

By: Hochberg, Eissler, Aycock, Pitts,
Patrick, et al.

H.B. No. 3646

Substitute the following for H.B. No. 3646:

By: Weber

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

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

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

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

22 (1) \$80; or

23 (2) the maximum uniform amount that, when combined
24 with any resulting increases in the amount of contributions made by
25 the charter holder for social security coverage for the specified
26 employees or by the charter holder on behalf of the specified
27 employees under Section 825.405, Government Code, may be provided

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

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

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

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

$$MS = SF \times FS$$

19 where:

20 "MS" is the minimum monthly salary;

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

23 "FS" is the amount, as determined by the commissioner under
24 Subsection (b), of state and local funds per weighted student,
25 including funds provided under Section 42.2516 [~~42.2516(b)(1)(B)~~,
26 ~~but not funds provided under Section 42.2516(b)(1)(A), (b)(1)(C),~~

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

9 (c-1) Notwithstanding Subsection (a), for the 2009-2010 and
10 2010-2011 school years, each school district shall increase the
11 monthly salary of each classroom teacher, full-time speech
12 pathologist, full-time librarian, full-time counselor certified
13 under Subchapter B, and full-time school nurse by the greater of:

14 (1) \$80; or

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

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

3 (1) any amount an employee would have received for the
4 2009-2010 or 2010-2011 school year, as applicable, under the
5 district's salary schedule for the 2008-2009 school year, if that
6 schedule had been in effect for the 2009-2010 or 2010-2011 school
7 year, including any local supplement and any money representing a
8 career ladder supplement the employee would have received in the
9 2009-2010 or 2010-2011 school year; or

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

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

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

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

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

27 (2) specify the credentials a person must hold to be

1 considered a speech pathologist or school nurse under this section.

2 SECTION 5. Section 21.415(a), Education Code, is amended to
3 read as follows:

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

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

10 (a) Each state fiscal year, the commissioner shall deposit
11 an amount determined by the General Appropriations Act [~~the sum of~~
12 ~~\$1,000 multiplied by the number of classroom teachers in this~~
13 ~~state~~] to the credit of the educator excellence fund in the general
14 revenue fund. Each state fiscal year, the agency shall use[+

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

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

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

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

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

5 SECTION 7. Section 21.704, Education Code, is amended by
6 adding Subsection (c-1) to read as follows:

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

12 SECTION 8. Section 21.705, Education Code, is amended to
13 read as follows:

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

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

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

27 (3) provide teacher induction and mentoring support;

1 or

2 (4) provide funding for previously developed
3 incentive programs [~~provide stipends to effective mentors or~~
4 ~~teacher coaches,~~

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

8 [~~(3) provide stipends to classroom teachers who are~~
9 ~~certified under Subchapter B in the main subject area in which they~~
10 ~~teach,~~

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

15 [~~(5) provide stipends to classroom teachers who hold~~
16 ~~postgraduate degrees,~~

17 [~~(6) provide awards to principals who effectively~~
18 ~~increase student performance as determined by objective measures,~~

19 [~~(7) provide awards to other campus employees who~~
20 ~~demonstrate excellence, or~~

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

23 [~~(A) an instructionally focused accountability~~
24 ~~system, and~~

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

27 SECTION 9. Section 21.706(a), Education Code, is amended to

1 read as follows:

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

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

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

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

26 (4) a summary of the approaches used by participating
27 campuses or districts in distributing grant funds that are not

1 specifically designated for distribution as incentive awards for
2 classroom teachers and an assessment of whether those funds are
3 used effectively by the participating campuses or districts.

4 SECTION 10. Section 21.707, Education Code, is amended to
5 read as follows:

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

11 SECTION 11. Subchapter A, Chapter 29, Education Code, is
12 amended by adding Section 29.018 to read as follows:

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

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

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

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

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

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

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

14 (f) The commissioner shall adopt rules as necessary to
15 administer this section.

16 SECTION 12. Section 29.082, Education Code, is amended by
17 adding Subsection (h) to read as follows:

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

21 SECTION 13. Section 29.0822, Education Code, is amended by
22 amending Subsections (a), (c), and (d) and adding Subsection (e) to
23 read as follows:

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

27 (1) have dropped out of school or are at risk of

1 dropping out of school as defined by Section 29.081; [~~or~~]

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

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

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

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

1 may:

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

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

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

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

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

1 under this subsection and any other funds available for the
2 program.

3 SECTION 15. Section 29.097(g), Education Code, is amended
4 to read as follows:

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

8 SECTION 16. Section 29.098(h), Education Code, is amended
9 to read as follows:

10 (h) For purposes of Subsection (g)(2), a school district is
11 encouraged to use funds allocated under Section 42.160
12 [~~42.2516(b)(3)~~].

13 SECTION 17. Section 29.918(a), Education Code, is amended
14 to read as follows:

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

27 SECTION 18. Section 29.919(e), Education Code, is amended

1 to read as follows:

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

12 SECTION 19. Section 33.002(a), Education Code, is amended
13 to read as follows:

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

1 school district that receives funds as provided by this subsection
2 [~~Section 42.152(i)~~].

3 SECTION 20. Sections 39.024(c) and (d), Education Code, are
4 amended to read as follows:

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

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

21 SECTION 21. Section 39.031, Education Code, is amended to
22 read as follows:

23 Sec. 39.031. COST. [~~(a)~~] The cost of preparing,
24 administering, or grading the assessment instruments and [~~shall be~~
25 ~~paid from the funds allotted under Section 42.152, and each~~
26 ~~district shall bear the cost in the same manner described for a~~
27 ~~reduction in allotments under Section 42.253. If a district does~~

1 ~~not receive an allotment under Section 42.152, the commissioner~~
2 ~~shall subtract the cost from the district's other foundation school~~
3 ~~fund allotments.~~

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

7 SECTION 22. The heading to Section 39.114, Education Code,
8 is amended to read as follows:

9 Sec. 39.114. USE OF HIGH SCHOOL ALLOTMENT.

10 SECTION 23. Sections 39.114(a) and (b), Education Code, are
11 amended to read as follows:

12 (a) Except as provided by Subsection (b), a school district
13 or campus must use funds allocated under Section 42.160
14 [~~42.2516(b)(3)~~] to:

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

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

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

27 (4) implement or administer a program, including

1 online course support and professional development, that aligns the
2 curriculum for grades six through 12 with postsecondary curriculum
3 and expectations; or

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

7 (b) A school district may use funds allocated under Section
8 42.160 [~~42.2516(b)(3)~~] on any instructional program in grades six
9 through 12 other than an athletic program if:

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

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

16 SECTION 24. Section 41.001, Education Code, is amended to
17 read as follows:

18 Sec. 41.001. DEFINITIONS. In this chapter:

19 (1) "Effective tax rate" has the meaning assigned by
20 Section 42.010.

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

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

27 (4) [~~(3)~~] "Weighted average daily attendance" has the

1 meaning assigned by Section 42.302.

2 SECTION 25. Subchapter A, Chapter 41, Education Code, is
3 amended by adding Section 41.0011 to read as follows:

4 Sec. 41.0011. REFERENCES TO TAXABLE VALUE OF DISTRICT
5 PROPERTY. A reference in this chapter to the taxable value of
6 property in a district, as determined under Subchapter M, Chapter
7 403, Government Code, refers to the value for the current year
8 unless otherwise specified.

9 SECTION 26. Section 41.002(a), Education Code, is amended
10 to read as follows:

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

13 (1) the wealth per student that generates the amount
14 of maintenance and operations tax revenue per weighted student
15 available to a district described by Section 42.101(b) [~~at the 88th~~
16 ~~percentile in wealth per student~~], for the district's maintenance
17 and operations tax effort equal to or less than an effective tax
18 rate of the lesser of \$1.00 or the rate that is six cents less than
19 the district's effective maintenance and operations tax rate [~~the~~
20 ~~rate equal to the product of the state compression percentage, as~~
21 ~~determined under Section 42.2516, multiplied by the maintenance and~~
22 ~~operations tax rate adopted by the district for the 2005 tax year~~];
23 or

24 (2) the wealth per student that generates the amount
25 of maintenance and operations tax revenue per weighted student per
26 cent of tax effort available to a district under Section 42.302 for
27 each cent of a district's tax rate other than the last six cents of

1 that rate [~~the Austin Independent School District, as determined by~~
 2 ~~the commissioner in cooperation with the Legislative Budget Board~~],
 3 for [~~the first six cents by which~~] the district's maintenance and
 4 operations tax effort that [~~rate~~] exceeds the tax effort described
 5 by Subdivision (1) [~~rate equal to the product of the state~~
 6 ~~compression percentage, as determined under Section 42.2516,~~
 7 ~~multiplied by the maintenance and operations tax rate adopted by~~
 8 ~~the district for the 2005 tax year, subject to Section 41.093(b-1);~~
 9 ~~or~~

10 [~~(3) \$319,500, for the district's maintenance and~~
 11 ~~operations tax effort that exceeds the first six cents by which the~~
 12 ~~district's maintenance and operations tax effort exceeds the rate~~
 13 ~~equal to the product of the state compression percentage, as~~
 14 ~~determined under Section 42.2516, multiplied by the maintenance and~~
 15 ~~operations tax rate adopted by the district for the 2005 tax year].~~

16 SECTION 27. Section 41.093(b-1), Education Code, is amended
 17 to read as follows:

18 (b-1) If the guaranteed level of state and local funds per
 19 weighted student per cent of tax effort under Section 42.302(g)
 20 [~~42.302(a-1)(2)~~] for which state funds are appropriated for a
 21 school year is an amount at least equal to the amount of revenue per
 22 weighted student per cent of tax effort available to the Austin
 23 Independent School District, as determined by the commissioner in
 24 cooperation with the Legislative Budget Board, the commissioner, in
 25 computing the amounts described by Subsections (a)(1) and (2) and
 26 determining the cost of an attendance credit, shall exclude
 27 maintenance and operations tax revenue resulting from the last

1 ~~[first]~~ six cents of ~~[by which]~~ a district's effective maintenance
2 and operations tax rate ~~[exceeds the rate equal to the product of~~
3 ~~the state compression percentage, as determined under Section~~
4 ~~42.2516, multiplied by the maintenance and operations tax rate~~
5 ~~adopted by the district for the 2005 tax year].~~

6 SECTION 28. Section 41.099(a), Education Code, is amended
7 to read as follows:

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

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

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

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

19 (A) to an extent that does not provide more than
20 10 percent of the reduction in wealth per student required for the
21 district to achieve a wealth per student that is equal to or less
22 than the equalized wealth level; and

23 (B) under which all revenue paid by the district
24 to other districts, in excess of the reduction in state aid that
25 results from counting the weighted average daily attendance of the
26 students served in the contracting district, is required to be used
27 for funding a consortium of at least three districts in a county

1 with a population of less than 40,000 that is formed to support a
2 technology initiative.

3 SECTION 29. Subchapter A, Chapter 42, Education Code, is
4 amended by adding Sections 42.009 and 42.010 to read as follows:

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

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

16 SECTION 30. Section 42.101, Education Code, is amended to
17 read as follows:

18 Sec. 42.101. BASIC ALLOTMENT. (a) For each student in
19 average daily attendance, not including the time students spend
20 each day in special education programs in an instructional
21 arrangement other than mainstream or career and technology
22 education programs, for which an additional allotment is made under
23 Subchapter C, a district is entitled to an allotment in an amount
24 equal to the product of the amount per student per cent of tax
25 effort available to a district described by Subsection (b) [~~at the~~
26 ~~percentile in wealth per student specified by Section~~
27 ~~42.302(a-1)(1)]~~, multiplied by the lesser of:

1 (1) the difference between the number of cents in the
2 district's effective maintenance and operations tax rate and 6; or

3 (2) 100 [~~86. A greater amount for any school year may~~
4 ~~be provided by appropriation~~].

5 (b) For purposes of Subsection (a), the commissioner shall
6 determine the amount per cent of tax effort available to a district
7 with a taxable value of property equal to the product of the
8 statewide average taxable value of property per weighted student
9 multiplied by .000173, or a higher value as specified in the General
10 Appropriations Act.

11 SECTION 31. Section 42.106, Education Code, is amended to
12 read as follows:

13 Sec. 42.106. ADJUSTED PROPERTY VALUE FOR DISTRICTS NOT
14 OFFERING ALL GRADE LEVELS. For purposes of this chapter, the
15 taxable value of property of a school district that contracts for
16 students residing in the district to be educated in another
17 district under Section 25.039(a) is adjusted by applying the
18 formula:

$$19 \qquad \qquad \qquad ADPV = DPV - (TN/\underline{MTR}[\del{.015}])$$

20 where:

21 "ADPV" is the district's adjusted taxable value of property;

22 "DPV" is the taxable value of property in the district [~~for~~
23 ~~the preceding tax year~~] determined under Subchapter M, Chapter 403,
24 Government Code;

25 "MTR" is the maximum tax rate permitted under Section
26 45.003(d), divided by 100; and

27 "TN" is the total amount of tuition required to be paid by the

1 district under Section 25.039 for the school year for which the
2 adjustment is made, not to exceed the amount specified by
3 commissioner rule under Section 25.039(b).

4 SECTION 32. Subchapter C, Chapter 42, Education Code, is
5 amended by adding Section 42.160 to read as follows:

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

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

17 SECTION 33. Section 42.2516, Education Code, is amended by
18 amending Subsections (a), (b), (b-1), (b-2), (c), (e), (f), (f-1),
19 and (g) and adding Subsections (b-3), (h-1), and (m) to read as
20 follows:

21 (a) The state compression percentage is 66.67 percent. [In
22 this section, "state compression percentage" means the percentage,
23 as determined by the commissioner, of a school district's adopted
24 maintenance and operations tax rate for the 2005 tax year that
25 serves as the basis for state funding for tax rate reduction under
26 this section. The commissioner shall determine the state
27 compression percentage for each school year based on the percentage

1 ~~by which a district is able to reduce the district's maintenance and~~
2 ~~operations tax rate for that year, as compared to the district's~~
3 ~~adopted maintenance and operations tax rate for the 2005 tax year,~~
4 ~~as a result of state funds appropriated for distribution under this~~
5 ~~section for that year from the property tax relief fund established~~
6 ~~under Section 403.109, Government Code, or from another funding~~
7 ~~source available for school district property tax relief.]~~

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

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

15 [~~(A)~~] the amount of state and local revenue per
16 student in weighted average daily attendance for the maintenance
17 and operations of the district available to the district for the
18 2008-2009 [~~2005-2006~~] school year for the district's maintenance
19 and operations tax rate equal to the product of the state
20 compression percentage multiplied by the maintenance and
21 operations tax rate adopted by the district for the 2005 tax year [~~+~~

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

1 ~~the amount to which the district would have been entitled under that~~
2 ~~chapter, based on the funding elements in effect for the 2005-2006~~
3 ~~school year, if the district imposed a maintenance and operations~~
4 ~~tax at the rate adopted by the district for the 2005 tax year, or~~

5 ~~[(C) the amount of state and local revenue per~~
6 ~~student in weighted average daily attendance for the maintenance~~
7 ~~and operations of the district to which the district would have been~~
8 ~~entitled for the 2006-2007 school year under this chapter, as it~~
9 ~~existed on January 1, 2006, or, if the district would have been~~
10 ~~subject to Chapter 41, as that chapter existed on January 1, 2006,~~
11 ~~the amount to which the district would have been entitled under that~~
12 ~~chapter, based on the funding elements in effect for the 2005-2006~~
13 ~~school year, if the district imposed a maintenance and operations~~
14 ~~tax at the rate equal to the rate described by Section 26.08(i) or~~
15 ~~(k)(1), Tax Code, as applicable, for the 2006 tax year,~~

16 ~~[(2) an amount equal to the product of \$2,500~~
17 ~~multiplied by the number of classroom teachers, full-time~~
18 ~~librarians, full-time counselors certified under Subchapter B,~~
19 ~~Chapter 21, and full-time school nurses employed by the district~~
20 ~~and entitled to a minimum salary under Section 21.402, and~~

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

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

26 (1) if for any school year the district is entitled to
27 a greater allotment under Section 42.158 than the allotment to

1 which the district was entitled under that section for the
2 2008-2009 school year [~~on which the district's entitlement under~~
3 ~~Subsection (b) is based~~], the district's entitlement under
4 Subsection (b) is increased by an amount equal to the difference
5 between the amount to which the district is entitled under Section
6 42.158 for that school year and the amount to which the district was
7 entitled under that section for the 2008-2009 school year [~~+~~

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

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

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

27 (b-2) The amount determined for a school district under

1 Subsection (b) is increased or reduced as follows:

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

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

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

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

1 by an amount equal to the difference between the amount to which the
2 district was entitled under Section 42.155 or 42.2515, as
3 applicable, for the 2008-2009 [~~2005-2006 or 2006-2007~~] school
4 year [~~, as appropriate based on whether the district's entitlement~~
5 ~~under Subsection (b) is determined under Subsection (b)(1)(A), (B),~~
6 ~~or (C),~~] and the amount to which the district is entitled under the
7 applicable section for the current school year.

8 (b-3) The amount determined for a school district under
9 Subsection (b) is increased or reduced to reflect changes in the
10 amount of funds to which the district is entitled under Section
11 42.160, in comparison to the amount of funds to which the district
12 was entitled during the 2008-2009 school year under the high school
13 allotment provided by Subsection (b)(3), as it existed on January
14 1, 2009.

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

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

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

26 [~~(A) if the amount of state revenue to which the~~
27 ~~district is entitled under Subsection (b) is computed based on the~~

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

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

24 ~~[(3)]~~ any amount necessary to reflect an adjustment
25 made by the commissioner under Section 42.005;

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

1 (3) [~~(5)~~] any amount necessary to reflect an
2 adjustment made by the commissioner under Section 42.2531; and

3 (4) any amount necessary to maintain:

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

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

10 (C) funding for school district employees who
11 participate in a group health coverage plan provided by or through
12 the district;

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

17 (E) any other amounts to which the district was
18 entitled under this subchapter, as it existed on January 1, 2009.

19 (e) The amount of revenue to which a school district is
20 entitled because of the technology allotment under Section 32.005
21 is not included in making a determination under Subsection (b)
22 [~~(b)(1)~~].

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

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

8 (1) adopts an exemption under Section 11.13(n), Tax
9 Code, that was not in effect for the 2009 [~~2005 or 2006~~] tax year, or
10 eliminates an exemption under Section 11.13(n), Tax Code, that was
11 in effect for the 2009 [~~2005 or 2006~~] tax year;

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

15 (3) grants an exemption under an agreement authorized
16 by Chapter 312, Tax Code, that was not in effect for the 2009 [~~2005~~
17 ~~or 2006~~] tax year, or ceases to grant an exemption authorized by
18 that chapter that was in effect for the 2009 [~~2005 or 2006~~] tax
19 year; or

20 (4) agrees to deposit taxes into a tax increment fund
21 created under Chapter 311, Tax Code, under a reinvestment zone
22 financing plan that was not in effect for the 2009 [~~2005 or 2006~~]
23 tax year, or ceases depositing taxes into a tax increment fund
24 created under that chapter under a reinvestment zone financing plan
25 that was in effect for the 2009 [~~2005 or 2006~~] tax year.

26 (g) If a school district adopts a maintenance and operations
27 tax rate that is below the rate equal to the sum of six cents and 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, the commissioner shall reduce the district's
4 entitlement under this section in proportion to the amount by which
5 the rate equal to the adopted rate less six cents is less than the
6 rate equal to the product of the state compression percentage
7 multiplied by the rate adopted by the district for the 2005 tax
8 year.

9 (h-1) Notwithstanding any other provision of this title, a
10 school district is entitled to receive an increase of at least \$100
11 per student in weighted average daily attendance as a result of
12 changes made by H.B. No. 3646, Acts of the 81st Legislature, Regular
13 Session, 2009, to Chapter 41 and this chapter over the amount to
14 which the district would have been entitled under those chapters,
15 as they existed on January 1, 2009, at the maintenance and
16 operations tax rate equal to the rate adopted by the district for
17 the 2008-2009 school year, as determined by the commissioner. As
18 necessary to provide that minimum increase, the commissioner shall
19 adjust the amount of state aid provided to a school district under
20 this chapter or adjust the number of attendance credits that a
21 school district is required to purchase under Section 41.093.

22 (m) For purposes of Subsections (b) and (h-1), the number of
23 students in weighted average daily attendance in a school district
24 is computed in the manner provided by this chapter as it existed on
25 January 1, 2009.

26 SECTION 34. Section 42.252(a), Education Code, is amended
27 to read as follows:

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

$$4 \qquad \qquad \qquad \text{LFA} = \text{TR} \times \text{DPV}$$

5 where:

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

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

9 (1) \$1; or

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

12 "DPV" is the taxable value of property in the school district
13 for the ~~preceding~~ tax year determined under Subchapter M, Chapter
14 403, Government Code.

15 SECTION 35. Section 42.2522(c), Education Code, is amended
16 to read as follows:

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

23 SECTION 36. Section 42.260(a), Education Code, is amended
24 to read as follows:

25 (a) In this section, "participating charter school" means
26 an open-enrollment charter school that participates in the uniform
27 group coverage program established under Chapter 1579, Insurance

1 Code [~~has the meaning assigned by Section 42.2514~~].

2 SECTION 37. Section 42.261(a), Education Code, is amended
3 to read as follows:

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

7 (1) are not excess funds for purposes of Section
8 42.2517;

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

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

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

15 SECTION 38. Section 42.302, Education Code, is amended by
16 amending Subsections (a), (a-2), and (b) and adding Subsections (g)
17 and (g-1) to read as follows:

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

24
$$\text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

25 where:

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

1 "GL" is the dollar amount guaranteed level of state and local
2 funds per weighted student per cent of tax effort, which is \$31.95
3 or an amount described by Subsection (g) or (g-1), as applicable,
4 [~~(a-1)~~] or a greater amount for any year provided by appropriation;

5 "WADA" is the number of students in weighted average daily
6 attendance, which is calculated by dividing the sum of the school
7 district's allotments under Subchapters B and C, less any allotment
8 to the district for transportation and[~~7~~] any allotment under
9 Section 42.158 or 42.160, [~~and 50 percent of the adjustment under~~
10 ~~Section 42.102,~~] by the basic allotment for the applicable year;

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

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

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

27 (b) In computing the district enrichment tax rate of a

1 school district, the total amount of maintenance and operations
2 taxes collected by the school district does not include the amount
3 of:

4 (1) the district's local fund assignment under Section
5 42.252; ~~[or]~~

6 (2) taxes paid into a tax increment fund under Chapter
7 311, Tax Code; or

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

10 (g) This subsection applies to the last six cents of a
11 district's effective tax rate for maintenance and operations,
12 regardless of whether any of those cents would otherwise be
13 considered as part of the district's local share under Section
14 42.252. For each cent of tax effort to which this subsection
15 applies, a district is entitled to a guaranteed level of state and
16 local funds per weighted student equal to the greater of the amount
17 of district tax revenue per weighted student per cent of tax effort
18 available to the Austin Independent School District, as determined
19 by the commissioner in cooperation with the Legislative Budget
20 Board, or the amount of district tax revenue per weighted student
21 per cent of tax effort used for purposes of this subsection in the
22 preceding school year.

23 (g-1) Subsection (g) applies beginning with the 2010-2011
24 school year. For the 2009-2010 school year, a school district is
25 entitled for each cent of tax effort described by Subsection (g) to
26 a guaranteed level of state and local funds per weighted student
27 equal to the amount of district tax revenue per weighted student per

1 cent of tax effort available to the Austin Independent School
2 District, as determined by the commissioner in cooperation with the
3 Legislative Budget Board. This subsection expires September 1,
4 2010.

5 SECTION 39. Section 42.303, Education Code, is amended to
6 read as follows:

7 Sec. 42.303. LIMITATION ON ENRICHMENT TAX RATE. The
8 district enrichment tax rate ("DTR") under Section 42.302 may not
9 exceed \$0.17 [~~the amount~~] per \$100 of valuation [~~by which the~~
10 ~~maximum rate permitted under Section 45.003 exceeds the rate of~~
11 ~~\$0.86, or a greater amount for any year provided by appropriation]~~.

12 SECTION 40. Section 45.0031, Education Code, is amended by
13 amending Subsection (a) and adding Subsections (c-1) and (f) to
14 read as follows:

15 (a) Before issuing bonds described by Section 45.001, a
16 school district must demonstrate to the attorney general under
17 Subsection (b), ~~[or]~~ (c), or (c-1) that, with respect to the
18 proposed issuance, the district has a projected ability to pay the
19 principal of and interest on the proposed bonds and all previously
20 issued bonds other than bonds authorized to be issued at an election
21 held on or before April 1, 1991, and issued before September 1,
22 1992, from a tax at a rate not to exceed \$0.50 per \$100 of valuation.

23 (c-1) A district may demonstrate the ability to comply with
24 Subsection (a) by using pro forma debt service projections on the
25 proposed bonds and all previously issued bonds described in
26 Subsection (a) based on current market interest rates and yields,
27 as determined by the district and certified by a financial advisor

1 or consultant to the district. For the purposes of determining pro
2 forma debt service on the proposed bonds and all previously issued
3 bonds described in Subsection (a), the district shall amortize the
4 proposed bonds and the previously issued bonds over the maximum
5 term for such bonds permitted by law.

6 (f) A district that demonstrates to the attorney general
7 that the district has the ability to comply with Subsection (a) may
8 issue the proposed bonds in any manner that will produce actual debt
9 service savings of at least 10 percent, as determined by the
10 district, when compared to the pro forma debt service payments on
11 the proposed bonds used to demonstrate that the district has the
12 projected ability to comply with Subsection (a). Actual debt
13 service savings shall be determined using the difference between
14 the total amount of the pro forma debt service payments on the
15 proposed bonds and the actual debt service on the proposed bonds, as
16 a percentage of the total amount of the pro forma debt service
17 payments on the proposed bonds.

18 SECTION 41. Section 46.003(a), Education Code, is amended
19 to read as follows:

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

$$27 \quad \text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

1 where:

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

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

7 "ADA" is the greater of the number of students in average
8 daily attendance, as determined under Section 42.005, in the
9 district or 400;

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

19 SECTION 42. Section 46.006(g), Education Code, is amended
20 to read as follows:

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

26 SECTION 43. Section 46.032(a), Education Code, is amended
27 to read as follows:

1 (a) Each school district is guaranteed a specified amount
2 per student in state and local funds for each cent of tax effort to
3 pay the principal of and interest on eligible bonds. The amount of
4 state support, subject only to the maximum amount under Section
5 46.034, is determined by the formula:

6
$$\text{EDA} = (\text{EDGL} \times \text{ADA} \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

7 where:

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

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

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

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

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

24 SECTION 44. Section 46.033, Education Code, is amended to
25 read as follows:

26 Sec. 46.033. ELIGIBLE BONDS. Bonds, including bonds
27 issued under Section 45.006, are eligible to be paid with state and

1 local funds under this subchapter if:

2 (1) the district made payments on the bonds during the
3 final [~~2006-2007~~] school year of the preceding state fiscal
4 biennium or taxes levied to pay the principal of and interest on the
5 bonds were included in the district's audited debt service
6 collections for that school year; and

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

10 SECTION 45. Section 46.034(c), Education Code, is amended
11 to read as follows:

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

21 SECTION 46. Section 403.302(j), Government Code, is amended
22 to read as follows:

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

26 (1) a final value for each school district computed on
27 a residence homestead exemption under Section 1-b(c), Article VIII,

1 Texas Constitution, of \$5,000;

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

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

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

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

14 SECTION 47. Section 822.201(b), Government Code, is amended
15 to read as follows:

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

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

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

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

1 under Section 125 of the Internal Revenue Code of 1986, if:

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

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

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

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

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

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

19 (8) a merit salary increase made under Section 51.962,
20 Education Code;

21 (9) amounts received under the relevant parts of the
22 ~~[awards for student achievement program under Subchapter N, Chapter~~
23 ~~21, Education Code, the]~~ educator excellence awards program under
24 Subchapter O, Chapter 21, Education Code, or a mentoring program
25 under Section 21.458, Education Code, that authorize ~~[authorized]~~
26 compensation for service; and

27 (10) salary amounts designated as health care

1 supplementation by an employee under Subchapter D, Chapter 22,
2 Education Code.

3 SECTION 48. Sections 825.405(a) and (b), Government Code,
4 are amended to read as follows:

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

13 (b) For purposes of this section:

14 (1) [~~7~~] the statutory minimum salary for certain
15 school personnel under Section 21.402, Education Code, is the
16 salary provided by that section [~~Section 21.402 or the former~~
17 ~~Sections 16.056 and 16.058, Education Code,~~] multiplied by the cost
18 of education adjustment applicable under Section 42.102, Education
19 Code, to the district in which the member is employed; and

20 (2) the statutory minimum salary for members who would
21 have been entitled to the minimum salary for certain school
22 personnel under former Section 16.056, Education Code, as that
23 section existed on January 1, 1995, is a minimum salary computed in
24 the same manner as the minimum salary for certain school personnel
25 under Section 21.402, Education Code, multiplied by the cost of
26 education adjustment applicable under Section 42.102, Education
27 Code, to the district in which the member is employed.

1 SECTION 49. Section 1579.251(a), Insurance Code, is amended
2 to read as follows:

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

12 SECTION 50. Section 1581.053(b), Insurance Code, is amended
13 to read as follows:

14 (b) Notwithstanding Subsection (a), amounts a district or
15 school is required to use to pay contributions under a group health
16 coverage plan for district or school employees under Section
17 [~~42.2514 or~~] 42.260, Education Code, other than amounts described
18 by Section 42.260(c)(2)(B), are not used in computing whether the
19 district or school complies with Section 1581.052.

20 SECTION 51. (a) The following provisions of the Education
21 Code are repealed:

- 22 (1) Subchapter N, Chapter 21;
- 23 (2) Section 21.704(b);
- 24 (3) Section 39.024(e);
- 25 (4) Sections 41.002(b), (e), (f), and (g);
- 26 (5) Section 42.103(e);
- 27 (6) Sections 42.152(e), (f), (g), (h), (i), (j), (k),

1 (l), (m), (n), (o), (p), and (u);

2 (7) Sections 42.2511, 42.2512, 42.2513, and 42.2514;

3 (8) Section 42.2516(h);

4 (9) Section 42.2521; and

5 (10) Section 42.302(a-1).

6 (b) Sections 825.405(h) and (i), Government Code, are
7 repealed.

8 (c) Subchapter C, Chapter 1581, Insurance Code, is
9 repealed.

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

13 SECTION 52. To the extent of any conflict, this Act prevails
14 over another Act of the 81st Legislature, Regular Session, 2009,
15 relating to nonsubstantive additions to and corrections in enacted
16 codes.

17 SECTION 53. This Act takes effect September 1, 2009.