

By: Hochberg, Eissler, Aycock, Pitts,
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H.B. No. 3646

A BILL TO BE ENTITLED

AN ACT

relating to public school finance.

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

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(1)]~~. 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.

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

1 the amount to which school districts are entitled under those
2 subchapters for that year, the commissioner shall use the excess
3 funds, in an amount not to exceed \$20 million in any state fiscal
4 year, for the purpose of making grants under this section. The use
5 of excess funds under this subsection has priority over any
6 provision of Chapter 42 that permits or directs the use of excess
7 foundation school program funds, including Sections 42.2517,
8 [~~42.2521,~~] 42.2522, and 42.2531. The commissioner is required to
9 use excess funds as provided by this subsection only if the
10 commissioner is not required to reduce the total amount of state
11 funds allocated to school districts under Section 42.253(h).

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

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

18 (1) the amount of funding per student in weighted
19 average daily attendance, excluding enrichment funding under
20 Sections 42.302(a-1)(2) and (3), as they existed on January 1,
21 2009, received for the school during the 2008-2009 school year and
22 an additional amount of \$100 for each student in weighted average
23 daily attendance; or

24 (2) the amount of funding per student in weighted
25 average daily attendance, excluding enrichment funding under
26 Section 42.302(a), to which the charter holder would be entitled
27 for the school under Chapter 42 [as] if the school were a school

1 district without a tier one local share for purposes of Section
2 42.253 and without any local revenue [~~("LR")~~] for purposes of
3 Section 42.2516 [~~42.302~~].

4 (a-1) In determining funding for an open-enrollment charter
5 school under Subsection (a)(2), adjustments under Sections 42.102,
6 42.103, 42.104, and 42.105 [~~and the district enrichment tax rate~~
7 ~~("DTR") under Section 42.302~~] are based on the average adjustment
8 [~~and average district enrichment tax rate~~] for the state.

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

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

15 Sec. 12.1331. WAGE INCREASE FOR CERTAIN PROFESSIONAL STAFF.

16 (a) This section applies to a charter holder that on January 1,
17 2009, operated an open-enrollment charter school.

18 (b) Beginning with the 2009-2010 school year, each charter
19 holder shall increase the monthly salary of each classroom teacher,
20 full-time speech pathologist, full-time librarian, full-time
21 counselor, and full-time school nurse employed by the charter
22 holder at an open-enrollment charter school by the greater 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 by
26 the charter holder for social security coverage for the specified
27 employees or by the charter holder on behalf of the specified

1 employees under Section 825.405, Government Code, may be provided
2 using 50 percent of any additional funding received by the charter
3 holder as a result of changes made by H.B. No. 3646, Acts of the 81st
4 Legislature, Regular Session, 2009, to Chapters 41 and 42 over the
5 funding the charter holder would have received under Chapter 42, as
6 it existed on January 1, 2009, as determined by the commissioner.

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

10 SECTION 5. Effective September 1, 2009, Section 21.402,
11 Education Code, is amended by amending Subsections (a), (d), and
12 (g) and adding Subsections (c-1), (c-2), (c-3), and (c-4) to read as
13 follows:

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

21
$$MS = SF \times FS$$

22 where:

23 "MS" is the minimum monthly salary;

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

26 "FS" is the amount, as determined by the commissioner under
27 Subsection (b), of state and local funds per weighted student,

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

11 (c-1) Notwithstanding Subsection (a), for the 2009-2010 and
12 2010-2011 school years, each school district shall increase the
13 monthly salary of each classroom teacher, full-time speech
14 pathologist, full-time librarian, full-time counselor certified
15 under Subchapter B, and full-time school nurse by the greater of:

16 (1) \$80; or

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

1 the district for the 2008-2009 school year, as determined by the
2 commissioner.

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

5 (1) any amount an employee would have received for the
6 2009-2010 or 2010-2011 school year, as applicable, under the
7 district's salary schedule for the 2008-2009 school year, if that
8 schedule had been in effect for the 2009-2010 or 2010-2011 school
9 year, including any local supplement and any money representing a
10 career ladder supplement the employee would have received in the
11 2009-2010 or 2010-2011 school year; or

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

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

16 (c-4) Notwithstanding any other provision of this section,
17 the salary factor for purposes of this section for an employee with
18 21 or more years of experience is 1.0217.

19 (d) A classroom teacher, full-time speech pathologist,
20 full-time librarian, full-time counselor certified under
21 Subchapter B, or full-time school nurse employed by a school
22 district in the 2010-2011 [~~2006-2007~~] school year is, as long as the
23 employee is employed by the same district, entitled to a salary that
24 is at least equal to the salary the employee received for the
25 2010-2011 [~~2006-2007~~] school year.

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

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

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

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

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

<u>Years Experience</u>	<u>21</u>	<u>22 and over</u>
<u>Salary Factor</u>	<u>1.0217</u>	<u>1.0344</u>

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

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

<u>Years Experience</u>	<u>21</u>	<u>22</u>	<u>23 and over</u>
<u>Salary Factor</u>	<u>1.0217</u>	<u>1.0344</u>	<u>1.0471</u>

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

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

1 employee with 21 or more years of experience are as follows:

2 <u>Years Experience</u>	<u>21</u>	<u>22</u>	<u>23</u>
3 <u>Salary Factor</u>	<u>1.0217</u>	<u>1.0344</u>	<u>1.0471</u>
4 <u>Years Experience</u>	<u>24 and over</u>		
5 <u>Salary Factor</u>	<u>1.0598</u>		

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

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

12 <u>Years Experience</u>	<u>21</u>	<u>22</u>	<u>23</u>
13 <u>Salary Factor</u>	<u>1.0217</u>	<u>1.0344</u>	<u>1.0471</u>
14 <u>Years Experience</u>	<u>24</u>	<u>25 and over</u>	
15 <u>Salary Factor</u>	<u>1.0598</u>	<u>1.0725</u>	

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

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

22 <u>Years Experience</u>	<u>21</u>	<u>22</u>	<u>23</u>
23 <u>Salary Factor</u>	<u>1.0217</u>	<u>1.0344</u>	<u>1.0471</u>
24 <u>Years Experience</u>	<u>24</u>	<u>25</u>	<u>26 and over</u>
25 <u>Salary Factor</u>	<u>1.0598</u>	<u>1.0725</u>	<u>1.0852</u>

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

1 follows:

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

5	<u>Years Experience</u>	<u>21</u>	<u>22</u>	<u>23</u>
6	<u>Salary Factor</u>	<u>1.0217</u>	<u>1.0344</u>	<u>1.0471</u>
7	<u>Years Experience</u>	<u>24</u>	<u>25</u>	<u>26</u>
8	<u>Salary Factor</u>	<u>1.0598</u>	<u>1.0725</u>	<u>1.0852</u>
9	<u>Years Experience</u>	<u>27 and over</u>		
10	<u>Salary Factor</u>	<u>1.0979</u>		

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

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

17	<u>Years Experience</u>	<u>21</u>	<u>22</u>	<u>23</u>
18	<u>Salary Factor</u>	<u>1.0217</u>	<u>1.0344</u>	<u>1.0471</u>
19	<u>Years Experience</u>	<u>24</u>	<u>25</u>	<u>26</u>
20	<u>Salary Factor</u>	<u>1.0598</u>	<u>1.0725</u>	<u>1.0852</u>
21	<u>Years Experience</u>	<u>27</u>	<u>28 and over</u>	
22	<u>Salary Factor</u>	<u>1.0979</u>	<u>1.1106</u>	

23 SECTION 13. Effective September 1, 2017, Section 21.402,
 24 Education Code, is amended by adding Subsection (c-4) to read as
 25 follows:

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

1 employee with 21 or more years of experience are as follows:

2	<u>Years Experience</u>	<u>21</u>	<u>22</u>	<u>23</u>
3	<u>Salary Factor</u>	<u>1.0217</u>	<u>1.0344</u>	<u>1.0471</u>
4	<u>Years Experience</u>	<u>24</u>	<u>25</u>	<u>26</u>
5	<u>Salary Factor</u>	<u>1.0598</u>	<u>1.0725</u>	<u>1.0852</u>
6	<u>Years Experience</u>	<u>27</u>	<u>28</u>	<u>29 and over</u>
7	<u>Salary Factor</u>	<u>1.0979</u>	<u>1.1106</u>	<u>1.1233</u>

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

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

14	<u>Years Experience</u>	<u>21</u>	<u>22</u>	<u>23</u>
15	<u>Salary Factor</u>	<u>1.0217</u>	<u>1.0344</u>	<u>1.0471</u>
16	<u>Years Experience</u>	<u>24</u>	<u>25</u>	<u>26</u>
17	<u>Salary Factor</u>	<u>1.0598</u>	<u>1.0725</u>	<u>1.0852</u>
18	<u>Years Experience</u>	<u>27</u>	<u>28</u>	<u>29</u>
19	<u>Salary Factor</u>	<u>1.0979</u>	<u>1.1106</u>	<u>1.1233</u>
20	<u>Years Experience</u>	<u>30 and over</u>		
21	<u>Salary Factor</u>	<u>1.1360</u>		

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

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

1	<u>Years Experience</u>	<u>21</u>	<u>22</u>	<u>23</u>
2	<u>Salary Factor</u>	<u>1.0217</u>	<u>1.0344</u>	<u>1.0471</u>
3	<u>Years Experience</u>	<u>24</u>	<u>25</u>	<u>26</u>
4	<u>Salary Factor</u>	<u>1.0598</u>	<u>1.0725</u>	<u>1.0852</u>
5	<u>Years Experience</u>	<u>27</u>	<u>28</u>	<u>29</u>
6	<u>Salary Factor</u>	<u>1.0979</u>	<u>1.1106</u>	<u>1.1233</u>
7	<u>Years Experience</u>	<u>30</u>	<u>31 and over</u>	
8	<u>Salary Factor</u>	<u>1.1360</u>	<u>1.1487</u>	

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

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

15	<u>Years Experience</u>	<u>21</u>	<u>22</u>	<u>23</u>
16	<u>Salary Factor</u>	<u>1.0217</u>	<u>1.0344</u>	<u>1.0471</u>
17	<u>Years Experience</u>	<u>24</u>	<u>25</u>	<u>26</u>
18	<u>Salary Factor</u>	<u>1.0598</u>	<u>1.0725</u>	<u>1.0852</u>
19	<u>Years Experience</u>	<u>27</u>	<u>28</u>	<u>29</u>
20	<u>Salary Factor</u>	<u>1.0979</u>	<u>1.1106</u>	<u>1.1233</u>
21	<u>Years Experience</u>	<u>30</u>	<u>31</u>	<u>32 and over</u>
22	<u>Salary Factor</u>	<u>1.1360</u>	<u>1.1487</u>	<u>1.1614</u>

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

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

1 employee with 21 or more years of experience are as follows:

2	<u>Years Experience</u>	<u>21</u>	<u>22</u>	<u>23</u>
3	<u>Salary Factor</u>	<u>1.0217</u>	<u>1.0344</u>	<u>1.0471</u>
4	<u>Years Experience</u>	<u>24</u>	<u>25</u>	<u>26</u>
5	<u>Salary Factor</u>	<u>1.0598</u>	<u>1.0725</u>	<u>1.0852</u>
6	<u>Years Experience</u>	<u>27</u>	<u>28</u>	<u>29</u>
7	<u>Salary Factor</u>	<u>1.0979</u>	<u>1.1106</u>	<u>1.1233</u>
8	<u>Years Experience</u>	<u>30</u>	<u>31</u>	<u>32</u>
9	<u>Salary Factor</u>	<u>1.1360</u>	<u>1.1487</u>	<u>1.1614</u>
10	<u>Years Experience</u>	<u>33 and over</u>		
11	<u>Salary Factor</u>	<u>1.1741</u>		

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

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

18	<u>Years Experience</u>	<u>21</u>	<u>22</u>	<u>23</u>
19	<u>Salary Factor</u>	<u>1.0217</u>	<u>1.0344</u>	<u>1.0471</u>
20	<u>Years Experience</u>	<u>24</u>	<u>25</u>	<u>26</u>
21	<u>Salary Factor</u>	<u>1.0598</u>	<u>1.0725</u>	<u>1.0852</u>
22	<u>Years Experience</u>	<u>27</u>	<u>28</u>	<u>29</u>
23	<u>Salary Factor</u>	<u>1.0979</u>	<u>1.1106</u>	<u>1.1233</u>
24	<u>Years Experience</u>	<u>30</u>	<u>31</u>	<u>32</u>
25	<u>Salary Factor</u>	<u>1.1360</u>	<u>1.1487</u>	<u>1.1614</u>
26	<u>Years Experience</u>	<u>33</u>	<u>34 and over</u>	
27	<u>Salary Factor</u>	<u>1.1741</u>	<u>1.1868</u>	

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

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

7	<u>Years Experience</u>	<u>21</u>	<u>22</u>	<u>23</u>
8	<u>Salary Factor</u>	<u>1.0217</u>	<u>1.0344</u>	<u>1.0471</u>
9	<u>Years Experience</u>	<u>24</u>	<u>25</u>	<u>26</u>
10	<u>Salary Factor</u>	<u>1.0598</u>	<u>1.0725</u>	<u>1.0852</u>
11	<u>Years Experience</u>	<u>27</u>	<u>28</u>	<u>29</u>
12	<u>Salary Factor</u>	<u>1.0979</u>	<u>1.1106</u>	<u>1.1233</u>
13	<u>Years Experience</u>	<u>30</u>	<u>31</u>	<u>32</u>
14	<u>Salary Factor</u>	<u>1.1360</u>	<u>1.1487</u>	<u>1.1614</u>
15	<u>Years Experience</u>	<u>33</u>	<u>34</u>	<u>35 and over</u>
16	<u>Salary Factor</u>	<u>1.1741</u>	<u>1.1868</u>	<u>1.1995</u>

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

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

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

25 (a) A teacher, librarian, counselor, or nurse shall advance
 26 one step on the minimum salary schedule under Section 21.402 for
 27 each year of experience as a teacher, librarian, counselor, or

1 nurse until step 22 [~~20~~] is reached.

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

4 (a) A teacher, librarian, counselor, or nurse shall advance
5 one step on the minimum salary schedule under Section 21.402 for
6 each year of experience as a teacher, librarian, counselor, or
7 nurse until step 23 [~~20~~] is reached.

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

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

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

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

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

22 (a) A teacher, librarian, counselor, or nurse shall advance
23 one step on the minimum salary schedule under Section 21.402 for
24 each year of experience as a teacher, librarian, counselor, or
25 nurse until step 26 [~~20~~] is reached.

26 SECTION 26. Effective September 1, 2015, Section 21.403(a),
27 Education Code, is amended to read as follows:

1 (a) A teacher, librarian, counselor, or nurse shall advance
2 one step on the minimum salary schedule under Section 21.402 for
3 each year of experience as a teacher, librarian, counselor, or
4 nurse until step 27 [~~20~~] is reached.

5 SECTION 27. Effective September 1, 2016, Section 21.403(a),
6 Education Code, is amended to read as follows:

7 (a) A teacher, librarian, counselor, or nurse shall advance
8 one step on the minimum salary schedule under Section 21.402 for
9 each year of experience as a teacher, librarian, counselor, or
10 nurse until step 28 [~~20~~] is reached.

11 SECTION 28. Effective September 1, 2017, Section 21.403(a),
12 Education Code, is amended to read as follows:

13 (a) A teacher, librarian, counselor, or nurse shall advance
14 one step on the minimum salary schedule under Section 21.402 for
15 each year of experience as a teacher, librarian, counselor, or
16 nurse until step 29 [~~20~~] is reached.

17 SECTION 29. Effective September 1, 2018, Section 21.403(a),
18 Education Code, is amended to read as follows:

19 (a) A teacher, librarian, counselor, or nurse shall advance
20 one step on the minimum salary schedule under Section 21.402 for
21 each year of experience as a teacher, librarian, counselor, or
22 nurse until step 30 [~~20~~] is reached.

23 SECTION 30. Effective September 1, 2019, Section 21.403(a),
24 Education Code, is amended to read as follows:

25 (a) A teacher, librarian, counselor, or nurse shall advance
26 one step on the minimum salary schedule under Section 21.402 for
27 each year of experience as a teacher, librarian, counselor, or

1 nurse until step 31 [~~20~~] is reached.

2 SECTION 31. Effective September 1, 2020, Section 21.403(a),
3 Education Code, is amended to read as follows:

4 (a) A teacher, librarian, counselor, or nurse shall advance
5 one step on the minimum salary schedule under Section 21.402 for
6 each year of experience as a teacher, librarian, counselor, or
7 nurse until step 32 [~~20~~] is reached.

8 SECTION 32. Effective September 1, 2021, Section 21.403(a),
9 Education Code, is amended to read as follows:

10 (a) A teacher, librarian, counselor, or nurse shall advance
11 one step on the minimum salary schedule under Section 21.402 for
12 each year of experience as a teacher, librarian, counselor, or
13 nurse until step 33 [~~20~~] is reached.

14 SECTION 33. Effective September 1, 2022, Section 21.403(a),
15 Education Code, is amended to read as follows:

16 (a) A teacher, librarian, counselor, or nurse shall advance
17 one step on the minimum salary schedule under Section 21.402 for
18 each year of experience as a teacher, librarian, counselor, or
19 nurse until step 34 [~~20~~] is reached.

20 SECTION 34. Effective September 1, 2023, Section 21.403(a),
21 Education Code, is amended to read as follows:

22 (a) A teacher, librarian, counselor, or nurse shall advance
23 one step on the minimum salary schedule under Section 21.402 for
24 each year of experience as a teacher, librarian, counselor, or
25 nurse until step 35 [~~20~~] is reached.

26 SECTION 35. Section 21.415(a), Education Code, is amended
27 to read as follows:

1 (a) A school district shall provide in employment contracts
2 that qualifying employees may receive an incentive payment under an
3 awards program established under Subchapter [~~N~~] O if the
4 district participates in the program.

5 SECTION 36. Sections 21.703(a) and (d), Education Code, are
6 amended to read as follows:

7 (a) Each state fiscal year, the commissioner shall deposit
8 an amount determined by the General Appropriations Act [~~the sum of~~
9 ~~\$1,000 multiplied by the number of classroom teachers in this~~
10 ~~state~~] to the credit of the educator excellence fund in the general
11 revenue fund. Each state fiscal year, the agency shall use[+]

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

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

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

22 (2) [~~(B)~~] multiplying the amount determined under
23 Subdivision (1) [~~Paragraph (A)~~] by the number of students in
24 weighted average daily attendance in the district.

25 (d) Notwithstanding Subsection (a) [~~or (b)~~], the agency may
26 use funds in the educator excellence fund as necessary to conduct or
27 contract with another entity to conduct the evaluation required

1 under Section 21.706. This subsection expires June 1, 2011.

2 SECTION 37. Section 21.704, Education Code, is amended by
3 adding Subsection (c-1) to read as follows:

4 (c-1) A local awards plan must provide for teachers and
5 principals eligible to receive awards under the plan to be notified
6 of the specific criteria and any formulas on which the awards will
7 be based before the beginning of the period on which the awards will
8 be based.

9 SECTION 38. Section 21.705, Education Code, is amended to
10 read as follows:

11 Sec. 21.705. AWARD PAYMENTS. A school district must use at
12 least 30 ~~60~~ percent of grant funds awarded to the district under
13 this subchapter to directly award classroom teachers who
14 effectively improve student achievement as determined by
15 meaningful, objective measures. The remaining funds must be used
16 only to:

17 (1) recruit and retain highly qualified teachers and
18 principals for campuses serving a disproportionately high number of
19 economically disadvantaged students or students of limited English
20 proficiency, as defined by Section 29.052;

21 (2) recruit and retain teachers certified under
22 Subchapter B in mathematics, science, special education, bilingual
23 education, or English as a second language;

24 (3) provide teacher induction and mentoring support;
25 or

26 (4) provide funding for previously developed
27 incentive programs ~~[provide stipends to effective mentors or~~

1 ~~teacher coaches;~~

2 ~~[(2) provide stipends to classroom teachers who are~~
3 ~~certified in a subject that is designated by the commissioner as~~
4 ~~commonly experiencing a critical shortage of teachers;~~

5 ~~[(3) provide stipends to classroom teachers who are~~
6 ~~certified under Subchapter B in the main subject area in which they~~
7 ~~teach;~~

8 ~~[(4) provide stipends to classroom teachers with~~
9 ~~proven records of success for improving student performance who are~~
10 ~~assigned to campuses at which the district has experienced~~
11 ~~difficulty assigning or retaining teachers;~~

12 ~~[(5) provide stipends to classroom teachers who hold~~
13 ~~postgraduate degrees;~~

14 ~~[(6) provide awards to principals who effectively~~
15 ~~increase student performance as determined by objective measures;~~

16 ~~[(7) provide awards to other campus employees who~~
17 ~~demonstrate excellence; or~~

18 ~~[(8) implement the components of a Teacher Advancement~~
19 ~~Program (TAP), including:~~

20 ~~[(A) an instructionally focused accountability~~
21 ~~system; and~~

22 ~~[(B) the adjustment of teaching schedules to~~
23 ~~permit ongoing applied professional growth].~~

24 SECTION 39. Section 21.706(a), Education Code, is amended
25 to read as follows:

26 (a) Using funds from the educator excellence fund created
27 under Section 21.703, the agency shall conduct or contract with

1 another entity to conduct a comprehensive evaluation of the [~~awards~~
2 ~~for student achievement program established under Subchapter N and~~
3 ~~the educator excellence awards~~] program [~~established under this~~
4 ~~subchapter~~]. The evaluation must include:

5 (1) a descriptive analysis of the design and
6 implementation of the [~~awards for student achievement program and~~
7 ~~the educator excellence awards~~] program at participating campuses
8 or school districts, including detailed descriptions of the models
9 and approaches used by the campuses or districts in distributing
10 incentive awards to classroom teachers;

11 (2) detailed information regarding the distribution
12 of incentive awards to classroom teachers under the [~~awards for~~
13 ~~student achievement program and the educator excellence awards~~]
14 program, including the measurements used by the campuses or
15 districts in determining the amounts of incentive awards to
16 distribute to classroom teachers;

17 (3) a comprehensive, quantitative analysis of the
18 impact of the [~~awards for student achievement program and the~~
19 ~~educator excellence awards~~] program at participating campuses or
20 districts, including the impact of the various incentive award
21 distribution models used by the campuses or districts on key
22 outcomes in the program [~~programs~~]; and

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

1 SECTION 40. Section 21.707, Education Code, is amended to
2 read as follows:

3 Sec. 21.707. RULES. The commissioner shall adopt rules
4 necessary to administer this subchapter. The rules may not
5 establish additional criteria for local awards plans other than
6 those established by this subchapter, except as necessary to
7 provide financial accountability for the grants.

8 SECTION 41. Subchapter A, Chapter 29, Education Code, is
9 amended by adding Section 29.018 to read as follows:

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

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

17 (1) the district does not receive sufficient funds,
18 including state funds provided under Section 42.151 and federal
19 funds, for a student with disabilities to pay for the special
20 education services provided to the student; or

21 (2) the district does not receive sufficient funds,
22 including state funds provided under Section 42.151 and federal
23 funds, for all students with disabilities in the district to pay for
24 the special education services provided to the students.

25 (c) A school district that applies for a grant under this
26 section must provide the commissioner with a report comparing the
27 state and federal funds received by the district for students with

1 disabilities and the expenses incurred by the district in providing
2 special education services to students with disabilities.

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

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

11 (f) The commissioner shall adopt rules as necessary to
12 administer this section.

13 SECTION 42. Section 29.082, Education Code, is amended by
14 adding Subsection (h) to read as follows:

15 (h) The commissioner shall give priority to applications
16 for extended year programs to districts with high concentrations of
17 educationally disadvantaged students.

18 SECTION 43. Section 29.0822, Education Code, is amended by
19 amending Subsections (a), (c), and (d) and adding Subsection (e) to
20 read as follows:

21 (a) Notwithstanding Section 25.081 or 25.082, a school
22 district may apply to the commissioner to provide a flexible school
23 day program for students [~~in grades nine through 12~~] who:

24 (1) have dropped out of school or are at risk of
25 dropping out of school as defined by Section 29.081; [~~or~~]

26 (2) attend a campus that is implementing an innovative
27 redesign of the campus or an early college high school under a plan

1 approved by the commissioner; or
2 (3) as a result of attendance requirements under
3 Section 25.092, will be denied credit for one or more classes in
4 which the students have been enrolled.

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

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

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

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

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

13 SECTION 44. Section 29.085, Education Code, is amended by
14 adding Subsection (e) to read as follows:

15 (e) From funds appropriated for the purpose, the
16 commissioner shall distribute funds for programs under this
17 section. In distributing those funds, the commissioner shall give
18 preference to school districts that received funds for a program
19 under this section for the preceding school year and then to the
20 districts that have the highest concentration of students who are
21 pregnant or who are parents. To receive funds for a program under
22 this section, a school district must apply to the commissioner. A
23 program established under this section is required only in school
24 districts in which the program is financed by funds distributed
25 under this subsection and any other funds available for the
26 program.

27 SECTION 45. Section 29.097(g), Education Code, is amended

1 to read as follows:

2 (g) For purposes of Subsection (f)(2), a school district is
3 encouraged to use funds allocated under Section 42.160
4 [~~42.2516(b)(3)~~].

5 SECTION 46. Section 29.098(h), Education Code, is amended
6 to read as follows:

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

10 SECTION 47. Section 29.918(a), Education Code, is amended
11 to read as follows:

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

24 SECTION 48. Section 29.919(e), Education Code, is amended
25 to read as follows:

26 (e) As a condition of receiving a state grant, a campus must
27 contribute additional funding for activities provided at the campus

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

9 SECTION 49. 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 distribute
13 funds for programs under this subchapter. In distributing those
14 funds, the commissioner shall give preference to a school district
15 that received funds under this subsection for the preceding school
16 year and then to the districts that have the highest concentration
17 of students at risk of dropping out of school, as described by
18 Section 29.081. To receive funds for the program, a school district
19 must apply to the commissioner. For each school year that a school
20 district receives funds under this subsection, the district shall
21 allocate an amount of local funds for school guidance and
22 counseling programs that is equal to or greater than the amount of
23 local funds that the school district allocated for that purpose
24 during the preceding school year. This section applies only to a
25 school district that receives funds as provided by this subsection
26 [~~Section 42.152(i)~~].

27 SECTION 50. Sections 39.024(c) and (d), Education Code, are

1 amended to read as follows:

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

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

18 SECTION 51. Section 39.031, Education Code, is amended to
19 read as follows:

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

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

4 SECTION 52. The heading to Section 39.114, Education Code,
5 is amended to read as follows:

6 Sec. 39.114. USE OF HIGH SCHOOL ALLOTMENT.

7 SECTION 53. Sections 39.114(a) and (b), Education Code, are
8 amended to read as follows:

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

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

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

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

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

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

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

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

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

13 SECTION 54. Section 41.001, Education Code, is amended to
14 read as follows:

15 Sec. 41.001. DEFINITIONS. In this chapter:

16 (1) "Effective tax rate" has the meaning assigned by
17 Section 42.010.

18 (2) "Equalized wealth level" means the wealth per
19 student provided by Section 41.002.

20 (3) [~~(2)~~] "Wealth per student" means the taxable value
21 of property, as determined under Subchapter M, Chapter 403,
22 Government Code, divided by the number of students in weighted
23 average daily attendance.

24 (4) [~~(3)~~] "Weighted average daily attendance" has the
25 meaning assigned by Section 42.302.

26 SECTION 55. Subchapter A, Chapter 41, Education Code, is
27 amended by adding Sections 41.0011 and 41.0012 to read as follows:

1 Sec. 41.0011. REFERENCES TO TAXABLE VALUE OF DISTRICT
2 PROPERTY. A reference in this chapter to the taxable value of
3 property in a district, as determined under Subchapter M, Chapter
4 403, Government Code, refers to the value for the current year
5 unless otherwise specified.

6 Sec. 41.0012. MODIFICATION FOR DISTRICTS WITH SPECIAL LAW
7 TAXING AUTHORITY. (a) This section applies only to a school
8 district that imposed a maintenance and operations tax for the 2005
9 tax year at a rate greater than \$1.50 per \$100 of taxable value, as
10 permitted by special law.

11 (b) For any district to which this section applies, the
12 commissioner shall implement any provision of this chapter that
13 refers to a maintenance and operations tax rate equal to the lesser
14 of \$1 or a district's effective rate less six cents, or that makes a
15 substantially similar reference, as if the provision referred to a
16 rate equal to the lesser of:

17 (1) the rate equal to the product of the state
18 compression percentage multiplied by the maintenance and
19 operations tax rate adopted by the district for the 2005 tax year;
20 or

21 (2) a district's effective maintenance and operations
22 tax rate less six cents.

23 SECTION 56. Section 41.002(a), Education Code, is amended
24 to read as follows:

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

27 (1) the wealth per student that generates the amount

1 of maintenance and operations tax revenue per weighted student
 2 available to a district described by Section 42.101(b) [~~at the 88th~~
 3 ~~percentile in wealth per student~~], for the district's maintenance
 4 and operations tax effort equal to or less than an effective tax
 5 rate of the lesser of \$1.00 or the rate that is six cents less than
 6 the district's effective maintenance and operations tax rate [~~the~~
 7 ~~rate equal to the product of the state compression percentage, as~~
 8 ~~determined under Section 42.2516, multiplied by the maintenance and~~
 9 ~~operations tax rate adopted by the district for the 2005 tax year];
 10 or~~

11 (2) the wealth per student that generates the amount
 12 of maintenance and operations tax revenue per weighted student per
 13 cent of tax effort available to a district under Section 42.302 for
 14 each cent of a district's tax rate other than the last six cents of
 15 that rate [~~the Austin Independent School District, as determined by~~
 16 ~~the commissioner in cooperation with the Legislative Budget Board~~],
 17 for [~~the first six cents by which~~] the district's maintenance and
 18 operations tax effort that [~~rate~~] exceeds the tax effort described
 19 by Subdivision (1) [~~rate equal to the product of the state~~
 20 ~~compression percentage, as determined under Section 42.2516,~~
 21 ~~multiplied by the maintenance and operations tax rate adopted by~~
 22 ~~the district for the 2005 tax year, subject to Section 41.093(b-1),~~
 23 ~~or~~

24 [~~(3) \$319,500, for the district's maintenance and~~
 25 ~~operations tax effort that exceeds the first six cents by which the~~
 26 ~~district's maintenance and operations tax effort exceeds the rate~~
 27 ~~equal to the product of the state compression percentage, as~~

1 ~~determined under Section 42.2516, multiplied by the maintenance and~~
2 ~~operations tax rate adopted by the district for the 2005 tax year].~~

3 SECTION 57. Section 41.002(e), Education Code, is amended
4 to read as follows:

5 (e) Notwithstanding Subsection (a), [~~and except as provided~~
6 ~~by Subsection (g),~~] in accordance with a determination of the
7 commissioner, the wealth per student that a school district may
8 have after exercising an option under Section 41.003(2) or (3) may
9 not be less than the amount needed to maintain state and local
10 revenue in an amount equal to state and local revenue per weighted
11 student for maintenance and operation of the district for the
12 1992-1993 school year less the district's current year distribution
13 per weighted student from the available school fund, other than
14 amounts distributed under Chapter 31, if the district imposes an
15 effective tax rate for maintenance and operation of the district
16 equal to the greater of the district's current tax rate or \$1.50 on
17 the \$100 valuation of taxable property.

18 SECTION 58. Subchapter A, Chapter 41, Education Code, is
19 amended by adding Section 41.0032 to read as follows:

20 Sec. 41.0032. TOLLING OF ACTION TO ACHIEVE EQUALIZED WEALTH
21 LEVEL. (a) Notwithstanding any other provision of this chapter, if
22 a school district would otherwise be required by this chapter to
23 take action to achieve the equalized wealth level for the first time
24 for the 2009-2010 or a later school year, the district is not
25 required to take that action until the following school year.

26 (b) For purposes of this section, a district is not required
27 to take action to achieve the equalized wealth level until the cost

1 to the district to purchase attendance credits under Subchapter D
2 exceeds the amount to which the district is entitled under Section
3 42.2516.

4 (c) The commissioner may adopt rules implementing this
5 section as necessary to provide for a district described by this
6 section a one-year tolling of the deadlines specified in this
7 chapter.

8 SECTION 59. Section 41.093(b-1), Education Code, is amended
9 to read as follows:

10 (b-1) If the guaranteed level of state and local funds per
11 weighted student per cent of tax effort under Section 42.302(g)
12 [~~42.302(a-1)(2)~~] for which state funds are appropriated for a
13 school year is an amount at least equal to the amount of revenue per
14 weighted student per cent of tax effort available to the Austin
15 Independent School District, as determined by the commissioner in
16 cooperation with the Legislative Budget Board, the commissioner, in
17 computing the amounts described by Subsections (a)(1) and (2) and
18 determining the cost of an attendance credit, shall exclude
19 maintenance and operations tax revenue resulting from the last
20 [~~first~~] six cents of [~~by which~~] a district's effective maintenance
21 and operations tax rate, provided that the district adopts a
22 maintenance and operations tax rate for that school year at a rate
23 at least equal to the greater of the rate adopted by the district
24 for the 2008-2009 school year or the rate equal to the product of
25 the state compression percentage multiplied by the maintenance and
26 operations tax rate adopted by the district for the 2005 tax year.
27 If the district adopts a maintenance and operations tax at a rate

1 lower than the greater of those rates, the commissioner shall
2 exclude maintenance and operations tax revenue resulting from the
3 first six cents by which the district's effective maintenance and
4 operations tax rate exceeds the rate equal to the product of the
5 state compression percentage [~~7, as determined under Section~~
6 ~~42.2516,~~] multiplied by the maintenance and operations tax rate
7 adopted by the district for the 2005 tax year.

8 SECTION 60. Section 41.121, Education Code, is amended to
9 read as follows:

10 Sec. 41.121. AGREEMENT. The board of trustees of a district
11 with a wealth per student that exceeds the equalized wealth level
12 may execute an agreement to educate the students of another
13 district in a number that, when the weighted average daily
14 attendance of the students served is added to the weighted average
15 daily attendance of the contracting district, is sufficient, in
16 combination with any other actions taken under this chapter, to
17 reduce the district's wealth per student to a level that is equal to
18 or less than the equalized wealth level. The agreement is not
19 effective unless the commissioner certifies that the transfer of
20 weighted average daily attendance will not result in any of the
21 contracting districts' wealth per student being greater than the
22 equalized wealth level and that the agreement requires an
23 expenditure per student in weighted average daily attendance that
24 is at least equal to the amount per student in weighted average
25 daily attendance required under Section 41.093 [~~7, unless it is~~
26 ~~determined by the commissioner that a quality educational program~~
27 ~~can be delivered at a lesser amount. The commissioner may approve a~~

1 ~~special financial arrangement between districts if that~~
2 ~~arrangement serves the best educational interests of the state].~~

3 SECTION 61. Subchapter A, Chapter 42, Education Code, is
4 amended by adding Sections 42.009, 42.010, and 42.011 to read as
5 follows:

6 Sec. 42.009. REFERENCES TO TAXABLE VALUE OF DISTRICT
7 PROPERTY. A reference in this chapter to the taxable value of
8 property in a district, as determined under Subchapter M, Chapter
9 403, Government Code, refers to the value for the current year.

10 Sec. 42.010. EFFECTIVE TAX RATE. For purposes of this
11 chapter, a school district's effective tax rate means the rate
12 determined by dividing the total amount of taxes collected by the
13 district for the applicable school year less any amounts paid into a
14 tax increment fund under Chapter 311, Tax Code, by the quotient of
15 the district's taxable value of property, as determined under
16 Subchapter M, Chapter 403, Government Code, divided by 100.

17 Sec. 42.011. MODIFICATION FOR DISTRICTS WITH SPECIAL LAW
18 TAXING AUTHORITY. (a) This section applies only to a school
19 district that imposed a maintenance and operations tax for the 2005
20 tax year at a rate greater than \$1.50 per \$100 of taxable value, as
21 permitted by special law.

22 (b) For any district to which this section applies, the
23 commissioner shall implement any provision of this chapter that
24 refers to a maintenance and operations tax rate equal to the lesser
25 of \$1 or a district's effective rate less six cents, or that makes a
26 substantially similar reference, as if the provision referred to a
27 rate equal to the lesser of:

1 (1) the rate equal to the product of the state
2 compression percentage multiplied by the maintenance and
3 operations tax rate adopted by the district for the 2005 tax year;
4 or

5 (2) a district's effective maintenance and operations
6 tax rate less six cents.

7 SECTION 62. Section 42.101, Education Code, is amended to
8 read as follows:

9 Sec. 42.101. BASIC ALLOTMENT. (a) For each student in
10 average daily attendance, not including the time students spend
11 each day in special education programs in an instructional
12 arrangement other than mainstream or career and technology
13 education programs, for which an additional allotment is made under
14 Subchapter C, a district is entitled to an allotment in an amount
15 equal to the product of the amount per student per cent of tax
16 effort available to a district described by Subsection (b) [~~at the~~
17 ~~percentile in wealth per student specified by Section~~
18 ~~42.302(a-1)(1)]~~, multiplied by the lesser of:

19 (1) the number of cents that is six cents less than the
20 number of cents in the district's effective maintenance and
21 operations tax rate; or

22 (2) 100 [~~86. A greater amount for any school year may~~
23 ~~be provided by appropriation].~~

24 (b) For purposes of Subsection (a), the commissioner shall
25 determine the amount per cent of tax effort available to a district
26 with a taxable value of property equal to the product of the
27 statewide average taxable value of property per weighted student

1 multiplied by 0.0001723, or a higher value as specified in the
2 General Appropriations Act.

3 SECTION 63. Section 42.106, Education Code, is amended to
4 read as follows:

5 Sec. 42.106. TUITION ALLOTMENT [~~ADJUSTED PROPERTY VALUE~~]
6 FOR DISTRICTS NOT OFFERING ALL GRADE LEVELS. A [~~For purposes of~~
7 ~~this chapter, the taxable value of property of a~~] school district
8 that contracts for students residing in the district to be educated
9 in another district under Section 25.039(a) is entitled to receive
10 an allotment equal to [~~adjusted by applying the formula:~~

11
$$[\del{ADPV = DPV - (TN / .015)}$$

12 [~~where:~~

13 [~~"ADPV" is the district's adjusted taxable value of property,~~

14 [~~"DPV" is the taxable value of property in the district for~~
15 ~~the preceding tax year determined under Subchapter M, Chapter 403,~~
16 ~~Government Code, and~~

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

21 SECTION 64. Section 42.152(c), Education Code, is amended
22 to read as follows:

23 (c) Funds allocated under this section shall be used to fund
24 supplemental programs and services designed to eliminate any
25 disparity in performance on assessment instruments administered
26 under Subchapter B, Chapter 39, or disparity in the rates of high
27 school completion between students at risk of dropping out of

1 school, as defined by Section 29.081, and all other students.
2 Specifically, the funds, other than an indirect cost allotment
3 established under State Board of Education rule, which may not
4 exceed 45 [~~15~~] percent, may be used to meet the costs of providing a
5 compensatory, intensive, or accelerated instruction program under
6 Section 29.081 or an alternative education program established
7 under Section 37.008 or to support a program eligible under Title I
8 of the Elementary and Secondary Education Act of 1965, as provided
9 by Pub. L. No. 103-382 and its subsequent amendments, and by federal
10 regulations implementing that Act, at a campus at which at least 40
11 percent of the students are educationally disadvantaged. In
12 meeting the costs of providing a compensatory, intensive, or
13 accelerated instruction program under Section 29.081, a district's
14 compensatory education allotment shall be used for costs
15 supplementary to the regular education program, such as costs for
16 program and student evaluation, instructional materials and
17 equipment and other supplies required for quality instruction,
18 supplemental staff expenses, salary for teachers of at-risk
19 students, smaller class size, and individualized instruction. A
20 home-rule school district or an open-enrollment charter school must
21 use funds allocated under Subsection (a) for a purpose authorized
22 in this subsection but is not otherwise subject to Subchapter C,
23 Chapter 29. Notwithstanding any other provisions of this section:

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

1 alternative education programs established under Section 37.008;

2 (2) the commissioner may waive the limitations of
3 Subdivision (1) upon an annual petition, by a district's board and a
4 district's site-based decision making committee, presenting the
5 reason for the need to spend supplemental compensatory education
6 funds on disciplinary alternative education programs under Section
7 37.008, provided that:

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

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

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

20 SECTION 65. Subchapter C, Chapter 42, Education Code, is
21 amended by adding Section 42.1541 to read as follows:

22 Sec. 42.1541. INDIRECT COST ALLOTMENTS. (a) The State
23 Board of Education shall by rule increase the indirect cost
24 allotments established under Sections 42.151(h), 42.152(c),
25 42.153(b), and 42.154(a-1) and (c) and in effect for the 2008-2009
26 school year as necessary to reflect the increased percentage of
27 total maintenance and operations funding represented by the basic

1 allotment under Section 42.101 as a result of amendment of that
2 section by H.B. No. 3646, Acts of the 81st Legislature, Regular
3 Session, 2009.

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

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

8 SECTION 66. Section 42.152, Education Code, is amended by
9 adding Subsections (s), (s-1), (s-2), (s-3), (s-4), and (s-5) to
10 read as follows:

11 (s) In addition to the allotment provided under Subsection
12 (a), a school district is entitled to an annual allotment equal to
13 \$650:

14 (1) for each student in average daily attendance who
15 has a parent or guardian who is serving on active duty in a combat
16 zone as a member of the armed forces of the United States; and

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

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

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

24 (s-1) Notwithstanding any other provision of this section,
25 a school district may use funds allotted to the district under
26 Subsection (s) only to provide supplemental programs and services
27 described by Subsection (c) or Subsection (f) for students

1 described by Subsection (s) who are enrolled in the district.

2 (s-2) The amount appropriated for allotments under
3 Subsection (s) may not exceed \$9.9 million in a school year. If the
4 total amount of allotments to which districts are entitled under
5 Subsection (s) for a school year exceeds the amount appropriated
6 for allotments under that subsection, the commissioner shall reduce
7 each district's allotment under that subsection proportionately.

8 (s-3) Notwithstanding any other provision of this chapter,
9 payments for allotments under Subsection (s) are made as
10 adjustments under Section 42.253(i). If the commissioner
11 determines that the amount appropriated for purposes of the
12 Foundation School Program exceeds the amount to which school
13 districts are entitled under this chapter, the commissioner shall
14 fund the adjustment for the allotments under Subsection (s) from
15 the excess funds.

16 (s-4) If the commissioner determines that the amount by
17 which the funds appropriated for purposes of the Foundation School
18 Program exceeds the amount to which school districts are entitled
19 under this chapter is not sufficient to provide for the allotments
20 under Subsection (s) as limited by Subsection (s-1), the
21 commissioner shall reduce the number by which the statewide average
22 taxable value of property per weighted student is multiplied for
23 purposes of Section 42.101(b) by the amount necessary to provide
24 the remaining funds. The commissioner shall include amount of the
25 reduction in the adjustments under Section 42.253(i) in the next
26 school year.

27 (s-5) Subsections (s), (s-1), (s-2), (s-3), (s-4), and this

1 subsection expire September 1, 2013.

2 SECTION 67. Subchapter C, Chapter 42, Education Code, is
3 amended by adding Section 42.160 to read as follows:

4 Sec. 42.160. HIGH SCHOOL ALLOTMENT. (a) A school district
5 is entitled to an annual allotment in an amount determined by the
6 commissioner under Subsection (a-1) for each student in weighted
7 average daily attendance in grades 9 through 12 in the district.
8 For purposes of this subsection, the number of students in weighted
9 average daily attendance is calculated by multiplying the number of
10 students in average daily attendance in grades 9 through 12 in the
11 district by the ratio for the district of the number of students in
12 weighted average daily attendance to the number of students in
13 average daily attendance.

14 (a-1) The commissioner shall determine the amount of the
15 allotment provided under Subsection (a) so that the total state
16 cost of funding the allotment equals the total state cost of funding
17 the allotment that would have resulted if the allotment were
18 provided in the amount of \$275 for each student in average daily
19 attendance in grades 9 through 12 in the district.

20 (b) A school district that is required to take action under
21 Chapter 41 to reduce its wealth per student to the equalized wealth
22 level is entitled to a credit, in the amount of the allotment to
23 which the district is entitled under this section, against the
24 total amount required under Section 41.093 for the district to
25 purchase attendance credits. A school district that is otherwise
26 ineligible for state aid under this chapter is entitled to receive
27 allotments under this section.

1 SECTION 68. Subchapter E, Chapter 42, Education Code, is
2 amended by adding Section 42.25151 to read as follows:

3 Sec. 42.25151. ADJUSTMENT FOR SUPPLEMENTAL PAYMENTS
4 ASSOCIATED WITH AGREEMENTS UNDER TEXAS ECONOMIC DEVELOPMENT ACT.

5 (a) In this section, "supplemental payment" means a payment or
6 other benefit, other than a revenue protection payment authorized
7 by Section 313.027(f)(1), Tax Code, provided in connection with an
8 agreement between a property owner and a school district under
9 Chapter 313, Tax Code, by or on behalf of the property owner to:

10 (1) the district; or

11 (2) a foundation or other entity created to benefit
12 the district or the district's students.

13 (b) Notwithstanding Section 42.2516, the commissioner shall
14 for any school year, subject to Subsection (b-1):

15 (1) reduce the amounts due to a school district under
16 this chapter by an amount equal to the value of any supplemental
17 payment received during that school year by the district or a
18 foundation or other entity created to benefit the district or the
19 district's students; or

20 (2) increase the amounts necessary for a school
21 district to comply with the requirements of Chapter 41 by an amount
22 equal to the value of any supplemental payments received during
23 that school year by the district or a foundation or other entity
24 created to benefit the district or the district's students.

25 (b-1) Each school year, a school district is entitled to
26 retain a total benefit from supplemental payments not to exceed the
27 amounts authorized in Sections 313.027(i) and (j), Tax Code.

1 (c) A school district shall:

2 (1) report each supplemental payment through the
3 Public Education Information Management System (PEIMS); and

4 (2) clearly identify each supplemental payment in the
5 district's adopted budget and in the annual report required by
6 Section 44.007.

7 (d) The commissioner, in consultation with the comptroller,
8 as appropriate, may adopt rules necessary to implement this
9 section.

10 (e) This section does not apply to supplemental payments
11 made in connection with an agreement entered into before September
12 1, 2009.

13 SECTION 69. Section 42.2516, Education Code, is amended by
14 amending Subsections (a), (a-1), (b), (b-1), (b-2), (c), (e), (f),
15 (f-1), and (g) and adding Subsections (a-2), (b-3), (b-4), (e-1),
16 (h-1), and (m) to read as follows:

17 (a) In this section, "state compression percentage" means
18 the percentage, as determined by the commissioner in consultation
19 with the Legislative Budget Board, of a school district's adopted
20 maintenance and operations tax rate for the 2005 tax year that
21 serves as the basis for state funding for tax rate reduction under
22 this section. The commissioner, in consultation with the
23 Legislative Budget Board, shall determine the state compression
24 percentage for each school year based on the percentage by which a
25 district is able to reduce the district's maintenance and
26 operations tax rate for that year, as compared to the district's
27 adopted maintenance and operations tax rate for the 2005 tax year,

1 as a result of state funds appropriated for distribution under this
2 section for that year from the property tax relief fund established
3 under Section 403.109, Government Code, or from another funding
4 source available for school district property tax relief.

5 (a-1) For the state fiscal year ending August 31, 2009, the
6 state compression percentage is 66.67 percent. For each subsequent
7 state fiscal year, the state compression percentage is the lesser
8 of:

9 (1) the percentage determined in accordance with
10 Subsection (a); or

11 (2) the state compression percentage for the preceding
12 state fiscal year.

13 (a-2) Not later than March 1 of each year, the commissioner
14 shall:

15 (1) inform school districts of the state compression
16 percentage for the following school year; and

17 (2) post the state compression percentage for the
18 following school year on the agency's website. [~~Subsection (a)~~
19 ~~applies beginning with the state fiscal year ending August 31,~~
20 ~~2009. For the state fiscal year ending August 31, 2007, the state~~
21 ~~compression percentage is 88.67 percent. For the state fiscal year~~
22 ~~ending August 31, 2008, the state compression percentage is 66.67~~
23 ~~percent. This subsection expires September 1, 2009.]~~

24 (b) Subject to Subsections (b-1), (b-2), (b-3), (b-4),
25 (f-1), (g), and (h-1) [~~(h)~~] but notwithstanding any other provision
26 of this title, a school district is entitled to state revenue
27 necessary to provide the district with [~~the sum of~~]:

1 (1) the amount of state revenue necessary to maintain
2 state and local revenue per student in weighted average daily
3 attendance in the amount at least equal to ~~[the greater of:~~

4 ~~[(A)]~~ the amount of state and local revenue per
5 student in weighted average daily attendance for the maintenance
6 and operations of the district available to the district for the
7 2008-2009 ~~[2005-2006]~~ school year for the district's maintenance
8 and operations tax rate equal to the product of the state
9 compression percentage multiplied by the maintenance and
10 operations tax rate adopted by the district for the 2005 tax year;
11 and

12 (2) an amount equal to the difference, if any, between
13 the amount of maintenance and operations revenue the district is
14 required to pay into the tax increment fund for a reinvestment zone
15 under Section 311.013(n), Tax Code, meeting the criteria under
16 Section 403.302(d)(4), Government Code, in the current tax year and
17 the amount of maintenance and operations revenue collected by the
18 district in the reinvestment zone at the district's compressed tax
19 rate~~]~~

20 ~~[(B) the amount of state and local revenue per~~
21 ~~student in weighted average daily attendance for the maintenance~~
22 ~~and operations of the district to which the district would have been~~
23 ~~entitled for the 2006-2007 school year under this chapter, as it~~
24 ~~existed on January 1, 2006, or, if the district would have been~~
25 ~~subject to Chapter 41, as that chapter existed on January 1, 2006,~~
26 ~~the amount to which the district would have been entitled under that~~
27 ~~chapter, based on the funding elements in effect for the 2005-2006~~

1 ~~school year, if the district imposed a maintenance and operations~~
2 ~~tax at the rate adopted by the district for the 2005 tax year, or~~
3 ~~[(C) the amount of state and local revenue per~~
4 ~~student in weighted average daily attendance for the maintenance~~
5 ~~and operations of the district to which the district would have been~~
6 ~~entitled for the 2006-2007 school year under this chapter, as it~~
7 ~~existed on January 1, 2006, or, if the district would have been~~
8 ~~subject to Chapter 41, as that chapter existed on January 1, 2006,~~
9 ~~the amount to which the district would have been entitled under that~~
10 ~~chapter, based on the funding elements in effect for the 2005-2006~~
11 ~~school year, if the district imposed a maintenance and operations~~
12 ~~tax at the rate equal to the rate described by Section 26.08(i) or~~
13 ~~(k)(1), Tax Code, as applicable, for the 2006 tax year;~~
14 ~~[(2) an amount equal to the product of \$2,500~~
15 ~~multiplied by the number of classroom teachers, full-time~~
16 ~~librarians, full-time counselors certified under Subchapter B,~~
17 ~~Chapter 21, and full-time school nurses employed by the district~~
18 ~~and entitled to a minimum salary under Section 21.402; and~~
19 ~~[(3) an amount equal to the product of \$275 multiplied~~
20 ~~by the number of students in average daily attendance in grades nine~~
21 ~~through 12 in the district].~~

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

24 (1) if for any school year the district is entitled to
25 a greater allotment under Section 42.158 than the allotment to
26 which the district was entitled under that section for the
27 2008-2009 school year [~~on which the district's entitlement under~~

1 ~~Subsection (b) is based~~], the district's entitlement under
2 Subsection (b) is increased by an amount equal to the difference
3 between the amount to which the district is entitled under Section
4 42.158 for that school year and the amount to which the district was
5 entitled under that section for the 2008-2009 school year [~~+~~

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

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

12 (2) if for any school year the district is not entitled
13 to an allotment under Section 42.158 or is entitled to a lesser
14 allotment under that section than the allotment to which the
15 district was entitled under that section for the 2008-2009 school
16 year [~~on which the district's entitlement under Subsection (b) is~~
17 ~~based~~], the district's entitlement under Subsection (b) is reduced
18 by an amount equal to the difference between the amount to which the
19 district was entitled under Section 42.158 for the 2008-2009
20 [~~2005-2006 or 2006-2007~~] school year [~~, as appropriate based on~~
21 ~~whether the district's entitlement under Subsection (b) is~~
22 ~~determined under Subsection (b)(1)(A), (B), or (C),~~] and the amount
23 to which the district is entitled under Section 42.158 for the
24 current school year.

25 (b-2) The amount determined for a school district under
26 Subsection (b) is increased or reduced as follows:

27 (1) if for any school year the district is entitled to

1 a greater allotment under Section 42.155 or greater additional
2 state aid under Section 42.2515 than the allotment or additional
3 state aid to which the district was entitled under Section 42.155 or
4 42.2515, as applicable, for the 2008-2009 school year [~~on which the~~
5 ~~district's entitlement under Subsection (b) is based~~], the
6 district's entitlement under Subsection (b) is increased by an
7 amount equal to the difference between the amount to which the
8 district is entitled under Section 42.155 or 42.2515, as
9 applicable, for that school year and the amount to which the
10 district was entitled under the applicable section[~~, as applicable~~]
11 for the 2008-2009 school year[~~+~~

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

15 [~~(B) the 2006-2007 school year, if the amount~~
16 ~~determined for the district under Subsection (b) is determined~~
17 ~~under Subsection (b)(1)(B) or (C)]; and~~

18 (2) if for any school year the district is not entitled
19 to an allotment under Section 42.155 or additional state aid under
20 Section 42.2515 or is entitled to a lesser allotment or less
21 additional state aid under the applicable section than the
22 allotment or additional state aid to which the district was
23 entitled under the applicable section for the 2008-2009 school year
24 [~~on which the district's entitlement under Subsection (b) is~~
25 ~~based~~], the district's entitlement under Subsection (b) is reduced
26 by an amount equal to the difference between the amount to which the
27 district was entitled under Section 42.155 or 42.2515, as

1 applicable, for the 2008-2009 [~~2005-2006 or 2006-2007~~] school
2 year[, ~~as appropriate based on whether the district's entitlement~~
3 ~~under Subsection (b) is determined under Subsection (b)(1)(A), (B),~~
4 ~~or (C),~~] and the amount to which the district is entitled under the
5 applicable section for the current school year.

6 (b-3) The amount determined for a school district under
7 Subsection (b) is increased or reduced to reflect changes in the
8 amount of funds to which the district is entitled under Section
9 42.160, in comparison to the amount of funds to which the district
10 was entitled during the 2008-2009 school year under the high school
11 allotment provided by Subsection (b)(3), as it existed on January
12 1, 2009.

13 (b-4) The amount determined under Subsection (b) for a
14 school district that paid tuition under Section 25.039 during the
15 2008-2009 school year in accordance with a contract authorized by
16 that section is reduced by the amount of tuition paid during that
17 school year.

18 (c) In determining the amount to which a district is
19 entitled under Subsection (b) [~~(b)(1)~~], the commissioner shall
20 include:

21 (1) any amounts received by the district during the
22 2008-2009 school year under [~~described by~~] Rider 86 [~~69~~], page
23 III-23 [~~III-19~~], Chapter 1428 (H.B. 1) [~~1369~~], Acts of the 80th
24 [~~79th~~] Legislature, Regular Session, 2007 [~~2005~~] (the General
25 Appropriations Act);

26 (2) [~~for a school district that received additional~~
27 ~~revenue for the 2005-2006 school year as a result of an agreement~~

1 ~~under Subchapter E, Chapter 41:~~

2 ~~[(A) if the amount of state revenue to which the~~
3 ~~district is entitled under Subsection (b) is computed based on the~~
4 ~~amount described by Subsection (b)(1)(A), the amount of that~~
5 ~~additional revenue retained by the district for the 2005-2006~~
6 ~~school year, which is the amount by which the total maintenance and~~
7 ~~operations revenue available to the district for that school year~~
8 ~~exceeded the total maintenance and operations revenue that would~~
9 ~~have been available to the district for that school year if the~~
10 ~~district had not entered into the agreement, less any amount the~~
11 ~~district paid to another entity under the agreement; or~~

12 ~~[(B) if the amount of state revenue to which the~~
13 ~~district is entitled under Subsection (b) is computed based on the~~
14 ~~amount described by Subsection (b)(1)(B) or (C), the amount of the~~
15 ~~additional revenue that would have been retained by the district~~
16 ~~for the 2006-2007 school year if the district had entered into the~~
17 ~~agreement on the same terms as under the agreement for the 2005-2006~~
18 ~~school year, which is the amount by which the total maintenance and~~
19 ~~operations revenue that would have been available to the district~~
20 ~~for the 2006-2007 school year if the district had entered into the~~
21 ~~agreement exceeds the total maintenance and operations revenue that~~
22 ~~would have been available to the district for that school year if~~
23 ~~the district had not entered into the agreement and had imposed a~~
24 ~~maintenance and operations tax at the rate of \$1.50 on the \$100~~
25 ~~valuation of taxable property, less any amount the district would~~
26 ~~have paid to another entity under the agreement;~~

27 ~~[(3)] any amount necessary to reflect an adjustment~~

1 made by the commissioner under Section 42.005;

2 (3) [~~(4)~~ any amount necessary to reflect an adjustment
3 made by the commissioner under Section 42.2521, and

4 [~~(5)~~] any amount necessary to reflect an adjustment
5 made by the commissioner under Section 42.2531;

6 (4) any amount necessary to maintain:

7 (A) the professional staff salary allotment
8 provided by Subsection (b)(2) and the high school allotment
9 provided by Subsection (b)(3), as those subsections existed on
10 January 1, 2009;

11 (B) the staff salary allotment provided by
12 Section 42.2513, as that section existed on January 1, 2009;

13 (C) funding provided by Section 42.2514, as that
14 section existed on January 1, 2009, for school district employees
15 who participate in a group health coverage plan provided by or
16 through the district;

17 (D) the \$110 per weighted student allocation
18 authorized in Rider 82, page III-23, Chapter 1330 (H.B. 1), Acts of
19 the 78th Legislature, Regular Session, 2003 (the General
20 Appropriations Act); and

21 (E) any other amounts to which the district was
22 entitled under this subchapter, as it existed on January 1, 2009;
23 and

24 (5) any amount to which the district is entitled under
25 Section 42.106.

26 (e) The amount of revenue to which a school district is
27 entitled because of the technology allotment under Section 32.005

1 is not included in making a determination under Subsection (b)
2 [~~(b)(1)~~].

3 (e-1) The amount of revenue to which a school district is
4 entitled under Section 42.2518 is in addition to the amount of
5 revenue to which the district is entitled under Subsection (b).

6 (f) For purposes of determining the amount of revenue to
7 which a school district is entitled under this section, the
8 commissioner shall use the average tax collection rate for the
9 district for the 2006, 2007, and 2008 [~~2003, 2004, and 2005~~] tax
10 years.

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

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

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

25 (3) grants an exemption under an agreement authorized
26 by Chapter 312, Tax Code, that was not in effect for the 2009 [~~2005~~
27 ~~or 2006~~] tax year, or ceases to grant an exemption authorized by

1 that chapter that was in effect for the 2009 [~~2005 or 2006~~] tax
2 year; or

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

9 (g) If a school district adopts a maintenance and operations
10 tax rate that is below the rate equal to the sum of six cents and the
11 product of the state compression percentage multiplied by the
12 maintenance and operations tax rate adopted by the district for the
13 2005 tax year, the commissioner shall reduce the district's
14 entitlement under this section in proportion to the amount by which
15 the rate equal to the adopted rate less six cents is less than the
16 rate equal to the product of the state compression percentage
17 multiplied by the rate adopted by the district for the 2005 tax
18 year.

19 (h-1) Notwithstanding any other provision of this title, a
20 school district is entitled to receive a minimum increase as
21 determined under this subsection for each student in weighted
22 average daily attendance as a result of changes made by H.B. No.
23 3646, Acts of the 81st Legislature, Regular Session, 2009, to
24 Chapter 41 and this chapter over the amount to which the district
25 would have been entitled under those chapters, as they existed on
26 January 1, 2009, at the maintenance and operations tax rate equal to
27 the rate adopted by the district for the 2008-2009 school year, as

1 determined by the commissioner. The commissioner shall determine
2 the amount of the minimum increase under this subsection by
3 multiplying the number of students in weighted average daily
4 attendance in the state by \$100, subtracting the amount necessary
5 to provide the additional state aid under Section 42.2518 to which
6 school districts are entitled, and dividing the remainder by the
7 number of students in weighted average daily attendance in the
8 state. As necessary to provide that minimum increase, the
9 commissioner shall adjust the amount of state aid provided to a
10 school district under this chapter or adjust the number of
11 attendance credits that a school district is required to purchase
12 under Section 41.093.

13 (m) For purposes of Subsections (b) and (h-1), the number of
14 students in weighted average daily attendance in a school district
15 is computed by dividing the sum of the school district's allotments
16 under Subchapters B and C, less any allotment to the district for
17 transportation, any allotment under Section 42.158 or 42.160, and
18 50 percent of the adjustment under Section 42.102, by the basic
19 allotment for the applicable year.

20 SECTION 70. Subchapter E, Chapter 42, Education Code, is
21 amended by adding Section 42.2518 to read as follows:

22 Sec. 42.2518. ADDITIONAL STATE AID FOR EXTENSION OF
23 PROFESSIONAL STAFF SALARY SCHEDULE. (a) A school district,
24 including a school district that is otherwise ineligible for state
25 aid under this chapter, is entitled to state aid in an amount, as
26 determined by the commissioner, necessary to compensate the school
27 district for additional salary costs the district incurs because of

1 the increased number of years covered by the minimum salary
2 schedule for certain professional staff made by H.B. No. 3646, Acts
3 of the 81st Legislature, Regular Session, 2009.

4 (b) A district may use state aid received under this section
5 only to pay salary costs incurred because of the increased number of
6 years covered by the minimum salary schedule.

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

9 (d) The commissioner may adopt rules to implement this
10 section.

11 SECTION 71. Section 42.252(a), Education Code, is amended
12 to read as follows:

13 (a) Subject to Section 42.302(g), each ~~Each~~ school
14 district's share of the Foundation School Program is determined by
15 the following formula:

$$LFA = TR \times DPV$$

17 where:

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

19 "TR" is a tax rate which for each hundred dollars of valuation
20 is an effective tax rate equal to the lesser of:

21 (1) \$1; or

22 (2) the rate that is six cents less than the district's
23 effective maintenance and operations tax rate [~~\$0.86~~]; and

24 "DPV" is the taxable value of property in the school district
25 for the ~~preceding~~ tax year determined under Subchapter M, Chapter
26 403, Government Code.

27 SECTION 72. Section 42.2522(c), Education Code, is amended

1 to read as follows:

2 (c) In the first year of a state fiscal biennium, before
3 providing funding as provided by Subsection (a)(2), the
4 commissioner shall ensure that sufficient appropriated funds for
5 purposes of the Foundation School Program are available for the
6 second year of the biennium~~[, including funds to be used for~~
7 ~~purposes of Section 42.2521]~~.

8 SECTION 73. Section 42.253, Education Code, is amended by
9 adding Subsection (c-1) to read as follows:

10 (c-1) The amounts to be paid under Section 42.2516(b)(4)
11 shall be paid at the same time as other state revenue is paid to the
12 district. Payments shall be based on amounts paid under Section
13 42.2516(b)(4) for the preceding year. Any deficiency shall be paid
14 to the district at the same time the final amount to be paid to the
15 district is determined, and any overpayment shall be deducted from
16 the payments the district would otherwise receive in the following
17 year.

18 SECTION 74. Section 42.260(a), Education Code, is amended
19 to read as follows:

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

24 SECTION 75. Section 42.261(a), Education Code, is amended
25 to read as follows:

26 (a) Funds appropriated by the legislature for a tax year for
27 the purpose of reducing a school district's maintenance and

1 operations tax rate and providing state aid under Section 42.2516:

2 (1) are not excess funds for purposes of Section
3 42.2517;

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

6 (3) may not be used for purposes of Chapter 46; and

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

10 SECTION 76. Section 42.302, Education Code, is amended by
11 amending Subsections (a), (a-2), and (b) and adding Subsections (g)
12 and (g-1) 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 tax
15 effort over that required for the district's local fund assignment,
16 subject to Subsection (g), up to the maximum level specified in this
17 subchapter. The amount of state support, subject only to the
18 maximum amount 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 local
24 funds per weighted student per cent of tax effort, which is \$31.95
25 or an amount described by Subsection (g) or (g-1), as applicable,
26 [~~(a-1)~~] or a greater amount 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 school
2 district's allotments under Subchapters B and C, less any allotment
3 to the district for transportation and~~[7]~~ any allotment under
4 Section 42.158 or 42.160, [~~and 50 percent of the adjustment under~~
5 ~~Section 42.102,~~] by the basic allotment for the applicable year;

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

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

18 (a-2) The limitation on district enrichment tax rate
19 ("DTR") under Section 42.303 does not apply to the last six cents of
20 the district's effective maintenance and operations tax effort
21 [~~described by Subsection (a-1)(2)~~].

22 (b) In computing the district enrichment tax rate of a
23 school district, the total amount of maintenance and operations
24 taxes collected by the school district does not include the amount
25 of:

26 (1) the district's local fund assignment under Section
27 42.252; [~~or~~]

1 (2) taxes paid into a tax increment fund under Chapter
2 311, Tax Code; or

3 (3) revenue resulting from the last six cents of the
4 district's effective maintenance and operations tax rate.

5 (g) This subsection applies to the last six cents of a
6 district's effective tax rate for maintenance and operations,
7 regardless of whether any of those cents would otherwise be
8 considered as part of the district's local share under Section
9 42.252, provided that the district adopts a maintenance and
10 operations tax rate at a rate at least equal to the greater of the
11 rate adopted by the district for the 2008-2009 school year or the
12 rate equal to the product of the state compression percentage
13 multiplied by the maintenance and operations tax rate adopted by
14 the district for the 2005 tax year. For each cent of tax effort to
15 which this subsection applies, a district is entitled to a
16 guaranteed level of state and local funds per weighted student
17 equal to the greater of the amount of district tax revenue per
18 weighted student per cent of tax effort available to the Austin
19 Independent School District, as determined by the commissioner in
20 cooperation with the Legislative Budget Board, or the amount of
21 district tax revenue per weighted student per cent of tax effort
22 used for purposes of this subsection in the preceding school year.
23 If a district adopts a maintenance and operations tax rate at a rate
24 lower than the greater of the rates described above, the district
25 is entitled to the guaranteed level described by this subsection
26 for the first six cents by which the district's effective
27 maintenance and operations tax rate exceeds the rate equal to the

1 product of the state compression percentage multiplied by the
2 maintenance and operations tax rate adopted by the district for the
3 2005 tax year.

4 (g-1) Subsection (g) applies beginning with the 2010-2011
5 school year. For the 2009-2010 school year, a school district is
6 entitled for each cent of tax effort described by Subsection (g) to
7 a guaranteed level of state and local funds per weighted student
8 equal to the amount of district tax revenue per weighted student per
9 cent of tax effort available to the Austin Independent School
10 District, as determined by the commissioner in cooperation with the
11 Legislative Budget Board. This subsection expires September 1,
12 2010.

13 SECTION 77. Section 42.303, Education Code, is amended to
14 read as follows:

15 Sec. 42.303. LIMITATION ON ENRICHMENT TAX RATE. The
16 district enrichment tax rate ("DTR") under Section 42.302 may not
17 exceed \$0.17 [~~the amount~~] per \$100 of valuation [~~by which the~~
18 ~~maximum rate permitted under Section 45.003 exceeds the rate of~~
19 ~~\$0.86, or a greater amount for any year provided by appropriation~~].

20 SECTION 78. Section 44.004, Education Code, is amended by
21 amending Subsection (h) and adding Subsection (j) to read as
22 follows:

23 (h) Notwithstanding any other provision of this section, a
24 school district with a fiscal year beginning July 1 may use the
25 certified estimate of the taxable value of district property
26 required by Section 26.01(e) [~~26.01(d)~~], Tax Code, in preparing the
27 notice required by this section if the district does not receive on

1 or before June 7 the certified appraisal roll for the district
2 required by Section 26.01(a), Tax Code.

3 (j) Notwithstanding Subsections (g), (h), and (i), a school
4 district may adopt a budget after the district adopts a tax rate for
5 the tax year in which the fiscal year covered by the budget begins
6 if the district elects to adopt a tax rate before receiving the
7 certified appraisal roll for the district as provided by Section
8 26.05(g). If a school district elects to adopt a tax rate before
9 adopting a budget, the district must publish notice and hold a
10 meeting for the purpose of discussing the proposed tax rate as
11 provided by this section. Following adoption of the tax rate, the
12 district must publish notice and hold another public meeting before
13 the district may adopt a budget. The comptroller shall prescribe
14 the language and format to be used in the notices. The school
15 district may use the certified estimate of taxable value in
16 preparing a notice under this subsection.

17 SECTION 79. Section 45.001(a), Education Code, is amended
18 to read as follows:

19 (a) The governing board of an independent school district,
20 including the city council or commission that has jurisdiction over
21 a municipally controlled independent school district, the
22 governing board of a rural high school district, and the
23 commissioners court of a county, on behalf of each common school
24 district under its jurisdiction, may:

25 (1) issue bonds for:

26 (A) the construction, acquisition, and equipment
27 of school buildings in the district;

1 (B) the acquisition of property or the
2 refinancing of property financed under a contract entered under
3 Subchapter A, Chapter 271, Local Government Code, regardless of
4 whether payment obligations under the contract are due in the
5 current year or a future year;

6 (C) the purchase of the necessary sites for
7 school buildings; and

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

9 (2) may levy, pledge, assess, and collect annual ad
10 valorem taxes sufficient to pay the principal of and interest on the
11 bonds as or before the principal and interest become due, subject to
12 Section 45.003.

13 SECTION 80. Section 46.003(a), Education Code, is amended
14 to read as follows:

15 (a) For each year, except as provided by Sections 46.005 and
16 46.006, a school district is guaranteed a specified amount per
17 student in state and local funds for each cent of tax effort, up to
18 the maximum rate under Subsection (b), to pay the principal of and
19 interest on eligible bonds issued to construct, acquire, renovate,
20 or improve an instructional facility. The amount of state support
21 is determined by the formula:

$$22 \quad \text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

23 where:

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

26 "FYL" is the dollar amount guaranteed level of state and
27 local funds per student per cent of tax effort, which is \$35 or a

1 greater amount for any year provided by appropriation;

2 "ADA" is the greater of the number of students in average
3 daily attendance, as determined under Section 42.005, in the
4 district or 400;

5 "BTR" is the district's bond tax rate for the current year,
6 which is determined by dividing the amount budgeted by the district
7 for payment of eligible bonds by the quotient of the district's
8 taxable value of property for the current tax year as determined
9 under Subchapter M, Chapter 403, Government Code, [~~or, if~~
10 ~~applicable, Section 42.2521,~~] divided by 100; and

11 "DPV" is the district's taxable value of property for the
12 current tax year as determined under Subchapter M, Chapter 403,
13 Government Code [~~, or, if applicable, Section 42.2521~~].

14 SECTION 81. Section 46.006(g), Education Code, is amended
15 to read as follows:

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

21 SECTION 82. Section 46.032(a), Education Code, is amended
22 to read as follows:

23 (a) Each school district is guaranteed a specified amount
24 per student in state and local funds for each cent of tax effort to
25 pay the principal of and interest on eligible bonds. The amount of
26 state support, subject only to the maximum amount under Section
27 46.034, is determined by the formula:

1 $EDA = (EDGL \times ADA \times EDTR \times 100) - (EDTR \times (DPV/100))$

2 where:

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

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

8 "ADA" is the number of students in average daily attendance,
9 as determined under Section 42.005, in the district;

10 "EDTR" is the existing debt tax rate of the district, which is
11 determined by dividing the amount budgeted by the district for
12 payment of eligible bonds by the quotient of the district's taxable
13 value of property for the current tax year as determined under
14 Subchapter M, Chapter 403, Government Code, [~~or, if applicable,~~
15 ~~under Section 42.2521,~~] divided by 100; and

16 "DPV" is the district's taxable value of property for the
17 current tax year as determined under Subchapter M, Chapter 403,
18 Government Code [~~, or, if applicable, under Section 42.2521~~].

19 SECTION 83. Section 46.033, Education Code, is amended to
20 read as follows:

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

- 24 (1) the district made payments on the bonds during the
25 final [~~2006-2007~~] school year of the preceding state fiscal
26 biennium or taxes levied to pay the principal of and interest on the
27 bonds were included in the district's audited debt service

1 collections for that school year; and

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

5 SECTION 84. Section 46.034(c), Education Code, is amended
6 to read as follows:

7 (c) If the amount required to pay the principal of and
8 interest on eligible bonds in a school year is less than the amount
9 of payments made by the district on the bonds during the final
10 [2006-2007] school year of the preceding state fiscal biennium or
11 the district's audited debt service collections for that school
12 year, the district may not receive aid in excess of the amount that,
13 when added to the district's local revenue for the school year,
14 equals the amount required to pay the principal of and interest on
15 the bonds.

16 SECTION 85. Section 3.005, Election Code, is amended by
17 amending Subsection (a) and adding Subsection (d) to read as
18 follows:

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

22 (d) An election under Section 26.08, Tax Code, to ratify a
23 tax rate adopted by the governing body of a school district under
24 Section 26.05(g) of that code shall be ordered not later than the
25 30th day before election day.

26 SECTION 86. Section 4.008, Election Code, is amended to
27 read as follows:

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

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

13 SECTION 87. Sections 403.302(d), (g), (i), and (j),
14 Government Code, are amended to read as follows:

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

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

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

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

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

3 (A) is within a reinvestment zone created on or
4 before May 31, 1999, or is proposed to be included within the
5 boundaries of a reinvestment zone as the boundaries of the zone and
6 the proposed portion of tax increment paid into the tax increment
7 fund by a school district are described in a written notification
8 provided by the municipality or the board of directors of the zone
9 to the governing bodies of the other taxing units in the manner
10 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
11 within the boundaries of the zone as those boundaries existed on
12 September 1, 1999, including subsequent improvements to the
13 property regardless of when made;

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

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

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

1 ~~(6)~~ the total dollar amount of any captured
2 appraised value of property that:

3 (A) is within a reinvestment zone:

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

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

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

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

16 (6) ~~(7)~~ the total dollar amount of any exemptions
17 granted under Section 11.251 or 11.253, Tax Code;

18 (7) ~~(8)~~ the difference between the comptroller's
19 estimate of the market value and the productivity value of land that
20 qualifies for appraisal on the basis of its productive capacity,
21 except that the productivity value estimated by the comptroller may
22 not exceed the fair market value of the land;

23 (8) ~~(9)~~ the portion of the appraised value of
24 residence homesteads of individuals who receive a tax limitation
25 under Section 11.26, Tax Code, on which school district taxes are
26 not imposed in the year that is the subject of the study, calculated
27 as if the residence homesteads were appraised at the full value

1 required by law;

2 (9) [~~(10)~~] a portion of the market value of property
3 not otherwise fully taxable by the district at market value because
4 of:

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

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

15 (10) [~~(11)~~] the market value of all tangible personal
16 property, other than manufactured homes, owned by a family or
17 individual and not held or used for the production of income;

18 (11) [~~(12)~~] the appraised value of property the
19 collection of delinquent taxes on which is deferred under Section
20 33.06, Tax Code;

21 (12) [~~(13)~~] the portion of the appraised value of
22 property the collection of delinquent taxes on which is deferred
23 under Section 33.065, Tax Code; and

24 (13) [~~(14)~~] the amount by which the market value of a
25 residence homestead to which Section 23.23, Tax Code, applies
26 exceeds the appraised value of that property as calculated under
27 that section.

1 (g) The comptroller shall provide to the commissioner of
2 education [~~publish~~] preliminary taxable value estimates
3 [~~findings~~], listing values by district, before July 1 of the year of
4 the study, and shall certify preliminary findings, listing values
5 by district, by February 1 of the year following the year of the
6 study. Preliminary findings shall be delivered to each school
7 district and shall be certified to the commissioner of education. A
8 preliminary taxable value estimate provided under this subsection
9 may not be appealed, but may be revised by the comptroller at any
10 time before preliminary findings are certified.

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

1 comptroller, in determining the taxable value of property in the
2 school district under Subsection (d), shall for purposes of
3 Subsection (d)(13) [~~(d)(14)~~] subtract from the market value as
4 estimated by the comptroller of residence homesteads to which
5 Section 23.23, Tax Code, applies the amount by which that amount
6 exceeds the appraised value of those properties as calculated by
7 the appraisal district under Section 23.23, Tax Code.

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

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

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

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

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

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

26 SECTION 88. Section 822.201(b), Government Code, is amended
27 to read as follows:

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

2 (1) normal periodic payments of money for service the
3 right to which accrues on a regular basis in proportion to the
4 service performed;

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

7 (3) amounts that would otherwise qualify as salary and
8 wages under Subdivision (1) but are not received directly by the
9 member pursuant to a good faith, voluntary written salary reduction
10 agreement in order to finance payments to a deferred compensation
11 or tax sheltered annuity program specifically authorized by state
12 law or to finance benefit options under a cafeteria plan qualifying
13 under Section 125 of the Internal Revenue Code of 1986, if:

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

16 (B) the benefit options in the cafeteria plan are
17 limited to one or more options that provide deferred compensation,
18 group health and disability insurance, group term life insurance,
19 dependent care assistance programs, or group legal services plans;

20 (4) performance pay awarded to an employee by a school
21 district as part of a total compensation plan approved by the board
22 of trustees of the district and meeting the requirements of
23 Subsection (e);

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

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

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

4 (8) a merit salary increase made under Section 51.962,
5 Education Code;

6 (9) amounts received under the relevant parts of the
7 ~~[awards for student achievement program under Subchapter N, Chapter~~
8 ~~21, Education Code, the]~~ educator excellence awards program under
9 Subchapter O, Chapter 21, Education Code, or a mentoring program
10 under Section 21.458, Education Code, that authorize ~~[authorized]~~
11 compensation for service; and

12 (10) salary amounts designated as health care
13 supplementation by an employee under Subchapter D, Chapter 22,
14 Education Code.

15 SECTION 89. Sections 825.405(a) and (b), Government Code,
16 are amended to read as follows:

17 (a) For members entitled to the minimum salary for certain
18 school personnel under Section 21.402, Education Code, and for
19 members who would have been entitled to the minimum salary for
20 certain school personnel under former Section 16.056, Education
21 Code, as that section existed on January 1, 1995, the employing
22 district shall pay the state's contribution on the portion of the
23 member's salary that exceeds the statutory minimum salary ~~[or~~
24 ~~former statutory minimum, as applicable]~~.

25 (b) For purposes of this section:

26 (1) ~~[7]~~ the statutory minimum salary for certain
27 school personnel under Section 21.402, Education Code, is the

1 salary provided by that section [~~Section 21.402 or the former~~
2 ~~Sections 16.056 and 16.058, Education Code,~~] multiplied by the cost
3 of education adjustment applicable under Section 42.102, Education
4 Code, to the district in which the member is employed; and

5 (2) the statutory minimum salary for members who would
6 have been entitled to the minimum salary for certain school
7 personnel under former Section 16.056, Education Code, as that
8 section existed on January 1, 1995, is a minimum salary computed in
9 the same manner as the minimum salary for certain school personnel
10 under Section 21.402, Education Code, multiplied by the cost of
11 education adjustment applicable under Section 42.102, Education
12 Code, to the district in which the member is employed.

13 SECTION 90. Section 1579.251(a), Insurance Code, is amended
14 to read as follows:

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

24 SECTION 91. Section 1581.053(b), Insurance Code, is amended
25 to read as follows:

26 (b) Notwithstanding Subsection (a), amounts a district or
27 school is required to use to pay contributions under a group health

1 coverage plan for district or school employees under Section
2 [~~42.2514 or~~] 42.260, Education Code, other than amounts described
3 by Section 42.260(c)(2)(B), are not used in computing whether the
4 district or school complies with Section 1581.052.

5 SECTION 92. Section 26.01(e), Tax Code, is amended to read
6 as follows:

7 (e) Not later than June 7, the chief appraiser shall prepare
8 and certify to the comptroller an estimate of the taxable value of
9 property in each school district participating in the appraisal
10 district and the total market value of that property. Except as
11 provided by Subsection (f), not later than April 30 [~~by June 7~~], the
12 chief appraiser shall also prepare and certify to the assessor for
13 each county, municipality, and school district participating in the
14 appraisal district an estimate of the taxable value of property in
15 that taxing unit. The chief appraiser shall assist each county,
16 municipality, and school district in determining values of property
17 in that taxing unit for the taxing unit's budgetary purposes.

18 SECTION 93. Section 26.05, Tax Code, is amended by adding
19 Subsection (g) to read as follows:

20 (g) Notwithstanding Subsection (a), the governing body of a
21 school district that elects to adopt a tax rate before the adoption
22 of a budget for the fiscal year that begins in the current tax year
23 may adopt a tax rate for the current tax year before receipt of the
24 certified appraisal roll for the school district if the chief
25 appraiser of the appraisal district in which the school district
26 participates has certified to the assessor for the school district
27 an estimate of the taxable value of property in the school district

1 as provided by Section 26.01(e). If a school district adopts a tax
2 rate under this subsection, the effective tax rate and the rollback
3 tax rate of the district shall be calculated based on the certified
4 estimate of taxable value.

5 SECTION 94. Section 26.08, Tax Code, is amended by adding
6 Subsection (p) to read as follows:

7 (p) Notwithstanding Subsections (n) and (o), a school
8 district is not required to obtain the approval at an election under
9 this section of the district's adopted tax rate if the rate does not
10 exceed the sum of:

11 (1) the maintenance and operations tax rate of the
12 district for the most recent tax year of the period that consists of
13 the 2007 and 2008 tax years in which the district's tax rate was
14 approved at an election under this section; and

15 (2) the district's current debt rate.

16 SECTION 95. Section 26.08, Tax Code, is amended by adding
17 Subsection (q) to read as follows:

18 (q) Notwithstanding Subsections (i), (n), and (o), if for
19 the preceding tax year the district adopted a maintenance and
20 operations tax rate that was less than the district's effective
21 maintenance and operations tax rate for that preceding tax year,
22 the rollback tax rate of the district for the current tax year is
23 calculated as if the district adopted a maintenance and operations
24 tax rate for the preceding tax year that was equal to the district's
25 effective maintenance and operations tax rate for that preceding
26 tax year.

27 SECTION 96. Chapter 26, Tax Code, is amended by adding

1 Section 26.083 to read as follows:

2 Sec. 26.083. TEMPORARY AUTHORIZATION TO ADOPT SCHOOL
3 DISTRICT TAX RATE THAT EXCEEDS DISTRICT'S ROLLBACK TAX RATE. (a)
4 The governing body of a school district in the manner provided by
5 law for official action by the governing body may call an election
6 to authorize the district to adopt a maintenance and operations tax
7 rate not to exceed a specified rate for a specified period.

8 (b) An election under this section must be held on a uniform
9 election date. If the governing body of the school district has not
10 adopted a tax rate for the current tax year before the date the
11 election is held, the election applies to the district's tax rate
12 for the current tax year and the following four tax years. If the
13 governing body of the school district adopted a tax rate for the
14 current tax year before the date the election is held, the election
15 applies to the district's tax rate for the following five tax years.

16 (c) The ballot for the election shall be prepared to permit
17 voting for or against the proposition: "Authorizing the (name of
18 school district) to adopt a tax rate for maintenance and operations
19 purposes for (the current tax year and the following four tax years
20 or the following five tax years, as applicable) at a rate not to
21 exceed \$___ per \$100 valuation." The ballot proposition must
22 include the proposed limit on the school district's maintenance and
23 operations tax rate.

24 (d) If a majority of the votes cast in the election favor the
25 proposition, the school district, for the current tax year and the
26 following four tax years or for the following five tax years, as
27 applicable, may adopt a tax rate that does not exceed the sum of the

1 rate stated in the ballot proposition and the district's current
2 debt rate for the applicable year without being required to hold an
3 election under Section 26.08 to ratify the adopted tax rate,
4 regardless of whether the adopted tax rate exceeds the district's
5 rollback tax rate for that tax year.

6 (e) If the proposition is not approved as provided by
7 Subsection (d), Section 26.08 applies to the school district's tax
8 rate for the applicable tax years.

9 SECTION 97. Section 31.06(a), Tax Code, is amended to read
10 as follows:

11 (a) Except as provided by Section 31.061, taxes are payable
12 only as provided by this section. A [~~in currency of the United~~
13 ~~States. However, a~~] collector shall [~~may~~] accept United States
14 currency or a check or money order in payment of taxes[~~7~~] and shall
15 [~~may~~] accept payment by credit card or electronic funds transfer.
16 [~~A collector and a person may enter into an agreement under which~~
17 ~~the person pays taxes by electronic funds transfer. The agreement~~
18 ~~must:~~

- 19 [~~(1) be in writing,~~
20 [~~(2) be signed by the collector and the person, and~~
21 [~~(3) specify the means or format of payment by~~
22 ~~electronic funds transfer.]~~

23 SECTION 98. Section 313.027, Tax Code, is amended by adding
24 Subsections (i) and (j) to read as follows:

25 (i) A person and the school district may not enter into an
26 agreement under which the person agrees to provide supplemental
27 payments to a school district in an amount that exceeds an amount

1 equal to \$100 per student per year in average daily attendance, as
2 defined by Section 42.005, Education Code, or for a period that
3 exceeds the period described by Section 313.021(4) or 313.104(2)(B)
4 of this code. This limit does not apply to an amount described by
5 Subsection (f)(1) of this section.

6 (j) A local school district is entitled to enter into
7 multiple contracts with applicants and is entitled to receive the
8 amount per student in average daily attendance as specified in
9 Subsection (i) above.

10 SECTION 99. (a) The following provisions of the Education
11 Code are repealed:

- 12 (1) Subchapter N, Chapter 21;
- 13 (2) Section 21.704(b);
- 14 (3) Section 39.024(e);
- 15 (4) Sections 41.002(b) and (g);
- 16 (5) Section 41.098;
- 17 (6) Section 42.103(e);
- 18 (7) Sections 42.152(e), (f), (g), (h), (i), (j), (k),
19 (l), (m), (n), (o), (p), and (u);
- 20 (8) Sections 42.2511, 42.2512, 42.2513, and 42.2514;
- 21 (9) Section 42.2516(h);
- 22 (10) Section 42.2521; and
- 23 (11) Section 42.302(a-1).

24 (b) Sections 825.405(h) and (i), Government Code, are
25 repealed.

26 (c) Subchapter C, Chapter 1581, Insurance Code, is
27 repealed.

1 (d) Section 2, Chapter 1191 (H.B. 828), Acts of the 80th
2 Legislature, Regular Session, 2007, which amended Subsection
3 (a-1), Section 42.302, Education Code, is repealed.

4 (e) Section 40, Chapter 1504 (H.B. 6), Acts of the 77th
5 Legislature, Regular Session, 2001, is repealed.

6 SECTION 100. (a) Notwithstanding any other provision of
7 this Act, Sections 12.1331 and 21.402(c-1), Education Code, as
8 added by this Act, are expressly contingent on a determination by
9 the commissioner of education that payment of wage and salary
10 increases and associated benefits required by those sections are
11 allowable uses of federal funds received by school districts and
12 open-enrollment charter schools under the American Recovery and
13 Reinvestment Act of 2009 (Pub. L. No. 111-5) and appropriated as
14 part of the Foundation School Program. The commissioner may not
15 make a determination under this subsection until the state's
16 application to spend funds under the American Recovery and
17 Reinvestment Act of 2009 has been approved by the United States
18 government. The commissioner shall promptly notify school
19 districts and open-enrollment charter schools of that
20 determination. A determination by the commissioner under this
21 subsection is final and may not be appealed.

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

26 (c) The commissioner of education by rule may determine the
27 applicable minimum salary schedule for use by school districts

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

10 SECTION 101. Section 21.402(c-4), Education Code, as added
11 by this Act, does not affect a contract between a school district
12 and a person entitled to a minimum salary under Section 21.402,
13 Education Code, if the contract:

14 (1) was entered into before the effective date of the
15 change in law made by this Act; and

16 (2) provides for a salary greater than the minimum
17 salary to which the person would be entitled under Section
18 21.402(c-4), Education Code, as added by this Act.

19 SECTION 102. The provisions of Section 42.2516(b)(2),
20 Education Code, as amended by this Act, shall be effective for the
21 fiscal year that begins September 1, 2006, and any amounts due a
22 district shall be paid to the district in the fiscal year that
23 begins September 1, 2009, at the time other payments are made to the
24 district.

25 SECTION 103. Section 44.004, Education Code, Sections 3.005
26 and 4.008, Election Code, and Sections 26.01 and 26.05, Tax Code, as
27 amended by this Act, apply only to ad valorem taxes imposed for a

1 tax year beginning on or after the effective date of this Act.

2 SECTION 104. Section 26.083, Tax Code, as added by this Act,
3 applies only to the ad valorem tax rate of a school district for a
4 tax year beginning on or after the effective date of this Act.

5 SECTION 105. (a) Section 26.08(p), Tax Code, as added by
6 this Act, applies to the ad valorem tax rate of a school district
7 beginning with the 2009 tax year, except as provided by Subsection
8 (b) of this section.

9 (b) If the governing body of a school district adopted an ad
10 valorem tax rate for the school district for the 2009 tax year
11 before the effective date of this Act, Section 26.08(p), Tax Code,
12 as added by this Act, applies to the ad valorem tax rate of that
13 school district beginning with the 2010 tax year, and the law in
14 effect when the tax rate was adopted applies to the 2009 tax year
15 with respect to that school district.

16 SECTION 106. The commissioner of education shall ensure
17 that each school district receives, within the amount to which the
18 district is entitled under Section 42.2516, Education Code, the
19 total amount to which the district is entitled as a result of the
20 adjustment provided under Section 42.103(d), Education Code.

21 SECTION 107. (a) The change in law made by Section
22 26.08(q), Tax Code, as added by this Act, applies to the ad valorem
23 tax rate of a school district beginning with the 2009 tax year,
24 except as provided by Subsection (b) of this section.

25 (b) If the governing body of a school district adopted an ad
26 valorem tax rate for the school district for the 2009 tax year
27 before the effective date of this Act, the change in law made by

1 Section 26.08(q), Tax Code, as added by this Act, applies to the ad
2 valorem tax rate of that school district beginning with the 2010 tax
3 year, and the law in effect when the tax rate was adopted applies to
4 the 2009 tax year with respect to that school district.

5 SECTION 108. To the extent of any conflict, this Act
6 prevails over another Act of the 81st Legislature, Regular Session,
7 2009, relating to nonsubstantive additions to and corrections in
8 enacted codes.

9 SECTION 109. Except as otherwise provided by this Act, this
10 Act takes effect September 1, 2009.