

By: Ogden

S.B. No. 1581

A BILL TO BE ENTITLED

AN ACT

1
2 relating to state fiscal matters, and certain public health
3 matters, related to public and higher education; providing
4 penalties.

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

6 ARTICLE 1. ADMINISTRATIVE MATTERS CONCERNING INSTITUTIONS OF
7 HIGHER EDUCATION

8 SECTION 1.01. Section 51.003, Education Code, is amended by
9 amending Subsection (b) and adding Subsection (f) to read as
10 follows:

11 (b) The funds shall either be deposited in the depository
12 bank or banks or invested as authorized by Chapter 2256, Government
13 Code (Public Funds Investment Act). Funds that are to be deposited
14 in the depository bank or banks must be deposited within seven days
15 from the date of receipt by the institution [~~collection~~].

16 (f) Notwithstanding any other provision of this section,
17 the governing board of each institution may maintain unsecured
18 deposits in a foreign bank as necessary to support the
19 institution's operations in a foreign country. The foreign bank
20 must:

- 21 (1) be licensed and supervised by a central bank;
22 (2) be audited annually by an accounting firm that
23 follows international financial reporting standards; and
24 (3) maintain a capital to total assets ratio that is

1 not less than the greater of four percent or the minimum tier 1
2 capital to total assets ratio required for depository institutions
3 insured by the Federal Deposit Insurance Corporation.

4 SECTION 1.02. Subchapter A, Chapter 51, Education Code, is
5 amended by amending Section 51.005 and adding Sections 51.010,
6 51.011, and 51.012 to read as follows:

7 Sec. 51.005. REPORTS. Each institution of higher education
8 ~~[(a) True and full accounts shall be kept by the governing board~~
9 ~~and by the employees of the institution of all funds collected from~~
10 ~~all sources and of all sums paid out and the persons to whom and the~~
11 ~~purposes for which the sums are paid. The governing board]~~ shall
12 prepare [annually print] a complete annual financial report as
13 prescribed by Section 2101.011, Government Code [of all the sums
14 ~~collected, all expenditures, and all sums remaining on hand. The~~
15 ~~report shall show the true condition of all funds as of the August~~
16 ~~31 preceding as well as the collections and expenditures for the~~
17 ~~preceding year.~~

18 ~~[(b) Reports under this section must be in a form approved~~
19 ~~jointly by the coordinating board and the comptroller. The~~
20 ~~accounting and classification procedures of each institution must~~
21 ~~be consistent with uniform procedures prescribed for that purpose~~
22 ~~by the coordinating board and the comptroller. The requirements~~
23 ~~imposed by the coordinating board and the comptroller must be~~
24 ~~designed to reduce paperwork and duplicative reports.~~

25 ~~[(c) The governing board shall furnish one copy of the~~
26 ~~report each to the governor, comptroller of public accounts, state~~
27 ~~auditor, Texas Higher Education Coordinating Board, Legislative~~

1 ~~Budget Board, House Appropriations Committee, Senate Finance~~
2 ~~Committee, and Legislative Reference Library. A copy of the report~~
3 ~~shall be submitted to the comptroller by the deadline established~~
4 ~~by the comptroller or the General Appropriations Act as necessary~~
5 ~~to prepare an audited comprehensive financial report. The~~
6 ~~governing board shall retain five copies of the report for~~
7 ~~distribution to legislators or other state officials on request].~~

8 Sec. 51.010. COLLECTION OF DELINQUENT OBLIGATIONS. If
9 under the rules adopted by the attorney general under Chapter 2107,
10 Government Code, an institution of higher education is not required
11 to refer a delinquent obligation for collection to the attorney
12 general, the institution is not required to expend resources for
13 further collection efforts if, considering the amount, security,
14 likelihood of collection, expense, and available resources, the
15 institution determines that further collection should not be
16 actively pursued.

17 Sec. 51.011. DISPOSITION OF SMALL CREDIT BALANCES.
18 (a) This section applies to a credit balance of less than \$25 held
19 by an institution of higher education that is presumed abandoned
20 under Chapter 72, Property Code.

21 (b) An institution of higher education may maintain an
22 unclaimed money fund and transfer to that fund a credit balance to
23 which this section applies. A deposit to the unclaimed money fund
24 does not affect the ownership of the amount deposited. The
25 institution shall:

26 (1) adopt procedures for owners to make and receive
27 payments of claims against the fund; and

1 (2) maintain a database that permits members of the
2 public to search for ownership of unclaimed funds.

3 (c) The institution shall use the fund to pay the claims of
4 persons establishing ownership of amounts transferred to the fund
5 and shall hold and account for the unclaimed money fund as
6 educational and general funds of the institution. If the fund
7 balance is insufficient to pay a valid claim, the institution shall
8 pay the claim from the institution's other educational and general
9 funds.

10 (d) Each fiscal year, after deducting funds sufficient to
11 pay anticipated expenses of and claims against the unclaimed money
12 fund, the institution shall use the balance of the fund as other
13 educational and general funds of the institution.

14 (e) In consultation with institutions of higher education,
15 the comptroller by rule may establish minimum requirements for
16 notice to owners of unclaimed money deposited in the unclaimed
17 money fund and for charges for that notice. The rules may not
18 provide stricter requirements than the comptroller applies for
19 amounts of less than \$25 in the custody of the comptroller under
20 Chapter 74, Property Code.

21 (f) If an institution of higher education maintains an
22 unclaimed money fund under this section, Chapter 74, Property Code,
23 does not apply to a credit balance to which this section applies.

24 Sec. 51.012. PAYMENTS BY ELECTRONIC FUNDS TRANSFER OR
25 ELECTRONIC PAY CARD. An institution of higher education may make
26 any payment, including a payment of salary or wages, through
27 electronic funds transfer or by electronic pay card.

1 SECTION 1.03. Section 65.42, Education Code, is amended to
2 read as follows:

3 Sec. 65.42. DELINQUENT ACCOUNTS; VENUE. A suit by The
4 University of Texas System on its own behalf or on behalf of a
5 component institution of The University of Texas System to recover
6 a delinquent loan, account, or debt owed to The University of Texas
7 System or a component institution of The University of Texas System
8 must [~~may~~] be brought in Travis County.

9 SECTION 1.04. Section 1231.001, Government Code, is amended
10 by amending Subdivision (2) and adding Subdivision (3) to read as
11 follows:

- 12 (2) "State security" means:
- 13 (A) an obligation, including a bond, issued by:
- 14 (i) a state agency;
- 15 (ii) an entity that is expressly created by
16 statute and has statewide jurisdiction; or
- 17 (iii) an entity issuing the obligation on
18 behalf of this state or on behalf of an entity described by
19 Subparagraph (i) or (ii);
- 20 (B) an installment sale or lease-purchase
21 obligation that is issued by or on behalf of an entity described by
22 Paragraph (A) and that has:
- 23 (i) a stated term of more than five years;
- 24 or
- 25 (ii) an initial principal amount of more
26 than \$250,000; or
- 27 (C) an obligation, including a bond, that is

1 issued under Chapter 53, Education Code, at the request of or for
2 the benefit of an institution of higher education [~~as defined by~~
3 ~~Section 61.003, Education Code,~~] other than a public junior
4 college.

5 (3) "Institution of higher education" has the meaning
6 assigned by Section 61.003, Education Code.

7 SECTION 1.05. Section 1231.041, Government Code, is amended
8 to read as follows:

9 Sec. 1231.041. APPROVAL OF STATE SECURITY. (a) Except as
10 otherwise provided by this section, an [An] entity, including a
11 state agency, may not issue a state security unless:

12 (1) the board approves the issuance; or

13 (2) the security is exempted under law, including a
14 board rule adopted under Section 1231.022(2).

15 (b) A state security issued by an institution of higher
16 education, or issued at the request of or for the benefit of an
17 institution of higher education, is not subject to board approval
18 unless the general revenue of the state is pledged to the payment of
19 the security.

20 SECTION 1.06. Section 74.001, Property Code, is amended by
21 adding Subsection (c) to read as follows:

22 (c) This chapter does not apply to small credit balances
23 held by an institution of higher education in an unclaimed money
24 fund under Section 51.011, Education Code.

25 SECTION 1.07. Section 51.923, Education Code, is amended to
26 read as follows:

27 Sec. 51.923. QUALIFICATIONS OF CERTAIN BUSINESS ENTITIES TO

1 ENTER INTO CONTRACTS WITH AN INSTITUTION OF HIGHER EDUCATION.

2 (a) In this section:

3 (1) "Business entity" [~~"Corporation"~~] means any
4 entity recognized by law through which business is conducted,
5 including a sole proprietorship, partnership, firm, corporation,
6 limited liability company, holding company, joint stock company,
7 receivership, or trust [~~a corporation for profit organized under~~
8 ~~the laws of this state or under laws other than the laws of this~~
9 ~~state~~].

10 (2) "Governing board" has the meaning assigned by
11 Section 61.003 [~~of this code~~].

12 (3) "Institution of higher education" has the meaning
13 assigned by Section 61.003 [~~of this code~~].

14 (4) "Nonprofit corporation" means any organization
15 exempt from federal income tax under Section 501 of the Internal
16 Revenue Code of 1986 that does not distribute any part of its income
17 to any member, director, or officer.

18 (b) A nonprofit corporation is not disqualified from
19 entering into a contract or other transaction with an institution
20 of higher education even though one or more members of the governing
21 board of the institution of higher education also serves as a
22 member, [~~or~~] director, officer, or employee of the nonprofit
23 corporation.

24 (c) A business entity [~~corporation~~] is not disqualified
25 from entering into a contract or other transaction with an
26 institution of higher education even though one or more members of
27 the governing board of the institution of higher education have an

1 interest in the business entity, subject to Subsection (d) [also
2 ~~serves as a stockholder or director of the corporation provided~~
3 ~~that no member of the governing board owns or has a beneficial~~
4 ~~interest in more than five percent of the corporation's outstanding~~
5 ~~capital stock and further provided that the contract or transaction~~
6 ~~is:~~

7 ~~[(1) an affiliation, licensing, or sponsored research~~
8 ~~agreement, or~~

9 ~~[(2) awarded by competitive bidding or competitive~~
10 ~~sealed proposals].~~

11 (d) An institution of higher education is not prohibited
12 from entering into a contract or other transaction with a business
13 entity in which a member of the governing board of the institution
14 of higher education has an interest if the interest is not a
15 substantial interest or, if the interest is a substantial interest,
16 the [described in this section if any] board member [having an
17 interest described in this section in the contract or transaction]
18 discloses that interest in a meeting held in compliance with
19 Chapter 551, Government Code, and refrains from voting on the
20 contract or transaction requiring board approval. Any such
21 contract or transaction requiring board approval must be approved
22 by an affirmative majority of the board members voting on the
23 contract or transaction.

24 (e) For purposes of this section, a member of a governing
25 board has a substantial interest in a business entity if:

26 (1) the member owns 10 percent or more of the voting
27 stock or shares of the business entity or owns either 10 percent or

1 more or \$15,000 or more of the fair market value of the business
2 entity;

3 (2) funds received by the member from the business
4 entity exceed 10 percent of the member's gross income for the
5 previous year;

6 (3) the member is an officer of the business entity or
7 a member of the governing board of the business entity; or

8 (4) an individual related to the member in the first
9 degree by consanguinity or affinity, as determined under Chapter
10 573, Government Code, has an interest in the business entity as
11 described by Subdivision (1), (2), or (3).

12 (f) A violation of this section does not render an action of
13 the governing board voidable unless the contract or transaction
14 that was the subject of the action would not have been approved by
15 the governing board without the vote of the member who violated this
16 section.

17 SECTION 1.08. Section 51.9335, Education Code, is amended
18 by amending Subsections (d) and (f) and adding Subsections (g) and
19 (h) to read as follows:

20 (d) Subtitle D, Title 10, Government Code, and Subchapter B,
21 Chapter 2254, Government Code, do not apply to the acquisition of
22 goods and services under this section, except that an institution
23 of higher education must comply with any provision of those laws, or
24 a rule adopted under a provision of those laws, [~~To the extent of~~
25 any conflict, this section prevails over any other law, including
26 Chapters 2155, 2156, 2157, 2158, 2167, and 2170, Government Code,
27 except a law or rule] relating to contracting with historically

1 underutilized businesses or relating to the procurement of goods
2 and services from persons with disabilities. An institution of
3 higher education may, but is not required to, acquire goods or
4 services as provided by Subtitle D, Title 10 [~~Chapters 2155, 2156,~~
5 ~~2157, 2158, 2167, and 2170~~], Government Code.

6 (f) This section does not apply to professional services as
7 defined by Section 2254.002, Government Code. Professional
8 services shall be procured in accordance with Subchapter A, Chapter
9 2254, Government Code.

10 (g) An institution of higher education may adopt rules and
11 procedures for the acquisition of goods or services.

12 (h) In any contract for the acquisition of goods and
13 services to which an institution of higher education is a party, a
14 provision required by applicable law to be included in the contract
15 is considered to be a part of the executed contract without regard
16 to:

17 (1) whether the provision appears on the face of the
18 contract; or

19 (2) whether the contract includes any provision to the
20 contrary.

21 SECTION 1.09. Subchapter Z, Chapter 51, Education Code, is
22 amended by adding Sections 51.9336 and 51.9337 to read as follows:

23 Sec. 51.9336. ELECTRONIC AND DIGITAL SIGNATURES. (a) An
24 institution of higher education or university system, as those
25 terms are defined by Section 61.003, shall determine whether, and
26 the extent to which, the institution or system will send and accept
27 electronic or digital signatures to and from other persons and

1 otherwise create, generate, communicate, store, process, use, and
2 rely on electronic or digital signatures. The institution or
3 system may adopt rules and procedures governing the use of
4 electronic or digital signatures.

5 (b) To the extent of any conflict, this section prevails
6 over Chapter 322, Business & Commerce Code, and rules and
7 guidelines adopted under that chapter.

8 Sec. 51.9337. INTERAGENCY CONTRACTS FOR INFORMATION
9 RESOURCE TECHNOLOGIES. (a) In this section, "institution of
10 higher education" and "university system" have the meanings
11 assigned by Section 61.003.

12 (b) Section 2054.119, Government Code, does not apply to an
13 interagency contract for information resources technologies
14 between two or more institutions of higher education or between an
15 institution of higher education or university system and one or
16 more state agencies, institutions of higher education, or
17 university systems.

18 SECTION 1.10. Section 51.966, Education Code, is amended by
19 amending Subsection (c) and adding Subsection (d) to read as
20 follows:

21 (c) Section 612.002(b), Government Code, does not apply to
22 an institution of higher education or university system purchasing
23 insurance under this section.

24 (d) In [As used in] this section, "governing board," [and]
25 "institution of higher education," and "university system" have the
26 meanings assigned by Section 61.003.

27 SECTION 1.11. Subchapter C, Chapter 791, Government Code,

1 is amended by adding Section 791.035 to read as follows:

2 Sec. 791.035. CONTRACTS WITH INSTITUTIONS OF HIGHER
3 EDUCATION OR UNIVERSITY SYSTEMS. (a) A local government and an
4 institution of higher education or university system may contract
5 with one another to perform any governmental functions and
6 services. If the terms of the contract provide for payment based on
7 cost recovery, any law otherwise requiring competitive procurement
8 does not apply to the functions and services covered by the
9 contract.

10 (b) In this section, "institution of higher education" and
11 "university system" have the meanings assigned by Section 61.003,
12 Education Code.

13 SECTION 1.12. Section 2054.008, Government Code, is amended
14 by adding Subsection (c) to read as follows:

15 (c) A university system or institution of higher education
16 must provide written notice to the Legislative Budget Board under
17 Subsection (b) only if the cost of the major information system
18 exceeds \$1 million. In this subsection, "university system" has
19 the meaning assigned by Section 61.003, Education Code.

20 SECTION 1.13. Subsection (n), Section 2155.078, Government
21 Code, is amended to read as follows:

22 (n) This section does not apply to an institution [~~a medical~~
23 ~~and dental unit~~] to which Section 51.9335, Education Code, applies
24 or to an institution to which Section 73.115, Education Code,
25 applies.

26 SECTION 1.14. Subchapter Z, Chapter 51, Education Code, is
27 amended by adding Section 51.9611 to read as follows:

1 Sec. 51.9611. PAYROLL DEDUCTIONS FOR EMPLOYEES OF
2 UNIVERSITY SYSTEM OR INSTITUTION OF HIGHER EDUCATION. (a) In this
3 section, "institution of higher education" and "university system"
4 have the meanings assigned by Section 61.003.

5 (b) The governing board of a university system, or of an
6 institution of higher education that is not a component institution
7 of a university system, may authorize employees of the system or
8 institution, as applicable, to elect a payroll deduction for any
9 purpose that the governing board determines serves a public purpose
10 and benefits employees. The board may adopt policies and
11 procedures governing payroll deductions under this section. A
12 payroll deduction under this section is in addition to payroll
13 deductions authorized by other law.

14 (c) A payroll deduction under this section must be at the
15 written request of the employee, and the request must state the
16 amount to be deducted and the entity to which the deducted amount is
17 to be transferred. A payroll deduction is in effect until revoked
18 in writing by the employee, but the policies and procedures of the
19 system or institution, as applicable, may provide for enrollment
20 periods.

21 (d) A university system or institution of higher education
22 may collect an administrative fee to cover the costs of making a
23 deduction.

24 SECTION 1.15. Subsection (a), Section 1601.004, Insurance
25 Code, is amended to read as follows:

26 (a) In this chapter, "dependent," with respect to an
27 individual eligible to participate in the uniform program under

1 Section 1601.101 or 1601.102, means the individual's:

2 (1) spouse;

3 (2) unmarried child younger than 25 years of age; and

4 (3) child of any age who the system determines lives
5 with or has the child's care provided by the individual on a regular
6 basis if the child is mentally retarded or physically incapacitated
7 to the extent that the child is dependent on the individual for care
8 or support, as determined by the system, and:

9 (A) if the child is at least 25 years of age, the
10 child's coverage under this chapter has not lapsed, and the child
11 was enrolled as a participant in the health benefits coverage under
12 the uniform program on the date of the child's 25th birthday; or

13 (B) if the child is a child of an individual
14 eligible to participate as an employee under Section 1601.101, at
15 the time of the individual's initial enrollment in health benefits
16 coverage under the uniform program the child is at least 25 years of
17 age and is enrolled in comparable coverage, as determined by the
18 system, under the individual's previous health benefits coverage.

19 SECTION 1.16. Subchapter C, Chapter 1601, Insurance Code,
20 is amended by adding Section 1601.111 to read as follows:

21 Sec. 1601.111. PROGRAMS PROMOTING DISEASE PREVENTION,
22 WELLNESS, AND HEALTH. A system may establish premium discounts,
23 surcharges, rebates, or a revision in otherwise applicable
24 copayments, coinsurance, or deductibles, or any combination of
25 those incentives, for an individual who participates in
26 system-approved programs promoting disease prevention, wellness,
27 and health.

1 SECTION 1.17. Subsection (d), Section 1601.201, Insurance
2 Code, is amended to read as follows:

3 (d) Subsection (c) does not prohibit a system from
4 contributing, from money not appropriated from the general revenue
5 fund, amounts in excess of the amount specified by that subsection
6 for:

7 (1) an individual employed by the system in a position
8 that as a condition of employment requires the individual to be
9 enrolled as a student in the system in graduate level courses; or

10 (2) an individual who is a tenured faculty member with
11 whom the system has entered into a phased retirement agreement
12 under which the individual will work less than 40 hours a week for a
13 specified period of time at the end of which the individual will
14 retire.

15 SECTION 1.18. Subchapter C, Chapter 61, Education Code, is
16 amended by adding Section 61.0573 to read as follows:

17 Sec. 61.0573. PROJECTS EXEMPT FROM BOARD APPROVAL. (a) In
18 this section, "project" means the acquisition of improved or
19 unimproved real property or the construction, repair, or
20 rehabilitation of a building or other facility.

21 (b) Board approval of a project at an institution of higher
22 education is not required under Section 61.0572 or 61.058 if the
23 institution notifies the board of the project and certifies to the
24 board that:

25 (1) the institution meets the current published board
26 standards applicable to the institution for space need, usage
27 efficiency, deferred maintenance, and critical deferred

1 maintenance or the board has approved the institution's plan to
2 correct any deficiencies in the institution's compliance with those
3 applicable standards;

4 (2) the project meets current published board
5 standards applicable to the project for cost, efficiency, and space
6 use;

7 (3) the project is identified on the institution's
8 campus master plan, as submitted to the board; and

9 (4) the institution has no deficiencies according to
10 the board's most recent facilities audit or the board has approved
11 the institution's plan to correct any such deficiencies.

12 (c) The board's staff shall promptly review a certification
13 submitted under Subsection (b) and notify the institution whether
14 the certification is sufficient and whether the information
15 certified is consistent with the records of the board. If the staff
16 review determines that the certification is sufficient and that the
17 information certified is consistent with the records of the board,
18 the project is considered approved by the board.

19 (d) This section does not apply to a project that is a new
20 branch campus or a new higher education center.

21 SECTION 1.19. Subsection (c), Section 2166.302, Government
22 Code, is amended to read as follows:

23 (c) Subsection (a) does not apply to a project constructed
24 by and for the Texas Department of Transportation or an institution
25 of higher education or university system. In this subsection,
26 "institution of higher education" and "university system" have the
27 meanings assigned by Section 61.003, Education Code.

1 SECTION 1.20. Subsection (c-1), Section 2166.403,
2 Government Code, is amended to read as follows:

3 (c-1) For a project constructed by and for a state
4 institution of higher education, the [~~governing body of the~~]
5 institution shall, during the planning phase of the proposed
6 construction for the project, verify [~~in an open meeting~~] the
7 economic feasibility of incorporating into the building's design
8 and proposed energy system alternative energy devices for space
9 heating and cooling functions, water heating functions, electrical
10 load functions, and interior lighting functions. The [~~governing~~
11 ~~body of the~~] institution shall determine the economic feasibility
12 of each function listed in this subsection by comparing the
13 estimated cost of providing energy for the function, based on the
14 use of conventional design practices and energy systems, with the
15 estimated cost of providing energy for the function, based on the
16 use of alternative energy devices, during the economic life of the
17 building.

18 SECTION 1.21. Subsection (b), Section 2167.001, Government
19 Code, is amended to read as follows:

20 (b) This chapter does not apply to:
21 (1) radio antenna space;
22 (2) residential space for a Texas Department of Mental
23 Health and Mental Retardation program;
24 (3) residential space for a Texas Youth Commission
25 program;
26 (4) space to be used for less than one month for
27 meetings, conferences, conventions, seminars, displays,

1 examinations, auctions, or similar purposes;

2 (5) district office space for members of the
3 legislature;

4 (6) space used by the Texas Workforce Commission;

5 (7) residential property acquired by the Texas
6 Department of Housing and Community Affairs or the Texas State
7 Affordable Housing Corporation that is offered for sale or rental
8 to individuals and families of low or very low income or families of
9 moderate income;

10 (8) except as provided by Section 2167.007, [~~classroom~~
11 ~~and instructional~~] space for a university system or [an]
12 institution of higher education; or

13 (9) space leased by the Texas Veterans Commission to
14 administer the veterans employment services program.

15 SECTION 1.22. Section 33.06, Tax Code, is amended by adding
16 Subsection (g) to read as follows:

17 (g) If the ownership interest of an individual entitled to a
18 deferral under this section is a life estate, a lien for the
19 deferred tax attaches to the estate of the life tenant, and not to
20 the remainder interest, if the owner of the remainder is an
21 institution of higher education that has not consented to the
22 deferral. In this subsection, "institution of higher education"
23 has the meaning assigned by Section 61.003, Education Code. This
24 subsection does not apply to a deferral for which the individual
25 entitled to the deferral filed the affidavit required by Subsection
26 (b) before September 1, 2011.

27 SECTION 1.23. Section 552.123, Government Code, is amended

1 to read as follows:

2 Sec. 552.123. EXCEPTION: NAME OF APPLICANT FOR CHIEF
3 EXECUTIVE OFFICER OF INSTITUTION OF HIGHER EDUCATION. The name of
4 an applicant for the position of chief executive officer of an
5 institution of higher education, and other information that would
6 tend to identify the applicant, is excepted from the requirements
7 of Section 552.021, except that the governing body of the
8 institution must give public notice of the name or names of the
9 finalists being considered for the position at least 21 days before
10 the date of the meeting at which final action or vote is to be taken
11 on the employment of the person.

12 SECTION 1.24. Subsection (b), Section 95.006, Health and
13 Safety Code, is amended to read as follows:

14 (b) The advisory committee is composed of:

15 (1) the following representatives appointed by the
16 executive director of the office:

17 (A) one representative of the office;

18 (B) one representative of the Texas Education
19 Agency;

20 (C) one representative of the Texas Pediatric
21 Society;

22 (D) one representative of the American Diabetes
23 Association;

24 (E) ~~[one representative who is a member of the~~
25 ~~board of regents of The University of Texas--Pan American,~~

26 ~~[(F)]~~ one school nurse representative from an
27 urban school located within the boundaries of a regional education

1 service center;

2 (F) [~~(C)~~] one parent or guardian of a child who
3 resides within the boundaries of a regional education service
4 center; and

5 (G) [~~(H)~~] one person with knowledge and
6 experience in health care in school settings; and

7 (2) the following representatives appointed by the
8 chairman of the council:

9 (A) one representative of the council;

10 (B) one representative of the Texas Medical
11 Association;

12 (C) one school district administrator
13 representative from a school district located within the boundaries
14 of a regional education service center;

15 (D) one school principal representative from a
16 school district located within the boundaries of a regional
17 education service center; and

18 (E) one school nurse representative from a rural
19 school located within the boundaries of a regional education
20 service center.

21 SECTION 1.25. Subsections (a) and (c), Section 2.03,
22 Chapter 670, Acts of the 72nd Legislature, Regular Session, 1991
23 (Article 4477-7j, Vernon's Texas Civil Statutes), are amended to
24 read as follows:

25 (a) On or after the effective date of this Act, the
26 Commissioners Court of Gaines County shall appoint three persons,
27 the governing body of the city of Seminole shall appoint two

1 persons, and the governing body of the city of Seagraves shall
2 appoint two persons to serve as initial directors of the district.
3 The four persons appointed by the governing bodies of the cities of
4 Seminole and Seagraves shall represent the municipalities within
5 the county, and the three persons appointed by the Commissioners
6 Court of Gaines County shall represent the unincorporated areas of
7 the county. [~~In addition, the board of regents of The University of
8 Texas System shall appoint one person to serve as an ex-officio,
9 nonvoting director of the district.~~]

10 (c) The Commissioners Court of Gaines County and the
11 governing bodies of the cities of Seminole and Seagraves shall each
12 appoint one initial director to serve a term expiring on May 1 of
13 the first year after the year in which the original appointment is
14 made. In addition, the Commissioners Court of Gaines County shall
15 appoint two initial directors and the governing bodies of the
16 cities of Seminole and Seagraves shall each appoint one initial
17 director to serve terms expiring on May 1 of the second year after
18 the year in which the original appointment is made. [~~The initial
19 ex-officio member serves a term expiring on May 1 of the second year
20 after the year in which the original appointment is made.~~]
21 Successor directors serve two-year terms.

22 SECTION 1.26. Subsection (a), Section 3.01, Chapter 670,
23 Acts of the 72nd Legislature, Regular Session, 1991 (Article
24 4477-7j, Vernon's Texas Civil Statutes), is amended to read as
25 follows:

26 (a) The district is governed by a board of directors
27 composed of seven voting members [~~and one ex-officio nonvoting~~

1 ~~member]~~ who are appointed as provided by this Act. However, the
2 district shall change to a system of electing the voting directors
3 if:

4 (1) the Commissioners Court of Gaines County and the
5 governing bodies of the cities of Seminole and Seagraves each pass a
6 resolution calling for the election of the directors; or

7 (2) the board receives a petition signed by at least
8 150 registered voters of Gaines County calling for the election of
9 the directors.

10 SECTION 1.27. Subsection (d), Section 51.403, Education
11 Code, is amended to read as follows:

12 (d) For purposes of this subsection, "small classes" ~~[Each~~
13 ~~institution shall file with its governing board and the~~
14 ~~coordinating board a small class report, excluding individual~~
15 ~~instruction courses, indicating department, course number, title~~
16 ~~of course, and the name of the instructor. "Small classes," for the~~
17 ~~purpose of this report,]~~ are undergraduate-level courses with less
18 than 10 registrations, and graduate-level courses with less than 5
19 registrations. No small classes shall be offered in any
20 institution except as authorized by the appropriate governing
21 board, within the guidelines established by the Coordinating Board.

22 SECTION 1.28. Subchapter H, Chapter 51, Education Code, is
23 amended by adding Section 51.406 to read as follows:

24 Sec. 51.406. EXPIRATION OF CERTAIN REPORTING REQUIREMENTS
25 APPLICABLE TO INSTITUTIONS OF HIGHER EDUCATION AND UNIVERSITY
26 SYSTEMS. (a) In this section, "university system" has the meaning
27 assigned by Section 61.003.

1 (b) To the extent that any of the following laws require
2 reporting by a university system or an institution of higher
3 education, a university system or institution of higher education
4 is not required to make the report on or after September 1, 2013,
5 unless legislation enacted by the 83rd Legislature that becomes law
6 expressly requires the institution or system to make the report:

7 (1) Section 7.109;

8 (2) Section 33.083;

9 (3) Section 51.0051;

10 (4) Section 59.07;

11 (5) Section 130.086;

12 (6) Section 325.007, Government Code;

13 (7) Section 669.003, Government Code;

14 (8) Section 2005.007, Government Code;

15 (9) Section 2052.103, Government Code;

16 (10) Section 2054.097, Government Code;

17 (11) Section 2101.011, Government Code;

18 (12) Section 2102.009, Government Code;

19 (13) Chapter 2114, Government Code; and

20 (14) Section 2205.041, Government Code.

21 (c) A rule or policy of a state agency, including the Texas
22 Higher Education Coordinating Board, in effect on June 1, 2011,
23 that requires reporting by a university system or an institution of
24 higher education has no effect on or after September 1, 2013, unless
25 the rule or policy is affirmatively and formally readopted before
26 that date by formal administrative rule published in the Texas
27 Register and adopted in compliance with Chapter 2001, Government

1 Code. This subsection does not apply to:

2 (1) a rule or policy for which the authorizing statute
3 is listed in Subsection (b);

4 (2) a rule or policy for which the authorizing statute
5 is repealed on or before September 1, 2013, by legislation enacted
6 by the legislature that becomes law; or

7 (3) a report required under any of the following laws:

8 (A) Section 51.005;

9 (B) Section 51.3062;

10 (C) Section 51.402;

11 (D) Section 56.039;

12 (E) Section 61.051(k);

13 (F) Section 61.059; or

14 (G) Section 62.095(b).

15 SECTION 1.29. Section 51.914, Education Code, is amended to
16 read as follows:

17 Sec. 51.914. PROTECTION OF CERTAIN INFORMATION. (a) In
18 order to protect the actual or potential value, the following
19 information is ~~[shall be]~~ confidential and is ~~[shall]~~ not ~~[be]~~
20 subject to disclosure under Chapter 552, Government Code, or
21 otherwise:

22 (1) all information relating to a product, device, or
23 process, the application or use of such a product, device, or
24 process, and all technological and scientific information
25 (including computer programs) developed in whole or in part at a
26 state institution of higher education, regardless of whether
27 patentable or capable of being registered under copyright or

1 trademark laws, that have a potential for being sold, traded, or
2 licensed for a fee;

3 (2) any information relating to a product, device, or
4 process, the application or use of such product, device, or
5 process, and any technological and scientific information
6 (including computer programs) that is the proprietary information
7 of a person, partnership, corporation, or federal agency that has
8 been disclosed to an institution of higher education solely for the
9 purposes of a written research contract or grant that contains a
10 provision prohibiting the institution of higher education from
11 disclosing such proprietary information to third persons or
12 parties; or

13 (3) the plans, specifications, blueprints, and
14 designs, including related proprietary information, of a
15 scientific research and development facility that is jointly
16 financed by the federal government and a local government or state
17 agency, including an institution of higher education, if the
18 facility is designed and built for the purposes of promoting
19 scientific research and development and increasing the economic
20 development and diversification of this state.

21 (b) Information maintained by or for an institution of
22 higher education that would reveal the institution's plans or
23 negotiations for commercialization or research, or that consists of
24 unpublished research results or data, is not subject to Chapter
25 552, Government Code, unless the information has been published, is
26 patented, or is otherwise subject to an executed license, sponsored
27 research agreement, or research contract or grant. In this

1 subsection, "institution of higher education" has the meaning
2 assigned by Section 61.003.

3 SECTION 1.30. Subsection (h), Section 61.051, Education
4 Code, is amended to read as follows:

5 (h) The board shall make continuing studies of the needs of
6 the state for research and designate the institutions of higher
7 education to perform research as needed. The board shall also
8 maintain an inventory of all institutional and programmatic
9 research activities being conducted by the various institutions,
10 whether state-financed or not. Once a year, on dates prescribed by
11 the board, each institution of higher education shall report to the
12 board all research conducted at that institution during the last
13 preceding year. The submission by an institution of the
14 institution's response to the National Science Foundation's annual
15 Higher Education Research and Development Survey satisfies the
16 requirements of this section. All reports required by this
17 subsection shall be made subject to the limitations imposed by
18 security regulations governing defense contracts for research.

19 SECTION 1.31. Section 61.0582, Education Code, is amended
20 by adding Subsection (f) to read as follows:

21 (f) This section does not apply to a university system that
22 maintains an ongoing system-wide capital improvement program
23 approved by the system's board of regents.

24 SECTION 1.32. Section 130.152, Education Code, is amended
25 to read as follows:

26 Sec. 130.152. CRITERIA FOR PROGRAMS FOR THE DISADVANTAGED.
27 A junior college may develop programs to serve persons from

1 backgrounds of economic or educational deprivation by submission of
2 a plan based on the following criteria to the Texas Higher Education
3 Coordinating Board[~~, Texas College and University System~~]:

4 (1) an instructional program that accommodates the
5 different learning rates of students and compensates for prior
6 economic and educational deprivation;

7 (2) an unrestricted admissions policy allowing the
8 enrollment of any person 18 years of age or older with a high school
9 diploma or its equivalent who can reasonably be expected to benefit
10 from instruction;

11 (3) the assurance that all students, regardless of
12 their differing programs of study, will be considered, known, and
13 recognized as full members of the student body, provided that the
14 administrative officers of a junior college may deny admission to a
15 prospective student or attendance of an enrolled student if, in
16 their judgment, the person [~~he~~] would not be competent to benefit
17 from a program of the college, or would by the person's [~~his~~]
18 presence or conduct create a disruptive atmosphere within the
19 college not consistent with the statutory purposes of the college;

20 (4) [~~the submission of a plan for a financial aid~~
21 ~~program which removes to the maximum extent possible the financial~~
22 ~~barriers to the educational aspirations of the citizens of this~~
23 ~~state,~~

24 [~~(5) an annual evaluation report based on scientific~~
25 ~~methods and utilizing control groups wherever possible to be~~
26 ~~submitted to the coordinating board at the end of each school year,~~
27 ~~covering each remedial-compensatory course or program offered at~~

1 ~~the college,~~

2 ~~[(6)]~~ any other criteria consistent with the
3 provisions of this subchapter specified by the coordinating board;
4 and

5 (5) [(7)] a junior college must obtain approval of the
6 coordinating board [~~Coordinating Board, Texas College and~~
7 ~~University System,~~] before offering any courses under the
8 provisions of this Act.

9 SECTION 1.33. Section 401.042, Government Code, is amended
10 by adding Subsection (c) to read as follows:

11 (c) In consultation with public institutions of higher
12 education, the offices of the governor and the Legislative Budget
13 Board shall review the forms for higher education legislative
14 appropriations requests to identify opportunities to improve
15 efficiency, provide better transparency of funding sources,
16 eliminate unnecessary or duplicative requirements, and otherwise
17 reduce the cost or difficulty of providing information related to
18 appropriations requests.

19 SECTION 1.34. Subchapter L, Chapter 403, Government Code,
20 is amended by adding Section 403.2715 to read as follows:

21 Sec. 403.2715. UNIVERSITY SYSTEMS AND INSTITUTIONS OF
22 HIGHER EDUCATION. (a) In this section, "institution of higher
23 education" and "university system" have the meanings assigned by
24 Section 61.003, Education Code.

25 (b) Except as provided by this section, this subchapter does
26 not apply to a university system or institution of higher
27 education.

1 (c) A university system or institution of higher education
2 shall account for all personal property as defined by the
3 comptroller under Section 403.272. At all times, the property
4 records of a university system or institution of higher education
5 must accurately reflect the personal property possessed by the
6 system or institution.

7 (d) The chief executive officer of each university system or
8 institution of higher education shall designate one or more
9 property managers. The property manager shall maintain the records
10 required and be the custodian of all personal property possessed by
11 the system or institution.

12 (e) Sections 402.273(h), 403.275, and 403.278 apply to a
13 university system or institution of higher education.

14 SECTION 1.35. Subsection (d), Section 2101.0115,
15 Government Code, is amended by adding Subdivision (4) to read as
16 follows:

17 (4) "Institution of higher education" and "university
18 system" have the meanings assigned by Section 61.003, Education
19 Code.

20 SECTION 1.36. Section 2101.0115, Government Code, is
21 amended by adding Subsection (e) to read as follows:

22 (e) This section does not apply to an institution of higher
23 education or university system.

24 SECTION 1.37. Subsection (c), Section 2254.028, Government
25 Code, is amended to read as follows:

26 (c) Subsection (a) [~~(a)(3)~~] does not apply to a major
27 consulting services contract to be entered into by an institution

1 of higher education other than a public junior college if the
2 institution includes in the invitation published under Section
3 2254.029 a finding by the chief executive officer of the
4 institution that the consulting services are necessary and an
5 explanation of that finding.

6 SECTION 1.38. Section 2254.0301, Government Code, is
7 amended to read as follows:

8 Sec. 2254.0301. CONTRACT NOTIFICATION. (a) A state agency
9 shall provide written notice to the Legislative Budget Board of a
10 contract for consulting services if the amount of the contract,
11 including an amendment, modification, renewal, or extension of the
12 contract, exceeds \$14,000. The notice must be on a form prescribed
13 by the Legislative Budget Board and filed not later than the 10th
14 day after the date the entity enters into the contract.

15 (b) This section does not apply to a university system or
16 institution of higher education. In this subsection, "institution
17 of higher education" and "university system" have the meanings
18 assigned by Section 61.003, Education Code.

19 SECTION 1.39. Subsection (f), Section 388.005, Health and
20 Safety Code, is amended to read as follows:

21 (f) This section does not apply to a state agency or an
22 institution of higher education that the State Energy Conservation
23 Office determines [~~that~~], before September 1, 2007, adopted a plan
24 for conserving energy under which the agency or institution
25 established a percentage goal for reducing the consumption of
26 electricity. The exemption provided by this section applies only
27 while the agency or institution has an energy conservation plan in

1 effect and only if the agency or institution submits reports on the
2 conservation plan each year [~~calendar quarter~~] to the governor, the
3 Legislative Budget Board, and the State Energy Conservation Office.

4 SECTION 1.40. Section 412.053, Labor Code, is amended by
5 adding Subsection (c) to read as follows:

6 (c) This section does not apply to an institution of higher
7 education or university system. In this subsection, "institution
8 of higher education" and "university system" have the meanings
9 assigned by Section 61.003, Education Code.

10 SECTION 1.41. Subsection (d), Section 31.153, Natural
11 Resources Code, is amended to read as follows:

12 (d) Each state agency, other than an institution of higher
13 education, annually at the time set by the division, shall furnish
14 the Texas Historical Commission with a photograph and information
15 that specifies and identifies the age of each building:

16 (1) that was acquired by the agency after the date of
17 the preceding annual submission and that is at least 45 years old on
18 the date of the current submission; or

19 (2) that is possessed by the agency and has become 45
20 years old since the date the information was previously submitted.

21 SECTION 1.42. (a) The following laws are repealed
22 effective September 1, 2011:

23 (1) Section 51.216, Education Code;

24 (2) Subsections (b) and (c), Section 51.403, Education
25 Code;

26 (3) Section 51.4033, Education Code;

27 (4) Section 61.0815, Education Code;

- 1 (5) Section 61.086, Education Code;
- 2 (6) Subsection (c), Section 61.087, Education Code;
- 3 (7) Section 62.098, Education Code;
- 4 (8) Section 1434.054, Government Code;
- 5 (9) Section 2107.005, Government Code;
- 6 (10) Subsection (c), Section 412.042, Labor Code; and
- 7 (11) Subsection (c), Section 3.01, Chapter 670, Acts
- 8 of the 72nd Legislature, Regular Session, 1991 (Article 4477-7j,
- 9 Vernon's Texas Civil Statutes).

10 (b) The following provisions of the Education Code are
11 repealed effective September 1, 2013:

- 12 (1) Section 51.859;
- 13 (2) Subsection (e), Section 51.917;
- 14 (3) Subsection (d), Section 51.968;
- 15 (4) Subsection (h), Section 54.203;
- 16 (5) Subsection (c), Section 56.034;
- 17 (6) Subsection (j), Section 56.079;
- 18 (7) Subsection (c), Section 61.066;
- 19 (8) Subsection (d), Section 63.003;
- 20 (9) Section 63.004;
- 21 (10) Section 63.103;
- 22 (11) Subsection (m), Section 86.52;
- 23 (12) Section 88.210;
- 24 (13) Section 106.54;
- 25 (14) Section 142.005;
- 26 (15) Section 143.006;
- 27 (16) Section 147.005;

1 (17) Section 148.005; and

2 (18) Section 153.008.

3 SECTION 1.43. (a) This section governs a conflict between
4 this article and any other Act of the 82nd Legislature, Regular
5 Session, 2011, without regard to the relative dates of enactment.

6 (b) If this article and any other Act repeal the same
7 statute, the earlier effective date of repeal controls.

8 (c) If this article amends a statute that any other Act
9 repeals, the repeal controls.

10 SECTION 1.44. Section 51.011, Education Code, as added by
11 this article, applies to credit balances held by a public
12 institution of higher education on or after the effective date of
13 this article.

14 SECTION 1.45. This article takes effect immediately if this
15 Act receives a vote of two-thirds of all the members elected to each
16 house, as provided by Section 39, Article III, Texas Constitution.
17 If this Act does not receive the vote necessary for immediate
18 effect, this article takes effect September 1, 2011.

19 ARTICLE 2. FISCAL MATTERS CONCERNING ADVANCED PLACEMENT

20 SECTION 2.01. Subsection (h), Section 28.053, Education
21 Code, is amended to read as follows:

22 (h) The commissioner may enter into agreements with the
23 college board and the International Baccalaureate Organization to
24 pay for all examinations taken by eligible public school students.
25 An eligible student is a student [~~one~~] who:

26 (1) takes a college advanced placement or
27 international baccalaureate course at a public school or who is

1 recommended by the student's principal or teacher to take the test;
2 and

3 (2) demonstrates financial need as determined in
4 accordance with guidelines adopted by the board that are consistent
5 with the definition of financial need adopted by the college board
6 or the International Baccalaureate Organization.

7 ARTICLE 3. FISCAL MATTERS CONCERNING EARLY HIGH SCHOOL GRADUATION

8 SECTION 3.01. Subchapter K, Chapter 56, Education Code, is
9 amended by adding Section 56.2012 to read as follows:

10 Sec. 56.2012. EXPIRATION OF SUBCHAPTER; ELIGIBILITY
11 CLOSED. (a) This subchapter expires September 1, 2017.

12 (b) Notwithstanding Section 56.203, a person may not
13 receive an award under this subchapter if the person graduates from
14 high school on or after September 1, 2011.

15 SECTION 3.02. Subsection (b), Section 54.213, Education
16 Code, is amended to read as follows:

17 (b) [~~Savings to the foundation school fund that occur as a~~
18 ~~result of the Early High School Graduation Scholarship program~~
19 ~~created in Subchapter K, Chapter 56, and that are not required for~~
20 ~~the funding of state credits for tuition and mandatory fees under~~
21 ~~Section 56.204 or school district credits under Section 56.2075~~
22 ~~shall be used first to provide tuition exemptions under Section~~
23 ~~54.212. Any of those savings remaining after providing tuition~~
24 ~~exemptions under Section 54.212 shall be used to provide tuition~~
25 ~~exemptions under Section 54.214.] The Texas Education Agency shall
26 [also] accept and make available to provide tuition exemptions
27 under Section 54.214 gifts, grants, and donations made to the~~

1 agency for that purpose. The commissioner of education shall
2 transfer those funds to the Texas Higher Education Coordinating
3 Board to distribute to institutions of higher education that
4 provide exemptions under that section [~~Payment of funds under this~~
5 ~~subsection shall be made in the manner provided by Section 56.207~~
6 ~~for state credits under Subchapter K, Chapter 56~~].

7 SECTION 3.03. Section 56.210, Education Code, is repealed.

8 ARTICLE 4. FISCAL MATTERS CONCERNING TUITION EXEMPTIONS

9 SECTION 4.01. Subsection (c), Section 54.214, Education
10 Code, is amended to read as follows:

11 (c) To be eligible for an exemption under this section, a
12 person must:

13 (1) be a resident of this state;

14 (2) be a school employee serving in any capacity;

15 (3) for the initial term or semester for which the
16 person receives an exemption under this section, have worked as an
17 educational aide for at least one school year during the five years
18 preceding that term or semester;

19 (4) establish financial need as determined by
20 coordinating board rule;

21 (5) be enrolled at the institution of higher education
22 granting the exemption in courses required for teacher
23 certification in one or more subject areas determined by the Texas
24 Education Agency to be experiencing a critical shortage of teachers
25 at the public schools in this state [~~at the institution of higher~~
26 ~~education granting the exemption~~];

27 (6) maintain an acceptable grade point average as

1 determined by coordinating board rule; and

2 (7) comply with any other requirements adopted by the
3 coordinating board under this section.

4 SECTION 4.02. The change in law made by this article applies
5 beginning with tuition and fees charged for the 2011 fall semester.
6 Tuition and fees charged for a term or semester before the 2011 fall
7 semester are covered by the law in effect during the term or
8 semester for which the tuition and fees are charged, and the former
9 law is continued in effect for that purpose.

10 ARTICLE 5. FISCAL MATTERS CONCERNING CERTAIN DISTRIBUTIONS TO
11 INSTITUTIONS OF HIGHER EDUCATION

12 SECTION 5.01. Subchapter A, Chapter 63, Education Code, is
13 amended by adding Section 63.0035 to read as follows:

14 Sec. 63.0035. PARTIAL LIQUIDATION OF INSTITUTION'S SHARE;
15 DISTRIBUTION OF FUND AFTER LIQUIDATION. (a) Subject to
16 appropriation of the appropriate amounts, the board of regents of
17 The University of Texas System shall transfer to each institution
18 that is entitled in a state fiscal year to receive a distribution
19 from the permanent fund established under this subchapter a
20 one-time liquidation distribution for the state fiscal year ending
21 August 31, 2012, and, for that fiscal year and each subsequent
22 fiscal year, a reduced annual distribution as provided by this
23 section.

24 (b) The board of regents of The University of Texas System,
25 not later than November 1, 2011, shall:

26 (1) calculate the amount of each liquidation
27 distribution in accordance with this section; and

1 (2) provide to all institutions entitled to receive a
2 distribution from the permanent fund established under this
3 subchapter written notice specifying:

4 (A) the amount of the liquidation distribution to
5 be made to each institution in the state fiscal year ending August
6 31, 2012; and

7 (B) the amounts of the other distributions to be
8 made in that fiscal year to each institution under this section from
9 the per capita account and the formula account described by
10 Subsection (c).

11 (c) As soon as practicable after the beginning of the state
12 fiscal year ending August 31, 2012, the permanent fund shall be
13 segregated into two accounts, the per capita account and the
14 formula account. Notwithstanding any other law, distributions in
15 that fiscal year and in subsequent fiscal years shall be made in
16 accordance with this section and not in accordance with Section
17 63.003(a). The amount segregated into the per capita account is
18 equal to 70 percent of the total value of the fund at the end of the
19 preceding state fiscal year. The formula account is composed of the
20 remaining 30 percent of that total value at the end of that
21 preceding fiscal year.

22 (d) A liquidation distribution is an amount equal to
23 one-third of the institution's fractional share of the value of the
24 per capita account. An institution's fractional share of the per
25 capita account is determined by multiplying the amount segregated
26 into the per capita account by a fraction, the numerator of which is
27 one and the denominator of which is the number of institutions that

1 are entitled to receive a distribution from the permanent fund
2 established under this subchapter.

3 (e) In the state fiscal year ending August 31, 2012, and in
4 each subsequent fiscal year, the annual amount appropriated for
5 distribution from the investment of the per capita account shall be
6 distributed in equal shares to each institution.

7 (e-1) Subsection (e) does not apply to the amounts
8 distributed as liquidation distributions in the state fiscal year
9 ending August 31, 2012.

10 (f) In each state fiscal year in which distributions are
11 made from the per capita account under Subsection (e), the amount
12 appropriated for distribution from the investment of the formula
13 account shall be distributed in equal portions with respect to each
14 of the following categories, with each institution receiving a
15 share in each category proportionate to the amount that the
16 institution spent in that category in the preceding state fiscal
17 biennium as determined by the institution's annual financial
18 report, compared to the total spending of all institutions listed
19 in Section 63.002(c) in that category in the preceding biennium:

- 20 (1) instructional expenditures;
21 (2) research expenditures; and
22 (3) unsponsored charity care.

23 (g) Except as otherwise provided by this section:

- 24 (1) Section 63.003(b) applies to amounts appropriated
25 for distribution under Subsections (e) and (f) of this section; and
26 (2) Sections 63.003(c) and (d) apply to amounts
27 appropriated for distribution under Subsection (f) of this section.

1 (h) The comptroller in consultation with the board of
2 regents of The University of Texas System shall establish
3 procedures to implement this section. A liquidation distribution
4 shall be made in accordance with those procedures and in
5 consultation with the institutions receiving the liquidation
6 distribution.

7 (i) Any direct costs associated with liquidation
8 distributions, including discounts on investment dispositions and
9 related expenses realized by the permanent fund, shall be deducted
10 in equal portions from the amounts of the liquidation
11 distributions. The procedures established under Subsection (h)
12 must provide for the minimization of any costs associated with
13 making the liquidation distributions considering the liquidity of
14 the investment assets of the fund.

15 (j) Notwithstanding other provisions of this subchapter,
16 the amount distributed to an institution under this section as a
17 liquidation distribution is under the exclusive control of the
18 governing board of the institution and may be used by the
19 institution in any manner for any lawful purpose. The comptroller
20 shall establish procedures to ensure that a liquidation
21 distribution to Baylor College of Medicine is used for public
22 purposes consistent with a contract in effect under Section 61.092.

23 SECTION 5.02. Subsection (d), Section 63.003, Education
24 Code, is amended to read as follows:

25 (d) For the purposes of this section or Section 63.0035,
26 Baylor College of Medicine may receive funds [~~under Subsection~~
27 ~~(a)(2)~~] only if the institution provides the comptroller with an

1 independently audited schedule of information that substantially
2 complies with the reporting requirements issued by the comptroller
3 for other eligible institutions [~~under Subsection (a)(2)~~].
4 Information under this subsection must be supplied not later than
5 the time other eligible institutions are required to submit similar
6 information.

7 ARTICLE 6. FISCAL MATTERS CONCERNING DUAL HIGH SCHOOL AND JUNIOR
8 COLLEGE CREDIT

9 SECTION 6.01. Subsection (c), Section 130.008, Education
10 Code, is amended to read as follows:

11 (c) The contact hours attributable to the enrollment of a
12 high school student in a course offered for joint high school and
13 junior college credit under this section, excluding a course for
14 which the student attending high school may receive course credit
15 toward the physical education curriculum requirement under Section
16 28.002(a)(2)(C), shall be included in the contact hours used to
17 determine the junior college's proportionate share of the state
18 money appropriated and distributed to public junior colleges under
19 Sections 130.003 and 130.0031, even if the junior college waives
20 all or part of the tuition or fees for the student under Subsection
21 (b).

22 SECTION 6.02. This article applies beginning with funding
23 for the 2011 fall semester.

24 ARTICLE 7. FEE ON NONSETTLING MANUFACTURERS OF TOBACCO PRODUCTS

25 SECTION 7.01. (a) Chapter 161, Health and Safety Code, is
26 amended by adding Subchapter V to read as follows:

1 SUBCHAPTER V. FEE ON CIGARETTES AND CIGARETTE TOBACCO PRODUCTS

2 MANUFACTURED BY CERTAIN COMPANIES

3 Sec. 161.601. PURPOSE. The purpose of this subchapter is
4 to:

5 (1) recover health care costs to the state imposed by
6 nonsettling manufacturers;

7 (2) prevent nonsettling manufacturers from
8 undermining this state's policy of reducing underage smoking by
9 offering cigarettes and cigarette tobacco products at prices that
10 are substantially below the prices of cigarettes and cigarette
11 tobacco products of other manufacturers;

12 (3) protect the tobacco settlement agreement and
13 funding, which has been reduced because of the growth of sales of
14 nonsettling manufacturer cigarettes and cigarette tobacco
15 products, for programs that are funded wholly or partly by payments
16 to this state under the tobacco settlement agreement and recoup for
17 this state settlement payment revenue lost because of sales of
18 nonsettling manufacturer cigarettes and cigarette tobacco
19 products; and

20 (4) provide funding for certain health-related
21 institutions of higher education for any purpose the legislature
22 determines.

23 Sec. 161.602. DEFINITIONS. In this subchapter:

24 (1) "Brand family" means each style of cigarettes or
25 cigarette tobacco products sold under the same trademark. The term
26 includes any style of cigarettes or cigarette tobacco products that
27 have a brand name, trademark, logo, symbol, motto, selling message,

1 recognizable pattern of colors, or other indication of product
2 identification that is identical to, similar to, or identifiable
3 with a previously known brand of cigarettes or cigarette tobacco
4 products.

5 (2) "Cigarette" means any product that contains
6 nicotine and is intended to be burned or heated under ordinary
7 conditions of use. The term includes:

8 (A) a roll of tobacco wrapped in paper or another
9 substance that does not contain tobacco;

10 (B) tobacco, in any form, that is functional in a
11 product that, because of the product's appearance, the type of
12 tobacco used in the filler, or the product's packaging and
13 labeling, is likely to be offered to or purchased by a consumer as a
14 cigarette; or

15 (C) a roll of tobacco wrapped in any substance
16 containing tobacco that, because of the product's appearance, the
17 type of tobacco used in the filler, or the product's packaging and
18 labeling, is likely to be offered to or purchased by a consumer as a
19 cigarette.

20 (3) "Cigarette tobacco product" means roll-your-own
21 tobacco or tobacco that, because of the tobacco's appearance, type,
22 packaging, or labeling, is suitable for use in making cigarettes
23 and is likely to be offered to or purchased by a consumer for that
24 purpose.

25 (4) "Distributor" has the meaning assigned by Section
26 154.001 or 155.001, Tax Code, as appropriate.

27 (5) "Manufacturer" means a person that manufactures,

1 fabricates, or assembles cigarettes for sale or distribution. For
2 purposes of this subchapter, the term includes a person that is the
3 first importer into the United States of cigarettes and cigarette
4 tobacco products manufactured, fabricated, or assembled outside
5 the United States.

6 (6) "Nonsettling manufacturer" means a manufacturer
7 of cigarettes that did not sign the tobacco settlement agreement.

8 (7) "Nonsettling manufacturer cigarettes" means
9 cigarettes manufactured, fabricated, assembled, or imported by a
10 nonsettling manufacturer.

11 (8) "Nonsettling manufacturer cigarette tobacco
12 products" means cigarette tobacco products manufactured,
13 fabricated, assembled, or imported by a nonsettling manufacturer.

14 (9) "Tobacco settlement agreement" means the
15 Comprehensive Settlement Agreement and Release filed on January 16,
16 1998, in the United States District Court, Eastern District of
17 Texas, in the case styled The State of Texas v. The American Tobacco
18 Co., et al., No. 5-96CV-91, and all subsequent amendments.

19 Sec. 161.603. FEE IMPOSED. (a) A fee is imposed on the
20 sale, use, consumption, or distribution in this state of:

21 (1) nonsettling manufacturer cigarettes if a stamp is
22 required to be affixed to a package of those cigarettes under
23 Chapter 154, Tax Code;

24 (2) nonsettling manufacturer cigarettes that are
25 sold, purchased, or distributed in this state but that are not
26 required to have a stamp affixed to a package of those cigarettes
27 under Chapter 154, Tax Code;

1 (3) nonsettling manufacturer cigarette tobacco
2 products that are subject to the tax imposed by Section 155.0211,
3 Tax Code; and

4 (4) nonsettling manufacturer cigarette tobacco
5 products that are sold, purchased, or distributed in this state but
6 that are not subject to the tax imposed by Section 155.0211, Tax
7 Code.

8 (b) The fee imposed by this section does not apply to
9 cigarettes or cigarette tobacco products that are:

10 (1) included in computing payments due to be made by a
11 settling manufacturer under the tobacco settlement agreement; or

12 (2) sold, purchased, or otherwise distributed in this
13 state for retail sale outside this state.

14 (c) The fee imposed by this subchapter is in addition to any
15 other privilege, license, fee, or tax required or imposed by state
16 law.

17 (d) Except as otherwise provided by this subchapter, the fee
18 imposed by this subchapter is imposed, collected, paid,
19 administered, and enforced in the same manner, taking into account
20 that the fee is imposed on nonsettling manufacturers, as the taxes
21 imposed by Chapters 154 and 155, Tax Code, as appropriate.

22 Sec. 161.604. RATE OF FEE. (a) Except as provided by
23 Subsection (b), the fee is imposed at the rate of 2.15 cents for:

24 (1) each nonsettling manufacturer cigarette; and

25 (2) each 0.09 ounce of nonsettling manufacturer
26 cigarette tobacco product.

27 (b) On January 1 of each year, the comptroller shall

1 increase the rate of the tax prescribed by Subsection (a) by the
2 greater of:

3 (1) three percent; or

4 (2) the percentage increase in the most recent annual
5 revised Consumer Price Index for All Urban Consumers, as published
6 by the Federal Bureau of Labor Statistics of the United States
7 Department of Labor.

8 Sec. 161.605. NONSETTLING MANUFACTURER CIGARETTES AND
9 CIGARETTE TOBACCO PRODUCTS FOR RETAIL SALE OUTSIDE THIS STATE.

10 (a) Except as provided by Subsection (b), a person may not
11 transport or cause to be transported from this state nonsettling
12 manufacturer cigarettes or cigarette tobacco products for retail
13 sale in another state unless:

14 (1) the packages of the cigarettes or cigarette
15 tobacco products bear the tax stamps of the state in which the
16 cigarettes or cigarette tobacco products are to be sold and the
17 stamps are affixed in accordance with the laws of that state; or

18 (2) if the state does not require a tax stamp, all
19 excise taxes imposed on the cigarettes or cigarette tobacco
20 products by the state in which they are to be sold have been paid in
21 accordance with the laws of that state.

22 (b) A person is not required to affix a tax stamp of another
23 state or pay the excise tax of another state before transporting the
24 nonsettling manufacturer cigarettes or cigarette tobacco products
25 out of this state if:

26 (1) the state the cigarettes or cigarette tobacco
27 products are being transported to prohibits that action; and

1 (2) the cigarettes or cigarette tobacco products are
2 being sold to a wholesaler licensed by that state.

3 Sec. 161.606. DISTRIBUTOR'S REPORT. (a) A distributor
4 required to file a report under Section 154.210 or 155.111, Tax
5 Code, shall, in addition to the information required by those
6 sections, include in that required report, as appropriate:

7 (1) the number and denominations of stamps affixed to
8 individual packages of nonsettling manufacturer cigarettes during
9 the preceding month;

10 (2) the amount of nonsettling manufacturer cigarette
11 tobacco products subject to the tax imposed by Section 155.0211,
12 Tax Code, during the preceding month;

13 (3) the number of individual packages of nonsettling
14 manufacturer cigarettes and the amount of nonsettling manufacturer
15 cigarette tobacco products not subject to the tax imposed by
16 Chapter 154, Tax Code, or Section 155.0211, Tax Code, sold or
17 purchased in this state or otherwise distributed in this state for
18 sale in the United States;

19 (4) the number of individual packages of nonsettling
20 manufacturer cigarettes and the amount of nonsettling manufacturer
21 cigarette tobacco products transported or caused to be transported
22 outside this state during the preceding month;

23 (5) if Subdivision (4) applies, the name and address
24 of the persons receiving the cigarettes or cigarette tobacco
25 products outside this state; and

26 (6) any other information the comptroller considers
27 necessary or appropriate to determine the amount of the fee imposed

1 by this subchapter or to enforce this subchapter.

2 (b) The information required by Subsection (a) must be
3 itemized for each place of business and by manufacturer and brand
4 family.

5 (c) The requirement to report information under this
6 section shall be enforced in the same manner as the requirement to
7 deliver to or file with the comptroller a report required under
8 Section 154.210 or 155.111, Tax Code, as appropriate.

9 (d) Information obtained from a report provided under
10 Subsection (a) regarding cigarettes or cigarette tobacco products
11 sold, purchased, or otherwise distributed by a nonsettling
12 manufacturer may be disclosed by the comptroller to that
13 manufacturer or to the authorized representative of the
14 manufacturer.

15 Sec. 161.607. NOTICE AND PAYMENT OF FEE. (a) Each month,
16 not later than the 20th day after the date the comptroller receives
17 the information required by Section 161.606, the comptroller shall:

18 (1) compute the amount of the fee imposed by this
19 subchapter that each nonsettling manufacturer owes for that
20 reporting period based on that information and any other
21 information available to the comptroller; and

22 (2) mail to each nonsettling manufacturer a notice of
23 the amount of fees the manufacturer owes.

24 (b) Not later than the 15th day of the month after the month
25 in which the comptroller mails a nonsettling manufacturer a notice
26 under Subsection (a), the nonsettling manufacturer shall send to
27 the comptroller the amount of the fee due according to the notice.

1 Sec. 161.608. DIRECTORY OF COMPLYING MANUFACTURERS.

2 (a) The comptroller shall develop, maintain, and publish on the
3 comptroller's Internet website a directory listing of all
4 nonsettling manufacturers that have complied with this subchapter.

5 (b) The comptroller shall provide the list described by
6 Subsection (a) to any person on request.

7 Sec. 161.609. PREPAYMENT BEFORE OFFERING NONSETTLING
8 MANUFACTURER CIGARETTES OR CIGARETTE TOBACCO PRODUCTS FOR SALE OR

9 DISTRIBUTION IN THIS STATE. (a) If cigarettes or cigarette
10 tobacco products of a nonsettling manufacturer are not offered for
11 sale or distribution in this state on September 1, 2011, the
12 nonsettling manufacturer may not offer those cigarettes or
13 cigarette tobacco products for sale or distribution in this state
14 after that date unless the manufacturer first prepays the fee
15 imposed by this subchapter for sales of cigarettes and cigarette
16 tobacco products that will occur in the first calendar month in
17 which they are sold or distributed in this state.

18 (b) The amount a nonsettling manufacturer is required to
19 prepay under this section is equal to the greater of:

20 (1) the rate prescribed by Section 161.604 in effect
21 on that date multiplied by:

22 (A) the number of cigarettes the comptroller
23 reasonably projects that the nonsettling manufacturer will sell or
24 distribute in this state during that calendar month; and

25 (B) each 0.09 ounce of nonsettling manufacturer
26 cigarette tobacco products the comptroller reasonably projects
27 that the nonsettling manufacturer will sell or distribute in this

1 state during that calendar month; or

2 (2) \$50,000.

3 (c) The fee imposed by this section does not apply to
4 cigarettes or cigarette tobacco products that are:

5 (1) included in computing payments due to be made by a
6 settling manufacturer under the tobacco settlement agreement; or

7 (2) sold, purchased, or otherwise distributed in this
8 state for retail sale outside this state.

9 (d) The comptroller may require a nonsettling manufacturer
10 to provide any information reasonably necessary to determine the
11 prepayment amount.

12 (e) The comptroller shall establish procedures to:

13 (1) reimburse a nonsettling manufacturer if the actual
14 sales or distributions in the first calendar month are less than the
15 projected sales or distributions; and

16 (2) require additional payments if the actual sales or
17 distributions in the first calendar month are greater than the
18 projected sales or distributions.

19 (f) A nonsettling manufacturer shall pay the fee imposed by
20 this subchapter in the manner provided by Section 161.607 beginning
21 in the second calendar month in which the manufacturer offers the
22 cigarettes or cigarette tobacco products for sale or distribution
23 in this state.

24 Sec. 161.610. REPORT TO ATTORNEY GENERAL BEFORE OFFERING
25 NONSETTLING MANUFACTURER CIGARETTES OR CIGARETTE TOBACCO PRODUCTS
26 FOR SALE OR DISTRIBUTION IN THIS STATE. (a) In addition to
27 prepaying the fee required by Section 161.609, a nonsettling

1 manufacturer described by Section 161.609(a) shall, before the date
2 the cigarettes or cigarette tobacco products are offered for sale
3 or distribution in this state, provide to the attorney general on a
4 form prescribed by the attorney general:

5 (1) the nonsettling manufacturer's complete name,
6 address, and telephone number;

7 (2) the date that the nonsettling manufacturer will
8 begin offering cigarettes or cigarette tobacco products for sale or
9 distribution in this state;

10 (3) the names of the brand families of the cigarettes
11 or cigarette tobacco products that the nonsettling manufacturer
12 will offer for sale or distribution in this state;

13 (4) a statement that the nonsettling manufacturer
14 intends to comply with this subchapter; and

15 (5) the name, address, telephone number, and signature
16 of an officer of the nonsettling manufacturer attesting to all of
17 the included information.

18 (b) The attorney general shall make the information
19 provided under this section available to the comptroller.

20 Sec. 161.611. PENALTIES FOR NONCOMPLIANCE.

21 (a) Cigarettes and cigarette tobacco products of a nonsettling
22 manufacturer that has not complied with this subchapter, including
23 full payment of the fee imposed by this subchapter, shall be treated
24 as cigarettes or tobacco products for which the tax assessed by
25 Chapter 154 or 155, Tax Code, as appropriate, has not been paid, and
26 the manufacturer is subject to all penalties imposed by those
27 chapters for violations of those chapters.

1 (b) The comptroller shall provide to a nonsettling
2 manufacturer, each distributor authorized to affix stamps under
3 Chapter 154, Tax Code, and the attorney general a notice of the
4 manufacturer's noncompliance with this subchapter if the
5 manufacturer:

6 (1) does not pay in full the fee imposed by this
7 subchapter; or

8 (2) is not included on the directory required by
9 Section 161.608.

10 (c) If a nonsettling manufacturer does not appear on the
11 directory required by Section 161.608, or on receipt of the notice
12 of a nonsettling manufacturer's noncompliance, a distributor may
13 not:

14 (1) pay the tax imposed by Chapter 154 or 155, Tax
15 Code, as appropriate;

16 (2) affix to a package of cigarettes the stamp
17 required by Section 154.041, Tax Code; or

18 (3) otherwise purchase, sell, or distribute
19 cigarettes manufactured by the nonsettling manufacturer in this
20 state.

21 (d) If the comptroller determines that the nonsettling
22 manufacturer that is the subject of a notice provided under
23 Subsection (b) later complies with this subchapter, the comptroller
24 shall provide to the nonsettling manufacturer, each distributor
25 authorized to affix stamps under Chapter 154, Tax Code, and the
26 attorney general a notice that the nonsettling manufacturer is in
27 compliance with this subchapter.

1 Sec. 161.612. APPOINTMENT OF AGENT FOR SERVICE OF PROCESS.

2 A nonsettling manufacturer shall appoint and engage a resident
3 agent for service of process.

4 Sec. 161.613. AUDIT OR INSPECTION. The comptroller or
5 attorney general is entitled to conduct reasonable periodic audits
6 or inspections of the financial records of a nonsettling
7 manufacturer to ensure compliance with this subchapter.

8 Sec. 161.614. REVENUE DEPOSITED IN PERMANENT HEALTH FUND.

9 The revenue from the fee imposed by this subchapter shall be
10 deposited in the state treasury to the credit of the permanent
11 health fund for higher education under Subchapter A of Chapter 63,
12 Education Code. The annual amounts deposited shall be distributed
13 for any purpose the legislature determines and shall not be subject
14 to the requirements of Chapter 63, Education Code.

15 Sec. 161.615. APPLICATION OF SUBCHAPTER. This subchapter

16 applies without regard to Section 154.022, Tax Code, or any other
17 law that might be read to create an exemption for interstate sales.

18 (b) Not later than September 30, 2011, a nonsettling
19 manufacturer, as that term is defined by Section 161.602, Health
20 and Safety Code, as added by this section, that is offering
21 cigarettes or cigarette tobacco products for sale or distribution
22 in this state on September 1, 2011, shall provide to the attorney
23 general on a form prescribed by the attorney general:

24 (1) the nonsettling manufacturer's complete name,
25 address, and telephone number;

26 (2) the date that the nonsettling manufacturer began
27 offering cigarettes or cigarette tobacco products for sale or

1 distribution in this state;

2 (3) the names of the brand families of the cigarettes
3 or cigarette tobacco products that the nonsettling manufacturer
4 offers for sale or distribution in this state;

5 (4) a statement that the nonsettling manufacturer
6 intends to comply with Subchapter V, Chapter 161, Health and Safety
7 Code, as added by this section; and

8 (5) the name, address, telephone number, and signature
9 of an officer of the nonsettling manufacturer attesting to all of
10 the included information.

11 (c) The attorney general shall make the information
12 provided under Subsection (b) of this section available to the
13 comptroller of public accounts of the State of Texas.

14 (d) Notwithstanding any other provision of this Act, this
15 section takes effect September 1, 2011.

16 ARTICLE 8. FISCAL MATTERS CONCERNING THE STATE COMPRESSION
17 PERCENTAGE

18 SECTION 8.01. Section 42.2516, Education Code, is amended
19 by adding Subsection (b-2) to read as follows:

20 (b-2) If a school district adopts a maintenance and
21 operations tax rate that is below the rate equal to the product of
22 the state compression percentage multiplied by the maintenance and
23 operations tax rate adopted by the district for the 2005 tax year,
24 the commissioner shall reduce the district's entitlement under this
25 section in proportion to the amount by which the adopted rate is
26 less than the rate equal to the product of the state compression
27 percentage multiplied by the rate adopted by the district for the

1 2005 tax year. The reduction required by this subsection applies
2 beginning with the maintenance and operations tax rate adopted for
3 the 2009 tax year.

4 ARTICLE 9. FISCAL MATTERS RELATING TO PUBLIC SCHOOL

5 FINANCE AND PREKINDERGARTEN PROGRAMS

6 SECTION 9.01. Effective September 1, 2011, Section 12.106,
7 Education Code, is amended by amending Subsection (a) and adding
8 Subsection (a-3) to read as follows:

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

12 (1) the percentage specified by Section 42.2516(i)
13 multiplied by the amount of funding per student in weighted average
14 daily attendance, excluding enrichment funding under Sections
15 42.302(a-1)(2) and (3), as they existed on January 1, 2009, that
16 would have been received for the school during the 2009-2010 school
17 year under Chapter 42 as it existed on January 1, 2009, and an
18 additional amount of the percentage specified by Section 42.2516(i)
19 multiplied by \$120 for each student in weighted average daily
20 attendance; or

21 (2) the amount of funding per student in weighted
22 average daily attendance, excluding enrichment funding under
23 Section 42.302(a), to which the charter holder would be entitled
24 for the school under Chapter 42 if the school were a school district
25 without a tier one local share for purposes of Section 42.253 and
26 without any local revenue for purposes of Section 42.2516.

27 (a-3) In determining funding for an open-enrollment charter

1 school under Subsection (a), the commissioner shall apply the
2 regular program adjustment factor provided under Section 42.101 to
3 calculate the regular program allotment to which a charter school
4 is entitled.

5 SECTION 9.02. Effective September 1, 2016, Subsection (a),
6 Section 12.106, Education Code, is amended to read as follows:

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

10 ~~[(1) the amount of funding per student in weighted~~
11 ~~average daily attendance, excluding enrichment funding under~~
12 ~~Sections 42.302(a-1)(2) and (3), as they existed on January 1,~~
13 ~~2009, that would have been received for the school during the~~
14 ~~2009-2010 school year under Chapter 42 as it existed on January 1,~~
15 ~~2009, and an additional amount of \$120 for each student in weighted~~
16 ~~average daily attendance; or~~

17 ~~[(2)]~~ the amount of funding per student in weighted
18 average daily attendance, excluding enrichment funding under
19 Section 42.302(a), to which the charter holder would be entitled
20 for the school under Chapter 42 if the school were a school district
21 without a tier one local share for purposes of Section 42.253 ~~[and~~
22 ~~without any local revenue for purposes of Section 42.2516].~~

23 SECTION 9.03. Effective September 1, 2011, Section 21.402,
24 Education Code, is amended by amending Subsections (a), (b), (c),
25 and (c-1) and adding Subsection (i) to read as follows:

26 (a) Except as provided by Subsection (d) ~~[, (e),]~~ or (f), a
27 school district must pay each classroom teacher, full-time

1 librarian, full-time counselor certified under Subchapter B, or
2 full-time school nurse not less than the minimum monthly salary,
3 based on the employee's level of experience in addition to other
4 factors, as determined by commissioner rule, determined by the
5 following formula:

6
$$MS = SF \times FS$$

7 where:

8 "MS" is the minimum monthly salary;

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

11 "FS" is the amount, as determined by the commissioner under
12 Subsection (b), of the basic allotment as provided by Section
13 42.101 (a) or (b) for a school district with a maintenance and
14 operations tax rate at least equal to the state maximum compressed
15 tax rate, as defined by Section 42.101 (a) [~~state and local funds~~
16 ~~per weighted student, including funds provided under Section~~
17 ~~42.2516, available to a district eligible to receive state~~
18 ~~assistance under Section 42.302 with a maintenance and operations~~
19 ~~tax rate per \$100 of taxable value equal to the product of the state~~
20 ~~compression percentage, as determined under Section 42.2516,~~
21 ~~multiplied by \$1.50, except that the amount of state and local funds~~
22 ~~per weighted student does not include the amount attributable to~~
23 ~~the increase in the guaranteed level made by Chapter 1187, Acts of~~
24 ~~the 77th Legislature, Regular Session, 2001]~~.

25 (b) Not later than June 1 of each year, the commissioner
26 shall determine the basic allotment and resulting monthly salaries
27 to be paid by school districts as provided by Subsection (a) [~~amount~~

1 ~~of state and local funds per weighted student available, for~~
 2 ~~purposes of Subsection (a), to a district described by that~~
 3 ~~subsection for the following school year].~~

4 (c) The salary factors per step are as follows:

5	Years Experience	0	1	2	3	4
6	Salary Factor	<u>.5464</u> [.6226]	<u>.5582</u> [.6360]	<u>.5698</u> [.6492]	<u>.5816</u> [.6627]	<u>.6064</u> [.6909]
7	Years Experience	5	6	7	8	9
8	Salary Factor	<u>.6312</u> [.7192]	<u>.6560</u> [.7474]	<u>.6790</u> [.7737]	<u>.7008</u> [.7985]	<u>.7214</u> [.8220]
9	Years Experience	10	11	12	13	14
10	Salary Factor	<u>.7408</u> [.8441]	<u>.7592</u> [.8650]	<u>.7768</u> [.8851]	<u>.7930</u> [.9035]	<u>.8086</u> [.9213]
11	Years Experience	15	16	17	18	19
12	Salary Factor	<u>.8232</u> [.9390]	<u>.8372</u> [.9539]	<u>.8502</u> [.9687]	<u>.8626</u> [.9828]	<u>.8744</u> [.9963]
13	Years Experience	20 and over				
14	Salary Factor	<u>.8854</u> [1.009]				

15 (c-1) Notwithstanding Subsections [~~Subsection~~] (a) and
 16 (b) [~~, for the 2009-2010 and 2010-2011 school years~~], each school
 17 district shall pay a monthly salary to [~~increase the monthly salary~~
 18 ~~of~~] each classroom teacher, full-time speech pathologist,
 19 full-time librarian, full-time counselor certified under
 20 Subchapter B, and full-time school nurse that is at least equal to
 21 the following monthly salary or the monthly salary determined by
 22 the commissioner under Subsections (a) and (b), whichever is [~~by~~
 23 ~~the~~] greater [~~of~~]:

24		<u>Years of</u>	<u>Monthly</u>
25		<u>Experience</u>	<u>Salary</u>
26		<u>0</u>	<u>2,732</u>
27		<u>1</u>	<u>2,791</u>

1	<u>2</u>	<u>2,849</u>
2	<u>3</u>	<u>2,908</u>
3	<u>4</u>	<u>3,032</u>
4	<u>5</u>	<u>3,156</u>
5	<u>6</u>	<u>3,280</u>
6	<u>7</u>	<u>3,395</u>
7	<u>8</u>	<u>3,504</u>
8	<u>9</u>	<u>3,607</u>
9	<u>10</u>	<u>3,704</u>
10	<u>11</u>	<u>3,796</u>
11	<u>12</u>	<u>3,884</u>
12	<u>13</u>	<u>3,965</u>
13	<u>14</u>	<u>4,043</u>
14	<u>15</u>	<u>4,116</u>
15	<u>16</u>	<u>4,186</u>
16	<u>17</u>	<u>4,251</u>
17	<u>18</u>	<u>4,313</u>
18	<u>19</u>	<u>4,372</u>
19	<u>20 & Over</u>	<u>4,427</u>

20 ~~[(1) \$80, or~~
21 ~~[(2) the maximum uniform amount that, when combined with any~~
22 ~~resulting increases in the amount of contributions made by the~~
23 ~~district for social security coverage for the specified employees~~
24 ~~or by the district on behalf of the specified employees under~~
25 ~~Section 825.405, Government Code, may be provided using an amount~~
26 ~~equal to the product of \$60 multiplied by the number of students in~~
27 ~~weighted average daily attendance in the school during the~~

1 ~~2009-2010 school year.]~~

2 (i) Not later than January 1, 2013, the commissioner shall
3 submit to the governor, the lieutenant governor, the speaker of the
4 house of representatives, and the presiding officer of each
5 legislative standing committee with primary jurisdiction over
6 primary and secondary education a written report that evaluates and
7 provides recommendations regarding the salary schedule. This
8 subsection expires September 1, 2013.

9 SECTION 9.031. Effective September 1, 2016, Section 21.402,
10 Education Code, is amended by amending Subsection (a) and adding
11 Subsection (e-1) to read as follows:

12 (a) Except as provided by Subsection (d), (e-1) [~~(e)~~], or
13 (f), a 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 the basic allotment as provided by Section
25 42.101(a) or (b) for a school district with a maintenance and
26 operation tax rate at least equal to the state maximum compressed
27 operation tax rate at least equal to the state maximum compressed

1 tax rate, as defined by Section 42.101(a) [~~state and local funds per~~
2 ~~weighted student, including funds provided under Section 42.2516,~~
3 ~~available to a district eligible to receive state assistance under~~
4 ~~Section 42.302 with a maintenance and operations tax rate per \$100~~
5 ~~of taxable value equal to the product of the state compression~~
6 ~~percentage, as determined under Section 42.2516, multiplied by~~
7 ~~\$1.50, except that the amount of state and local funds per weighted~~
8 ~~student does not include the amount attributable to the increase in~~
9 ~~the guaranteed level made by Chapter 1187, Acts of the 77th~~
10 ~~Legislature, Regular Session 2001].~~

11 (e-1) If the minimum monthly salary determined under
12 Subsection (a) for a particular level of experience is less than the
13 minimum monthly salary for that level of experience in the
14 preceding year, the minimum monthly salary is the minimum monthly
15 salary for the preceding year.

16 SECTION 9.04. Section 29.1532, Education Code, is amended
17 by amending Subsection (a) and adding Subsections (d) and (e) to
18 read as follows:

19 (a) A school district's prekindergarten program shall be
20 designed to develop skills necessary for success in the regular
21 public school curriculum, including language, mathematics, [~~and~~
22 social, and school readiness skills that are aligned with the Texas
23 Prekindergarten Guidelines approved by the commissioner.

24 (d) A school district's prekindergarten program must
25 demonstrate effectiveness in preparing children for kindergarten
26 according to a school readiness certification system established by
27 the commissioner. The commissioner may waive participation in the

1 certification system for a school district whose prekindergarten
2 program otherwise demonstrates effectiveness in preparing students
3 for kindergarten.

4 (e) The commissioner may adopt rules as necessary to
5 implement this section.

6 SECTION 9.05. Section 29.154, Education Code, is amended to
7 read as follows:

8 Sec. 29.154. EVALUATION OF PREKINDERGARTEN PROGRAMS.

9 (a) The commissioner [of education, in consultation with the
10 commissioner of human services,] shall:

11 (1) monitor and evaluate prekindergarten programs as
12 to their developmental appropriateness and the development of
13 school readiness, as aligned with the Texas Prekindergarten
14 Guidelines approved by the commissioner and a school readiness
15 certification system established by the commissioner;

16 (2) [~~. The commissioners shall also~~] evaluate the
17 potential for coordination on a statewide basis of prekindergarten
18 programs with government-funded early childhood care and education
19 programs such as child care administered under Chapter 44, Human
20 Resources Code, and federal Head Start programs; and

21 (3) [~~. That evaluation shall use recommendations~~
22 contained in the report to the 71st Legislature required by Chapter
23 717, Acts of the 70th Legislature, Regular Session, 1987. For the
24 purpose of providing cost-effective care for children during the
25 full workday with developmentally appropriate curriculum, the
26 commissioners shall investigate the use of existing child-care
27 program sites as prekindergarten sites. Following the evaluation

1 ~~required by this section, the commissioners,~~] in cooperation with
2 school districts and other program administrators, [~~shall~~]
3 integrate programs, staff, and program sites for prekindergarten,
4 child-care, and federal Head Start programs to the greatest extent
5 possible.

6 (b) The commissioner or an entity acting under a contract
7 with the commissioner shall provide technical assistance to
8 implement proven school readiness components to a school district
9 operating a prekindergarten program under this subchapter that is
10 not certified by the commissioner following two consecutive review
11 cycles. The commissioner is not required to provide assistance to a
12 school district under this subsection if funding is not available.

13 (c) The commissioner may adopt rules as necessary to
14 implement this section.

15 SECTION 9.06. Subsection (a), Section 41.002, Education
16 Code, is amended to read as follows:

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

19 (1) the wealth per student that generates the amount
20 of maintenance and operations tax revenue per weighted student
21 available to a district with maintenance and operations tax revenue
22 per cent of tax effort equal to the maximum amount provided per cent
23 under Section 42.101(a) [~~42.101~~], for the district's maintenance
24 and operations tax effort equal to or less than the rate equal to
25 the product of the state compression percentage, as determined
26 under Section 42.2516, multiplied by the maintenance and operations
27 tax rate adopted by the district for the 2005 tax year;

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

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

17 SECTION 9.07. Section 42.003, Education Code, is amended by
18 amending Subsection (b) and adding Subsection (b-1) to read as
19 follows:

20 (b) A student to whom Subsection (a) does not apply is
21 entitled to the benefits of the Foundation School Program if the
22 student is enrolled in a prekindergarten class under Section 29.153
23 that participates in a school readiness certification system
24 established by the commissioner or that has received a waiver from
25 participation under Section 29.1532(d).

26 (b-1) For the 2012-2013 school year, the commissioner may
27 withhold from a school district an amount of the funds appropriated

1 to the district for allotments for prekindergarten students
2 enrolled in a classroom that participates in a school readiness
3 certification system established by the commissioner to pay the
4 costs of the district's participation in the school readiness
5 certification system. The commissioner may also withhold an amount
6 of revenue to which a school district is otherwise entitled under
7 Section 42.2516 to ensure that each school district in this state
8 pays a comparable amount of the costs of participation in the
9 system. This subsection expires September 1, 2013.

10 SECTION 9.08. The heading to Section 42.101, Education
11 Code, is amended to read as follows:

12 Sec. 42.101. BASIC AND REGULAR PROGRAM ALLOTMENTS
13 [~~ALLOTMENT~~].

14 SECTION 9.09. Effective September 1, 2011, Section 42.101,
15 Education Code, is amended by amending Subsections (a) and (b) and
16 adding Subsections (c) and (c-1) to read as follows:

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

24
$$A = \$4,765 \times (DCR/MCR)$$

25 where:

26 "A" is the resulting amount for [~~allotment to which~~] a
27 district [~~is entitled~~];

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

5 "MCR" is the state maximum compressed tax rate, which is the
6 product of the state compression percentage, as determined under
7 Section 42.2516, multiplied by \$1.50.

8 (b) A greater amount for any school year for the basic
9 allotment under Subsection (a) may be provided by appropriation.

10 (c) A school district is entitled to a regular program
11 allotment equal to the amount that results from the following
12 formula:

$$\text{RPA} = \text{ADA} \times \text{AA} \times \text{RPAF}$$

13 where:

14 "RPA" is the regular program allotment to which the district
15 is entitled;

16 "ADA" is the number of students in average daily attendance
17 in a district, not including the time students spend each day in
18 special education programs in an instructional arrangement other
19 than mainstream or career and technology education programs, for
20 which an additional allotment is made under Subchapter C;

21 "AA" is the district's adjusted basic allotment, as
22 determined under Section 42.102 and, if applicable, as further
23 adjusted under Section 42.103; and

24 "RPAF" is the regular program adjustment factor, which is
25 1.00 or a different amount established by appropriation.

26 (c-1) Notwithstanding Subsection (c), the regular program
27 allotment shall be the amount determined under Subsection (c).

1 adjustment factor ("RPAF") is 0.98 for the 2011-2012 and 2012-2013
2 school years. This subsection expires September 1, 2013.

3 SECTION 9.10. Effective September 1, 2015, Subsection (a),
4 Section 42.101, Education Code, is amended to read as follows:

5 (a) The basic [~~For each student in average daily attendance,~~
6 ~~not including the time students spend each day in special education~~
7 ~~programs in an instructional arrangement other than mainstream or~~
8 ~~career and technology education programs, for which an additional~~
9 ~~allotment is made under Subchapter C, a district is entitled to an]~~
10 allotment is an amount equal to the lesser of \$4,900 [~~\$4,765~~] or the
11 amount that results from the following formula:

12
$$A = \underline{\$4,900} [\underline{\$4,765}] \times (\text{DCR}/\text{MCR})$$

13 where:

14 "A" is the resulting amount for [~~allotment to which~~] a
15 district [~~is entitled~~];

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

20 "MCR" is the state maximum compressed tax rate, which is the
21 product of the state compression percentage, as determined under
22 Section 42.2516, multiplied by \$1.50.

23 SECTION 9.11. Effective September 1, 2016, Subsection (a),
24 Section 42.101, Education Code, is amended to read as follows:

25 (a) The basic [~~For each student in average daily attendance,~~
26 ~~not including the time students spend each day in special education~~
27 ~~programs in an instructional arrangement other than mainstream or~~

1 ~~career and technology education programs, for which an additional~~
2 ~~allotment is made under Subchapter C, a district is entitled to an]~~
3 allotment is an amount equal to the lesser of \$5,000 [~~\$4,765~~] or the
4 amount that results from the following formula:

5
$$A = \underline{\$5,000} [\underline{\$4,765}] \times (\text{DCR}/\text{MCR})$$

6 where:

7 "A" is the resulting amount for [~~allotment to which~~] a
8 district [~~is entitled~~];

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

13 "MCR" is the state maximum compressed tax rate, which is the
14 product of the state compression percentage, as determined under
15 Section 42.2516, multiplied by \$1.50.

16 SECTION 9.12. Section 42.105, Education Code, is amended to
17 read as follows:

18 Sec. 42.105. SPARSITY ADJUSTMENT. Notwithstanding
19 Sections 42.101, 42.102, and 42.103, a school district that has
20 fewer than 130 students in average daily attendance shall be
21 provided a regular program [~~an adjusted basic~~] allotment on the
22 basis of 130 students in average daily attendance if it offers a
23 kindergarten through grade 12 program and has preceding or current
24 year's average daily attendance of at least 90 students or is 30
25 miles or more by bus route from the nearest high school district. A
26 district offering a kindergarten through grade 8 program whose
27 preceding or current year's average daily attendance was at least

1 50 students or which is 30 miles or more by bus route from the
2 nearest high school district shall be provided a regular program
3 [~~an adjusted basic~~] allotment on the basis of 75 students in average
4 daily attendance. An average daily attendance of 60 students shall
5 be the basis of providing the regular program [~~adjusted basic~~]
6 allotment if a district offers a kindergarten through grade 6
7 program and has preceding or current year's average daily
8 attendance of at least 40 students or is 30 miles or more by bus
9 route from the nearest high school district.

10 SECTION 9.13. Subsection (a), Section 42.251, Education
11 Code, is amended to read as follows:

12 (a) The sum of the regular program [~~basic~~] allotment under
13 Subchapter B and the special allotments under Subchapter C,
14 computed in accordance with this chapter, constitute the tier one
15 allotments. The sum of the tier one allotments and the guaranteed
16 yield allotments under Subchapter F, computed in accordance with
17 this chapter, constitute the total cost of the Foundation School
18 Program.

19 SECTION 9.14. Subchapter E, Chapter 42, Education Code, is
20 amended by adding Section 42.2514 to read as follows:

21 Sec. 42.2514. ADDITIONAL STATE AID FOR TAX INCREMENT
22 FINANCING PAYMENTS. For each school year, a school district,
23 including a school district that is otherwise ineligible for state
24 aid under this chapter, is entitled to state aid in an amount equal
25 to the amount the district is required to pay into the tax increment
26 fund for a reinvestment zone under Section 311.013(n), Tax Code.

27 SECTION 9.15. Effective September 1, 2011, Section 42.2516,

1 Education Code, is amended by amending Subsections (b), (d), and
2 (f-2) and adding Subsection (i) to read as follows:

3 (b) Notwithstanding any other provision of this title, a
4 school district that imposes a maintenance and operations tax at a
5 rate at least equal to the product of the state compression
6 percentage multiplied by the maintenance and operations tax rate
7 adopted by the district for the 2005 tax year is entitled to at
8 least the amount of state revenue necessary to provide the district
9 with the sum of:

10 (1) the percentage specified by Subsection (i) of the
11 amount, as calculated under Subsection (e), [~~the amount~~] of state
12 and local revenue per student in weighted average daily attendance
13 for maintenance and operations that the district would have
14 received during the 2009-2010 school year under Chapter 41 and this
15 chapter, as those chapters existed on January 1, 2009, at a
16 maintenance and operations tax rate equal to the product of the
17 state compression percentage for that year multiplied by the
18 maintenance and operations tax rate adopted by the district for the
19 2005 tax year;

20 (2) the percentage specified by Subsection (i) of an
21 amount equal to the product of \$120 multiplied by the number of
22 students in weighted average daily attendance in the district; and

23 (3) [~~an amount equal to the amount the district is~~
24 ~~required to pay into the tax increment fund for a reinvestment zone~~
25 ~~under Section 311.013(n), Tax Code, in the current tax year, and~~

26 [~~4~~] any amount to which the district is entitled
27 under Section 42.106.

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

3 (1) include the percentage specified by Subsection (i)
4 of any amounts received by the district during the 2008-2009 school
5 year under Rider 86, page III-23, Chapter 1428 (H.B. 1), Acts of the
6 80th Legislature, Regular Session, 2007 (the General
7 Appropriations Act); and

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

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

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

21 (2) require an increase or reduction in the amount of
22 state revenue to which a school district is entitled under
23 Subsection (b)(1) [~~(b)~~] that is substantially equivalent to any
24 change in total state revenue or the cost of purchasing attendance
25 credits that would apply to the district if this section did not
26 exist.

27 (i) The percentage to be applied for purposes of Subsections

1 (b)(1) and (2) and Subsection (d)(1) is 93.50 percent for the
2 2011-2012 school year and 92.35 percent for each subsequent school
3 year. A different percentage for any school year may be established
4 by appropriation.

5 SECTION 9.16. Effective September 1, 2016, the heading to
6 Section 42.2516, Education Code, is amended to read as follows:

7 Sec. 42.2516. STATE COMPRESSION PERCENTAGE [~~ADDITIONAL~~
8 ~~STATE AID FOR TAX REDUCTION~~].

9 SECTION 9.17. Effective September 1, 2016, Subsection (a),
10 Section 42.2516, Education Code, is amended to read as follows:

11 (a) In this title [~~section~~], "state compression percentage"
12 means the percentage [~~, as determined by the commissioner,~~] of a
13 school district's adopted maintenance and operations tax rate for
14 the 2005 tax year that serves as the basis for state funding [~~for~~
15 ~~tax rate reduction under this section~~]. If the state compression
16 percentage is not established by appropriation for a school year,
17 the [~~The~~] commissioner shall determine the state compression
18 percentage for each school year based on the percentage by which a
19 district is able to reduce the district's maintenance and
20 operations tax rate for that year, as compared to the district's
21 adopted maintenance and operations tax rate for the 2005 tax year,
22 as a result of state funds appropriated for [~~distribution under~~
23 ~~this section for~~] that year from the property tax relief fund
24 established under Section 403.109, Government Code, or from another
25 funding source available for school district property tax relief.

26 SECTION 9.18. Effective September 1, 2011, Subsection (a),
27 Section 42.25161, Education Code, is amended to read as follows:

1 (a) The commissioner shall provide South Texas Independent
2 School District with the amount of state aid necessary to ensure
3 that the district receives an amount of state and local revenue per
4 student in weighted average daily attendance that is at least the
5 percentage specified by Section 42.2516(i) of \$120 greater than the
6 amount the district would have received per student in weighted
7 average daily attendance during the 2009-2010 school year under
8 this chapter, as it existed on January 1, 2009, at a maintenance and
9 operations tax rate equal to the product of the state compression
10 percentage multiplied by the maintenance and operations tax rate
11 adopted by the district for the 2005 tax year, provided that the
12 district imposes a maintenance and operations tax at that rate.

13 SECTION 9.19. Subchapter E, Chapter 42, Education Code, is
14 amended by adding Section 42.2525 to read as follows:

15 Sec. 42.2525. ADJUSTMENTS FOR CERTAIN DEPARTMENT OF DEFENSE
16 DISTRICTS. The commissioner is granted the authority to ensure
17 that Department of Defense school districts do not receive more
18 than an eight percent reduction should the federal government
19 reduce appropriations.

20 SECTION 9.20. Effective September 1, 2011, Subsection (h),
21 Section 42.253, Education Code, is amended to read as follows:

22 (h) If the amount appropriated for the Foundation School
23 Program for the second year of a state fiscal biennium is less than
24 the amount to which school districts are entitled for that year, the
25 commissioner shall certify the amount of the difference to the
26 Legislative Budget Board not later than January 1 of the second year
27 of the state fiscal biennium. The Legislative Budget Board shall

1 propose to the legislature that the certified amount be transferred
2 to the foundation school fund from the economic stabilization fund
3 and appropriated for the purpose of increases in allocations under
4 this subsection. If the legislature fails during the regular
5 session to enact the proposed transfer and appropriation and there
6 are not funds available under Subsection (j), the commissioner
7 shall adjust [~~reduce~~] the total amounts due to each school district
8 under this chapter and the total amounts necessary for each school
9 district to comply with the requirements of Chapter 41 [~~amount of~~
10 ~~state funds allocated to each district~~] by an amount determined by
11 applying to each district, including a district receiving funds
12 under Section 42.2516, the same percentage adjustment so that the
13 total amount of the adjustment to all districts [~~a method under~~
14 ~~which the application of the same number of cents of increase in tax~~
15 ~~rate in all districts applied to the taxable value of property of~~
16 ~~each district, as determined under Subchapter M, Chapter 403,~~
17 ~~Government Code,~~] results in an amount [~~a total levy~~] equal to the
18 total adjustment necessary [~~reduction~~]. The following fiscal year:

19 (1) [~~7~~] a district's entitlement under this section is
20 increased by an amount equal to the adjustment [~~reduction~~] made
21 under this subsection; and

22 (2) the amount necessary for a district to comply with
23 the requirements of Chapter 41 is reduced by an amount equal to the
24 adjustment made under this subsection.

25 SECTION 9.21. Effective September 1, 2016, Subsection (h),
26 Section 42.253, Education Code, is amended to read as follows:

27 (h) If the amount appropriated for the Foundation School

1 Program for the second year of a state fiscal biennium is less than
2 the amount to which school districts are entitled for that year, the
3 commissioner shall certify the amount of the difference to the
4 Legislative Budget Board not later than January 1 of the second year
5 of the state fiscal biennium. The Legislative Budget Board shall
6 propose to the legislature that the certified amount be transferred
7 to the foundation school fund from the economic stabilization fund
8 and appropriated for the purpose of increases in allocations under
9 this subsection. If the legislature fails during the regular
10 session to enact the proposed transfer and appropriation and there
11 are not funds available under Subsection (j), the commissioner
12 shall adjust [~~reduce~~] the total amounts due to each school district
13 under this chapter and the total amounts necessary for each school
14 district to comply with the requirements of Chapter 41 [~~amount of~~
15 ~~state funds allocated to each district~~] by an amount determined by
16 applying to each district the same percentage adjustment so that
17 the total amount of the adjustment to all districts [~~a method under~~
18 ~~which the application of the same number of cents of increase in tax~~
19 ~~rate in all districts applied to the taxable value of property of~~
20 ~~each district, as determined under Subchapter M, Chapter 403,~~
21 ~~Government Code,~~] results in an amount [~~a total levy~~] equal to the
22 total adjustment necessary [~~reduction~~]. The following fiscal year:

23 (1) [~~7~~] a district's entitlement under this section is
24 increased by an amount equal to the adjustment [~~reduction~~] made
25 under this subsection; and

26 (2) the amount necessary for a district to comply with
27 the requirements of Chapter 41 is reduced by an amount equal to the

1 adjustment made under this subsection.

2 SECTION 9.22. Subsection (b), Section 42.260, Education
3 Code, is amended to read as follows:

4 (b) For each year, the commissioner shall certify to each
5 school district or participating charter school the amount of[+

6 [~~1~~] additional funds to which the district or school
7 is entitled due to the increase made by H.B. No. 3343, Acts of the
8 77th Legislature, Regular Session, 2001, to:

9 (1) [~~A~~] the equalized wealth level under Section
10 41.002; or

11 (2) [~~B~~] the guaranteed level of state and local
12 funds per weighted student per cent of tax effort under Section
13 42.302[~~, or~~

14 [~~2) additional state aid to which the district or~~
15 ~~school is entitled under Section 42.2513].~~

16 SECTION 9.23. Section 44.004, Education Code, is amended by
17 adding Subsection (g-1) to read as follows:

18 (g-1) If the rate calculated under Subsection
19 (c)(5)(A)(ii)(b) decreases after the publication of the notice
20 required by this section, the president is not required to publish
21 another notice or call another meeting to discuss and adopt the
22 budget and the proposed lower tax rate.

23 SECTION 9.24. Subsection (a), Section 26.05, Tax Code, is
24 amended to read as follows:

25 (a) The governing body of each taxing unit, before the later
26 of September 30 or the 60th day after the date the certified
27 appraisal roll is received by the taxing unit, shall adopt a tax

1 rate for the current tax year and shall notify the assessor for the
2 unit of the rate adopted. The tax rate consists of two components,
3 each of which must be approved separately. The components are:

4 (1) for a taxing unit other than a school district, the
5 rate that, if applied to the total taxable value, will impose the
6 total amount published under Section 26.04(e)(3)(C), less any
7 amount of additional sales and use tax revenue that will be used to
8 pay debt service, or, for a school district, the rate calculated
9 ~~[published]~~ under Section 44.004(c)(5)(A)(ii)(b), Education Code;
10 and

11 (2) the rate that, if applied to the total taxable
12 value, will impose the amount of taxes needed to fund maintenance
13 and operation expenditures of the unit for the next year.

14 SECTION 9.25. Effective September 1, 2016, Subsection (i),
15 Section 26.08, Tax Code, is amended to read as follows:

16 (i) For purposes of this section, the effective maintenance
17 and operations tax rate of a school district is the tax rate that,
18 applied to the current total value for the district, would impose
19 taxes in an amount that, when added to state funds that would be
20 distributed to the district under Chapter 42, Education Code, for
21 the school year beginning in the current tax year using that tax
22 rate, ~~[including state funds that will be distributed to the~~
23 ~~district in that school year under Section 42.2516, Education~~
24 ~~Code,]~~ would provide the same amount of state funds distributed
25 under Chapter 42, Education Code, ~~[including state funds~~
26 ~~distributed under Section 42.2516, Education Code,]~~ and
27 maintenance and operations taxes of the district per student in

1 weighted average daily attendance for that school year that would
2 have been available to the district in the preceding year if the
3 funding elements for Chapters 41 and 42, Education Code, for the
4 current year had been in effect for the preceding year.

5 SECTION 9.26. Subsection (n), Section 311.013, Tax Code, is
6 amended to read as follows:

7 (n) This subsection applies only to a school district whose
8 taxable value computed under Section 403.302(d), Government Code,
9 is reduced in accordance with Subdivision (4) of that
10 subsection. In addition to the amount otherwise required to be
11 paid into the tax increment fund, the district shall pay into the
12 fund an amount equal to the amount by which the amount of taxes the
13 district would have been required to pay into the fund in the
14 current year if the district levied taxes at the rate the district
15 levied in 2005 exceeds the amount the district is otherwise
16 required to pay into the fund in the year of the reduction. This
17 additional amount may not exceed the amount the school district
18 receives in state aid for the current tax year under Section
19 42.2514, Education Code. The school district shall pay the
20 additional amount after the district receives the state aid to
21 which the district is entitled for the current tax year under
22 Section 42.2514, Education Code.

23 SECTION 9.27. Effective September 1, 2011, the following
24 provisions of the Education Code are repealed:

- 25 (1) Subsections (c-2), (c-3), and (e), Section 21.402;
26 (2) Section 42.008; and
27 (3) Subsections (a-1) and (a-2), Section 42.101.

1 SECTION 9.28. (a) Effective September 1, 2016, the
2 following provisions of the Education Code are repealed:

3 (1) Section 41.0041;

4 (2) Subsections (b), (b-1), (b-2), (c), (d), (e), (f),
5 (f-1), (f-2), (f-3), and (i), Section 42.2516;

6 (3) Section 42.25161;

7 (4) Subsection (c), Section 42.2523;

8 (5) Subsection (g), Section 42.2524;

9 (6) Subsection (c-1), Section 42.253; and

10 (7) Section 42.261.

11 (b) Effective September 1, 2016, Subsections (i-1) and (j),
12 Section 26.08, Tax Code, are repealed.

13 SECTION 9.29. It is the intent of the legislature, between
14 fiscal year 2014 and fiscal year 2017, to continue to reduce the
15 amount of Additional State Aid For Tax Reduction (ASATR) to which a
16 school district is entitled under Section 42.2516, Education Code,
17 and to increase the basic allotment to which a school district is
18 entitled under Section 42.101, Education Code.

19 SECTION 9.30. Except as otherwise provided by this Act, the
20 changes in law made by this Act to Chapter 42, Education Code, apply
21 beginning with the 2011-2012 school year.

22 SECTION 9.31. The change in law made by Subsection (g-1),
23 Section 44.004, Education Code, as added by this Act, applies
24 beginning with adoption of a tax rate for the 2011 tax year.

25 ARTICLE 10. EFFECTIVE DATE

26 SECTION 10.01. Except as otherwise provided by this Act,
27 this Act takes effect September 1, 2011.