follows:

21 (e) From funds appropriated for the purpose, the  
22 commissioner shall distribute funds for programs under this  
23 section. In distributing those funds, the commissioner shall  
24 give preference to school districts that received funds for a  
25 program under this section for the preceding school year and  
26 then to the districts that have the highest concentration of  
27 students who are pregnant or who are parents. To receive funds

1 for a program under this section, a school district must apply  
2 to the commissioner. A program established under this section  
3 is required only in school districts in which the program is  
4 financed by funds distributed under this subsection and any  
5 other funds available for the program.

6 SECTION 20. Section 29.097(g), Education Code, is amended  
7 to read as follows:

8 (g) For purposes of Subsection (f)(2), a school district  
9 is encouraged to use funds allocated under Section 42.160  
10 [~~42.2516(b)(3)~~].

11 SECTION 21. Section 29.098(h), Education Code, is amended  
12 to read as follows:

13 (h) For purposes of Subsection (g)(2), a school district  
14 is encouraged to use funds allocated under Section 42.160  
15 [~~42.2516(b)(3)~~].

16 SECTION 22. Section 29.190, Education Code, is amended by  
17 amending Subsections (a) and (c) and adding Subsection (e) to  
18 read as follows:

19 (a) A student is entitled to a subsidy under this section  
20 if:

21 (1) the student:

22 (A) [~~(1)~~] successfully completes the career and  
23 technology program of a school district in which the student  
24 receives training and instruction for employment in a current or  
25 emerging high-demand, high-wage, high-skill [~~certain trade or~~]  
26 occupation, as determined under Subsection (e); or

27 (B) is enrolled in a special education program

1 under Subchapter A;

2 (2) the student passes a certification examination to  
3 qualify for a license or certificate for the [~~trade or~~]  
4 occupation; and

5 (3) the student submits to the district a written  
6 application in the form, time, and manner required by the  
7 district for the district to subsidize the cost of an  
8 examination described by Subdivision (2) [~~demonstrates financial~~  
9 need].

10 (c) On approval by the commissioner, the agency shall pay  
11 each school district [~~eligible student~~] an amount equal to the  
12 cost paid by the district or student for the certification  
13 examination. To obtain reimbursement for a subsidy paid under  
14 this section, a district [~~student~~] must:

15 (1) pay the fee for the examination or pay the  
16 student the amount of the fee paid by the student for the  
17 examination; and

18 (2) submit to the commissioner a written application  
19 on a form prescribed by the commissioner stating [~~demonstrating~~  
20 ~~financial need and~~] the amount of the fee paid under Subdivision  
21 (1) [~~by the student~~] for the certification examination.

22 (e) The commissioner, in collaboration with the  
23 commissioner of higher education and the Texas Workforce  
24 Commission, shall determine as necessary the occupations that  
25 qualify for purposes of this section.

26 SECTION 23. Section 29.915, Education Code, is amended by  
27 amending Subsection (d) and adding Subsection (f) to read as

1 follows:

2 (d) The agency shall develop an application and selection  
3 process for selecting school districts to participate in the  
4 program. The agency may select not more than 100 [25] school  
5 districts to participate in the program.

6 (f) Not later than January 1, 2011, the agency shall  
7 provide each member of the legislature with a report relating to  
8 the implementation and effectiveness of the program. This  
9 subsection expires February 1, 2011.

10 SECTION 24. Section 29.918(a), Education Code, is amended  
11 to read as follows:

12 (a) Notwithstanding Section 39.114 or 42.152, a school  
13 district or open-enrollment charter school with a high dropout  
14 rate, as determined by the commissioner, must submit a plan to  
15 the commissioner describing the manner in which the district or  
16 charter school intends to use the compensatory education  
17 allotment under Section 42.152 and the high school allotment  
18 under Section 42.160 [~~42.2516(b)(3)~~] for developing and  
19 implementing research-based strategies for dropout prevention.  
20 The district or charter school shall submit the plan not later  
21 than December 1 of each school year preceding the school year in  
22 which the district or charter school will receive the  
23 compensatory education allotment or high school allotment to  
24 which the plan applies.

25 SECTION 25. Section 29.919(e), Education Code, is amended  
26 to read as follows:

27 (e) As a condition of receiving a state grant, a campus



1 must contribute additional funding for activities provided at  
2 the campus through the program, in an amount equal to at least  
3 \$100 each school year for each student in an eligible grade  
4 level served through the program. The additional funding  
5 required by this subsection may consist of local funds, private  
6 funds, or state funds other than grant funds provided under this  
7 section. For program activities provided at the high school  
8 level, the high school allotment provided under Section 42.160  
9 [~~42.2516(b)(3)~~] may be used to meet the additional funding  
10 requirement prescribed by this subsection.

11 SECTION 26. Section 30A.002, Education Code, is amended  
12 by amending Subsection (b) and adding Subsection (c) to read as  
13 follows:

14 (b) A student is eligible to enroll full-time in courses  
15 provided through the state virtual school network only if[+]

16 [~~(1)~~] the student was enrolled in a public school in  
17 this state in the preceding school year.

18 (c) Notwithstanding Subsection (a)(3) or (b), a student is  
19 eligible to enroll in one or more courses provided through the  
20 state virtual school network or enroll full-time in courses  
21 provided through the network if[+]~~or~~

22 [~~(2)~~] the student:

23 (1) [~~(A)~~] is a dependent of a member of the United  
24 States military;

25 (2) [~~(B)~~] was previously enrolled in high school in  
26 this state; and

27 (3) [~~(C)~~] does not reside in this state due to a

1 military deployment or transfer.

2 SECTION 27. Section 30A.004, Education Code, is amended  
3 by adding Subsection (b-1) to read as follows:

4 (b-1) Requirements imposed by or under this chapter do not  
5 apply to a virtual course provided by a school district only to  
6 district students if the course is not provided as part of the  
7 state virtual school network.

8 SECTION 28. Subchapter A, Chapter 30A, Education Code, is  
9 amended by adding Section 30A.006 to read as follows:

10 Sec. 30A.006. AUTHORIZATION FOR CERTAIN ELECTRONIC COURSES  
11 AND PROGRAMS. (a) An electronic course or program that was  
12 offered or could have been offered during the 2008-2009 school  
13 year under Section 29.909, as that section existed on January 1,  
14 2009, may be offered during a subsequent school year through the  
15 state virtual school network.

16 (b) The commissioner may by rule modify any provision of  
17 this chapter necessary to provide for the transition of an  
18 electronic course or program from the authority to operate under  
19 former Section 29.909 to the authority to operate under this  
20 chapter.

21 SECTION 29. Section 30A.101(b), Education Code, is  
22 amended to read as follows:

23 (b) An open-enrollment charter school campus is eligible  
24 to act as a provider school under this chapter only if the  
25 campus [~~school~~] is rated recognized or higher under Section  
26 39.072, except that a campus may act as a provider school to  
27 students receiving educational services under the supervision of

1 a juvenile probation department, the Texas Youth Commission, or  
2 the Texas Department of Criminal Justice if the campus is rated  
3 academically acceptable or higher. A campus [and] may serve as  
4 a provider school only:

5 (1) to a student within the school district in which  
6 the campus [~~school~~] is located or within its service area,  
7 whichever is smaller; or

8 (2) to another student in the state;

9 (A) through an agreement with the school  
10 district in which the student resides; or

11 (B) if the student receives educational services  
12 under the supervision of a juvenile probation department, the  
13 Texas Youth Commission, or the Texas Department of Criminal  
14 Justice, through an agreement with the applicable agency  
15 [administering authority under Section 30A.153].

16 SECTION 30. Section 30A.104, Education Code, is amended  
17 to read as follows:

18 Sec. 30A.104. COURSE ELIGIBILITY IN GENERAL. A course  
19 offered through the state virtual school network must:

20 (1) be in a specific subject that is part of the  
21 required curriculum under Section 28.002(a);

22 (2) be aligned with the essential knowledge and  
23 skills identified under Section 28.002(c) for a grade level at  
24 or above grade level three; and

25 (3) be the equivalent in instructional rigor and  
26 scope to a course that is provided in a traditional classroom  
27 setting during:

- 1 (A) a semester of 90 instructional days; and  
2 (B) a school day that meets the minimum length  
3 of a school day required under Section 25.082.

4 SECTION 31. Sections 30A.105(c) and (d), Education Code,  
5 are amended to read as follows:

6 (c) The agency shall ~~[A school district, open enrollment~~  
7 ~~charter school, or public or private institution of higher~~  
8 ~~education that submits an electronic course to the administering~~  
9 ~~authority for approval must]~~ pay ~~[a fee in an amount established~~  
10 ~~by the commissioner as sufficient to recover]~~ the reasonable  
11 costs of ~~[to the administering authority in]~~ evaluating and  
12 approving electronic courses. If funds available to the agency  
13 for that purpose are insufficient to pay the costs of evaluating  
14 and approving all electronic courses submitted for evaluation  
15 and approval, the agency shall give priority to paying the costs  
16 of evaluating and approving the following courses:

17 (1) courses that satisfy high school graduation  
18 requirements;

19 (2) courses that would likely benefit a student in  
20 obtaining admission to a postsecondary institution;

21 (3) courses, including dual credit courses, that  
22 allow a student to earn college credit or other advanced credit;

23 (4) courses in subject areas most likely to be highly  
24 beneficial to students receiving educational services under the  
25 supervision of a juvenile probation department, the Texas Youth  
26 Commission, or the Texas Department of Criminal Justice; and

27 (5) courses in subject areas designated by the

1 commissioner as commonly experiencing a shortage of teachers.

2 (d) If the agency determines that the costs of evaluating  
3 and approving a submitted electronic course will not be paid by  
4 the agency due to a shortage of funds available for that  
5 purpose, the [~~The administering authority shall waive the fee~~  
6 ~~required by Subsection (e) if a~~] school district, open-  
7 enrollment charter school, or public or private institution of  
8 higher education that submitted the [~~applies for approval of an~~  
9 ~~electronic~~] course for evaluation and approval may pay the costs  
10 in order to ensure that evaluation of the course occurs [~~that~~  
11 ~~was developed independently by the district, school, or~~  
12 ~~institution. For purposes of this subsection, an electronic~~  
13 ~~course is developed independently by a district, school, or~~  
14 ~~institution if a district, school, or institution employee is~~  
15 ~~responsible for developing substantially each aspect of the~~  
16 ~~course, including:~~

17 [~~(1) determining the curriculum elements to be~~  
18 ~~included in the course;~~

19 [~~(2) selecting any instructional materials for the~~  
20 ~~course;~~

21 [~~(3) determining the manner in which instruction is~~  
22 ~~to be delivered;~~

23 [~~(4) creating a lesson plan or similar description of~~  
24 ~~the instructional aspects of the course;~~

25 [~~(5) determining any special projects or assignments~~  
26 ~~a student in the course must complete; and~~

27 [~~(6) determining the manner in which a student's~~

1 ~~progress in the course will be measured].~~

2 SECTION 32. Subchapter C, Chapter 30A, Education Code, is  
3 amended by adding Section 30A.1051 to read as follows:

4 Sec. 30A.1051. ELECTRONIC COURSE PORTABILITY. A student  
5 who transfers from one educational setting to another after  
6 beginning enrollment in an electronic course is entitled to  
7 continue enrollment in the course.

8 SECTION 33. Section 30A.107(a), Education Code, is amended  
9 to read as follows:

10 (a) A provider school district or school may offer  
11 electronic courses to:

- 12 (1) students who reside in this state; and  
13 (2) students who reside outside this state and who  
14 meet the eligibility requirements under Section 30A.002(c)  
15 [~~30A.002(b)~~].

16 SECTION 34. Section 30A.109, Education Code, is amended to  
17 read as follows:

18 Sec. 30A.109. COMPULSORY ATTENDANCE. The commissioner by  
19 rule shall adopt procedures for reporting and verifying the  
20 attendance of a student enrolled in an electronic course  
21 provided through the state virtual school network. The rules  
22 may modify the application of Sections 25.085, 25.086, and  
23 25.087 for a student enrolled in an electronic course but must  
24 require participation in an educational program equivalent to  
25 the requirements prescribed by those sections.

26 SECTION 35. Section 30A.111, Education Code, is amended to  
27 read as follows:

1           Sec. 30A.111. TEACHER AND INSTRUCTOR QUALIFICATIONS.   (a)

2 Each teacher of an electronic course offered by a school  
3 district or open-enrollment charter school through the state  
4 virtual school network must:

5           (1) be certified under Subchapter B, Chapter 21, to  
6 teach that course and grade level; and

7           (2) successfully complete the appropriate  
8 professional development course provided under Section  
9 30A.112(a) or 30A.1121 before teaching an electronic course  
10 offered through the network.

11           (b) The commissioner by rule shall establish procedures  
12 for verifying successful completion by a teacher of the  
13 appropriate professional development course required by  
14 Subsection (a)(2).

15           (c) The commissioner by rule shall establish  
16 qualifications and professional development requirements  
17 applicable to college instructors providing instruction in dual  
18 credit courses through the state virtual school network that  
19 allow a student to earn high school credit and college credit or  
20 other credit.

21           SECTION 36. Subchapter C, Chapter 30A, Education Code, is  
22 amended by adding Section 30A.1121 to read as follows:

23           Sec. 30A.1121. ALTERNATIVE EDUCATOR PROFESSIONAL  
24 DEVELOPMENT. (a) Subject to Subsection (b), a school district  
25 or open-enrollment charter school may provide professional  
26 development courses to teachers seeking to become authorized to  
27 teach electronic courses provided through the state virtual

1 school network. A district or school may provide a professional  
2 development course that is approved under Subsection (b) to any  
3 interested teacher, regardless of whether the teacher is  
4 employed by the district or school.

5 (b) The agency shall review each professional development  
6 course sought to be provided by a school district or open-  
7 enrollment charter school under Subsection (a) to determine if  
8 the course meets the quality standards established under Section  
9 30A.113. If a course meets those standards, the district or  
10 school may provide the course for purposes of enabling a teacher  
11 to comply with Section 30A.111(a)(2).

12 SECTION 37. Section 30A.151, Education Code, is amended by  
13 adding Subsection (f) to read as follows:

14 (f) For a full-time electronic course program offered  
15 through the state virtual school network for a grade level at or  
16 above grade level three but not above grade level eight, a  
17 school district or open-enrollment charter school is entitled to  
18 receive federal, state, and local funding for a student enrolled  
19 in the program in an amount equal to the funding the district or  
20 school would otherwise receive for a student enrolled in the  
21 district or school. The district or school may calculate the  
22 average daily attendance of a student enrolled in the program  
23 based on:

24 (1) hours of contact with the student;

25 (2) the student's successful completion of a course;

26 or

27 (3) a method approved by the commissioner.



1 SECTION 38. Section 30A.155, Education Code, is amended by  
2 amending Subsections (a), (c), and (d) and adding Subsections  
3 (a-1) and (c-1) to read as follows:

4 (a) A school district or open-enrollment charter school  
5 may charge a fee for enrollment in an electronic course provided  
6 through the state virtual school network to a student who  
7 resides in this state and:

8 (1) is enrolled in a school district or open-  
9 enrollment charter school as a full-time student; and

10 (2) is enrolled in a course load greater than that  
11 normally taken by students in the equivalent grade level in  
12 other school districts or open-enrollment charter schools[~~+~~and

13 [~~(3) does not qualify for accelerated student funding~~  
14 ~~under Section 30A.154].~~

15 (a-1) A school district or open-enrollment charter school  
16 may charge a fee for enrollment in an electronic course provided  
17 through the state virtual school network during the summer.

18 (c) The amount of a fee charged a student under Subsection  
19 (a), (a-1), or (b) for each electronic course in which the  
20 student enrolls through the state virtual school network may not  
21 exceed the lesser of:

22 (1) the cost of providing the course; or

23 (2) \$400.

24 (c-1) A school district or open-enrollment charter school  
25 that is not the provider school district or school may charge a  
26 student enrolled in the district or school a nominal fee, not to  
27 exceed the amount specified by the commissioner, if the student

1 enrolls in an electronic course provided through the state  
2 virtual school network that exceeds the course load normally  
3 taken by students in the equivalent grade level. A juvenile  
4 probation department or state agency may charge a comparable fee  
5 to a student under the supervision of the department or agency.

6 (d) Except as provided by this section [~~Subsection (a) or~~  
7 ~~(b)~~], the state virtual school network may not charge a fee to  
8 students for electronic courses provided through the network.

9 SECTION 39. Section 33.002(a), Education Code, is amended  
10 to read as follows:

11 (a) From funds appropriated for the purpose or other funds  
12 that may be used for the purpose, the commissioner shall  
13 distribute funds for programs under this subchapter. In  
14 distributing those funds, the commissioner shall give preference  
15 to a school district that received funds under this subsection  
16 for the preceding school year and then to the districts that  
17 have the highest concentration of students at risk of dropping  
18 out of school, as described by Section 29.081. To receive funds  
19 for the program, a school district must apply to the  
20 commissioner. For each school year that a school district  
21 receives funds under this subsection, the district shall  
22 allocate an amount of local funds for school guidance and  
23 counseling programs that is equal to or greater than the amount  
24 of local funds that the school district allocated for that  
25 purpose during the preceding school year. This section applies  
26 only to a school district that receives funds as provided by  
27 this subsection [~~Section 42.152(i)~~].

1 SECTION 40. Sections 39.024(c) and (d), Education Code,  
2 are amended to read as follows:

3 (c) Using funds appropriated for purposes of this  
4 subsection, the [The] agency shall develop study guides for the  
5 assessment instruments administered under Sections 39.023(a) and  
6 (c). To assist parents in providing assistance during the  
7 period that school is recessed for summer, each school district  
8 shall distribute the study guides to parents of students who do  
9 not perform satisfactorily on one or more parts of an assessment  
10 instrument administered under this subchapter.

11 (d) Using funds appropriated for purposes of this  
12 subsection, the [The] agency shall develop and make available  
13 teacher training materials and other teacher training resources  
14 to assist teachers in enabling students of limited English  
15 proficiency to meet state performance expectations. The teacher  
16 training resources shall be designed to support intensive,  
17 individualized, and accelerated instructional programs developed  
18 by school districts for students of limited English proficiency.

19 SECTION 41. Section 39.031, Education Code, is amended to  
20 read as follows:

21 Sec. 39.031. COST. ~~[-a-]~~ The cost of preparing,  
22 administering, or grading the assessment instruments and ~~[shall~~  
23 ~~be paid from the funds allotted under Section 42.152, and each~~  
24 ~~district shall bear the cost in the same manner described for a~~  
25 ~~reduction in allotments under Section 42.253. If a district~~  
26 ~~does not receive an allotment under Section 42.152, the~~  
27 ~~commissioner shall subtract the cost from the district's other~~

1 ~~foundation school fund allotments.~~

2 [~~(b) The cost of~~] releasing the question and answer keys  
3 under Section 39.023(e) shall be paid from amounts appropriated  
4 to the agency.

5 SECTION 42. The heading to Section 39.114, Education Code,  
6 is amended to read as follows:

7 Sec. 39.114. USE OF HIGH SCHOOL ALLOTMENT.

8 SECTION 43. Sections 39.114(a) and (b), Education Code,  
9 are amended to read as follows:

10 (a) Except as provided by Subsection (b), a school  
11 district or campus must use funds allocated under Section 42.160  
12 [~~42.2516(b)(3)~~] to:

13 (1) implement or administer a college readiness  
14 program that provides academic support and instruction to  
15 prepare underachieving students for entrance into an institution  
16 of higher education;

17 (2) implement or administer a program that encourages  
18 students to pursue advanced academic opportunities, including  
19 early college high school programs and dual credit, advanced  
20 placement, and international baccalaureate courses;

21 (3) implement or administer a program that provides  
22 opportunities for students to take academically rigorous course  
23 work, including four years of mathematics and four years of  
24 science at the high school level;

25 (4) implement or administer a program, including  
26 online course support and professional development, that aligns  
27 the curriculum for grades six through 12 with postsecondary

1 curriculum and expectations; or

2 (5) implement or administer other high school  
3 completion and success initiatives in grades six through 12  
4 approved by the commissioner.

5 (b) A school district may use funds allocated under  
6 Section 42.160 [~~42.2516(b)(3)~~] on any instructional program in  
7 grades six through 12 other than an athletic program if:

8 (1) the district is recognized as exceptional by the  
9 commissioner under the academic accountability indicator adopted  
10 under Section 39.051(b)(13); and

11 (2) the district's completion rates for grades nine  
12 through 12 meet or exceed completion rate standards required by  
13 the commissioner to achieve a rating of exemplary under Section  
14 39.072.

15 SECTION 44. Section 41.002(a), Education Code, is amended  
16 to read as follows:

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

19 (1) the wealth per student that generates the amount  
20 of maintenance and operations tax revenue per weighted student  
21 available to a district with maintenance and operations tax  
22 revenue per cent of tax effort equal to the maximum amount  
23 provided per cent under Section 42.101 [~~at the 88th percentile~~  
24 ~~in wealth per student~~], for the district's maintenance and  
25 operations tax effort equal to or less than the rate equal to  
26 the product of the state compression percentage, as determined  
27 under Section 42.2516, multiplied by the maintenance and

1 operations tax rate adopted by the district for the 2005 tax  
2 year;

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

13 (3) \$319,500, for the district's maintenance and  
14 operations tax effort that exceeds the first six cents by which  
15 the district's maintenance and operations tax effort exceeds the  
16 rate equal to the product of the state compression percentage,  
17 as determined under Section 42.2516, multiplied by the  
18 maintenance and operations tax rate adopted by the district for  
19 the 2005 tax year.

20 SECTION 45. Section 41.093(b-1), Education Code, is  
21 amended to read as follows:

22 (b-1) If the guaranteed level of state and local funds per  
23 weighted student per cent of tax effort under Section 42.302(a-  
24 1)(1) [~~42.302(a-1)(2)~~] for which state funds are appropriated  
25 for a school year is an amount at least equal to the amount of  
26 revenue per weighted student per cent of tax effort available to  
27 the Austin Independent School District, as determined by the

1 commissioner in cooperation with the Legislative Budget Board,  
2 the commissioner, in computing the amounts described by  
3 Subsections (a)(1) and (2) and determining the cost of an  
4 attendance credit, shall exclude maintenance and operations tax  
5 revenue resulting from the first six cents by which a district's  
6 maintenance and operations tax rate exceeds the rate equal to  
7 the product of the state compression percentage, as determined  
8 under Section 42.2516, multiplied by the maintenance and  
9 operations tax rate adopted by the district for the 2005 tax  
10 year.

11 SECTION 46. Section 41.121, Education Code, is amended to  
12 read as follows:

13 Sec. 41.121. AGREEMENT. (a) The board of trustees of a  
14 district with a wealth per student that exceeds the equalized  
15 wealth level may execute an agreement to educate the students of  
16 another district in a number that, when the weighted average  
17 daily attendance of the students served is added to the weighted  
18 average daily attendance of the contracting district, is  
19 sufficient, in combination with any other actions taken under  
20 this chapter, to reduce the district's wealth per student to a  
21 level that is equal to or less than the equalized wealth level.  
22 The agreement is not effective unless the commissioner certifies  
23 that the transfer of weighted average daily attendance will not  
24 result in any of the contracting districts' wealth per student  
25 being greater than the equalized wealth level and that the  
26 agreement requires an expenditure per student in weighted  
27 average daily attendance that is at least equal to the amount

1 per student in weighted average daily attendance required under  
2 Section 41.093 [~~unless it is determined by the commissioner~~  
3 ~~that a quality educational program can be delivered at a lesser~~  
4 ~~amount. The commissioner may approve a special financial~~  
5 ~~arrangement between districts if that arrangement serves the~~  
6 ~~best educational interests of the state].~~

7 (b) Notwithstanding the amendment of this section by H.B.  
8 No. 3646, Acts of the 81st Legislature, Regular Session, 2009,  
9 the commissioner may provide for the continuation of an  
10 agreement in existence during the 2008-2009 school year under  
11 the authority of this section, as it existed on May 1, 2009, and  
12 implementing rules as they existed on May 1, 2009, if the  
13 commissioner determines that the agreement benefits the  
14 education of students in the districts subject to the agreement.  
15 This subsection expires September 1, 2011.

16 SECTION 47. Section 42.005(g), Education Code, is amended  
17 to read as follows:

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

27 SECTION 48. Effective September 1, 2011, Section



1 42.005(g), Education Code, is amended to read as follows:

2 (g) If a student may receive course credit toward the  
3 student's high school academic requirements and toward the  
4 student's higher education academic requirements for a single  
5 course, the time during which the student attends the course  
6 shall be counted as part of the minimum number of instructional  
7 hours required for a student to be considered a full-time  
8 student in average daily attendance for purposes of this  
9 section.

10 SECTION 49. Subchapter A, Chapter 42, Education Code, is  
11 amended by adding Section 42.008 to read as follows:

12 Sec. 42.008. LIMITATION ON REVENUE INCREASES. (a)  
13 Notwithstanding any other provision of this title, a school  
14 district is not entitled in any school year to receive an amount  
15 of state and local maintenance and operations revenue per  
16 student in weighted average daily attendance that exceeds by  
17 more than \$350 the amount of state and local maintenance and  
18 operations revenue per student in weighted average daily  
19 attendance received by the district during the preceding school  
20 year.

21 (a-1) Subsection (a) applies beginning with the 2010-2011  
22 school year. For the 2009-2010 school year, a school district  
23 is not entitled to receive an amount of state and local  
24 maintenance and operations revenue per student in weighted  
25 average daily attendance that exceeds by more than \$350 the  
26 amount of state and local maintenance and operations revenue per  
27 student in weighted average daily attendance that the district

1 would have received during that year under Chapter 41 and this  
2 chapter, as those chapters existed on January 1, 2009, at a  
3 maintenance and operations tax rate equal to the product of the  
4 state compression percentage for that year, as determined under  
5 Section 42.2516, multiplied by the maintenance and operations  
6 tax rate adopted by the district for the 2005 tax year. This  
7 subsection expires September 1, 2010.

8 (b) Enrichment revenue to which a school district is  
9 entitled under Section 42.302 is not included for purposes of  
10 determining the limitation imposed by this section.

11 (c) The commissioner shall make adjustments to amounts due  
12 to a school district under this chapter or amounts required for  
13 a district to comply with Chapter 41 as necessary to comply with  
14 the limitation imposed by this section.

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

17 SECTION 50. Section 42.101, Education Code, is amended to  
18 read as follows:

19 Sec. 42.101. BASIC ALLOTMENT. (a) For each student in  
20 average daily attendance, not including the time students spend  
21 each day in special education programs in an instructional  
22 arrangement other than mainstream or career and technology  
23 education programs, for which an additional allotment is made  
24 under Subchapter C, a district is entitled to an allotment [~~in~~  
25 ~~an amount~~] equal to the lesser of \$4,765 or the amount that  
26 results from the following formula:

27  $A = \$4,765 \times (DCR/MCR)$

1 where:

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

3 "DCR" is the district's compressed tax rate, which is the  
4 product of the state compression percentage, as determined under  
5 Section 42.2516, multiplied by the maintenance and operations  
6 tax rate adopted by the district for the 2005 tax year; and

7 "MCR" is the state maximum compressed tax rate, which is  
8 the product of the state compression percentage, as determined  
9 under Section 42.2516, multiplied by \$1.50 [~~product of the~~  
10 ~~amount per student per cent of tax effort available to a~~  
11 ~~district at the percentile in wealth per student specified by~~  
12 ~~Section 42.302(a-1)(1), multiplied by 86].~~

13 (a-1) Subsection (a) applies beginning with the 2013-2014  
14 school year. For the 2009-2010 through 2012-2013 school years,  
15 Subsection (a) applies, except each reference to \$4,765 in that  
16 subsection is replaced with an amount equal to the greater of:

17 (1) \$4,765; or

18 (2) the amount equal to the product of .0165 and the  
19 average statewide property value per weighted student.

20 (a-2) Subsection (a-1) and this subsection expire  
21 September 1, 2013.

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

24 SECTION 51. Section 42.106, Education Code, is amended to  
25 read as follows:

26 Sec. 42.106. TUITION ALLOTMENT [~~ADJUSTED PROPERTY VALUE~~]  
27 FOR DISTRICTS NOT OFFERING ALL GRADE LEVELS. A [~~For purposes of~~

1 ~~this chapter, the taxable value of property of a~~ school  
2 district that contracts for students residing in the district to  
3 be educated in another district under Section 25.039(a) is  
4 entitled to receive an allotment equal to ~~[adjusted by applying~~  
5 ~~the formula:~~

$$6 \qquad \qquad \qquad [\text{ADPV} = \text{DPV} - (\text{TN} / .015)]$$

7 ~~[where:~~

8 ~~["ADPV" is the district's adjusted taxable value of~~  
9 ~~property;~~

10 ~~["DPV" is the taxable value of property in the district for~~  
11 ~~the preceding tax year determined under Subchapter M, Chapter~~  
12 ~~403, Government Code; and~~

13 ~~["TN" is]~~ the total amount of tuition required to be paid  
14 by the district under Section 25.039 ~~[for the school year for~~  
15 ~~which the adjustment is made],~~ not to exceed the amount  
16 specified by commissioner rule under Section 25.039(b).

17 SECTION 52. Section 42.152(c), Education Code, is amended  
18 to read as follows:

19 (c) Funds allocated under this section shall be used to  
20 fund supplemental programs and services designed to eliminate  
21 any disparity in performance on assessment instruments  
22 administered under Subchapter B, Chapter 39, or disparity in the  
23 rates of high school completion between students at risk of  
24 dropping out of school, as defined by Section 29.081, and all  
25 other students. Specifically, the funds, other than an indirect  
26 cost allotment established under State Board of Education rule,  
27 which may not exceed 45 ~~[15]~~ percent, may be used to meet the

1 costs of providing a compensatory, intensive, or accelerated  
2 instruction program under Section 29.081 or an alternative  
3 education program established under Section 37.008 or to support  
4 a program eligible under Title I of the Elementary and Secondary  
5 Education Act of 1965, as provided by Pub. L. No. 103-382 and  
6 its subsequent amendments, and by federal regulations  
7 implementing that Act, at a campus at which at least 40 percent  
8 of the students are educationally disadvantaged. In meeting the  
9 costs of providing a compensatory, intensive, or accelerated  
10 instruction program under Section 29.081, a district's  
11 compensatory education allotment shall be used for costs  
12 supplementary to the regular education program, such as costs  
13 for program and student evaluation, instructional materials and  
14 equipment and other supplies required for quality instruction,  
15 supplemental staff expenses, salary for teachers of at-risk  
16 students, smaller class size, and individualized instruction. A  
17 home-rule school district or an open-enrollment charter school  
18 must use funds allocated under Subsection (a) for a purpose  
19 authorized in this subsection but is not otherwise subject to  
20 Subchapter C, Chapter 29. Notwithstanding any other provisions  
21 of this section:

22 (1) to ensure that a sufficient amount of the funds  
23 allotted under this section are available to supplement  
24 instructional programs and services, no more than 18 percent of  
25 the funds allotted under this section may be used to fund  
26 disciplinary alternative education programs established under  
27 Section 37.008;

1 (2) the commissioner may waive the limitations of  
2 Subdivision (1) upon an annual petition, by a district's board  
3 and a district's site-based decision making committee,  
4 presenting the reason for the need to spend supplemental  
5 compensatory education funds on disciplinary alternative  
6 education programs under Section 37.008, provided that:

7 (A) the district in its petition reports the  
8 number of students in each grade level, by demographic subgroup,  
9 not making satisfactory progress under the state's assessment  
10 system; and

11 (B) the commissioner makes the waiver request  
12 information available annually to the public on the agency's  
13 website; and

14 (3) for purposes of this subsection, a program  
15 specifically designed to serve students at risk of dropping out  
16 of school, as defined by Section 29.081, is considered to be a  
17 program supplemental to the regular education program, and a  
18 district may use its compensatory education allotment for such a  
19 program.

20 SECTION 53. Section 42.152, Education Code, is amended by  
21 adding Subsections (s), (s-1), (s-2), and (s-3) to read as  
22 follows:

23 (s) In addition to the allotment provided under Subsection  
24 (a), a school district is entitled to an annual allotment equal  
25 to \$650:

26 (1) for each student in average daily attendance who  
27 has a parent or guardian who is serving on active duty in a

1 combat zone as a member of the armed forces of the United  
2 States; and

3 (2) for each student in average daily attendance who:

4 (A) has a parent or guardian serving on active  
5 duty as a member of the armed forces of the United States; and

6 (B) has transferred to a campus in the district  
7 during the school year as a result of a change in residence  
8 because of an action taken under the Defense Base Closure and  
9 Realignment Act of 1990 (10 U.S.C. Section 2687).

10 (s-1) Notwithstanding any other provision of this section,  
11 a school district may use funds allotted to the district under  
12 Subsection (s) only to provide supplemental programs and  
13 services described by Subsection (c) or Subsection (f) for  
14 students described by Subsection (s) who are enrolled in the  
15 district.

16 (s-2) The commissioner may provide allotments under  
17 Subsection (s) only if funds are specifically appropriated for  
18 that purpose or the commissioner determines that the amount  
19 appropriated for purposes of the Foundation School Program  
20 exceeds the amount to which school districts are entitled under  
21 this chapter and the excess funds may be used that that purpose.  
22 The amount appropriated for allotments under Subsection (s) may  
23 not exceed \$9.9 million in a school year. If the total amount  
24 of allotments to which districts are entitled under Subsection  
25 (s) for a school year exceeds the amount appropriated or  
26 otherwise available for allotments under that subsection, the  
27 commissioner shall reduce each district's allotment under that

1 subsection proportionately.

2 (s-3) Subsections (s), (s-1), (s-2), and this subsection  
3 expire September 1, 2013.

4 SECTION 54. Section 42.154(a), Education Code, is amended  
5 to read as follows:

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

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

13 (2) \$50, if the student is enrolled in:

14 (A) two or more advanced career and technology  
15 education classes for a total of three or more credits; or

16 (B) an advanced course as part of a tech-prep  
17 program under Subchapter T, Chapter 61.

18 SECTION 55. Subchapter C, Chapter 42, Education Code, is  
19 amended by adding Section 42.1541 to read as follows:

20 Sec. 42.1541. INDIRECT COST ALLOTMENTS. (a) The State  
21 Board of Education shall by rule increase the indirect cost  
22 allotments established under Sections 42.151(h), 42.152(c),  
23 42.153(b), and 42.154(a-1) and (c) and in effect for the 2008-  
24 2009 school year as necessary to reflect the increased  
25 percentage of total maintenance and operations funding  
26 represented by the basic allotment under Section 42.101 as a  
27 result of amendment of that section by H.B. No. 3646, Acts of



1 the 81st Legislature, Regular Session, 2009.

2 (b) The board shall take the action required by Subsection  
3 (a) not later than the date that permits the increased indirect  
4 cost allotments to apply beginning with the 2009-2010 school  
5 year.

6 (c) This section expires September 1, 2010.

7 SECTION 56. Subchapter C, Chapter 42, Education Code, is  
8 amended by adding Sections 42.159 and 42.160 to read as follows:

9 Sec. 42.159. STATE VIRTUAL SCHOOL NETWORK ALLOTMENTS. (a)

10 In this section:

11 (1) "Electronic course" means a course that is a  
12 semester in length.

13 (2) "Normal course load" means the number of classes  
14 or credit hours generally required to be taken by a student to  
15 generate the full amount of funding provided under this chapter  
16 for a student in average daily attendance, as determined by the  
17 commissioner.

18 (3) "State virtual school network" means the system  
19 established under Chapter 30A.

20 (b) For each student who successfully completes an  
21 electronic course that satisfies a curriculum requirement for  
22 graduation adopted under Section 28.025 and is provided through  
23 the state virtual school network as part of a normal course  
24 load:

25 (1) the school district or open-enrollment charter  
26 school that provided the course is entitled to an allotment of  
27 \$400; and

1           (2) the school district or open-enrollment charter  
2 school in which the student is enrolled is entitled to an  
3 allotment of \$80 to reimburse the district or school for  
4 associated administrative costs.

5           (c) A juvenile probation department or state agency is  
6 entitled to receive state funding comparable to the funding  
7 described by Subsection (b)(2) for students under the  
8 supervision of the department or agency.

9           (d) For each student who successfully completes an  
10 electronic course that satisfies a curriculum requirement for  
11 graduation adopted under Section 28.025, is provided through the  
12 state virtual school network, and exceeds a normal course load,  
13 including an electronic course offered during the summer, the  
14 school district or open-enrollment charter school that provided  
15 the course may be entitled to an allotment in an amount  
16 determined by the commissioner based on the amount of funds  
17 appropriated for purposes of this subsection.

18           (e) The commissioner may set aside an amount not to exceed  
19 50 percent of the total funds appropriated for allotments under  
20 Subsection (d) and use that amount to pay the costs of providing  
21 through the state virtual school network electronic courses  
22 through which students may recover academic credit for courses  
23 in which the students were previously unsuccessful. The  
24 commissioner may reserve a portion of the set-aside amount for  
25 payment of the costs of providing electronic courses described  
26 by this subsection to students in alternative education  
27 settings. For purposes of this subsection, students in

1 alternative education settings include students in disciplinary  
2 alternative education programs under Section 37.008, students in  
3 juvenile justice alternative education programs under Section  
4 37.011, and students under the supervision of a juvenile  
5 probation department, the Texas Youth Commission, or the Texas  
6 Department of Criminal Justice.

7 (f) The commissioner may not provide partial funding under  
8 this section to a school district or open-enrollment charter  
9 school under Subsection (b) or (d) on the basis of a student who  
10 successfully completes one or more modules of an electronic  
11 course but does not successfully complete the entire course.

12 (g) Amounts received by a school district or open-  
13 enrollment charter school under this section are in addition to  
14 any amounts to which the district or school is entitled to  
15 receive or retain under Chapter 12 or 41 or this chapter and are  
16 not subject to reduction under any provision of those chapters.

17 (h) The commissioner shall adopt rules necessary to  
18 implement this section. The rules must include provisions:

19 (1) requiring a school district or open-enrollment  
20 charter school that receives funding for an electronic course  
21 under Subsection (d) to reduce the amount of any fee charged for  
22 the course in accordance with Section 30A.155 by an amount equal  
23 to the amount of funding provided under Subsection (d);

24 (2) prohibiting a school district or open-enrollment  
25 charter school that receives funding for an electronic course  
26 under Subsection (d) from charging a fee for the course in  
27 accordance with Section 30A.155 that is higher than would

1 otherwise be charged; and

2 (3) addressing division and distribution of the allotment  
3 described by Subsection (b)(2) in circumstances in which a  
4 student transfers from one school district, school, or other  
5 educational setting to another after beginning enrollment in an  
6 electronic course.

7 Sec. 42.160. HIGH SCHOOL ALLOTMENT. (a) A school  
8 district is entitled to an annual allotment of \$275 for each  
9 student in average daily attendance in grades 9 through 12 in  
10 the district.

11 (b) A school district that is required to take action  
12 under Chapter 41 to reduce its wealth per student to the  
13 equalized wealth level is entitled to a credit, in the amount of  
14 the allotments to which the district is entitled under this  
15 section, against the total amount required under Section 41.093  
16 for the district to purchase attendance credits. A school  
17 district that is otherwise ineligible for state aid under this  
18 chapter is entitled to receive allotments under this section.

19 (c) An open-enrollment charter school is entitled to an  
20 allotment under this section in the same manner as a school  
21 district.

22 (d) The commissioner shall adopt rules to administer this  
23 section, including rules related to the permissible use of funds  
24 allocated under this section to an open-enrollment charter  
25 school.

26 SECTION 57. Section 42.2516, Education Code, is amended to  
27 read as follows:

1           Sec. 42.2516.   ADDITIONAL STATE AID FOR TAX REDUCTION.   (a)

2   In this section, "state compression percentage" means the  
3   percentage, as determined by the commissioner, of a school  
4   district's adopted maintenance and operations tax rate for the  
5   2005 tax year that serves as the basis for state funding for tax  
6   rate reduction under this section.   The commissioner shall  
7   determine the state compression percentage for each school year  
8   based on the percentage by which a district is able to reduce  
9   the district's maintenance and operations tax rate for that  
10   year, as compared to the district's adopted maintenance and  
11   operations tax rate for the 2005 tax year, as a result of state  
12   funds appropriated for distribution under this section for that  
13   year from the property tax relief fund established under Section  
14   403.109, Government Code, or from another funding source  
15   available for school district property tax relief.

16           (b) Notwithstanding any other provision of this title, a  
17   school district that imposes a maintenance and operations tax at  
18   a rate at least equal to the product of the state compression  
19   percentage multiplied by the maintenance and operations tax rate  
20   adopted by the district for the 2005 tax year is entitled to at  
21   least the amount of state revenue necessary to provide the  
22   district with the sum of:

23           (1) as calculated under Subsection (e), the amount of  
24   state and local revenue per student in weighted average daily  
25   attendance for maintenance and operations that the district  
26   would have received during the 2009-2010 school year under  
27   Chapter 41 and this chapter, as those chapters existed on

1 January 1, 2009, at a maintenance and operations tax rate equal  
2 to the product of the state compression percentage for that year  
3 multiplied by the maintenance and operations tax rate adopted by  
4 the district for the 2005 tax year;

5 (2) an amount equal to the product of \$120 multiplied  
6 by the number of students in weighted average daily attendance  
7 in the district;

8 (3) an amount equal to the amount the district is  
9 required to pay into the tax increment fund for a reinvestment  
10 zone under Section 311.013(n), Tax Code, in the current tax  
11 year; and

12 (4) any amount to which the district is entitled  
13 under Section 42.106.

14 ~~[(a 1) Subsection (a) applies beginning with the state~~  
15 ~~fiscal year ending August 31, 2009. For the state fiscal year~~  
16 ~~ending August 31, 2007, the state compression percentage is~~  
17 ~~88.67 percent. For the state fiscal year ending August 31,~~  
18 ~~2008, the state compression percentage is 66.67 percent. This~~  
19 ~~subsection expires September 1, 2009.~~

20 ~~[(b) Subject to Subsections (b 1), (b 2), (f 1), (g), and~~  
21 ~~(h), but notwithstanding any other provision of this title, a~~  
22 ~~school district is entitled to state revenue necessary to~~  
23 ~~provide the district with the sum of:~~

24 ~~[(1) the amount of state revenue necessary to~~  
25 ~~maintain state and local revenue per student in weighted average~~  
26 ~~daily attendance in the amount equal to the greater of:~~

27 ~~[(A) the amount of state and local revenue per~~

1 ~~student in weighted average daily attendance for the maintenance~~  
2 ~~and operations of the district available to the district for the~~  
3 ~~2005-2006 school year;~~

4 ~~[(B) the amount of state and local revenue per~~  
5 ~~student in weighted average daily attendance for the maintenance~~  
6 ~~and operations of the district to which the district would have~~  
7 ~~been entitled for the 2006-2007 school year under this chapter,~~  
8 ~~as it existed on January 1, 2006, or, if the district would have~~  
9 ~~been subject to Chapter 41, as that chapter existed on January~~  
10 ~~1, 2006, the amount to which the district would have been~~  
11 ~~entitled under that chapter, based on the funding elements in~~  
12 ~~effect for the 2005-2006 school year, if the district imposed a~~  
13 ~~maintenance and operations tax at the rate adopted by the~~  
14 ~~district for the 2005 tax year; or~~

15 ~~[(C) the amount of state and local revenue per~~  
16 ~~student in weighted average daily attendance for the maintenance~~  
17 ~~and operations of the district to which the district would have~~  
18 ~~been entitled for the 2006-2007 school year under this chapter,~~  
19 ~~as it existed on January 1, 2006, or, if the district would have~~  
20 ~~been subject to Chapter 41, as that chapter existed on January~~  
21 ~~1, 2006, the amount to which the district would have been~~  
22 ~~entitled under that chapter, based on the funding elements in~~  
23 ~~effect for the 2005-2006 school year, if the district imposed a~~  
24 ~~maintenance and operations tax at the rate equal to the rate~~  
25 ~~described by Section 26.08(i) or (k)(1), Tax Code, as~~  
26 ~~applicable, for the 2006 tax year;~~

27 ~~[(2) an amount equal to the product of \$2,500~~

1 ~~multiplied by the number of classroom teachers, full time~~  
2 ~~librarians, full time counselors certified under Subchapter B,~~  
3 ~~Chapter 21, and full time school nurses employed by the district~~  
4 ~~and entitled to a minimum salary under Section 21.402; and~~

5  ~~[(3) an amount equal to the product of \$275~~  
6  ~~multiplied by the number of students in average daily attendance~~  
7  ~~in grades nine through 12 in the district.]~~

8 (b-1) The amount determined for a school district under  
9 Subsection (b) is increased or reduced as follows:

10 (1) if for any school year the district is entitled  
11 to a greater allotment under Section 42.155 or 42.158 or more  
12 additional state aid under Section 42.2515 than the allotment or  
13 additional state aid to which the district was entitled under  
14 Section 42.155, 42.158, or 42.2515, as applicable, [~~that~~  
15 ~~section~~] for the 2009-2010 school year [~~on which the district's~~  
16 ~~entitlement under Subsection (b) is based~~], the district's  
17 entitlement under Subsection (b) is increased by an amount equal  
18 to the difference between the amount to which the district is  
19 entitled under Section 42.155, 42.158, or 42.2515, as  
20 applicable, for that school year and the amount to which the  
21 district was entitled under the applicable [~~that~~] section for  
22 the 2009-2010 school year[+]

23  ~~[(A) the 2005-2006 school year, if the amount~~  
24  ~~determined for the district under Subsection (b) is determined~~  
25  ~~under Subsection (b)(1)(A); or~~

26  ~~[(B) the 2006-2007 school year, if the amount~~  
27  ~~determined for the district under Subsection (b) is determined~~



1 ~~under Subsection (b)(1)(B) or (C)]; and~~

2 (2) if for any school year the district is not entitled to  
3 an allotment under Section 42.155 or 42.158 or additional state  
4 aid under Section 42.2515 or is entitled to a lesser allotment  
5 or less additional state aid under the applicable [~~that~~] section  
6 than the allotment or additional state aid to which the district  
7 was entitled under the applicable [~~that~~] section for the 2009-  
8 2010 school year [~~on which the district's entitlement under~~  
9 ~~Subsection (b) is based~~], the district's entitlement under  
10 Subsection (b) is reduced by an amount equal to the difference  
11 between the amount to which the district was entitled under  
12 Section 42.155, 42.158, or 42.2515, as applicable, for the 2009-  
13 2010 [~~2005-2006 or 2006-2007~~] school year[, ~~as appropriate based~~  
14 ~~on whether the district's entitlement under Subsection (b) is~~  
15 ~~determined under Subsection (b)(1)(A), (B), or (C),~~] and the  
16 amount to which the district is entitled under the applicable  
17 section [~~Section 42.158~~] for the current school year.

18 [~~(b-2) The amount determined for a school district under~~  
19 ~~Subsection (b) is increased or reduced as follows:~~

20 [~~(1) if for any school year the district is entitled~~  
21 ~~to a greater allotment under Section 42.155 or greater~~  
22 ~~additional state aid under Section 42.2515 than the allotment or~~  
23 ~~additional state aid to which the district was entitled under~~  
24 ~~Section 42.155 or 42.2515, as applicable, for the school year on~~  
25 ~~which the district's entitlement under Subsection (b) is based,~~  
26 ~~the district's entitlement under Subsection (b) is increased by~~  
27 ~~an amount equal to the difference between the amount to which~~

1 ~~the district is entitled under Section 42.155 or 42.2515, as~~  
2 ~~applicable, for that school year and the amount to which the~~  
3 ~~district was entitled under the applicable section, as~~  
4 ~~applicable for:~~

5 ~~[(A) the 2005-2006 school year, if the amount~~  
6 ~~determined for the district under Subsection (b) is determined~~  
7 ~~under Subsection (b)(1)(A); or~~

8 ~~[(B) the 2006-2007 school year, if the amount~~  
9 ~~determined for the district under Subsection (b) is determined~~  
10 ~~under Subsection (b)(1)(B) or (C); and~~

11 ~~[(2) if for any school year the district is not~~  
12 ~~entitled to an allotment under Section 42.155 or additional~~  
13 ~~state aid under Section 42.2515 or is entitled to a lesser~~  
14 ~~allotment or less additional state aid under the applicable~~  
15 ~~section than the allotment or additional state aid to which the~~  
16 ~~district was entitled under the applicable section for the~~  
17 ~~school year on which the district's entitlement under Subsection~~  
18 ~~(b) is based, the district's entitlement under Subsection (b) is~~  
19 ~~reduced by an amount equal to the difference between the amount~~  
20 ~~to which the district was entitled under Section 42.155 or~~  
21 ~~42.2515, as applicable, for the 2005-2006 or 2006-2007 school~~  
22 ~~year, as appropriate based on whether the district's entitlement~~  
23 ~~under Subsection (b) is determined under Subsection (b)(1)(A),~~  
24 ~~(B), or (C), and the amount to which the district is entitled~~  
25 ~~under the applicable section for the current school year.]~~

26 (c) Enrichment revenue to which a school district is  
27 entitled under Section 42.302 is not included for purposes of

1 determining the amount to which a district is entitled under  
2 this section. [~~In determining the amount to which a district is~~  
3 ~~entitled under Subsection (b)(1), the commissioner shall~~  
4 ~~include:~~

5 [~~(1) any amounts described by Rider 69, page III 19,~~  
6 ~~Chapter 1369, Acts of the 79th Legislature, Regular Session,~~  
7 ~~2005 (the General Appropriations Act);~~

8 [~~(2) for a school district that received additional~~  
9 ~~revenue for the 2005-2006 school year as a result of an~~  
10 ~~agreement under Subchapter B, Chapter 41:~~

11 [~~(A) if the amount of state revenue to which the~~  
12 ~~district is entitled under Subsection (b) is computed based on~~  
13 ~~the amount described by Subsection (b)(1)(A), the amount of that~~  
14 ~~additional revenue retained by the district for the 2005-2006~~  
15 ~~school year, which is the amount by which the total maintenance~~  
16 ~~and operations revenue available to the district for that school~~  
17 ~~year exceeded the total maintenance and operations revenue that~~  
18 ~~would have been available to the district for that school year~~  
19 ~~if the district had not entered into the agreement, less any~~  
20 ~~amount the district paid to another entity under the agreement;~~  
21 ~~or~~

22 [~~(B) if the amount of state revenue to which the~~  
23 ~~district is entitled under Subsection (b) is computed based on~~  
24 ~~the amount described by Subsection (b)(1)(B) or (C), the amount~~  
25 ~~of the additional revenue that would have been retained by the~~  
26 ~~district for the 2006-2007 school year if the district had~~  
27 ~~entered into the agreement on the same terms as under the~~

1 ~~agreement for the 2005-2006 school year, which is the amount by~~  
2 ~~which the total maintenance and operations revenue that would~~  
3 ~~have been available to the district for the 2006-2007 school~~  
4 ~~year if the district had entered into the agreement exceeds the~~  
5 ~~total maintenance and operations revenue that would have been~~  
6 ~~available to the district for that school year if the district~~  
7 ~~had not entered into the agreement and had imposed a maintenance~~  
8 ~~and operations tax at the rate of \$1.50 on the \$100 valuation of~~  
9 ~~taxable property, less any amount the district would have paid~~  
10 ~~to another entity under the agreement,~~

11 ~~[-(3) any amount necessary to reflect an adjustment~~  
12 ~~made by the commissioner under Section 42.005,~~

13 ~~[-(4) any amount necessary to reflect an adjustment~~  
14 ~~made by the commissioner under Section 42.2521; and~~

15 ~~[-(5) any amount necessary to reflect an adjustment~~  
16 ~~made by the commissioner under Section 42.2531.]~~

17 (d) In determining the amount to which a district is  
18 entitled under Subsection (b)(1), the commissioner shall:

19 (1) include any amounts received by the district  
20 during the 2008-2009 school year under Rider 86, page III-23,  
21 Chapter 1428 (H.B. 1), Acts of the 80th Legislature, Regular  
22 Session, 2007 (the General Appropriations Act); and

23 (2) for a school district that paid tuition under  
24 Section 25.039 during the 2008-2009 school year, reduce the  
25 amount to which the district is entitled by the amount of  
26 tuition paid during that school year. [If, for the 2006-2007 or  
27 a subsequent school year, a school district enters into an

1 ~~agreement under Subchapter E, Chapter 41, the commissioner shall~~  
2 ~~reduce the amount of state revenue to which the district is~~  
3 ~~entitled under Subsection (b) for that school year by an amount~~  
4 ~~equal to any additional revenue for that school year that the~~  
5 ~~district receives and retains as a result of that agreement,~~  
6 ~~which is the amount by which the total maintenance and~~  
7 ~~operations revenue available to the district exceeds the total~~  
8 ~~maintenance and operations revenue that would have been~~  
9 ~~available to the district if the district had not entered into~~  
10 ~~the agreement and had imposed a maintenance and operations tax~~  
11 ~~at the maximum rate permitted under Section 45.003(d), less any~~  
12 ~~amount the district pays to another entity under the agreement.]~~

13 (e) For purposes of determining the total amount of state  
14 and local revenue to which a district is entitled under  
15 Subsection (b)(1), the commissioner shall determine the amount  
16 of state and local revenue per student in weighted average daily  
17 attendance to which the district would have been entitled during  
18 the 2009-2010 school year under Chapter 41 and this chapter, as  
19 they existed on January 1, 2009, and multiply that amount by the  
20 number of students in weighted average daily attendance as  
21 determined in accordance with the changes to Chapter 41 and this  
22 chapter, including the repeal of former Section 42.103(e), made  
23 by H.B. No. 3646, Acts of the 81st Legislature, Regular Session,  
24 2009. ~~[The amount of revenue to which a school district is~~  
25 ~~entitled because of the technology allotment under Section~~  
26 ~~32.005 is not included in making a determination under~~  
27 ~~Subsection (b)(1).]~~

1 (f) A school district that is required to take action  
2 under Chapter 41 to reduce its wealth per student to the  
3 equalized wealth level and that is entitled to state revenue  
4 under this section may receive that revenue through an  
5 adjustment against the total amount of attendance credits  
6 required to be purchased under Subchapter D, Chapter 41, or the  
7 total number of nonresident students required to be educated  
8 under Subchapter E, Chapter 41, as determined by the  
9 commissioner. [~~For purposes of determining the amount of revenue~~  
10 ~~to which a school district is entitled under this section, the~~  
11 ~~commissioner shall use the average tax collection rate for the~~  
12 ~~district for the 2003, 2004, and 2005 tax years.~~]

13 (f-1) The commissioner shall, in accordance with rules  
14 adopted by the commissioner, adjust the amount of a school  
15 district's local revenue derived from maintenance and operations  
16 tax collections, as calculated for purposes of determining the  
17 amount of state revenue to which the district is entitled under  
18 this section, if the district, for the 2010 [~~2007~~] tax year or a  
19 subsequent tax year:

20 (1) adopts an exemption under Section 11.13(n), Tax  
21 Code, that was not in effect for the 2009 [~~2005 or 2006~~] tax  
22 year, or eliminates an exemption under Section 11.13(n), Tax  
23 Code, that was in effect for the 2009 [~~2005 or 2006~~] tax year;

24 (2) adopts an exemption under Section 11.13(n), Tax  
25 Code, at a greater or lesser percentage than the percentage in  
26 effect for the district for the 2009 [~~2005 or 2006~~] tax year;

27 (3) grants an exemption under an agreement authorized

1 by Chapter 312, Tax Code, that was not in effect for the 2009  
2 [~~2005~~ ~~or~~ ~~2006~~] tax year, or ceases to grant an exemption  
3 authorized by that chapter that was in effect for the 2009 [~~2005~~  
4 ~~or~~ ~~2006~~] tax year; or

5 (4) agrees to deposit taxes into a tax increment fund  
6 created under Chapter 311, Tax Code, under a reinvestment zone  
7 financing plan that was not in effect for the 2009 [~~2005~~ ~~or~~  
8 ~~2006~~] tax year, or ceases depositing taxes into a tax increment  
9 fund created under that chapter under a reinvestment zone  
10 financing plan that was in effect for the 2009 [~~2005~~ ~~or~~ ~~2006~~]  
11 tax year.

12 (f-2) The rules adopted by the commissioner under  
13 Subsection (f-1) must:

14 (1) require the commissioner to determine, as if this  
15 section did not exist, the effect under Chapter 41 and this  
16 chapter of a school district's action described by Subsection  
17 (f-1)(1), (2), (3), or (4) on the total state revenue to which  
18 the district would be entitled or the cost to the district of  
19 purchasing sufficient attendance credits to reduce the  
20 district's wealth per student to the equalized wealth level; and

21 (2) require an increase or reduction in the amount of  
22 state revenue to which a school district is entitled under  
23 Subsection (b) that is substantially equivalent to any change in  
24 total state revenue or the cost of purchasing attendance credits  
25 that would apply to the district if this section did not exist.

26 (f-3) An adjustment made by the commissioner under the  
27 rules adopted under Subsection (f-1) is final and may not be

1 appealed.

2 (g) The commissioner may adopt rules necessary to  
3 implement this section. [~~If a school district adopts a~~  
4 ~~maintenance and operations tax rate that is below the rate equal~~  
5 ~~to the product of the state compression percentage multiplied by~~  
6 ~~the maintenance and operations tax rate adopted by the district~~  
7 ~~for the 2005 tax year, the commissioner shall reduce the~~  
8 ~~district's entitlement under this section in proportion to the~~  
9 ~~amount by which the adopted rate is less than the rate equal to~~  
10 ~~the product of the state compression percentage multiplied by~~  
11 ~~the rate adopted by the district for the 2005 tax year.]~~

12 (h) A determination by the commissioner under this section  
13 is final and may not be appealed. [~~Notwithstanding any other~~  
14 ~~provision of this title, if the amount of state and local~~  
15 ~~revenue per student in weighted average daily attendance for the~~  
16 ~~maintenance and operations of the district available to the~~  
17 ~~district in a school year as a result of increases to the~~  
18 ~~equalized wealth level under Section 41.002, the basic allotment~~  
19 ~~under Section 42.101, and the guaranteed level under Section~~  
20 ~~42.302 made by H.B. No. 1, Acts of the 79th Legislature, 3rd~~  
21 ~~Called Session, 2006, exceeds the amount to which a district is~~  
22 ~~entitled under Subsection (b) for that school year, the~~  
23 ~~commissioner must:~~

24 [~~(1) reduce the amount of state aid provided to the~~  
25 ~~district for that school year by an amount equal to the excess~~  
26 ~~revenue, as determined by the commissioner, or~~

27 [~~(2) for a district with a wealth per student greater~~



1 ~~than the applicable amount described by Section 41.002(a),~~  
2 ~~require the district to purchase a number of attendance credits~~  
3 ~~for that school year at a cost equal to the amount of excess~~  
4 ~~revenue, as determined by the commissioner.~~

5 ~~[(i) A school district that is required to take action~~  
6 ~~under Chapter 41 to reduce its wealth per student to the~~  
7 ~~equalized wealth level and that is entitled to state revenue~~  
8 ~~under this section may receive that revenue through an~~  
9 ~~adjustment against the total amount of attendance credits~~  
10 ~~required to be purchased under Subchapter D, Chapter 41, or the~~  
11 ~~total number of nonresident students required to be educated~~  
12 ~~under Subchapter E, Chapter 41, as determined by the~~  
13 ~~commissioner.~~

14 ~~[(j) If a school district reduces its maintenance and~~  
15 ~~operations tax rate by an amount less than the rate equal to the~~  
16 ~~product of the difference between the state compression~~  
17 ~~percentage for the preceding year and the state compression~~  
18 ~~percentage for the year of the reduction, multiplied by the~~  
19 ~~maintenance and operations tax rate adopted by the district for~~  
20 ~~the 2005 tax year, the commissioner may not reduce the amount to~~  
21 ~~which the district is entitled under this section on the basis~~  
22 ~~of the additional revenue collected by the district.~~

23 ~~[(k) The commissioner may adopt rules necessary to~~  
24 ~~administer this section.~~

25 ~~[(l) A determination by the commissioner under this~~  
26 ~~section is final and may not be appealed.]~~

27 SECTION 58. Subchapter E, Chapter 42, Education Code, is

1 amended by adding Section 42.25161 to read as follows:

2 Sec. 42.25161. ADDITIONAL STATE AID FOR SOUTH TEXAS  
3 INDEPENDENT SCHOOL DISTRICT. (a) The commissioner shall  
4 provide South Texas Independent School District with the amount  
5 of state aid necessary to ensure that the district receives an  
6 amount of state and local revenue per student in weighted  
7 average daily attendance that is at least \$120 greater than the  
8 amount the district would have received per student in weighted  
9 average daily attendance during the 2009-2010 school year under  
10 this chapter, as it existed on January 1, 2009, at a maintenance  
11 and operations tax rate equal to the product of the state  
12 compression percentage multiplied by the maintenance and  
13 operations tax rate adopted by the district for the 2005 tax  
14 year, provided that the district imposes a maintenance and  
15 operations tax at that rate.

16 (b) The commissioner may adopt rules necessary to  
17 implement this section.

18 (c) A determination by the commissioner under this section  
19 is final and may not be appealed.

20 SECTION 59. Section 42.252(a), Education Code, is amended  
21 to read as follows:

22 (a) Each school district's share of the Foundation School  
23 Program is determined by the following formula:

24 
$$\text{LFA} = \text{TR} \times \text{DPV}$$

25 where:

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

27 "TR" is a tax rate which for each hundred dollars of

1 valuation is an effective tax rate of the amount equal to the  
2 product of the state compression percentage, as determined under  
3 Section 42.2516, multiplied by the lesser of:

4 (1) \$1.50; or

5 (2) the maintenance and operations tax rate adopted  
6 by the district for the 2005 tax year [~~\$0.86~~]; and

7 "DPV" is the taxable value of property in the school  
8 district for the preceding tax year determined under Subchapter  
9 M, Chapter 403, Government Code.

10 SECTION 60. Section 42.253, Education Code, is amended by  
11 adding Subsection (c-1) to read as follows:

12 (c-1) The amounts to be paid under Section 42.2516(b)(3)  
13 shall be paid at the same time as other state revenue is paid to  
14 the district. Payments shall be based on amounts paid under  
15 Section 42.2516(b)(3) for the preceding year. Any deficiency  
16 shall be paid to the district at the same time the final amount  
17 to be paid to the district is determined, and any overpayment  
18 shall be deducted from the payments the district would otherwise  
19 receive in the following year.

20 SECTION 61. Section 42.259, Education Code, is amended by  
21 adding Subsection (g) to read as follows:

22 (g) The commissioner shall make all annual Foundation  
23 School Program payments under this section for purposes  
24 described by Sections 45.252(a)(1) and (2) before the deadline  
25 established under Section 45.263(b) for payment of debt service  
26 on bonds. Notwithstanding any other provision of this section,  
27 the commissioner may make Foundation School Program payments

1 under this section after the deadline established under Section  
2 45.263(b) only if the commissioner has not received notice under  
3 Section 45.258 concerning a district's failure or inability to  
4 pay matured principal or interest on bonds.

5 SECTION 62. Section 42.260(a), Education Code, is amended  
6 to read as follows:

7 (a) In this section, "participating charter school" means  
8 an open-enrollment charter school that participates in the  
9 uniform group coverage program established under Chapter 1579,  
10 Insurance Code [~~has the meaning assigned by Section 42.2514~~].

11 SECTION 63. Sections 42.302(a), (a-1), and (a-2),  
12 Education Code, are amended to read as follows:

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

19 
$$\text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

20 where:

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

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

27 "WADA" is the number of students in weighted average daily

1 attendance, which is calculated by dividing the sum of the  
2 school district's allotments under Subchapters B and C, less any  
3 allotment to the district for transportation, any allotment  
4 under Section 42.158, 42.159, or 42.160, and 50 percent of the  
5 adjustment under Section 42.102, by the basic allotment for the  
6 applicable year;

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

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

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

25 (1) the greater of [~~the amount of district tax~~  
26 ~~revenue per weighted student per cent of tax effort available to~~  
27 ~~a district at the 88th percentile in wealth per student, as~~

1 ~~determined by the commissioner in cooperation with the~~  
2 ~~Legislative Budget Board, for the district's maintenance and~~  
3 ~~operations tax effort equal to or less than the rate equal to~~  
4 ~~the product of the state compression percentage, as determined~~  
5 ~~under Section 42.2516, multiplied by the maintenance and~~  
6 ~~operations tax rate adopted by the district for the 2005 tax~~  
7 ~~year,~~

8           ~~(2)~~ the amount of district tax revenue per weighted  
9 student per cent of tax effort that would be available to the  
10 Austin Independent School District, as determined by the  
11 commissioner in cooperation with the Legislative Budget Board,  
12 if the reduction of the limitation on tax increases as provided  
13 by Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply,  
14 or the amount of district tax revenue per weighted student per  
15 cent of tax effort used for purposes of this subdivision in the  
16 preceding school year, for the first six cents by which the  
17 district's maintenance and operations tax rate exceeds the rate  
18 equal to the product of the state compression percentage, as  
19 determined under Section 42.2516 [~~and notwithstanding the~~  
20 ~~limitation on district enrichment tax rate ("DTR") under Section~~  
21 ~~42.303], multiplied by the maintenance and operations tax rate  
22 adopted by the district for the 2005 tax year; and~~

23           (2) ~~(3)~~ \$31.95, for the district's maintenance and  
24 operations tax effort that exceeds the amount of tax effort  
25 described by Subdivision (1) ~~(2)~~.

26           (a-2) The limitation on district enrichment tax rate  
27 ("DTR") under Section 42.303 does not apply to the district's

1 maintenance and operations tax effort described by Subsection  
2 (a-1)(1) [~~(a-1)(2)~~].

3 SECTION 64. Section 42.303, Education Code, is amended to  
4 read as follows:

5 Sec. 42.303. LIMITATION ON ENRICHMENT TAX RATE. The  
6 district enrichment tax rate ("DTR") under Section 42.302 may  
7 not exceed the amount per \$100 of valuation by which the maximum  
8 rate permitted under Section 45.003 exceeds the rate used to  
9 determine the district's local share under Section 42.252 [~~of~~  
10 ~~\$0.86~~], or a greater amount for any year provided by  
11 appropriation.

12 SECTION 65. Chapter 42, Education Code, is amended by  
13 adding Subchapter I to read as follows:

14 SUBCHAPTER I. COMPREHENSIVE REVIEW OF PUBLIC SCHOOL FINANCE

15 WEIGHTS, ALLOTMENTS, AND ADJUSTMENTS

16 Sec. 42.451. SELECT COMMITTEE ON PUBLIC SCHOOL FINANCE

17 WEIGHTS, ALLOTMENTS, AND ADJUSTMENTS. (a) The Select Committee  
18 on Public School Finance Weights, Allotments, and Adjustments is  
19 established to conduct a comprehensive review of weights,  
20 allotments, and adjustments under the public school finance  
21 system, including all current weights, allotments, and  
22 adjustments provided under this chapter and any additional  
23 weights, allotments, and adjustments recommended by the  
24 committee.

25 (b) The committee is composed of 15 members appointed as  
26 follows:

27 (1) four members of the senate, appointed by the

1 lieutenant governor;  
2 (2) four members of the house of representatives,  
3 appointed by the speaker of the house of representatives;  
4 (3) the commissioner of education;  
5 (4) one person currently employed at a primary or  
6 secondary school in this state and one representative of the  
7 business community, each appointed by the lieutenant governor;  
8 (5) one person currently employed at a primary or  
9 secondary school in this state and one representative of the  
10 business community, each appointed by the speaker of the house  
11 of representatives; and  
12 (6) one person currently employed at a primary or  
13 secondary school in this state and one representative from the  
14 business community, appointed by the governor.  
15 (c) The governor, lieutenant governor, and speaker of the  
16 house of representatives shall make the appointments required by  
17 Subsection (b) in a timely fashion to permit the committee to  
18 comply with Section 42.452(a).  
19 Sec. 42.452. COMMITTEE MEETINGS. (a) Not later than  
20 October 1, 2009, the committee shall hold an organizational  
21 meeting.  
22 (b) The lieutenant governor and speaker of the house of  
23 representatives shall each appoint a committee member to serve  
24 as co-chair.  
25 (c) Committee meetings shall be held at the call of the  
26 co-chairs.  
27 Sec. 42.453. COMPENSATION AND REIMBURSEMENT. (a) A



1 member of the committee is entitled to reimbursement for actual  
2 and necessary expenses incurred in performing committee duties.

3 (b) A legislative member of the committee is entitled to  
4 reimbursement from the appropriate fund of the house of the  
5 legislature in which the member serves.

6 (c) A member other than a legislative member is entitled  
7 to reimbursement from funds appropriated to the committee.

8 Sec. 42.454. COMMITTEE STAFF. (a) The co-chairs of the  
9 committee may appoint a committee director and staff to support  
10 the work of the committee.

11 (b) The director and staff members are employees of the  
12 Texas Legislative Council and shall be paid from funds  
13 appropriated to the council for the committee's operations.

14 (c) The committee may contract with one or more  
15 consultants if necessary to enable the committee to perform its  
16 duties under this subchapter.

17 Sec. 42.455. CONDUCT OF REVIEW. (a) The committee shall  
18 conduct public hearings throughout the state and solicit  
19 testimony about the weights, allotments, and adjustments under  
20 the finance system from parents of public school children and  
21 other interested persons. At least one public hearing must be  
22 held at a public school during a time that public school  
23 students are able to attend the hearing.

24 (b) The commissioner shall ensure that the committee has  
25 access to any documentation and agency personnel the committee  
26 requests.

27 (c) The Legislative Budget Board, the Texas Education

1 Agency, the comptroller, the state auditor, and any other state  
2 agency, official, or personnel shall cooperate with the  
3 committee in carrying out its duties under this subchapter.

4 (d) The committee may coordinate the review under this  
5 subchapter with any other legislative study, as appropriate. To  
6 the extent the review duplicates the study of funding elements  
7 otherwise required by Section 42.007, the review replaces that  
8 study.

9 Sec. 42.4551. ADDITIONAL DUTIES. (a) The committee shall  
10 also review and identify specific short term goals that will the  
11 assist the state in meeting the objectives and goals of public  
12 education. The review under this section shall include  
13 recommendations regarding:

14 (1) methods to close the achievement gap and define  
15 and measure readiness for college and the workforce;

16 (2) revisions to the public accountability system;  
17 and

18 (3) methods for promoting efficient and effective  
19 support structures for public schools.

20 (b) The commissioner of higher education serves as an ex  
21 officio member of the committee for purposes of this section.

22 Sec. 42.456. REPORT. (a) Not later than December 1,  
23 2010, the committee shall provide a report that:

24 (1) states the findings of the review conducted under  
25 this subchapter; and

26 (2) includes any recommendations for statutory  
27 changes.

1       (b) The report must be approved by a majority of the  
2 committee members. A member who disagrees with any part of the  
3 report may attach a dissenting statement to the report.

4       Sec. 42.457. EXPIRATION. This subchapter expires January  
5 11, 2011.

6       SECTION 66. Section 44.004, Education Code, is amended by  
7 amending Subsection (h) and adding Subsection (j) to read as  
8 follows:

9       (h) Notwithstanding any other provision of this section, a  
10 school district with a fiscal year beginning July 1 may use the  
11 certified estimate of the taxable value of district property  
12 required by Section 26.01(e) [~~26.01(d)~~], Tax Code, in preparing  
13 the notice required by this section if the district does not  
14 receive on or before June 7 the certified appraisal roll for the  
15 district required by Section 26.01(a), Tax Code.

16       (j) Notwithstanding Subsections (g), (h), and (i), a  
17 school district may adopt a budget after the district adopts a  
18 tax rate for the tax year in which the fiscal year covered by  
19 the budget begins if the district elects to adopt a tax rate  
20 before receiving the certified appraisal roll for the district  
21 as provided by Section 26.05(g). If a school district elects to  
22 adopt a tax rate before adopting a budget, the district must  
23 publish notice and hold a meeting for the purpose of discussing  
24 the proposed tax rate as provided by this section. Following  
25 adoption of the tax rate, the district must publish notice and  
26 hold another public meeting before the district may adopt a  
27 budget. The comptroller shall prescribe the language and format

1 to be used in the notices. The school district may use the  
2 certified estimate of taxable value in preparing a notice under  
3 this subsection.

4 SECTION 67. Subchapter Z, Chapter 44, Education Code, is  
5 amended by adding Section 44.908 to read as follows:

6 Sec. 44.908. EXPENDITURE OF LOCAL FUNDS. (a) A school  
7 district shall adopt a policy governing the expenditure of local  
8 funds from vending machines, rentals, gate receipts, or other  
9 local sources of revenue over which the district has direct  
10 control.

11 (b) A policy under this section must:

12 (1) require discretionary expenditures of local funds  
13 to be related to the district's educational purpose and provide  
14 a commensurate benefit to the district or its students; and

15 (2) meet the standards of Section 52, Article III,  
16 Texas Constitution, regarding expenditure of public funds.

17 SECTION 68. Section 45.052, Education Code, is amended to  
18 read as follows:

19 Sec. 45.052. GUARANTEE. (a) On approval by the  
20 commissioner, bonds issued under Subchapter A, including  
21 refunding bonds, are guaranteed by the corpus and income of the  
22 permanent school fund.

23 (b) Notwithstanding any amendment of this subchapter or  
24 other law, the guarantee under this subchapter of school  
25 district bonds remains in effect until the date those bonds  
26 mature or are defeased in accordance with state law.

27 SECTION 68A. Sections 45.053(a), (b), and (c), Education

1 Code, are amended to read as follows:

2 (a) Except as provided by Subsection (d), the commissioner  
3 may not approve bonds for guarantee under this subchapter if the  
4 approval would result in the total amount of outstanding  
5 guaranteed bonds under this subchapter exceeding an amount equal  
6 to 2-1/2 times the cost value of the permanent school fund, as  
7 estimated by the board and certified by the state auditor.

8 (b) Each year, the state auditor shall analyze the status  
9 of guaranteed bonds under this subchapter as compared to the  
10 cost value of the permanent school fund. Based on that  
11 analysis, the state auditor shall certify whether the amount of  
12 bonds guaranteed under this subchapter is within the limit  
13 prescribed by this section.

14 (c) The commissioner shall prepare and the board shall  
15 adopt an annual report on the status of the guaranteed bond  
16 program under this subchapter.

17 SECTION 69. Subchapter C, Chapter 45, Education Code, is  
18 amended by adding Section 45.0531 to read as follows:

19 Sec. 45.0531. ADDITIONAL LIMITATION: RESERVATION OF  
20 PERCENTAGE OF PERMANENT SCHOOL FUND VALUE. (a) In addition to  
21 the limitation on the approval of bonds for guarantee under  
22 Section 45.053, the board by rule may establish a percentage of  
23 the cost value of the permanent school fund to be reserved from  
24 use in guaranteeing bonds under this subchapter.

25 (b) If the board has reserved a portion of the permanent  
26 school fund under Subsection (a), each year, the state auditor  
27 shall analyze the status of the reserved portion compared to the

1 cost value of the permanent school fund. Based on that  
2 analysis, the state auditor shall certify whether the portion of  
3 the permanent school fund reserved from use in guaranteeing  
4 bonds under this subchapter satisfies the reserve percentage  
5 established.

6 (c) If the board has reserved a portion of the permanent  
7 school fund under Subsection (a), the board shall at least  
8 annually consider whether to change the reserve percentage  
9 established to ensure that the reserve percentage allows  
10 compliance with federal law and regulations and serves to enable  
11 bonds guaranteed under this subchapter to receive the highest  
12 available credit rating, as determined by the board.

13 (d) This section may not be construed in a manner that  
14 impairs, limits, or removes the guarantee of bonds that have  
15 been approved by the commissioner.

16 SECTION 70. Section 45.055, Education Code, is amended to  
17 read as follows:

18 Sec. 45.055. APPLICATION FOR GUARANTEE. (a) A school  
19 district seeking [~~the~~] guarantee of eligible bonds under this  
20 subchapter shall apply to the commissioner using a form adopted  
21 by the commissioner for the purpose. The commissioner may adopt  
22 a single form on which a district seeking guarantee or credit  
23 enhancement of eligible bonds may apply simultaneously first for  
24 guarantee under this subchapter and then, if that guarantee is  
25 rejected, for credit enhancement under Subchapter I.

26 (b) An [~~The~~] application under Subsection (a) must  
27 include:

1 (1) the name of the school district and the principal  
2 amount of the bonds to be issued;

3 (2) the name and address of the district's paying  
4 agent for those bonds; and

5 (3) the maturity schedule, estimated interest rate,  
6 and date of the bonds.

7 (c) An [The] application under Subsection (a) must be  
8 accompanied by a fee set by rule of the board in an amount  
9 designed to cover the costs of administering the programs to  
10 provide the guarantee or credit enhancement of eligible bonds  
11 [program].

12 SECTION 71. Subsection (b), Section 45.056, Education  
13 Code, is amended to read as follows:

14 (b) If following the investigation the commissioner is  
15 satisfied that the school district's bonds should be guaranteed  
16 under this subchapter or provided credit enhancement under  
17 Subchapter I, as applicable, the commissioner shall endorse the  
18 bonds.

19 SECTION 72. Section 45.061, Education Code, is amended by  
20 adding Subsections (c) and (d) to read as follows:

21 (c) The commissioner may order a school district to set an  
22 ad valorem tax rate capable of producing an amount of revenue  
23 sufficient to enable the district to:

24 (1) provide reimbursement under this section; and

25 (2) pay the principal of and interest on district  
26 bonds as the principal and interest become due.

27 (d) If a school district fails to comply with the

1 commissioner's order under Subsection (c), the commissioner may  
2 impose any sanction on the district authorized to be imposed on  
3 a district under Subchapter G, Chapter 39, including appointment  
4 of a board of managers or annexation to another district,  
5 regardless of the district's accreditation status or the  
6 duration of a particular accreditation status.

7 SECTION 73. Subsection (a), Section 45.062, Education  
8 Code, is amended to read as follows:

9 (a) If a total of two or more payments [~~from the permanent~~  
10 ~~school fund~~] are made under this subchapter or Subchapter I on  
11 the [~~guaranteed~~] bonds of a school district and the commissioner  
12 determines that the school district is acting in bad faith under  
13 the guarantee program under this subchapter or the credit  
14 enhancement program under Subchapter I, the commissioner may  
15 request the attorney general to institute appropriate legal  
16 action to compel the school district and its officers, agents,  
17 and employees to comply with the duties required of them by law  
18 in regard to the bonds.

19 SECTION 74. Section 45.109, Education Code, is amended by  
20 adding Subsection (a-1) to read as follows:

21 (a-1) An independent school district and an institution of  
22 higher education, as defined by Section 61.003, located wholly  
23 or partially in the boundaries of the county in which the  
24 district is located may contract for the district to contribute  
25 district resources to pay a portion of the costs of the design  
26 or construction of an instructional facility or a stadium or  
27 other athletic facilities owned by or under the control of the



1 institution of higher education. A district may contribute  
2 district resources under this subsection only if the district  
3 and the institution of higher education enter into a written  
4 agreement authorizing the district to use that facility.

5 (a-2) One of more independent school districts and an  
6 institution of higher education, as defined by Section 61.003,  
7 may contract for the district to contribute district resources  
8 to pay a portion of the costs of the design, improvement, or  
9 construction of an instructional facility owned by or under the  
10 control of the institution of higher education. A district may  
11 contribute district resources under this subsection only if the  
12 district and the institution of higher education enter into a  
13 written agreement authorizing the district to use that facility,  
14 including authorizing the enrollment of district students in  
15 courses offered at that facility.

16 SECTION 75. Chapter 45, Education Code, is amended by  
17 adding Subchapters I and J to read as follows:

18 SUBCHAPTER I. INTERCEPT PROGRAM TO PROVIDE CREDIT ENHANCEMENT  
19 FOR BONDS

20 Sec. 45.251. DEFINITIONS. In this subchapter:

21 (1) "Board" means the State Board of Education.

22 (2) "Foundation School Program" means the program  
23 established under Chapters 41, 42, and 46, or any successor  
24 program of state appropriated funding for school districts in  
25 this state.

26 (3) "Paying agent" means the financial institution  
27 that is designated by a school district as the district's agent

1 for the payment of the principal of and interest on bonds for  
2 which credit enhancement is provided under this subchapter.

3 Sec. 45.252. INTERCEPT CREDIT ENHANCEMENT PROGRAM. (a)

4 If a school district's application for guarantee of district  
5 bonds by the corpus and income of the permanent school fund as  
6 provided by Subchapter C is rejected, the district may apply  
7 under this subchapter for credit enhancement of bonds described  
8 by Section 45.054 by money appropriated for the Foundation  
9 School Program, other than money that is appropriated to school  
10 districts specifically:

11 (1) as required under the Texas Constitution; or

12 (2) for assistance in paying debt service.

13 (b) The same school district bonds may not benefit under  
14 both Subchapter C and this subchapter.

15 (c) Notwithstanding any amendment of this subchapter or  
16 other law, the credit enhancement provided under this subchapter  
17 for school district bonds remains in effect until the date those  
18 bonds mature or are defeased in accordance with state law.

19 Sec. 45.253. LIMITATION ON INTERCEPT CREDIT ENHANCEMENT.

20 (a) In each month of each fiscal year, the commissioner shall  
21 determine the amount of funds available to make payments under  
22 this subchapter from the Foundation School Program through the  
23 end of the fiscal year and the amounts due under this code to  
24 public schools from the Foundation School Program through the  
25 end of the fiscal year. The commissioner may revise a  
26 determination under this subsection during the fiscal year as  
27 appropriate.

1       (b) The commissioner may not endorse particular bonds for  
2 credit enhancement under this subchapter until the commissioner  
3 has:

4           (1) made the determinations required under Subsection  
5 (a); and

6           (2) determined that the endorsement will not cause  
7 the projected debt service coming due during the remainder of  
8 the fiscal year for bonds provided credit enhancement under this  
9 subchapter to exceed the lesser of:

10           (A) one-half of the amount of funds due to  
11 public schools from the Foundation School Program for the  
12 remainder of the fiscal year; or

13           (B) one-half of the amount of funds anticipated  
14 to be on hand in the Foundation School Program to make payments  
15 for the remainder of the fiscal year.

16       (c) The commissioner may not endorse particular bonds for  
17 credit enhancement under this subchapter unless the commissioner  
18 has determined that the maximum annual debt service on the bonds  
19 during any state fiscal year will not exceed the lesser of:

20           (1) one-half of the amount of funds due to public  
21 schools from the Foundation School Program for the current  
22 fiscal year; or

23           (2) one-half of the amount of funds anticipated to be  
24 on hand in the Foundation School Program to make payments for  
25 the current fiscal year.

26       Sec. 45.254. ELIGIBILITY. To be eligible for approval by  
27 the commissioner for credit enhancement under this subchapter:

1           (1) bonds must be issued in the manner provided by  
2 Section 45.054; and

3           (2) payments of all of the principal of the bonds  
4 must be scheduled during the first six months of the state  
5 fiscal year.

6           Sec. 45.2541. INTERCEPT OF FOUNDATION SCHOOL PROGRAM  
7 APPROPRIATIONS AS CREDIT ENHANCEMENT. (a) Money appropriated  
8 for the Foundation School Program that may be used for the  
9 purpose under this subchapter and under any other law, rule, or  
10 regulation shall be used to provide credit enhancement for  
11 eligible bonds as provided by this subchapter, the General  
12 Appropriations Act, and board rule if using the permanent school  
13 fund to guarantee particular bonds would result in:

14           (1) a total amount of outstanding bonds guaranteed by  
15 the permanent school fund exceeding the amount authorized under:

16                   (A) Section 45.053; or

17                   (B) federal law or regulations; or

18           (2) the use of a portion of the cost value of the  
19 permanent school fund reserved under Section 45.0531, as  
20 determined by the board.

21           (b) If Foundation School Program appropriations are not  
22 sufficient in any year to pay principal or interest that becomes  
23 due on bonds for which credit enhancement is provided under this  
24 subchapter, the payment shall be made from the following year's  
25 Foundation School Program appropriations that may be used for  
26 the purpose under this subchapter before those appropriations  
27 are used for any other Foundation School Program purpose.

1       Sec. 45.255. APPLICATION FOR CREDIT ENHANCEMENT. (a) A  
2 school district seeking credit enhancement of eligible bonds  
3 under this subchapter shall apply to the commissioner using a  
4 form adopted by the commissioner for the purpose. The  
5 commissioner may adopt a single form on which a district seeking  
6 guarantee or credit enhancement of eligible bonds may apply  
7 simultaneously first for a guarantee under Subchapter C and  
8 then, if that guarantee is rejected, for credit enhancement  
9 under this subchapter.

10       (b) An application under Subsection (a) must:

11           (1) include the information required by Section  
12 45.055(b); and

13           (2) be accompanied by a fee set by board rule in an  
14 amount designed to cover the costs of administering the programs  
15 to provide the guarantee or credit enhancement of eligible  
16 bonds.

17       Sec. 45.256. INVESTIGATION. (a) Following receipt of an  
18 application under Section 45.255, the commissioner shall conduct  
19 an investigation of the applicant school district as provided  
20 for an investigation under Section 45.056(a).

21       (b) If following the investigation under Subsection (a)  
22 the commissioner is satisfied that the school district's bonds  
23 should be guaranteed under Subchapter C or provided credit  
24 enhancement under this subchapter, as applicable, the  
25 commissioner shall endorse the bonds.

26       Sec. 45.257. CREDIT ENHANCEMENT ENDORSEMENT. (a) The  
27 commissioner shall endorse bonds approved for credit enhancement

1 under this subchapter in substantially the same manner provided  
2 under Section 45.057 for endorsing bonds approved under  
3 Subchapter C.

4 (b) The credit enhancement is not effective unless the  
5 attorney general approves the bonds under Section 45.005.

6 Sec. 45.258. NOTICE OF FAILURE OR INABILITY TO PAY.  
7 Immediately following a determination that a school district  
8 will be or is unable to pay maturing or matured principal or  
9 interest on a bond for which credit enhancement is provided  
10 under this subchapter, but not later than the 10th day before  
11 maturity date, the school district shall notify the  
12 commissioner.

13 Sec. 45.259. PAYMENT FROM INTERCEPTED FUNDS.

14 (a) Immediately following receipt of notice under Section  
15 45.258, the commissioner shall instruct the comptroller to  
16 transfer to the district's paying agent from appropriations to  
17 the Foundation School Program that may be used for the purpose  
18 under Section 45.252 and other law the amount necessary to pay  
19 the maturing or matured principal or interest.

20 (b) Immediately following receipt of the funds for payment  
21 of the principal or interest, the paying agent shall pay the  
22 amount due.

23 (c) The procedures prescribed by Subsections (a) and (b)  
24 apply to each payment of principal or interest on bonds as the  
25 payment becomes due until the bonds mature or are defeased in  
26 accordance with state law.

27 (d) If money appropriated for the Foundation School

1 Program is used for purposes of this subchapter and as a result  
2 there is insufficient money to fully fund the Foundation School  
3 Program, the commissioner shall, to the extent necessary, reduce  
4 each school district's foundation school fund allocations, other  
5 than any portion appropriated from the available school fund, in  
6 the same manner provided by Section 42.253(h) for a case in  
7 which school district entitlements exceed the amount  
8 appropriated. The following fiscal year, a district's  
9 entitlement under Section 42.253 is increased by an amount equal  
10 to the reduction under this subsection.

11 (e) A payment made under this section by the state on  
12 behalf of a school district of funds the district owes on bonds  
13 for which credit enhancement is provided under this subchapter  
14 creates a repayment obligation of the district to the state  
15 regardless of the maturity date of, or any payment of interest  
16 on, the bonds.

17 (f) This section does not create a debt of the state under  
18 the Texas Constitution or, except to the extent provided by this  
19 subchapter, create a payment obligation.

20 Sec. 45.260. BONDS NOT ACCELERATED ON FAILURE TO PAY. If  
21 a school district fails to pay principal or interest on a bond  
22 for which credit enhancement is provided under this subchapter  
23 when the amount matures, other amounts not yet mature are not  
24 accelerated and do not become due by virtue of the district's  
25 failure to pay amounts matured.

26 Sec. 45.261. REIMBURSEMENT OF FOUNDATION SCHOOL PROGRAM.

27 (a) If the commissioner orders payment from the money

1 appropriated to the Foundation School Program on behalf of a  
2 school district that is not required to reduce its wealth per  
3 student under Chapter 41, the commissioner shall direct the  
4 comptroller to withhold the amount paid from the first state  
5 money payable to the district. If the commissioner orders  
6 payment from the money appropriated to the Foundation School  
7 Program on behalf of a school district that is required to  
8 reduce its wealth per student under Chapter 41, the commissioner  
9 shall increase amounts due from the district under that chapter  
10 in a total amount equal to the amount of payments made on behalf  
11 of the district under this subchapter. Amounts withheld or  
12 received under this subsection shall be used for the Foundation  
13 School Program.

14 (b) In accordance with commissioner rules, the  
15 commissioner may authorize reimbursement of the Foundation  
16 School Program in a manner other than that provided by this  
17 section.

18 (c) The commissioner may order a school district to set an  
19 ad valorem tax rate capable of producing an amount of revenue  
20 sufficient to enable the district to:

21 (1) provide reimbursement under this section; and

22 (2) pay the remaining principal of and interest on  
23 the bonds as the principal and interest become due.

24 (d) If a school district fails to comply with the  
25 commissioner's order under Subsection (c), the commissioner may  
26 impose any sanction on the district authorized to be imposed on  
27 a district under Subchapter G, Chapter 39, including appointment



1 of a board of managers or annexation to another district,  
2 regardless of the district's accreditation status or the  
3 duration of a particular accreditation status.

4 (e) Any part of a school district's tax rate attributable  
5 to producing revenue for purposes of Subsection (c)(1) is  
6 considered part of the district's:

7 (1) current debt rate for purposes of computing a  
8 rollback tax rate under Section 26.08, Tax Code; and

9 (2) interest and sinking fund tax rate.

10 (f) On reimbursement by a school district as required by  
11 this section, the commissioner shall pay to the district any  
12 amount withheld under this section.

13 Sec. 45.262. REPEATED FAILURE TO PAY. (a) If a total of  
14 two or more payments are made under Subchapter C or this  
15 subchapter on the bonds of a school district and the  
16 commissioner determines that the district is acting in bad faith  
17 under the guarantee program under Subchapter C or the credit  
18 enhancement program under this subchapter, the commissioner may  
19 request the attorney general to institute appropriate legal  
20 action to compel the district and the district's officers,  
21 agents, and employees to comply with the duties required of them  
22 by law in regard to the bonds.

23 (b) Jurisdiction of proceedings under this section is in  
24 district court in Travis County.

25 Sec. 45.263. RULES. (a) The commissioner shall adopt  
26 rules necessary for the administration of the bond credit  
27 enhancement program under this subchapter.



1 REQUIREMENTS FOR DEBT SERVICE RESERVE. In adopting rules under  
2 Section 45.302, the commissioner may:

3 (1) limit participation in the program to charter  
4 holders who hold charters for open-enrollment charter schools  
5 that meet standards established by the commissioner, including  
6 standards for financial stability, compliance with applicable  
7 state and federal program requirements, and student academic  
8 performance; and

9 (2) impose minimum requirements for a debt service  
10 reserve to secure repayment of obligations for which credit  
11 enhancement is provided under this subchapter.

12 Sec. 45.304. ALLOCATION OF PORTION OF FOUNDATION SCHOOL  
13 PROGRAM FUNDS FOR CREDIT ENHANCEMENT. (a) The commissioner may  
14 allocate not more than one percent of the amount appropriated  
15 for the Foundation School Program for purposes of the program  
16 under this subchapter.

17 (b) The funds allocated under this section may not be  
18 considered available for purposes of any other credit  
19 enhancement program.

20 (c) Only those Foundation School Program funds allocated  
21 under this section may be committed to the program under this  
22 subchapter.

23 Sec. 45.305. PRIVATE MATCHING FUNDS REQUIRED; USE OF OTHER  
24 STATE FUNDS. (a) The commissioner may not implement the  
25 program unless private funds in an amount at least equal to the  
26 amount of state funds allocated under Section 45.304 are  
27 obligated to the program for at least the first 10 years of the

1 term of obligations for which credit enhancement is provided  
2 under the program.

3 (b) The commissioner may use state funds allocated under  
4 Section 45.304 to pay any amount due for credit enhancement  
5 under the program and, subject to the terms of the applicable  
6 private credit obligation agreement, provide for payment of  
7 private funds to the Foundation School Program in an amount  
8 equal to at least one-half of the amount of the state funds  
9 paid. The commissioner may also use any other state funds  
10 available for the purpose to make payments under this subchapter  
11 or to reimburse the Foundation School Program for payments made  
12 under this subchapter from Foundation School Program funds.

13 Sec. 45.306. REPAYMENT; LIEN. (a) If a charter holder on  
14 behalf of which the state makes a payment under the program does  
15 not immediately repay the Foundation School Program the amount  
16 of the payment, the commissioner shall withhold any funds due  
17 from the state to the charter holder as necessary to recover the  
18 total amount of state and private funds paid on behalf of the  
19 charter holder under the program.

20 (b) If a charter holder is for any reason, including  
21 revocation or surrender of a charter or bankruptcy, unable to  
22 repay any amount due under this subchapter, any loss of funds  
23 shall be shared equally between the Foundation School Program  
24 and the person providing the private funds obligated for credit  
25 enhancement under this subchapter.

26 (c) A charter holder for which credit enhancement is  
27 provided under this subchapter to purchase, repair, or renovate

1 real property for open-enrollment charter school facilities must  
2 agree to execute a lien on that real property in a form  
3 prescribed by the commissioner and approved by the attorney  
4 general to secure repayment of all amounts due to the state from  
5 the charter holder, including reimbursement of any private funds  
6 paid on behalf of an open-enrollment charter school under this  
7 subchapter.

8 (d) A lien under this section must be filed in the real  
9 property records of each county in which the real property is  
10 located. A lien under this section has priority over any other  
11 claim against the real property except a lien granted to the  
12 holders of obligations issued to finance the acquisition of the  
13 real property and any security interest or lien existing before  
14 credit enhancement is provided under this subchapter.

15 (e) The commissioner shall notify a charter holder of any  
16 amount determined to be due to the state, including federal  
17 funds. If the full amount due to the state has not been repaid  
18 or recovered by the commissioner from other funds due to the  
19 charter holder within the current and subsequent school year,  
20 the commissioner may request the attorney general to file an  
21 action to foreclose on a lien under this section. Funds  
22 recovered from foreclosure of a lien under this section shall be  
23 credited first to any security interest or lien with priority  
24 over the lien under this section, then to the charter holder's  
25 obligation under this section, and then to any other program to  
26 which the funds are due.

27 (f) Venue for a suit under this section is in Travis

1 County.

2 Sec. 45.307. STATUS OF PROGRAM. (a) The program is  
3 separate from and does not create any claim to the credit  
4 enhancement program for school district bonds under Subchapter  
5 I.

6 (b) This subchapter does not create a debt of the state  
7 under the Texas Constitution or, except to the extent provided  
8 by this subchapter, create a payment obligation.

9 Sec. 45.308. RULES. If the commissioner establishes a  
10 program under this subchapter, the commissioner shall adopt  
11 rules to administer the program.

12 SECTION 76. Section 46.033, Education Code, is amended to  
13 read as follows:

14 Sec. 46.033. ELIGIBLE BONDS. Bonds, including bonds  
15 issued under Section 45.006, are eligible to be paid with state  
16 and local funds under this subchapter if:

17 (1) the district made payments on the bonds during  
18 the final [2006-2007] school year of the preceding state fiscal  
19 biennium or taxes levied to pay the principal of and interest on  
20 the bonds were included in the district's audited debt service  
21 collections for that school year; and

22 (2) the district does not receive state assistance  
23 under Subchapter A for payment of the principal and interest on  
24 the bonds.

25 SECTION 77. Section 46.034(c), Education Code, is amended  
26 to read as follows:

27 (c) If the amount required to pay the principal of and

1 interest on eligible bonds in a school year is less than the  
2 amount of payments made by the district on the bonds during the  
3 final [2006-2007] school year of the preceding state fiscal  
4 biennium or the district's audited debt service collections for  
5 that school year, the district may not receive aid in excess of  
6 the amount that, when added to the district's local revenue for  
7 the school year, equals the amount required to pay the principal  
8 of and interest on the bonds.

9 SECTION 78. Section 3.005, Election Code, is amended by  
10 amending Subsection (a) and adding Subsection (d) to read as  
11 follows:

12 (a) Except as provided by Subsections [~~Subsection~~] (c) and  
13 (d), an election ordered by an authority of a political  
14 subdivision shall be ordered not later than the 62nd day before  
15 election day.

16 (d) An election under Section 26.08, Tax Code, to ratify a  
17 tax rate adopted by the governing body of a school district  
18 under Section 26.05(g) of that code shall be ordered not later  
19 than the 30th day before election day.

20 SECTION 79. Section 4.008, Election Code, is amended to  
21 read as follows:

22 Sec. 4.008. NOTICE TO COUNTY CLERK. (a) Except as  
23 provided by Subsection (b), the [~~The~~] governing body of a  
24 political subdivision, other than a county, that orders an  
25 election shall deliver notice of the election to the county  
26 clerk of each county in which the political subdivision is  
27 located not later than the 60th day before election day.

1        (b) The governing body of a school district that orders an  
2 election under Section 26.08, Tax Code, to ratify an ad valorem  
3 tax rate adopted by the governing body under Section 26.05(g) of  
4 that code shall deliver notice of the election to the county  
5 clerk of each county in which the school district is located not  
6 later than the 30th day before election day.

7        SECTION 80. Sections 403.302(d), (i), and (j), Government  
8 Code, are amended to read as follows:

9        (d) For the purposes of this section, "taxable value"  
10 means the market value of all taxable property less:

11            (1) the total dollar amount of any residence  
12 homestead exemptions lawfully granted under Section 11.13(b) or  
13 (c), Tax Code, in the year that is the subject of the study for  
14 each school district;

15            (2) one-half of the total dollar amount of any  
16 residence homestead exemptions granted under Section 11.13(n),  
17 Tax Code, in the year that is the subject of the study for each  
18 school district;

19            (3) the total dollar amount of any exemptions granted  
20 before May 31, 1993, within a reinvestment zone under agreements  
21 authorized by Chapter 312, Tax Code;

22            (4) subject to Subsection (e), the total dollar  
23 amount of any captured appraised value of property that:

24                    (A) is within a reinvestment zone created on or  
25 before May 31, 1999, or is proposed to be included within the  
26 boundaries of a reinvestment zone as the boundaries of the zone  
27 and the proposed portion of tax increment paid into the tax



1 increment fund by a school district are described in a written  
2 notification provided by the municipality or the board of  
3 directors of the zone to the governing bodies of the other  
4 taxing units in the manner provided by Section 311.003(e), Tax  
5 Code, before May 31, 1999, and within the boundaries of the zone  
6 as those boundaries existed on September 1, 1999, including  
7 subsequent improvements to the property regardless of when made;

8 (B) generates taxes paid into a tax increment  
9 fund created under Chapter 311, Tax Code, under a reinvestment  
10 zone financing plan approved under Section 311.011(d), Tax Code,  
11 on or before September 1, 1999; and

12 (C) is eligible for tax increment financing  
13 under Chapter 311, Tax Code;

14 (5) ~~[for a school district for which a deduction from~~  
15 ~~taxable value is made under Subdivision (4), an amount equal to~~  
16 ~~the taxable value required to generate revenue when taxed at the~~  
17 ~~school district's current tax rate in an amount that, when added~~  
18 ~~to the taxes of the district paid into a tax increment fund as~~  
19 ~~described by Subdivision (4)(B), is equal to the total amount of~~  
20 ~~taxes the district would have paid into the tax increment fund~~  
21 ~~if the district levied taxes at the rate the district levied in~~  
22 ~~2005;~~

23 [~~6~~] the total dollar amount of any captured  
24 appraised value of property that:

25 (A) is within a reinvestment zone:

26 (i) created on or before December 31, 2008,  
27 by a municipality with a population of less than 18,000; and

1 (ii) the project plan for which includes  
2 the alteration, remodeling, repair, or reconstruction of a  
3 structure that is included on the National Register of Historic  
4 Places and requires that a portion of the tax increment of the  
5 zone be used for the improvement or construction of related  
6 facilities or for affordable housing;

7 (B) generates school district taxes that are  
8 paid into a tax increment fund created under Chapter 311, Tax  
9 Code; and

10 (C) is eligible for tax increment financing  
11 under Chapter 311, Tax Code;

12 (6) [~~(7)~~] the total dollar amount of any exemptions  
13 granted under Section 11.251 or 11.253, Tax Code;

14 (7) [~~(8)~~] the difference between the comptroller's  
15 estimate of the market value and the productivity value of land  
16 that qualifies for appraisal on the basis of its productive  
17 capacity, except that the productivity value estimated by the  
18 comptroller may not exceed the fair market value of the land;

19 (8) [~~(9)~~] the portion of the appraised value of  
20 residence homesteads of individuals who receive a tax limitation  
21 under Section 11.26, Tax Code, on which school district taxes  
22 are not imposed in the year that is the subject of the study,  
23 calculated as if the residence homesteads were appraised at the  
24 full value required by law;

25 (9) [~~(10)~~] a portion of the market value of property  
26 not otherwise fully taxable by the district at market value  
27 because of:

1           (A) action required by statute or the  
2 constitution of this state that, if the tax rate adopted by the  
3 district is applied to it, produces an amount equal to the  
4 difference between the tax that the district would have imposed  
5 on the property if the property were fully taxable at market  
6 value and the tax that the district is actually authorized to  
7 impose on the property, if this subsection does not otherwise  
8 require that portion to be deducted; or

9           (B) action taken by the district under  
10 Subchapter B or C, Chapter 313, Tax Code;

11           (10) [~~+11~~] the market value of all tangible personal  
12 property, other than manufactured homes, owned by a family or  
13 individual and not held or used for the production of income;

14           (11) [~~+12~~] the appraised value of property the  
15 collection of delinquent taxes on which is deferred under  
16 Section 33.06, Tax Code;

17           (12) [~~+13~~] the portion of the appraised value of  
18 property the collection of delinquent taxes on which is deferred  
19 under Section 33.065, Tax Code; and

20           (13) [~~+14~~] the amount by which the market value of a  
21 residence homestead to which Section 23.23, Tax Code, applies  
22 exceeds the appraised value of that property as calculated under  
23 that section.

24           (i) If the comptroller determines in the annual study that  
25 the market value of property in a school district as determined  
26 by the appraisal district that appraises property for the school  
27 district, less the total of the amounts and values listed in

1 Subsection (d) as determined by that appraisal district, is  
2 valid, the comptroller, in determining the taxable value of  
3 property in the school district under Subsection (d), shall for  
4 purposes of Subsection (d)(13) [~~(d)(14)~~] subtract from the  
5 market value as determined by the appraisal district of  
6 residence homesteads to which Section 23.23, Tax Code, applies  
7 the amount by which that amount exceeds the appraised value of  
8 those properties as calculated by the appraisal district under  
9 Section 23.23, Tax Code. If the comptroller determines in the  
10 annual study that the market value of property in a school  
11 district as determined by the appraisal district that appraises  
12 property for the school district, less the total of the amounts  
13 and values listed in Subsection (d) as determined by that  
14 appraisal district, is not valid, the comptroller, in  
15 determining the taxable value of property in the school district  
16 under Subsection (d), shall for purposes of Subsection (d)(13)  
17 [~~(d)(14)~~] subtract from the market value as estimated by the  
18 comptroller of residence homesteads to which Section 23.23, Tax  
19 Code, applies the amount by which that amount exceeds the  
20 appraised value of those properties as calculated by the  
21 appraisal district under Section 23.23, Tax Code.

22 (j) For purposes of Chapter 42 [~~Section 42.2511~~],  
23 Education Code, the comptroller shall certify to the  
24 commissioner of education:

25 (1) a final value for each school district computed  
26 on a residence homestead exemption under Section 1-b(c), Article  
27 VIII, Texas Constitution, of \$5,000;

1           (2) a final value for each school district computed  
2 on:

3           (A) a residence homestead exemption under  
4 Section 1-b(c), Article VIII, Texas Constitution, of \$15,000;  
5 and

6           (B) the effect of the additional limitation on  
7 tax increases under Section 1-b(d), Article VIII, Texas  
8 Constitution, as proposed by H.J.R. No. 4, 75th Legislature,  
9 Regular Session, 1997; and

10          (3) a final value for each school district computed  
11 on the effect of the reduction of the limitation on tax  
12 increases to reflect any reduction in the school district tax  
13 rate as provided by Section 11.26(a-1), (a-2), or (a-3), Tax  
14 Code, as applicable.

15          SECTION 81. Section 822.201(b), Government Code, is  
16 amended to read as follows:

17          (b) "Salary and wages" as used in Subsection (a) means:

18           (1) normal periodic payments of money for service the  
19 right to which accrues on a regular basis in proportion to the  
20 service performed;

21           (2) amounts by which the member's salary is reduced  
22 under a salary reduction agreement authorized by Chapter 610;

23           (3) amounts that would otherwise qualify as salary  
24 and wages under Subdivision (1) but are not received directly by  
25 the member pursuant to a good faith, voluntary written salary  
26 reduction agreement in order to finance payments to a deferred  
27 compensation or tax sheltered annuity program specifically

1 authorized by state law or to finance benefit options under a  
2 cafeteria plan qualifying under Section 125 of the Internal  
3 Revenue Code of 1986, if:

4 (A) the program or benefit options are made  
5 available to all employees of the employer; and

6 (B) the benefit options in the cafeteria plan  
7 are limited to one or more options that provide deferred  
8 compensation, group health and disability insurance, group term  
9 life insurance, dependent care assistance programs, or group  
10 legal services plans;

11 (4) performance pay awarded to an employee by a  
12 school district as part of a total compensation plan approved by  
13 the board of trustees of the district and meeting the  
14 requirements of Subsection (e);

15 (5) the benefit replacement pay a person earns under  
16 Subchapter H, Chapter 659, except as provided by Subsection (c);

17 (6) stipends paid to teachers in accordance with  
18 Section 21.410, 21.411, 21.412, or 21.413, Education Code;

19 (7) amounts by which the member's salary is reduced  
20 or that are deducted from the member's salary as authorized by  
21 Subchapter J, Chapter 659;

22 (8) a merit salary increase made under Section  
23 51.962, Education Code;

24 (9) amounts received under the relevant parts of the  
25 ~~[awards for student achievement program under Subchapter N,~~  
26 ~~Chapter 21, Education Code, the]~~ educator excellence awards  
27 program under Subchapter O, Chapter 21, Education Code, or a

1 mentoring program under Section 21.458, Education Code, that  
2 authorize [~~authorized~~] compensation for service; and

3 (10) salary amounts designated as health care  
4 supplementation by an employee under Subchapter D, Chapter 22,  
5 Education Code.

6 SECTION 82. Sections 825.405(a) and (b), Government Code,  
7 are amended to read as follows:

8 (a) For members entitled to the minimum salary for certain  
9 school personnel under Section 21.402, Education Code, and for  
10 members who would have been entitled to the minimum salary for  
11 certain school personnel under former Section 16.056, Education  
12 Code, as that section existed on January 1, 1995, the employing  
13 district shall pay the state's contribution on the portion of  
14 the member's salary that exceeds the statutory minimum salary  
15 [~~or former statutory minimum, as applicable~~].

16 (b) For purposes of this section:

17 (1) [~~7~~] the statutory minimum salary for certain  
18 school personnel under Section 21.402, Education Code, is the  
19 salary provided by that section [~~Section 21.402 or the former~~  
20 ~~Sections 16.056 and 16.058, Education Code,~~] multiplied by the  
21 cost of education adjustment applicable under Section 42.102,  
22 Education Code, to the district in which the member is employed;  
23 and

24 (2) the statutory minimum salary for members who  
25 would have been entitled to the minimum salary for certain  
26 school personnel under former Section 16.056, Education Code, as  
27 that section existed on January 1, 1995, is a minimum salary

1 computed in the same manner as the minimum salary for certain  
2 school personnel under Section 21.402, Education Code,  
3 multiplied by the cost of education adjustment applicable under  
4 Section 42.102, Education Code, to the district in which the  
5 member is employed.

6 SECTION 83. Section 1579.251(a), Insurance Code, is  
7 amended to read as follows:

8 (a) The state shall assist employees of participating  
9 school districts and charter schools in the purchase of group  
10 health coverage under this chapter by providing for each covered  
11 employee the amount of \$900 each state fiscal year or a greater  
12 amount as provided by the General Appropriations Act. The state  
13 contribution shall be distributed through the school finance  
14 formulas under Chapters 41 and 42, Education Code, and used by  
15 school districts and charter schools as provided by Section  
16 [~~Sections 42.2514 and~~] 42.260, Education Code.

17 SECTION 84. Section 1581.053(b), Insurance Code, is  
18 amended to read as follows:

19 (b) Notwithstanding Subsection (a), amounts a district or  
20 school is required to use to pay contributions under a group  
21 health coverage plan for district or school employees under  
22 Section [~~42.2514 or~~] 42.260, Education Code, other than amounts  
23 described by Section 42.260(c)(2)(B), are not used in computing  
24 whether the district or school complies with Section 1581.052.

25 SECTION 85. Section 26.01(e), Tax Code, is amended to  
26 read as follows:

27 (e) Except as provided by Subsection (f), not later than



1 April 30 [~~by June 7~~], the chief appraiser shall prepare and  
2 certify to the assessor for each county, municipality, and  
3 school district participating in the appraisal district an  
4 estimate of the taxable value of property in that taxing  
5 unit. The chief appraiser shall assist each county,  
6 municipality, and school district in determining values of  
7 property in that taxing unit for the taxing unit's budgetary  
8 purposes.

9 SECTION 86. Section 26.05, Tax Code, is amended by adding  
10 Subsection (g) to read as follows:

11 (g) Notwithstanding Subsection (a), the governing body of  
12 a school district that elects to adopt a tax rate before the  
13 adoption of a budget for the fiscal year that begins in the  
14 current tax year may adopt a tax rate for the current tax year  
15 before receipt of the certified appraisal roll for the school  
16 district if the chief appraiser of the appraisal district in  
17 which the school district participates has certified to the  
18 assessor for the school district an estimate of the taxable  
19 value of property in the school district as provided by Section  
20 26.01(e). If a school district adopts a tax rate under this  
21 subsection, the effective tax rate and the rollback tax rate of  
22 the district shall be calculated based on the certified estimate  
23 of taxable value.

24 SECTION 87. (a) Section 26.08, Tax Code, is amended by  
25 adding Subsection (p) to read as follows:

26 (p) Notwithstanding Subsections (i), (n), and (o), if for  
27 the preceding tax year a school district adopted a maintenance

1 and operations tax rate that was less than the district's  
2 effective maintenance and operations tax rate for that preceding  
3 tax year, the rollback tax rate of the district for the current  
4 tax year is calculated as if the district adopted a maintenance  
5 and operations tax rate for the preceding tax year that was  
6 equal to the district's effective maintenance and operations tax  
7 rate for that preceding tax year.

8 (b) Subsection (a), Section 45.001, Education Code, is  
9 amended to read as follows:

10 (a) The governing board of an independent school district,  
11 including the city council or commission that has jurisdiction  
12 over a municipally controlled independent school district, the  
13 governing board of a rural high school district, and the  
14 commissioners court of a county, on behalf of each common school  
15 district under its jurisdiction, may:

16 (1) issue bonds for:

17 (A) the construction, acquisition, and equipment  
18 of school buildings in the district;

19 (B) the acquisition of property or the  
20 refinancing of property financed under a contract entered under  
21 Subchapter A, Chapter 271, Local Government Code, regardless of  
22 whether payment obligations under the contract are due in the  
23 current year or a future year;

24 (C) the purchase of the necessary sites for  
25 school buildings; and

26 (D) the purchase of new school buses; and

27 (2) may levy, pledge, assess, and collect annual ad

1 valorem taxes sufficient to pay the principal of and interest on  
2 the bonds as or before the principal and interest become due,  
3 subject to Section 45.003.

4 (c) The change in law made by this section applies to the  
5 ad valorem tax rate of a school district beginning with the 2009  
6 tax year, except as provided by Subsection (d) of this section.

7 (d) If the governing body of a school district adopted an  
8 ad valorem tax rate for the school district for the 2009 tax  
9 year before the effective date of this section, the change in  
10 law made by this section applies to the ad valorem tax rate of  
11 that school district beginning with the 2010 tax year, and the  
12 law in effect when the tax rate was adopted applies to the 2009  
13 tax year with respect to that school district.

14 (e) This section takes effect immediately if this Act  
15 receives a vote of two-thirds of all the members elected to each  
16 house, as provided by Section 39, Article III, Texas  
17 Constitution. If this Act does not receive the vote necessary  
18 for immediate effect, this section takes effect September 1,  
19 2009.

20 SECTION 88. Section 31.06(a), Tax Code, is amended to read  
21 as follows:

22 (a) Except as provided by Section 31.061, taxes are  
23 payable only as provided by this section. A [~~in currency of the~~  
24 ~~United States. However, a~~] collector shall [~~may~~] accept United  
25 States currency or a check or money order in payment of taxes[~~7~~]  
26 and shall [~~may~~] accept payment by credit card or electronic  
27 funds transfer. [~~A collector and a person may enter into an~~

1 ~~agreement under which the person pays taxes by electronic funds~~  
2 ~~transfer. The agreement must:~~

3 ~~[(1) be in writing,~~

4 ~~[(2) be signed by the collector and the person; and~~

5 ~~[(3) specify the means or format of payment by electronic~~  
6 ~~funds transfer.]~~

7 SECTION 89. Section 311.013(n), Tax Code, is amended to  
8 read as follows:

9 (n) This subsection applies only to a school district  
10 whose taxable value computed under Section 403.302(d),  
11 Government Code, is reduced in accordance with Subdivision (4)  
12 ~~[(5)]~~ of that subsection. In addition to the amount otherwise  
13 required to be paid into the tax increment fund, the district  
14 shall pay into the fund an amount equal to the amount by which  
15 the amount of taxes the district would have been required to pay  
16 into the fund in the current year if the district levied taxes  
17 at the rate the district levied in 2005 exceeds the amount the  
18 district is otherwise required to pay into the fund in the year  
19 of the reduction~~[, not to exceed the amount the school district~~  
20 ~~realizes from the reduction in the school district's taxable~~  
21 ~~value under Section 403.302(d)(5), Government Code].~~

22 SECTION 90. (a) Section 5, Chapter 259 (H.B. 323), Acts  
23 of the 80th Legislature, Regular Session, 2007, is repealed.

24 (b) Section 547.701(e), Transportation Code, as added by  
25 Chapter 259 (H.B. 323), Acts of the 80th Legislature, Regular  
26 Session, 2007, takes effect September 1, 2009.

27 (c) Section 547.701, Transportation Code, is amended by

1 adding Subsection (f) to read as follows:

2 (f) A school district is required to comply with  
3 Subsection (e) only to the extent that the Texas Education  
4 Agency pays or commits to pay the district for expenses incurred  
5 in complying with that subsection. The Texas Education Agency  
6 may make grants of appropriated money for the purpose of paying  
7 school districts under this subsection.

8 SECTION 91. (a) The commissioner of education, in  
9 collaboration with the commissioner of higher education, shall  
10 conduct a study of dual credit programs and courses. The study  
11 must focus on the costs to the state, school district, community  
12 college, and student.

13 (b) The commissioner of education, in collaboration with  
14 the commissioner of higher education, shall, based on the  
15 results of the study, make recommendations to the 82nd  
16 Legislature on how to provide all students with the opportunity  
17 to earn 12 semester credit hours of college credit before  
18 graduating from high school, how to ensure efficient use of  
19 state resources regarding dual credit programs and courses, and  
20 how to promote the ability of students to access quality dual  
21 credit courses.

22 (c) The study required by this section may be consolidated  
23 with any other appropriate study regarding dual credit programs  
24 and courses.

25 SECTION 92. The Texas Education Agency shall evaluate  
26 whether providers of different types of electronic courses  
27 offered through the state virtual school network established

1 under Chapter 30A, Education Code, should receive varying  
2 amounts of state funding based on the type of course provided.  
3 Not later than January 1, 2011, the agency shall submit a report  
4 of its findings and recommendations to the legislature.

5 SECTION 93. The Texas Education Agency shall investigate  
6 the feasibility of making language acquisition courses available  
7 through the state virtual school network by obtaining state  
8 subscriptions or pursuing other possible means of access. Not  
9 later than January 1, 2011, the agency shall submit a report of  
10 its findings to the legislature. If the agency determines that  
11 it is feasible to make language acquisition courses available  
12 through the network, the report must include recommended  
13 mechanisms for ensuring progress towards language proficiency of  
14 students enrolled in those courses.

15 SECTION 94. (a) The Texas Education Agency shall  
16 investigate the feasibility of creating one or more series of  
17 courses to be provided through the state virtual school network  
18 that focus on the educational needs of students in alternative  
19 education settings, including students in disciplinary  
20 alternative education programs under Section 37.008, Education  
21 Code, students in juvenile justice alternative education  
22 programs under Section 37.011, Education Code, and students  
23 under the supervision of a juvenile probation department, the  
24 Texas Youth Commission, or the Texas Department of Criminal  
25 Justice. The series of courses to be investigated must include  
26 a series that would constitute a full-time educational program,  
27 a series that would offer only supplemental courses, and a

1 series that would offer courses through which students could  
2 recover academic credit for courses in which the students were  
3 previously unsuccessful.

4 (b) Not later than January 1, 2011, the agency shall  
5 submit a report of its findings to the legislature.

6 SECTION 95. (a) Notwithstanding any other provision of  
7 this Act, Sections 12.1331, 19.007(g), 19.009(d-2), and  
8 21.402(c-1), Education Code, as added by this Act, are expressly  
9 contingent on a determination by the commissioner of education  
10 that payment of wage and salary increases and associated  
11 benefits required by or associated with those sections are  
12 allowable uses of federal funds received by school districts and  
13 open-enrollment charter schools under the American Recovery and  
14 Reinvestment Act of 2009 (Pub. L. No. 111-5) and appropriated as  
15 part of the Foundation School Program. The commissioner may not  
16 make a determination under this subsection until the state's  
17 application to spend funds under the American Recovery and  
18 Reinvestment Act of 2009 has been approved by the United States  
19 government. The commissioner shall promptly notify school  
20 districts and open-enrollment charter schools of that  
21 determination. A determination by the commissioner under this  
22 subsection is final and may not be appealed.

23 (b) A school district or open-enrollment charter school  
24 may enter into an employment contract or agreement that is  
25 contingent on a determination of the commissioner of education  
26 under Subsection (a) of this section.

27 (c) The commissioner of education by rule may determine

1 the applicable minimum salary schedule for use by school  
2 districts during the 2010-2011 state fiscal biennium following a  
3 determination under Subsection (a) of this section. If the  
4 commissioner determines that federal funds received by school  
5 districts and open-enrollment charter schools under the American  
6 Recovery and Reinvestment Act of 2009 may not be used for  
7 purposes of Sections 12.1331, 19.007(g), 19.009(d-2), and  
8 21.402(c-1), Education Code, as added by this Act, those  
9 amendments have no effect in determining the salary required to  
10 be paid to an employee of a school district, including the  
11 Windham School District, or open-enrollment charter school.

12 SECTION 96. (a) The commissioner of education shall  
13 determine the percentage of entitlement in the foundation school  
14 program or other program that represents the use of education  
15 stabilization funds received under the American Recovery and  
16 Reinvestment Act of 2009 (Pub. L. No. 111-5). In order to  
17 receive that percentage of total funds available to a school  
18 district or open-enrollment charter school under the foundation  
19 school program or other program, a district or school may be  
20 required to apply to the commissioner using an application  
21 developed by the commissioner. The commissioner may require an  
22 applicant to make assurances as to the use and monitoring of  
23 funds applied for or other requirements, consistent with the  
24 American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-  
25 5).

26 (b) If any of the funds received by the state under the  
27 American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-



1 5) that were appropriated for the purpose of funding the  
2 foundation school program or other program are determined to be  
3 unavailable temporarily or permanently for that purpose, the  
4 commissioner shall reduce the total amount of funds to which a  
5 district or school is entitled under Chapters 41 and 42,  
6 Education Code, or other programs proportional to the percentage  
7 determined under Subsection (a) of this section. A reduction in  
8 funding under this subsection does not increase the entitlement  
9 of a district or school in any subsequent year.

10 (c) This section applies to funding provided under  
11 Chapters 41 and 42, Education Code, as amended by this Act, for  
12 the 2009-2010 and 2010-2011 school years. A decision by the  
13 commissioner under this section is final and may not be  
14 appealed.

15 SECTION 97. For purposes of interpreting and implementing  
16 Section 825.406, Government Code, the Teacher Retirement System  
17 of Texas may not consider salaries of personnel paid in whole or  
18 in part from education stabilization funds distributed to school  
19 districts under the American Recovery and Reinvestment Act of  
20 2009 (Pub. L. No. 111-5) as being paid from federal funds.

21 SECTION 98. The commissioner of education shall provide  
22 school districts with the maximum flexibility permitted under  
23 federal law in the administration of education stabilization  
24 funds distributed under the American Recovery and Reinvestment  
25 Act of 2009 (Pub. L. No. 111-5).

26 SECTION 99. Section 42.2516(b)(3), Education Code, as  
27 amended by this Act, applies as if that subdivision were in

1 effect in the state fiscal year beginning September 1, 2006, and  
2 any amounts due a district under that subdivision for the state  
3 fiscal years beginning September 1, 2006, September 1, 2007, and  
4 September 1, 2008, shall be paid to the district in the state  
5 fiscal year beginning September 1, 2009, at the time payments  
6 are made to the district under Section 42.259(f), Education  
7 Code.

8 SECTION 100. Section 44.004, Education Code, Sections  
9 3.005 and 4.008, Election Code, and Sections 26.01 and 26.05,  
10 Tax Code, as amended by this Act, apply only to ad valorem taxes  
11 imposed for a tax year beginning on or after the effective date  
12 of this Act.

13 SECTION 101. To the extent of any conflict, this Act  
14 prevails over S.B. No. 1969, Acts of the 81st Legislature,  
15 Regular Session, 2009.

16 SECTION 102. Sections 29.018, Education Code, as added by  
17 this Act, does not make an appropriation. A provision in that  
18 section that creates a new governmental program, creates a new  
19 entitlement, or imposes a new duty on a governmental entity is  
20 not mandatory during a fiscal period for which the legislature  
21 has not made specific appropriation to implement that provision.

22 SECTION 103. Section 44.908, Education Code, as added by  
23 this Act, applies to any expenditure of campus discretionary  
24 funds that occurs on or after September 1, 2009, regardless of  
25 the date on which the funds were raised.

26 SECTION 104. (a) The following provisions of the  
27 Education Code are repealed:

1           (1) Subchapter N, Chapter 21;  
2           (2) Sections 21.704(b) and 29.909;  
3           (3) Subsection (d), Section 30A.151;  
4           (4) Sections 30A.153 and 30A.154;  
5           (5) Sections 39.024(e), 39.114(c), and 42.103(e);  
6           (6) Sections 42.152(e), (f), (g), (h), (i), (j), (k),  
7 (l), (m), (n), (o), (p), (t), and (u); and  
8           (7) Sections 42.2511, 42.2512, and 42.2514.  
9           (b) Subchapter C, Chapter 1581, Insurance Code, is  
10 repealed.  
11           (c) Section 2, Chapter 1191 (H.B. 828), Acts of the 80th  
12 Legislature, Regular Session, 2007, is repealed.  
13           (d) Section 3, Chapter 1337 (S.B. 1788), Acts of the 80th  
14 Legislature, Regular Session, 2007, is repealed.  
15           (e) Section 40, Chapter 1504 (H.B. 6), Acts of the 77th  
16 Legislature, Regular Session, 2001, is repealed.  
17           SECTION 105. Except as otherwise provided by this Act,  
18 this Act takes effect September 1, 2009.

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SECTION 1. Section 7.024(a), Education Code, is amended to read as follows:

(a) The investment capital fund consists of money appropriated for purposes of ~~[transferred to]~~ the fund ~~[as provided by Section 42.152(t)]~~. The agency shall administer the fund. The purposes of this fund are to assist eligible public schools to implement practices and procedures consistent with deregulation and school restructuring in order to improve student achievement and to help schools identify and train parents and community leaders who will hold the school and the school district accountable for achieving high academic standards.

No equivalent provision.

House

SECTION 2. Sections 7.062(a) and (c), Education Code, are amended to read as follows:

(a) In this section, "wealth per student" means a school district's taxable value of property for the current tax year as determined under Subchapter M, Chapter 403, Government Code, ~~[or, if applicable, Section 42.2521,]~~ divided by the district's average daily attendance as determined under Section 42.005.

(c) Except as otherwise provided by this subsection, if the commissioner certifies that the amount appropriated for a state fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds the amount to which school districts are entitled under those subchapters for that year, the commissioner shall use the excess funds, in an

No equivalent provision.

Senate (revert to prior year)

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amount not to exceed \$20 million in any state fiscal year, for the purpose of making grants under this section. The use of excess funds under this subsection has priority over any provision of Chapter 42 that permits or directs the use of excess foundation school program funds, including Sections 42.2517, [~~42.2521,~~] 42.2522, and 42.2531. The commissioner is required to use excess funds as provided by this subsection only if the commissioner is not required to reduce the total amount of state funds allocated to school districts under Section 42.253(h).

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

(a) A charter holder is entitled to receive for the open-enrollment charter school funding under Chapter 42 equal to the greater of:

(1) the amount of funding per student in weighted average daily attendance, excluding enrichment funding under Sections 42.302(a-1)(2) and (3), as they existed on January 1, 2009, received for the school during the 2008-2009 school year and an additional amount of \$100 for each student in weighted average daily attendance; or

(2) the amount of funding per student in weighted average daily attendance, excluding enrichment funding under Section 42.302(a), to which the charter holder

SENATE VERSION

SECTION 1.\_\_\_\_. Section 12.106, Education Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (a-2) to read as follows:

(a) A charter holder is entitled to receive for the open-enrollment charter school funding under Chapter 42 equal to the greater of:

(1) the amount of funding per student in weighted average daily attendance, excluding enrichment funding under Section 42.302(a), that would have been received for the school during the 2009-2010 school year under Chapter 42 as it existed on January 1, 2009, and an additional amount of \$135 for each student in weighted average daily attendance; or

(2) the amount of funding per student in weighted average daily attendance, excluding enrichment funding under Section 42.302(a), to which the charter holder

CONFERENCE

House

Use Senate hold harmless year 2009-2010.

Use minimum amount of \$120/WADA.

Conform references accordingly.

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would be entitled for the school under Chapter 42 [as] if the school were a school district without a tier one local share for purposes of Section 42.253 and without any local revenue [{"LR"}] for purposes of Section 42.2516 [42.302].

(a-1) In determining funding for an open-enrollment charter school under Subsection (a)(2), adjustments under Sections 42.102, 42.103, 42.104, and 42.105 [~~and the district enrichment tax rate ("DTR") under Section 42.302~~] are based on the average adjustment [~~and average district enrichment tax rate~~] for the state.

(a-2) In addition to the funding provided by Subsection (a), a charter holder is entitled to receive for the open-enrollment charter school enrichment funding under Section 42.302(a) based on the state average tax effort.

No equivalent provision.

No equivalent provision.

SENATE VERSION

would be entitled for the school under Chapter 42 [as] if the school were a school district without a tier one local share for purposes of Section 42.253 and without any local revenue [{"LR"}] for purposes of Section 42.2516 [42.302].

(a-1) In determining funding for an open-enrollment charter school under Subsection (a), adjustments under Sections 42.102, 42.103, 42.104, and 42.105 [~~and the district enrichment tax rate ("DTR") under Section 42.302~~] are based on the average adjustment [~~and average district enrichment tax rate~~] for the state.

(a-2) In addition to the funding provided by Subsection (a), a charter holder is entitled to receive for the open-enrollment charter school enrichment funding under Section 42.302 based on the state average tax effort.

ARTICLE 1. PUBLIC SCHOOL FINANCE

SECTION \_\_. Section 11.168, Education Code, is amended to read as follows:

Sec. 11.168. USE OF DISTRICT RESOURCES PROHIBITED FOR CERTAIN PURPOSES. Except as provided by Section 45.109 (a-1) and (a-2), the [The] board of trustees of a school district may not enter into an agreement authorizing the use of school district employees, property, or resources for the provision of

Senate

CONFERENCE

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SECTION 4. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1331 to read as follows:

Sec. 12.1331. WAGE INCREASE FOR CERTAIN PROFESSIONAL STAFF. (a) This section applies to a charter holder that on January 1, 2009, operated an open-enrollment charter school.

(b) Beginning with the 2009-2010 school year, each charter holder shall increase the monthly salary of each classroom teacher, full-time speech pathologist, full-time librarian, full-time counselor, and full-time school nurse employed by the charter holder at an open-enrollment charter school by the greater of:

(1) \$80; or

(2) the maximum uniform amount that, when combined with any resulting increases in the amount of contributions made by the charter holder for social security coverage for the specified employees or by the charter holder on behalf of the specified employees under Section 825.405, Government Code, may be provided using 50 percent of any additional funding received by the charter holder as a result of changes made by H.B. No. 3646, Acts of the 81st Legislature, Regular Session, 2009, to Chapters 41 and 42 over the

materials or labor for the design, construction, or renovation of improvements to real property not owned or leased by the district.

SECTION 1.01. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1331 to read as follows:

Sec. 12.1331. SALARY INCREASE FOR CERTAIN PROFESSIONAL STAFF. (a) This section applies to a charter holder that on January 1, 2009, operated an open-enrollment charter school.

(b) Beginning with the 2009-2010 school year, each charter holder shall use at least the amount specified in Subsection (c) to increase the salaries of classroom teachers, full-time librarians, full-time counselors, and full-time school nurses employed by the charter holder who would be entitled to the minimum salary under Section 21.402 if employed by a school district or to pay for any resulting increases in the amount of contributions made by the charter holder for social security coverage for the specified employees or on behalf of the specified employees under Section 825.405, Government Code.

(c) The amount required to be used in accordance with Subsection (b) is the greater of:

(1) the product of \$65 multiplied by the number of students in weighted average daily attendance in the school during the 2009-2010 school year; or

(2) the product of \$800 multiplied by the number of

House

Modify subsection 2 to a per WADA amount equivalent to half the minimum per WADA increase (\$60/WADA).

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funding the charter holder would have received under Chapter 42, as it existed on January 1, 2009, as determined by the commissioner.

(c) A payment under Subsection (b) is in addition to wages the charter holder would otherwise pay the employee during the school year.

No equivalent provision.

No equivalent provision.

SENATE VERSION

classroom teachers, full-time librarians, full-time counselors, and full-time school nurses employed by the charter holder during the 2009-2010 school year who would be entitled to the minimum salary under Section 21.402 if employed by a school district.

(d) A payment under Subsection (b) is in addition to salary the charter holder would otherwise pay the employees during the school year.

SECTION 1.02. Section 19.007, Education Code, is amended by adding Subsection (g) to read as follows:

(g) In addition to other amounts received by the district under this section, the district is entitled to state aid in an amount equal to the greater of:

(1) the product of \$65 multiplied by the number of students in weighted average daily attendance in the district during the 2009-2010 school year; or

(2) the product of \$800 multiplied by the number of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time school nurses who are employed by the district during the 2009-2010 school year and who would be entitled to a minimum salary under Section 21.402 if employed by a school district operating under Chapter 11.

SECTION 1.03. Section 19.009, Education Code, is

CONFERENCE

Senate

(g)(1) and (d-2) Conform per WADA amount to half of minimum per WADA amount (\$60/WADA). Include speech pathologists. Make increases across the board (insert "each" between "salaries of" and "classroom" in (d-2). Ensure Windham may spend amounts on social security and retirement benefits in line with charter and district pay authority.



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amended by adding Subsection (d-2) to read as follows:  
(d-2) Beginning with the 2009-2010 school year, the district shall use the amount received by the district under Section 19.007(g) to increase the salaries of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time school nurses who are employed by the district and who would be entitled to a minimum salary under Section 21.402 if employed by a school district operating under Chapter 11 or to pay for any resulting increases in the amount of contributions made by the district for social security coverage for the specified employees or on behalf of the specified employees under Section 825.405, Government Code. A payment under this subsection is in addition to salary the district would otherwise pay the employees during the school year.

**SECTION 5. Effective September 1, 2009,**

Section 21.402, Education Code, is amended by amending Subsections (a), (d), and (g) and adding Subsections (c-1), (c-2), (c-3), and (c-4) to read as follows:

(a) Except as provided by Subsection (d), (e), or (f), a school district must pay each classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse not less than the minimum monthly salary, based on the employee's level of experience in addition to other factors, as determined

**SECTION 1.04.**

Section 21.402, Education Code, is amended by amending Subsections (a) and (d) and adding Subsections (c-1), (c-2), (c-3), and (c-4) to read as follows:

(a) Except as provided by Subsection (d), (e), or (f), a school district must pay each classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse not less than the minimum monthly salary, based on the employee's level of experience in addition to other factors, as determined

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by commissioner rule, determined by the following formula:

$$MS = SF \times FS$$

where:

"MS" is the minimum monthly salary;

"SF" is the applicable salary factor specified by Subsection (c); and

"FS" is the amount, as determined by the commissioner under Subsection (b), of state and local funds per weighted student, including funds provided under Section 42.2516 [~~42.2516(b)(1)(B), but not funds provided under Section 42.2516(b)(1)(A), (b)(1)(C), (b)(2), or (b)(3)~~], available to a district eligible to receive state assistance under Section 42.302 with a maintenance and operations tax rate per \$100 of taxable value equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50, except that the amount of state and local funds per weighted student does not include the amount attributable to the increase in the guaranteed level made by Chapter 1187, Acts of the 77th Legislature, Regular Session, 2001.

(c-1) Notwithstanding Subsection (a), for the 2009-2010 and 2010-2011 school years, each school district shall increase the monthly salary of each classroom teacher, full-time speech pathologist, full-time librarian, full-time counselor certified under Subchapter B, and full-time school nurse by the greater of:

(1) \$80; or

SENATE VERSION

by commissioner rule, determined by the following formula:

$$MS = SF \times FS$$

where:

"MS" is the minimum monthly salary;

"SF" is the applicable salary factor specified by Subsection (c); and

"FS" is the amount, as determined by the commissioner under Subsection (b), of state and local funds per weighted student, including funds provided under Section 42.2516 [~~42.2516(b)(1)(B), but not funds provided under Section 42.2516(b)(1)(A), (b)(1)(C), (b)(2), or (b)(3)~~], available to a district eligible to receive state assistance under Section 42.302 with a maintenance and operations tax rate per \$100 of taxable value equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50, except that the amount of state and local funds per weighted student does not include the amount attributable to the increase in the guaranteed level made by Chapter 1187, Acts of the 77th Legislature, Regular Session, 2001.

(c-1) Beginning with the 2009-2010 school year, each school district shall use at least the amount specified in Subsection (c-2) to increase the salary of each classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, and full-time nurse employed by the district or

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(2) the maximum uniform amount that, when combined with any resulting increases in the amount of contributions made by the district for social security coverage for the specified employees or by the district on behalf of the specified employees under Section 825.405, Government Code, may be provided using 50 percent of any additional funding received by the district as a result of changes made by H.B. No. 3646, Acts of the 81st Legislature, Regular Session, 2009, to Chapters 41 and 42 over the funding to which the district would have been entitled under Chapters 41 and 42, as those chapters existed on January 1, 2009, at the maintenance and operations tax rate equal to the rate adopted by the district for the 2008-2009 school year, as determined by the commissioner.

(c-2) An increase in salary under Subsection (c-1) does not include:

(1) any amount an employee would have received for the 2009-2010 or 2010-2011 school year, as applicable, under the district's salary schedule for the 2008-2009 school year, if that schedule had been in effect for the 2009-2010 or 2010-2011 school year, including any local supplement and any money representing a career ladder supplement the employee would have received in the 2009-2010 or 2010-2011 school year; or

(2) any part of the salary to which an employee is entitled under Subsection (a).

(c-3) Subsections (c-1) and (c-2) and this subsection expire September 1, 2011.

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to pay for any resulting increases in the amount of contributions made by the district for social security coverage for the specified employees or on behalf of the specified employees under Section 825.405, Government Code.

(c-2) The amount required to be used in accordance with Subsection (c-1) is the greater of:

(1) The maximum uniform amount that may be provided using the product of \$65 multiplied by the number of students in weighted average daily attendance in the district during the 2009-2010 school year, as determined by the commissioner; or

(2) \$800.

(c-3) An increase in salary under Subsection (c-1) is in addition to:

(1) any amount an employee would have received for the 2009-2010 school year under the district's salary schedule for the 2008-2009 school year, if that schedule had been in effect for the 2009-2010 school year, including any local supplement the employee would have received in the 2009-2010 school year; or

(2) any part of the salary to which an employee is entitled under Subsection (a).

(c-4) Subsections (c-1), (c-2), and (c-3) and this subsection expire September 1, 2010.

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(2) Conform amount to per WADA amount equivalent to half the minimum per WADA increase (\$60/WADA).

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(c-4) Notwithstanding any other provision of this section, the salary factor for purposes of this section for an employee with 21 or more years of experience is 1.0217.

(c-4) Senate

(d) A classroom teacher, full-time speech pathologist, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse employed by a school district in the 2010-2011 [~~2006-2007~~] school year is, as long as the employee is employed by the same district, entitled to a salary that is at least equal to the salary the employee received for the 2010-2011 [~~2006-2007~~] school year.

(d) A classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse employed by a school district in the 2009-2010 [~~2006-2007~~] school year is, as long as the employee is employed by the same district, entitled to a salary that is at least equal to the salary the employee received for the 2009-2010 [~~2006-2007~~] school year.

(d) House

(g) The commissioner may adopt rules to govern the application of this section, including rules that:

(g) House

(1) require the payment of a minimum salary under this section to a person employed in more than one capacity for which a minimum salary is provided and whose combined employment in those capacities constitutes full-time employment; and

(2) specify the credentials a person must hold to be considered a speech pathologist or school nurse under this section.

SECTION 6. Effective September 1, 2010, Section 21.402, Education Code, is amended by adding Subsection (c-4) to read as follows:

No equivalent provision.

Senate

(c-4) Notwithstanding any other provision of this section, the salary factors per step for purposes of this

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CONFERENCE

section for an employee with 21 or more years of experience are as follows:

Years Experience2122 and over

Salary Factor1.02171.0344

SECTION 7. Effective September 1, 2011, Section 21.402, Education Code, is amended by adding Subsection (c-4) to read as follows:

(c-4) Notwithstanding any other provision of this section, the salary factors per step for purposes of this section for an employee with 21 or more years of experience are as follows:

Years Experience212223 and over

Salary Factor1.02171.03441.0471

No equivalent provision.

Senate

SECTION 8. Effective September 1, 2012, Section 21.402, Education Code, is amended by adding Subsection (c-4) to read as follows:

(c-4) Notwithstanding any other provision of this section, the salary factors per step for purposes of this section for an employee with 21 or more years of experience are as follows:

Years Experience212223

Salary Factor1.02171.03441.0471

Years Experience24 and over

Salary Factor1.0598

No equivalent provision.

Senate

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SECTION 9. Effective September 1, 2013, Section 21.402, Education Code, is amended by adding Subsection (c-4) to read as follows:

(c-4) Notwithstanding any other provision of this section, the salary factors per step for purposes of this section for an employee with 21 or more years of experience are as follows:

Years Experience 21 22 23

Salary Factor 1.02171.03441.0471

Years Experience 24 25 and over

Salary Factor 1.05981.0725

No equivalent provision.

Senate

SECTION 10. Effective September 1, 2014, Section 21.402, Education Code, is amended by adding Subsection (c-4) to read as follows:

(c-4) Notwithstanding any other provision of this section, the salary factors per step for purposes of this section for an employee with 21 or more years of experience are as follows:

Years Experience 21 22 23

Salary Factor 1.02171.03441.0471

Years Experience 24 25 26 and over

Salary Factor 1.05981.07251.0852

No equivalent provision.

Senate

SECTION 11. Effective September 1, 2015, Section 21.402, Education Code, is amended by adding Subsection (c-4) to read as follows:

No equivalent provision.

Senate

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(c-4) Notwithstanding any other provision of this section, the salary factors per step for purposes of this section for an employee with 21 or more years of experience are as follows:

Years Experience 21 22 23

Salary Factor 1.02171.03441.0471

Years Experience 24 25 26

Salary Factor 1.05981.07251.0852

Years Experience 27 and over

Salary Factor 1.0979

SECTION 12. Effective September 1, 2016, Section 21.402, Education Code, is amended by adding Subsection (c-4) to read as follows:

(c-4) Notwithstanding any other provision of this section, the salary factors per step for purposes of this section for an employee with 21 or more years of experience are as follows:

Years Experience 21 22 23

Salary Factor 1.02171.03441.0471

Years Experience 24 25 26

Salary Factor 1.05981.07251.0852

Years Experience 27 28 and over

Salary Factor 1.09791.1106

No equivalent provision.

Senate

SECTION 13. Effective September 1, 2017, Section 21.402, Education Code, is amended by adding

No equivalent provision.

Senate

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Subsection (c-4) to read as follows:

(c-4) Notwithstanding any other provision of this section, the salary factors per step for purposes of this section for an employee with 21 or more years of experience are as follows:

Years Experience 21 22 23

Salary Factor 1.02171.03441.0471

Years Experience 24 25 26

Salary Factor 1.05981.07251.0852

Years Experience 27 28 29 and over

Salary Factor 1.09791.11061.1233

SECTION 14. Effective September 1, 2018, Section 21.402, Education Code, is amended by adding Subsection (c-4) to read as follows:

(c-4) Notwithstanding any other provision of this section, the salary factors per step for purposes of this section for an employee with 21 or more years of experience are as follows:

Years Experience 21 22 23

Salary Factor 1.02171.03441.0471

Years Experience 24 25 26

Salary Factor 1.05981.07251.0852

Years Experience 27 28 29

Salary Factor 1.09791.11061.1233

Years Experience 30 and over

Salary Factor 1.1360

No equivalent provision.

Senate



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SECTION 15. Effective September 1, 2019, Section 21.402, Education Code, is amended by adding Subsection (c-4) to read as follows:

(c-4) Notwithstanding any other provision of this section, the salary factors per step for purposes of this section for an employee with 21 or more years of experience are as follows:

Years Experience 212223

Salary Factor 1.02171.03441.0471

Years Experience 242526

Salary Factor 1.05981.07251.0852

Years Experience 272829

Salary Factor 1.09791.11061.1233

Years Experience 3031 and over

Salary Factor 1.13601.1487

No equivalent provision.

Senate

SECTION 16. Effective September 1, 2020, Section 21.402, Education Code, is amended by adding Subsection (c-4) to read as follows:

(c-4) Notwithstanding any other provision of this section, the salary factors per step for purposes of this section for an employee with 21 or more years of experience are as follows:

Years Experience 212223

Salary Factor 1.02171.03441.0471

Years Experience 242526

Salary Factor 1.05981.07251.0852

Years Experience 272829

No equivalent provision.

Senate

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Salary Factor1.09791.11061.1233  
Years Experience303132 and over  
Salary Factor1.13601.14871.1614

SECTION 17. Effective September 1, 2021, Section 21.402, Education Code, is amended by adding Subsection (c-4) to read as follows:

(c-4) Notwithstanding any other provision of this section, the salary factors per step for purposes of this section for an employee with 21 or more years of experience are as follows:

Years Experience212223  
Salary Factor1.02171.03441.0471  
Years Experience242526  
Salary Factor1.05981.07251.0852  
Years Experience272829  
Salary Factor1.09791.11061.1233  
Years Experience303132  
Salary Factor1.13601.14871.1614  
Years Experience33 and over  
Salary Factor1.1741

No equivalent provision.

Senate

SECTION 18. Effective September 1, 2022, Section 21.402, Education Code, is amended by adding Subsection (c-4) to read as follows:

(c-4) Notwithstanding any other provision of this section, the salary factors per step for purposes of this

No equivalent provision.

Senate

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section for an employee with 21 or more years of experience are as follows:

Years Experience212223

Salary Factor1.02171.03441.0471

Years Experience242526

Salary Factor1.05981.07251.0852

Years Experience272829

Salary Factor1.09791.11061.1233

Years Experience303132

Salary Factor1.13601.14871.1614

Years Experience3334 and over

Salary Factor1.17411.1868

SECTION 19. Effective September 1, 2023, Section 21.402, Education Code, is amended by adding Subsection (c-4) to read as follows:

(c-4) Notwithstanding any other provision of this section, the salary factors per step for purposes of this section for an employee with 21 or more years of experience are as follows:

Years Experience212223

Salary Factor1.02171.03441.0471

Years Experience242526

Salary Factor1.05981.07251.0852

Years Experience272829

Salary Factor1.09791.11061.1233

Years Experience303132

Salary Factor1.13601.14871.1614

No equivalent provision.

Senate

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Years Experience333435 and over  
Salary Factor1.17411.18681.1995

SECTION 20. Effective September 1, 2009, Section 21.403(a), Education Code, is amended to read as follows:

(a) A teacher, librarian, counselor, or nurse shall advance one step on the minimum salary schedule under Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until step 21 [~~20~~] is reached.

No equivalent provision.

Senate

SECTION 21. Effective September 1, 2010, Section 21.403(a), Education Code, is amended to read as follows:

(a) A teacher, librarian, counselor, or nurse shall advance one step on the minimum salary schedule under Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until step 22 [~~20~~] is reached.

No equivalent provision.

Senate

SECTION 22. Effective September 1, 2011, Section 21.403(a), Education Code, is amended to read as follows:

(a) A teacher, librarian, counselor, or nurse shall advance one step on the minimum salary schedule under

No equivalent provision.

Senate

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Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until step 23 [20] is reached.

SECTION 23. Effective September 1, 2012, Section 21.403(a), Education Code, is amended to read as follows:

(a) A teacher, librarian, counselor, or nurse shall advance one step on the minimum salary schedule under Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until step 24 [20] is reached.

SECTION 24. Effective September 1, 2013, Section 21.403(a), Education Code, is amended to read as follows:

(a) A teacher, librarian, counselor, or nurse shall advance one step on the minimum salary schedule under Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until step 25 [20] is reached.

SECTION 25. Effective September 1, 2014, Section 21.403(a), Education Code, is amended to read as follows:

(a) A teacher, librarian, counselor, or nurse shall

No equivalent provision.

Senate

No equivalent provision.

Senate

No equivalent provision.

Senate

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advance one step on the minimum salary schedule under Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until step 26 [~~20~~] is reached.

SECTION 26. Effective September 1, 2015, Section 21.403(a), Education Code, is amended to read as follows:

(a) A teacher, librarian, counselor, or nurse shall advance one step on the minimum salary schedule under Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until step 27 [~~20~~] is reached.

SECTION 27. Effective September 1, 2016, Section 21.403(a), Education Code, is amended to read as follows:

(a) A teacher, librarian, counselor, or nurse shall advance one step on the minimum salary schedule under Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until step 28 [~~20~~] is reached.

SECTION 28. Effective September 1, 2017, Section 21.403(a), Education Code, is amended to read as follows:

No equivalent provision.

Senate

No equivalent provision.

Senate

No equivalent provision.

Senate

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(a) A teacher, librarian, counselor, or nurse shall advance one step on the minimum salary schedule under Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until step 29 [20] is reached.

SECTION 29. Effective September 1, 2018, Section 21.403(a), Education Code, is amended to read as follows:

(a) A teacher, librarian, counselor, or nurse shall advance one step on the minimum salary schedule under Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until step 30 [20] is reached.

SECTION 30. Effective September 1, 2019, Section 21.403(a), Education Code, is amended to read as follows:

(a) A teacher, librarian, counselor, or nurse shall advance one step on the minimum salary schedule under Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until step 31 [20] is reached.

SECTION 31. Effective September 1, 2020, Section 21.403(a), Education Code, is amended to read as

No equivalent provision.

Senate

No equivalent provision.

Senate

No equivalent provision.

Senate

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follows:

(a) A teacher, librarian, counselor, or nurse shall advance one step on the minimum salary schedule under Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until step 32 [20] is reached.

SECTION 32. Effective September 1, 2021, Section 21.403(a), Education Code, is amended to read as follows:

(a) A teacher, librarian, counselor, or nurse shall advance one step on the minimum salary schedule under Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until step 33 [20] is reached.

SECTION 33. Effective September 1, 2022, Section 21.403(a), Education Code, is amended to read as follows:

(a) A teacher, librarian, counselor, or nurse shall advance one step on the minimum salary schedule under Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until step 34 [20] is reached.

SECTION 34. Effective September 1, 2023, Section

~~No equivalent provision.~~

Senate

~~No equivalent provision.~~

Senate

~~No equivalent provision.~~

Senate



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21.403(a), Education Code, is amended to read as follows:

(a) A teacher, librarian, counselor, or nurse shall advance one step on the minimum salary schedule under Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until step 35 [20] is reached.

SECTION 35. Section 21.415(a), Education Code, is amended to read as follows:

(a) A school district shall provide in employment contracts that qualifying employees may receive an incentive payment under an awards program established under Subchapter [N or] O if the district participates in the program.

SECTION 36. Sections 21.703(a) and (d), Education Code, are amended to read as follows:

(a) Each state fiscal year, the commissioner shall deposit an amount determined by the General Appropriations Act [the sum of \$1,000 multiplied by the number of classroom teachers in this state]

to the credit of the educator excellence fund in the general revenue fund. Each state fiscal year, the agency shall use[=

[~~(1) not more than \$100 million of the funds in the educator excellence fund to provide grant awards under~~

SECTION 1.05. Same as House version.

House

SECTION 1.06. Section 21.703(a), Education Code, is amended to read as follows:

(a) Each state fiscal year, the commissioner shall deposit the sum of \$1,000 multiplied by the number of classroom teachers in this state

to the credit of the educator excellence fund in the general revenue fund. Each state fiscal year, the agency shall use the[=

[~~(1) not more than \$100 million of the funds in the educator excellence fund to provide grant awards under~~

(a) House

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~~the awards for student achievement program established under Subchapter N; and~~

~~[(2) any remaining]~~ funds in the educator excellence fund to provide a qualifying school district a grant in an amount determined by:

(1) ~~[(A)]~~ dividing the amount of ~~[remaining]~~ money available for distribution in the educator excellence fund by the total number of students in weighted average daily attendance in qualifying districts for that fiscal year; and

(2) ~~[(B)]~~ multiplying the amount determined under Subdivision (1) [Paragraph (A)] by the number of students in weighted average daily attendance in the district.

(d) Notwithstanding Subsection (a) ~~[or (b)]~~, the agency may use funds in the educator excellence fund as necessary to conduct or contract with another entity to conduct the evaluation required under Section 21.706. This subsection expires June 1, 2011.

SECTION 37. Section 21.704, Education Code, is amended by adding Subsection (c-1) to read as follows:  
(c-1) A local awards plan must provide for teachers and principals eligible to receive awards under the plan to be notified of the specific criteria and any formulas on which the awards will be based before the beginning of the period on which the awards will be based.

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~~the awards for student achievement program established under Subchapter N; and~~

~~[(2) any remaining]~~ funds in the educator excellence fund to provide a qualifying school district a grant in an amount determined by:

(1) ~~[(A)]~~ dividing the amount of ~~[remaining]~~ money available for distribution in the educator excellence fund by the total number of students in average daily attendance in qualifying districts for that fiscal year; and

(2) ~~[(B)]~~ multiplying the amount determined under Subdivision (1) [Paragraph (A)] by the number of students in average daily attendance in the district.

SECTION \_\_. Same as House version.

CONFERENCE

(1) Senate

(2) Senate

(d) Conform reference accordingly.

House

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SECTION 38. Section 21.705, Education Code, is amended to read as follows:

Sec. 21.705. AWARD PAYMENTS. A school district must use at least 30 [60] percent of grant funds awarded to the district under this subchapter to directly award classroom teachers who effectively improve student achievement as determined by meaningful, objective measures. The remaining funds must be used only to:

(1) recruit and retain highly qualified teachers and principals for campuses serving a disproportionately high number of economically disadvantaged students or students of limited English proficiency, as defined by Section 29.052;

(2) recruit and retain teachers certified under Subchapter B in mathematics, science, special education, bilingual education, or English as a second language;

(3) provide teacher induction and mentoring support; or

(4) provide funding for previously developed incentive programs [~~provide stipends to effective mentors or teacher coaches;~~

~~[(2) provide stipends to classroom teachers who are certified in a subject that is designated by the commissioner as commonly experiencing a critical shortage of teachers;~~

~~[(3) provide stipends to classroom teachers who are certified under Subchapter B in the main subject area in which they teach;~~

~~[(4) provide stipends to classroom teachers with proven records of success for improving student performance~~

SENATE VERSION

No equivalent provision.

CONFERENCE

Use the following language:

Sec. 21.705. AWARD PAYMENTS. A school district must use at least 60 percent of grant funds awarded to the district under this subchapter to directly award classroom teachers and principals who effectively improve student achievement as determined by meaningful, objective measures. The remaining funds must be used only to:

(1) ~~provide stipends to effective mentors or teacher coaches~~ provide teacher induction and mentoring support including stipends to effective mentors or teacher coaches;

(2) provide stipends to classroom teachers who are certified in a subject that is designated by the commissioner as commonly experiencing a critical shortage of teachers;

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~~who are assigned to campuses at which the district has experienced difficulty assigning or retaining teachers;~~  
~~[(5) provide stipends to classroom teachers who hold postgraduate degrees;~~  
~~[(6) provide awards to principals who effectively increase student performance as determined by objective measures;~~  
~~[(7) provide awards to other campus employees who demonstrate excellence; or~~  
~~[(8) implement the components of a Teacher Advancement Program (TAP), including:~~  
~~[(A) an instructionally focused accountability system;~~  
~~and~~  
~~[(B) the adjustment of teaching schedules to permit ongoing applied professional growth].~~

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(3) provide stipends to classroom teachers who are certified under Subchapter B in the main subject area in which they teach;

(4) provide stipends to recruit and retain classroom teachers and principals with proven records of success for improving student performance who are assigned to campuses at which the district has experienced difficulty assigning or retaining teachers;

(5) ~~provide stipends to classroom teachers who hold postgraduate degrees;~~

~~(6) provide awards to principals who effectively increase student performance as determined by objective measures;~~

(7) provide awards to other campus employees who demonstrate excellence; or

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(8\_6) implement the components of a Teacher Advancement Program (TAP), including:

(A) an instructionally focused accountability system; and

(B) the adjustment of teaching schedules to permit ongoing applied professional growth.

(7) provide funding for previously developed incentive programs.

SECTION 39. Section 21.706(a), Education Code, is amended to read as follows:

(a) Using funds from the educator excellence fund created under Section 21.703, the agency shall conduct or contract with another entity to conduct a comprehensive evaluation of the ~~[awards for student achievement program established under Subchapter N and the educator excellence awards]~~ program ~~[established under this subchapter]~~. The evaluation must include:

(1) a descriptive analysis of the design and

SECTION 1.07. Same as House version.

House

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implementation of the ~~[awards for student achievement program and the educator excellence awards]~~ program at participating campuses or school districts, including detailed descriptions of the models and approaches used by the campuses or districts in distributing incentive awards to classroom teachers;

(2) detailed information regarding the distribution of incentive awards to classroom teachers under the ~~[awards for student achievement program and the educator excellence awards]~~ program, including the measurements used by the campuses or districts in determining the amounts of incentive awards to distribute to classroom teachers;

(3) a comprehensive, quantitative analysis of the impact of the ~~[awards for student achievement program and the educator excellence awards]~~ program at participating campuses or districts, including the impact of the various incentive award distribution models used by the campuses or districts on key outcomes in the program ~~[programs]~~; and

(4) a summary of the approaches used by participating campuses or districts in distributing grant funds that are not specifically designated for distribution as incentive awards for classroom teachers and an assessment of whether those funds are used effectively by the participating campuses or districts.

SECTION 40. Section 21.707, Education Code, is

No equivalent provision.

Senate

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amended to read as follows:

Sec. 21.707. RULES. The commissioner shall adopt rules necessary to administer this subchapter. The rules may not establish additional criteria for local awards plans other than those established by this subchapter, except as necessary to provide financial accountability for the grants.

SECTION 41. Subchapter A, Chapter 29, Education Code, is amended by adding Section 29.018 to read as follows:

Sec. 29.018. SPECIAL EDUCATION GRANT. (a) From funds appropriated for the purposes of this section, federal funds, or any other funds available, the commissioner shall make grants available to school districts to assist districts in covering the cost of educating students with disabilities.

(b) A school district is eligible to apply for a grant under this section if:

(1) the district does not receive sufficient funds, including state funds provided under Section 42.151 and federal funds, for a student with disabilities to pay for the special education services provided to the student; or

(2) the district does not receive sufficient funds, including state funds provided under Section 42.151 and federal funds, for all students with disabilities in the district to pay for the special education services provided to the students.

No equivalent provision.

House

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(c) A school district that applies for a grant under this section must provide the commissioner with a report comparing the state and federal funds received by the district for students with disabilities and the expenses incurred by the district in providing special education services to students with disabilities.

(d) Expenses that may be included by a school district in applying for a grant under this section include the cost of training personnel to provide special education services to a student with disabilities.

(e) A school district that receives a grant under this section must educate students with disabilities in the least restrictive environment that is appropriate to meet the student's educational needs.

(f) The commissioner shall adopt rules as necessary to administer this section.

SECTION 42. Section 29.082, Education Code, is amended by adding Subsection (h) to read as follows:

(h) The commissioner shall give priority to applications for extended year programs to districts with high concentrations of educationally disadvantaged students.

~~No equivalent provision.~~

House

SECTION 43. Section 29.0822, Education Code, is amended by amending Subsections (a), (c), and (d) and adding Subsection (e) to read as follows:

(a) Notwithstanding Section 25.081 or 25.082, a school

~~No equivalent provision.~~

House



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district may apply to the commissioner to provide a flexible school day program for students [~~in grades nine through 12~~] who:

- (1) have dropped out of school or are at risk of dropping out of school as defined by Section 29.081; [or]
- (2) attend a campus that is implementing an innovative redesign of the campus or an early college high school under a plan approved by the commissioner; or
- (3) as a result of attendance requirements under Section 25.092, will be denied credit for one or more classes in which the students have been enrolled.

(c) Except in the case of a course designed for a student described by Subsection (a)(3), a [A] course offered in a program under this section must provide for at least the same number of instructional hours as required for a course offered in a program that meets the required minimum number of instructional days under Section 25.081 and the required length of school day under Section 25.082.

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

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but attendance may be cumulated over a school year, including any summer or vacation session. The attendance of students who accumulate less than the number of attendance hours required under this subsection shall be proportionately reduced for funding purposes. The commissioner may:

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

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

(e) A student described by Subsection (a)(3) may enroll in a course in a program under this section offered during the school year or during the period in which school is recessed for the summer to enable the student to earn class credit that, as a result of attendance requirements under Section 25.092, the student would not otherwise be able to receive without retaking the class.

SECTION 44. Section 29.085, Education Code, is amended by adding Subsection (e) to read as follows:

(e) From funds appropriated for the purpose, the commissioner shall distribute funds for programs under this section. In distributing those funds, the

No equivalent provision.

House

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commissioner shall give preference to school districts that received funds for a program under this section for the preceding school year and then to the districts that have the highest concentration of students who are pregnant or who are parents. To receive funds for a program under this section, a school district must apply to the commissioner. A program established under this section is required only in school districts in which the program is financed by funds distributed under this subsection and any other funds available for the program.

No equivalent provision.

SENATE VERSION

SECTION \_\_. Section 28.009, Education Code, is amended by adding Subsection (a-2) to read as follows:  
(a-2) A school district is not required to pay a student's tuition or other associated costs for taking a course under this section.

CONFERENCE

Senate - Sunset after two years. Include the following language:

DUAL CREDIT COST STUDY

The commissioner of education, in collaboration with commissioner of higher education and the comptroller, shall conduct a study of dual credit. The study shall focus on the costs to the state, the district, the community college and the student. The commissioner shall make recommendations to the legislature that fulfill the purpose of providing all students access to 12 college credits before they graduate high school, efficient use of state resources, and ability of students to access quality dual credit courses. The commissioner may consolidate this study, as appropriate, with any other dual credit study.

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SECTION 45. Section 29.097(g), Education Code, is amended to read as follows:

(g) For purposes of Subsection (f)(2), a school district is encouraged to use funds allocated under Section 42.160 [~~42.2516(b)(3)~~].

SECTION 46. Section 29.098(h), Education Code, is amended to read as follows:

(h) For purposes of Subsection (g)(2), a school district is encouraged to use funds allocated under Section 42.160 [~~42.2516(b)(3)~~].

SECTION 47. Section 29.918(a), Education Code, is amended to read as follows:

(a) Notwithstanding Section [~~39.114 or~~] 42.152 ~~or~~ 42.160,

a school district or open-enrollment charter school with a high dropout rate, as determined by the commissioner, must submit a plan to the commissioner describing the manner in which the district or charter school intends to use the compensatory education allotment under Section 42.152 and the high school allotment under Section 42.160 [~~42.2516(b)(3)~~] for developing and implementing research-based strategies for dropout prevention. The district or charter school shall submit the plan not later than December 1 of each school year preceding the school year in which the district or charter school will

SENATE VERSION

SECTION 2.01. Same as House version. (p 105)

SECTION 2.02. Same as House version. (p. 105)

SECTION 2.03. Substantively the same as the House Version. (p.105)

House

House

Conform accordingly.

CONFERENCE

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receive the compensatory education allotment or high school allotment to which the plan applies.

SECTION 48. Section 29.919(e), Education Code, is amended to read as follows:

(e) As a condition of receiving a state grant, a campus must contribute additional funding for activities provided at the campus through the program, in an amount equal to at least \$100 each school year for each student in an eligible grade level served through the program. The additional funding required by this subsection may consist of local funds, private funds, or state funds other than grant funds provided under this section. For program activities provided at the high school level, the high school allotment provided under Section 42.160 [~~42.2516(b)(3)~~] may be used to meet the additional funding requirement prescribed by this subsection.

SECTION 2.04. Same as House version. (p.106)

House

SECTION 49. Section 33.002(a), Education Code, is amended to read as follows:

(a) From funds appropriated for the purpose or other funds that may be used for the purpose, the commissioner shall distribute funds for programs under this subchapter. In distributing those funds, the commissioner shall give preference to a school district that received funds under this subsection for the preceding school year and then to the districts that have

~~No equivalent provision.~~

House

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the highest concentration of students at risk of dropping out of school, as described by Section 29.081. To receive funds for the program, a school district must apply to the commissioner. For each school year that a school district receives funds under this subsection, the district shall allocate an amount of local funds for school guidance and counseling programs that is equal to or greater than the amount of local funds that the school district allocated for that purpose during the preceding school year. This section applies only to a school district that receives funds as provided by this subsection [Section 42.152(i)].

SECTION 50. Sections 39.024(c) and (d), Education Code, are amended to read as follows:

(c) Using funds appropriated for purposes of this subsection, the [The] agency shall develop study guides for the assessment instruments administered under Sections 39.023(a) and (c). To assist parents in providing assistance during the period that school is recessed for summer, each school district shall distribute the study guides to parents of students who do not perform satisfactorily on one or more parts of an assessment instrument administered under this subchapter.

(d) Using funds appropriated for purposes of this subsection, the [The] agency shall develop and make available teacher training materials and other teacher training resources to assist teachers in enabling students

No equivalent provision.

House

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of limited English proficiency to meet state performance expectations. The teacher training resources shall be designed to support intensive, individualized, and accelerated instructional programs developed by school districts for students of limited English proficiency.

SECTION 51. Section 39.031, Education Code, is amended to read as follows:

Sec. 39.031. COST. ~~[(a)]~~ The cost of preparing, administering, or grading the assessment instruments and ~~[shall be paid from the funds allotted under Section 42.152, and each district shall bear the cost in the same manner described for a reduction in allotments under Section 42.253. If a district does not receive an allotment under Section 42.152, the commissioner shall subtract the cost from the district's other foundation school fund allotments.~~

~~[(b) The cost of]~~ releasing the question and answer keys under Section 39.023(e) shall be paid from amounts appropriated to the agency.

SECTION 52. The heading to Section 39.114, Education Code, is amended to read as follows:

Sec. 39.114. USE OF HIGH SCHOOL ALLOTMENT.

SECTION 53. Sections 39.114(a) and (b), Education

No equivalent provision.

House

SECTION 1.08. Same as House version.

House

SECTION 1.09. Sections 39.114(a), (b), and (d),

House

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Code, are amended to read as follows:

(a) Except as provided by Subsection (b), a school district or campus must use funds allocated under Section 42.160 [~~42.2516(b)(3)~~] to:

(1) implement or administer a college readiness program that provides academic support and instruction to prepare underachieving students for entrance into an institution of higher education;

(2) implement or administer a program that encourages students to pursue advanced academic opportunities, including early college high school programs and dual credit, advanced placement, and international baccalaureate courses;

(3) implement or administer a program that provides opportunities for students to take academically rigorous course work, including four years of mathematics and four years of science at the high school level;

(4) implement or administer a program, including online course support and professional development, that aligns the curriculum for grades six through 12 with postsecondary curriculum and expectations; or

(5) implement or administer other high school completion and success initiatives in grades six through 12 approved by the commissioner.

(b) A school district may use funds allocated under Section 42.160 [~~42.2516(b)(3)~~] on any instructional program in grades six through 12 other than an athletic program if:

(1) the district is recognized as exceptional by the

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Education Code, are amended to read as follows:

(a) Except as provided by Subsection (b), a school district or campus must use funds allocated under Section 42.160 [~~42.2516(b)(3)~~] to:

(1) implement or administer a college readiness program that provides academic support and instruction to prepare underachieving students for entrance into an institution of higher education;

(2) implement or administer a program that encourages students to pursue advanced academic opportunities, including early college high school programs and dual credit, advanced placement, and international baccalaureate courses;

(3) implement or administer a program that provides opportunities for students to take academically rigorous course work, including four years of mathematics and four years of science at the high school level;

(4) implement or administer a program, including online course support and professional development, that aligns the curriculum for grades six through 12 with postsecondary curriculum and expectations; or

(5) implement or administer other high school completion and success initiatives in grades six through 12 approved by the commissioner.

(b) A school district may use funds allocated under Section 42.160 [~~42.2516(b)(3)~~] on any instructional program in grades six through 12 other than an athletic program if:

(1) the district is recognized as exceptional by the

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commissioner under the academic accountability indicator adopted under Section 39.051(b)(13); and  
(2) the district's completion rates for grades nine through 12 meet or exceed completion rate standards required by the commissioner to achieve a rating of exemplary under Section 39.072.

SECTION 54. Section 41.001, Education Code, is amended to read as follows:

Sec. 41.001. DEFINITIONS. In this chapter:

(1) "Effective tax rate" has the meaning assigned by Section 42.010.

(2) "Equalized wealth level" means the wealth per student provided by Section 41.002.

(3) [(2)] "Wealth per student" means the taxable value of property, as determined under Subchapter M, Chapter 403, Government Code, divided by the number of students in weighted average daily attendance.

(4) [(3)] "Weighted average daily attendance" has the meaning assigned by Section 42.302.

SECTION 55. Subchapter A, Chapter 41, Education Code, is amended by adding Sections 41.0011 and

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commissioner under the academic accountability indicator adopted under Section 39.051(b)(13); and  
(2) the district's completion rates for grades nine through 12 meet or exceed completion rate standards required by the commissioner to achieve a rating of exemplary under Section 39.072.

~~(d) The commissioner shall adopt rules to administer this section], including rules related to the permissible use of funds allocated under this section to an open enrollment charter school].~~

No equivalent provision.

No equivalent provision.

CONFERENCE

House

Senate (revert to prior year)

Senate (revert to prior year)

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41.0012 to read as follows:

Sec. 41.0011. REFERENCES TO TAXABLE VALUE OF DISTRICT PROPERTY. A reference in this chapter to the taxable value of property in a district, as determined under Subchapter M, Chapter 403, Government Code, refers to the value for the current year unless otherwise specified.

Sec. 41.0012. MODIFICATION FOR DISTRICTS WITH SPECIAL LAW TAXING AUTHORITY. (a) This section applies only to a school district that imposed a maintenance and operations tax for the 2005 tax year at a rate greater than \$1.50 per \$100 of taxable value, as permitted by special law.

(b) For any district to which this section applies, the commissioner shall implement any provision of this chapter that refers to a maintenance and operations tax rate equal to the lesser of \$1 or a district's effective rate less six cents, or that makes a substantially similar reference, as if the provision referred to a rate equal to the lesser of:

- (1) the rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year; or
- (2) a district's effective maintenance and operations tax rate less six cents.

SECTION 56. Section 41.002(a), Education Code, is amended to read as follows:

SECTION 1.10. Section 41.002(a), Education Code, is amended to read as follows:

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

(1) the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student available to a district described by Section 42.101(b) [at the 88th percentile in wealth per student], for the district's maintenance and operations tax effort equal to or less than an effective tax rate of the lesser of \$1.00 or the rate that is six cents less than the district's effective maintenance and operations tax rate [the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year]; or

(2) the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student per cent of tax effort available to a district under Section 42.302 for each cent of a district's tax rate other than the last six cents of that rate [the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board], for [the first six cents by which] the district's maintenance and operations tax effort that [rate] exceeds the tax effort described by Subdivision (1) [rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, subject to Section 41.093(b-1); or

SENATE VERSION

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

(1) ~~\$475,000 [the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student available to a district at the 88th percentile in wealth per student],~~ for the district's maintenance and operations tax effort equal to or less than the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;

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

CONFERENCE

Senate - Rework using House concept that automatically adjust the equalized wealth level to whatever the basic allotment is.

Senate

Senate

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~~[(3) \$319,500, for the district's maintenance and operations tax effort that exceeds the first six cents by which the district's maintenance and operations tax effort exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year].~~

SECTION 57. Section 41.002(e), Education Code, is amended to read as follows:

(e) Notwithstanding Subsection (a), ~~[and except as provided by Subsection (g);]~~ in accordance with a determination of the commissioner, the wealth per student that a school district may have after exercising an option under Section 41.003(2) or (3) may not be less than the amount needed to maintain state and local revenue in an amount equal to state and local revenue per weighted student for maintenance and operation of the district for the 1992-1993 school year less the district's current year distribution per weighted student from the available school fund, other than amounts distributed under Chapter 31, if the district imposes an effective tax rate for maintenance and operation of the district equal to the greater of the district's current tax rate or \$1.50 on the \$100 valuation of taxable property.

SECTION 58. Subchapter A, Chapter 41, Education

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(3) \$319,500, for the district's maintenance and operations tax effort that exceeds the first six cents by which the district's maintenance and operations tax effort exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year.

No equivalent provision.

No equivalent provision.

CONFERENCE

Senate

Senate

Senate

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Code, is amended by adding Section 41.0032 to read as follows:

Sec. 41.0032. TOLLING OF ACTION TO ACHIEVE EQUALIZED WEALTH LEVEL. (a) Notwithstanding any other provision of this chapter, if a school district would otherwise be required by this chapter to take action to achieve the equalized wealth level for the first time for the 2009-2010 or a later school year, the district is not required to take that action until the following school year.

(b) For purposes of this section, a district is not required to take action to achieve the equalized wealth level until the cost to the district to purchase attendance credits under Subchapter D exceeds the amount to which the district is entitled under Section 42.2516.

(c) The commissioner may adopt rules implementing this section as necessary to provide for a district described by this section a one-year tolling of the deadlines specified in this chapter.

SECTION 59. Section 41.093(b-1), Education Code, is amended to read as follows:

(b-1) If the guaranteed level of state and local funds per weighted student per cent of tax effort under Section 42.302(g) [~~42.302(a-1)(2)~~] for which state funds are appropriated for a school year is an amount at least equal to the amount of revenue per weighted student per cent of tax effort available to the Austin Independent School

SECTION 1.11. Section 41.093(b-1), Education Code, is amended to read as follows:

(b-1) If the guaranteed level of state and local funds per weighted student per cent of tax effort under Section 42.302(a-1)(1) [~~42.302(a-1)(2)~~] for which state funds are appropriated for a school year is an amount at least equal to the amount of revenue per weighted student per cent of tax effort available to the Austin Independent School

Conform accordingly. Senate

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District, as determined by the commissioner in cooperation with the Legislative Budget Board, the commissioner, in computing the amounts described by Subsections (a)(1) and (2) and determining the cost of an attendance credit, shall exclude maintenance and operations tax revenue resulting from the ~~last~~ ~~[first]~~ six cents of ~~[by which]~~ a district's effective maintenance and operations tax rate, provided that the district adopts a maintenance and operations tax rate for that school year at a rate at least equal to the greater of the rate adopted by the district for the 2008-2009 school year or the rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year. If the district adopts a maintenance and operations tax at a rate lower than the greater of those rates, the commissioner shall exclude maintenance and operations tax revenue resulting from the first six cents by which the district's effective maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, ~~as determined under Section 42.2516,~~ multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year.

SECTION 60. Section 41.121, Education Code, is amended to read as follows:  
Sec. 41.121. AGREEMENT. The board of trustees of a district with a wealth per student that exceeds the

SENATE VERSION

District, as determined by the commissioner in cooperation with the Legislative Budget Board, the commissioner, in computing the amounts described by Subsections (a)(1) and (2) and determining the cost of an attendance credit, shall exclude maintenance and operations tax revenue resulting from the first six cents by which a district's maintenance and operations tax rate

exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year.

No equivalent provision.

CONFERENCE

Senate

House. Include language that grandfathers current arrangements:

SECTION\_\_\_\_ Notwithstanding the amendment of

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equalized wealth level may 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 wealth per student to a level that is equal to or less than the equalized wealth level. The agreement is not effective unless the commissioner certifies that the transfer of weighted average daily attendance will not result in any of the contracting districts' wealth per student being greater than the equalized wealth level and that the agreement requires an expenditure per student in weighted average daily attendance that is at least equal to the amount per student in weighted average daily attendance required under Section 41.093[~~unless it is determined by the commissioner that a quality educational program can be delivered at a lesser amount. The commissioner may approve a special financial arrangement between districts if that arrangement serves the best educational interests of the state~~].

SECTION 61. Subchapter A, Chapter 42, Education Code, is amended by adding Sections 42.009, 42.010, and 42.011 to read as follows:

Sec. 42.009. REFERENCES TO TAXABLE VALUE OF DISTRICT PROPERTY. A reference in this chapter

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No equivalent provision.

CONFERENCE

Section 41.121, Education Code by this act, the commissioner may provide for the continuation of agreements in existence during the 2008-2009 school year under the provisions of that statute and implementing rules as they existed on May 1, 2009, upon a determination that an agreement benefits the education of students in those districts. This section expires September 1, 2011.

Senate

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to the taxable value of property in a district, as determined under Subchapter M, Chapter 403, Government Code, refers to the value for the current year.

Sec. 42.010. EFFECTIVE TAX RATE. For purposes of this chapter, a school district's effective tax rate means the rate determined by dividing the total amount of taxes collected by the district for the applicable school year less any amounts paid into a tax increment fund under Chapter 311, Tax Code, by the quotient of the district's taxable value of property, as determined under Subchapter M, Chapter 403, Government Code, divided by 100.

Sec. 42.011. MODIFICATION FOR DISTRICTS WITH SPECIAL LAW TAXING AUTHORITY. (a) This section applies only to a school district that imposed a maintenance and operations tax for the 2005 tax year at a rate greater than \$1.50 per \$100 of taxable value, as permitted by special law.

(b) For any district to which this section applies, the commissioner shall implement any provision of this chapter that refers to a maintenance and operations tax rate equal to the lesser of \$1 or a district's effective rate less six cents, or that makes a substantially similar reference, as if the provision referred to a rate equal to the lesser of:

(1) the rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year; or



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(2) a district's effective maintenance and operations tax rate less six cents.

No equivalent provision.

SECTION \_\_. Section 42.005(g), Education Code, is amended to read as follows:

(g) If a student may receive course credit toward the student's high school academic requirements and toward the student's higher education academic requirements for a single course, including a course provided under Section 28.009 by a public institution of higher education, the time during which the student attends the course shall be counted as part of the minimum number of instructional hours required for a student to be considered a full-time or part-time student in average daily attendance for purposes of this section, regardless of whether the district or the student pays the tuition or other associated costs for the course.

Senate. Sunset after two years.

No equivalent provision.

SECTION 1.12. Subchapter A, Chapter 42, Education Code, is amended by adding Section 42.008 to read as follows:

Sec. 42.008. LIMITATION ON REVENUE INCREASES. (a) Notwithstanding any other provision of this title, a school district is not entitled in any school year to receive an amount of state and local maintenance and operations revenue per student in weighted average daily attendance that exceeds by more than \$350 the

Senate

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amount of state and local maintenance and operations revenue per student in weighted average daily attendance received by the district during the preceding school year.

(a-1) Subsection (a) applies beginning with the 2010-2011 school year. For the 2009-2010 school year, a school district is not entitled to receive an amount of state and local maintenance and operations revenue per student in weighted average daily attendance that exceeds by more than \$350 the amount of state and local maintenance and operations revenue per student in weighted average daily attendance that the district would have received during that year under Chapter 41 and this chapter, as those chapters existed on January 1, 2009, at a maintenance and operations tax rate equal to the product of the state compression percentage for that year, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year. This subsection expires September 1, 2010.

(b) Enrichment revenue to which a school district is entitled under Section 42.302 is not included for purposes of determining the limitation imposed by this section.

(c) The commissioner shall make adjustments to amounts due to a school district under this chapter or amounts required for a district to comply with Chapter 41 as necessary to comply with the limitation imposed by this section.

(d) A determination by the commissioner under this

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section is final and may not be appealed.

SECTION 62. Section 42.101, Education Code, is amended to read as follows:

Sec. 42.101. BASIC ALLOTMENT. (a) For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment in an amount equal to the product of the amount per student per cent of tax effort available to a district described by Subsection (b) [at the percentile in wealth per student specified by Section 42.302(a-1)(1)], multiplied by the lesser of:

(1) the number of cents that is six cents less than the number of cents in the district's effective maintenance and operations tax rate; or

(2) 100 [86. A greater amount for any school year may be provided by appropriation].

(b) For purposes of Subsection (a), the commissioner shall determine the amount per cent of tax effort available to a district with a taxable value of property equal to the product of the statewide average taxable value of property per weighted student multiplied by 0.0001723, or a higher value as specified in the General Appropriations Act.

SECTION 1.13. Section 42.101, Education Code, is amended to read as follows:

Sec. 42.101. BASIC ALLOTMENT. (a) For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment [in an amount] equal to the lesser of \$4,750 or the amount that results from the following formula:

$$A = \$4,750 \times (DCR/MCR)$$

where:

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

"DCR" is the district's compressed tax rate, which is the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year; and

"MCR" is the state maximum compressed tax rate, which is the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50 [product of the amount per student per cent of tax effort available to a district at the percentile in wealth per student specified by Section 42.302(a-1)(1), multiplied by 86].

Senate. Set basic allotment to \$4765 or 1.65 percent of the statewide average property value per WADA (whichever is greater). Starting state fiscal year 2014 the basic allotment becomes \$4765.

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

SECTION 63. Section 42.106, Education Code, is amended to read as follows:

Sec. 42.106. TUITION ALLOTMENT ~~[ADJUSTED PROPERTY VALUE]~~ FOR DISTRICTS NOT OFFERING ALL GRADE LEVELS. A ~~[For purposes of this chapter, the taxable value of property of a]~~ school district that contracts for students residing in the district to be educated in another district under Section 25.039(a) is entitled to receive an allotment equal to ~~[adjusted by applying the formula:~~

~~[ADPV = DPV (TN/.015)~~

~~[where:~~

~~["ADPV" is the district's adjusted taxable value of property;~~

~~["DPV" is the taxable value of property in the district for the preceding tax year determined under Subchapter M, Chapter 403, Government Code; and~~

~~["TN" is] the total amount of tuition required to be paid by the district under Section 25.039 [for the school year for which the adjustment is made], not to exceed the amount specified by commissioner rule under Section 25.039(b).~~

SECTION 1.14. Same as House version.

House

SECTION 64. Section 42.152(c), Education Code, is

SECTION 1.15. Same as House version.

House

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amended to read as follows:

(c) Funds allocated under this section shall be used to fund supplemental programs and services designed to eliminate any disparity in performance on assessment instruments administered under Subchapter B, Chapter 39, or disparity in the rates of high school completion between students at risk of dropping out of school, as defined by Section 29.081, and all other students. Specifically, the funds, other than an indirect cost allotment established under State Board of Education rule, which may not exceed 45 [45] percent, may be used to meet the costs of providing a compensatory, intensive, or accelerated instruction program under Section 29.081 or an alternative education program established under Section 37.008 or to 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, at a campus at which at least 40 percent of the students are educationally disadvantaged. In meeting the costs of providing a compensatory, intensive, or accelerated instruction program under Section 29.081, a district's compensatory education allotment shall be used for costs supplementary to the regular education program, such as costs for program and student evaluation, instructional materials and equipment and other supplies required for quality instruction, supplemental staff expenses, salary for teachers of at-risk students, smaller class size, and individualized

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instruction. A home-rule school district or an open-enrollment charter school must use funds allocated under Subsection (a) for a purpose authorized in this subsection but is not otherwise subject to Subchapter C, Chapter 29. Notwithstanding any other provisions of this section:

(1) to ensure that a sufficient amount of the funds allotted under this section are available to supplement instructional programs and services, no more than 18 percent of the funds allotted under this section may be used to fund disciplinary alternative education programs established under Section 37.008;

(2) the commissioner may waive the limitations of Subdivision (1) upon an annual petition, by a district's board and a district's site-based decision making committee, presenting the reason for the need to spend supplemental compensatory education funds on disciplinary alternative education programs under Section 37.008, provided that:

(A) the district in its petition reports the number of students in each grade level, by demographic subgroup, not making satisfactory progress under the state's assessment system; and

(B) the commissioner makes the waiver request information available annually to the public on the agency's website; and

(3) for purposes of this subsection, a program specifically designed to serve students at risk of dropping out of school, as defined by Section 29.081, is considered to be a program supplemental to the regular

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education program, and a district may use its compensatory education allotment for such a program.

No equivalent provision.

SECTION 65. Subchapter C, Chapter 42, Education Code, is amended by adding Section 42.1541 to read as follows:

Sec. 42.1541. INDIRECT COST ALLOTMENTS. (a) The State Board of Education shall by rule increase the indirect cost allotments established under Sections 42.151(h), 42.152(c), 42.153(b), and 42.154(a-1) and (c) and in effect for the 2008-2009 school year as necessary

SECTION 1.16. Section 42.154(a), Education Code, is amended to read as follows:

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

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

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

(A) two or more advanced career and technology education classes for a total of three or more credits; or

(B) an advanced course as part of a tech-prep program under Subchapter T, Chapter 61.

SECTION 1.17. Same as House version.

Senate

House

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to reflect the increased percentage of total maintenance and operations funding represented by the basic allotment under Section 42.101 as a result of amendment of that section by H.B. No. 3646, Acts of the 81st Legislature, Regular Session, 2009.

(b) The board shall take the action required by Subsection (a) not later than the date that permits the increased indirect cost allotments to apply beginning with the 2009-2010 school year.

(c) This section expires September 1, 2010.

SECTION 66. Section 42.152, Education Code, is amended by adding Subsections (s), (s-1), (s-2), (s-3), (s-4), and (s-5) to read as follows:

(s) In addition to the allotment provided under Subsection (a), a school district is entitled to an annual allotment equal to \$650:

(1) for each student in average daily attendance who has a parent or guardian who is serving on active duty in a combat zone as a member of the armed forces of the United States; and

(2) for each student in average daily attendance who:  
(A) has a parent or guardian serving on active duty as a member of the armed forces of the United States; and  
(B) has transferred to a campus in the district during the school year as a result of a change in residence because of an action taken under the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. Section 2687).

No equivalent provision.

House but remove provision s-4. [Please review mechanism. We only want funding if excess funds from the FSP are determined to be available by the commissioner.]



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(s-1) Notwithstanding any other provision of this section, a school district may use funds allotted to the district under Subsection (s) only to provide supplemental programs and services described by Subsection (c) or Subsection (f) for students described by Subsection (s) who are enrolled in the district.

(s-2) The amount appropriated for allotments under Subsection (s) may not exceed \$9.9 million in a school year. If the total amount of allotments to which districts are entitled under Subsection (s) for a school year exceeds the amount appropriated for allotments under that subsection, the commissioner shall reduce each district's allotment under that subsection proportionately.

(s-3) Notwithstanding any other provision of this chapter, payments for allotments under Subsection (s) are made as adjustments under Section 42.253(i). If the commissioner determines that the amount appropriated for purposes of the Foundation School Program exceeds the amount to which school districts are entitled under this chapter, the commissioner shall fund the adjustment for the allotments under Subsection (s) from the excess funds.

(s-4) If the commissioner determines that the amount by which the funds appropriated for purposes of the Foundation School Program exceeds the amount to which school districts are entitled under this chapter is not sufficient to provide for the allotments under Subsection (s) as limited by Subsection (s-1), the commissioner shall reduce the number by which the

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statewide average taxable value of property per weighted student is multiplied for purposes of Section 42.101(b) by the amount necessary to provide the remaining funds. The commissioner shall include amount of the reduction in the adjustments under Section 42.253(i) in the next school year.

(s-5) Subsections (s), (s-1), (s-2), (s-3), (s-4), and this subsection expire September 1, 2013.

SECTION 67. Subchapter C, Chapter 42, Education Code, is amended by adding Section 42.160 to read as follows:

Sec. 42.160. HIGH SCHOOL ALLOTMENT. (a) A school district is entitled to an annual allotment in an amount determined by the commissioner under Subsection (a-1) for each student in weighted average daily attendance in grades 9 through 12 in the district. For purposes of this subsection, the number of students in weighted average daily attendance is calculated by multiplying the number of students in average daily attendance in grades 9 through 12 in the district by the ratio for the district of the number of students in weighted average daily attendance to the number of students in average daily attendance.

(a-1) The commissioner shall determine the amount of the allotment provided under Subsection (a) so that the total state cost of funding the allotment equals the total

SECTION 1.18. Subchapter C, Chapter 42, Education Code, is amended by adding Sections 42.159 and 42.160 to read as follows:

Senate

Sec. 42.160. HIGH SCHOOL ALLOTMENT. (a) A school district is entitled to an annual allotment

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state cost of funding the allotment that would have resulted if the allotment were provided in the amount of \$275 for each student in average daily attendance in grades 9 through 12 in the district.

(b) A school district that is required to take action under Chapter 41 to reduce its wealth per student to the equalized wealth level is entitled to a credit, in the amount of the allotment to which the district is entitled under this section, against the total amount required under Section 41.093 for the district to purchase attendance credits. A school district that is otherwise ineligible for state aid under this chapter is entitled to receive allotments under this section.

SECTION 68. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.25151 to read as follows:

Sec. 42.25151. ADJUSTMENT FOR SUPPLEMENTAL PAYMENTS ASSOCIATED WITH AGREEMENTS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. (a) In this section,

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of \$275 for each student in average daily attendance in grades 9 through 12 in the district.

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

(c) An open-enrollment charter school is entitled to an allotment under this section in the same manner as a school district.

(d) The commissioner shall adopt rules to administer this section, including rules related to the permissible use of funds allocated under this section to an open-enrollment charter school.

No equivalent provision.

Senate

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"supplemental payment" means a payment or other benefit, other than a revenue protection payment authorized by Section 313.027(f)(1), Tax Code, provided in connection with an agreement between a property owner and a school district under Chapter 313, Tax Code, by or on behalf of the property owner to:

(1) the district; or

(2) a foundation or other entity created to benefit the district or the district's students.

(b) Notwithstanding Section 42.2516, the commissioner shall for any school year, subject to Subsection (b-1):

(1) reduce the amounts due to a school district under this chapter by an amount equal to the value of any supplemental payment received during that school year by the district or a foundation or other entity created to benefit the district or the district's students; or

(2) increase the amounts necessary for a school district to comply with the requirements of Chapter 41 by an amount equal to the value of any supplemental payments received during that school year by the district or a foundation or other entity created to benefit the district or the district's students.

(b-1) Each school year, a school district is entitled to retain a total benefit from supplemental payments not to exceed the amounts authorized in Sections 313.027(i) and (j), Tax Code.

(c) A school district shall:

(1) report each supplemental payment through the Public Education Information Management System

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(PEIMS); and

(2) clearly identify each supplemental payment in the district's adopted budget and in the annual report required by Section 44.007.

(d) The commissioner, in consultation with the comptroller, as appropriate, may adopt rules necessary to implement this section.

(e) This section does not apply to supplemental payments made in connection with an agreement entered into before September 1, 2009.

SECTION 69. Section 42.2516, Education Code, is amended by amending Subsections (a), (a-1), (b), (b-1), (b-2), (c), (e), (f), (f-1), and (g) and adding Subsections (a-2), (b-3), (b-4), (e-1), (h-1), and (m) to read as follows:

(a) In this section, "state compression percentage" means the percentage, as determined by the commissioner in consultation with the Legislative Budget Board,

of a school district's adopted maintenance and operations tax rate for the 2005 tax year that serves as the basis for state funding for tax rate reduction under this section. The commissioner, in consultation with the Legislative Budget Board,

shall determine the state compression percentage for each school year based on the percentage by which a district is able to reduce the district's maintenance and

SECTION 1.19. Section 42.2516, Education Code, is amended to read as follows:

Sec. 42.2516. ADDITIONAL STATE AID FOR TAX REDUCTION.

(a) In this section, "state compression percentage" means the percentage, as determined by the commissioner,

of a school district's adopted maintenance and operations tax rate for the 2005 tax year that serves as the basis for state funding for tax rate reduction under this section. The commissioner

shall determine the state compression percentage for each school year based on the percentage by which a district is able to reduce the district's maintenance and

(a) Senate

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operations tax rate for that year, as compared to the district's adopted maintenance and operations tax rate for the 2005 tax year, as a result of state funds appropriated for distribution under this section for that year from the property tax relief fund established under Section 403.109, Government Code, or from another funding source available for school district property tax relief.

(a-1) For the state fiscal year ending August 31, 2009, the state compression percentage is 66.67 percent. For each subsequent state fiscal year, the state compression percentage is the lesser of:

- (1) the percentage determined in accordance with Subsection (a), or
- (2) the state compression percentage for the preceding state fiscal year.

(a-2) Not later than March 1 of each year, the commissioner shall:

- (1) inform school districts of the state compression percentage for the following school year, and
- (2) post the state compression percentage for the following school year on the agency's website.

~~[Subsection (a) applies beginning with the state fiscal year ending August 31, 2009. For the state fiscal year ending August 31, 2007, the state compression percentage is 88.67 percent. For the state fiscal year ending August 31, 2008, the state compression percentage is 66.67 percent. This subsection expires September 1, 2009.]~~

(b) Subject to Subsections (b-1), (b-2), (b-3), (b-4), (f-

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operations tax rate for that year, as compared to the district's adopted maintenance and operations tax rate for the 2005 tax year, as a result of state funds appropriated for distribution under this section for that year from the property tax relief fund established under Section 403.109, Government Code, or from another funding source available for school district property tax relief.

(a-1) Senate

~~[(a-1) Subsection (a) applies beginning with the state fiscal year ending August 31, 2009. For the state fiscal year ending August 31, 2007, the state compression percentage is 88.67 percent. For the state fiscal year ending August 31, 2008, the state compression percentage is 66.67 percent. This subsection expires September 1, 2009.]~~

Senate

~~[(b) Subject to Subsections (b-1), (b-2), (f-1), (g), and~~

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1), (g), and ~~(h-1)~~ ~~(h)~~ but notwithstanding any other provision of this title, a school district is entitled to state revenue necessary to provide the district with ~~[the sum of]~~ (1) the amount of state revenue necessary to maintain state and local revenue per student in weighted average daily attendance in the amount at least equal to ~~[the greater of:~~  
~~[(A)]~~ the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operations of the district available to the district for the 2008-2009 ~~[2005-2006]~~ school year for the district's maintenance and operations tax rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, and  
(2) an amount equal to the difference, if any, between the amount of maintenance and operations revenue the district is required to pay into the tax increment fund for a reinvestment zone under Section 311.013(f), Tax Code, meeting the criteria under Section 403.302(d)(4), Government Code, in the current tax year and the amount of maintenance and operations revenue collected by the district in the reinvestment zone at the district's compressed tax rate];  
~~[(B)]~~ the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operations of the district to which the district would have been entitled for the 2006-2007 school year under this chapter, as it existed on January 1, 2006, or, if the

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~~(h), but notwithstanding any other provision of this title, a school district is entitled to state revenue necessary to provide the district with the sum of:~~  
~~[(1)]~~ the amount of state revenue necessary to maintain state and local revenue per student in weighted average daily attendance in the amount equal to the greater of:  
~~[(A)]~~ the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operations of the district available to the district for the 2005-2006 school year;  
  
~~[(B)]~~ the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operations of the district to which the district would have been entitled for the 2006-2007 school year under this chapter, as it existed on January 1, 2006, or, if the

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~~district would have been subject to Chapter 41, as that chapter existed on January 1, 2006, the amount to which the district would have been entitled under that chapter, based on the funding elements in effect for the 2005-2006 school year, if the district imposed a maintenance and operations tax at the rate adopted by the district for the 2005 tax year; or~~

~~[(C) the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operations of the district to which the district would have been entitled for the 2006-2007 school year under this chapter, as it existed on January 1, 2006, or, if the district would have been subject to Chapter 41, as that chapter existed on January 1, 2006, the amount to which the district would have been entitled under that chapter, based on the funding elements in effect for the 2005-2006 school year, if the district imposed a maintenance and operations tax at the rate equal to the rate described by Section 26.08(i) or (k)(1), Tax Code, as applicable, for the 2006 tax year;~~

~~[(2) an amount equal to the product of \$2,500 multiplied by the number of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time school nurses employed by the district and entitled to a minimum salary under Section 21.402; and~~

~~[(3) an amount equal to the product of \$275 multiplied by the number of students in average daily attendance in grades nine through 12 in the district].~~

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~~district would have been subject to Chapter 41, as that chapter existed on January 1, 2006, the amount to which the district would have been entitled under that chapter, based on the funding elements in effect for the 2005-2006 school year, if the district imposed a maintenance and operations tax at the rate adopted by the district for the 2005 tax year; or~~

~~[(C) the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operations of the district to which the district would have been entitled for the 2006-2007 school year under this chapter, as it existed on January 1, 2006, or, if the district would have been subject to Chapter 41, as that chapter existed on January 1, 2006, the amount to which the district would have been entitled under that chapter, based on the funding elements in effect for the 2005-2006 school year, if the district imposed a maintenance and operations tax at the rate equal to the rate described by Section 26.08(i) or (k)(1), Tax Code, as applicable, for the 2006 tax year;~~

~~[(2) an amount equal to the product of \$2,500 multiplied by the number of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time school nurses employed by the district and entitled to a minimum salary under Section 21.402; and~~

~~[(3) an amount equal to the product of \$275 multiplied by the number of students in average daily attendance in grades nine through 12 in the district.~~

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(b) Notwithstanding any other provision of this title, a school district that imposes a maintenance and operations tax at a rate at least equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year is entitled to at least the amount of state revenue necessary to provide the district with the sum of:

(1) as calculated under Subsection (e), the amount of state and local revenue per student in weighted average daily attendance for maintenance and operations that the district would have received during the 2009-2010 school year under Chapter 41 and this chapter, as those chapters existed on January 1, 2009, at a maintenance and operations tax rate equal to the product of the state compression percentage for that year multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;

(2) an amount equal to the product of \$135 multiplied by the number of students in weighted average daily attendance in the district;

(3) 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), Tax Code, in the current tax year; and

(4) any amount to which the district is entitled under Section 42.106.

(c) Enrichment revenue to which a school district is entitled under Section 42.302 is not included for purposes of determining the amount to which a district is

Senate

Senate. Set minimum per WADA amounts to \$120/WADA.

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entitled under this section.

(d) In determining the amount to which a district is entitled under Subsection (b)(1), the commissioner shall:

(1) include any amounts received by the district during the 2008-2009 school year under Rider 86, page III-23, Chapter 1428 (H.B. 1), Acts of the 80th Legislature, Regular Session, 2007 (the General Appropriations Act); and

Senate

(2) for a school district that paid tuition under Section 25.039 during the 2008-2009 school year, reduce the amount to which the district is entitled by the amount of tuition paid during that school year.

Senate

(e) For purposes of determining the total amount of state and local revenue to which a district is entitled under Subsection (b)(1), the commissioner shall determine the amount of state and local revenue per student in weighted average daily attendance to which the district would have been entitled during the 2009-2010 school year under Chapter 41 and this chapter, as they existed on January 1, 2009, and multiply that amount by the number of students in weighted average daily attendance as determined in accordance with the changes to Chapter 41 and this chapter, including the repeal of former Section 42.103(e), made by H.B. No. 3646, Acts of the 81st Legislature, Regular Session, 2009.

Senate

(f) A school district that is required to take action under Chapter 41 to reduce its wealth per student to the equalized wealth level and that is entitled to state revenue under this section may receive that revenue

Senate

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(b-1) The amount determined for a school district under Subsection (b) is increased or reduced as follows:

(1) if for any school year the district is entitled to a greater allotment under Section 42.158 than the allotment to which the district was entitled under that section for the 2008-2009 school year [~~on which the district's entitlement under Subsection (b) is based~~], the district's entitlement under Subsection (b) is increased by an amount equal to the difference between the amount to which the district is entitled under Section 42.158 for that school year and the amount to which the district was entitled under that section for the 2008-2009 school year[:

~~[(A) the 2005-2006 school year, if the amount determined for the district under Subsection (b) is determined under Subsection (b)(1)(A); or~~

~~through an adjustment against the total amount of attendance credits required to be purchased under Subchapter D, Chapter 41, or the total number of nonresident students required to be educated under Subchapter E, Chapter 41, as determined by the commissioner.~~

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

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

(b-1) The amount determined for a school district under Subsection (b) is increased or reduced as follows:

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

~~[(A) the 2005-2006 school year, if the amount determined for the district under Subsection (b) is determined under Subsection (b)(1)(A); or~~

Senate

Senate

Senate

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~~[(B) the 2006-2007 school year, if the amount determined for the district under Subsection (b) is determined under Subsection (b)(1)(B) or (C)]; and~~  
(2) if for any school year the district is not entitled to an allotment under Section 42.158 or is entitled to a lesser allotment under that section than the allotment to which the district was entitled under that section for the 2008-2009 school year [~~on which the district's entitlement under Subsection (b) is based~~], the district's entitlement under Subsection (b) is reduced by an amount equal to the difference between the amount to which the district was entitled under Section 42.158 for the 2008-2009 [~~2005-2006 or 2006-2007~~] school year [~~as appropriate based on whether the district's entitlement under Subsection (b) is determined under Subsection (b)(1)(A), (B), or (C),~~] and the amount to which the district is entitled under Section 42.158 for the current school year.

(b-2) The amount determined for a school district under Subsection (b) is increased or reduced as follows:

(1) if for any school year the district is entitled to a greater allotment under Section 42.155 or greater additional state aid under Section 42.2515 than the allotment or additional state aid to which the district was entitled under Section 42.155 or 42.2515, as applicable, for the 2008-2009 school year [~~on which the district's~~

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~~[(B) the 2006-2007 school year, if the amount determined for the district under Subsection (b) is determined under Subsection (b)(1)(B) or (C)]; and~~  
(2) if for any school year the district is not entitled to an allotment under Section 42.155 or 42.158 or additional state aid under Section 42.2515 or is entitled to a lesser allotment or less additional state aid under the applicable [that] section than the allotment or additional state aid to which the district was entitled under the applicable [that] section for the 2009-2010 school year [~~on which the district's entitlement under Subsection (b) is based~~], the district's entitlement under Subsection (b) is reduced by an amount equal to the difference between the amount to which the district was entitled under Section 42.155, 42.158, or 42.2515, as applicable, for the 2009-2010 [~~2005-2006 or 2006-2007~~] school year [~~as appropriate based on whether the district's entitlement under Subsection (b) is determined under Subsection (b)(1)(A), (B), or (C),~~] and the amount to which the district is entitled under the applicable section [~~Section 42.158~~] for the current school year.

~~[(b-2) The amount determined for a school district under Subsection (b) is increased or reduced as follows:~~

~~[(1) if for any school year the district is entitled to a greater allotment under Section 42.155 or greater additional state aid under Section 42.2515 than the allotment or additional state aid to which the district was entitled under Section 42.155 or 42.2515, as applicable, for the school year on which the district's entitlement~~

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~~entitlement under Subsection (b) is based], the district's entitlement under Subsection (b) is increased by an amount equal to the difference between the amount to which the district is entitled under Section 42.155 or 42.2515, as applicable, for that school year and the amount to which the district was entitled under the applicable section[~~, as applicable] for the 2008-2009 school year[~~:~~

~~[(A) the 2005-2006 school year, if the amount determined for the district under Subsection (b) is determined under Subsection (b)(1)(A); or~~

~~[(B) the 2006-2007 school year, if the amount determined for the district under Subsection (b) is determined under Subsection (b)(1)(B) or (C)]; and~~

~~(2) if for any school year the district is not entitled to an allotment under Section 42.155 or additional state aid under Section 42.2515 or is entitled to a lesser allotment or less additional state aid under the applicable section than the allotment or additional state aid to which the district was entitled under the applicable section for the 2008-2009 school year [on which the district's entitlement under Subsection (b) is based], the district's entitlement under Subsection (b) is reduced by an amount equal to the difference between the amount to which the district was entitled under Section 42.155 or 42.2515, as applicable, for the 2008-2009 [2005-2006 or 2006-2007] school year[~~, as appropriate based on whether the district's entitlement under Subsection (b) is determined under Subsection (b)(1)(A), (B), or (C),] and~~~~

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~~under Subsection (b) is based, the district's entitlement under Subsection (b) is increased by an amount equal to the difference between the amount to which the district is entitled under Section 42.155 or 42.2515, as applicable, for that school year and the amount to which the district was entitled under the applicable section, as applicable for:~~

~~[(A) the 2005-2006 school year, if the amount determined for the district under Subsection (b) is determined under Subsection (b)(1)(A); or~~

~~[(B) the 2006-2007 school year, if the amount determined for the district under Subsection (b) is determined under Subsection (b)(1)(B) or (C); and~~

~~[(2) if for any school year the district is not entitled to an allotment under Section 42.155 or additional state aid under Section 42.2515 or is entitled to a lesser allotment or less additional state aid under the applicable section than the allotment or additional state aid to which the district was entitled under the applicable section for the school year on which the district's entitlement under Subsection (b) is based, the district's entitlement under Subsection (b) is reduced by an amount equal to the difference between the amount to which the district was entitled under Section 42.155 or 42.2515, as applicable, for the 2005-2006 or 2006-2007 school year, as appropriate based on whether the district's entitlement under Subsection (b) is determined under Subsection (b)(1)(A), (B), or (C), and the amount to which the~~

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the amount to which the district is entitled under the applicable section for the current school year.

(b-3) The amount determined for a school district under Subsection (b) is increased or reduced to reflect changes in the amount of funds to which the district is entitled under Section 42:160, in comparison to the amount of funds to which the district was entitled during the 2008-2009 school year under the high school allotment provided by Subsection (b)(3), as it existed on January 1, 2009.

(b-4) The amount determined under Subsection (b) for a school district that paid tuition under Section 25:039 during the 2008-2009 school year in accordance with a contract authorized by that section is reduced by the amount of tuition paid during that school year.

(c) In determining the amount to which a district is entitled under Subsection (b) ~~[(b)(1)]~~, the commissioner shall include:

(1) any amounts received by the district during the 2008-2009 school year under ~~[described by]~~ Rider 86 [69], page III-23 [III-19], Chapter 1428 (H.B. 1) [1369], Acts of the 80th [79th] Legislature, Regular Session, 2007 [2005] (the General Appropriations Act);

(2) ~~[for a school district that received additional revenue for the 2005-2006 school year as a result of an agreement under Subchapter E, Chapter 41:~~

~~[(A) if the amount of state revenue to which the district is entitled under Subsection (b) is computed based on the amount described by Subsection (b)(1)(A), the amount of~~

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~~district is entitled under the applicable section for the current school year.~~

~~[(c) In determining the amount to which a district is entitled under Subsection (b)(1), the commissioner shall include:~~

~~[(1) any amounts described by Rider 69, page III-19, Chapter 1369, Acts of the 79th Legislature, Regular Session, 2005 (the General Appropriations Act);~~

~~[(2) for a school district that received additional revenue for the 2005-2006 school year as a result of an agreement under Subchapter E, Chapter 41:~~

~~[(A) if the amount of state revenue to which the district is entitled under Subsection (b) is computed based on the amount described by Subsection (b)(1)(A), the amount of~~

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~~that additional revenue retained by the district for the 2005-2006 school year, which is the amount by which the total maintenance and operations revenue available to the district for that school year exceeded the total maintenance and operations revenue that would have been available to the district for that school year if the district had not entered into the agreement, less any amount the district paid to another entity under the agreement; or~~

~~[(B) if the amount of state revenue to which the district is entitled under Subsection (b) is computed based on the amount described by Subsection (b)(1)(B) or (C), the amount of the additional revenue that would have been retained by the district for the 2006-2007 school year if the district had entered into the agreement on the same terms as under the agreement for the 2005-2006 school year, which is the amount by which the total maintenance and operations revenue that would have been available to the district for the 2006-2007 school year if the district had entered into the agreement exceeds the total maintenance and operations revenue that would have been available to the district for that school year if the district had not entered into the agreement and had imposed a maintenance and operations tax at the rate of \$1.50 on the \$100 valuation of taxable property, less any amount the district would have paid to another entity under the agreement;~~

~~[(3) any amount necessary to reflect an adjustment made by the commissioner under Section 42.005;~~

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~~that additional revenue retained by the district for the 2005-2006 school year, which is the amount by which the total maintenance and operations revenue available to the district for that school year exceeded the total maintenance and operations revenue that would have been available to the district for that school year if the district had not entered into the agreement, less any amount the district paid to another entity under the agreement; or~~

~~[(B) if the amount of state revenue to which the district is entitled under Subsection (b) is computed based on the amount described by Subsection (b)(1)(B) or (C), the amount of the additional revenue that would have been retained by the district for the 2006-2007 school year if the district had entered into the agreement on the same terms as under the agreement for the 2005-2006 school year, which is the amount by which the total maintenance and operations revenue that would have been available to the district for the 2006-2007 school year if the district had entered into the agreement exceeds the total maintenance and operations revenue that would have been available to the district for that school year if the district had not entered into the agreement and had imposed a maintenance and operations tax at the rate of \$1.50 on the \$100 valuation of taxable property, less any amount the district would have paid to another entity under the agreement;~~

~~[(3) any amount necessary to reflect an adjustment made by the commissioner under Section 42.005;~~

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~~(3) [(4) any amount necessary to reflect an adjustment made by the commissioner under Section 42.2521; and [(5)] any amount necessary to reflect an adjustment made by the commissioner under Section 42.2531;~~

(4) any amount necessary to maintain:

(A) the professional staff salary allotment provided by Subsection (b)(2) and the high school allotment provided by Subsection (b)(3), as those subsections existed on January 1, 2009;

(B) the staff salary allotment provided by Section 42.2513, as that section existed on January 1, 2009;

(C) funding provided by Section 42.2514, as that section existed on January 1, 2009, for school district employees who participate in a group health coverage plan provided by or through the district;

(D) the \$110 per weighted student allocation authorized in Rider 82, page III-23, Chapter 1330 (H.B. 1), Acts of the 78th Legislature, Regular Session, 2003 (the General Appropriations Act); and

(E) any other amounts to which the district was entitled under this subchapter, as it existed on January 1, 2009; and

(5) any amount to which the district is entitled under Section 42.106.

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~~[(4) any amount necessary to reflect an adjustment made by the commissioner under Section 42.2521; and [(5) any amount necessary to reflect an adjustment made by the commissioner under Section 42.2531;~~

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~~[(d) If, for the 2006-2007 or a subsequent school year, a school district enters into an agreement under Subchapter E, Chapter 41, the commissioner shall reduce the amount of state revenue to which the district is entitled under Subsection (b) for that school year by an amount equal to~~

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(e) The amount of revenue to which a school district is entitled because of the technology allotment under Section 32.005 is not included in making a determination under Subsection (b) ~~[(b)(1)]~~.

(e-1) The amount of revenue to which a school district is entitled under Section 42.2518 is in addition to the amount of revenue to which the district is entitled under Subsection (b).

(f) For purposes of determining the amount of revenue to which a school district is entitled under this section, the commissioner shall use the average tax collection rate for the district for the 2006, 2007, and 2008 ~~[2003, 2004, and 2005]~~ tax years.

(f-1) The commissioner shall, in accordance with rules adopted by the commissioner, adjust the amount of a school district's local revenue derived from maintenance and operations tax collections, as calculated for purposes of determining the amount of state revenue to which the district is entitled under this section, if the district, for the

~~any additional revenue for that school year that the district receives and retains as a result of that agreement, which is the amount by which the total maintenance and operations revenue available to the district exceeds the total maintenance and operations revenue that would have been available to the district if the district had not entered into the agreement and had imposed a maintenance and operations tax at the maximum rate permitted under Section 45.003(a), less any amount the district pays to another entity under the agreement.~~

~~[(e) The amount of revenue to which a school district is entitled because of the technology allotment under Section 32.005 is not included in making a determination under Subsection (b)(1).~~

~~[(f) For purposes of determining the amount of revenue to which a school district is entitled under this section, the commissioner shall use the average tax collection rate for the district for the 2003, 2004, and 2005 tax years.~~

(f-1) The commissioner shall, in accordance with rules adopted by the commissioner, adjust the amount of a school district's local revenue derived from maintenance and operations tax collections, as calculated for purposes of determining the amount of state revenue to which the district is entitled under this section, if the district, for the

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2010 [~~2007~~] tax year or a subsequent tax year:

(1) adopts an exemption under Section 11.13(n), Tax Code, that was not in effect for the 2009 [~~2005-or-2006~~] tax year, or eliminates an exemption under Section 11.13(n), Tax Code, that was in effect for the 2009 [~~2005-or-2006~~] tax year;

(2) adopts an exemption under Section 11.13(n), Tax Code, at a greater or lesser percentage than the percentage in effect for the district for the 2009 [~~2005-or-2006~~] tax year;

(3) grants an exemption under an agreement authorized by Chapter 312, Tax Code, that was not in effect for the 2009 [~~2005-or-2006~~] tax year, or ceases to grant an exemption authorized by that chapter that was in effect for the 2009 [~~2005-or-2006~~] tax year; or

(4) agrees to deposit taxes into a tax increment fund created under Chapter 311, Tax Code, under a reinvestment zone financing plan that was not in effect for the 2009 [~~2005-or-2006~~] tax year, or ceases depositing taxes into a tax increment fund created under that chapter under a reinvestment zone financing plan that was in effect for the 2009 [~~2005-or-2006~~] tax year.

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2010 [~~2007~~] tax year or a subsequent tax year:

(1) adopts an exemption under Section 11.13(n), Tax Code, that was not in effect for the 2009 [~~2005-or-2006~~] tax year, or eliminates an exemption under Section 11.13(n), Tax Code, that was in effect for the 2009 [~~2005-or-2006~~] tax year;

(2) adopts an exemption under Section 11.13(n), Tax Code, at a greater or lesser percentage than the percentage in effect for the district for the 2009 [~~2005-or-2006~~] tax year;

(3) grants an exemption under an agreement authorized by Chapter 312, Tax Code, that was not in effect for the 2009 [~~2005-or-2006~~] tax year, or ceases to grant an exemption authorized by that chapter that was in effect for the 2009 [~~2005-or-2006~~] tax year; or

(4) agrees to deposit taxes into a tax increment fund created under Chapter 311, Tax Code, under a reinvestment zone financing plan that was not in effect for the 2009 [~~2005-or-2006~~] tax year, or ceases depositing taxes into a tax increment fund created under that chapter under a reinvestment zone financing plan that was in effect for the 2009 [~~2005-or-2006~~] tax year.

(f-2) The rules adopted by the commissioner under Subsection (f-1) must:

(1) require the commissioner to determine, as if this section did not exist, the effect under Chapter 41 and this

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(g) If a school district adopts a maintenance and operations tax rate that is below the rate equal to the sum of six cents and the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, the commissioner shall reduce the district's entitlement under this section in proportion to the amount by which the rate equal to the adopted rate less six cents is less than the rate equal to the product of the state compression percentage multiplied by the rate adopted by the district for the 2005 tax year.

chapter of a school district's action described by Subsection (f-1)(1), (2), (3), or (4) on the total state revenue to which the district would be entitled or the cost to the district of purchasing sufficient attendance credits to reduce the district's wealth per student to the equalized wealth level; and

(2) require an increase or reduction in the amount of state revenue to which a school district is entitled under Subsection (5) that is substantially equivalent to any change in total state revenue or the cost of purchasing attendance credits that would apply to the district if this section did not exist.

(f-3) An adjustment made by the commissioner under the rules adopted under Subsection (f-1) is final and may not be appealed.

~~[(g) If a school district adopts a maintenance and operations tax rate that is below the rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, the commissioner shall reduce the district's entitlement under this section in proportion to the amount by which the adopted rate is less than the rate equal to the product of the state compression percentage multiplied by the rate adopted by the district for the 2005 tax year.]~~

~~[(h) Notwithstanding any other provision of this title, if the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operations of the district available to the district in a~~

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~~school year as a result of increases to the equalized wealth level under Section 41.002, the basic allotment under Section 42.101, and the guaranteed level under Section 42.302 made by H.B. No. J, Acts of the 79th Legislature, 3rd Called Session, 2006, exceeds the amount to which a district is entitled under Subsection (b) for that school year, the commissioner must:~~  
~~[(1) reduce the amount of state aid provided to the district for that school year by an amount equal to the excess revenue, as determined by the commissioner, or~~  
~~[(2) for a district with a wealth per student greater than the applicable amount described by Section 41.002(a), require the district to purchase a number of attendance credits for that school year at a cost equal to the amount of excess revenue, as determined by the commissioner.~~

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(h-1) Notwithstanding any other provision of this title, a school district is entitled to receive a minimum increase as determined under this subsection for each student in weighted average daily attendance as a result of changes made by H.B. No. 3646, Acts of the 81st Legislature, Regular Session, 2009, to Chapter 41 and this chapter over the amount to which the district would have been entitled under those chapters, as they existed on January 1, 2009, at the maintenance and operations tax rate equal to the rate adopted by the district for the 2008-2009 school year, as determined by the commissioner. The commissioner shall determine the amount of the minimum increase under this subsection by multiplying the number of students in weighted average daily

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attendance in the state by \$100, subtracting the amount necessary to provide the additional state aid under Section 42.2518 to which school districts are entitled, and dividing the remainder by the number of students in weighted average daily attendance in the state. As necessary to provide that minimum increase, the commissioner shall adjust the amount of state aid provided to a school district under this chapter or adjust the number of attendance credits that a school district is required to purchase under Section 41.093.

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~~[(g) A school district that is required to take action under Chapter 41 to reduce its wealth per student to the equalized wealth level and that is entitled to state revenue under this section may receive that revenue through an adjustment against the total amount of attendance credits required to be purchased under Subchapter D, Chapter 41, or the total number of nonresident students required to be educated under Subchapter E, Chapter 41, as determined by the commissioner.~~

Senate

~~[(g) If a school district reduces its maintenance and operations tax rate by an amount less than the rate equal to the product of the difference between the state compression percentage for the preceding year and the state compression percentage for the year of the reduction, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, the commissioner may not reduce the amount to which the district is entitled under this section on the basis of the~~

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(m) For purposes of Subsections (b) and (h-1), the number of students in weighted average daily attendance in a school district is computed by dividing the sum of the school district's allotments under Subchapters B and C, less any allotment to the district for transportation, any allotment under Section 42.158 or 42.160, and 50 percent of the adjustment under Section 42.102, by the basic allotment for the applicable year.

SECTION 70. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2518 to read as follows:

Sec. 42.2518. ADDITIONAL STATE AID FOR EXTENSION OF PROFESSIONAL STAFF SALARY SCHEDULE. (a) A school district, including a school district that is otherwise ineligible for state aid under this chapter, is entitled to state aid in an amount, as determined by the commissioner, necessary to compensate the school district for additional salary costs the district incurs because of the increased number of years covered by the minimum salary schedule for certain professional staff made by H.B. No. 3646, Acts of the 81st Legislature, Regular Session, 2009.

(b) A district may use state aid received under this

~~additional revenue collected by the district.~~

~~[(k) The commissioner may adopt rules necessary to administer this section.~~

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

~~No equivalent provision.~~

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section only to pay salary costs incurred because of the increased number of years covered by the minimum salary schedule.

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

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

No equivalent provision.

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SECTION \_\_. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.25161 to read as follows:

Sec. 42.25161. ADDITIONAL STATE AID FOR SOUTH TEXAS INDEPENDENT SCHOOL DISTRICT. (a) The commissioner shall provide South Texas Independent School District with the amount of state aid necessary to ensure that the district receives an amount of state and local revenue per student in weighted average daily attendance that is at least \$135 greater than the amount the district would have received per student in weighted average daily attendance during the 2009-2010 school year under this chapter, as it existed on January 1, 2009, at a maintenance and operations tax rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, provided that the district imposes a maintenance and operations tax at that rate.

(b) The commissioner may adopt rules necessary to

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Senate. Conform minimum gain to global minimum gain provision (\$120/WADA).

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SECTION 71. Section 42.252(a), Education Code, is amended to read as follows:

(a) ~~Subject to Section 42.302(g),~~  
each ~~Each~~ school district's share of the Foundation School Program is determined by the following formula:

$LFA = TR \times DPV$

where:

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

"TR" is a tax rate which for each hundred dollars of valuation is an effective tax rate equal to the lesser of:

- (1) \$1.00; or
  - (2) the rate that is six cents less than the district's effective maintenance and operations tax rate [\$0.86];
- and

"DPV" is the taxable value of property in the school district for the ~~preceeding~~ tax year determined under Subchapter M, Chapter 403, Government Code.

SECTION 72. Section 42.2522(c), Education Code, is amended to read as follows:

(c) In the first year of a state fiscal biennium, before

implement this section.

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

SECTION 1.20. Section 42.252(a), Education Code, is amended to read as follows:

(a)

Each school district's share of the Foundation School Program is determined by the following formula:

$LFA = TR \times DPV$

where:

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

"TR" is a tax rate which for each hundred dollars of valuation is an effective tax rate of the amount equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the lesser of:

- (1) \$1.50; or
- (2) the maintenance and operations tax rate adopted by the district for the 2005 tax year [\$0.86]; and

"DPV" is the taxable value of property in the school district for the preceding tax year determined under Subchapter M, Chapter 403, Government Code.

No equivalent provision.

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providing funding as provided by Subsection (a)(2), the commissioner shall ensure that sufficient appropriated funds for purposes of the Foundation School Program are available for the second year of the biennium~~[-including funds to be used for purposes of Section 42.2521].~~

SECTION 73. Section 42.253, Education Code, is amended by adding Subsection (c-1) to read as follows:  
(c-1) The amounts to be paid under Section 42.2516(b)(4) shall be paid at the same time as other state revenue is paid to the district. Payments shall be based on amounts paid under Section 42.2516(b)(4) for the preceding year. Any deficiency shall be paid to the district at the same time the final amount to be paid to the district is determined, and any overpayment shall be deducted from the payments the district would otherwise receive in the following year.

SECTION 74. Section 42.260(a), Education Code, is amended to read as follows:  
(a) In this section, "participating charter school" means an open-enrollment charter school that participates in the uniform group coverage program established under Chapter 1579, Insurance Code [has the meaning assigned by Section 42.2514].

SECTION 1.21. Section 42.253, Education Code, is amended by adding Subsection (c-1) to read as follows:  
(c-1) The amounts to be paid under Section 42.2516(b)(3) shall be paid at the same time as other state revenue is paid to the district. Payments shall be based on amounts paid under Section 42.2516(b)(3) for the preceding year. Any deficiency shall be paid to the district at the same time the final amount to be paid to the district is determined, and any overpayment shall be deducted from the payments the district would otherwise receive in the following year.

SECTION 1.22. Same as House version.

Senate - Conform

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SECTION 75. Section 42.261(a), Education Code, is amended to read as follows:

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

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

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

(3) may not be used for purposes of Chapter 46; and

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

No equivalent provision.

Senate

SECTION 76. Section 42.302, Education Code, is amended by amending Subsections (a), (a-2), and (b) and adding Subsections (g) and (g-1) to read as follows:

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

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

where:

"GYA" is the guaranteed yield amount of state funds to

SECTION 1.23. Sections 42.302(a), (a-1), and (a-2), Education Code, are amended to read as follows:

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

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

where:

"GYA" is the guaranteed yield amount of state funds to

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be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is \$31.95 or an amount described by Subsection (g) or (g-1), as applicable, ~~[(a-1)]~~ or a greater amount for any year provided by appropriation;

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

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

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

be allocated to the district;

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

"WADA" is the number of students in weighted average daily attendance, which is calculated by dividing the sum of the school district's allotments under Subchapters B and C, less any allotment to the district for transportation, any allotment under Section 42.158, 42.159, or 42.160, and 50 percent of the adjustment under Section 42.102, by the basic allotment for the applicable year;

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

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

(a-1) In this section, "wealth per student" has the

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meaning assigned by Section 41.001. For purposes of Subsection (a), the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") for a school district is:

~~(1) the greater of (the amount of district tax revenue per weighted student per cent of tax effort available to a district at the 88th percentile in wealth per student, as determined by the commissioner in cooperation with the Legislative Budget Board, for the district's maintenance and operations tax effort equal to or less than the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;~~

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~~[(2)] the amount of district tax revenue per weighted student per cent of tax effort that would be available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, if the reduction of the limitation on tax increases as provided by Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply, or the amount of district tax revenue per weighted student per cent of tax effort used for purposes of this subdivision in the preceding school year, for the first six cents by which the district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516 [and notwithstanding the limitation on district enrichment tax rate ("DTR") under Section 42.303], multiplied by the~~

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(a-2) The limitation on district enrichment tax rate ("DTR") under Section 42.303 does not apply to the last six cents of the district's effective maintenance and operations tax effort [described by Subsection (a-1)(2)].

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

- (1) the district's local fund assignment under Section 42.252; [or]
- (2) taxes paid into a tax increment fund under Chapter 311, Tax Code; or
- (3) revenue resulting from the last six cents of the district's effective maintenance and operations tax rate.

(g) This subsection applies to the last six cents of a district's effective tax rate for maintenance and operations, regardless of whether any of those cents would otherwise be considered as part of the district's local share under Section 42.252, provided that the district adopts a maintenance and operations tax rate at a rate at least equal to the greater of the rate adopted by the district for the 2008-2009 school year or the rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate

maintenance and operations tax rate adopted by the district for the 2005 tax year, and  
(2) [(3)] \$31.95, for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (1) [(2)].

(a-2) The limitation on district enrichment tax rate ("DTR") under Section 42.303 does not apply to the district's maintenance and operations tax effort described by Subsection (a-1)(1) [(a-1)(2)].

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adopted by the district for the 2005 tax year. For each cent of tax effort to which this subsection applies, a district is entitled to a guaranteed level of state and local funds per weighted student equal to the greater of the amount of district tax revenue per weighted student per cent of tax effort available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, or the amount of district tax revenue per weighted student per cent of tax effort used for purposes of this subsection in the preceding school year. If a district adopts a maintenance and operations tax rate at a rate lower than the greater of the rates described above, the district is entitled to the guaranteed level described by this subsection for the first six cents by which the district's effective maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year.

(g-1) Subsection (g) applies beginning with the 2010-2011 school year. For the 2009-2010 school year, a school district is entitled for each cent of tax effort described by Subsection (g) to a guaranteed level of state and local funds per weighted student equal to the amount of district tax revenue per weighted student per cent of tax effort available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board. This subsection expires September 1, 2010.

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SECTION 77. Section 42.303, Education Code, is amended to read as follows:  
Sec. 42.303. LIMITATION ON ENRICHMENT TAX RATE. The district enrichment tax rate ("DTR") under Section 42.302 may not exceed \$0.17 [the amount] per \$100 of valuation ~~[by which the maximum rate permitted under Section 45.003 exceeds the rate of \$0.86, or a greater amount for any year provided by appropriation].~~

SECTION 78. Section 44.004, Education Code, is amended by amending Subsection (h) and adding Subsection (j) to read as follows:  
(h) Notwithstanding any other provision of this section, a school district with a fiscal year beginning July 1 may use the certified estimate of the taxable value of district property required by Section 26.01(e) [26.01(d)], Tax Code, in preparing the notice required by this section if the district does not receive on or before June 7 the certified appraisal roll for the district required by Section 26.01(a), Tax Code.  
(j) Notwithstanding Subsections (g), (h), and (i), a school district may adopt a budget after the district adopts a tax rate for the tax year in which the fiscal year covered by the budget begins if the district elects to adopt a tax rate before receiving the certified appraisal

SECTION 1.24. Section 42.303, Education Code, is amended to read as follows:  
Sec. 42.303. LIMITATION ON ENRICHMENT TAX RATE. The district enrichment tax rate ("DTR") under Section 42.302 may not exceed the amount per \$100 of valuation by which the maximum rate permitted under Section 45.003 exceeds the rate used to determine the district's local share under Section 42.252 [of \$0.86], or a greater amount for any year provided by appropriation.

No equivalent provision.

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roll for the district as provided by Section 26.05(g). If a school district elects to adopt a tax rate before adopting a budget, the district must publish notice and hold a meeting for the purpose of discussing the proposed tax rate as provided by this section. Following adoption of the tax rate, the district must publish notice and hold another public meeting before the district may adopt a budget. The comptroller shall prescribe the language and format to be used in the notices. The school district may use the certified estimate of taxable value in preparing a notice under this subsection.



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No equivalent provision.

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SECTION 1.25. Chapter 42, Education Code, is amended by adding Subchapter I to read as follows:

SUBCHAPTER I. COMPREHENSIVE REVIEW OF PUBLIC SCHOOL FINANCE WEIGHTS AND ADJUSTMENTS

Sec. 42.451. SELECT COMMITTEE ON PUBLIC SCHOOL FINANCE WEIGHTS AND ADJUSTMENTS. (a) The Select Committee on Public School Finance Weights and Adjustments is established to conduct a comprehensive review of weights and adjustments under the public school finance system, including all current weights and adjustments provided under this chapter and any additional weights and adjustments recommended by the committee.

(b) The committee is composed of 15 members appointed as follows:

(1) two members of the senate, appointed by the lieutenant governor;

(2) two members of the house of representatives, appointed by the speaker of the house of representatives;

(3) the commissioner of education;

(4) three school district superintendents and two school district business officials, each currently employed in this state and each appointed jointly by the lieutenant governor and the speaker of the house of representatives;

(5) one representative from the business community or the public, appointed by the lieutenant governor;

(6) one representative from the business community or the public, appointed by the speaker of the house of

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Senate. Adjust as follows:

SUBCHAPTER I. COMPREHENSIVE REVIEW OF PUBLIC SCHOOL FINANCE WEIGHTS, ALLOTMENTS AND ADJUSTMENTS

Sec. 42.451. SELECT COMMITTEE ON PUBLIC SCHOOL FINANCE WEIGHTS AND ADJUSTMENTS. (a) The Select Committee on Public School Finance Weights, Allotments and Adjustments is established to conduct a comprehensive review of weights, allotments and adjustments under the public school finance system, including all current weights, allotments and adjustments provided under this chapter and any additional weights, allotments and adjustments recommended by the committee.

(conform with "allotment" throughout where appropriate)

Modify membership as follows:

Four senators appointed by Lt. Gov.

Four representatives appointed by Speaker

Lt. Gov appoint one each of the following:

- Person from the school community currently employed at a K-12 school in Texas.
- One person from the business community

Speaker appoint one each of the following:

- Person from the school community currently employed at a K-12 school in Texas.
- One person from the business community

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representatives; and

(7) three representatives from the business community or the public, at least one of whom has one or more children who currently attend public school in this state, appointed by the governor.

(c) The governor, lieutenant governor, and speaker of the house of representatives shall make the appointments required by Subsection (b) in a timely fashion to permit the committee to comply with Section 42.452(a).

Sec. 42.452. COMMITTEE MEETINGS. (a) Not later than October 1, 2009, the committee shall hold an organizational meeting.

(b) The lieutenant governor and speaker of the house of representatives shall each appoint a committee member to serve as co-chair.

(c) Committee meetings shall be held at the call of the co-chairs.

Sec. 42.453. COMPENSATION AND REIMBURSEMENT. (a) A member of the committee is entitled to reimbursement for actual and necessary expenses incurred in performing committee duties.

(b) A legislative member of the committee is entitled to reimbursement from the appropriate fund of the house of the legislature in which the member serves.

(c) A member other than a legislative member is entitled to reimbursement from funds appropriated to the committee.

Sec. 42.454. COMMITTEE STAFF. (a) The co-chairs of the committee may appoint a committee director and

Governor:

- One persons from the business community
- Person from the school community currently employed at a K-12 school in Texas.

Include Commissioner of Education

Please add the following to the committee's charge: The committee shall also review and identify specific short term goals that will assist the state in meeting the objectives and goals of public education. The review shall include methods to close the achievement gap, define and measure readiness for college and workforce; revisions to the public education accountability system; and promote efficient and effective support structures for public schools. The Commissioner of Higher Education shall serve as an ex officio member for purposes these review.

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staff to support the work of the committee.

(b) The director and staff members are employees of the Texas Legislative Council and shall be paid from funds appropriated to the council for the committee's operations.

(c) The committee may contract with one or more consultants if necessary to enable the committee to perform its duties under this subchapter.

Senate

Sec. 42.455. CONDUCT OF REVIEW. (a) The committee shall conduct public hearings throughout the state and solicit testimony about the weights and adjustments under the finance system from parents of public school children and other interested persons. At least one public hearing must be held at a public school during a time that public school students are able to attend the hearing.

Senate

(b) The commissioner shall ensure that the committee has access to any documentation and agency personnel the committee requests.

(c) The Legislative Budget Board, the Texas Education Agency, the comptroller, the state auditor, and any other state agency, official, or personnel shall cooperate with the committee in carrying out its duties under this subchapter.

(d) The committee may coordinate the review under this subchapter with any other legislative study, as appropriate. To the extent the review duplicates the study of funding elements otherwise required by Section 42.007, the review replaces that study.

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Sec. 42.456. REPORT. (a) Not later than December 1, 2010, the committee shall provide a report that:

(1) states the findings of the review conducted under this subchapter; and

(2) includes any recommendations for statutory changes.

(b) The report must be approved by a majority of the committee members. A member who disagrees with any part of the report may attach a dissenting statement to the report.

Sec. 42.457. EXPIRATION. This subchapter expires January 11, 2011.

Senate

No equivalent provision.

SECTION \_\_. Section 45.109, Education Code, is amended by adding Subsection (a-1) to read as follows:  
(a-1) An independent school district and an institution of higher education, as defined by Section 61.003, located wholly or partially in the boundaries of the county in which the district is located may contract for the district

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to contribute district resources to pay a portion of the costs of the design or construction of an instructional facility or a stadium or other athletic facilities owned by or under the control of the institution of higher education. A district may contribute district resources under this subsection only if the district and the institution of higher education enter into a written agreement authorizing the district to use that facility.

(a-2) One of more independent school districts and an institution of higher education, as defined by Section 61.003, may contract for the district to contribute district resources to pay a portion of the costs of the design, improvement, or construction of an instructional facility owned by or under the control of the institution of higher education. A district may contribute district resources under this subsection only if the district and the institution of higher education enter into a written agreement authorizing the district to use that facility, including authorizing the enrollment of district students in courses offered at that facility.

SECTION \_\_. (a) Section 26.08, Tax Code, is amended by adding Subsection (p) to read as follows:

(p) Notwithstanding Subsections (i), (n), and (o), if for the preceding tax year a school district adopted a maintenance and operations tax rate that was less than the district's effective maintenance and operations tax rate for that preceding tax year, the rollback tax rate of

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SECTION 79. Section 45.001(a), Education Code, is amended to read as follows:

(a) The governing board of an independent school district, including the city council or commission that has jurisdiction over a municipally controlled independent school district, the governing board of a rural high school district, and the commissioners court of a county, on behalf of each common school district under its jurisdiction, may:

(1) issue bonds for:

(A) the construction, acquisition, and equipment of school buildings in the district;

(B) the acquisition of property or the refinancing of property financed under a contract entered under Subchapter A, Chapter 271, Local Government Code, regardless of whether payment obligations under the contract are due in the current year or a future year;

(C) the purchase of the necessary sites for school buildings; and

(D) the purchase of new school buses; and

(2) may levy, pledge, assess, and collect annual ad valorem taxes sufficient to pay the principal of and interest on the bonds as or before the principal and interest become due, subject to Section 45.003.

the district for the current tax year is calculated as if the district adopted a maintenance and operations tax rate for the preceding tax year that was equal to the district's effective maintenance and operations tax rate for that preceding tax year.

(b) Subsection (a), Section 45.001, Education Code, is amended to read as follows:

(a) The governing board of an independent school district, including the city council or commission that has jurisdiction over a municipally controlled independent school district, the governing board of a rural high school district, and the commissioners court of a county, on behalf of each common school district under its jurisdiction, may:

(1) issue bonds for:

(A) the construction, acquisition, and equipment of school buildings in the district;

(B) the acquisition of property or the refinancing of property financed under a contract entered under Subchapter A, Chapter 271, Local Government Code, regardless of whether payment obligations under the contract are due in the current year or a future year;

(C) the purchase of the necessary sites for school buildings; and

(D) the purchase of new school buses; and

(2) may levy, pledge, assess, and collect annual ad valorem taxes sufficient to pay the principal of and interest on the bonds as or before the principal and interest become due, subject to Section 45.003.

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(c) The change in law made by this section applies to the ad valorem tax rate of a school district beginning with the 2009 tax year, except as provided by Subsection (d) of this section.

(d) If the governing body of a school district adopted an ad valorem tax rate for the school district for the 2009 tax year before the effective date of this section, the change in law made by this section applies to the ad valorem tax rate of that school district beginning with the 2010 tax year, and the law in effect when the tax rate was adopted applies to the 2009 tax year with respect to that school district.

(e) This section takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this section takes effect September 1, 2009.

SECTION 80. Section 46.003(a), Education Code, is amended to read as follows:

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

No equivalent provision.

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determined by the formula:

$$\text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times \text{DPV}/100)$$

where:

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

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

"ADA" is the greater of the number of students in average daily attendance, as determined under Section 42.005, in the district or 400;

"BTR" is the district's bond tax rate for the current year, which is determined by dividing the amount budgeted by the district for payment of eligible bonds by the quotient of the district's taxable value of property for the current tax year as determined under Subchapter M, Chapter 403, Government Code, [~~or, if applicable, Section 42.2521,~~] divided by 100; and

"DPV" is the district's taxable value of property for the current tax year as determined under Subchapter M, Chapter 403, Government Code[, ~~or, if applicable, Section 42.2521~~].

SECTION 81. Section 46.006(g), Education Code, is amended to read as follows:

(g) In this section, "wealth per student" means a school

No equivalent provision.

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district's taxable value of property for the current tax year as determined under Subchapter M, Chapter 403, Government Code, [~~or, if applicable, Section 42.2521,~~] divided by the district's average daily attendance as determined under Section 42.005.

SECTION 82. Section 46.032(a), Education Code, is amended to read as follows:

(a) Each school district is guaranteed a specified amount per student in state and local funds for each cent of tax effort to pay the principal of and interest on eligible bonds. The amount of state support, subject only to the maximum amount under Section 46.034, is determined by the formula:

$$EDA = (EDGL \times ADA \times EDTR \times 100) - (EDTR \times (DPV/100))$$

where:

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

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

"ADA" is the number of students in average daily attendance, as determined under Section 42.005, in the district;

"EDTR" is the existing debt tax rate of the district, which is determined by dividing the amount budgeted by the

~~No equivalent provision.~~

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district for payment of eligible bonds by the quotient of the district's taxable value of property for the current tax year as determined under Subchapter M, Chapter 403, Government Code, [~~or, if applicable, under Section 42.2521,~~] divided by 100; and "DPV" is the district's taxable value of property for the current tax year as determined under Subchapter M, Chapter 403, Government Code [~~, or, if applicable, under Section 42.2521~~].

SECTION 83. Section 46.033, Education Code, is amended to read as follows:

Sec. 46.033. ELIGIBLE BONDS. Bonds, including bonds issued under Section 45.006, are eligible to be paid with state and local funds under this subchapter if:

- (1) the district made payments on the bonds during the final [2006-2007] school year of the preceding state fiscal biennium or taxes levied to pay the principal of and interest on the bonds were included in the district's audited debt service collections for that school year; and
- (2) the district does not receive state assistance under Subchapter A for payment of the principal and interest on the bonds.

SECTION 84. Section 46.034(c), Education Code, is amended to read as follows:

(c) If the amount required to pay the principal of and

SECTION 1.26. Same as House version.

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SECTION 1.27. Same as House version.

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interest on eligible bonds in a school year is less than the amount of payments made by the district on the bonds during the final ~~[2006-2007]~~ school year of the preceding state fiscal biennium or the district's audited debt service collections for that school year, the district may not receive aid in excess of the amount that, when added to the district's local revenue for the school year, equals the amount required to pay the principal of and interest on the bonds.

SECTION 85. Section 3.005, Election Code, is amended by amending Subsection (a) and adding Subsection (d) to read as follows:

(a) Except as provided by Subsections ~~[Subsection]~~ (c) and (d), an election ordered by an authority of a political subdivision shall be ordered not later than the 62nd day before election day.

(d) An election under Section 26.08, Tax Code, to ratify a tax rate adopted by the governing body of a school district under Section 26.05(g) of that code shall be ordered not later than the 30th day before election day.

No equivalent provision.

House

SECTION 86. Section 4.008, Election Code, is amended to read as follows:

Sec. 4.008. NOTICE TO COUNTY CLERK. (a) Except as provided by Subsection (b), the ~~[The]~~ governing body of a political subdivision, other than a

No equivalent provision.

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county, that orders an election shall deliver notice of the election to the county clerk of each county in which the political subdivision is located not later than the 60th day before election day.

(b) The governing body of a school district that orders an election under Section 26.08, Tax Code, to ratify an ad valorem tax rate adopted by the governing body under Section 26.05(g) of that code shall deliver notice of the election to the county clerk of each county in which the school district is located not later than the 30th day before election day.

SECTION 87. Sections 403.302(d), (g), (i), and (j), Government Code, are amended to read as follows:

(d) For the purposes of this section, "taxable value" means the market value of all taxable property less:

- (1) the total dollar amount of any residence homestead exemptions lawfully granted under Section 11.13(b) or (c), Tax Code, in the year that is the subject of the study for each school district;
- (2) one-half of the total dollar amount of any residence homestead exemptions granted under Section 11.13(n), Tax Code, in the year that is the subject of the study for each school district;
- (3) the total dollar amount of any exemptions granted before May 31, 1993, within a reinvestment zone under agreements authorized by Chapter 312, Tax Code;
- (4) subject to Subsection (e), the total dollar amount of

SECTION 1.28. Sections 403.302(d), (i), and (j), Government Code, are amended to read as follows:

(d) For the purposes of this section, "taxable value" means the market value of all taxable property less:

- (1) the total dollar amount of any residence homestead exemptions lawfully granted under Section 11.13(b) or (c), Tax Code, in the year that is the subject of the study for each school district;
- (2) one-half of the total dollar amount of any residence homestead exemptions granted under Section 11.13(n), Tax Code, in the year that is the subject of the study for each school district;
- (3) the total dollar amount of any exemptions granted before May 31, 1993, within a reinvestment zone under agreements authorized by Chapter 312, Tax Code;
- (4) subject to Subsection (e), the total dollar amount of

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any captured appraised value of property that:

(A) is within a reinvestment zone created on or before May 31, 1999, or is proposed to be included within the boundaries of a reinvestment zone as the boundaries of the zone and the proposed portion of tax increment paid into the tax increment fund by a school district are described in a written notification provided by the municipality or the board of directors of the zone to the governing bodies of the other taxing units in the manner provided by Section 311.003(e), Tax Code, before May 31, 1999, and within the boundaries of the zone as those boundaries existed on September 1, 1999, including subsequent improvements to the property regardless of when made;

(B) generates taxes paid into a tax increment fund created under Chapter 311, Tax Code, under a reinvestment zone financing plan approved under Section 311.011(d), Tax Code, on or before September 1, 1999; and

(C) is eligible for tax increment financing under Chapter 311, Tax Code;

(5) ~~[for a school district for which a deduction from taxable value is made under Subdivision (4), an amount equal to the taxable value required to generate revenue when taxed at the school district's current tax rate in an amount that, when added to the taxes of the district paid into a tax increment fund as described by Subdivision (4)(B), is equal to the total amount of taxes the district would have paid into the tax increment fund if the~~

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any captured appraised value of property that:

(A) is within a reinvestment zone created on or before May 31, 1999, or is proposed to be included within the boundaries of a reinvestment zone as the boundaries of the zone and the proposed portion of tax increment paid into the tax increment fund by a school district are described in a written notification provided by the municipality or the board of directors of the zone to the governing bodies of the other taxing units in the manner provided by Section 311.003(e), Tax Code, before May 31, 1999, and within the boundaries of the zone as those boundaries existed on September 1, 1999, including subsequent improvements to the property regardless of when made;

(B) generates taxes paid into a tax increment fund created under Chapter 311, Tax Code, under a reinvestment zone financing plan approved under Section 311.011(d), Tax Code, on or before September 1, 1999; and

(C) is eligible for tax increment financing under Chapter 311, Tax Code;

(5) ~~[for a school district for which a deduction from taxable value is made under Subdivision (4), an amount equal to the taxable value required to generate revenue when taxed at the school district's current tax rate in an amount that, when added to the taxes of the district paid into a tax increment fund as described by Subdivision (4)(B), is equal to the total amount of taxes the district would have paid into the tax increment fund if the~~

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~~district levied taxes at the rate the district levied in 2005;~~  
~~[(6)]~~ the total dollar amount of any captured appraised value of property that:

(A) is within a reinvestment zone:

(i) created on or before December 31, 2008, by a municipality with a population of less than 18,000; and

(ii) the project plan for which includes the alteration, remodeling, repair, or reconstruction of a structure that is included on the National Register of Historic Places and requires that a portion of the tax increment of the zone be used for the improvement or construction of related facilities or for affordable housing;

(B) generates school district taxes that are paid into a tax increment fund created under Chapter 311, Tax Code; and

(C) is eligible for tax increment financing under Chapter 311, Tax Code;

~~(6)~~ ~~[(7)]~~ the total dollar amount of any exemptions granted under Section 11.251 or 11.253, Tax Code;

~~(7)~~ ~~[(8)]~~ the difference between the comptroller's estimate of the market value and the productivity value of land that qualifies for appraisal on the basis of its productive capacity, except that the productivity value estimated by the comptroller may not exceed the fair market value of the land;

~~(8)~~ ~~[(9)]~~ the portion of the appraised value of residence homesteads of individuals who receive a tax limitation under Section 11.26, Tax Code, on which school district taxes are not imposed in the year that is the subject of the

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~~district levied taxes at the rate the district levied in 2005;~~  
~~[(6)]~~ the total dollar amount of any captured appraised value of property that:

(A) is within a reinvestment zone:

(i) created on or before December 31, 2008, by a municipality with a population of less than 18,000; and

(ii) the project plan for which includes the alteration, remodeling, repair, or reconstruction of a structure that is included on the National Register of Historic Places and requires that a portion of the tax increment of the zone be used for the improvement or construction of related facilities or for affordable housing;

(B) generates school district taxes that are paid into a tax increment fund created under Chapter 311, Tax Code; and

(C) is eligible for tax increment financing under Chapter 311, Tax Code;

~~(6)~~ ~~[(7)]~~ the total dollar amount of any exemptions granted under Section 11.251 or 11.253, Tax Code;

~~(7)~~ ~~[(8)]~~ the difference between the comptroller's estimate of the market value and the productivity value of land that qualifies for appraisal on the basis of its productive capacity, except that the productivity value estimated by the comptroller may not exceed the fair market value of the land;

~~(8)~~ ~~[(9)]~~ the portion of the appraised value of residence homesteads of individuals who receive a tax limitation under Section 11.26, Tax Code, on which school district taxes are not imposed in the year that is the subject of the

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study, calculated as if the residence homesteads were appraised at the full value required by law;

(9) [~~(10)~~] a portion of the market value of property not otherwise fully taxable by the district at market value because of:

(A) action required by statute or the constitution of this state that, if the tax rate adopted by the district is applied to it, produces an amount equal to the difference between the tax that the district would have imposed on the property if the property were fully taxable at market value and the tax that the district is actually authorized to impose on the property, if this subsection does not otherwise require that portion to be deducted; or

(B) action taken by the district under Subchapter B or C, Chapter 313, Tax Code;

(10) [~~(11)~~] the market value of all tangible personal property, other than manufactured homes, owned by a family or individual and not held or used for the production of income;

(11) [~~(12)~~] the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.06, Tax Code;

(12) [~~(13)~~] the portion of the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.065, Tax Code; and

(13) [~~(14)~~] the amount by which the market value of a residence homestead to which Section 23.23, Tax Code, applies exceeds the appraised value of that property as calculated under that section.

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study, calculated as if the residence homesteads were appraised at the full value required by law;

(9) [~~(10)~~] a portion of the market value of property not otherwise fully taxable by the district at market value because of:

(A) action required by statute or the constitution of this state that, if the tax rate adopted by the district is applied to it, produces an amount equal to the difference between the tax that the district would have imposed on the property if the property were fully taxable at market value and the tax that the district is actually authorized to impose on the property, if this subsection does not otherwise require that portion to be deducted; or

(B) action taken by the district under Subchapter B or C, Chapter 313, Tax Code;

(10) [~~(11)~~] the market value of all tangible personal property, other than manufactured homes, owned by a family or individual and not held or used for the production of income;

(11) [~~(12)~~] the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.06, Tax Code;

(12) [~~(13)~~] the portion of the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.065, Tax Code; and

(13) [~~(14)~~] the amount by which the market value of a residence homestead to which Section 23.23, Tax Code, applies exceeds the appraised value of that property as calculated under that section.

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(g) The comptroller shall provide to the commissioner of education [publish] preliminary taxable value estimates [findings], listing values by district, before July 1 of the year of the study, and shall certify preliminary findings, listing values by district, by February 1 of the year following the year of the study. Preliminary findings shall be delivered to each school district and shall be certified to the commissioner of education. A preliminary taxable value estimate provided under this subsection may not be appealed, but may be revised by the comptroller at any time before preliminary findings are certified.

(i) If the comptroller determines in the annual study that the market value of property in a school district as determined by the appraisal district that appraises property for the school district, less the total of the amounts and values listed in Subsection (d) as determined by that appraisal district, is valid, the comptroller, in determining the taxable value of property in the school district under Subsection (d), shall for purposes of Subsection (d)(13) [~~(d)(14)~~] subtract from the market value as determined by the appraisal district of residence homesteads to which Section 23.23, Tax Code, applies the amount by which that amount exceeds the appraised value of those properties as calculated by the appraisal district under Section 23.23, Tax Code. If the comptroller determines in the annual study that the market value of property in a school district as determined by the appraisal district that appraises

(i) If the comptroller determines in the annual study that the market value of property in a school district as determined by the appraisal district that appraises property for the school district, less the total of the amounts and values listed in Subsection (d) as determined by that appraisal district, is valid, the comptroller, in determining the taxable value of property in the school district under Subsection (d), shall for purposes of Subsection (d)(13) [~~(d)(14)~~] subtract from the market value as determined by the appraisal district of residence homesteads to which Section 23.23, Tax Code, applies the amount by which that amount exceeds the appraised value of those properties as calculated by the appraisal district under Section 23.23, Tax Code. If the comptroller determines in the annual study that the market value of property in a school district as determined by the appraisal district that appraises



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property for the school district, less the total of the amounts and values listed in Subsection (d) as determined by that appraisal district, is not valid, the comptroller, in determining the taxable value of property in the school district under Subsection (d), shall for purposes of Subsection (d)(13) [~~(d)(14)~~] subtract from the market value as estimated by the comptroller of residence homesteads to which Section 23.23, Tax Code, applies the amount by which that amount exceeds the appraised value of those properties as calculated by the appraisal district under Section 23.23, Tax Code.

(j) For purposes of Chapter 42 [~~Section 42.2511~~], Education Code, the comptroller shall certify to the commissioner of education:

(1) a final value for each school district computed on a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$5,000;

(2) a final value for each school district computed on:

(A) a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$15,000; and

(B) the effect of the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, as proposed by H.J.R. No. 4, 75th Legislature, Regular Session, 1997; and

(3) a final value for each school district computed on the effect of the reduction of the limitation on tax increases to reflect any reduction in the school district tax rate as provided by Section 11.26(a-1), (a-2), or (a-3), Tax Code, as applicable.

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property for the school district, less the total of the amounts and values listed in Subsection (d) as determined by that appraisal district, is not valid, the comptroller, in determining the taxable value of property in the school district under Subsection (d), shall for purposes of Subsection (d)(13) [~~(d)(14)~~] subtract from the market value as estimated by the comptroller of residence homesteads to which Section 23.23, Tax Code, applies the amount by which that amount exceeds the appraised value of those properties as calculated by the appraisal district under Section 23.23, Tax Code.

(j) For purposes of Chapter 42 [~~Section 42.2511~~], Education Code, the comptroller shall certify to the commissioner of education:

(1) a final value for each school district computed on a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$5,000;

(2) a final value for each school district computed on:

(A) a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$15,000; and

(B) the effect of the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, as proposed by H.J.R. No. 4, 75th Legislature, Regular Session, 1997; and

(3) a final value for each school district computed on the effect of the reduction of the limitation on tax increases to reflect any reduction in the school district tax rate as provided by Section 11.26(a-1), (a-2), or (a-3), Tax Code, as applicable.

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No equivalent provision.

SECTION 1.29. Section 311.013(n), Tax Code, is amended to read as follows:

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(n) This subsection applies only to a school district whose taxable value computed under Section 403.302(d), Government Code, is reduced in accordance with Subdivision (4) [(5)] of that subsection. In addition to the amount otherwise required to be paid into the tax increment fund, the district shall pay into the fund an amount equal to the amount by which the amount of taxes the district would have been required to pay into the fund in the current year if the district levied taxes at the rate the district levied in 2005 exceeds the amount the district is otherwise required to pay into the fund in the year of the reduction[, not to exceed the amount the school district realizes from the reduction in the school district's taxable value under Section 403.302(d)(5), Government Code].

No equivalent provision.

ARTICLE 2. CONFORMING AMENDMENTS

SECTION 88. Section 822.201(b), Government Code, is amended to read as follows:

(b) "Salary and wages" as used in Subsection (a) means:  
(1) normal periodic payments of money for service the right to which accrues on a regular basis in proportion to

SECTION 2.05. Same as House version.

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the service performed;

(2) amounts by which the member's salary is reduced under a salary reduction agreement authorized by Chapter 610;

(3) amounts that would otherwise qualify as salary and wages under Subdivision (1) but are not received directly by the member pursuant to a good faith, voluntary written salary reduction agreement in order to finance payments to a deferred compensation or tax sheltered annuity program specifically authorized by state law or to finance benefit options under a cafeteria plan qualifying under Section 125 of the Internal Revenue Code of 1986, if:

(A) the program or benefit options are made available to all employees of the employer; and

(B) the benefit options in the cafeteria plan are limited to one or more options that provide deferred compensation, group health and disability insurance, group term life insurance, dependent care assistance programs, or group legal services plans;

(4) performance pay awarded to an employee by a school district as part of a total compensation plan approved by the board of trustees of the district and meeting the requirements of Subsection (e);

(5) the benefit replacement pay a person earns under Subchapter H, Chapter 659, except as provided by Subsection (c);

(6) stipends paid to teachers in accordance with Section 21.410, 21.411, 21.412, or 21.413, Education Code;

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(7) amounts by which the member's salary is reduced or that are deducted from the member's salary as authorized by Subchapter J, Chapter 659;

(8) a merit salary increase made under Section 51.962, Education Code;

(9) amounts received under the relevant parts of the ~~[awards for student achievement program under Subchapter N, Chapter 21, Education Code, the]~~ educator excellence awards program under Subchapter O, Chapter 21, Education Code, or a mentoring program under Section 21.458, Education Code, that authorize ~~[authorized]~~ compensation for service; and

(10) salary amounts designated as health care supplementation by an employee under Subchapter D, Chapter 22, Education Code.

SECTION 89. Sections 825.405(a) and (b), Government Code, are amended to read as follows:

(a) For members entitled to the minimum salary for certain school personnel under Section 21.402, Education Code, and 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, the employing district shall pay the state's contribution on the portion of the member's salary that exceeds the statutory minimum salary ~~[or former statutory minimum, as applicable]~~.

(b) For purposes of this section:

No equivalent provision.

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(1) ~~;~~ the statutory minimum salary for certain school personnel under Section 21.402, Education Code, is the salary provided by that section ~~[Section 21.402 or the former Sections 16.056 and 16.058, Education Code;]~~ multiplied by the cost of education adjustment applicable under Section 42.102, Education Code, to the district in which the member is employed; and

(2) the statutory minimum salary for members who would have been entitled to the minimum salary for certain school personnel under former Section 16.056, Education Code, as that section existed on January 1, 1995, is a minimum salary computed in the same manner as the minimum salary for certain school personnel under Section 21.402, Education Code, multiplied by the cost of education adjustment applicable under Section 42.102, Education Code, to the district in which the member is employed.

SECTION 90. Section 1579.251(a), Insurance Code, is amended to read as follows:

(a) The state shall assist employees of participating school districts and charter schools in the purchase of group health coverage under this chapter by providing for each covered employee the amount of \$900 each state fiscal year or a greater amount as provided by the General Appropriations Act. The state contribution shall be distributed through the school finance formulas under

SECTION 2.06. Same as House version.

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Chapters 41 and 42, Education Code, and used by school districts and charter schools as provided by Section [Sections 42.2514 and] 42.260, Education Code.

SECTION 91. Section 1581.053(b), Insurance Code, is amended to read as follows:

(b) Notwithstanding Subsection (a), amounts a district or school is required to use to pay contributions under a group health coverage plan for district or school employees under Section ~~[42.2514 or]~~ 42.260, Education Code, other than amounts described by Section 42.260(c)(2)(B), are not used in computing whether the district or school complies with Section 1581.052.

SECTION 92. Section 26.01(e), Tax Code, is amended to read as follows:

(e) Not later than June 7, the chief appraiser shall prepare and certify to the comptroller an estimate of the taxable value of property in each school district participating in the appraisal district and the total market value of that property. Except as provided by Subsection (f), not later than April 30 [by June 7], the chief appraiser shall also prepare and certify to the assessor for each county, municipality, and school district participating in the appraisal district an estimate of the taxable value of property in that taxing unit. The chief appraiser shall assist each county, municipality, and

SECTION 2.07. Same as House version.

House

~~No equivalent provision.~~

House

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school district in determining values of property in that taxing unit for the taxing unit's budgetary purposes.

SECTION 93. Section 26.05, Tax Code, is amended by adding Subsection (g) to read as follows:

(g) Notwithstanding Subsection (a), the governing body of a school district that elects to adopt a tax rate before the adoption of a budget for the fiscal year that begins in the current tax year may adopt a tax rate for the current tax year before receipt of the certified appraisal roll for the school district if the chief appraiser of the appraisal district in which the school district participates has certified to the assessor for the school district an estimate of the taxable value of property in the school district as provided by Section 26.01(e). If a school district adopts a tax rate under this subsection, the effective tax rate and the rollback tax rate of the district shall be calculated based on the certified estimate of taxable value.

No equivalent provision.

House

SECTION 94. Section 26.08, Tax Code, is amended by adding Subsection (p) to read as follows:

(p) Notwithstanding Subsections (n) and (o), a school district is not required to obtain the approval at an election under this section of the district's adopted tax rate if the rate does not exceed the sum of:

(1) the maintenance and operations tax rate of the district for the most recent tax year of the period that

No equivalent provision.

Senate

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consists of the 2007 and 2008 tax years in which the district's tax rate was approved at an election under this section; and  
(2) the district's current debt rate.

SECTION 95. Section 26.08, Tax Code, is amended by adding Subsection (q) to read as follows:

(q) Notwithstanding Subsections (i), (n), and (o), if for the preceding tax year the district adopted a maintenance and operations tax rate that was less than the district's effective maintenance and operations tax rate for that preceding tax year, the rollback tax rate of the district for the current tax year is calculated as if the district adopted a maintenance and operations tax rate for the preceding tax year that was equal to the district's effective maintenance and operations tax rate for that preceding tax year.

No equivalent provision.

Senate

SECTION 96. Chapter 26, Tax Code, is amended by adding Section 26.083 to read as follows:

Sec. 26.083. TEMPORARY AUTHORIZATION TO ADOPT SCHOOL DISTRICT TAX RATE THAT EXCEEDS DISTRICT'S ROLLBACK TAX RATE. (a) The governing body of a school district in the manner provided by law for official action by the governing body may call an election to authorize the district to adopt a maintenance and operations tax rate not to exceed a

No equivalent provision.

Senate



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specified rate for a specified period.

(b) An election under this section must be held on a uniform election date. If the governing body of the school district has not adopted a tax rate for the current tax year before the date the election is held, the election applies to the district's tax rate for the current tax year and the following four tax years. If the governing body of the school district adopted a tax rate for the current tax year before the date the election is held, the election applies to the district's tax rate for the following five tax years.

(c) The ballot for the election shall be prepared to permit voting for or against the proposition: "Authorizing the (name of school district) to adopt a tax rate for maintenance and operations purposes for (the current tax year and the following four tax years or the following five tax years, as applicable) at a rate not to exceed \$ per \$100 valuation." The ballot proposition must include the proposed limit on the school district's maintenance and operations tax rate.

(d) If a majority of the votes cast in the election favor the proposition, the school district, for the current tax year and the following four tax years or for the following five tax years, as applicable, may adopt a tax rate that does not exceed the sum of the rate stated in the ballot proposition and the district's current debt rate for the applicable year without being required to hold an election under Section 26.08 to ratify the adopted tax rate, regardless of whether the adopted tax rate exceeds

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the district's rollback tax rate for that tax year.

(e) If the proposition is not approved as provided by Subsection (d), Section 26.08 applies to the school district's tax rate for the applicable tax years.

SECTION 97. Section 31.06(a), Tax Code, is amended to read as follows:

(a) Except as provided by Section 31.061, taxes are payable only as provided by this section. A ~~[in-currency of the United States. However, a]~~ collector shall ~~[may]~~ accept United States currency or a check or money order in payment of taxes[,;] and shall ~~[may]~~ accept payment by credit card or electronic funds transfer. ~~[A collector and a person may enter into an agreement under which the person pays taxes by electronic funds transfer. The agreement must:~~

~~[(1) be in writing;~~

~~[(2) be signed by the collector and the person; and~~

~~[(3) specify the means or format of payment by electronic funds transfer.]~~

SECTION 98. Section 313.027, Tax Code, is amended by adding Subsections (i) and (j) to read as follows:

(i) A person and the school district may not enter into an agreement under which the person agrees to provide supplemental payments to a school district in an amount that exceeds an amount equal to \$100 per student per

~~No equivalent provision.~~

House

~~No equivalent provision.~~

Senate

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year in average daily attendance, as defined by Section 42.005, Education Code, or for a period that exceeds the period described by Section 313.021(4) or 313.104(2)(B) of this code. This limit does not apply to an amount described by Subsection (f)(1) of this section.

(i) A local school district is entitled to enter into multiple contracts with applicants and is entitled to receive the amount per student in average daily attendance as specified in Subsection (i) above.

No equivalent provision.

SECTION 99. (a) The following provisions of the Education Code are repealed:

- (1) Subchapter N, Chapter 21;
- (2) Section 21.704(b);
- (3) Section 39.024(e);
- (4) Sections 41.002(b) and (g);
- (5) Section 41.098;

- (6) Section 42.103(e);
- (7) Sections 42.152(e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), (p), and (u);
- (8) Sections 42.2511, 42.2512, 42.2513, and 42.2514;
- (9) Section 42.2516(h);

ARTICLE 3. REPEALER; MISCELLANEOUS;  
EFFECTIVE DATE

SECTION 3.01. (a) The following provisions of the Education Code are repealed:

- (1) Subchapter N, Chapter 21;
- (2) Section 21.704(b);
- () Section 29.909;
- () Subsection (d), Section 30A.151;
- () Section 30A.153;
- () Section 30A.154;
- (3) Section 39.114(c); and
- (4) Sections 42.103(e),

42.2511, 42.2512, and 42.2514.

The following provisions of the Education Code are repealed:

Subchapter N, Chapter 21;  
Section 21.704(b);  
Section 29.909;  
Subsection (d), Section 30A.151;  
Section 30A.153;  
Section 30A.154;  
Sections 42.103(e),  
42.2511, 42.2512, and 42.2514.  
Subchapter C, Chapter 1581, Insurance Code, is repealed.  
Section 2, Chapter 1191 (H.B. 828), Acts of the 80th Legislature, Regular Session, 2007, is repealed.

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- (10) Section 42.2521; and
- (11) Section 42.302(a-1).
- (b) Sections 825.405(h) and (i), Government Code, are repealed.
- (c) Subchapter C, Chapter 1581, Insurance Code, is repealed.
- (d) Section 2, Chapter 1191 (H.B. 828), Acts of the 80th Legislature, Regular Session, 2007, which amended Subsection (a-1), Section 42.302, Education Code, is repealed.
- (e) Section 40, Chapter 1504 (H.B. 6), Acts of the 77th Legislature, Regular Session, 2001, is repealed.

SECTION 100. (a) Notwithstanding any other provision of this Act, Sections 12.1331 and 21.402(c-1), Education Code, as added by this Act, are expressly contingent on a determination by the commissioner of education that payment of wage and salary increases and associated benefits required by those sections are allowable uses of federal funds received by school districts and open-enrollment charter schools under the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) and appropriated as part of the Foundation School Program.

The commissioner may not make a determination under this subsection until the state's application to spend funds under the American Recovery and Reinvestment Act of

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- (b) Subchapter C, Chapter 1581, Insurance Code, is repealed.
- (c) Section 2, Chapter 1191 (H.B. 828), Acts of the 80th Legislature, Regular Session, 2007, is repealed.
- ( ) Section 3, Chapter 1337 (S.B. 1788), Acts of the 80th Legislature, Regular Session, 2007, is repealed.
- ( ) Section 40, Chapter 1504 (H.B. 6), Acts of the 77th Legislature, Regular Session, 2001, is repealed.

SECTION 3.03. (a) Notwithstanding any other provision of this Act, Sections 12.1331, ~~19.007(g)~~, ~~19.009(d-2)~~, and 21.402(c-1), Education Code, as added by this Act, are expressly contingent on a determination by the commissioner of education that payment of salary increases required by or associated with those sections are allowable uses of federal funds received by school districts and open-enrollment charter schools under the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) and appropriated as part of the Foundation School Program.

The commissioner may not make a determination under this subsection until the state's application to spend funds under the American Recovery and Reinvestment Act of

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Section 40, Chapter 1504 (H.B. 6), Acts of the 77th Legislature, Regular Session, 2001, is repealed.  
Sections 42.152(e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), (p), and (u);  
Section 39.114(c)  
Section 39.024(e);  
Section 3, Chapter 1337 (S.B. 1788), Acts of the 80th Legislature, Regular Session, 2007, is repealed.

Conform as needed with decisions.

House but include references to 19.007(g) and 19.009(d-2).

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2009 has been approved by the United States government. The commissioner shall promptly notify school districts and open-enrollment charter schools of that determination. A determination by the commissioner under this subsection is final and may not be appealed.

(b) A school district or open-enrollment charter school may enter into an employment contract or agreement that is contingent on a determination of the commissioner of education under Subsection (a) of this section.

(c) The commissioner of education by rule may determine the applicable minimum salary schedule for use by school districts during the 2010-2011 state fiscal biennium following a determination under Subsection (a) of this section. If the commissioner determines that federal funds received by school districts and open-enrollment charter schools under the American Recovery and Reinvestment Act of 2009 may not be used for purposes of Sections 12.1331 and 21.402(c-1), Education Code, as added by this Act, those amendments have no effect in determining the salary required to be paid to an employee of a school district or open-enrollment charter school.

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2009 has been approved by the United States government. The commissioner shall promptly notify school districts and open-enrollment charter schools of that determination. A determination by the commissioner under this subsection is final and may not be appealed.

(b) A school district or open-enrollment charter school may enter into an employment contract or agreement that is contingent on a determination of the commissioner of education under Subsection (a) of this section.

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Add the following:

**SECTION 50. CONTINGENCY FOR STIMULUS FUNDING**

- (a) The commissioner shall determine the percentage of entitlement in the foundation school program or other program that represents the use of Education Stabilization funds received under the American Recovery and Reinvestment Act of 2009. In order to receive that percentage of total funds available to a school district or charter

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school under the foundation school program or other program, a district or charter may be required to apply to the commissioner using an application developed by the commissioner. The commissioner may require an applicant to make assurances as to the use and monitoring of funds applied for or other requirements, consistent with the American Recovery and Reinvestment Act of 2009.

- (b) If any of the funds received by the state under the American Recovery and Reinvestment Act of 2009 that were appropriated for the purpose of funding the foundation school program or other program are determined to be unavailable temporarily or permanently for that purpose, the commissioner shall reduce the total amount of funds to which a district is entitled under Chapters 41 and 42 or other programs proportional to the percentage determined under subsection (a). A reduction in funding under this subsection does not increase the entitlement of a district or charter in any subsequent year.
- (c) This section applies to Chapters 41 and 42 of the Education Code as amended by this act for the 2009-2010 and 2010-2011 school years. A decision by the commissioner under this section is final and may not be appealed.

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SECTION 101. Section 21.402(c-4), Education Code, as added by this Act, does not affect a contract between a school district and a person entitled to a minimum salary under Section 21.402, Education Code, if the contract:

- (1) was entered into before the effective date of the change in law made by this Act; and
- (2) provides for a salary greater than the minimum salary to which the person would be entitled under Section 21.402(c-4), Education Code, as added by this Act.

No equivalent provision.

Senate

SECTION 102. The provisions of Section 42.2516(b)(2), Education Code, as amended by this Act, shall be effective for the fiscal year that begins September 1, 2006, and any amounts due a district shall be paid to the district in the fiscal year that begins September 1, 2009, at the time other payments are made to the district.

No equivalent provision.

Conform to previous decisions.

SECTION 103. Section 44.004, Education Code, Sections 3.005 and 4.008, Election Code, and Sections 26.01 and 26.05, Tax Code, as amended by this Act, apply only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

No equivalent provision.

Conform to previous decisions.

SECTION 104. Section 26.083, Tax Code, as added by

No equivalent provision.

Conform to previous decisions.

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this Act, applies only to the ad valorem tax rate of a school district for a tax year beginning on or after the effective date of this Act.

SECTION 105. (a) Section 26.08(p), Tax Code, as added by this Act, applies to the ad valorem tax rate of a school district beginning with the 2009 tax year, except as provided by Subsection (b) of this section.

(b) If the governing body of a school district adopted an ad valorem tax rate for the school district for the 2009 tax year before the effective date of this Act, Section 26.08(p), Tax Code, as added by this Act, applies to the ad valorem tax rate of that school district beginning with the 2010 tax year, and the law in effect when the tax rate was adopted applies to the 2009 tax year with respect to that school district.

SECTION 106. The commissioner of education shall ensure that each school district receives, within the amount to which the district is entitled under Section 42.2516, Education Code, the total amount to which the district is entitled as a result of the adjustment provided under Section 42.103(d), Education Code.

SECTION 107. (a) The change in law made by Section 26.08(q), Tax Code, as added by this Act, applies to the

No equivalent provision.

Conform to previous decisions.

No equivalent provision.

Senate

No equivalent provision.

Conform to previous decisions.



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ad valorem tax rate of a school district beginning with the 2009 tax year, except as provided by Subsection (b) of this section.

(b) If the governing body of a school district adopted an ad valorem tax rate for the school district for the 2009 tax year before the effective date of this Act, the change in law made by Section 26.08(q), Tax Code, as added by this Act, applies to the ad valorem tax rate of that school district beginning with the 2010 tax year, and the law in effect when the tax rate was adopted applies to the 2009 tax year with respect to that school district.

SECTION 108. To the extent of any conflict, this Act prevails over another Act of the 81st Legislature, Regular Session, 2009, relating to nonsubstantive additions to and corrections in enacted codes.

No equivalent provision.

No equivalent provision.

No equivalent provision.

SECTION 3.02. To the extent of any conflict, this Act prevails over S.B. No. 1969, Acts of the 81st Legislature, Regular Session, 2009.

SECTION \_\_. For purposes of interpreting and implementing Section 825.406, Government Code, the Teacher Retirement System of Texas may not consider salaries of personnel paid in whole or in part from education stabilization funds distributed to school

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districts under the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) as being paid from federal funds.

No equivalent provision.

SECTION \_\_. The commissioner of education shall provide school districts with the maximum flexibility permitted under federal law in the administration of education stabilization funds distributed under the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5).

Senate

No equivalent provision.

SECTION \_\_. This Act does not make an appropriation. This Act takes effect only if a specific appropriation for the implementation of the Act is provided in a general appropriations act of the 81st Legislature.

SECTION \_\_\_\_\_. Sections 41 [House] does not make an appropriation. A provision in these sections that creates a new governmental program, creates a new entitlement, or imposes a new duty on a governmental entity is not mandatory during a fiscal period for which the legislature has not made specific appropriation to implement the provision.

No equivalent provision.

SECTION 3.04. Section 42.2516(b)(3), Education Code, as amended by this Act, applies as if that subdivision were in effect in the state fiscal year beginning September 1, 2006, and any amounts due a school district under that subdivision for the state fiscal years beginning September 1, 2006, September 1, 2007, and September 1, 2008, shall be paid to the district in the state fiscal year beginning September 1, 2009, at the time

Conform as needed.

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payments are made to the district under Section 42.259(f), Education Code.

No equivalent provision.

SECTION 3.05. This Act takes effect September 1, 2009, except that Section 1.14 of this Act takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, Section 1.14 takes effect September 1, 2009.

Senate

No equivalent provision.

ARTICLE \_\_. CREDIT ENHANCEMENT

Move as appropriate

No equivalent provision.

ARTICLE \_\_. STATE VIRTUAL SCHOOL NETWORK

Move as appropriate

No equivalent provision.

SECTION \_\_. Section 12.101, Education Code, is amended by amending Subsection (b) and adding Subsection (b-1) to read as follows:

House

(b) The State Board of Education, after thoroughly investigating and evaluating an applicant, may grant a charter for an open-enrollment charter school only to an applicant that meets any financial, governing, curriculum development and implementation, and operational standards adopted by the commissioner under this

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subchapter. The State Board of Education may not grant ~~[a total of]~~ more than 10 new [215] charters for an open-enrollment charter school each state fiscal year.

(b-1) A charter holder may establish one or more new open-enrollment charter school campuses under a charter without applying for authorization from the State Board of Education if:

(1) 90 percent or more of the open-enrollment charter school campuses operating under the charter have been rated as academically acceptable or higher under Subchapter D, Chapter 39, for the two preceding school years;

(2) either no campus operating under the charter has been rated as academically unacceptable for any two of the three preceding school years or such a campus has been closed;

(3) the charter holder satisfies generally accepted accounting standards of fiscal management;

(4) the charter holder provides written notice, in the time, manner, and form provided by commissioner rule, to the State Board of Education and the commissioner of the establishment of any campus under this subsection; and

(5) not later than the 90th day after the date the charter holder provides written notice under Subdivision (4), the commissioner does not provide written notice to the charter holder disapproving a new campus under this section.

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No equivalent provision.

House

SECTION \_\_. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1011 to read as follows:

Sec. 12.1011. AUTHORIZATION FOR GRANT OF CHARTERS FOR SCHOOLS PRIMARILY SERVING STUDENTS WITH DISABILITIES. (a) The State Board of Education may grant under Section 12.101 a charter on the application of an eligible entity for an open-enrollment charter school intended primarily to serve students with disabilities, including students with autism. A charter granted under this section is not considered for purposes of the limit on the number of open-enrollment charter schools imposed by Section 12.101(b).

(b) For purposes of the applicability of state and federal law, including a law prescribing requirements concerning students with disabilities, an open-enrollment charter school described by Subsection (a) is considered the same as any other school for which a charter is granted under Section 12.101.

(c) To the fullest extent permitted under federal law, a parent of a student with a disability may choose to enroll the parent's child in an open-enrollment charter school described by Subsection (a) regardless of whether a disproportionate number of the school's students are students with disabilities.

(d) This section does not authorize an open-enrollment charter school to discriminate in admissions or in the services provided based on the presence, absence, or

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nature of an applicant's or student's disability.

No equivalent provision.

SECTION \_\_. Section 12.104, Education Code, is amended by amending Subsection (b) and adding Subsection (e) to read as follows:

House

(b) An open-enrollment charter school is subject to:

(1) a provision of this title establishing a criminal offense; and

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

(A) the Public Education Information Management System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

(B) criminal history records under Subchapter C, Chapter 22;

(C) reading instruments and accelerated reading instruction programs under Section 28.006;

(D) satisfactory performance on assessment instruments and to accelerated instruction under Section 28.0211;

(E) high school graduation under Section 28.025;

(F) special education programs under Subchapter A, Chapter 29;

(G) bilingual education under Subchapter B, Chapter 29;

(H) prekindergarten programs under Subchapter E, Chapter 29;

(I) extracurricular activities under Section 33.081;

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- (J) discipline management practices or behavior management techniques under Section 37.0021;
  - (K) health and safety under Chapter 38;
  - (L) public school accountability under Subchapters B, C, D, and G, Chapter 39, except as provided by Subsection (e);
  - (M) the requirement under Section 21.006 to report an educator's misconduct; and
  - (N) intensive programs of instruction under Section 28.0213.
- (e) In computing dropout and completion rates for an open-enrollment charter school, the commissioner may:
- (1) exclude students who are ordered by a court to attend a high school equivalency certificate program but who have not yet earned a high school equivalency certificate;
  - and
  - (2) exclude students who were previously reported to the state as dropouts.

No equivalent provision.

SECTION \_\_. Section 12.1101, Education Code, is amended to read as follows:

Sec. 12.1101. NOTIFICATION OF CHARTER APPLICATION. The commissioner by rule shall adopt a procedure for providing notice to the following persons on receipt by the State Board of Education of an application for a charter for an open-enrollment charter school under Section 12.110 or on receipt by the board and the commissioner of notice of the establishment of a

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campus as authorized under Section 12.101(b-1):

- (1) the board of trustees of each school district from which the proposed open-enrollment charter school or campus is likely to draw students, as determined by the commissioner; and
- (2) each member of the legislature that represents the geographic area to be served by the proposed school or campus, as determined by the commissioner.

No equivalent provision.

SECTION \_\_. Subsection (a), Section 12.111, Education Code, is amended to read as follows:

House

- (a) Each charter granted under this subchapter must:
- (1) describe the educational program to be offered, which must include the required curriculum as provided by Section 28.002;
  - (2) specify the period for which the charter or, consistent with Section 12.116(b-1), any charter renewal is valid;
  - (3) provide that continuation or renewal of the charter is contingent on the status of the charter as provided by Section 12.116(b-1) ~~[acceptable student performance on assessment instruments adopted under Subchapter B, Chapter 39, and on compliance with any accountability provision specified by the charter, by a deadline or at intervals specified by the charter];~~
  - (4) ~~[establish the level of student performance that is considered acceptable for purposes of Subdivision (3);~~
  - ~~[(5)]~~ specify any basis, in addition to a basis specified by this subchapter, on which the charter may be placed



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on probation or revoked [~~or on which renewal of the charter may be denied~~];

(5) [~~(6)~~] prohibit discrimination in admission policy on the basis of sex, national origin, ethnicity, religion, disability, academic, artistic, or athletic ability, or the district the child would otherwise attend in accordance with this code, although the charter may:

(A) provide for the exclusion of a student who has a documented history of a criminal offense, a juvenile court adjudication, or discipline problems under Subchapter A, Chapter 37; and

(B) provide for an admission policy that requires a student to demonstrate artistic ability if the school specializes in performing arts;

(6) [~~(7)~~] specify the grade levels to be offered;

(7) [~~(8)~~] describe the governing structure of the program, including:

(A) the officer positions designated;

(B) the manner in which officers are selected and removed from office;

(C) the manner in which members of the governing body of the school are selected and removed from office;

(D) the manner in which vacancies on that governing body are filled;

(E) the term for which members of that governing body serve; and

(F) whether the terms are to be staggered;

(8) [~~(9)~~] specify the powers or duties of the governing body of the school that the governing body may delegate

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to an officer;  
(9) [~~(10)~~] specify the manner in which the school will distribute to parents information related to the qualifications of each professional employee of the program, including any professional or educational degree held by each employee, a statement of any certification under Subchapter B, Chapter 21, held by each employee, and any relevant experience of each employee;  
(10) [~~(11)~~] describe the process by which the person providing the program will adopt an annual budget;  
(11) [~~(12)~~] describe the manner in which an annual audit of the financial and programmatic operations of the program is to be conducted, including the manner in which the person providing the program will provide information necessary for the school district in which the program is located to participate, as required by this code or by State Board of Education rule, in the Public Education Information Management System (PEIMS);  
(12) [~~(13)~~] describe the facilities to be used;  
(13) [~~(14)~~] describe the geographical area served by the program; and  
(14) [~~(15)~~] specify any type of enrollment criteria to be used.

No equivalent provision.

SECTION \_\_. Section 12.115, Education Code, is amended to read as follows:  
Sec. 12.115. BASIS FOR MODIFICATION,

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PLACEMENT ON PROBATION, OR REVOCATION~~[; OR DENIAL OF RENEWAL]~~. (a) The commissioner may modify, place on probation, or revoke~~[; or deny renewal of]~~ the charter of an open-enrollment charter school if the commissioner determines that the charter holder:

- (1) committed a material violation of the charter, including failure to satisfy accountability provisions prescribed by the charter;
- (2) failed to satisfy generally accepted accounting standards of fiscal management;
- (3) failed to protect the health, safety, or welfare of the students enrolled at the school; or
- (4) failed to comply with this subchapter or another applicable law or rule.

(b) The action the commissioner takes under Subsection (a) shall be based on:

- (1) the best interest of the school's students;
- (2) [;] the severity of the violation[;] and any previous violation the school has committed; and
- (3) the accreditation status of the school under Section 39.072.

No equivalent provision.

SECTION \_\_. Section 12.116, Education Code, is amended by adding Subsections (a-1) and (b-1) and amending Subsection (b) to read as follows:

(a-1) The commissioner shall revoke the charter of an open-enrollment charter school in accordance with the

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procedure adopted under Subsection (a) if, after all information required for determining a performance rating has been considered, the commissioner determines that the school is insolvent as a result of recovery of overallocated state funds under Section 42.258(a).

(b) The commissioner shall revoke the charter of an open-enrollment charter school without a hearing if each campus operated under the school's charter has been ordered closed under Section 39.1324(d), (e), or (f) [procedure adopted under Subsection (a) must provide an opportunity for a hearing to the charter holder and to parents and guardians of students in the school. A hearing under this subsection must be held at the facility at which the program is operated].

(b-1) The procedure adopted under Subsection (a) for denying renewal of the charter of an open-enrollment charter school must provide that the charter automatically renews unless the school's charter is revoked under Subchapter G, Chapter 39, before the expiration of a charter term. The term for which a charter is renewed shall not be less than 10 years.

No equivalent provision.

SECTION \_\_. Subsection (a), Section 12.118, Education Code, is amended to read as follows:

House

(a) The commissioner shall designate an impartial organization with experience in evaluating school choice programs to conduct, under the supervision of the commissioner, an annual evaluation of open-enrollment

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charter schools.

No equivalent provision.

SECTION \_\_. Subsection (c), Section 12.119, Education Code, is amended to read as follows:

House

(c) On request, the State Board of Education shall provide the information required by this section and Section 12.111(a)(7) [~~12.111(8)~~] to a member of the public. The board may charge a reasonable fee to cover the board's cost in providing the information.

No equivalent provision.

SECTION \_\_. Subchapter D, Chapter 12, Education Code, is amended by adding Sections 12.134 and 12.135 to read as follows:

House

Sec. 12.134. COLOCATION AGREEMENT BETWEEN SCHOOL DISTRICT AND OPEN-ENROLLMENT CHARTER SCHOOL. (a) This section applies to a school district that:

(1) leases a district facility for the operation of an open-enrollment charter school to be colocated on a district campus; and

(2) enters into an agreement with the charter school as provided by Subsection (d).

(b) The board of trustees of a school district may elect to have data regarding the academic performance of students enrolled in the open-enrollment charter school combined with comparable data of the colocated district campus in determining the performance of the campus

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and the district.

(c) The board of trustees of a school district that elects under Subsection (b) to have academic data combined shall annually file with the agency a copy of the lease and agreement described by Subsection (a).

(d) The agreement between the school district and the open-enrollment charter school:

(1) shall establish terms for sharing instructional or other specified resources, such as professional development;

(2) shall for each year specify factors for identifying a student who will be served by the charter school in the leased facilities, which may include:

(A) the student's attendance at a specified district campus or campuses;

(B) the student's need for specific academic services;

(C) the student's academic performance in previous school years; or

(D) other objective factors determined by the district and the charter school;

(3) may prohibit the charter school from enrolling students at the leased facilities other than those identified under factors designated in the agreement; and

(4) shall require the district and the charter school to adopt measures, as required by commissioner rule, such as using different numerical codes for reporting information through the Public Education Information Management System (PEIMS), so that data remains identifiable as that of the district or of the school, as applicable.

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Sec. 12.135. EDUCATIONAL SERVICES AGREEMENT BETWEEN SCHOOL DISTRICT AND OPEN-ENROLLMENT CHARTER SCHOOL. (a) Notwithstanding Chapter 41 or 42, and in addition to any other funds to which a school district may be entitled, if the board of trustees of the district enters into an agreement under this section with an open-enrollment charter school for the charter school to provide educational services to a student enrolled in school in the district, the district is entitled to receive the greater of the following amounts:

(1) the amount the charter school would receive under Section 12.106 if the student were enrolled in the charter school; or

(2) the amount to which the district is entitled under Chapters 41 and 42 for the student.

(b) The board of trustees of a school district that enters into an agreement described by Subsection (a) with an open-enrollment charter school may elect to have the state and federal funds attributable to the students educated by the charter school paid directly to the charter school. A school district that makes such an election must make an annual declaration of the election to the agency in a manner determined by the commissioner. The district remains responsible for any overallocation or audit recovery of state or federal funds as determined by the commissioner.

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No equivalent provision.

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SECTION \_\_. Sections 39.202 and 39.203, Education Code, are amended to read as follows:

Sec. 39.202. DEVELOPMENT AND IMPLEMENTATION. (a) The commissioner shall, in consultation with the comptroller, develop and implement a financial accountability rating system for school districts and open-enrollment charter schools in this state that:

- (1) distinguishes among school districts and open-enrollment charter schools based on levels of financial performance; and
- (2) includes procedures to:
  - (A) provide additional transparency to public education finance; and
  - (B) enable the commissioner and school district and open-enrollment charter school administrators to provide meaningful financial oversight and improvement.
- (b) The system must include uniform indicators adopted by the commissioner by which to measure a district's or open-enrollment charter school's financial management performance.

Sec. 39.203. REPORTING. (a) The commissioner shall develop, as part of the system, a reporting procedure under which:

- (1) each school district and open-enrollment charter school is required to prepare and distribute an annual financial management report; and
- (2) the public is provided an opportunity to comment on the report at a hearing.

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(b) The annual financial management report must include:

(1) a description of the district's or school's financial management performance based on a comparison, provided by the agency, of the district's or school's performance on the indicators adopted under Section 39.202(b) to:

(A) state-established standards; and

(B) the district's or school's previous performance on the indicators; and

(2) any descriptive information required by the commissioner.

(c) The report may include:

(1) information concerning, if applicable, the district's or school's:

(A) financial allocations;

(B) tax collections;

(C) financial strength;

(D) operating cost management;

(E) personnel management;

(F) debt management;

(G) facility acquisition and construction management;

(H) cash management;

(I) budgetary planning;

(J) overall business management;

(K) compliance with rules; and

(L) data quality; and

(2) any other information the board of trustees determines to be necessary or useful.

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(d) The board of trustees of each school district and the governing body of each open-enrollment charter school shall hold a public hearing on the report. The board shall give notice of the hearing to, as applicable, owners of real property in the district and to parents of district students or to owners of real property in the district in which the open-enrollment charter school is located and to the parents of school students. In addition to other notice required by law, notice of the hearing must be provided:

(1) to a newspaper of general circulation in the district;  
and

(2) through electronic mail to media serving the district.

(e) After the hearing, the report shall be disseminated in the district or in the district in which the open-enrollment charter school is located in the manner prescribed by the commissioner.

No equivalent provision.

SECTION \_\_. Subsection (b), Section 12.113, Education Code, is repealed.

House

No equivalent provision.

SECTION \_\_. This Act applies beginning with the 2009-2010 school year.

House

No equivalent provision.

SECTION \_\_. This Act does not make an appropriation. This Act takes effect only if a specific appropriation for

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the implementation of the Act is provided in a general appropriations act of the 81st Legislature.

SECTION 109. Except as otherwise provided by this Act, this Act takes effect September 1, 2009.

SECTION \_\_. Except as provided by Section 14 of this Act, this Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009, except as provided by Section 14 of this Act.

House

The following row was presented as the engrossed version of Senate Bill 199 relating to providing training in personal financial literacy instruction for public school teachers.

No equivalent provision.

SECTION \_\_. Subsection (d), Section 8.051, Education Code, is amended to read as follows:

Senate

(d) Each regional education service center shall maintain core services for purchase by school districts and campuses. The core services are:

(1) training and assistance in:

(A) teaching each subject area assessed under Section 39.023; and

(B) providing instruction in personal financial literacy as required under Section 28.0021;

(2) training and assistance in providing each program

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that qualifies for a funding allotment under Section 42.151, 42.152, 42.153, or 42.156;

(3) assistance specifically designed for a school district rated academically unacceptable under Section 39.072(a) or a campus whose performance is considered unacceptable based on the indicators adopted under Section 39.051;

(4) training and assistance to teachers, administrators, members of district boards of trustees, and members of site-based decision-making committees;

(5) assistance specifically designed for a school district that is considered out of compliance with state or federal special education requirements, based on the agency's most recent compliance review of the district's special education programs; and

(6) assistance in complying with state laws and rules.

The following row was presented as identical to the Senate engrossed versions of S.B. 197 relating to the expansion of the financial literacy pilot program in public schools.

No equivalent provision.

SECTION \_\_. Section 29.915, Education Code, is amended by amending Subsection (d) and adding Subsection (f) to read as follows:

Senate

(d) The agency shall develop an application and

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selection process for selecting school districts to participate in the program. The agency may select not more than 100 [25] school districts to participate in the program.

(f) Not later than January 1, 2011, the agency shall provide each member of the legislature with a report relating to the implementation and effectiveness of the program. This subsection expires February 1, 2011.

The following rows were presented as identical to the language contained in the Senate engrossed version of Senate Bill 2308, relating to the use of discretionary funds raised by public school campuses.

No equivalent provision.

SECTION \_\_. Subchapter Z, Chapter 44, Education Code, is amended by adding Section 44.908 to read as follows:

Sec. 44.908. USE OF CAMPUS DISCRETIONARY FUNDS. (a) In this section, "campus discretionary funds" means money raised at a public school campus through vending machines or other sources specifically associated with the campus.

(b) Campus discretionary funds may be used only to:

(1) directly benefit the general welfare and educational development and morale of students enrolled at the campus; or

(2) provide professional development for campus educators, including teachers, administrators, counselors,

Replace Section 44.908 as adopted in the Senate version with:

Section 44.908 Expenditure of Local Funds

(a) A school district shall adopt a policy governing the expenditure of funds from local sources of revenue from vending machines, rentals, gate receipts or other local sources of revenue over which the district has direct control. A policy under this section must require discretionary expenditures of local district funds to be related to the district's educational purpose and provide a commensurate benefit to the district or its students.

(b) A policy adopted under this section must meet the standards of Article III, Section 52 of the Texas

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and librarians, that:  
(A) deepens and broadens knowledge of content;  
(B) provides a strong foundation in the pedagogy of particular disciplines;  
(C) provides knowledge about the teaching and learning processes;  
(D) is based on and reflects the best available research;  
(E) is aligned with the standards and curriculum used in the school district;  
(F) contributes to measurable improvement in student achievement;  
(G) deepens and broadens knowledge and understanding of strategies needed to promote college and career readiness; and  
(H) provides opportunities to build proficiency in data-driven decision-making.  
(c) Subject to Subsection (b), the board of trustees of the district has authority over the specific use of campus discretionary funds.  
(d) Subsection (b) does not apply to campus discretionary funds that are deposited into a school district's general fund.

Constitution for the expenditure of public funds.

No equivalent provision.

SECTION \_\_. Section 44.908, Education Code, as added by this Act, applies to any expenditure of campus discretionary funds that occurs on or after September 1, 2009, regardless of the date on which the funds were raised.

Senate

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The following rows were presented as containing language of Senate Bill 1255 relating to a state intercept credit enhancement program for certain bonds issued by school districts.

No equivalent provision.

SECTION \_\_. Chapter 45, Education Code, is amended by adding Subchapters I and J to read as follows:

Senate

SUBCHAPTER I. INTERCEPT PROGRAM TO PROVIDE CREDIT ENHANCEMENT FOR BONDS

Sec. 45.251. DEFINITIONS. In this subchapter:

- (1) "Board" means the State Board of Education.
- (2) "Foundation School Program" means the program established under Chapters 41, 42, and 46, or any successor program of state appropriated funding for school districts in this state.
- (3) "Paying agent" means the financial institution that is designated by a school district as the district's agent for the payment of the principal of and interest on bonds for which credit enhancement is provided under this subchapter.

Sec. 45.252. INTERCEPT CREDIT ENHANCEMENT PROGRAM. (a) If a school district's application for guarantee of district bonds by the corpus and income of the permanent school fund as provided by Subchapter C is rejected, the district may apply under this subchapter for credit enhancement of bonds described by Section

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45.054 by money appropriated for the Foundation School Program, other than money that is appropriated to school districts specifically:

- (1) as required under the Texas Constitution; or
- (2) for assistance in paying debt service.

(b) The same school district bonds may not benefit under both Subchapter C and this subchapter.

(c) Notwithstanding any amendment of this subchapter or other law, the credit enhancement provided under this subchapter for school district bonds remains in effect until the date those bonds mature or are defeased in accordance with state law.

Sec. 45.253. LIMITATION ON INTERCEPT CREDIT ENHANCEMENT. (a) In each month of each fiscal year, the commissioner shall determine the amount of funds available to make payments under this subchapter from the Foundation School Program through the end of the fiscal year and the amounts due under this code to public schools from the Foundation School Program through the end of the fiscal year. The commissioner may revise a determination under this subsection during the fiscal year as appropriate.

(b) The commissioner may not endorse particular bonds for credit enhancement under this subchapter until the commissioner has:

- (1) made the determinations required under Subsection (a); and
- (2) determined that the endorsement will not cause the projected debt service coming due during the remainder

Senate



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of the fiscal year for bonds provided credit enhancement under this subchapter to exceed the lesser of:

Senate

(A) one-half of the amount of funds due to public schools from the Foundation School Program for the remainder of the fiscal year; or

(B) one-half of the amount of funds anticipated to be on hand in the Foundation School Program to make payments for the remainder of the fiscal year.

(c) The commissioner may not endorse particular bonds for credit enhancement under this subchapter unless the commissioner has determined that the maximum annual debt service on the bonds during any state fiscal year will not exceed the lesser of:

(1) one-half of the amount of funds due to public schools from the Foundation School Program for the current fiscal year; or

(2) one-half of the amount of funds anticipated to be on hand in the Foundation School Program to make payments for the current fiscal year.

Sec. 45.254. ELIGIBILITY. To be eligible for approval by the commissioner for credit enhancement under this subchapter:

(1) bonds must be issued in the manner provided by Section 45.054; and

(2) payments of all of the principal of the bonds must be scheduled during the first six months of the state fiscal year.

Sec. 45.2541. INTERCEPT OF FOUNDATION SCHOOL PROGRAM APPROPRIATIONS AS

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CREDIT ENHANCEMENT. (a) Money appropriated for the Foundation School Program that may be used for the purpose under this subchapter and under any other law, rule, or regulation shall be used to provide credit enhancement for eligible bonds as provided by this subchapter, the General Appropriations Act, and board rule if using the permanent school fund to guarantee particular bonds would result in:

(1) a total amount of outstanding bonds guaranteed by the permanent school fund exceeding the amount authorized under:

(A) Section 45.053; or

(B) federal law or regulations; or

(2) the use of a portion of the cost value of the permanent school fund reserved under Section 45.0531, as determined by the board.

(b) If Foundation School Program appropriations are not sufficient in any year to pay principal or interest that becomes due on bonds for which credit enhancement is provided under this subchapter, the payment shall be made from the following year's Foundation School Program appropriations that may be used for the purpose under this subchapter before those appropriations are used for any other Foundation School Program purpose.

Sec. 45.255. APPLICATION FOR CREDIT ENHANCEMENT. (a) A school district seeking credit enhancement of eligible bonds under this subchapter shall apply to the commissioner using a form adopted by the commissioner for the purpose. The commissioner

Senate

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may adopt a single form on which a district seeking guarantee or credit enhancement of eligible bonds may apply simultaneously first for a guarantee under Subchapter C and then, if that guarantee is rejected, for credit enhancement under this subchapter.

Senate

(b) An application under Subsection (a) must:

(1) include the information required by Section 45.055(b); and

(2) be accompanied by a fee set by board rule in an amount designed to cover the costs of administering the programs to provide the guarantee or credit enhancement of eligible bonds.

Sec. 45.256. INVESTIGATION. (a) Following receipt of an application under Section 45.255, the commissioner shall conduct an investigation of the applicant school district as provided for an investigation under Section 45.056(a).

(b) If following the investigation under Subsection (a) the commissioner is satisfied that the school district's bonds should be guaranteed under Subchapter C or provided credit enhancement under this subchapter, as applicable, the commissioner shall endorse the bonds.

Sec. 45.257. CREDIT ENHANCEMENT ENDORSEMENT. (a) The commissioner shall endorse bonds approved for credit enhancement under this subchapter in substantially the same manner provided under Section 45.057 for endorsing bonds approved under Subchapter C.

(b) The credit enhancement is not effective unless the

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attorney general approves the bonds under Section 45.005.

Senate

Sec. 45.258. NOTICE OF FAILURE OR INABILITY TO PAY. Immediately following a determination that a school district will be or is unable to pay maturing or matured principal or interest on a bond for which credit enhancement is provided under this subchapter, but not later than the 10th day before maturity date, the school district shall notify the commissioner.

Sec. 45.259. PAYMENT FROM INTERCEPTED FUNDS. (a) Immediately following receipt of notice under Section 45.258, the commissioner shall instruct the comptroller to transfer to the district's paying agent from appropriations to the Foundation School Program that may be used for the purpose under Section 45.252 and other law the amount necessary to pay the maturing or matured principal or interest.

(b) Immediately following receipt of the funds for payment of the principal or interest, the paying agent shall pay the amount due.

(c) The procedures prescribed by Subsections (a) and (b) apply to each payment of principal or interest on bonds as the payment becomes due until the bonds mature or are defeased in accordance with state law.

(d) If money appropriated for the Foundation School Program is used for purposes of this subchapter and as a result there is insufficient money to fully fund the Foundation School Program, the commissioner shall, to the extent necessary, reduce each school district's

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foundation school fund allocations, other than any portion appropriated from the available school fund, in the same manner provided by Section 42.253(h) for a case in which school district entitlements exceed the amount appropriated. The following fiscal year, a district's entitlement under Section 42.253 is increased by an amount equal to the reduction under this subsection.

Senate

(e) A payment made under this section by the state on behalf of a school district of funds the district owes on bonds for which credit enhancement is provided under this subchapter creates a repayment obligation of the district to the state regardless of the maturity date of, or any payment of interest on, the bonds.

(f) This section does not create a debt of the state under the Texas Constitution or, except to the extent provided by this subchapter, create a payment obligation.

Sec. 45.260. BONDS NOT ACCELERATED ON FAILURE TO PAY. If a school district fails to pay principal or interest on a bond for which credit enhancement is provided under this subchapter when the amount matures, other amounts not yet mature are not accelerated and do not become due by virtue of the district's failure to pay amounts matured.

Sec. 45.261. REIMBURSEMENT OF FOUNDATION SCHOOL PROGRAM. (a) If the commissioner orders payment from the money appropriated to the Foundation School Program on behalf of a school district that is not required to reduce its wealth per student under Chapter

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41, the commissioner shall direct the comptroller to withhold the amount paid from the first state money payable to the district. If the commissioner orders payment from the money appropriated to the Foundation School Program on behalf of a school district that is required to reduce its wealth per student under Chapter 41, the commissioner shall increase amounts due from the district under that chapter in a total amount equal to the amount of payments made on behalf of the district under this subchapter. Amounts withheld or received under this subsection shall be used for the Foundation School Program.

Senate

(b) In accordance with commissioner rules, the commissioner may authorize reimbursement of the Foundation School Program in a manner other than that provided by this section.

(c) The commissioner may order a school district to set an ad valorem tax rate capable of producing an amount of revenue sufficient to enable the district to:

(1) provide reimbursement under this section; and

(2) pay the remaining principal of and interest on the bonds as the principal and interest become due.

(d) If a school district fails to comply with the commissioner's order under Subsection (c), the commissioner may impose any sanction on the district authorized to be imposed on a district under Subchapter G, Chapter 39, including appointment of a board of managers or annexation to another district, regardless of the district's accreditation status or the duration of a

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particular accreditation status.

Senate

(e) Any part of a school district's tax rate attributable to producing revenue for purposes of Subsection (c)(1) is considered part of the district's:

(1) current debt rate for purposes of computing a rollback tax rate under Section 26.08, Tax Code; and

(2) interest and sinking fund tax rate.

(f) On reimbursement by a school district as required by this section, the commissioner shall pay to the district any amount withheld under this section.

Sec. 45.262. REPEATED FAILURE TO PAY. (a) If a total of two or more payments are made under Subchapter C or this subchapter on the bonds of a school district and the commissioner determines that the district is acting in bad faith under the guarantee program under Subchapter C or the credit enhancement program under this subchapter, the commissioner may request the attorney general to institute appropriate legal action to compel the district and the district's officers, agents, and employees to comply with the duties required of them by law in regard to the bonds.

(b) Jurisdiction of proceedings under this section is in district court in Travis County.

Sec. 45.263. RULES. (a) The commissioner shall adopt rules necessary for the administration of the bond credit enhancement program under this subchapter.

(b) In adopting rules under Subsection (a), the commissioner shall establish an annual deadline by which a school district must pay the debt service on

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bonds for which credit enhancement is provided under this subchapter. The deadline established may not be later than the 10th day before the date specified under Section 42.259 for payment to school districts of the final Foundation School Program installment for a state fiscal year.

Senate

SUBCHAPTER J. OPEN-ENROLLMENT CHARTER SCHOOL FACILITIES CREDIT ENHANCEMENT PROGRAM

Sec. 45.301. DEFINITIONS. In this subchapter:

(1) "Charter holder" has the meaning assigned by Section 12.1012.

(2) "Program" means the open-enrollment charter school facilities credit enhancement program established under this subchapter.

Sec. 45.302. ESTABLISHMENT OF PROGRAM. (a) The commissioner by rule may establish an open-enrollment charter school facilities credit enhancement program to assist charter holders in obtaining financing for the purchase, repair, or renovation of real property, including improvements to real property, for facilities of open-enrollment charter schools.

(b) The commissioner may adopt a structure and procedures for the program that are substantially similar to the structure and procedures for the credit enhancement program for school district bonds under Subchapter I.

Sec. 45.303. LIMITATION ON PARTICIPATION; MINIMUM REQUIREMENTS FOR DEBT SERVICE



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RESERVE. In adopting rules under Section 45.302, the commissioner may:

Senate

(1) limit participation in the program to charter holders who hold charters for open-enrollment charter schools that meet standards established by the commissioner, including standards for financial stability, compliance with applicable state and federal program requirements, and student academic performance; and

(2) impose minimum requirements for a debt service reserve to secure repayment of obligations for which credit enhancement is provided under this subchapter.

Sec. 45.304. ALLOCATION OF PORTION OF FOUNDATION SCHOOL PROGRAM FUNDS FOR CREDIT ENHANCEMENT. (a) The commissioner may allocate not more than one percent of the amount appropriated for the Foundation School Program for purposes of the program under this subchapter.

(b) The funds allocated under this section may not be considered available for purposes of any other credit enhancement program.

(c) Only those Foundation School Program funds allocated under this section may be committed to the program under this subchapter.

Sec. 45.305. PRIVATE MATCHING FUNDS REQUIRED; USE OF OTHER STATE FUNDS. (a) The commissioner may not implement the program unless private funds in an amount at least equal to the amount of state funds allocated under Section 45.304 are obligated to the program for at least the first 10 years of

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the term of obligations for which credit enhancement is provided under the program.

Senate

(b) The commissioner may use state funds allocated under Section 45.304 to pay any amount due for credit enhancement under the program and, subject to the terms of the applicable private credit obligation agreement, provide for payment of private funds to the Foundation School Program in an amount equal to at least one-half of the amount of the state funds paid. The commissioner may also use any other state funds available for the purpose to make payments under this subchapter or to reimburse the Foundation School Program for payments made under this subchapter from Foundation School Program funds.

Sec. 45.306. REPAYMENT; LIEN. (a) If a charter holder on behalf of which the state makes a payment under the program does not immediately repay the Foundation School Program the amount of the payment, the commissioner shall withhold any funds due from the state to the charter holder as necessary to recover the total amount of state and private funds paid on behalf of the charter holder under the program.

(b) If a charter holder is for any reason, including revocation or surrender of a charter or bankruptcy, unable to repay any amount due under this subchapter, any loss of funds shall be shared equally between the Foundation School Program and the person providing the private funds obligated for credit enhancement under this subchapter.

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(c) A charter holder for which credit enhancement is provided under this subchapter to purchase, repair, or renovate real property for open-enrollment charter school facilities must agree to execute a lien on that real property in a form prescribed by the commissioner and approved by the attorney general to secure repayment of all amounts due to the state from the charter holder, including reimbursement of any private funds paid on behalf of an open-enrollment charter school under this subchapter.

Senate

(d) A lien under this section must be filed in the real property records of each county in which the real property is located. A lien under this section has priority over any other claim against the real property except a lien granted to the holders of obligations issued to finance the acquisition of the real property and any security interest or lien existing before credit enhancement is provided under this subchapter.

(e) The commissioner shall notify a charter holder of any amount determined to be due to the state, including federal funds. If the full amount due to the state has not been repaid or recovered by the commissioner from other funds due to the charter holder within the current and subsequent school year, the commissioner may request the attorney general to file an action to foreclose on a lien under this section. Funds recovered from foreclosure of a lien under this section shall be credited first to any security interest or lien with priority over the lien under this section, then to the charter holder's

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obligation under this section, and then to any other program to which the funds are due.

Senate

(f) Venue for a suit under this section is in Travis County.

Sec. 45.307. STATUS OF PROGRAM. (a) The program is separate from and does not create any claim to the credit enhancement program for school district bonds under Subchapter I.

(b) This subchapter does not create a debt of the state under the Texas Constitution or, except to the extent provided by this subchapter, create a payment obligation.

Sec. 45.308. RULES. If the commissioner establishes a program under this subchapter, the commissioner shall adopt rules to administer the program.

No equivalent provision.

SECTION \_\_. Section 45.052, Education Code, is amended to read as follows:

Senate

Sec. 45.052. GUARANTEE. (a) On approval by the commissioner, bonds issued under Subchapter A, including refunding bonds, are guaranteed by the corpus and income of the permanent school fund.

(b) Notwithstanding any amendment of this subchapter or other law, the guarantee under this subchapter of school district bonds remains in effect until the date those bonds mature or are defeased in accordance with state law.

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No equivalent provision.

SECTION \_\_. Subsections (a), (b), and (c), Section 45.053, Education Code, are amended to read as follows:

(a) Except as provided by Subsection (d), the commissioner may not approve bonds for guarantee under this subchapter if the approval would result in the total amount of outstanding guaranteed bonds under this subchapter exceeding an amount equal to 2-1/2 times the cost value of the permanent school fund, as estimated by the board and certified by the state auditor.

(b) Each year, the state auditor shall analyze the status of guaranteed bonds under this subchapter as compared to the cost value of the permanent school fund. Based on that analysis, the state auditor shall certify whether the amount of bonds guaranteed under this subchapter is within the limit prescribed by this section.

(c) The commissioner shall prepare and the board shall adopt an annual report on the status of the guaranteed bond program under this subchapter.

Senate

No equivalent provision.

SECTION \_\_. Subchapter C, Chapter 45, Education Code, is amended by adding Section 45.0531 to read as follows:

Sec. 45.0531. ADDITIONAL LIMITATION: RESERVATION OF PERCENTAGE OF PERMANENT SCHOOL FUND VALUE. (a) In addition to the limitation on the approval of bonds for guarantee under Section 45.053, the board by rule may establish a percentage of the cost value of the permanent

Senate

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school fund to be reserved from use in guaranteeing bonds under this subchapter.

(b) If the board has reserved a portion of the permanent school fund under Subsection (a), each year, the state auditor shall analyze the status of the reserved portion compared to the cost value of the permanent school fund. Based on that analysis, the state auditor shall certify whether the portion of the permanent school fund reserved from use in guaranteeing bonds under this subchapter satisfies the reserve percentage established.

(c) If the board has reserved a portion of the permanent school fund under Subsection (a), the board shall at least annually consider whether to change the reserve percentage established to ensure that the reserve percentage allows compliance with federal law and regulations and serves to enable bonds guaranteed under this subchapter to receive the highest available credit rating, as determined by the board.

(d) This section may not be construed in a manner that impairs, limits, or removes the guarantee of bonds that have been approved by the commissioner.

No equivalent provision.

SECTION \_\_. Section 45.055, Education Code, is amended to read as follows:

Senate

Sec. 45.055. APPLICATION FOR GUARANTEE. (a) A school district seeking [the] guarantee of eligible bonds under this subchapter shall apply to the commissioner using a form adopted by the commissioner

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for the purpose. The commissioner may adopt a single form on which a district seeking guarantee or credit enhancement of eligible bonds may apply simultaneously first for guarantee under this subchapter and then, if that guarantee is rejected, for credit enhancement under Subchapter I.

(b) An [The] application under Subsection (a) must include:

- (1) the name of the school district and the principal amount of the bonds to be issued;
- (2) the name and address of the district's paying agent for those bonds; and
- (3) the maturity schedule, estimated interest rate, and date of the bonds.

(c) An [The] application under Subsection (a) must be accompanied by a fee set by rule of the board in an amount designed to cover the costs of administering the programs to provide the guarantee or credit enhancement of eligible bonds [program].

No equivalent provision.

SECTION \_\_. Subsection (b), Section 45.056, Education Code, is amended to read as follows:

Senate

(b) If following the investigation the commissioner is satisfied that the school district's bonds should be guaranteed under this subchapter or provided credit enhancement under Subchapter I, as applicable, the commissioner shall endorse the bonds.

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No equivalent provision.

SECTION \_\_. Section 45.061, Education Code, is amended by adding Subsections (c) and (d) to read as follows:

Senate

(c) The commissioner may order a school district to set an ad valorem tax rate capable of producing an amount of revenue sufficient to enable the district to:

(1) provide reimbursement under this section; and

(2) pay the principal of and interest on district bonds as the principal and interest become due.

(d) If a school district fails to comply with the commissioner's order under Subsection (c), the commissioner may impose any sanction on the district authorized to be imposed on a district under Subchapter G, Chapter 39, including appointment of a board of managers or annexation to another district, regardless of the district's accreditation status or the duration of a particular accreditation status.

No equivalent provision.

SECTION \_\_. Subsection (a), Section 45.062, Education Code, is amended to read as follows:

Senate

(a) If a total of two or more payments [from the permanent school fund] are made under this subchapter or Subchapter I on the [guaranteed] bonds of a school district and the commissioner determines that the school district is acting in bad faith under the guarantee program under this subchapter or the credit enhancement program under Subchapter I, the commissioner may request the attorney general to institute appropriate legal action to



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compel the school district and its officers, agents, and employees to comply with the duties required of them by law in regard to the bonds.

No equivalent provision.

SECTION \_\_. Section 42.259, Education Code, is amended by adding Subsection (g) to read as follows:  
(g) The commissioner shall make all annual Foundation School Program payments under this section for purposes described by Sections 45.252(a)(1) and (2) before the deadline established under Section 45.263(b) for payment of debt service on bonds. Notwithstanding any other provision of this section, the commissioner may make Foundation School Program payments under this section after the deadline established under Section 45.263(b) only if the commissioner has not received notice under Section 45.258 concerning a district's failure or inability to pay matured principal or interest on bonds.

Senate

The following rows contain the language of Senate Bill 955, relating to the state virtual school network

No equivalent provision.

SECTION \_\_. Subsection (b), Section 1.001, Education Code, is amended to read as follows:  
(b) Except as provided by Chapter 18, Chapter 19, Subchapter A of Chapter 29, ~~of~~ Subchapter E of Chapter 30, or Chapter 30A, this code does not apply to

Senate

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students, facilities, or programs under the jurisdiction of the Department of Aging and Disability Services, the Department of State Health Services, the Health and Human Services Commission, the Texas Youth Commission, the Texas Department of Criminal Justice, a Job Corps program operated by or under contract with the United States Department of Labor, or any juvenile probation agency.

No equivalent provision.

SECTION \_\_\_\_ Section 30A.002, Education Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

Senate

(b) A student is eligible to enroll full-time in courses provided through the state virtual school network only if:

~~[(1)]~~ the student was enrolled in a public school in this state in the preceding school year.

(c) Notwithstanding Subsection (a)(3) or (b), a student is eligible to enroll in one or more courses provided through the state virtual school network or enroll full-time in courses provided through the network if;~~or~~

~~[(2)]~~ the student:

(1) ~~[(A)]~~ is a dependent of a member of the United States military;

(2) ~~[(B)]~~ was previously enrolled in high school in this state; and

(3) ~~[(C)]~~ does not reside in this state due to a military deployment or transfer.

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No equivalent provision.

SECTION \_\_. Section 30A.004, Education Code, is amended by adding Subsection (b-1) to read as follows:  
(b-1) Requirements imposed by or under this chapter do not apply to a virtual course provided by a school district only to district students if the course is not provided as part of the state virtual school network.

Senate

No equivalent provision.

SECTION \_\_. Subchapter A, Chapter 30A, Education Code, is amended by adding Section 30A.006 to read as follows:  
Sec. 30A.006. AUTHORIZATION FOR CERTAIN ELECTRONIC COURSES AND PROGRAMS. (a) An electronic course or program that was offered or could have been offered during the 2008-2009 school year under Section 29.909, as that section existed on January 1, 2009, may be offered during a subsequent school year through the state virtual school network.  
(b) The commissioner may by rule modify any provision of this chapter necessary to provide for the transition of an electronic course or program from the authority to operate under former Section 29.909 to the authority to operate under this chapter.

Senate

No equivalent provision.

SECTION \_\_. Subsection (b), Section 30A.101, Education Code, is amended to read as follows:

Senate

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(b) An open-enrollment charter school campus is eligible to act as a provider school under this chapter only if the campus ~~[school]~~ is rated recognized or higher under Section 39.072, except that a campus may act as a provider school to students receiving educational services under the supervision of a juvenile probation department, the Texas Youth Commission, or the Texas Department of Criminal Justice if the campus is rated academically acceptable or higher. A campus ~~[and]~~ may serve as a provider school only:

(1) to a student within the school district in which the campus ~~[school]~~ is located or within its service area, whichever is smaller; or

(2) to another student in the state;

(A) through an agreement with the school district in which the student resides; or

(B) if the student receives educational services under the supervision of a juvenile probation department, the Texas Youth Commission, or the Texas Department of Criminal Justice, through an agreement with the applicable agency ~~[administering authority under Section 30A.153].~~

No equivalent provision.

SECTION \_\_. Section 30A.104, Education Code, is amended to read as follows:

Sec. 30A.104. COURSE ELIGIBILITY IN GENERAL.  
A course offered through the state virtual school network must:

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- (1) be in a specific subject that is part of the required curriculum under Section 28.002(a);
- (2) be aligned with the essential knowledge and skills identified under Section 28.002(c) for a grade level at or above grade level three; and
- (3) be the equivalent in instructional rigor and scope to a course that is provided in a traditional classroom setting during:
  - (A) a semester of 90 instructional days; and
  - (B) a school day that meets the minimum length of a school day required under Section 25.082.

No equivalent provision.

SECTION \_\_. Subsections (c) and (d), Section 30A.105, Education Code, are amended to read as follows:

Senate

(c) The agency shall [A school district, open enrollment charter school, or public or private institution of higher education that submits an electronic course to the administering authority for approval must] pay [a fee in an amount established by the commissioner as sufficient to recover] the reasonable costs of [to the administering authority in] evaluating and approving electronic courses. If funds available to the agency for that purpose are insufficient to pay the costs of evaluating and approving all electronic courses submitted for evaluation and approval, the agency shall give priority to paying the costs of evaluating and approving the following courses:

- (1) courses that satisfy high school graduation requirements;

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(2) courses that would likely benefit a student in obtaining admission to a postsecondary institution;

(3) courses, including dual credit courses, that allow a student to earn college credit or other advanced credit;

(4) courses in subject areas most likely to be highly beneficial to students receiving educational services under the supervision of a juvenile probation department, the Texas Youth Commission, or the Texas Department of Criminal Justice; and

(5) courses in subject areas designated by the commissioner as commonly experiencing a shortage of teachers.

(d) If the agency determines that the costs of evaluating and approving a submitted electronic course will not be paid by the agency due to a shortage of funds available for that purpose, the [The administering authority shall waive the fee required by Subsection (e) if a] school district, open-enrollment charter school, or public or private institution of higher education that submitted the [applies for approval of an electronic] course for evaluation and approval may pay the costs in order to ensure that evaluation of the course occurs [that was developed independently by the district, school, or institution. For purposes of this subsection, an electronic course is developed independently by a district, school, or institution if a district, school, or institution employee is responsible for developing substantially each aspect of the course, including:

[1) determining the curriculum elements to be included

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~~in the course;~~  
~~[(2) selecting any instructional materials for the course;~~  
~~[(3) determining the manner in which instruction is to be delivered;~~  
~~[(4) creating a lesson plan or similar description of the instructional aspects of the course;~~  
~~[(5) determining any special projects or assignments a student in the course must complete; and~~  
~~[(6) determining the manner in which a student's progress in the course will be measured].~~

No equivalent provision.

SECTION \_\_. Subchapter C, Chapter 30A, Education Code, is amended by adding Section 30A.1051 to read as follows:  
Sec. 30A.1051. ELECTRONIC COURSE PORTABILITY. A student who transfers from one educational setting to another after beginning enrollment in an electronic course is entitled to continue enrollment in the course.

Senate

No equivalent provision.

SECTION \_\_. Subsection (a), Section 30A.107, Education Code, is amended to read as follows:  
(a) A provider school district or school may offer electronic courses to:  
(1) students who reside in this state; and  
(2) students who reside outside this state and who meet the eligibility requirements under Section 30A.002(c)

Senate

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[30A.002(b)].

No equivalent provision.

SECTION \_\_\_. Section 30A.109, Education Code, is amended to read as follows:

Senate

Sec. 30A.109. **COMPULSORY ATTENDANCE.** The commissioner by rule shall adopt procedures for reporting and verifying the attendance of a student enrolled in an electronic course provided through the state virtual school network. The rules may modify the application of Sections 25.085, 25.086, and 25.087 for a student enrolled in an electronic course but must require participation in an educational program equivalent to the requirements prescribed by those sections.

No equivalent provision.

SECTION \_\_\_. Section 30A.111, Education Code, is amended to read as follows:

Senate

Sec. 30A.111. **TEACHER AND INSTRUCTOR QUALIFICATIONS.** (a) Each teacher of an electronic course offered by a school district or open-enrollment charter school through the state virtual school network must:

- (1) be certified under Subchapter B, Chapter 21, to teach that course and grade level; and
- (2) successfully complete the appropriate professional development course provided under Section 30A.112(a) or 30A.1121 before teaching an electronic course offered through the network.



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(b) The commissioner by rule shall establish procedures for verifying successful completion by a teacher of the appropriate professional development course required by Subsection (a)(2).

(c) The commissioner by rule shall establish qualifications and professional development requirements applicable to college instructors providing instruction in dual credit courses through the state virtual school network that allow a student to earn high school credit and college credit or other credit.

No equivalent provision.

SECTION \_\_. Subchapter C, Chapter 30A, Education Code, is amended by adding Section 30A.1121 to read as follows:

Senate

Sec. 30A.1121. ALTERNATIVE EDUCATOR PROFESSIONAL DEVELOPMENT. (a) Subject to Subsection (b), a school district or open-enrollment charter school may provide professional development courses to teachers seeking to become authorized to teach electronic courses provided through the state virtual school network. A district or school may provide a professional development course that is approved under Subsection (b) to any interested teacher, regardless of whether the teacher is employed by the district or school. (b) The agency shall review each professional development course sought to be provided by a school district or open-enrollment charter school under Subsection (a) to determine if the course meets the

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quality standards established under Section 30A.113. If a course meets those standards, the district or school may provide the course for purposes of enabling a teacher to comply with Section 30A.111(a)(2).

No equivalent provision.

SECTION \_\_. Section 30A.151, Education Code, is amended by adding Subsection (f) to read as follows:  
(f) For an electronic course program offered through the state virtual school network for a grade level at or above grade level three but not above grade level eight, a school district or open-enrollment charter school is entitled to receive federal, state, and local funding for a student enrolled in the program in an amount equal to the funding the district or school would otherwise receive for a student enrolled in the district or school. The district or school may calculate the average daily attendance of a student enrolled in the program based on:  
(1) hours of contact with the student;  
(2) the student's successful completion of a course; or  
(3) a method approved by the commissioner.

Senate. Make the following change:

"(f) For a full time electronic course program".....

No equivalent provision.

SECTION \_\_. Section 30A.155, Education Code, is amended by amending Subsections (a), (c), and (d) and adding Subsections (a-1) and (c-1) to read as follows:  
(a) A school district or open-enrollment charter school may charge a fee for enrollment in an electronic course provided through the state virtual school network to a

Senate

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student who resides in this state and:

- (1) is enrolled in a school district or open-enrollment charter school as a full-time student; and
- (2) is enrolled in a course load greater than that normally taken by students in the equivalent grade level in other school districts or open-enrollment charter schools[~~;~~ and
- ~~[(3) does not qualify for accelerated student funding under Section 30A-154].~~

(a-1) A school district or open-enrollment charter school may charge a fee for enrollment in an electronic course provided through the state virtual school network during the summer.

(c) The amount of a fee charged a student under Subsection (a), ~~(a-1)~~, or (b) for each electronic course in which the student enrolls through the state virtual school network may not exceed the lesser of:

- (1) the cost of providing the course; or
- (2) \$400.

(c-1) A school district or open-enrollment charter school that is not the provider school district or school may charge a student enrolled in the district or school a nominal fee, not to exceed the amount specified by the commissioner, if the student enrolls in an electronic course provided through the state virtual school network that exceeds the course load normally taken by students in the equivalent grade level. A juvenile probation department or state agency may charge a comparable fee to a student under the supervision of the department or agency.

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(d) Except as provided by this section [~~Subsection (a) or (b)~~], the state virtual school network may not charge a fee to students for electronic courses provided through the network.

No equivalent provision.

SECTION \_\_. The Texas Education Agency shall evaluate whether providers of different types of electronic courses offered through the state virtual school network established under Chapter 30A, Education Code, should receive varying amounts of state funding based on the type of course provided. Not later than January 1, 2011, the agency shall submit a report of its findings and recommendations to the legislature.

Senate

No equivalent provision.

SECTION \_\_. The Texas Education Agency shall investigate the feasibility of making language acquisition courses available through the state virtual school network by obtaining state subscriptions or pursuing other possible means of access. Not later than January 1, 2011, the agency shall submit a report of its findings to the legislature. If the agency determines that it is feasible to make language acquisition courses available through the network, the report must include recommended mechanisms for ensuring progress towards language proficiency of students enrolled in those courses.

Senate

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No equivalent provision.

SECTION \_\_. (a) The Texas Education Agency shall investigate the feasibility of creating one or more series of courses to be provided through the state virtual school network that focus on the educational needs of students in alternative education settings, including students in disciplinary alternative education programs under Section 37.008, Education Code, students in juvenile justice alternative education programs under Section 37.011, Education Code, and students under the supervision of a juvenile probation department, the Texas Youth Commission, or the Texas Department of Criminal Justice. The series of courses to be investigated must include a series that would constitute a full-time educational program, a series that would offer only supplemental courses, and a series that would offer courses through which students could recover academic credit for courses in which the students were previously unsuccessful.

Senate

(b) Not later than January 1, 2011, the agency shall submit a report of its findings to the legislature.

Sec. 42.159. STATE VIRTUAL SCHOOL NETWORK ALLOTMENTS. (a) In this section:

(1) "Electronic course" means a course that is a semester in length.

(2) "Normal course load" means the number of classes or credit hours generally required to be taken by a student to generate the full amount of funding provided under this chapter for a student in average daily attendance, as determined by the commissioner.

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(3) "State virtual school network" means the system established under Chapter 30A.

Senate

(b) For each student who successfully completes an electronic course that satisfies a curriculum requirement for graduation adopted under Section 28.025 and is provided through the state virtual school network as part of a normal course load:

(1) the school district or open-enrollment charter school that provided the course is entitled to an allotment of \$400; and

(2) the school district or open-enrollment charter school in which the student is enrolled is entitled to an allotment of \$80 to reimburse the district or school for associated administrative costs.

(c) A juvenile probation department or state agency is entitled to receive state funding comparable to the funding described by Subsection (b)(2) for students under the supervision of the department or agency.

(d) For each student who successfully completes an electronic course that satisfies a curriculum requirement for graduation adopted under Section 28.025, is provided through the state virtual school network, and exceeds a normal course load, including an electronic course offered during the summer, the school district or open-enrollment charter school that provided the course may be entitled to an allotment in an amount determined by the commissioner based on the amount of funds appropriated for purposes of this subsection.

(e) The commissioner may set aside an amount not to

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exceed 50 percent of the total funds appropriated for allotments under Subsection (d) and use that amount to pay the costs of providing through the state virtual school network electronic courses through which students may recover academic credit for courses in which the students were previously unsuccessful. The commissioner may reserve a portion of the set-aside amount for payment of the costs of providing electronic courses described by this subsection to students in alternative education settings. For purposes of this subsection, students in alternative education settings include students in disciplinary alternative education programs under Section 37.008, students in juvenile justice alternative education programs under Section 37.011, and students under the supervision of a juvenile probation department, the Texas Youth Commission, or the Texas Department of Criminal Justice.

Senate

(f) The commissioner may not provide partial funding under this section to a school district or open-enrollment charter school under Subsection (b) or (d) on the basis of a student who successfully completes one or more modules of an electronic course but does not successfully complete the entire course.

(g) Amounts received by a school district or open-enrollment charter school under this section are in addition to any amounts to which the district or school is entitled to receive or retain under Chapter 12 or 41 or this chapter and are not subject to reduction under any provision of those chapters.

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(h) The commissioner shall adopt rules necessary to implement this section. The rules must include provisions:

(1) requiring a school district or open-enrollment charter school that receives funding for an electronic course under Subsection (d) to reduce the amount of any fee charged for the course in accordance with Section 30A.155 by an amount equal to the amount of funding provided under Subsection (d);

(2) prohibiting a school district or open-enrollment charter school that receives funding for an electronic course under Subsection (d) from charging a fee for the course in accordance with Section 30A.155 that is higher than would otherwise be charged; and

(3) addressing division and distribution of the allotment described by Subsection (b)(2) in circumstances in which a student transfers from one school district, school, or other educational setting to another after beginning enrollment in an electronic course.

Senate

The following rows were presented as identical to the Senate engrossed version of Senate Bill 300 relating to eliminating or modifying certain mandates on school districts.

No equivalent provision.

SECTION \_\_. Subsection (d), Section 11.1513, Education Code, is amended to read as follows:

(d) The employment policy must provide that not later

House



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than the 10th school day before the date on which a district fills a vacant position for which a certificate or license is required as provided by Section 21.003, other than a position that affects the safety and security of students as determined by the board of trustees, the district must provide to each current district employee:

- (1) notice of the position by posting the position on:
  - (A) a bulletin board at:
    - (i) a place convenient to the public in the district's central administrative office; and
    - (ii) the central administrative office of each campus in the district during any time the office is open; ~~or [and]~~
    - (iii) [D] the district's Internet website, if the district has a website; and
- (2) a reasonable opportunity to apply for the position.

No equivalent provision.

SECTION \_\_. Section 25.112, Education Code, is amended by amending Subsection (d) and adding Subsections (e), (f), and (g) to read as follows:

House

(d) On application of a school district, the commissioner may except the district from the limit in Subsection (a) if the commissioner finds the limit works an undue hardship on the district. An exception expires at the end of the school year ~~[semester]~~ for which it is granted~~[-and the commissioner may not grant an exception for:~~

~~[(1) more than one semester at a time].~~

(e) A school district seeking an exception under Subsection (d) shall notify the commissioner and apply

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for the exception not later than the later of:

(1) October 1; or

(2) the 30th day after the first school day the district exceeds the limit in Subsection (a).

(f) If a school district repeatedly fails to comply with this section, the commissioner may take any appropriate action authorized to be taken by the commissioner under Section 39.131.

(g) Not later than January 1, 2011, the agency shall report to the legislature the number of applications for exceptions under Subsection (d) submitted by each school district and for each application indicate whether the application was granted or denied. This subsection expires February 1, 2011.

No equivalent provision.

SECTION \_\_. Subsection (b), Section 34.0021, Education Code, is amended to read as follows:

House

(b) A school district shall conduct the school bus emergency evacuation training at least once [~~twice~~] each school year. The training may be conducted by video. A video used for training under this subsection may be produced by students[~~with one training session occurring in the fall and one training session occurring in the spring. A portion of the training session must occur on a school bus and the training session must last for at least one hour~~].

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No equivalent provision.

House

SECTION \_\_. Section 44.902, Education Code, is amended to read as follows:

Sec. 44.902. LONG-RANGE ENERGY PLAN [GOAL] TO REDUCE CONSUMPTION OF ELECTRIC ENERGY. (a) The board of trustees of a school district shall establish a long-range energy plan [goal] to reduce the ~~[school]~~ district's annual electric consumption by five percent beginning with the 2008 [each] state fiscal year and consume electricity in subsequent fiscal years in accordance with the district's energy plan [for six years beginning September 1, 2007].

(b) The plan required under Subsection (a) must include:

(1) strategies for achieving energy efficiency that:

(A) result in net savings for the district; or

(B) can be achieved without financial cost to the district;

and

(2) for each strategy identified under Subdivision (1), the initial, short-term capital costs and lifetime costs and savings that may result from implementation of the strategy.

(c) In determining under Subsection (b) whether a strategy may result in financial cost to the district, the board of trustees shall consider the total net costs and savings that may occur over the seven-year period following implementation of the strategy.

(d) The board of trustees may submit the plan required under Subsection (a) to the State Energy Conservation Office for the purposes of determining whether funds available through loan programs administered by the

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office are available to the district.

No equivalent provision.

SECTION \_\_. Subsection (b), Section 44.903, Education Code, is amended to read as follows:

House

(b) A school district is encouraged to ~~[shall]~~ purchase for use in each type of light fixture in an instructional facility the commercially available model of light bulb that:

- (1) uses the fewest watts for the necessary luminous flux or light output;
- (2) is compatible with the light fixture; and
- (3) is the most cost-effective, considering the factors described by Subdivisions (1) and (2).

No equivalent provision.

SECTION \_\_. Subsection (b), Section 44.901, Education Code, is repealed.

House

No equivalent provision.

SECTION \_\_. This Act applies beginning with the 2009-2010 school year.

House

No equivalent provision.

SECTION \_\_. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect

House

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September 1, 2009.

The following rows were presented as identical to the Senate engrossed version of Senate Bill 500 relating to the powers, duties, and financing of cultural education facilities finance corporations.

No equivalent provision.

SECTION \_\_\_\_ Section 3(5), Cultural Education Facilities Finance Corporation Act (Article 1528m, Vernon's Texas Civil Statutes), is amended to read as follows:

House

(5) "Cultural facility" means any capital expenditure by a user. The term includes:

(A) real property or an interest in real property, including buildings and improvements, or equipment, furnishings, or other personal property that:

(i) is found by the board to be necessary or convenient to finance, refinance, acquire, construct, enlarge, remodel, renovate, improve, furnish, or equip for cultural education or community benefit;

(ii) is made available for use by the general public, the user, or community groups; and

(iii) is used for a purpose described by Section 2(a)(1) of this Act; ~~and~~

(B) a facility in which any of the following entities

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engage in any activity in which the entity is permitted to engage:

(i) a nonprofit corporation exempt from the state franchise tax under Section 171.063, Tax Code;

(ii) an organization described in Section 11.18, Tax Code; or

(iii) an organization described in Section 501(c)(3), Internal Revenue Code of 1986; and

(C) facilities incidental, subordinate, or related to or appropriate in connection with property described by Paragraph (A) or (B) of this subdivision, [~~located within the state,~~] regardless of the date of construction or acquisition.

No equivalent provision.

SECTION \_\_. Section 4, Cultural Education Facilities Finance Corporation Act (Article 1528m, Vernon's Texas Civil Statutes), is amended by amending Subsection (b) and adding Subsection (e) to read as follows:

House

(b) The corporation shall be created and organized in the same manner as a health facilities development corporation under Chapter 221, Health and Safety Code, and has the same powers, authority, and rights:

(1) with respect to cultural facilities and health facilities that a health facilities development corporation has with respect to health facilities under Chapter 221, Health and Safety Code; and

(2) with respect to educational facilities, housing

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facilities, and other facilities incidental, subordinate, or related to those facilities that a nonprofit corporation created under Section 53.35(b), Education Code, or an authority created under Section 53.11, Education Code, has under Chapter 53, Education Code.

(e) Regardless of any other provision in Chapter 221, Health and Safety Code, or Chapter 53, Education Code, the corporation may exercise its powers on behalf of a user outside of this state if the user also conducts lawful activities in this state.

Add the following:

SECTION \_\_\_\_\_. Subsections (a) and (c), Section 29.190, Education Code, are amended to read, and subsection (e) is added as follows:

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

(1) the student:

(A) ~~[(1)]~~

successfully completes the career and technology program of a school district in which the student receives training and instruction for employment in a current or emerging high-demand, high-wage, high-skill ~~[certain trade or]~~ occupation, as determined under

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subsection (e); or  
(B) is enrolled in a  
special education program  
under Subchapter A;

(2) the student passes a  
certification examination to  
qualify for a license or certificate for  
the [~~trade-or~~] occupation;  
and

(3) the student submits to  
the district a written  
application in the form, time, and manner  
required by the district  
for the district to subsidize the cost of  
an examination described  
by Subdivision (2) [~~demonstrates~~  
financial need].

(c) On approval by the  
commissioner, the agency shall pay  
each school district [~~eligible-student~~]  
an amount equal to the cost  
paid by the district or student for the  
certification examination.  
To obtain reimbursement for a subsidy  
paid under this section, a  
district [~~student~~] must:

(1) pay the fee for the  
examination or pay the student  
the amount of the fee paid by the student  
for the examination; and

(2) submit to the  
commissioner a written application



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on a form prescribed by the commissioner stating [~~demonstrating financial need and~~] the amount of the fee paid under Subdivision (1) [~~by the student~~] for the certification examination.

(e) The commissioner, in collaboration with the Commissioner of Higher Education and the Workforce Commission, shall determine as necessary what qualifies for a high demand, high wage, high need occupation for purposes of this section.

Add the following:

SECTION \_\_. (a) Section 5, Chapter 259 (H.B. 323), Acts of the 80th Legislature, Regular Session, 2007 is repealed.

(b) Section 547.701(e), Transportation Code, as added by Chapter 259 (H.B. 323), Acts of the 80th Legislature, Regular Session, 2007, takes effect September 1, 2009.

(c) Section 547.701, Transportation Code, is amended by adding Subsection (f) to read as follows:

(f) A school district is required to comply with Subsection (e) only to the extent that the Texas

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Education Agency pays or commits to pay the district for expenses incurred in complying with that subsection. The Texas Education Agency may make grants of appropriated money for the purpose of paying school districts under this subsection.

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**LEGISLATIVE BUDGET BOARD**  
Austin, Texas

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 30, 2009**

**TO:** Honorable David Dewhurst , Lieutenant Governor, Senate  
Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** **HB3646** by Hochberg ( relating to public school finance and programs.), **Conference Committee Report**

The fiscal implications of the bill cannot be determined at this time

**Local Government Impact**

The fiscal implications of the bill cannot be determined at this time

**Source Agencies:**

**LBB Staff:** JOB, JSp

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**EQUALIZED EDUCATION FUNDING IMPACT STATEMENT**

**81ST LEGISLATIVE REGULAR SESSION**

**May 30, 2009**

**TO: Honorable David Dewhurst , Lieutenant Governor, Senate  
Honorable Joe Straus, Speaker of the House, House of Representatives**

**FROM: John S. O'Brien, Director, Legislative Budget Board**

**IN RE: HB3646 by Hochberg ( relating to public school finance and programs.), Conference  
Committee Report**

No adverse impact on equalized funding requirements and policies affecting public education is anticipated under the provisions of the bill.

**Source Agencies:**

**LBB Staff: JOB, JSp**