

1-1 By: Huberty, et al. H.B. No. 21
 1-2 (Senate Sponsor - Taylor of Galveston)
 1-3 (In the Senate - Received from the House April 24, 2017;
 1-4 May 9, 2017, read first time and referred to Committee on
 1-5 Education; May 16, 2017, reported adversely, with favorable
 1-6 Committee Substitute by the following vote: Yeas 8, Nays 2,
 1-7 1 present not voting; May 16, 2017, sent to printer.)

1-8 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-9 Taylor of Galveston	X			
1-10 Lucio	X			
1-11 Bettencourt	X			
1-12 Campbell	X			
1-13 Hall		X		
1-14 Huffines	X			
1-15 Hughes	X			
1-16 Seliger	X			
1-17 Taylor of Collin	X			
1-18 Uresti		X		
1-19 West				X

1-21 COMMITTEE SUBSTITUTE FOR H.B. No. 21 By: Taylor of Galveston

1-22 A BILL TO BE ENTITLED
 1-23 AN ACT

1-24 relating to the funding of primary and secondary education.
 1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-26 SECTION 1. Section 7.055(b), Education Code, is amended by
 1-27 adding Subdivision (42) to read as follows:
 1-28 (42) The commissioner may accept a gift, donation, or
 1-29 other contribution on behalf of the public school system or agency
 1-30 and, unless otherwise specified by the donor, may use the
 1-31 contribution for the benefit of the public school system or agency
 1-32 in the manner the commissioner determines appropriate.
 1-33 SECTION 2. Section 7.062(c), Education Code, is amended to
 1-34 read as follows:
 1-35 (c) Except as otherwise provided by this subsection, if the
 1-36 commissioner certifies that the amount appropriated for a state
 1-37 fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds
 1-38 the amount to which school districts are entitled under those
 1-39 subchapters for that year, the commissioner shall use the excess
 1-40 funds, in an amount not to exceed \$20 million in any state fiscal
 1-41 year, for the purpose of making grants under this section. The use
 1-42 of excess funds under this subsection has priority over any
 1-43 provision of Chapter 42 that permits or directs the use of excess
 1-44 foundation school program funds, including Sections ~~[42.2517,~~
 1-45 ~~42.2521, 42.2522, and 42.2531.~~ The commissioner is required to use
 1-46 excess funds as provided by this subsection only if the
 1-47 commissioner is not required to reduce the total amount of state
 1-48 funds allocated to school districts under Section 42.253(h).
 1-49 SECTION 3. Section 11.158(a), Education Code, is amended to
 1-50 read as follows:
 1-51 (a) The board of trustees of an independent school district
 1-52 may require payment of:
 1-53 (1) a fee for materials used in any program in which
 1-54 the resultant product in excess of minimum requirements becomes, at
 1-55 the student's option, the personal property of the student, if the
 1-56 fee does not exceed the cost of materials;
 1-57 (2) membership dues in student organizations or clubs
 1-58 and admission fees or charges for attending extracurricular
 1-59 activities, if membership or attendance is voluntary;
 1-60 (3) a security deposit for the return of materials,

2-1 supplies, or equipment;

2-2 (4) a fee for personal physical education and athletic

2-3 equipment and apparel, although any student may provide the

2-4 student's own equipment or apparel if it meets reasonable

2-5 requirements and standards relating to health and safety

2-6 established by the board;

2-7 (5) a fee for items of personal use or products that a

2-8 student may purchase at the student's option, such as student

2-9 publications, class rings, annuals, and graduation announcements;

2-10 (6) a fee specifically permitted by any other statute;

2-11 (7) a fee for an authorized voluntary student health

2-12 and accident benefit plan;

2-13 (8) a reasonable fee, not to exceed the actual annual

2-14 maintenance cost, for the use of musical instruments and uniforms

2-15 owned or rented by the district;

2-16 (9) a fee for items of personal apparel that become the

2-17 property of the student and that are used in extracurricular

2-18 activities;

2-19 (10) a parking fee or a fee for an identification card;

2-20 (11) a fee for a driver training course, not to exceed

2-21 the actual district cost per student in the program for the current

2-22 school year;

2-23 (12) a fee for a course offered for credit that

2-24 requires the use of facilities not available on the school premises

2-25 or the employment of an educator who is not part of the school's

2-26 regular staff, if participation in the course is at the student's

2-27 option;

2-28 (13) a fee for a course offered during summer school,

2-29 except that the board may charge a fee for a course required for

2-30 graduation only if the course is also offered without a fee during

2-31 the regular school year;

2-32 (14) a reasonable fee for transportation of a student

2-33 who lives within two miles of the school the student attends to and

2-34 from that school [~~except that the board may not charge a fee for~~

2-35 ~~transportation for which the school district receives funds under~~

2-36 ~~Section 42.155(d)]; or~~

2-37 (15) a reasonable fee, not to exceed \$50, for costs

2-38 associated with an educational program offered outside of regular

2-39 school hours through which a student who was absent from class

2-40 receives instruction voluntarily for the purpose of making up the

2-41 missed instruction and meeting the level of attendance required

2-42 under Section 25.092 [~~or~~

2-43 ~~(16) if the district does not receive any funds under~~

2-44 ~~Section 42.155 and does not participate in a county transportation~~

2-45 ~~system for which an allotment is provided under Section 42.155(i),~~

2-46 ~~a reasonable fee for the transportation of a student to and from the~~

2-47 ~~school the student attends].~~

2-48 SECTION 4. Effective September 1, 2018, Section

2-49 12.106(a-1), Education Code, is amended to read as follows:

2-50 (a-1) In determining funding for an open-enrollment charter

2-51 school under Subsection (a):

2-52 (1) [~~7~~] adjustments under Sections 42.102, [~~42.103,~~

2-53 ~~42.104,~~ and 42.105 are based on the average adjustment for the

2-54 state; and

2-55 (2) the adjustment under Section 42.103 is based on

2-56 the average adjustment for the state that would have been provided

2-57 under that section as it existed on January 1, 2018.

2-58 SECTION 5. Section 29.153(c), Education Code, is amended to

2-59 read as follows:

2-60 (c) A prekindergarten class under this section shall be

2-61 operated on a half-day basis. A district is not required to provide

2-62 transportation for a prekindergarten class [~~but transportation,~~

2-63 ~~if provided, is included for funding purposes as part of the regular~~

2-64 ~~transportation system].~~

2-65 SECTION 6. Subchapter F, Chapter 29, Education Code, is

2-66 amended by adding Section 29.194 to read as follows:

2-67 Sec. 29.194. STUDY ON CAREER AND TECHNOLOGY EDUCATION

2-68 COURSES. (a) The commissioner shall conduct a study regarding:

2-69 (1) providing career and technology education courses

3-1 during the summer, including:
3-2 (A) the feasibility of providing those courses;
3-3 (B) the potential demand for those courses;
3-4 (C) any funding considerations associated with
3-5 providing those courses; and
3-6 (D) any other matter the commissioner determines
3-7 appropriate; and
3-8 (2) the feasibility of extending career and technology
3-9 education programs to students enrolled below the eighth grade
3-10 level and providing funding for those programs.
3-11 (b) Not later than December 1, 2018, the commissioner shall
3-12 submit to the governor and the members of the legislature a report
3-13 on the results of the study and any recommendations for legislative
3-14 or other action.
3-15 (c) The provisions of this section apply only if the
3-16 commissioner receives sufficient money to pay for the study and
3-17 report from gifts, donations, or other contributions that may be
3-18 used for that purpose.
3-19 (d) This section expires September 1, 2019.
3-20 SECTION 7. Chapter 29, Education Code, is amended by adding
3-21 Subchapter J to read as follows:
3-22 SUBCHAPTER J. EDUCATION SAVINGS ACCOUNT PROGRAM
3-23 Sec. 29.351. DEFINITIONS. In this subchapter:
3-24 (1) "Account" means an education savings account
3-25 established under the program.
3-26 (2) "Child with a disability" means a child who is:
3-27 (A) eligible to participate in a school
3-28 district's special education program under Section 29.003; or
3-29 (B) covered by Section 504, Rehabilitation Act of
3-30 1973 (29 U.S.C. Section 794).
3-31 (3) "Curriculum" means a complete course of study for
3-32 a particular content area or grade level.
3-33 (4) "Financial institution" means a bank, credit
3-34 union, savings bank, or savings and loan association organized
3-35 under the laws of this state, the laws of another state, or federal
3-36 law that has its main office or a branch office in this state. The
3-37 term does not include any institution the deposits of which are not
3-38 insured by the Federal Deposit Insurance Corporation or the
3-39 National Credit Union Administration.
3-40 (5) "Institution of higher education" and "private or
3-41 independent institution of higher education" have the meanings
3-42 assigned by Section 61.003.
3-43 (6) "Parent" means a resident of this state who is a
3-44 natural or adoptive parent, managing or possessory conservator,
3-45 legal guardian, custodian, or other person with legal authority to
3-46 act on behalf of a child.
3-47 (7) "Program" means the education savings account
3-48 program established under this subchapter.
3-49 (8) "Program participant" means a child and a parent
3-50 of a child enrolled in the program.
3-51 Sec. 29.352. PURPOSES. The purposes of the education
3-52 savings account program are to:
3-53 (1) improve public schools and overall academic
3-54 performance;
3-55 (2) promote efficiency;
3-56 (3) promote and preserve the liberties and rights of
3-57 the people; and
3-58 (4) increase parental options.
3-59 Sec. 29.353. ESTABLISHMENT OF PROGRAM. (a) The
3-60 comptroller shall establish and administer an education savings
3-61 account program to provide funding for certain education-related
3-62 expenses of eligible children.
3-63 (b) The comptroller, with cooperation from the agency,
3-64 shall ensure that information about the program is readily
3-65 available to the public through various sources, including the
3-66 comptroller's and the agency's respective Internet websites. The
3-67 information made available through the comptroller's Internet
3-68 website must include a notice that:
3-69 (1) states that a private school is not subject to laws

4-1 regarding the provision of educational services in the same manner
4-2 as a public school, and a child with a disability attending a
4-3 private school may not receive the services a child with a
4-4 disability attending a public school is entitled to receive under
4-5 federal and state law; and

4-6 (2) provides information regarding rights to which a
4-7 child with a disability is entitled under federal and state law if
4-8 the child attends a public school, including:

4-9 (A) rights provided under the Individuals with
4-10 Disabilities Education Act (20 U.S.C. Section 1400 et seq.),
4-11 including:

4-12 (i) an individualized education program;
4-13 (ii) educational services provided in the
4-14 least restrictive environment;

4-15 (iii) instruction from certified teachers;
4-16 (iv) due process hearings to ensure proper
4-17 and full implementation of an individualized education program;

4-18 (v) transition and planning services; and
4-19 (vi) supplementary aids and services;

4-20 (B) rights provided under Subchapter A; and
4-21 (C) other rights provided under federal or state
4-22 law.

4-23 Sec. 29.3531. EDUCATION SAVINGS ACCOUNT PROGRAM FUND.

4-24 (a) The education savings account program fund is an account in
4-25 the general revenue fund to be administered by the comptroller.

4-26 (b) The fund is composed of:

4-27 (1) general revenue transferred to the fund;

4-28 (2) money appropriated to the fund;

4-29 (3) gifts, grants, and donations received under
4-30 Section 29.371; and

4-31 (4) any other money available for purposes of the
4-32 program.

4-33 (c) Money in the fund may be appropriated only to the
4-34 comptroller for purposes of making payments to program participants
4-35 and administering the program under this subchapter.

4-36 Sec. 29.354. ELIGIBLE CHILD. (a) A child is eligible to
4-37 participate in the program if the child:

4-38 (1) is a child with a disability;

4-39 (2) is eligible to attend a public school under
4-40 Section 25.001; and

4-41 (3) was enrolled in a public school in this state
4-42 during the entire preceding academic year.

4-43 (b) A child who establishes eligibility under this section
4-44 may participate in the program until the earliest of the following
4-45 dates:

4-46 (1) the date that is three months after the date on
4-47 which the child graduates from high school;

4-48 (2) the date on which the child is no longer eligible
4-49 to attend a public school under Section 25.001;

4-50 (3) the date on which the child enrolls in a public
4-51 school, including an open-enrollment charter school; or

4-52 (4) the date on which the child is declared ineligible
4-53 for the program by the comptroller under this subchapter.

4-54 (c) Notwithstanding Subsection (b), the comptroller shall
4-55 establish guidelines for, in the least disruptive manner possible:

4-56 (1) a child participating in the program to cease
4-57 participation and enroll in a public school, including an
4-58 open-enrollment charter school; and

4-59 (2) a child who previously participated in the program
4-60 and subsequently enrolled in a public school, including an
4-61 open-enrollment charter school, to resume participation in the
4-62 program.

4-63 Sec. 29.355. ENROLLMENT IN PROGRAM. (a) A parent of an
4-64 eligible child may enroll the child in the program for the following
4-65 school year.

4-66 (b) The comptroller shall by rule create an enrollment form
4-67 for the program and make the enrollment form readily available to
4-68 interested parents through various sources, including the
4-69 comptroller's Internet website. An enrollment form for the program

5-1 must be submitted to the comptroller electronically.
5-2 (c) The comptroller shall post on the comptroller's
5-3 Internet website and provide to each parent who submits an
5-4 enrollment form a publication that describes the operation of the
5-5 program, including:
5-6 (1) expenses allowed under the program under Section
5-7 29.357;
5-8 (2) expense reporting requirements; and
5-9 (3) a description of the responsibilities of program
5-10 participants and the duties of the comptroller under this
5-11 subchapter.
5-12 (d) The comptroller shall provide to each parent who submits
5-13 an enrollment form a written copy of the notice described by Section
5-14 29.353(b). Before the parent may receive funding under the
5-15 program, the parent must sign and return the notice to the
5-16 comptroller.
5-17 Sec. 29.356. PARTICIPATION IN PROGRAM. (a) To receive
5-18 funding under the program, a parent of an eligible child must agree
5-19 to:
5-20 (1) spend funds received through the program only for
5-21 expenses allowed under Section 29.357;
5-22 (2) notify the comptroller if the child enrolls in a
5-23 public school, including an open-enrollment charter school, not
5-24 later than the 30th day after the date of enrollment; and
5-25 (3) inform the comptroller if the child graduates from
5-26 high school.
5-27 (b) The parent of a child participating in the program is
5-28 the trustee of the child's account.
5-29 (c) The comptroller shall provide annually to each program
5-30 participant the publication provided under Section 29.355(c).
5-31 Sec. 29.357. APPROVED EDUCATION-RELATED EXPENSES.
5-32 (a) Funds received under the program may be used only for the
5-33 following expenses incurred by a program participant:
5-34 (1) tuition and fees:
5-35 (A) at a private school accredited by an
5-36 organization that is recognized by the Texas Private School
5-37 Accreditation Commission;
5-38 (B) at an institution of higher education or a
5-39 private or independent institution of higher education; or
5-40 (C) for an online educational course or program;
5-41 (2) the purchase of textbooks or other instructional
5-42 materials required by a school, institution, course, or program
5-43 described by Subdivision (1) in which the child is enrolled;
5-44 (3) fees for classes or other educational services
5-45 provided by a public school, if the classes or services do not
5-46 qualify the child to be included in the school's average daily
5-47 attendance;
5-48 (4) fees for services provided by a private tutor or
5-49 teaching service;
5-50 (5) costs of transportation to and from school, not to
5-51 exceed \$500 per year;
5-52 (6) fees for educational therapies or services
5-53 provided by a practitioner or provider;
5-54 (7) costs of computer hardware and software and other
5-55 technological devices prescribed by a physician to facilitate a
5-56 child's education, not to exceed in any year 10 percent of the total
5-57 amount paid to the program participant's account that year;
5-58 (8) fees for a nationally norm-referenced achievement
5-59 test or examination, an assessment instrument adopted by the agency
5-60 under Section 39.023, an advanced placement test or similar
5-61 examination, or any examination related to college or university
5-62 admission;
5-63 (9) fees for the management of the participant's
5-64 account charged by a financial institution; and
5-65 (10) costs of breakfast or lunch provided to a child
5-66 during the school day by a private school.
5-67 (b) Expenses allowed under Subsection (a) do not include
5-68 expenses for:
5-69 (1) consumable supplies, including paper, pens,

6-1 pencils, folders, and notebooks;

6-2 (2) food, other than breakfast or lunch as authorized
6-3 under Subsection (a)(10); or

6-4 (3) before-school or after-school child care and child
6-5 care during school holidays and vacations.

6-6 (c) An education service provider or vendor of educational
6-7 products must provide a program participant with a receipt for each
6-8 expense allowed under Subsection (a) charged by the provider or
6-9 vendor to the participant.

6-10 (d) The content, subject to Section 29.364(c), or religious
6-11 nature of a product or service may not be considered in determining
6-12 whether a payment for the product or service is an expense allowed
6-13 under Subsection (a).

6-14 (e) A finding that a program participant used funds
6-15 distributed under the program to pay for an expense not allowed
6-16 under Subsection (a) does not affect the validity of any payment
6-17 made by the participant for an expense that is allowed under that
6-18 subsection.

6-19 Sec. 29.358. AMOUNT OF PAYMENT; FINANCING. (a) A parent
6-20 of an eligible child shall receive each year that the child
6-21 participates in the program a payment from the state to the child's
6-22 account in an amount that is equal to 90 percent of the state
6-23 average maintenance and operations expenditures per student for the
6-24 preceding state fiscal year.

6-25 (b) In addition to any funding the district receives under
6-26 Chapter 42, for each child participating in the program, the school
6-27 district the child would otherwise attend is entitled to receive
6-28 for the first year in which the child participates in the program an
6-29 amount equal to five percent of the state average maintenance and
6-30 operations expenditures per student for the preceding state fiscal
6-31 year.

6-32 (c) For the first year a child participates in the program,
6-33 the child is included in the weighted average daily attendance of
6-34 the school district the child would otherwise attend for purposes
6-35 of determining the district's equalized wealth level under Chapter
6-36 41.

6-37 (d) Any funds remaining in a child's account at the end of a
6-38 fiscal year are carried forward to the next fiscal year unless
6-39 another provision of this subchapter mandates the closure of the
6-40 account.

6-41 (e) The parent of a child participating in the program may
6-42 make payments for the expenses of educational programs, services,
6-43 and products not covered by funds in the child's account.

6-44 (f) A payment under Subsection (a) may not be financed using
6-45 federal funds or money appropriated from the permanent school fund
6-46 or the available school fund.

6-47 Sec. 29.359. ADMINISTRATION OF ACCOUNTS. (a) The
6-48 comptroller may contract with one or more financial institutions to
6-49 establish and manage an account for each child participating in the
6-50 program. A program participant must be able to access the
6-51 participant's account by using an online or electronic transfer
6-52 payment service.

6-53 (b) The comptroller shall make quarterly payments to each
6-54 program participant's account in equal amounts, with the first
6-55 payment for each school year made on September 1 and the remaining
6-56 payments made on or before the 15th day of November, February, and
6-57 May.

6-58 (c) The comptroller may deduct an amount from each quarterly
6-59 payment to a program participant's account to cover the
6-60 comptroller's cost of administering the program. The amount
6-61 deducted may not exceed five percent of the payment.

6-62 (d) Not later than 30 days after the end of each fiscal year,
6-63 the comptroller shall reconcile payments made to and from all
6-64 accounts under the program.

6-65 (e) On the date on which a child who participated in the
6-66 program is no longer eligible to participate in the program under
6-67 Section 29.354(b), the child's account is closed and any remaining
6-68 funds are returned to the state for deposit in the education savings
6-69 account program fund.

7-1 (f) The comptroller may contract with a private entity to
7-2 administer all or any part of the program.

7-3 Sec. 29.360. RANDOM AUDITING OF ACCOUNTS. (a) The
7-4 comptroller shall contract with a private entity to randomly audit
7-5 accounts as necessary to ensure compliance with applicable law and
7-6 the requirements of the program.

7-7 (b) In auditing an account, the comptroller or private
7-8 entity may require that a program participant provide further
7-9 information and documentation regarding any payment from the
7-10 participant's account.

7-11 (c) The private entity shall report to the comptroller any
7-12 violation of this subchapter or other relevant law found by the
7-13 entity during an audit conducted under this section.

7-14 Sec. 29.361. SUSPENSION OF ACCOUNT. (a) The comptroller
7-15 shall suspend the account of a program participant who fails to
7-16 comply with applicable law or a requirement of the program,
7-17 including a requirement under Section 29.356(a), or who
7-18 substantially misuses funds received under the program.

7-19 (b) On suspension of an account under Subsection (a), the
7-20 comptroller shall notify the program participant in writing that
7-21 the account has been suspended and that no further payments may be
7-22 made from the account. The notification must specify the grounds
7-23 for the suspension and state that the participant has 10 business
7-24 days to respond and take any corrective action required by the
7-25 comptroller.

7-26 (c) On the expiration of the 10-day period under Subsection
7-27 (b), the comptroller shall:

7-28 (1) order permanent closure of the suspended account
7-29 and declare the program participant ineligible for the program;

7-30 (2) order temporary reinstatement of the account,
7-31 conditioned on the performance of a specified action by the
7-32 participant; or

7-33 (3) order full reinstatement of the account.

7-34 (d) The comptroller may recover funds distributed under the
7-35 program that were used for expenses not allowed under Section
7-36 29.357(a) from the program participant or the entity that received
7-37 the funds if the participant's account is suspended or closed under
7-38 this section.

7-39 Sec. 29.362. TUITION AND FEES; REFUND PROHIBITED. (a) An
7-40 education service provider may not charge a child participating in
7-41 the program an amount greater than the standard amount charged for
7-42 that service by the provider.

7-43 (b) An education service provider or a vendor of educational
7-44 products receiving funds distributed under the program may not in
7-45 any manner rebate, refund, or credit to or share with a program
7-46 participant, or any person on behalf of a participant, any program
7-47 funds paid or owed by the participant to the provider or vendor.

7-48 Sec. 29.363. REFERRAL TO ATTORNEY GENERAL. (a) If the
7-49 comptroller obtains evidence of fraudulent use of an account, the
7-50 comptroller may refer the case to the attorney general for
7-51 investigation.

7-52 (b) With the consent of the appropriate local county or
7-53 district attorney, the attorney general has concurrent
7-54 jurisdiction with the consenting local prosecutor to prosecute an
7-55 offense referred to the attorney general under Subsection (a).

7-56 Sec. 29.364. PROVIDER ACCOUNTABILITY. (a) To receive
7-57 funds distributed under the program, a private school must be
7-58 accredited by an organization that is recognized by the Texas
7-59 Private School Accreditation Commission.

7-60 (b) A practitioner or provider who provides educational
7-61 therapies or services must be licensed or accredited by a regional
7-62 or national accrediting organization to receive funds distributed
7-63 under the program.

7-64 (c) A private tutor, teaching service, or online
7-65 educational course or program provider must apply to and be
7-66 approved by the commissioner to receive funds distributed under the
7-67 program.

7-68 (d) To be eligible for approval under Subsection (c), a
7-69 private tutor or each employee of a teaching service who intends to

8-1 provide educational services to a program participant must:

8-2 (1) be a teacher who:

8-3 (A) is certified under Subchapter B, Chapter 21;

8-4 (B) holds a National Board Certification issued

8-5 by the National Board for Professional Teaching Standards; or

8-6 (C) has experience teaching at an institution of

8-7 higher education or private or independent institution of higher

8-8 education; and

8-9 (2) either:

8-10 (A) complete a national criminal history record

8-11 information review; or

8-12 (B) provide to the commissioner documentation

8-13 indicating that the tutor or employee, as applicable, has completed

8-14 a national criminal history record information review within a

8-15 period established by commissioner rule.

8-16 (e) The commissioner shall review the national criminal

8-17 history record information or documentation for each private tutor

8-18 or teaching service who submits an application under Subsection

8-19 (c). The tutor or teaching service must provide the commissioner

8-20 with any information requested by the commissioner to enable the

8-21 commissioner to complete the review.

8-22 (f) The commissioner shall maintain and provide to the

8-23 comptroller a list of private tutors, teaching services, and online

8-24 educational courses or program providers approved to receive funds

8-25 distributed under the program. The comptroller shall post the list

8-26 on the comptroller's Internet website.

8-27 (g) A private tutor, teaching service, or online

8-28 educational course or program provider may appeal to the

8-29 comptroller the commissioner's rejection of an application

8-30 submitted under Subsection (c).

8-31 (h) The commissioner may adopt rules necessary to exercise

8-32 the commissioner's powers and duties under this section.

8-33 Sec. 29.365. PROGRAM PARTICIPANT, PROVIDER, AND VENDOR

8-34 AUTONOMY. (a) An education service provider or vendor of

8-35 educational products that receives funds distributed under the

8-36 program is not an agent of the state or federal government.

8-37 (b) Except as provided by this subchapter, the comptroller,

8-38 the commissioner, the agency, the State Board of Education, any

8-39 other state agency, or any school district may not:

8-40 (1) regulate the educational program of an education

8-41 service provider or vendor of educational products that receives

8-42 funds distributed under the program; or

8-43 (2) exercise control or supervision over a program

8-44 participant or an education service provider or vendor of

8-45 educational products that receives funds distributed under the

8-46 program.

8-47 (c) The program does not expand the regulatory authority of

8-48 the state or any school district to impose any additional

8-49 regulation on an education service provider or vendor of

8-50 educational products except those reasonably necessary to enforce

8-51 the program as provided by this subchapter.

8-52 (d) A private school may not be required to modify the

8-53 school's creed, practices, admissions policies, curriculum,

8-54 performance standards, or assessments to receive funds distributed

8-55 under the program.

8-56 (e) A private school voluntarily selected by a parent for

8-57 the parent's child to attend, with or without governmental

8-58 assistance, may not be required to comply with any state law or rule

8-59 governing the applicable educational program that was not in effect

8-60 on January 1, 2017.

8-61 (f) In any proceeding challenging a rule adopted by a state

8-62 agency or officer under this subchapter, the agency or officer has

8-63 the burden of proof to establish that the rule:

8-64 (1) is necessary to implement or enforce the program

8-65 as provided by this subchapter; and

8-66 (2) does not impose an undue burden on a program

8-67 participant or an education service provider or vendor of

8-68 educational products that receives or seeks to receive funds

8-69 distributed under the program.

9-1 Sec. 29.366. STUDENT RECORDS AND INFORMATION. (a) On
 9-2 request by the parent of a child participating in the program, the
 9-3 school district or open-enrollment charter school that the child
 9-4 would otherwise attend shall provide a copy of the child's school
 9-5 records possessed by the district or school, if any, to the child's
 9-6 parent or, if applicable, the private school the child attends.

9-7 (b) The agency shall provide to the comptroller any
 9-8 information available to the agency requested by the comptroller
 9-9 regarding a child who participates or seeks to participate in the
 9-10 program. The comptroller may not retain information provided under
 9-11 this subsection beyond the period necessary to determine:

9-12 (1) a child's eligibility to participate in the
 9-13 program; or

9-14 (2) the amount of a payment to a program participant's
 9-15 account under Section 29.358.

9-16 Sec. 29.367. REPORTING NUMBER OF PARTICIPANTS. (a) Not
 9-17 later than October 1 of each year, the comptroller shall notify the
 9-18 commissioner and the Legislative Budget Board of the number of
 9-19 eligible children likely to participate in the program,
 9-20 disaggregated by the school district or open-enrollment charter
 9-21 school the eligible children would otherwise attend.

9-22 (b) Not later than March 1 of each year, the comptroller
 9-23 shall provide final information to the commissioner and the
 9-24 Legislative Budget Board regarding the number of children
 9-25 participating in the program, disaggregated in the same manner as
 9-26 the initial information under Subsection (a).

9-27 Sec. 29.368. ANNUAL SURVEY. The comptroller may conduct an
 9-28 annual parental satisfaction survey that asks each parent of a
 9-29 child participating in the program to express:

9-30 (1) the parent's overall level of satisfaction with
 9-31 the program; and

9-32 (2) the parent's opinion on specified topics and
 9-33 issues relevant to the effectiveness of the program.

9-34 Sec. 29.369. PARENT REVIEW COMMITTEE. (a) A parent review
 9-35 committee is established to assist the comptroller, at the
 9-36 comptroller's request, in:

9-37 (1) determining whether certain expenses are allowed
 9-38 under Section 29.357; and

9-39 (2) reviewing an appeal of the commissioner's decision
 9-40 to reject an application of a private tutor, teaching service, or
 9-41 online educational course or program provider for approval under
 9-42 Section 29.364 to receive funds distributed under the program.

9-43 (b) The committee consists of the comptroller, or a
 9-44 representative designated by the comptroller, and eight members
 9-45 appointed by the comptroller. Each appointed member must be a
 9-46 parent of a child participating in the program. In making
 9-47 appointments to the committee, the comptroller shall ensure that
 9-48 parents from at least four counties are included.

9-49 (c) An appointed member of the committee serves a one-year
 9-50 term at the pleasure of the comptroller and may be reappointed.

9-51 (d) The comptroller or the representative designated by the
 9-52 comptroller, as applicable, is the chair of the committee and may
 9-53 vote on a matter before the committee only if there is a tie.

9-54 Sec. 29.370. RULES. The comptroller shall:

9-55 (1) adopt rules as necessary to implement this
 9-56 subchapter, including:

9-57 (A) rules regarding expense reporting
 9-58 requirements for program participants; and

9-59 (B) rules for implementing this subchapter in a
 9-60 manner that ensures compliance with federal law regarding
 9-61 confidentiality of student educational information, including the
 9-62 Family Educational Rights and Privacy Act of 1974 (20 U.S.C.
 9-63 Section 1232g); and

9-64 (2) coordinate as necessary to:

9-65 (A) calculate annually the savings to the state
 9-66 from the implementation of the program; and

9-67 (B) prevent fraud in financial transactions
 9-68 under the program, including by adopting measures to permit
 9-69 anonymous fraud reporting by telephone hotline or online

10-1 communication.

10-2 Sec. 29.371. GIFTS, GRANTS, AND DONATIONS. The comptroller
 10-3 may solicit and accept gifts, grants, and donations from any public
 10-4 or private source for any expenses related to the administration of
 10-5 the program, including the initial implementation of the program.

10-6 Sec. 29.372. DYSLEXIA ALLOTMENT SET-ASIDE. (a) Each year,
 10-7 for each child participating in the program, the agency shall set
 10-8 aside a percentage of the state average maintenance and operations
 10-9 expenditures per student for the preceding state fiscal year in an
 10-10 amount equal to:

10-11 (1) for the first year the child participates in the
 10-12 program, five percent; and

10-13 (2) in each subsequent year the child participates in
 10-14 the program, 10 percent.

10-15 (b) The amounts set aside under Subsection (a) may be used
 10-16 only for purposes of funding the special allotment for students
 10-17 with dyslexia or a related disorder under Section 42.1561.

10-18 SECTION 8. Sections 29.918(a) and (b), Education Code, are
 10-19 amended to read as follows:

10-20 (a) Notwithstanding Section [~~39.234 or~~] 42.152, a school
 10-21 district or open-enrollment charter school with a high dropout
 10-22 rate, as determined by the commissioner, must submit a plan to the
 10-23 commissioner describing the manner in which the district or charter
 10-24 school intends to use the compensatory education allotment under
 10-25 Section 42.152 [~~and the high school allotment under Section 42.160~~]
 10-26 for developing and implementing research-based strategies for
 10-27 dropout prevention. The district or charter school shall submit
 10-28 the plan not later than December 1 of each school year preceding the
 10-29 school year in which the district or charter school will receive the
 10-30 compensatory education allotment [~~or high school allotment~~] to
 10-31 which the plan applies.

10-32 (b) A school district or open-enrollment charter school to
 10-33 which this section applies may not spend or obligate more than 25
 10-34 percent of the district's or charter school's compensatory
 10-35 education allotment [~~or high school allotment~~] unless the
 10-36 commissioner approves the plan submitted under Subsection
 10-37 (a). The commissioner shall complete an initial review of the
 10-38 district's or charter school's plan not later than March 1 of the
 10-39 school year preceding the school year in which the district or
 10-40 charter school will receive the compensatory education allotment
 10-41 [~~or high school allotment~~] to which the plan applies.

10-42 SECTION 9. Subchapter C, Chapter 30, Education Code, is
 10-43 amended by adding Section 30.0561 to read as follows:

10-44 Sec. 30.0561. TRANSPORTATION ALLOTMENT. The Texas School
 10-45 for the Deaf is entitled to a transportation allotment paid from the
 10-46 foundation school fund. The commissioner shall determine the
 10-47 appropriate allotment.

10-48 SECTION 10. Section 30.087(c), Education Code, is amended
 10-49 to read as follows:

10-50 (c) A school district may receive an allotment paid from the
 10-51 foundation school fund for transportation of students
 10-52 participating in a regional day school program, as determined by
 10-53 the commissioner [~~in the same manner as an allotment for the~~
 10-54 ~~transportation of other special education students].~~

10-55 SECTION 11. Section 34.002(c), Education Code, is amended
 10-56 to read as follows:

10-57 (c) The commissioner shall reduce the basic allotment
 10-58 provided under Section 42.101 for each student in average daily
 10-59 attendance by \$125 for a [A] school district that fails or refuses
 10-60 to meet the safety standards for school buses established under
 10-61 this section [~~is ineligible to share in the transportation~~
 10-62 ~~allotment under Section 42.155]~~ until the first anniversary of the
 10-63 date the district begins complying with the safety standards.

10-64 SECTION 12. Section 34.007, Education Code, is amended by
 10-65 adding Subsection (c) to read as follows:

10-66 (c) A county transportation system is not entitled to
 10-67 receive funding for transportation costs directly from the state.
 10-68 Funding for a county transportation system is provided by each
 10-69 school district participating in the county transportation system

11-1 in accordance with the terms of the interlocal contract under
 11-2 Chapter 791, Government Code, under which the county provides
 11-3 transportation services for the participating districts.

11-4 SECTION 13. Section 39.0233(a), Education Code, is amended
 11-5 to read as follows:

11-6 (a) The agency, in coordination with the Texas Higher
 11-7 Education Coordinating Board, shall adopt a series of questions to
 11-8 be included in an end-of-course assessment instrument administered
 11-9 under Section 39.023(c) to be used for purposes of Section 51.3062.
 11-10 The questions adopted under this subsection must be developed in a
 11-11 manner consistent with any college readiness standards adopted
 11-12 under Section ~~[Sections 39.233 and]~~ 51.3062.

11-13 SECTION 14. Section 41.099(a), Education Code, is amended
 11-14 to read as follows:

11-15 (a) Sections ~~[41.002(e),]~~ 41.094, 41.097, and 41.098 apply
 11-16 only to a district that:

11-17 (1) executes an agreement to purchase all attendance
 11-18 credits necessary to reduce the district's wealth per student to
 11-19 the equalized wealth level;

11-20 (2) executes an agreement to purchase attendance
 11-21 credits and an agreement under Subchapter E to contract for the
 11-22 education of nonresident students who transfer to and are educated
 11-23 in the district but who are not charged tuition; or

11-24 (3) executes an agreement under Subchapter E to
 11-25 contract for the education of nonresident students:

11-26 (A) to an extent that does not provide more than
 11-27 10 percent of the reduction in wealth per student required for the
 11-28 district to achieve a wealth per student that is equal to or less
 11-29 than the equalized wealth level; and

11-30 (B) under which all revenue paid by the district
 11-31 to other districts, in excess of the reduction in state aid that
 11-32 results from counting the weighted average daily attendance of the
 11-33 students served in the contracting district, is required to be used
 11-34 for funding a consortium of at least three districts in a county
 11-35 with a population of less than 40,000 that is formed to support a
 11-36 technology initiative.

11-37 SECTION 15. Section 41.257, Education Code, is amended to
 11-38 read as follows:

11-39 Sec. 41.257. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS
 11-40 ~~[AND TRANSPORTATION ALLOTMENT]~~. The budget of the consolidated
 11-41 district must apply the benefit of the adjustment or allotment to
 11-42 the schools of the consolidating district to which Section 42.103
 11-43 ~~or [7] 42.105 [7, or 42.155]~~ would have applied in the event that the
 11-44 consolidated district still qualifies as a small or sparse
 11-45 district.

11-46 SECTION 16. Section 42.006(a-1), Education Code, is amended
 11-47 to read as follows:

11-48 (a-1) The commissioner by rule shall require each school
 11-49 district and open-enrollment charter school to report through the
 11-50 Public Education Information Management System information
 11-51 regarding the number of students enrolled in the district or school
 11-52 who are identified as having dyslexia or related disorders. The
 11-53 agency shall maintain the information provided in accordance with
 11-54 this subsection.

11-55 SECTION 17. Section 42.101(a), Education Code, is amended
 11-56 to read as follows:

11-57 (a) For each student in average daily attendance, not
 11-58 including the time students spend each day in special education
 11-59 programs in an instructional arrangement other than mainstream
 11-60 settings, ~~or~~ career and technology education programs, or
 11-61 technology applications courses approved for high school credit,
 11-62 for which an additional allotment is made under Subchapter C, a
 11-63 district is entitled to an allotment equal to the lesser of \$5,140
 11-64 ~~[\$4,765]~~ or the amount that results from the following formula:

$$11-65 \quad A = \underline{\$5,140} \quad \underline{[\$4,765]} \times (\text{DCR}/\text{MCR})$$

11-66 where:

11-67 "A" is the allotment to which a district is entitled;

11-68 "DCR" is the district's compressed tax rate, which is the
 11-69 product of the state compression percentage, as determined under

12-1 Section 42.2516, multiplied by the maintenance and operations tax
 12-2 rate adopted by the district for the 2005 tax year; and

12-3 "MCR" is the state maximum compressed tax rate, which is the
 12-4 product of the state compression percentage, as determined under
 12-5 Section 42.2516, multiplied by \$1.50.

12-6 SECTION 18. Section 42.102, Education Code, is amended by
 12-7 adding Subsection (c) to read as follows:

12-8 (c) Based on a statistical analysis conducted by the
 12-9 Legislative Budget Board to determine for each school district the
 12-10 current geographic variation in known resource costs and costs of
 12-11 education due to factors beyond the control of the district, the
 12-12 commissioner shall update the cost of education index used for
 12-13 purposes of this section during the 2016-2017 school year. The
 12-14 commissioner periodically may request more current statistical
 12-15 analysis from the Legislative Budget Board and further update as
 12-16 needed the cost of education index.

12-17 SECTION 19. Effective September 1, 2023, Sections 42.103(b)
 12-18 and (d), Education Code, are amended to read as follows:

12-19 (b) The basic allotment of a school district that [~~contains~~
 12-20 ~~at least 300 square miles and~~] has not more than 1,600 students in
 12-21 average daily attendance is adjusted by applying the formula:

12-22
$$AA = (1 + ((1,600 - ADA) \times .0004)) \times ABA$$

12-23 (d) The basic allotment of a school district that offers a
 12-24 kindergarten through grade 12 program and has less than 5,000
 12-25 students in average daily attendance is adjusted by applying the
 12-26 formula, of the following formulas, that results in the greatest
 12-27 adjusted allotment:

12-28 (1) the formula in Subsection (b), if [~~or (c) for~~
 12-29 ~~which~~] the district is eligible for that formula; or

12-30 (2) $AA = (1 + ((5,000 - ADA) \times .000025)) \times ABA$.

12-31 SECTION 20. Effective September 1, 2018, Section 42.103(c),
 12-32 Education Code, is amended to read as follows:

12-33 (c) The basic allotment of a school district that contains
 12-34 less than 300 square miles and has not more than 1,600 students in
 12-35 average daily attendance is adjusted by applying the following
 12-36 formulas [~~formula~~]:

12-37 (1) for the fiscal year beginning September 1, 2018:

12-38 $AA = (1 + ((1,600 - ADA) \times .000275 [~~-.00025~~])) \times ABA$

12-39 i
 12-40 (2) for the fiscal year beginning September 1, 2019:

12-41 $AA = (1 + ((1,600 - ADA) \times .00030)) \times ABA$

12-42 i
 12-43 (3) for the fiscal year beginning September 1, 2020:

12-44 $AA = (1 + ((1,600 - ADA) \times .000325)) \times ABA$

12-45 i
 12-46 (4) for the fiscal year beginning September 1, 2021:

12-47 $AA = (1 + ((1,600 - ADA) \times .00035)) \times ABA$

12-48 i and
 12-49 (5) for the fiscal year beginning September 1, 2022:

12-50 $AA = (1 + ((1,600 - ADA) \times .000375)) \times ABA$

12-51 SECTION 21. Subchapter B, Chapter 42, Education Code, is
 12-52 amended by adding Section 42.1041 to read as follows:

12-53 Sec. 42.1041. INELIGIBILITY FOR SMALL OR MID-SIZED DISTRICT
 12-54 ADJUSTMENT OR SPARSITY ADJUSTMENT. (a) This section applies only
 12-55 to a school district that:

12-56 (1) borders the Red River; and

12-57 (2) has a student enrollment of less than 90, with more
 12-58 than 50 percent of the enrollment consisting of students who have
 12-59 transferred from another school district.

12-60 (b) Notwithstanding Section 42.103, 42.104, or 42.105, a
 12-61 school district to which this section applies is ineligible for an
 12-62 adjustment under Section 42.103 or 42.105 for any school year
 12-63 during which the district:

12-64 (1) issues bonds for the construction of a new
 12-65 instructional facility on property more than five miles from a
 12-66 property that before the issuance of the bonds was owned by the
 12-67 district and was the location of an instructional facility for the
 12-68 previous five years; or

12-69 (2) makes payments on bonds described by Subdivision

13-1 (1).

13-2 SECTION 22. Subchapter B, Chapter 42, Education Code, is
13-3 amended by adding Section 42.107 to read as follows:

13-4 Sec. 42.107. SPECIAL-PURPOSE SCHOOL DISTRICTS OPERATED BY
13-5 GENERAL ACADEMIC TEACHING INSTITUTIONS. (a) In each fiscal year of
13-6 the biennium, the commissioner shall allocate funding from the
13-7 foundation school program to each special-purpose school district
13-8 established under Section 11.351 that is operated by a general
13-9 academic teaching institution as defined by Section 61.003, in an
13-10 amount equivalent to the basic allotment in Section 42.101(a)
13-11 multiplied by the number of full-time equivalent students who are
13-12 enrolled in the school district and who reside in this state.

13-13 (b) In allocating funding to special-purpose school
13-14 districts under this section, the commissioner shall use a payment
13-15 schedule consistent with the payment schedule adopted for
13-16 open-enrollment charter schools.

13-17 (c) A special-purpose school district that receives state
13-18 funding for a resident student under this section may not charge
13-19 tuition or fees to that student for the academic term for which
13-20 state funding is received, other than fees permitted under Section
13-21 11.158.

13-22 (d) A special-purpose school district may elect not to
13-23 receive state funding under this section.

13-24 SECTION 23. Section 42.151(h), Education Code, is amended
13-25 to read as follows:

13-26 (h) Funds allocated under this section, other than an
13-27 indirect cost allotment established under State Board of Education
13-28 rule or amounts made available for the transportation of special
13-29 education students, must be used in the special education program
13-30 under Subchapter A, Chapter 29.

13-31 SECTION 24. Section 42.153(a), Education Code, is amended
13-32 to read as follows:

13-33 (a) For each student in average daily attendance in a
13-34 bilingual education or special language program under Subchapter B,
13-35 Chapter 29, a district is entitled to an annual allotment equal to
13-36 the adjusted basic allotment multiplied by 0.11 [0.1].

13-37 SECTION 25. The heading to Section 42.154, Education Code,
13-38 is amended to read as follows:

13-39 Sec. 42.154. CAREER AND TECHNOLOGY EDUCATION AND TECHNOLOGY
13-40 APPLICATIONS ALLOTMENT.

13-41 SECTION 26. Sections 42.154(a), (b), (c), and (e),
13-42 Education Code, are amended to read as follows:

13-43 (a) For each full-time equivalent student in average daily
13-44 attendance in an approved career and technology education program
13-45 in grades eight [nine] through 12, in a technology applications
13-46 course approved for high school credit, or in career and technology
13-47 education programs for students with disabilities in grades seven
13-48 through 12, a district is entitled to:

13-49 (1) an annual allotment equal to the adjusted basic
13-50 allotment multiplied by a weight of 1.35; and

13-51 (2) \$50, if the student is enrolled in:

13-52 (A) two or more advanced career and technology
13-53 education classes for a total of three or more credits; or

13-54 (B) an advanced course as part of a tech-prep
13-55 program under Subchapter T, Chapter 61.

13-56 (b) In this section, "full-time equivalent student" means
13-57 30 hours of contact a week between a student and career and
13-58 technology education program or technology applications personnel.

13-59 (c) Funds allocated under this section, other than an
13-60 indirect cost allotment established under State Board of Education
13-61 rule or amounts made available for the transportation of career and
13-62 technology education students, must be used in providing career and
13-63 technology education programs in grades eight [nine] through 12,
13-64 technology applications courses approved for high school credit, or
13-65 career and technology education programs for students with
13-66 disabilities in grades seven through 12 under Sections 29.182,
13-67 29.183, and 29.184.

13-68 (e) Out of the total statewide allotment [~~for career and~~
13-69 ~~technology education~~] under this section, the commissioner shall

14-1 set aside an amount specified in the General Appropriations Act,
 14-2 which may not exceed an amount equal to one percent of the total
 14-3 amount appropriated, to support regional career and technology
 14-4 education planning. After deducting the amount set aside under
 14-5 this subsection from the total amount appropriated for career and
 14-6 technology education and technology applications under this
 14-7 section, the commissioner shall reduce each district's tier one
 14-8 allotments in the same manner described for a reduction in
 14-9 allotments under Section 42.253.

14-10 SECTION 27. Section 42.1541(a), Education Code, is amended
 14-11 to read as follows:

14-12 (a) For the 2017-2018 and subsequent school years, the [The]
 14-13 State Board of Education shall by rule revise [increase] the
 14-14 indirect cost allotments established under Sections 42.151(h),
 14-15 42.152(c), 42.153(b), and 42.154(c) [42.154(a-1) and (c)] and in
 14-16 effect for the 2016-2017 [2010-2011] school year to reflect any
 14-17 increase in the percentage of total maintenance and operations
 14-18 funding represented by the basic allotment [in proportion to the
 14-19 average percentage reduction in total state and local maintenance
 14-20 and operations revenue provided under this chapter for the
 14-21 2011-2012 school year] as a result of [S.B. Nos. 1 and 2,] Acts of
 14-22 the 85th [82nd] Legislature, Regular [1st Called] Session, 2017
 14-23 [2011].

14-24 SECTION 28. Subchapter C, Chapter 42, Education Code, is
 14-25 amended by adding Section 42.1561 to read as follows:

14-26 Sec. 42.1561. ALLOTMENT FOR STUDENT WITH DYSLEXIA OR
 14-27 RELATED DISORDER. (a) Subject to Subsection (b), for each student
 14-28 that a school district serves who has been identified as having
 14-29 dyslexia or a related disorder, the district is entitled to an
 14-30 annual allotment equal to the district's adjusted basic allotment
 14-31 as determined under Section 42.102 or Section 42.103, as
 14-32 applicable, multiplied by 0.1 for each school year or a greater
 14-33 amount provided by appropriation.

14-34 (b) A school district is entitled to the allotment under
 14-35 Subsection (a) only for a student who:

14-36 (1) is receiving instruction that:
 14-37 (A) meets applicable dyslexia program criteria
 14-38 established by the agency; and

14-39 (B) is provided by a person with specific
 14-40 training in providing that instruction; or

14-41 (2) has received the instruction described by
 14-42 Subdivision (1) and is permitted, on the basis of having dyslexia or
 14-43 a related disorder, to use modifications in the classroom and
 14-44 accommodations in the administration of assessment instruments
 14-45 under Section 39.023.

14-46 (c) Funds allotted under this section must be used in
 14-47 providing services to students with dyslexia or related disorders.

14-48 (d) A school district may receive funding for a student
 14-49 under this section and Section 42.151 if the student satisfies the
 14-50 requirements of both sections.

14-51 (e) Not more than five percent of a district's students in
 14-52 average daily attendance are eligible for funding under this
 14-53 section.

14-54 SECTION 29. Sections 42.158(b), (d-1), and (g), Education
 14-55 Code, are amended to read as follows:

14-56 (b) For the first school year in which students attend a new
 14-57 instructional facility, a school district is entitled to an
 14-58 allotment of \$1,000 [\$250] for each student in average daily
 14-59 attendance at the facility. For the second school year in which
 14-60 students attend that instructional facility, a school district is
 14-61 entitled to an allotment of \$1,000 [\$250] for each additional
 14-62 student in average daily attendance at the facility.

14-63 (d-1) In addition to the appropriation amount described by
 14-64 Subsection (d), the amount of \$1 million may be appropriated each
 14-65 school year to supplement the allotment to which a school district
 14-66 is entitled under this section that may be provided using the
 14-67 appropriation amount described by Subsection (d). The commissioner
 14-68 shall first apply the funds appropriated under this subsection to
 14-69 prevent any reduction under Subsection (d) in the allotment for

15-1 attendance at an eligible high school instructional facility,
15-2 subject to the maximum amount of \$1,000 [~~\$250~~] for each student in
15-3 average daily attendance. Any funds remaining after preventing all
15-4 reductions in amounts due for high school instructional facilities
15-5 may be applied proportionally to all other eligible instructional
15-6 facilities, subject to the maximum amount of \$1,000 [~~\$250~~] for each
15-7 student in average daily attendance.

15-8 (g) In this section:
15-9 (1) "Instructional~~],~~ ~~"instructional]~~ facility" has
15-10 the meaning assigned by Section 46.001.

15-11 (2) "New instructional facility" includes:
15-12 (A) a newly constructed instructional facility;
15-13 (B) a repurposed instructional facility; and
15-14 (C) a leased facility operating for the first
15-15 time as an instructional facility with a minimum lease term of not
15-16 less than 10 years.

15-17 SECTION 30. Section 42.2518(a), Education Code, as
15-18 effective September 1, 2017, is amended to read as follows:

15-19 (a) Beginning with the 2017-2018 school year, a school
15-20 district is entitled to additional state aid to the extent that
15-21 state and local revenue under this chapter and Chapter 41 is less
15-22 than the state and local revenue that would have been available to
15-23 the district under Chapter 41 and this chapter as those chapters
15-24 existed on September 1, 2015, excluding any state aid or adjustment
15-25 in wealth per student that would have been provided under former
15-26 Section 41.002(e)-(g), 42.155, 42.160, 42.2513, or 42.2516, if the
15-27 increase in the residence homestead exemption under Section 1-b(c),
15-28 Article VIII, Texas Constitution, and the additional limitation on
15-29 tax increases under Section 1-b(d) of that article as proposed by
15-30 S.J.R. 1, 84th Legislature, Regular Session, 2015, had not
15-31 occurred.

15-32 SECTION 31. Section 42.253, Education Code, is amended by
15-33 adding Subsection (b-1) to read as follows:

15-34 (b-1) Notwithstanding Subsection (b), the commissioner
15-35 shall adjust enrollment estimates and entitlement for each school
15-36 district for each school year based on information provided by the
15-37 comptroller under Section 29.367. This subsection expires
15-38 September 1, 2021.

15-39 SECTION 32. Subchapter E, Chapter 42, Education Code, is
15-40 amended by adding Section 42.2541 to read as follows:

15-41 Sec. 42.2541. ESTIMATED PROJECTIONS. (a) In this section,
15-42 "equivalent equalized wealth level" means an equalized wealth level
15-43 for a state fiscal biennium that results in approximately the same
15-44 number of school districts that are required to take action under
15-45 Chapter 41 to reduce wealth as the number of school districts that
15-46 were required to take that action during the preceding state fiscal
15-47 biennium.

15-48 (b) Not later than November 1 of each even-numbered year,
15-49 the agency shall:

15-50 (1) submit to the legislature a projection for an
15-51 equivalent equalized wealth level for the following biennium based
15-52 on the agency's estimate of:

15-53 (A) student enrollment under Section
15-54 42.254(a)(1);

15-55 (B) the comptroller's estimate of any increase in
15-56 total taxable value of all property in the state under Section
15-57 42.254(a)(2);

15-58 (C) the number of school districts offering a
15-59 local optional residence homestead exemption under Section
15-60 11.13(n), Tax Code;

15-61 (D) the number of school districts adopting a tax
15-62 rate below the maximum tier one tax rate determined under Section
15-63 42.252;

15-64 (E) the projected amount of maintenance and
15-65 operations tax revenue per student in weighted average daily
15-66 attendance of the Austin Independent School District; and

15-67 (F) the number of school districts adopting a
15-68 maintenance and operations tax rate of \$1.17; and

15-69 (2) provide projections for the equalized funding

16-1 elements under Section 42.007 for the following biennium as
 16-2 necessary to achieve the equivalent equalized wealth level
 16-3 projected under Subdivision (1).

16-4 SECTION 33. Section 42.302(a), Education Code, is amended
 16-5 to read as follows:

16-6 (a) Each school district is guaranteed a specified amount
 16-7 per weighted student in state and local funds for each cent of tax
 16-8 effort over that required for the district's local fund assignment
 16-9 up to the maximum level specified in this subchapter. The amount
 16-10 of state support, subject only to the maximum amount under Section
 16-11 42.303, is determined by the formula:

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

16-12 where:

16-14 "GYA" is the guaranteed yield amount of state funds to be
 16-15 allocated to the district;

16-16 "GL" is the dollar amount guaranteed level of state and local
 16-17 funds per weighted student per cent of tax effort, which is an
 16-18 amount described by Subsection (a-1) or a greater amount for any
 16-19 year provided by appropriation;

16-20 "WADA" is the number of students in weighted average daily
 16-21 attendance, which is calculated by dividing the sum of the school
 16-22 district's allotments under Subchapters B and C, less any allotment
 16-23 [~~to the district for transportation, any allotment~~] under Section
 16-24 42.158 [~~or 42.160,~~] and 50 percent of the adjustment under Section
 16-25 42.102, by the basic allotment for the applicable year;

16-26 "DTR" is the district enrichment tax rate of the school
 16-27 district, which is determined by subtracting the amounts specified
 16-28 by Subsection (b) from the total amount of maintenance and
 16-29 operations taxes collected by the school district for the
 16-30 applicable school year and dividing the difference by the quotient
 16-31 of the district's taxable value of property as determined under
 16-32 Subchapter M, Chapter 403, Government Code, or, if applicable,
 16-33 under Section 42.2521, divided by 100; and

16-34 "LR" is the local revenue, which is determined by multiplying
 16-35 "DTR" by the quotient of the district's taxable value of property as
 16-36 determined under Subchapter M, Chapter 403, Government Code, or, if
 16-37 applicable, under Section 42.2521, divided by 100.

16-38 SECTION 34. Chapter 42, Education Code, is amended by
 16-39 adding Subchapter H to read as follows:

16-40 SUBCHAPTER H. FINANCIAL HARDSHIP TRANSITION PROGRAM

16-41 Sec. 42.451. FINANCIAL HARDSHIP GRANTS. (a) From amounts
 16-42 appropriated for this subchapter, the commissioner may administer a
 16-43 grant program that provides grants to school districts to defray
 16-44 financial hardships resulting from changes made to Chapter 41 and
 16-45 this chapter that apply after the 2016-2017 school year.

16-46 (b) The commissioner shall award grants under this
 16-47 subchapter to districts as provided by Section 42.452.

16-48 (c) Except as provided by Subsection (d), funding provided
 16-49 to a district under this subchapter is in addition to all other
 16-50 funding provided under Chapter 41 and this chapter.

16-51 (d) A district is not eligible for funding under this
 16-52 subchapter for a school year if the district receives for that
 16-53 school year an adjustment of the district's taxable value of
 16-54 property under Section 42.2521. A district may decline an
 16-55 adjustment under Section 42.2521 to maintain eligibility for
 16-56 funding under this subchapter.

16-57 (e) The commissioner may obtain additional information as
 16-58 needed from a district or other state or local agency to make
 16-59 determinations in awarding grants under this subchapter.

16-60 Sec. 42.452. AWARD OF GRANTS; AMOUNT. (a) The commissioner
 16-61 shall award grants to school districts based on the following
 16-62 formula:

$$\text{HG} = (\text{PL} - \text{CL}) \times (\text{TR}) \times (\text{TAHG} / \text{TEHG})$$

16-64 where:

16-65 "HG" is the amount of a district's hardship grant;

16-66 "PL" is the amount of funding under previous law to which a
 16-67 district would be entitled under Chapter 41 and this chapter as
 16-68 those chapters existed on January 1, 2017, determined using current
 16-69 school year data for the district;

17-1 "CL" is the amount of current law funding under Chapter 41 and
 17-2 this chapter to which a district is entitled;

17-3 "TR" is a district's maintenance and operations tax rate, as
 17-4 specified by the comptroller's most recent certified report;

17-5 "TAHG" is the total funding available for grants under
 17-6 Section 42.456 for a school year; and

17-7 "TEHG" is the sum of the combined amounts for all districts
 17-8 calculated by applying the formula (PL-CL) X (TR) for each
 17-9 district.

17-10 (b) A school district's hardship grant awarded under this
 17-11 subchapter for a school year may not exceed the lesser of:

17-12 (1) the amount equal to 10 percent of the total amount
 17-13 of funds available for grants under this subchapter for that school
 17-14 year; or

17-15 (2) the amount by which "PL" exceeds "CL" for that
 17-16 district for that school year.

17-17 (c) For purposes of calculating the formula under
 17-18 Subsection (a), the commissioner shall:

17-19 (1) if the value of (PL-CL) for a school district
 17-20 results in a negative number, use zero for the value of (PL-CL);

17-21 (2) if a school district's maintenance and operations
 17-22 tax rate ("TR") is greater than \$1, use \$1 for the value of "TR";

17-23 (3) use a maintenance and operations tax rate ("TR")
 17-24 of \$1 for each open-enrollment charter school, each special-purpose
 17-25 school district established under Subchapter H, Chapter 11, and the
 17-26 South Texas Independent School District; and

17-27 (4) if (TAHG/TEHG) equals a value greater than one,
 17-28 use a value of one for (TAHG/TEHG).

17-29 (d) If funds remain available under this subchapter for a
 17-30 school year after determining initial grant amounts under
 17-31 Subsection (a), as adjusted to reflect the limits imposed by
 17-32 Subsection (b), the commissioner shall reapply the formula as
 17-33 necessary to award all available funds.

17-34 Sec. 42.453. ELIGIBILITY OF OPEN-ENROLLMENT CHARTER
 17-35 SCHOOL. An open-enrollment charter school is eligible for a grant
 17-36 under this subchapter in the same manner as a school district.

17-37 Sec. 42.454. REGIONAL EDUCATION SERVICE CENTERS AND COUNTY
 17-38 DEPARTMENTS OF EDUCATION NOT ELIGIBLE. A regional education
 17-39 service center or a county department of education is not eligible
 17-40 for a grant under this subchapter.

17-41 Sec. 42.455. CERTAIN SCHOOL DISTRICTS NOT ELIGIBLE. A
 17-42 school district is not eligible for a grant under this subchapter if
 17-43 for the 2015-2016 school year the district's expenditures per
 17-44 student in average daily attendance, excluding bond debt service
 17-45 payments, capital outlays, and facilities acquisition and
 17-46 construction costs, exceeded an amount that is equal to 110 percent
 17-47 of the state average amount for that school year of expenditures per
 17-48 student in average daily attendance, excluding bond debt service
 17-49 payments, capital outlays, and facilities acquisition and
 17-50 construction costs, as those amounts are determined by the
 17-51 commissioner.

17-52 Sec. 42.456. FUNDING LIMIT. The amount of grants awarded by
 17-53 the commissioner under this subchapter may not exceed \$125 million
 17-54 for the 2017-2018 school year or \$34 million for the 2018-2019
 17-55 school year.

17-56 Sec. 42.457. NO ADJUSTMENT BASED ON REVISED DATA. The
 17-57 commissioner may not adjust the amount of a school district's grant
 17-58 under this subchapter based on revisions to the district's data
 17-59 received after a grant has been awarded.

17-60 Sec. 42.458. RULES. The commissioner may adopt rules as
 17-61 necessary to administer this subchapter.

17-62 Sec. 42.459. DETERMINATION FINAL. A determination by the
 17-63 commissioner under this subchapter is final and may not be
 17-64 appealed.

17-65 Sec. 42.460. EXPIRATION. This subchapter expires September
 17-66 1, 2019.

17-67 SECTION 35. Section 411.0901, Government Code, is amended
 17-68 by adding Subsection (a-1) to read as follows:

17-69 (a-1) The Texas Education Agency is entitled to obtain

18-1 criminal history record information maintained by the department
 18-2 about a person who is a private tutor or an employee of a teaching
 18-3 service who intends to provide educational services to a child
 18-4 participating in the program established under Subchapter J,
 18-5 Chapter 29, Education Code, and is seeking approval to receive
 18-6 funds distributed under that program.

18-7 SECTION 36. (a) Effective September 1, 2017, the following
 18-8 provisions of the Education Code are repealed:

- 18-9 (1) Section 29.097(g);
- 18-10 (2) Section 29.098(e);
- 18-11 (3) Section 39.233;
- 18-12 (4) Section 39.234;
- 18-13 (5) Sections 41.002(e), (f), and (g);
- 18-14 (6) Section 42.1541(c);
- 18-15 (7) Section 42.155;
- 18-16 (8) Section 42.160;
- 18-17 (9) Section 42.2513; and
- 18-18 (10) Section 42.2517.

18-19 (b) Effective September 1, 2023, Section 42.103(c),
 18-20 Education Code, is repealed.

18-21 SECTION 37. (a) The constitutionality and other validity
 18-22 under the state or federal constitution of all or any part of
 18-23 Subchapter J, Chapter 29, Education Code, as added by this Act, may
 18-24 be determined in an action for declaratory judgment in a district
 18-25 court in Travis County under Chapter 37, Civil Practice and
 18-26 Remedies Code, except that this section does not authorize an award
 18-27 of attorney's fees against this state and Section 37.009, Civil
 18-28 Practice and Remedies Code, does not apply to an action filed under
 18-29 this section.

18-30 (b) An appeal of a declaratory judgment or order, however
 18-31 characterized, of a district court, including an appeal of the
 18-32 judgment of an appellate court, holding or otherwise determining
 18-33 that all or any part of Subchapter J, Chapter 29, Education Code, as
 18-34 added by this Act, is constitutional or unconstitutional, or
 18-35 otherwise valid or invalid, under the state or federal constitution
 18-36 is an accelerated appeal.

18-37 (c) If the judgment or order is interlocutory, an
 18-38 interlocutory appeal may be taken from the judgment or order and is
 18-39 an accelerated appeal.

18-40 (d) A district court in Travis County may grant or deny a
 18-41 temporary or otherwise interlocutory injunction or a permanent
 18-42 injunction on the grounds of the constitutionality or
 18-43 unconstitutionality, or other validity or invalidity, under the
 18-44 state or federal constitution of all or any part of Subchapter J,
 18-45 Chapter 29, Education Code, as added by this Act.

18-46 (e) There is a direct appeal to the Texas Supreme Court from
 18-47 an order, however characterized, of a trial court granting or
 18-48 denying a temporary or otherwise interlocutory injunction or a
 18-49 permanent injunction on the grounds of the constitutionality or
 18-50 unconstitutionality, or other validity or invalidity, under the
 18-51 state or federal constitution of all or any part of Subchapter J,
 18-52 Chapter 29, Education Code, as added by this Act.

18-53 (f) The direct appeal is an accelerated appeal.

18-54 (g) This section exercises the authority granted by Section
 18-55 3-b, Article V, Texas Constitution.

18-56 (h) The filing of a direct appeal under this section will
 18-57 automatically stay any temporary or otherwise interlocutory
 18-58 injunction or permanent injunction granted in accordance with this
 18-59 section pending final determination by the Texas Supreme Court,
 18-60 unless the supreme court makes specific findings that the applicant
 18-61 seeking such injunctive relief has pleaded and proved that:

18-62 (1) the applicant has a probable right to the relief it
 18-63 seeks on final hearing; and

18-64 (2) the applicant will suffer a probable injury that
 18-65 is imminent and irreparable, and that the applicant has no other
 18-66 adequate legal remedy.

18-67 (i) An appeal under this section, including an
 18-68 interlocutory, accelerated, or direct appeal, is governed, as
 18-69 applicable, by the Texas Rules of Appellate Procedure, including

19-1 Rules 25.1(d)(6), 26.1(b), 28.1, 28.3, 32.1(g), 37.3(a)(1),
19-2 38.6(a) and (b), 40.1(b), and 49.4.

19-3 SECTION 38. A school district that is entitled under
19-4 Section 42.158, Education Code, to receive funding in the 2017-2018
19-5 school year for the second year of student attendance at a new
19-6 instructional facility is entitled for that year to the amount
19-7 provided for the second year of student attendance as a result of
19-8 the changes in law made by this Act.

19-9 SECTION 39. Not later than March 1, 2019, the Texas
19-10 Education Agency shall conduct a review of technology applications
19-11 and career and technology courses for grades 9 through 12 and
19-12 provide recommendations to the State Board of Education for
19-13 eliminating duplicative courses while ensuring certifications are
19-14 aligned with the rigor of each individual course.

19-15 SECTION 40. Subchapter J, Chapter 29, and Section
19-16 42.253(b-1), Education Code, as added by this Act, and Section
19-17 411.0901(a-1), Government Code, as added by this Act, apply
19-18 beginning with the 2018-2019 school year.

19-19 SECTION 41. The commissioner of education is required to
19-20 implement this Act only if the legislature appropriates money
19-21 specifically for that purpose. If the legislature does not
19-22 appropriate money specifically for that purpose, the commissioner
19-23 of education may, but is not required to, implement this Act using
19-24 other appropriations available for the purpose.

19-25 SECTION 42. Except as otherwise provided by this Act, this
19-26 Act takes effect September 1, 2017.

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