

1-1 By: Hochberg, et al. (Senate Sponsor - Shapiro) H.B. No. 3646
1-2 (In the Senate - Received from the House May 13, 2009;
1-3 May 14, 2009, read first time and referred to Committee on
1-4 Education; May 23, 2009, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 8, Nays 0;
1-6 May 23, 2009, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 3646 By: Shapiro

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to public school finance.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 ARTICLE 1. PUBLIC SCHOOL FINANCE

1-13 SECTION 1.01. Subchapter D, Chapter 12, Education Code, is
1-14 amended by adding Section 12.1331 to read as follows:

1-15 Sec. 12.1331. SALARY INCREASE FOR CERTAIN PROFESSIONAL
1-16 STAFF. (a) This section applies to a charter holder that on
1-17 January 1, 2009, operated an open-enrollment charter school.

1-18 (b) Beginning with the 2009-2010 school year, each charter
1-19 holder shall use at least the amount specified in Subsection (c) to
1-20 increase the salaries of classroom teachers, full-time librarians,
1-21 full-time counselors, and full-time school nurses employed by the
1-22 charter holder who would be entitled to the minimum salary under
1-23 Section 21.402 if employed by a school district.

1-24 (c) The amount required to be used in accordance with
1-25 Subsection (b) is the greater of:

1-26 (1) the product of \$65 multiplied by the number of
1-27 students in weighted average daily attendance in the school during
1-28 the 2009-2010 school year; or

1-29 (2) the product of \$800 multiplied by the number of
1-30 classroom teachers, full-time librarians, full-time counselors,
1-31 and full-time school nurses employed by the charter holder during
1-32 the 2009-2010 school year who would be entitled to the minimum
1-33 salary under Section 21.402 if employed by a school district.

1-34 (d) A payment under Subsection (b) is in addition to salary
1-35 the charter holder would otherwise pay the employees during the
1-36 school year.

1-37 SECTION 1.02. Section 19.007, Education Code, is amended by
1-38 adding Subsection (g) to read as follows:

1-39 (g) In addition to other amounts received by the district
1-40 under this section, the district is entitled to state aid in an
1-41 amount equal to the greater of:

1-42 (1) the product of \$65 multiplied by the number of
1-43 students in weighted average daily attendance in the district
1-44 during the 2009-2010 school year; or

1-45 (2) the product of \$800 multiplied by the number of
1-46 classroom teachers, full-time librarians, full-time counselors
1-47 certified under Subchapter B, Chapter 21, and full-time school
1-48 nurses who are employed by the district during the 2009-2010 school
1-49 year and who would be entitled to a minimum salary under Section
1-50 21.402 if employed by a school district operating under Chapter 11.

1-51 SECTION 1.03. Section 19.009, Education Code, is amended by
1-52 adding Subsection (d-2) to read as follows:

1-53 (d-2) Beginning with the 2009-2010 school year, the
1-54 district shall use the amount received by the district under
1-55 Section 19.007(g) to increase the salaries of classroom teachers,
1-56 full-time librarians, full-time counselors certified under
1-57 Subchapter B, Chapter 21, and full-time school nurses who are
1-58 employed by the district and who would be entitled to a minimum
1-59 salary under Section 21.402 if employed by a school district
1-60 operating under Chapter 11. A payment under this subsection is in
1-61 addition to salary the district would otherwise pay the employees
1-62 during the school year.

1-63 SECTION 1.04. Section 21.402, Education Code, is amended by

2-1 amending Subsections (a) and (d) and adding Subsections (c-1),
2-2 (c-2), (c-3), and (c-4) to read as follows:

2-3 (a) Except as provided by Subsection (d), (e), or (f), a
2-4 school district must pay each classroom teacher, full-time
2-5 librarian, full-time counselor certified under Subchapter B, or
2-6 full-time school nurse not less than the minimum monthly salary,
2-7 based on the employee's level of experience in addition to other
2-8 factors, as determined by commissioner rule, determined by the
2-9 following formula:

$$MS = SF \times FS$$

2-10 where:

2-11 "MS" is the minimum monthly salary;

2-12 "SF" is the applicable salary factor specified by Subsection
2-13 (c); and

2-14 "FS" is the amount, as determined by the commissioner under
2-15 Subsection (b), of state and local funds per weighted student,
2-16 including funds provided under Section 42.2516 [42.2516(b)(1)(B),
2-17 but not funds provided under Section 42.2516(b)(1)(A), (b)(1)(C),
2-18 (b)(2), or (b)(3)], available to a district eligible to receive
2-19 state assistance under Section 42.302 with a maintenance and
2-20 operations tax rate per \$100 of taxable value equal to the product
2-21 of the state compression percentage, as determined under Section
2-22 42.2516, multiplied by \$1.50, except that the amount of state and
2-23 local funds per weighted student does not include the amount
2-24 attributable to the increase in the guaranteed level made by
2-25 Chapter 1187, Acts of the 77th Legislature, Regular Session, 2001.

2-26 (c-1) Beginning with the 2009-2010 school year, each school
2-27 district shall use at least the amount specified in Subsection
2-28 (c-2) to increase the salaries of classroom teachers, full-time
2-29 librarians, full-time counselors certified under Subchapter B, and
2-30 full-time school nurses employed by the district.

2-31 (c-2) The amount required to be used in accordance with
2-32 Subsection (c-1) is the greater of:

2-33 (1) the product of \$65 multiplied by the number of
2-34 students in weighted average daily attendance in the district
2-35 during the 2009-2010 school year; or

2-36 (2) the product of \$800 multiplied by the number of
2-37 classroom teachers, full-time librarians, full-time counselors
2-38 certified under Subchapter B, and full-time school nurses employed
2-39 by the district during the 2009-2010 school year.

2-40 (c-3) An increase in salary under Subsection (c-1) does not
2-41 include:

2-42 (1) any amount an employee would have received for the
2-43 2009-2010 school year under the district's salary schedule for the
2-44 2008-2009 school year, if that schedule had been in effect for the
2-45 2009-2010 school year, including any local supplement the employee
2-46 would have received in the 2009-2010 school year; or

2-47 (2) any part of the salary to which an employee is
2-48 entitled under Subsection (a).

2-49 (c-4) Subsections (c-1), (c-2), and (c-3) and this
2-50 subsection expire September 1, 2010.

2-51 (d) A classroom teacher, full-time librarian, full-time
2-52 counselor certified under Subchapter B, or full-time school nurse
2-53 employed by a school district in the 2009-2010 [2006-2007] school
2-54 year is, as long as the employee is employed by the same district,
2-55 entitled to a salary that is at least equal to the salary the
2-56 employee received for the 2009-2010 [2006-2007] school year.

2-57 SECTION 1.05. Section 21.415(a), Education Code, is amended
2-58 to read as follows:

2-59 (a) A school district shall provide in employment contracts
2-60 that qualifying employees may receive an incentive payment under an
2-61 awards program established under Subchapter [N-~~or~~] O if the
2-62 district participates in the program.

2-63 SECTION 1.06. Section 21.703(a), Education Code, is amended
2-64 to read as follows:

2-65 (a) Each state fiscal year, the commissioner shall deposit
2-66 the sum of \$1,000 multiplied by the number of classroom teachers in
2-67 this state to the credit of the educator excellence fund in the
2-68 general revenue fund. Each state fiscal year, the agency shall use
2-69

3-1 the [+
 3-2 [~~(1) not more than \$100 million of the funds in the~~
 3-3 ~~educator excellence fund to provide grant awards under the awards~~
 3-4 ~~for student achievement program established under Subchapter N; and~~
 3-5 [~~(2) any remaining~~] funds in the educator excellence
 3-6 fund to provide a qualifying school district a grant in an amount
 3-7 determined by:
 3-8 (1) [~~(A)~~] dividing the amount of [~~remaining~~] money
 3-9 available for distribution in the educator excellence fund by the
 3-10 total number of students in average daily attendance in qualifying
 3-11 districts for that fiscal year; and
 3-12 (2) [~~(B)~~] multiplying the amount determined under
 3-13 Subdivision (1) [~~Paragraph (A)~~] by the number of students in
 3-14 average daily attendance in the district.

3-15 SECTION 1.07. Section 21.706(a), Education Code, is amended
 3-16 to read as follows:

3-17 (a) Using funds from the educator excellence fund created
 3-18 under Section 21.703, the agency shall conduct or contract with
 3-19 another entity to conduct a comprehensive evaluation of the [~~awards~~
 3-20 ~~for student achievement program established under Subchapter N and~~
 3-21 ~~the educator excellence awards] program [~~established under this~~
 3-22 ~~subchapter~~]. The evaluation must include:~~

3-23 (1) a descriptive analysis of the design and
 3-24 implementation of the [~~awards for student achievement program and~~
 3-25 ~~the educator excellence awards] program at participating campuses
 3-26 or school districts, including detailed descriptions of the models
 3-27 and approaches used by the campuses or districts in distributing
 3-28 incentive awards to classroom teachers;~~

3-29 (2) detailed information regarding the distribution
 3-30 of incentive awards to classroom teachers under the [~~awards for~~
 3-31 ~~student achievement program and the educator excellence awards]~~
 3-32 program, including the measurements used by the campuses or
 3-33 districts in determining the amounts of incentive awards to
 3-34 distribute to classroom teachers;

3-35 (3) a comprehensive, quantitative analysis of the
 3-36 impact of the [~~awards for student achievement program and the~~
 3-37 ~~educator excellence awards] program at participating campuses or
 3-38 districts, including the impact of the various incentive award
 3-39 distribution models used by the campuses or districts on key
 3-40 outcomes in the program [~~programs~~]; and~~

3-41 (4) a summary of the approaches used by participating
 3-42 campuses or districts in distributing grant funds that are not
 3-43 specifically designated for distribution as incentive awards for
 3-44 classroom teachers and an assessment of whether those funds are
 3-45 used effectively by the participating campuses or districts.

3-46 SECTION 1.08. The heading to Section 39.114, Education
 3-47 Code, is amended to read as follows:

3-48 Sec. 39.114. USE OF HIGH SCHOOL ALLOTMENT.

3-49 SECTION 1.09. Sections 39.114(a), (b), and (d), Education
 3-50 Code, are amended to read as follows:

3-51 (a) Except as provided by Subsection (b), a school district
 3-52 or campus must use funds allocated under Section 42.160
 3-53 [~~42.2516(b)(3)~~] to:

3-54 (1) implement or administer a college readiness
 3-55 program that provides academic support and instruction to prepare
 3-56 underachieving students for entrance into an institution of higher
 3-57 education;

3-58 (2) implement or administer a program that encourages
 3-59 students to pursue advanced academic opportunities, including
 3-60 early college high school programs and dual credit, advanced
 3-61 placement, and international baccalaureate courses;

3-62 (3) implement or administer a program that provides
 3-63 opportunities for students to take academically rigorous course
 3-64 work, including four years of mathematics and four years of science
 3-65 at the high school level;

3-66 (4) implement or administer a program, including
 3-67 online course support and professional development, that aligns the
 3-68 curriculum for grades six through 12 with postsecondary curriculum
 3-69 and expectations; or

4-1 (5) implement or administer other high school
4-2 completion and success initiatives in grades six through 12
4-3 approved by the commissioner.

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

4-7 (1) the district is recognized as exceptional by the
4-8 commissioner under the academic accountability indicator adopted
4-9 under Section 39.051(b)(13); and

4-10 (2) the district's completion rates for grades nine
4-11 through 12 meet or exceed completion rate standards required by the
4-12 commissioner to achieve a rating of exemplary under Section 39.072.

4-13 (d) The commissioner shall adopt rules to administer this
4-14 section[~~, including rules related to the permissible use of funds~~
4-15 ~~allocated under this section to an open-enrollment charter school~~].

4-16 SECTION 1.10. Section 41.002(a), Education Code, is amended
4-17 to read as follows:

4-18 (a) A school district may not have a wealth per student that
4-19 exceeds:

4-20 (1) \$470,000 [~~the wealth per student that generates~~
4-21 ~~the amount of maintenance and operations tax revenue per weighted~~
4-22 ~~student available to a district at the 88th percentile in wealth per~~
4-23 ~~student~~], for the district's maintenance and operations tax effort
4-24 equal to or less than the rate equal to the product of the state
4-25 compression percentage, as determined under Section 42.2516,
4-26 multiplied by the maintenance and operations tax rate adopted by
4-27 the district for the 2005 tax year;

4-28 (2) the wealth per student that generates the amount
4-29 of maintenance and operations tax revenue per weighted student
4-30 available to the Austin Independent School District, as determined
4-31 by the commissioner in cooperation with the Legislative Budget
4-32 Board, for the first six cents by which the district's maintenance
4-33 and operations tax rate exceeds the rate equal to the product of the
4-34 state compression percentage, as determined under Section 42.2516,
4-35 multiplied by the maintenance and operations tax rate adopted by
4-36 the district for the 2005 tax year, subject to Section 41.093(b-1);
4-37 or

4-38 (3) \$319,500, for the district's maintenance and
4-39 operations tax effort that exceeds the first six cents by which the
4-40 district's maintenance and operations tax effort exceeds the rate
4-41 equal to the product of the state compression percentage, as
4-42 determined under Section 42.2516, multiplied by the maintenance and
4-43 operations tax rate adopted by the district for the 2005 tax year.

4-44 SECTION 1.11. Section 41.093(b-1), Education Code, is
4-45 amended to read as follows:

4-46 (b-1) If the guaranteed level of state and local funds per
4-47 weighted student per cent of tax effort under Section
4-48 42.302(a-1)(1) [~~42.302(a-1)(2)~~] for which state funds are
4-49 appropriated for a school year is an amount at least equal to the
4-50 amount of revenue per weighted student per cent of tax effort
4-51 available to the Austin Independent School District, as determined
4-52 by the commissioner in cooperation with the Legislative Budget
4-53 Board, the commissioner, in computing the amounts described by
4-54 Subsections (a)(1) and (2) and determining the cost of an
4-55 attendance credit, shall exclude maintenance and operations tax
4-56 revenue resulting from the first six cents by which a district's
4-57 maintenance and operations tax rate exceeds the rate equal to the
4-58 product of the state compression percentage, as determined under
4-59 Section 42.2516, multiplied by the maintenance and operations tax
4-60 rate adopted by the district for the 2005 tax year.

4-61 SECTION 1.12. Subchapter A, Chapter 42, Education Code, is
4-62 amended by adding Section 42.008 to read as follows:

4-63 Sec. 42.008. LIMITATION ON REVENUE INCREASES. (a)
4-64 Notwithstanding any other provision of this title, a school
4-65 district is not entitled in any school year to receive an amount of
4-66 state and local maintenance and operations revenue per student in
4-67 weighted average daily attendance that exceeds by more than six
4-68 percent the amount of state and local maintenance and operations
4-69 revenue per student in weighted average daily attendance received

5-1 by the district during the preceding school year.
 5-2 (a-1) Subsection (a) applies beginning with the 2010-2011
 5-3 school year. For the 2009-2010 school year, a school district is
 5-4 not entitled to receive an amount of state and local maintenance and
 5-5 operations revenue per student in weighted average daily attendance
 5-6 that exceeds by more than six percent the amount of state and local
 5-7 maintenance and operations revenue per student in weighted average
 5-8 daily attendance that the district would have received during that
 5-9 year under Chapter 41 and this chapter, as those chapters existed on
 5-10 January 1, 2009, at a maintenance and operations tax rate equal to
 5-11 the product of the state compression percentage for that year, as
 5-12 determined under Section 42.2516, multiplied by the maintenance and
 5-13 operations tax rate adopted by the district for the 2005 tax year.
 5-14 This subsection expires September 1, 2010.

5-15 (b) Enrichment revenue to which a school district is
 5-16 entitled under Section 42.302 is not included for purposes of
 5-17 determining the limitation imposed by this section.

5-18 (c) The commissioner shall make adjustments to amounts due
 5-19 to a school district under this chapter or amounts required for a
 5-20 district to comply with Chapter 41 as necessary to comply with the
 5-21 limitation imposed by this section.

5-22 (d) A determination by the commissioner under this section
 5-23 is final and may not be appealed.

5-24 SECTION 1.13. Section 42.101, Education Code, is amended to
 5-25 read as follows:

5-26 Sec. 42.101. BASIC ALLOTMENT. (a) For each student in
 5-27 average daily attendance, not including the time students spend
 5-28 each day in special education programs in an instructional
 5-29 arrangement other than mainstream or career and technology
 5-30 education programs, for which an additional allotment is made under
 5-31 Subchapter C, a district is entitled to an allotment [~~in an amount~~]
 5-32 equal to the lesser of \$4,700 or the amount that results from the
 5-33 following formula:

$$A = \$4,700 \times (DCR/MCR)$$

5-34 where:

5-35 "A" is the allotment to which a district is entitled;
 5-36 "DCR" is the district's compressed tax rate, which is the
 5-37 product of the state compression percentage, as determined under
 5-38 Section 42.2516, multiplied by the maintenance and operations tax
 5-39 rate adopted by the district for the 2005 tax year; and

5-40 "MCR" is the state maximum compressed tax rate, which is the
 5-41 product of the state compression percentage, as determined under
 5-42 Section 42.2516, multiplied by \$1.50 [~~product of the amount per~~
 5-43 ~~student per cent of tax effort available to a district at the~~
 5-44 ~~percentile in wealth per student specified by Section~~
 5-45 ~~42.302(a-1)(1), multiplied by 86].~~

5-46 (b) A greater amount for any school year may be provided by
 5-47 appropriation.

5-48 SECTION 1.14. Section 42.106, Education Code, is amended to
 5-49 read as follows:

5-50 Sec. 42.106. TUITION ALLOTMENT [~~ADJUSTED PROPERTY VALUE~~]
 5-51 FOR DISTRICTS NOT OFFERING ALL GRADE LEVELS. A [~~For purposes of~~
 5-52 ~~this chapter, the taxable value of property of a~~] school district
 5-53 that contracts for students residing in the district to be educated
 5-54 in another district under Section 25.039(a) is entitled to receive
 5-55 an allotment equal to [~~adjusted by applying the formula:~~

$$[ADPV = DPV - (TN/.015)]$$

5-56 [~~where:~~

5-57 ["ADPV" is the district's adjusted taxable value of property,
 5-58 ["DPV" is the taxable value of property in the district for
 5-59 the preceding tax year determined under Subchapter M, Chapter 403,
 5-60 Government Code, and

5-61 ["TN" is] the total amount of tuition required to be paid by
 5-62 the district under Section 25.039 [~~for the school year for which the~~
 5-63 ~~adjustment is made], not to exceed the amount specified by
 5-64 commissioner rule under Section 25.039(b).~~

5-65 SECTION 1.15. Section 42.152(c), Education Code, is amended
 5-66 to read as follows:

5-67 (c) Funds allocated under this section shall be used to fund
 5-68
 5-69

6-1 supplemental programs and services designed to eliminate any
 6-2 disparity in performance on assessment instruments administered
 6-3 under Subchapter B, Chapter 39, or disparity in the rates of high
 6-4 school completion between students at risk of dropping out of
 6-5 school, as defined by Section 29.081, and all other students.
 6-6 Specifically, the funds, other than an indirect cost allotment
 6-7 established under State Board of Education rule, which may not
 6-8 exceed 45 [~~45~~] percent, may be used to meet the costs of providing a
 6-9 compensatory, intensive, or accelerated instruction program under
 6-10 Section 29.081 or an alternative education program established
 6-11 under Section 37.008 or to support a program eligible under Title I
 6-12 of the Elementary and Secondary Education Act of 1965, as provided
 6-13 by Pub. L. No. 103-382 and its subsequent amendments, and by federal
 6-14 regulations implementing that Act, at a campus at which at least 40
 6-15 percent of the students are educationally disadvantaged. In
 6-16 meeting the costs of providing a compensatory, intensive, or
 6-17 accelerated instruction program under Section 29.081, a district's
 6-18 compensatory education allotment shall be used for costs
 6-19 supplementary to the regular education program, such as costs for
 6-20 program and student evaluation, instructional materials and
 6-21 equipment and other supplies required for quality instruction,
 6-22 supplemental staff expenses, salary for teachers of at-risk
 6-23 students, smaller class size, and individualized instruction. A
 6-24 home-rule school district or an open-enrollment charter school must
 6-25 use funds allocated under Subsection (a) for a purpose authorized
 6-26 in this subsection but is not otherwise subject to Subchapter C,
 6-27 Chapter 29. Notwithstanding any other provisions of this section:

6-28 (1) to ensure that a sufficient amount of the funds
 6-29 allotted under this section are available to supplement
 6-30 instructional programs and services, no more than 18 percent of the
 6-31 funds allotted under this section may be used to fund disciplinary
 6-32 alternative education programs established under Section 37.008;

6-33 (2) the commissioner may waive the limitations of
 6-34 Subdivision (1) upon an annual petition, by a district's board and a
 6-35 district's site-based decision making committee, presenting the
 6-36 reason for the need to spend supplemental compensatory education
 6-37 funds on disciplinary alternative education programs under Section
 6-38 37.008, provided that:

6-39 (A) the district in its petition reports the
 6-40 number of students in each grade level, by demographic subgroup,
 6-41 not making satisfactory progress under the state's assessment
 6-42 system; and

6-43 (B) the commissioner makes the waiver request
 6-44 information available annually to the public on the agency's
 6-45 website; and

6-46 (3) for purposes of this subsection, a program
 6-47 specifically designed to serve students at risk of dropping out of
 6-48 school, as defined by Section 29.081, is considered to be a program
 6-49 supplemental to the regular education program, and a district may
 6-50 use its compensatory education allotment for such a program.

6-51 SECTION 1.16. Section 42.154(a), Education Code, is amended
 6-52 to read as follows:

6-53 (a) For each full-time equivalent student in average daily
 6-54 attendance in an approved career and technology education program
 6-55 in grades nine through 12 or in career and technology education
 6-56 programs for students with disabilities in grades seven through 12,
 6-57 a district is entitled to:

6-58 (1) an annual allotment equal to the adjusted basic
 6-59 allotment multiplied by a weight of 1.35; and

6-60 (2) \$50, if the student is enrolled in:

6-61 (A) two or more advanced career and technology
 6-62 education classes for a total of three or more credits; or

6-63 (B) an advanced course as part of a tech-prep
 6-64 program under Subchapter T, Chapter 61.

6-65 SECTION 1.17. Subchapter C, Chapter 42, Education Code, is
 6-66 amended by adding Section 42.1541 to read as follows:

6-67 Sec. 42.1541. INDIRECT COST ALLOTMENTS. (a) The State
 6-68 Board of Education shall by rule increase the indirect cost
 6-69 allotments established under Sections 42.151(h), 42.152(c),

7-1 42.153(b), and 42.154(a-1) and (c) and in effect for the 2008-2009
7-2 school year as necessary to reflect the increased percentage of
7-3 total maintenance and operations funding represented by the basic
7-4 allotment under Section 42.101 as a result of amendment of that
7-5 section by H.B. No. 3646, Acts of the 81st Legislature, Regular
7-6 Session, 2009.

7-7 (b) The board shall take the action required by Subsection
7-8 (a) not later than the date that permits the increased indirect cost
7-9 allotments to apply beginning with the 2009-2010 school year.

7-10 (c) This section expires September 1, 2010.

7-11 SECTION 1.18. Subchapter C, Chapter 42, Education Code, is
7-12 amended by adding Section 42.160 to read as follows:

7-13 Sec. 42.160. HIGH SCHOOL ALLOTMENT. (a) A school district
7-14 is entitled to an annual allotment of \$275 for each student in
7-15 average daily attendance in grades 9 through 12 in the district.

7-16 (b) A school district that is required to take action under
7-17 Chapter 41 to reduce its wealth per student to the equalized wealth
7-18 level is entitled to a credit, in the amount of the allotments to
7-19 which the district is entitled under this section, against the
7-20 total amount required under Section 41.093 for the district to
7-21 purchase attendance credits. A school district that is otherwise
7-22 ineligible for state aid under this chapter is entitled to receive
7-23 allotments under this section.

7-24 (c) An open-enrollment charter school is entitled to an
7-25 allotment under this section in the same manner as a school
7-26 district.

7-27 (d) The commissioner shall adopt rules to administer this
7-28 section, including rules related to the permissible use of funds
7-29 allocated under this section to an open-enrollment charter school.

7-30 SECTION 1.19. Section 42.2516, Education Code, is amended
7-31 to read as follows:

7-32 Sec. 42.2516. ADDITIONAL STATE AID FOR TAX REDUCTION. (a)
7-33 In this section, "state compression percentage" means the
7-34 percentage, as determined by the commissioner, of a school
7-35 district's adopted maintenance and operations tax rate for the 2005
7-36 tax year that serves as the basis for state funding for tax rate
7-37 reduction under this section. The commissioner shall determine the
7-38 state compression percentage for each school year based on the
7-39 percentage by which a district is able to reduce the district's
7-40 maintenance and operations tax rate for that year, as compared to
7-41 the district's adopted maintenance and operations tax rate for the
7-42 2005 tax year, as a result of state funds appropriated for
7-43 distribution under this section for that year from the property tax
7-44 relief fund established under Section 403.109, Government Code, or
7-45 from another funding source available for school district property
7-46 tax relief.

7-47 (b) Notwithstanding any other provision of this title, a
7-48 school district that imposes a maintenance and operations tax at a
7-49 rate at least equal to the product of the state compression
7-50 percentage multiplied by the maintenance and operations tax rate
7-51 adopted by the district for the 2005 tax year is entitled to at
7-52 least the amount of state revenue necessary to provide the district
7-53 with the sum of:

7-54 (1) as calculated under Subsection (e), the amount of
7-55 state and local revenue per student in weighted average daily
7-56 attendance for maintenance and operations that the district would
7-57 have received during the 2009-2010 school year under Chapter 41 and
7-58 this chapter, as those chapters existed on January 1, 2009, at a
7-59 maintenance and operations tax rate equal to the product of the
7-60 state compression percentage for that year multiplied by the
7-61 maintenance and operations tax rate adopted by the district for the
7-62 2005 tax year;

7-63 (2) an amount equal to the product of \$135 multiplied
7-64 by the number of students in weighted average daily attendance in
7-65 the district;

7-66 (3) an amount equal to the amount the district is
7-67 required to pay into the tax increment fund for a reinvestment zone
7-68 under Section 311.013(n), Tax Code, in the current tax year; and

7-69 (4) any amount to which the district is entitled under

8-1 Section 42.106.

8-2 (c) Enrichment revenue to which a school district is
 8-3 entitled under Section 42.302 is not included for purposes of
 8-4 determining the amount to which a district is entitled under this
 8-5 section.

8-6 (d) In determining the amount to which a district is
 8-7 entitled under Subsection (b)(1), the commissioner shall:

8-8 (1) include any amounts received by the district
 8-9 during the 2008-2009 school year under Rider 86, page III-23,
 8-10 Chapter 1428 (H.B. 1), Acts of the 80th Legislature, Regular
 8-11 Session, 2007 (the General Appropriations Act); and

8-12 (2) for a school district that paid tuition under
 8-13 Section 25.039 during the 2008-2009 school year, reduce the amount
 8-14 to which the district is entitled by the amount of tuition paid
 8-15 during that school year.

8-16 (e) For purposes of determining the total amount of state
 8-17 and local revenue to which a district is entitled under Subsection
 8-18 (b)(1), the commissioner shall determine the amount of state and
 8-19 local revenue per student in weighted average daily attendance to
 8-20 which the district would have been entitled during the 2009-2010
 8-21 school year under Chapter 41 and this chapter, as they existed on
 8-22 January 1, 2009, and multiply that amount by the number of students
 8-23 in weighted average daily attendance as determined in accordance
 8-24 with the changes to Chapter 41 and this chapter, including the
 8-25 repeal of former Section 42.103(e), made by H.B. No. 3646, Acts of
 8-26 the 81st Legislature, Regular Session, 2009.

8-27 (f) A school district that is required to take action under
 8-28 Chapter 41 to reduce its wealth per student to the equalized wealth
 8-29 level and that is entitled to state revenue under this section may
 8-30 receive that revenue through an adjustment against the total amount
 8-31 of attendance credits required to be purchased under Subchapter D,
 8-32 Chapter 41, or the total number of nonresident students required to
 8-33 be educated under Subchapter E, Chapter 41, as determined by the
 8-34 commissioner.

8-35 (g) The commissioner may adopt rules necessary to implement
 8-36 this section.

8-37 (h) A determination by the commissioner under this section
 8-38 is final and may not be appealed.

8-39 ~~[(a-1) Subsection (a) applies beginning with the state~~
 8-40 ~~fiscal year ending August 31, 2009. For the state fiscal year~~
 8-41 ~~ending August 31, 2007, the state compression percentage is 88.67~~
 8-42 ~~percent. For the state fiscal year ending August 31, 2008, the~~
 8-43 ~~state compression percentage is 66.67 percent. This subsection~~
 8-44 ~~expires September 1, 2009.~~

8-45 ~~[(b) Subject to Subsections (b-1), (b-2), (f-1), (g), and~~
 8-46 ~~(h), but notwithstanding any other provision of this title, a~~
 8-47 ~~school district is entitled to state revenue necessary to provide~~
 8-48 ~~the district with the sum of:~~

8-49 ~~[(1) the amount of state revenue necessary to maintain~~
 8-50 ~~state and local revenue per student in weighted average daily~~
 8-51 ~~attendance in the amount equal to the greater of:~~

8-52 ~~[(A) the amount of state and local revenue per~~
 8-53 ~~student in weighted average daily attendance for the maintenance~~
 8-54 ~~and operations of the district available to the district for the~~
 8-55 ~~2005-2006 school year;~~

8-56 ~~[(B) the amount of state and local revenue per~~
 8-57 ~~student in weighted average daily attendance for the maintenance~~
 8-58 ~~and operations of the district to which the district would have been~~
 8-59 ~~entitled for the 2006-2007 school year under this chapter, as it~~
 8-60 ~~existed on January 1, 2006, or, if the district would have been~~
 8-61 ~~subject to Chapter 41, as that chapter existed on January 1, 2006,~~
 8-62 ~~the amount to which the district would have been entitled under that~~
 8-63 ~~chapter, based on the funding elements in effect for the 2005-2006~~
 8-64 ~~school year, if the district imposed a maintenance and operations~~
 8-65 ~~tax at the rate adopted by the district for the 2005 tax year; or~~

8-66 ~~[(C) the amount of state and local revenue per~~
 8-67 ~~student in weighted average daily attendance for the maintenance~~
 8-68 ~~and operations of the district to which the district would have been~~
 8-69 ~~entitled for the 2006-2007 school year under this chapter, as it~~

9-1 ~~existed on January 1, 2006, or, if the district would have been~~
9-2 ~~subject to Chapter 41, as that chapter existed on January 1, 2006,~~
9-3 ~~the amount to which the district would have been entitled under that~~
9-4 ~~chapter, based on the funding elements in effect for the 2005-2006~~
9-5 ~~school year, if the district imposed a maintenance and operations~~
9-6 ~~tax at the rate equal to the rate described by Section 26.08(i) or~~
9-7 ~~(k)(1), Tax Code, as applicable, for the 2006 tax year;~~

9-8 ~~[(2) an amount equal to the product of \$2,500~~
9-9 ~~multiplied by the number of classroom teachers, full-time~~
9-10 ~~librarians, full-time counselors certified under Subchapter B,~~
9-11 ~~Chapter 21, and full-time school nurses employed by the district~~
9-12 ~~and entitled to a minimum salary under Section 21.402; and~~

9-13 ~~[(3) an amount equal to the product of \$275 multiplied~~
9-14 ~~by the number of students in average daily attendance in grades nine~~
9-15 ~~through 12 in the district.~~

9-16 ~~[(b-1) The amount determined for a school district under~~
9-17 ~~Subsection (b) is increased or reduced as follows:~~

9-18 ~~[(1) if for any school year the district is entitled to~~
9-19 ~~a greater allotment under Section 42.158 than the allotment to~~
9-20 ~~which the district was entitled under that section for the school~~
9-21 ~~year on which the district's entitlement under Subsection (b) is~~
9-22 ~~based, the district's entitlement under Subsection (b) is increased~~
9-23 ~~by an amount equal to the difference between the amount to which the~~
9-24 ~~district is entitled under Section 42.158 for that school year and~~
9-25 ~~the amount to which the district was entitled under that section~~
9-26 ~~for:~~

9-27 ~~[(A) the 2005-2006 school year, if the amount~~
9-28 ~~determined for the district under Subsection (b) is determined~~
9-29 ~~under Subsection (b)(1)(A); or~~

9-30 ~~[(B) the 2006-2007 school year, if the amount~~
9-31 ~~determined for the district under Subsection (b) is determined~~
9-32 ~~under Subsection (b)(1)(B) or (C); and~~

9-33 ~~[(2) if for any school year the district is not~~
9-34 ~~entitled to an allotment under Section 42.158 or is entitled to a~~
9-35 ~~lesser allotment under that section than the allotment to which the~~
9-36 ~~district was entitled under that section for the school year on~~
9-37 ~~which the district's entitlement under Subsection (b) is based, the~~
9-38 ~~district's entitlement under Subsection (b) is reduced by an amount~~
9-39 ~~equal to the difference between the amount to which the district was~~
9-40 ~~entitled under Section 42.158 for the 2005-2006 or 2006-2007 school~~
9-41 ~~year, as appropriate based on whether the district's entitlement~~
9-42 ~~under Subsection (b) is determined under Subsection (b)(1)(A), (B),~~
9-43 ~~or (C), and the amount to which the district is entitled under~~
9-44 ~~Section 42.158 for the current school year.~~

9-45 ~~[(b-2) The amount determined for a school district under~~
9-46 ~~Subsection (b) is increased or reduced as follows:~~

9-47 ~~[(1) if for any school year the district is entitled to~~
9-48 ~~a greater allotment under Section 42.155 or greater additional~~
9-49 ~~state aid under Section 42.2515 than the allotment or additional~~
9-50 ~~state aid to which the district was entitled under Section 42.155 or~~
9-51 ~~42.2515, as applicable, for the school year on which the district's~~
9-52 ~~entitlement under Subsection (b) is based, the district's~~
9-53 ~~entitlement under Subsection (b) is increased by an amount equal to~~
9-54 ~~the difference between the amount to which the district is entitled~~
9-55 ~~under Section 42.155 or 42.2515, as applicable, for that school~~
9-56 ~~year and the amount to which the district was entitled under the~~
9-57 ~~applicable section, as applicable for:~~

9-58 ~~[(A) the 2005-2006 school year, if the amount~~
9-59 ~~determined for the district under Subsection (b) is determined~~
9-60 ~~under Subsection (b)(1)(A); or~~

9-61 ~~[(B) the 2006-2007 school year, if the amount~~
9-62 ~~determined for the district under Subsection (b) is determined~~
9-63 ~~under Subsection (b)(1)(B) or (C); and~~

9-64 ~~[(2) if for any school year the district is not~~
9-65 ~~entitled to an allotment under Section 42.155 or additional state~~
9-66 ~~aid under Section 42.2515 or is entitled to a lesser allotment or~~
9-67 ~~less additional state aid under the applicable section than the~~
9-68 ~~allotment or additional state aid to which the district was~~
9-69 ~~entitled under the applicable section for the school year on which~~

10-1 ~~the district's entitlement under Subsection (b) is based, the~~
10-2 ~~district's entitlement under Subsection (b) is reduced by an amount~~
10-3 ~~equal to the difference between the amount to which the district was~~
10-4 ~~entitled under Section 42.155 or 42.2515, as applicable, for the~~
10-5 ~~2005-2006 or 2006-2007 school year, as appropriate based on whether~~
10-6 ~~the district's entitlement under Subsection (b) is determined under~~
10-7 ~~Subsection (b)(1)(A), (B), or (C), and the amount to which the~~
10-8 ~~district is entitled under the applicable section for the current~~
10-9 ~~school year.~~

10-10 ~~[(c) In determining the amount to which a district is~~
10-11 ~~entitled under Subsection (b)(1), the commissioner shall include:~~

10-12 ~~[(1) any amounts described by Rider 69, page III-19,~~
10-13 ~~Chapter 1369, Acts of the 79th Legislature, Regular Session, 2005~~
10-14 ~~(the General Appropriations Act);~~

10-15 ~~[(2) for a school district that received additional~~
10-16 ~~revenue for the 2005-2006 school year as a result of an agreement~~
10-17 ~~under Subchapter E, Chapter 41:~~

10-18 ~~[(A) if the amount of state revenue to which the~~
10-19 ~~district is entitled under Subsection (b) is computed based on the~~
10-20 ~~amount described by Subsection (b)(1)(A), the amount of that~~
10-21 ~~additional revenue retained by the district for the 2005-2006~~
10-22 ~~school year, which is the amount by which the total maintenance and~~
10-23 ~~operations revenue available to the district for that school year~~
10-24 ~~exceeded the total maintenance and operations revenue that would~~
10-25 ~~have been available to the district for that school year if the~~
10-26 ~~district had not entered into the agreement, less any amount the~~
10-27 ~~district paid to another entity under the agreement; or~~

10-28 ~~[(B) if the amount of state revenue to which the~~
10-29 ~~district is entitled under Subsection (b) is computed based on the~~
10-30 ~~amount described by Subsection (b)(1)(B) or (C), the amount of the~~
10-31 ~~additional revenue that would have been retained by the district~~
10-32 ~~for the 2006-2007 school year if the district had entered into the~~
10-33 ~~agreement on the same terms as under the agreement for the 2005-2006~~
10-34 ~~school year, which is the amount by which the total maintenance and~~
10-35 ~~operations revenue that would have been available to the district~~
10-36 ~~for the 2006-2007 school year if the district had entered into the~~
10-37 ~~agreement exceeds the total maintenance and operations revenue that~~
10-38 ~~would have been available to the district for that school year if~~
10-39 ~~the district had not entered into the agreement and had imposed a~~
10-40 ~~maintenance and operations tax at the rate of \$1.50 on the \$100~~
10-41 ~~valuation of taxable property, less any amount the district would~~
10-42 ~~have paid to another entity under the agreement;~~

10-43 ~~[(3) any amount necessary to reflect an adjustment~~
10-44 ~~made by the commissioner under Section 42.005;~~

10-45 ~~[(4) any amount necessary to reflect an adjustment~~
10-46 ~~made by the commissioner under Section 42.2521; and~~

10-47 ~~[(5) any amount necessary to reflect an adjustment~~
10-48 ~~made by the commissioner under Section 42.2531.~~

10-49 ~~[(d) If, for the 2006-2007 or a subsequent school year, a~~
10-50 ~~school district enters into an agreement under Subchapter E,~~
10-51 ~~Chapter 41, the commissioner shall reduce the amount of state~~
10-52 ~~revenue to which the district is entitled under Subsection (b) for~~
10-53 ~~that school year by an amount equal to any additional revenue for~~
10-54 ~~that school year that the district receives and retains as a result~~
10-55 ~~of that agreement, which is the amount by which the total~~
10-56 ~~maintenance and operations revenue available to the district~~
10-57 ~~exceeds the total maintenance and operations revenue that would~~
10-58 ~~have been available to the district if the district had not entered~~
10-59 ~~into the agreement and had imposed a maintenance and operations tax~~
10-60 ~~at the maximum rate permitted under Section 45.003(d), less any~~
10-61 ~~amount the district pays to another entity under the agreement.~~

10-62 ~~[(e) The amount of revenue to which a school district is~~
10-63 ~~entitled because of the technology allotment under Section 32.005~~
10-64 ~~is not included in making a determination under Subsection (b)(1).~~

10-65 ~~[(f) For purposes of determining the amount of revenue to~~
10-66 ~~which a school district is entitled under this section, the~~
10-67 ~~commissioner shall use the average tax collection rate for the~~
10-68 ~~district for the 2003, 2004, and 2005 tax years.~~

10-69 ~~[(f-1) The commissioner shall, in accordance with rules~~

11-1 ~~adopted by the commissioner, adjust the amount of a school~~
 11-2 ~~district's local revenue derived from maintenance and operations~~
 11-3 ~~tax collections, as calculated for purposes of determining the~~
 11-4 ~~amount of state revenue to which the district is entitled under this~~
 11-5 ~~section, if the district, for the 2007 tax year or a subsequent tax~~
 11-6 ~~year:~~

11-7 ~~[(1) adopts an exemption under Section 11.13(n), Tax~~
 11-8 ~~Code, that was not in effect for the 2005 or 2006 tax year, or~~
 11-9 ~~eliminates an exemption under Section 11.13(n), Tax Code, that was~~
 11-10 ~~in effect for the 2005 or 2006 tax year;~~

11-11 ~~[(2) adopts an exemption under Section 11.13(n), Tax~~
 11-12 ~~Code, at a greater or lesser percentage than the percentage in~~
 11-13 ~~effect for the district for the 2005 or 2006 tax year;~~

11-14 ~~[(3) grants an exemption under an agreement authorized~~
 11-15 ~~by Chapter 312, Tax Code, that was not in effect for the 2005 or 2006~~
 11-16 ~~tax year, or ceases to grant an exemption authorized by that chapter~~
 11-17 ~~that was in effect for the 2005 or 2006 tax year; or~~

11-18 ~~[(4) agrees to deposit taxes into a tax increment fund~~
 11-19 ~~created under Chapter 311, Tax Code, under a reinvestment zone~~
 11-20 ~~financing plan that was not in effect for the 2005 or 2006 tax year,~~
 11-21 ~~or ceases depositing taxes into a tax increment fund created under~~
 11-22 ~~that chapter under a reinvestment zone financing plan that was in~~
 11-23 ~~effect for the 2005 or 2006 tax year.~~

11-24 ~~[(f-2) The rules adopted by the commissioner under~~
 11-25 ~~Subsection (f-1) must:~~

11-26 ~~[(1) require the commissioner to determine, as if this~~
 11-27 ~~section did not exist, the effect under Chapter 41 and this chapter~~
 11-28 ~~of a school district's action described by Subsection (f-1)(1),~~
 11-29 ~~(2), (3), or (4) on the total state revenue to which the district~~
 11-30 ~~would be entitled or the cost to the district of purchasing~~
 11-31 ~~sufficient attendance credits to reduce the district's wealth per~~
 11-32 ~~student to the equalized wealth level; and~~

11-33 ~~[(2) require an increase or reduction in the amount of~~
 11-34 ~~state revenue to which a school district is entitled under~~
 11-35 ~~Subsection (b) that is substantially equivalent to any change in~~
 11-36 ~~total state revenue or the cost of purchasing attendance credits~~
 11-37 ~~that would apply to the district if this section did not exist.~~

11-38 ~~[(f-3) An adjustment made by the commissioner under the~~
 11-39 ~~rules adopted under Subsection (f-1) is final and may not be~~
 11-40 ~~appealed.~~

11-41 ~~[(g) If a school district adopts a maintenance and~~
 11-42 ~~operations tax rate that is below the rate equal to the product of~~
 11-43 ~~the state compression percentage multiplied by the maintenance and~~
 11-44 ~~operations tax rate adopted by the district for the 2005 tax year,~~
 11-45 ~~the commissioner shall reduce the district's entitlement under this~~
 11-46 ~~section in proportion to the amount by which the adopted rate is~~
 11-47 ~~less than the rate equal to the product of the state compression~~
 11-48 ~~percentage multiplied by the rate adopted by the district for the~~
 11-49 ~~2005 tax year.~~

11-50 ~~[(h) Notwithstanding any other provision of this title, if~~
 11-51 ~~the amount of state and local revenue per student in weighted~~
 11-52 ~~average daily attendance for the maintenance and operations of the~~
 11-53 ~~district available to the district in a school year as a result of~~
 11-54 ~~increases to the equalized wealth level under Section 41.002, the~~
 11-55 ~~basic allotment under Section 42.101, and the guaranteed level~~
 11-56 ~~under Section 42.302 made by H.B. No. 1, Acts of the 79th~~
 11-57 ~~Legislature, 3rd Called Session, 2006, exceeds the amount to which~~
 11-58 ~~a district is entitled under Subsection (b) for that school year,~~
 11-59 ~~the commissioner must:~~

11-60 ~~[(1) reduce the amount of state aid provided to the~~
 11-61 ~~district for that school year by an amount equal to the excess~~
 11-62 ~~revenue, as determined by the commissioner; or~~

11-63 ~~[(2) for a district with a wealth per student greater~~
 11-64 ~~than the applicable amount described by Section 41.002(a), require~~
 11-65 ~~the district to purchase a number of attendance credits for that~~
 11-66 ~~school year at a cost equal to the amount of excess revenue, as~~
 11-67 ~~determined by the commissioner.~~

11-68 ~~[(i) A school district that is required to take action under~~
 11-69 ~~Chapter 41 to reduce its wealth per student to the equalized wealth~~

12-1 ~~level and that is entitled to state revenue under this section may~~
12-2 ~~receive that revenue through an adjustment against the total amount~~
12-3 ~~of attendance credits required to be purchased under Subchapter D,~~
12-4 ~~Chapter 41, or the total number of nonresident students required to~~
12-5 ~~be educated under Subchapter E, Chapter 41, as determined by the~~
12-6 ~~commissioner.~~

12-7 ~~[(j) If a school district reduces its maintenance and~~
12-8 ~~operations tax rate by an amount less than the rate equal to the~~
12-9 ~~product of the difference between the state compression percentage~~
12-10 ~~for the preceding year and the state compression percentage for the~~
12-11 ~~year of the reduction, multiplied by the maintenance and operations~~
12-12 ~~tax rate adopted by the district for the 2005 tax year, the~~
12-13 ~~commissioner may not reduce the amount to which the district is~~
12-14 ~~entitled under this section on the basis of the additional revenue~~
12-15 ~~collected by the district.~~

12-16 ~~[(k) The commissioner may adopt rules necessary to~~
12-17 ~~administer this section.~~

12-18 ~~[(l) A determination by the commissioner under this section~~
12-19 ~~is final and may not be appealed.]~~

12-20 SECTION 1.20. Section 42.252(a), Education Code, is amended
12-21 to read as follows:

12-22 (a) Each school district's share of the Foundation School
12-23 Program is determined by the following formula:

12-24
$$LFA = TR \times DPV$$

12-25 where:

12-26 "LFA" is the school district's local share;

12-27 "TR" is a tax rate which for each hundred dollars of valuation
12-28 is an effective tax rate of the amount equal to the product of the
12-29 state compression percentage, as determined under Section 42.2516,
12-30 multiplied by the lesser of:

12-31 (1) \$1.50; or

12-32 (2) the maintenance and operations tax rate adopted by
12-33 the district for the 2005 tax year [~~\$0.86~~]; and

12-34 "DPV" is the taxable value of property in the school district
12-35 for the preceding tax year determined under Subchapter M, Chapter
12-36 403, Government Code.

12-37 SECTION 1.21. Section 42.253, Education Code, is amended by
12-38 adding Subsection (c-1) to read as follows:

12-39 (c-1) The amounts to be paid under Section 42.2516(b)(3)
12-40 shall be paid at the same time as other state revenue is paid to the
12-41 district. Payments shall be based on amounts paid under Section
12-42 42.2516(b)(3) for the preceding year. Any deficiency shall be paid
12-43 to the district at the same time the final amount to be paid to the
12-44 district is determined, and any overpayment shall be deducted from
12-45 the payments the district would otherwise receive in the following
12-46 year.

12-47 SECTION 1.22. Section 42.260(a), Education Code, is amended
12-48 to read as follows:

12-49 (a) In this section, "participating charter school" means
12-50 an open-enrollment charter school that participates in the uniform
12-51 group coverage program established under Chapter 1579, Insurance
12-52 Code [has the meaning assigned by Section 42.2514].

12-53 SECTION 1.23. Sections 42.302(a), (a-1), and (a-2),
12-54 Education Code, are amended to read as follows:

12-55 (a) Each school district is guaranteed a specified amount
12-56 per weighted student in state and local funds for each cent of tax
12-57 effort over that required for the district's local fund assignment
12-58 up to the maximum level specified in this subchapter. The amount of
12-59 state support, subject only to the maximum amount under Section
12-60 42.303, is determined by the formula:

12-61
$$GYA = (GL \times WADA \times DTR \times 100) - LR$$

12-62 where:

12-63 "GYA" is the guaranteed yield amount of state funds to be
12-64 allocated to the district;

12-65 "GL" is the dollar amount guaranteed level of state and local
12-66 funds per weighted student per cent of tax effort, which is an
12-67 amount described by Subsection (a-1) or a greater amount for any
12-68 year provided by appropriation;

12-69 "WADA" is the number of students in weighted average daily

13-1 attendance, which is calculated by dividing the sum of the school
 13-2 district's allotments under Subchapters B and C, less any allotment
 13-3 to the district for transportation, any allotment under Section
 13-4 42.158 or 42.160, and 50 percent of the adjustment under Section
 13-5 42.102, by the basic allotment for the applicable year;

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

13-14 "LR" is the local revenue, which is determined by multiplying
 13-15 "DTR" by the quotient of the district's taxable value of property as
 13-16 determined under Subchapter M, Chapter 403, Government Code, or, if
 13-17 applicable, under Section 42.2521, divided by 100.

13-18 (a-1) In this section, "wealth per student" has the meaning
 13-19 assigned by Section 41.001. For purposes of Subsection (a), the
 13-20 dollar amount guaranteed level of state and local funds per
 13-21 weighted student per cent of tax effort ("GL") for a school district
 13-22 is:

13-23 (1) ~~the greater of [the amount of district tax revenue~~
 13-24 ~~per weighted student per cent of tax effort available to a district~~
 13-25 ~~at the 88th percentile in wealth per student, as determined by the~~
 13-26 ~~commissioner in cooperation with the Legislative Budget Board, for~~
 13-27 ~~the district's maintenance and operations tax effort equal to or~~
 13-28 ~~less than the rate equal to the product of the state compression~~
 13-29 ~~percentage, as determined under Section 42.2516, multiplied by the~~
 13-30 ~~maintenance and operations tax rate adopted by the district for the~~
 13-31 ~~2005 tax year;~~

13-32 ~~[(2)]~~ the amount of district tax revenue per weighted
 13-33 student per cent of tax effort that would be available to the Austin
 13-34 Independent School District, as determined by the commissioner in
 13-35 cooperation with the Legislative Budget Board, if the reduction of
 13-36 the limitation on tax increases as provided by Section 11.26(a-1),
 13-37 (a-2), or (a-3), Tax Code, did not apply, or the amount of district
 13-38 tax revenue per weighted student per cent of tax effort used for
 13-39 purposes of this subdivision in the preceding school year, for the
 13-40 first six cents by which the district's maintenance and operations
 13-41 tax rate exceeds the rate equal to the product of the state
 13-42 compression percentage, as determined under Section 42.2516 [and
 13-43 notwithstanding the limitation on district enrichment tax rate
 13-44 ("DTR") under Section 42.303], multiplied by the maintenance and
 13-45 operations tax rate adopted by the district for the 2005 tax year;
 13-46 and

13-47 (2) ~~[(3)]~~ \$31.95, for the district's maintenance and
 13-48 operations tax effort that exceeds the amount of tax effort
 13-49 described by Subdivision (1) ~~[(2)]~~.

13-50 (a-2) The limitation on district enrichment tax rate
 13-51 ("DTR") under Section 42.303 does not apply to the district's
 13-52 maintenance and operations tax effort described by Subsection
 13-53 (a-1)(1) ~~[(a-1)(2)]~~.

13-54 SECTION 1.24. Section 42.303, Education Code, is amended to
 13-55 read as follows:

13-56 Sec. 42.303. LIMITATION ON ENRICHMENT TAX RATE. The
 13-57 district enrichment tax rate ("DTR") under Section 42.302 may not
 13-58 exceed the amount per \$100 of valuation by which the maximum rate
 13-59 permitted under Section 45.003 exceeds the rate used to determine
 13-60 the district's local share under Section 42.252 [of \$0.86], or a
 13-61 greater amount for any year provided by appropriation.

13-62 SECTION 1.25. Chapter 42, Education Code, is amended by
 13-63 adding Subchapter I to read as follows:

13-64 SUBCHAPTER I. COMPREHENSIVE REVIEW OF PUBLIC SCHOOL FINANCE
 13-65 WEIGHTS AND ADJUSTMENTS

13-66 Sec. 42.451. SELECT COMMITTEE ON PUBLIC SCHOOL FINANCE
 13-67 WEIGHTS AND ADJUSTMENTS. (a) The Select Committee on Public School
 13-68 Finance Weights and Adjustments is established to conduct a
 13-69 comprehensive review of weights and adjustments under the public

14-1 school finance system.

14-2 (b) The committee is composed of 15 members appointed as
 14-3 follows:

14-4 (1) two members of the senate, appointed by the
 14-5 lieutenant governor;

14-6 (2) two members of the house of representatives,
 14-7 appointed by the speaker of the house of representatives;

14-8 (3) the commissioner of education;

14-9 (4) one public school teacher, one public school
 14-10 principal, and one public school district superintendent, each
 14-11 currently employed in this state and each appointed jointly by the
 14-12 lieutenant governor and the speaker of the house of
 14-13 representatives;

14-14 (5) two persons, each of whom is currently employed as
 14-15 an educator in a public school in this state and each appointed
 14-16 jointly by the lieutenant governor and the speaker of the house of
 14-17 representatives;

14-18 (6) one representative from the business community or
 14-19 the public, appointed by the lieutenant governor;

14-20 (7) one representative from the business community or
 14-21 the public, appointed by the speaker of the house of
 14-22 representatives; and

14-23 (8) three representatives from the business community
 14-24 or the public, at least one of whom has one or more children who
 14-25 currently attend public school in this state, appointed by the
 14-26 governor.

14-27 (c) The governor, lieutenant governor, and speaker of the
 14-28 house of representatives shall make the appointments required by
 14-29 Subsection (b) in a timely fashion to permit the committee to comply
 14-30 with Section 42.452(a).

14-31 Sec. 42.452. COMMITTEE MEETINGS. (a) Not later than
 14-32 October 1, 2009, the committee shall hold an organizational
 14-33 meeting.

14-34 (b) The lieutenant governor and speaker of the house of
 14-35 representatives shall each appoint a committee member to serve as
 14-36 co-chair.

14-37 (c) Committee meetings shall be held at the call of the
 14-38 co-chairs.

14-39 Sec. 42.453. COMPENSATION AND REIMBURSEMENT. (a) A member
 14-40 of the committee is entitled to reimbursement for actual and
 14-41 necessary expenses incurred in performing committee duties.

14-42 (b) A legislative member of the committee is entitled to
 14-43 reimbursement from the appropriate fund of the house of the
 14-44 legislature in which the member serves.

14-45 (c) A member other than a legislative member is entitled to
 14-46 reimbursement from funds appropriated to the committee.

14-47 Sec. 42.454. COMMITTEE STAFF. (a) The co-chairs of the
 14-48 committee may appoint a committee director and staff to support the
 14-49 work of the committee.

14-50 (b) The director and staff members are employees of the
 14-51 Texas Legislative Council and shall be paid from funds appropriated
 14-52 to the council for the committee's operations.

14-53 (c) The committee may contract with one or more consultants
 14-54 if necessary to enable the committee to perform its duties under
 14-55 this subchapter.

14-56 Sec. 42.455. CONDUCT OF REVIEW. (a) The committee shall
 14-57 conduct public hearings throughout the state and solicit testimony
 14-58 about the weights and adjustments under the finance system from
 14-59 parents of public school children and other interested persons. At
 14-60 least one public hearing must be held at a public school during a
 14-61 time that public school students are able to attend the hearing.

14-62 (b) The commissioner shall ensure that the committee has
 14-63 access to any documentation and agency personnel the committee
 14-64 requests.

14-65 (c) The Legislative Budget Board, the comptroller, the
 14-66 state auditor, and any other state agency, official, or personnel
 14-67 shall cooperate with the committee in carrying out its duties under
 14-68 this subchapter.

14-69 (d) The committee may coordinate the review under this

15-1 subchapter with any other legislative study, as appropriate.

15-2 Sec. 42.456. REPORT. (a) Not later than December 1, 2010,
15-3 the committee shall provide a report that:

15-4 (1) states the findings of the review conducted under
15-5 this subchapter; and

15-6 (2) includes any recommendations for statutory
15-7 changes.

15-8 (b) The report must be approved by a majority of the
15-9 committee members. A member who disagrees with any part of the
15-10 report may attach a dissenting statement to the report.

15-11 Sec. 42.457. EXPIRATION. This subchapter expires January
15-12 11, 2011.

15-13 SECTION 1.26. Section 46.033, Education Code, is amended to
15-14 read as follows:

15-15 Sec. 46.033. ELIGIBLE BONDS. Bonds, including bonds
15-16 issued under Section 45.006, are eligible to be paid with state and
15-17 local funds under this subchapter if:

15-18 (1) the district made payments on the bonds during the
15-19 final [2006-2007] school year of the preceding state fiscal
15-20 biennium or taxes levied to pay the principal of and interest on the
15-21 bonds were included in the district's audited debt service
15-22 collections for that school year; and

15-23 (2) the district does not receive state assistance
15-24 under Subchapter A for payment of the principal and interest on the
15-25 bonds.

15-26 SECTION 1.27. Section 46.034(c), Education Code, is amended
15-27 to read as follows:

15-28 (c) If the amount required to pay the principal of and
15-29 interest on eligible bonds in a school year is less than the amount
15-30 of payments made by the district on the bonds during the final
15-31 [2006-2007] school year of the preceding state fiscal biennium or
15-32 the district's audited debt service collections for that school
15-33 year, the district may not receive aid in excess of the amount that,
15-34 when added to the district's local revenue for the school year,
15-35 equals the amount required to pay the principal of and interest on
15-36 the bonds.

15-37 SECTION 1.28. Sections 403.302(d), (i), and (j), Government
15-38 Code, are amended to read as follows:

15-39 (d) For the purposes of this section, "taxable value" means
15-40 the market value of all taxable property less:

15-41 (1) the total dollar amount of any residence homestead
15-42 exemptions lawfully granted under Section 11.13(b) or (c), Tax
15-43 Code, in the year that is the subject of the study for each school
15-44 district;

15-45 (2) one-half of the total dollar amount of any
15-46 residence homestead exemptions granted under Section 11.13(n), Tax
15-47 Code, in the year that is the subject of the study for each school
15-48 district;

15-49 (3) the total dollar amount of any exemptions granted
15-50 before May 31, 1993, within a reinvestment zone under agreements
15-51 authorized by Chapter 312, Tax Code;

15-52 (4) subject to Subsection (e), the total dollar amount
15-53 of any captured appraised value of property that:

15-54 (A) is within a reinvestment zone created on or
15-55 before May 31, 1999, or is proposed to be included within the
15-56 boundaries of a reinvestment zone as the boundaries of the zone and
15-57 the proposed portion of tax increment paid into the tax increment
15-58 fund by a school district are described in a written notification
15-59 provided by the municipality or the board of directors of the zone
15-60 to the governing bodies of the other taxing units in the manner
15-61 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
15-62 within the boundaries of the zone as those boundaries existed on
15-63 September 1, 1999, including subsequent improvements to the
15-64 property regardless of when made;

15-65 (B) generates taxes paid into a tax increment
15-66 fund created under Chapter 311, Tax Code, under a reinvestment zone
15-67 financing plan approved under Section 311.011(d), Tax Code, on or
15-68 before September 1, 1999; and

15-69 (C) is eligible for tax increment financing under

16-1 Chapter 311, Tax Code;

16-2 (5) [~~for a school district for which a deduction from~~
16-3 ~~taxable value is made under Subdivision (4), an amount equal to the~~
16-4 ~~taxable value required to generate revenue when taxed at the school~~
16-5 ~~district's current tax rate in an amount that, when added to the~~
16-6 ~~taxes of the district paid into a tax increment fund as described by~~
16-7 ~~Subdivision (4)(B), is equal to the total amount of taxes the~~
16-8 ~~district would have paid into the tax increment fund if the district~~
16-9 ~~levied taxes at the rate the district levied in 2005,~~
16-10 [~~6~~] the total dollar amount of any captured
16-11 appraised value of property that:

16-12 (A) is within a reinvestment zone:

16-13 (i) created on or before December 31, 2008,
16-14 by a municipality with a population of less than 18,000; and
16-15 (ii) the project plan for which includes
16-16 the alteration, remodeling, repair, or reconstruction of a
16-17 structure that is included on the National Register of Historic
16-18 Places and requires that a portion of the tax increment of the zone
16-19 be used for the improvement or construction of related facilities
16-20 or for affordable housing;

16-21 (B) generates school district taxes that are paid
16-22 into a tax increment fund created under Chapter 311, Tax Code; and
16-23 (C) is eligible for tax increment financing under
16-24 Chapter 311, Tax Code;

16-25 (6) [~~7~~] the total dollar amount of any exemptions
16-26 granted under Section 11.251 or 11.253, Tax Code;

16-27 (7) [~~8~~] the difference between the comptroller's
16-28 estimate of the market value and the productivity value of land that
16-29 qualifies for appraisal on the basis of its productive capacity,
16-30 except that the productivity value estimated by the comptroller may
16-31 not exceed the fair market value of the land;

16-32 (8) [~~9~~] the portion of the appraised value of
16-33 residence homesteads of individuals who receive a tax limitation
16-34 under Section 11.26, Tax Code, on which school district taxes are
16-35 not imposed in the year that is the subject of the study, calculated
16-36 as if the residence homesteads were appraised at the full value
16-37 required by law;

16-38 (9) [~~10~~] a portion of the market value of property
16-39 not otherwise fully taxable by the district at market value because
16-40 of:

16-41 (A) action required by statute or the
16-42 constitution of this state that, if the tax rate adopted by the
16-43 district is applied to it, produces an amount equal to the
16-44 difference between the tax that the district would have imposed on
16-45 the property if the property were fully taxable at market value and
16-46 the tax that the district is actually authorized to impose on the
16-47 property, if this subsection does not otherwise require that
16-48 portion to be deducted; or

16-49 (B) action taken by the district under Subchapter
16-50 B or C, Chapter 313, Tax Code;

16-51 (10) [~~11~~] the market value of all tangible personal
16-52 property, other than manufactured homes, owned by a family or
16-53 individual and not held or used for the production of income;

16-54 (11) [~~12~~] the appraised value of property the
16-55 collection of delinquent taxes on which is deferred under Section
16-56 33.06, Tax Code;

16-57 (12) [~~13~~] the portion of the appraised value of
16-58 property the collection of delinquent taxes on which is deferred
16-59 under Section 33.065, Tax Code; and

16-60 (13) [~~14~~] the amount by which the market value of a
16-61 residence homestead to which Section 23.23, Tax Code, applies
16-62 exceeds the appraised value of that property as calculated under
16-63 that section.

16-64 (i) If the comptroller determines in the annual study that
16-65 the market value of property in a school district as determined by
16-66 the appraisal district that appraises property for the school
16-67 district, less the total of the amounts and values listed in
16-68 Subsection (d) as determined by that appraisal district, is valid,
16-69 the comptroller, in determining the taxable value of property in

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

17-19 (j) For purposes of Chapter 42 [~~Section 42.2511~~], Education
 17-20 Code, the comptroller shall certify to the commissioner of
 17-21 education:

17-22 (1) a final value for each school district computed on
 17-23 a residence homestead exemption under Section 1-b(c), Article VIII,
 17-24 Texas Constitution, of \$5,000;

17-25 (2) a final value for each school district computed
 17-26 on:

17-27 (A) a residence homestead exemption under
 17-28 Section 1-b(c), Article VIII, Texas Constitution, of \$15,000; and

17-29 (B) the effect of the additional limitation on
 17-30 tax increases under Section 1-b(d), Article VIII, Texas
 17-31 Constitution, as proposed by H.J.R. No. 4, 75th Legislature,
 17-32 Regular Session, 1997; and

17-33 (3) a final value for each school district computed on
 17-34 the effect of the reduction of the limitation on tax increases to
 17-35 reflect any reduction in the school district tax rate as provided by
 17-36 Section 11.26(a-1), (a-2), or (a-3), Tax Code, as applicable.

17-37 SECTION 1.29. Section 311.013(n), Tax Code, is amended to
 17-38 read as follows:

17-39 (n) This subsection applies only to a school district whose
 17-40 taxable value computed under Section 403.302(d), Government Code,
 17-41 is reduced in accordance with Subdivision (4) [~~(5)~~] of that
 17-42 subsection. In addition to the amount otherwise required to be paid
 17-43 into the tax increment fund, the district shall pay into the fund an
 17-44 amount equal to the amount by which the amount of taxes the district
 17-45 would have been required to pay into the fund in the current year if
 17-46 the district levied taxes at the rate the district levied in 2005
 17-47 exceeds the amount the district is otherwise required to pay into
 17-48 the fund in the year of the reduction [~~, not to exceed the amount the~~
 17-49 ~~school district realizes from the reduction in the school~~
 17-50 ~~district's taxable value under Section 403.302(d)(5), Government~~
 17-51 ~~Code].~~

17-52 ARTICLE 2. CONFORMING AMENDMENTS

17-53 SECTION 2.01. Section 29.097(g), Education Code, is amended
 17-54 to read as follows:

17-55 (g) For purposes of Subsection (f)(2), a school district is
 17-56 encouraged to use funds allocated under Section 42.160
 17-57 [~~42.2516(b)(3)~~].

17-58 SECTION 2.02. Section 29.098(h), Education Code, is amended
 17-59 to read as follows:

17-60 (h) For purposes of Subsection (g)(2), a school district is
 17-61 encouraged to use funds allocated under Section 42.160
 17-62 [~~42.2516(b)(3)~~].

17-63 SECTION 2.03. Section 29.918(a), Education Code, is amended
 17-64 to read as follows:

17-65 (a) Notwithstanding Section 39.114 or 42.152, a school
 17-66 district or open-enrollment charter school with a high dropout
 17-67 rate, as determined by the commissioner, must submit a plan to the
 17-68 commissioner describing the manner in which the district or charter
 17-69 school intends to use the compensatory education allotment under

18-1 Section 42.152 and the high school allotment under Section 42.160
 18-2 [~~42.2516(b)(3)~~] for developing and implementing research-based
 18-3 strategies for dropout prevention. The district or charter school
 18-4 shall submit the plan not later than December 1 of each school year
 18-5 preceding the school year in which the district or charter school
 18-6 will receive the compensatory education allotment or high school
 18-7 allotment to which the plan applies.

18-8 SECTION 2.04. Section 29.919(e), Education Code, is amended
 18-9 to read as follows:

18-10 (e) As a condition of receiving a state grant, a campus must
 18-11 contribute additional funding for activities provided at the campus
 18-12 through the program, in an amount equal to at least \$100 each school
 18-13 year for each student in an eligible grade level served through the
 18-14 program. The additional funding required by this subsection may
 18-15 consist of local funds, private funds, or state funds other than
 18-16 grant funds provided under this section. For program activities
 18-17 provided at the high school level, the high school allotment
 18-18 provided under Section 42.160 [~~42.2516(b)(3)~~] may be used to meet
 18-19 the additional funding requirement prescribed by this subsection.

18-20 SECTION 2.05. Section 822.201(b), Government Code, is
 18-21 amended to read as follows:

18-22 (b) "Salary and wages" as used in Subsection (a) means:

18-23 (1) normal periodic payments of money for service the
 18-24 right to which accrues on a regular basis in proportion to the
 18-25 service performed;

18-26 (2) amounts by which the member's salary is reduced
 18-27 under a salary reduction agreement authorized by Chapter 610;

18-28 (3) amounts that would otherwise qualify as salary and
 18-29 wages under Subdivision (1) but are not received directly by the
 18-30 member pursuant to a good faith, voluntary written salary reduction
 18-31 agreement in order to finance payments to a deferred compensation
 18-32 or tax sheltered annuity program specifically authorized by state
 18-33 law or to finance benefit options under a cafeteria plan qualifying
 18-34 under Section 125 of the Internal Revenue Code of 1986, if:

18-35 (A) the program or benefit options are made
 18-36 available to all employees of the employer; and

18-37 (B) the benefit options in the cafeteria plan are
 18-38 limited to one or more options that provide deferred compensation,
 18-39 group health and disability insurance, group term life insurance,
 18-40 dependent care assistance programs, or group legal services plans;

18-41 (4) performance pay awarded to an employee by a school
 18-42 district as part of a total compensation plan approved by the board
 18-43 of trustees of the district and meeting the requirements of
 18-44 Subsection (e);

18-45 (5) the benefit replacement pay a person earns under
 18-46 Subchapter H, Chapter 659, except as provided by Subsection (c);

18-47 (6) stipends paid to teachers in accordance with
 18-48 Section 21.410, 21.411, 21.412, or 21.413, Education Code;

18-49 (7) amounts by which the member's salary is reduced or
 18-50 that are deducted from the member's salary as authorized by
 18-51 Subchapter J, Chapter 659;

18-52 (8) a merit salary increase made under Section 51.962,
 18-53 Education Code;

18-54 (9) amounts received under the relevant parts of the
 18-55 [~~awards for student achievement program under Subchapter N, Chapter~~
 18-56 ~~21, Education Code, the~~] educator excellence awards program under
 18-57 Subchapter O, Chapter 21, Education Code, or a mentoring program
 18-58 under Section 21.458, Education Code, that authorize [~~authorized~~]
 18-59 compensation for service; and

18-60 (10) salary amounts designated as health care
 18-61 supplementation by an employee under Subchapter D, Chapter 22,
 18-62 Education Code.

18-63 SECTION 2.06. Section 1579.251(a), Insurance Code, is
 18-64 amended to read as follows:

18-65 (a) The state shall assist employees of participating
 18-66 school districts and charter schools in the purchase of group
 18-67 health coverage under this chapter by providing for each covered
 18-68 employee the amount of \$900 each state fiscal year or a greater
 18-69 amount as provided by the General Appropriations Act. The state

19-1 contribution shall be distributed through the school finance
19-2 formulas under Chapters 41 and 42, Education Code, and used by
19-3 school districts and charter schools as provided by Section
19-4 [~~Sections 42.2514 and~~] 42.260, Education Code.

19-5 SECTION 2.07. Section 1581.053(b), Insurance Code, is
19-6 amended to read as follows:

19-7 (b) Notwithstanding Subsection (a), amounts a district or
19-8 school is required to use to pay contributions under a group health
19-9 coverage plan for district or school employees under Section
19-10 [~~42.2514 or~~] 42.260, Education Code, other than amounts described
19-11 by Section 42.260(c)(2)(B), are not used in computing whether the
19-12 district or school complies with Section 1581.052.

19-13 ARTICLE 3. REPEALER; MISCELLANEOUS; EFFECTIVE DATE

19-14 SECTION 3.01. (a) The following provisions of the
19-15 Education Code are repealed:

- 19-16 (1) Subchapter N, Chapter 21;
- 19-17 (2) Section 21.704(b);
- 19-18 (3) Section 39.114(c); and
- 19-19 (4) Sections 42.103(e), 42.2511, 42.2512, and
19-20 42.2514.

19-21 (b) Subchapter C, Chapter 1581, Insurance Code, is
19-22 repealed.

19-23 (c) Section 2, Chapter 1191 (H.B. 828), Acts of the 80th
19-24 Legislature, Regular Session, 2007, is repealed.

19-25 SECTION 3.02. To the extent of any conflict, this Act
19-26 prevails over S.B. No. 1969, Acts of the 81st Legislature, Regular
19-27 Session, 2009.

19-28 SECTION 3.03. (a) Notwithstanding any other provision of
19-29 this Act, Sections 12.1331, 19.007(g), 19.009(d-2), and
19-30 21.402(c-1), Education Code, as added by this Act, are expressly
19-31 contingent on a determination by the commissioner of education that
19-32 payment of salary increases required by or associated with those
19-33 sections are allowable uses of federal funds received by school
19-34 districts and open-enrollment charter schools under the American
19-35 Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) and
19-36 appropriated as part of the Foundation School Program. The
19-37 commissioner may not make a determination under this subsection
19-38 until the state's application to spend funds under the American
19-39 Recovery and Reinvestment Act of 2009 has been approved by the
19-40 United States government. The commissioner shall promptly notify
19-41 school districts and open-enrollment charter schools of that
19-42 determination. A determination by the commissioner under this
19-43 subsection is final and may not be appealed.

19-44 (b) A school district or open-enrollment charter school may
19-45 enter into an employment contract or agreement that is contingent
19-46 on a determination of the commissioner of education under
19-47 Subsection (a) of this section.

19-48 SECTION 3.04. Section 42.2516(b)(3), Education Code, as
19-49 amended by this Act, applies as if that subdivision were in effect
19-50 in the state fiscal year beginning September 1, 2006, and any
19-51 amounts due a school district under that subdivision for the state
19-52 fiscal years beginning September 1, 2006, September 1, 2007, and
19-53 September 1, 2008, shall be paid to the district in the state fiscal
19-54 year beginning September 1, 2009, at the time payments are made to
19-55 the district under Section 42.259(f), Education Code.

19-56 SECTION 3.05. This Act takes effect September 1, 2009,
19-57 except that Section 1.14 of this Act takes effect immediately if
19-58 this Act receives a vote of two-thirds of all the members elected to
19-59 each house, as provided by Section 39, Article III, Texas
19-60 Constitution. If this Act does not receive the vote necessary for
19-61 immediate effect, Section 1.14 takes effect September 1, 2009.

19-62

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