

By: \_\_\_\_\_ .B. No. \_\_\_\_\_

Substitute the following for .B. No. \_\_\_\_\_:

By: \_\_\_\_\_ C.S. .B. No. \_\_\_\_\_

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the funding of primary and secondary education.

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

4 SECTION 1. Section 7.055(b), Education Code, is amended by  
5 adding Subdivision (42) to read as follows:

6 (42) The commissioner may accept a gift, donation, or  
7 other contribution on behalf of the public school system or agency  
8 and, unless otherwise specified by the donor, may use the  
9 contribution for the benefit of the public school system or agency  
10 in the manner the commissioner determines appropriate.

11 SECTION 2. Section 7.062(c), Education Code, is amended to  
12 read as follows:

13 (c) Except as otherwise provided by this subsection, if the  
14 commissioner certifies that the amount appropriated for a state  
15 fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds  
16 the amount to which school districts are entitled under those  
17 subchapters for that year, the commissioner shall use the excess  
18 funds, in an amount not to exceed \$20 million in any state fiscal  
19 year, for the purpose of making grants under this section. The use  
20 of excess funds under this subsection has priority over any  
21 provision of Chapter 42 that permits or directs the use of excess  
22 foundation school program funds, including Sections [~~42.2517,~~  
23 42.2521, 42.2522, and 42.2531. The commissioner is required to use  
24 excess funds as provided by this subsection only if the

1 commissioner is not required to reduce the total amount of state  
2 funds allocated to school districts under Section 42.253(h).

3 SECTION 3. Section 11.158(a), Education Code, is amended to  
4 read as follows:

5 (a) The board of trustees of an independent school district  
6 may require payment of:

7 (1) a fee for materials used in any program in which  
8 the resultant product in excess of minimum requirements becomes, at  
9 the student's option, the personal property of the student, if the  
10 fee does not exceed the cost of materials;

11 (2) membership dues in student organizations or clubs  
12 and admission fees or charges for attending extracurricular  
13 activities, if membership or attendance is voluntary;

14 (3) a security deposit for the return of materials,  
15 supplies, or equipment;

16 (4) a fee for personal physical education and athletic  
17 equipment and apparel, although any student may provide the  
18 student's own equipment or apparel if it meets reasonable  
19 requirements and standards relating to health and safety  
20 established by the board;

21 (5) a fee for items of personal use or products that a  
22 student may purchase at the student's option, such as student  
23 publications, class rings, annuals, and graduation announcements;

24 (6) a fee specifically permitted by any other statute;

25 (7) a fee for an authorized voluntary student health  
26 and accident benefit plan;

27 (8) a reasonable fee, not to exceed the actual annual

1 maintenance cost, for the use of musical instruments and uniforms  
2 owned or rented by the district;

3 (9) a fee for items of personal apparel that become the  
4 property of the student and that are used in extracurricular  
5 activities;

6 (10) a parking fee or a fee for an identification card;

7 (11) a fee for a driver training course, not to exceed  
8 the actual district cost per student in the program for the current  
9 school year;

10 (12) a fee for a course offered for credit that  
11 requires the use of facilities not available on the school premises  
12 or the employment of an educator who is not part of the school's  
13 regular staff, if participation in the course is at the student's  
14 option;

15 (13) a fee for a course offered during summer school,  
16 except that the board may charge a fee for a course required for  
17 graduation only if the course is also offered without a fee during  
18 the regular school year;

19 (14) a reasonable fee for transportation of a student  
20 who lives within two miles of the school the student attends to and  
21 from that school [~~except that the board may not charge a fee for~~  
22 ~~transportation for which the school district receives funds under~~  
23 ~~Section 42.155(d)~~]; or

24 (15) a reasonable fee, not to exceed \$50, for costs  
25 associated with an educational program offered outside of regular  
26 school hours through which a student who was absent from class  
27 receives instruction voluntarily for the purpose of making up the

1 missed instruction and meeting the level of attendance required  
2 under Section 25.092 [~~or~~  
3 ~~(16) if the district does not receive any funds under~~  
4 ~~Section 42.155 and does not participate in a county transportation~~  
5 ~~system for which an allotment is provided under Section 42.155(i),~~  
6 ~~a reasonable fee for the transportation of a student to and from the~~  
7 ~~school the student attends].~~

8 SECTION 4. Effective September 1, 2018, Section  
9 12.106(a-1), Education Code, is amended to read as follows:

10 (a-1) In determining funding for an open-enrollment charter  
11 school under Subsection (a):

12 (1) [7] adjustments under Sections 42.102, [42.103,  
13 42.104, and 42.105 are based on the average adjustment for the  
14 state; and

15 (2) the adjustment under Section 42.103 is based on  
16 the average adjustment for the state that would have been provided  
17 under that section as it existed on January 1, 2018.

18 SECTION 5. Section 29.153(c), Education Code, is amended to  
19 read as follows:

20 (c) A prekindergarten class under this section shall be  
21 operated on a half-day basis. A district is not required to provide  
22 transportation for a prekindergarten class [~~but transportation,~~  
23 ~~if provided, is included for funding purposes as part of the regular~~  
24 ~~transportation system].~~

25 SECTION 6. Subchapter F, Chapter 29, Education Code, is  
26 amended by adding Section 29.194 to read as follows:

27 Sec. 29.194. STUDY ON CAREER AND TECHNOLOGY EDUCATION

1 COURSES. (a) The commissioner shall conduct a study regarding:  
2 (1) providing career and technology education courses  
3 during the summer, including:  
4 (A) the feasibility of providing those courses;  
5 (B) the potential demand for those courses;  
6 (C) any funding considerations associated with  
7 providing those courses; and  
8 (D) any other matter the commissioner determines  
9 appropriate; and  
10 (2) the feasibility of extending career and technology  
11 education programs to students enrolled below the eighth grade  
12 level and providing funding for those programs.  
13 (b) Not later than December 1, 2018, the commissioner shall  
14 submit to the governor and the members of the legislature a report  
15 on the results of the study and any recommendations for legislative  
16 or other action.  
17 (c) The provisions of this section apply only if the  
18 commissioner receives sufficient money to pay for the study and  
19 report from gifts, donations, or other contributions that may be  
20 used for that purpose.  
21 (d) This section expires September 1, 2019.

22 SECTION 7. Chapter 29, Education Code, is amended by adding  
23 Subchapter J to read as follows:

24 SUBCHAPTER J. EDUCATION SAVINGS ACCOUNT PROGRAM

25 Sec. 29.351. DEFINITIONS. In this subchapter:

26 (1) "Account" means an education savings account  
27 established under the program.

1           (2) "Child with a disability" means a child who is:

2           (A) eligible to participate in a school  
3 district's special education program under Section 29.003; or

4           (B) covered by Section 504, Rehabilitation Act of  
5 1973 (29 U.S.C. Section 794).

6           (3) "Curriculum" means a complete course of study for  
7 a particular content area or grade level.

8           (4) "Financial institution" means a bank, credit  
9 union, savings bank, or savings and loan association organized  
10 under the laws of this state, the laws of another state, or federal  
11 law that has its main office or a branch office in this state. The  
12 term does not include any institution the deposits of which are not  
13 insured by the Federal Deposit Insurance Corporation or the  
14 National Credit Union Administration.

15           (5) "Institution of higher education" and "private or  
16 independent institution of higher education" have the meanings  
17 assigned by Section 61.003.

18           (6) "Parent" means a resident of this state who is a  
19 natural or adoptive parent, managing or possessory conservator,  
20 legal guardian, custodian, or other person with legal authority to  
21 act on behalf of a child.

22           (7) "Program" means the education savings account  
23 program established under this subchapter.

24           (8) "Program participant" means a child and a parent  
25 of a child enrolled in the program.

26           Sec. 29.352. PURPOSES. The purposes of the education  
27 savings account program are to:

1           (1) improve public schools and overall academic  
2 performance;

3           (2) promote efficiency;

4           (3) promote and preserve the liberties and rights of  
5 the people; and

6           (4) increase parental options.

7           Sec. 29.353. ESTABLISHMENT OF PROGRAM. (a) The  
8 comptroller shall establish and administer an education savings  
9 account program to provide funding for certain education-related  
10 expenses of eligible children.

11           (b) The comptroller, with cooperation from the agency,  
12 shall ensure that information about the program is readily  
13 available to the public through various sources, including the  
14 comptroller's and the agency's respective Internet websites. The  
15 information made available through the comptroller's Internet  
16 website must include a notice that:

17           (1) states that a private school is not subject to laws  
18 regarding the provision of educational services in the same manner  
19 as a public school, and a child with a disability attending a  
20 private school may not receive the services a child with a  
21 disability attending a public school is entitled to receive under  
22 federal and state law; and

23           (2) provides information regarding rights to which a  
24 child with a disability is entitled under federal and state law if  
25 the child attends a public school, including:

26           (A) rights provided under the Individuals with  
27 Disabilities Education Act (20 U.S.C. Section 1400 et seq.),

1 including:

2 (i) an individualized education program;

3 (ii) educational services provided in the  
4 least restrictive environment;

5 (iii) instruction from certified teachers;

6 (iv) due process hearings to ensure proper  
7 and full implementation of an individualized education program;

8 (v) transition and planning services; and

9 (vi) supplementary aids and services;

10 (B) rights provided under Subchapter A; and

11 (C) other rights provided under federal or state  
12 law.

13 Sec. 29.3531. EDUCATION SAVINGS ACCOUNT PROGRAM FUND.

14 (a) The education savings account program fund is an account in  
15 the general revenue fund to be administered by the comptroller.

16 (b) The fund is composed of:

17 (1) general revenue transferred to the fund;

18 (2) money appropriated to the fund;

19 (3) gifts, grants, and donations received under  
20 Section 29.371; and

21 (4) any other money available for purposes of the  
22 program.

23 (c) Money in the fund may be appropriated only to the  
24 comptroller for purposes of making payments to program participants  
25 and administering the program under this subchapter.

26 Sec. 29.354. ELIGIBLE CHILD. (a) A child is eligible to  
27 participate in the program if the child:

1           (1) is a child with a disability;

2           (2) is eligible to attend a public school under  
3 Section 25.001; and

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

6           (b) A child who establishes eligibility under this section  
7 may participate in the program until the earliest of the following  
8 dates:

9           (1) the date that is three months after the date on  
10 which the child graduates from high school;

11           (2) the date on which the child is no longer eligible  
12 to attend a public school under Section 25.001;

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

15           (4) the date on which the child is declared ineligible  
16 for the program by the comptroller under this subchapter.

17           (c) Notwithstanding Subsection (b), the comptroller shall  
18 establish guidelines for, in the least disruptive manner possible:

19           (1) a child participating in the program to cease  
20 participation and enroll in a public school, including an  
21 open-enrollment charter school; and

22           (2) a child who previously participated in the program  
23 and subsequently enrolled in a public school, including an  
24 open-enrollment charter school, to resume participation in the  
25 program.

26           Sec. 29.355. ENROLLMENT IN PROGRAM. (a) A parent of an  
27 eligible child may enroll the child in the program for the following

1 school year.

2 (b) The comptroller shall by rule create an enrollment form  
3 for the program and make the enrollment form readily available to  
4 interested parents through various sources, including the  
5 comptroller's Internet website. An enrollment form for the program  
6 must be submitted to the comptroller electronically.

7 (c) The comptroller shall post on the comptroller's  
8 Internet website and provide to each parent who submits an  
9 enrollment form a publication that describes the operation of the  
10 program, including:

11 (1) expenses allowed under the program under Section  
12 29.357;

13 (2) expense reporting requirements; and

14 (3) a description of the responsibilities of program  
15 participants and the duties of the comptroller under this  
16 subchapter.

17 (d) The comptroller shall provide to each parent who submits  
18 an enrollment form a written copy of the notice described by Section  
19 29.353(b). Before the parent may receive funding under the  
20 program, the parent must sign and return the notice to the  
21 comptroller.

22 Sec. 29.356. PARTICIPATION IN PROGRAM. (a) To receive  
23 funding under the program, a parent of an eligible child must agree  
24 to:

25 (1) spend funds received through the program only for  
26 expenses allowed under Section 29.357;

27 (2) notify the comptroller if the child enrolls in a

1 public school, including an open-enrollment charter school, not  
2 later than the 30th day after the date of enrollment; and

3 (3) inform the comptroller if the child graduates from  
4 high school.

5 (b) The parent of a child participating in the program is  
6 the trustee of the child's account.

7 (c) The comptroller shall provide annually to each program  
8 participant the publication provided under Section 29.355(c).

9 Sec. 29.357. APPROVED EDUCATION-RELATED EXPENSES.

10 (a) Funds received under the program may be used only for the  
11 following expenses incurred by a program participant:

12 (1) tuition and fees:

13 (A) at a private school accredited by an  
14 organization that is recognized by the Texas Private School  
15 Accreditation Commission;

16 (B) at an institution of higher education or a  
17 private or independent institution of higher education; or

18 (C) for an online educational course or program;

19 (2) the purchase of textbooks or other instructional  
20 materials required by a school, institution, course, or program  
21 described by Subdivision (1) in which the child is enrolled;

22 (3) fees for classes or other educational services  
23 provided by a public school, if the classes or services do not  
24 qualify the child to be included in the school's average daily  
25 attendance;

26 (4) fees for services provided by a private tutor or  
27 teaching service;

1           (5) costs of transportation to and from school, not to  
2 exceed \$500 per year;

3           (6) fees for educational therapies or services  
4 provided by a practitioner or provider;

5           (7) costs of computer hardware and software and other  
6 technological devices prescribed by a physician to facilitate a  
7 child's education, not to exceed in any year 10 percent of the total  
8 amount paid to the program participant's account that year;

9           (8) fees for a nationally norm-referenced achievement  
10 test or examination, an assessment instrument adopted by the agency  
11 under Section 39.023, an advanced placement test or similar  
12 examination, or any examination related to college or university  
13 admission;

14           (9) fees for the management of the participant's  
15 account charged by a financial institution; and

16           (10) costs of breakfast or lunch provided to a child  
17 during the school day by a private school.

18           (b) Expenses allowed under Subsection (a) do not include  
19 expenses for:

20           (1) consumable supplies, including paper, pens,  
21 pencils, folders, and notebooks;

22           (2) food, other than breakfast or lunch as authorized  
23 under Subsection (a)(10); or

24           (3) before-school or after-school child care and child  
25 care during school holidays and vacations.

26           (c) An education service provider or vendor of educational  
27 products must provide a program participant with a receipt for each

1 expense allowed under Subsection (a) charged by the provider or  
2 vendor to the participant.

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

7 (e) A finding that a program participant used funds  
8 distributed under the program to pay for an expense not allowed  
9 under Subsection (a) does not affect the validity of any payment  
10 made by the participant for an expense that is allowed under that  
11 subsection.

12 Sec. 29.358. AMOUNT OF PAYMENT; FINANCING. (a) A parent  
13 of an eligible child shall receive each year that the child  
14 participates in the program a payment from the state to the child's  
15 account in an amount that is equal to 90 percent of the state  
16 average maintenance and operations expenditures per student for the  
17 preceding state fiscal year.

18 (b) In addition to any funding the district receives under  
19 Chapter 42, for each child participating in the program, the school  
20 district the child would otherwise attend is entitled to receive  
21 for the first year in which the child participates in the program an  
22 amount equal to five percent of the state average maintenance and  
23 operations expenditures per student for the preceding state fiscal  
24 year.

25 (c) For the first year a child participates in the program,  
26 the child is included in the weighted average daily attendance of  
27 the school district the child would otherwise attend for purposes

1 of determining the district's equalized wealth level under Chapter  
2 41.

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

7 (e) The parent of a child participating in the program may  
8 make payments for the expenses of educational programs, services,  
9 and products not covered by funds in the child's account.

10 (f) A payment under Subsection (a) may not be financed using  
11 federal funds or money appropriated from the permanent school fund  
12 or the available school fund.

13 Sec. 29.359. ADMINISTRATION OF ACCOUNTS. (a) The  
14 comptroller may contract with one or more financial institutions to  
15 establish and manage an account for each child participating in the  
16 program. A program participant must be able to access the  
17 participant's account by using an online or electronic transfer  
18 payment service.

19 (b) The comptroller shall make quarterly payments to each  
20 program participant's account in equal amounts, with the first  
21 payment for each school year made on September 1 and the remaining  
22 payments made on or before the 15th day of November, February, and  
23 May.

24 (c) The comptroller may deduct an amount from each quarterly  
25 payment to a program participant's account to cover the  
26 comptroller's cost of administering the program. The amount  
27 deducted may not exceed five percent of the payment.

1 (d) Not later than 30 days after the end of each fiscal year,  
2 the comptroller shall reconcile payments made to and from all  
3 accounts under the program.

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

9 (f) The comptroller may contract with a private entity to  
10 administer all or any part of the program.

11 Sec. 29.360. RANDOM AUDITING OF ACCOUNTS. (a) The  
12 comptroller shall contract with a private entity to randomly audit  
13 accounts as necessary to ensure compliance with applicable law and  
14 the requirements of the program.

15 (b) In auditing an account, the comptroller or private  
16 entity may require that a program participant provide further  
17 information and documentation regarding any payment from the  
18 participant's account.

19 (c) The private entity shall report to the comptroller any  
20 violation of this subchapter or other relevant law found by the  
21 entity during an audit conducted under this section.

22 Sec. 29.361. SUSPENSION OF ACCOUNT. (a) The comptroller  
23 shall suspend the account of a program participant who fails to  
24 comply with applicable law or a requirement of the program,  
25 including a requirement under Section 29.356(a), or who  
26 substantially misuses funds received under the program.

27 (b) On suspension of an account under Subsection (a), the

1 comptroller shall notify the program participant in writing that  
2 the account has been suspended and that no further payments may be  
3 made from the account. The notification must specify the grounds  
4 for the suspension and state that the participant has 10 business  
5 days to respond and take any corrective action required by the  
6 comptroller.

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

9 (1) order permanent closure of the suspended account  
10 and declare the program participant ineligible for the program;

11 (2) order temporary reinstatement of the account,  
12 conditioned on the performance of a specified action by the  
13 participant; or

14 (3) order full reinstatement of the account.

15 (d) The comptroller may recover funds distributed under the  
16 program that were used for expenses not allowed under Section  
17 29.357(a) from the program participant or the entity that received  
18 the funds if the participant's account is suspended or closed under  
19 this section.

20 Sec. 29.362. TUITION AND FEES; REFUND PROHIBITED. (a) An  
21 education service provider may not charge a child participating in  
22 the program an amount greater than the standard amount charged for  
23 that service by the provider.

24 (b) An education service provider or a vendor of educational  
25 products receiving funds distributed under the program may not in  
26 any manner rebate, refund, or credit to or share with a program  
27 participant, or any person on behalf of a participant, any program

1 funds paid or owed by the participant to the provider or vendor.

2 Sec. 29.363. REFERRAL TO ATTORNEY GENERAL. (a) If the  
3 comptroller obtains evidence of fraudulent use of an account, the  
4 comptroller may refer the case to the attorney general for  
5 investigation.

6 (b) With the consent of the appropriate local county or  
7 district attorney, the attorney general has concurrent  
8 jurisdiction with the consenting local prosecutor to prosecute an  
9 offense referred to the attorney general under Subsection (a).

10 Sec. 29.364. PROVIDER ACCOUNTABILITY. (a) To receive  
11 funds distributed under the program, a private school must be  
12 accredited by an organization that is recognized by the Texas  
13 Private School Accreditation Commission.

14 (b) A practitioner or provider who provides educational  
15 therapies or services must be licensed or accredited by a regional  
16 or national accrediting organization to receive funds distributed  
17 under the program.

18 (c) A private tutor, teaching service, or online  
19 educational course or program provider must apply to and be  
20 approved by the commissioner to receive funds distributed under the  
21 program.

22 (d) To be eligible for approval under Subsection (c), a  
23 private tutor or each employee of a teaching service who intends to  
24 provide educational services to a program participant must:

25 (1) be a teacher who:

26 (A) is certified under Subchapter B, Chapter 21;

27 (B) holds a National Board Certification issued

1 by the National Board for Professional Teaching Standards; or

2 (C) has experience teaching at an institution of  
3 higher education or private or independent institution of higher  
4 education; and

5 (2) either:

6 (A) complete a national criminal history record  
7 information review; or

8 (B) provide to the commissioner documentation  
9 indicating that the tutor or employee, as applicable, has completed  
10 a national criminal history record information review within a  
11 period established by commissioner rule.

12 (e) The commissioner shall review the national criminal  
13 history record information or documentation for each private tutor  
14 or teaching service who submits an application under Subsection  
15 (c). The tutor or teaching service must provide the commissioner  
16 with any information requested by the commissioner to enable the  
17 commissioner to complete the review.

18 (f) The commissioner shall maintain and provide to the  
19 comptroller a list of private tutors, teaching services, and online  
20 educational courses or program providers approved to receive funds  
21 distributed under the program. The comptroller shall post the list  
22 on the comptroller's Internet website.

23 (g) A private tutor, teaching service, or online  
24 educational course or program provider may appeal to the  
25 comptroller the commissioner's rejection of an application  
26 submitted under Subsection (c).

27 (h) The commissioner may adopt rules necessary to exercise

1 the commissioner's powers and duties under this section.

2 Sec. 29.365. PROGRAM PARTICIPANT, PROVIDER, AND VENDOR  
3 AUTONOMY. (a) An education service provider or vendor of  
4 educational products that receives funds distributed under the  
5 program is not an agent of the state or federal government.

6 (b) Except as provided by this subchapter, the comptroller,  
7 the commissioner, the agency, the State Board of Education, any  
8 other state agency, or any school district may not:

9 (1) regulate the educational program of an education  
10 service provider or vendor of educational products that receives  
11 funds distributed under the program; or

12 (2) exercise control or supervision over a program  
13 participant or an education service provider or vendor of  
14 educational products that receives funds distributed under the  
15 program.

16 (c) The program does not expand the regulatory authority of  
17 the state or any school district to impose any additional  
18 regulation on an education service provider or vendor of  
19 educational products except those reasonably necessary to enforce  
20 the program as provided by this subchapter.

21 (d) A private school may not be required to modify the  
22 school's creed, practices, admissions policies, curriculum,  
23 performance standards, or assessments to receive funds distributed  
24 under the program.

25 (e) A private school voluntarily selected by a parent for  
26 the parent's child to attend, with or without governmental  
27 assistance, may not be required to comply with any state law or rule

1 governing the applicable educational program that was not in effect  
2 on January 1, 2017.

3 (f) In any proceeding challenging a rule adopted by a state  
4 agency or officer under this subchapter, the agency or officer has  
5 the burden of proof to establish that the rule:

6 (1) is necessary to implement or enforce the program  
7 as provided by this subchapter; and

8 (2) does not impose an undue burden on a program  
9 participant or an education service provider or vendor of  
10 educational products that receives or seeks to receive funds  
11 distributed under the program.

12 Sec. 29.366. STUDENT RECORDS AND INFORMATION. (a) On  
13 request by the parent of a child participating in the program, the  
14 school district or open-enrollment charter school that the child  
15 would otherwise attend shall provide a copy of the child's school  
16 records possessed by the district or school, if any, to the child's  
17 parent or, if applicable, the private school the child attends.

18 (b) The agency shall provide to the comptroller any  
19 information available to the agency requested by the comptroller  
20 regarding a child who participates or seeks to participate in the  
21 program. The comptroller may not retain information provided under  
22 this subsection beyond the period necessary to determine:

23 (1) a child's eligibility to participate in the  
24 program; or

25 (2) the amount of a payment to a program participant's  
26 account under Section 29.358.

27 Sec. 29.367. REPORTING NUMBER OF PARTICIPANTS. (a) Not

1 later than October 1 of each year, the comptroller shall notify the  
2 commissioner and the Legislative Budget Board of the number of  
3 eligible children likely to participate in the program,  
4 disaggregated by the school district or open-enrollment charter  
5 school the eligible children would otherwise attend.

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

11 Sec. 29.368. ANNUAL SURVEY. The comptroller may conduct an  
12 annual parental satisfaction survey that asks each parent of a  
13 child participating in the program to express:

14 (1) the parent's overall level of satisfaction with  
15 the program; and

16 (2) the parent's opinion on specified topics and  
17 issues relevant to the effectiveness of the program.

18 Sec. 29.369. PARENT REVIEW COMMITTEE. (a) A parent review  
19 committee is established to assist the comptroller, at the  
20 comptroller's request, in:

21 (1) determining whether certain expenses are allowed  
22 under Section 29.357; and

23 (2) reviewing an appeal of the commissioner's decision  
24 to reject an application of a private tutor, teaching service, or  
25 online educational course or program provider for approval under  
26 Section 29.364 to receive funds distributed under the program.

27 (b) The committee consists of the comptroller, or a

1 representative designated by the comptroller, and eight members  
2 appointed by the comptroller. Each appointed member must be a  
3 parent of a child participating in the program. In making  
4 appointments to the committee, the comptroller shall ensure that  
5 parents from at least four counties are included.

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

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

11 Sec. 29.370. RULES. The comptroller shall:

12 (1) adopt rules as necessary to implement this  
13 subchapter, including:

14 (A) rules regarding expense reporting  
15 requirements for program participants; and

16 (B) rules for implementing this subchapter in a  
17 manner that ensures compliance with federal law regarding  
18 confidentiality of student educational information, including the  
19 Family Educational Rights and Privacy Act of 1974 (20 U.S.C.  
20 Section 1232g); and

21 (2) coordinate as necessary to:

22 (A) calculate annually the savings to the state  
23 from the implementation of the program; and

24 (B) prevent fraud in financial transactions  
25 under the program, including by adopting measures to permit  
26 anonymous fraud reporting by telephone hotline or online  
27 communication.

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

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

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

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

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

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

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

1 school year in which the district or charter school will receive the  
2 compensatory education allotment [~~or high school allotment~~] to  
3 which the plan applies.

4 (b) A school district or open-enrollment charter school to  
5 which this section applies may not spend or obligate more than 25  
6 percent of the district's or charter school's compensatory  
7 education allotment [~~or high school allotment~~] unless the  
8 commissioner approves the plan submitted under Subsection  
9 (a). The commissioner shall complete an initial review of the  
10 district's or charter school's plan not later than March 1 of the  
11 school year preceding the school year in which the district or  
12 charter school will receive the compensatory education allotment  
13 [~~or high school allotment~~] to which the plan applies.

14 SECTION 9. Subchapter C, Chapter 30, Education Code, is  
15 amended by adding Section 30.0561 to read as follows:

16 Sec. 30.0561. TRANSPORTATION ALLOTMENT. The Texas School  
17 for the Deaf is entitled to a transportation allotment paid from the  
18 foundation school fund. The commissioner shall determine the  
19 appropriate allotment.

20 SECTION 10. Section 30.087(c), Education Code, is amended  
21 to read as follows:

22 (c) A school district may receive an allotment paid from the  
23 foundation school fund for transportation of students  
24 participating in a regional day school program, as determined by  
25 the commissioner [~~in the same manner as an allotment for the~~  
26 ~~transportation of other special education students~~].

27 SECTION 11. Section 34.002(c), Education Code, is amended

1 to read as follows:

2 (c) The commissioner shall reduce the basic allotment  
3 provided under Section 42.101 for each student in average daily  
4 attendance by \$125 for a [A] school district that fails or refuses  
5 to meet the safety standards for school buses established under  
6 this section [~~is ineligible to share in the transportation~~  
7 ~~allotment under Section 42.155~~] until the first anniversary of the  
8 date the district begins complying with the safety standards.

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

11 (c) A county transportation system is not entitled to  
12 receive funding for transportation costs directly from the state.  
13 Funding for a county transportation system is provided by each  
14 school district participating in the county transportation system  
15 in accordance with the terms of the interlocal contract under  
16 Chapter 791, Government Code, under which the county provides  
17 transportation services for the participating districts.

18 SECTION 13. Section 39.0233(a), Education Code, is amended  
19 to read as follows:

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

27 SECTION 14. Section 41.099(a), Education Code, is amended

1 to read as follows:

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

4 (1) executes an agreement to purchase all attendance  
5 credits necessary to reduce the district's wealth per student to  
6 the equalized wealth level;

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

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

13 (A) to an extent that does not provide more than  
14 10 percent of the reduction in wealth per student required for the  
15 district to achieve a wealth per student that is equal to or less  
16 than the equalized wealth level; and

17 (B) under which all revenue paid by the district  
18 to other districts, in excess of the reduction in state aid that  
19 results from counting the weighted average daily attendance of the  
20 students served in the contracting district, is required to be used  
21 for funding a consortium of at least three districts in a county  
22 with a population of less than 40,000 that is formed to support a  
23 technology initiative.

24 SECTION 15. Section 41.257, Education Code, is amended to  
25 read as follows:

26 Sec. 41.257. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS  
27 [~~AND TRANSPORTATION ALLOTMENT~~]. The budget of the consolidated

1 district must apply the benefit of the adjustment or allotment to  
2 the schools of the consolidating district to which Section 42.103  
3 or ~~42.105~~ ~~[, or 42.155]~~ would have applied in the event that the  
4 consolidated district still qualifies as a small or sparse  
5 district.

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

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

15 SECTION 17. Section 42.101(a), Education Code, is amended  
16 to read as follows:

17 (a) For each student in average daily attendance, not  
18 including the time students spend each day in special education  
19 programs in an instructional arrangement other than mainstream  
20 settings, ~~or~~ career and technology education programs, or  
21 technology applications courses approved for high school credit,  
22 for which an additional allotment is made under Subchapter C, a  
23 district is entitled to an allotment equal to the lesser of \$5,140  
24 ~~[\$4,765]~~ or the amount that results from the following formula:

25 
$$A = \underline{\$5,140} \text{ } [\$4,765] \times (\text{DCR/MCR})$$

26 where:

27 "A" is the allotment to which a 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 SECTION 18. Section 42.102, Education Code, is amended by  
9 adding Subsection (c) to read as follows:

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

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

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

24 
$$AA = (1 + ((1,600 - ADA) \times .0004)) \times ABA$$

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

1 formula, of the following formulas, that results in the greatest  
2 adjusted allotment:

3 (1) the formula in Subsection (b), if [~~or (c) for~~  
4 ~~which~~] the district is eligible for that formula; or

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

6 SECTION 20. Effective September 1, 2018, Section 42.103(c),  
7 Education Code, is amended to read as follows:

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

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

13  $AA = (1 + ((1,600 - ADA) \times \underline{.000275} [\del{.00025}])) \times ABA$

14 i

15 (2) for the fiscal year beginning September 1, 2019:

16  $AA = (1 + ((1,600 - ADA) \times \underline{.00030})) \times ABA$

17 i

18 (3) for the fiscal year beginning September 1, 2020:

19  $AA = (1 + ((1,600 - ADA) \times \underline{.000325})) \times ABA$

20 i

21 (4) for the fiscal year beginning September 1, 2021:

22  $AA = (1 + ((1,600 - ADA) \times \underline{.00035})) \times ABA$

23 ; and

24 (5) for the fiscal year beginning September 1, 2022:

25  $AA = (1 + ((1,600 - ADA) \times \underline{.000375})) \times ABA$

26 SECTION 21. Subchapter B, Chapter 42, Education Code, is  
27 amended by adding Section 42.1041 to read as follows:

1       Sec. 42.1041. INELIGIBILITY FOR SMALL OR MID-SIZED DISTRICT  
2 ADJUSTMENT OR SPARSITY ADJUSTMENT. (a) This section applies only  
3 to a school district that:

4           (1) borders the Red River; and

5           (2) has a student enrollment of less than 90, with more  
6 than 50 percent of the enrollment consisting of students who have  
7 transferred from another school district.

8       (b) Notwithstanding Section 42.103, 42.104, or 42.105, a  
9 school district to which this section applies is ineligible for an  
10 adjustment under Section 42.103 or 42.105 for any school year  
11 during which the district:

12           (1) issues bonds for the construction of a new  
13 instructional facility on property more than five miles from a  
14 property that before the issuance of the bonds was owned by the  
15 district and was the location of an instructional facility for the  
16 previous five years; or

17           (2) makes payments on bonds described by Subdivision  
18 (1).

19       SECTION 22. Subchapter B, Chapter 42, Education Code, is  
20 amended by adding Section 42.107 to read as follows:

21       Sec. 42.107. SPECIAL-PURPOSE SCHOOL DISTRICTS OPERATED BY  
22 GENERAL ACADEMIC TEACHING INSTITUTIONS. (a) In each fiscal year of  
23 the biennium, the commissioner shall allocate funding from the  
24 foundation school program to each special-purpose school district  
25 established under Section 11.351 that is operated by a general  
26 academic teaching institution as defined by Section 61.003, in an  
27 amount equivalent to the basic allotment in Section 42.101(a)

1 multiplied by the number of full-time equivalent students who are  
2 enrolled in the school district and who reside in this state.

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

7 (c) A special-purpose school district that receives state  
8 funding for a resident student under this section may not charge  
9 tuition or fees to that student for the academic term for which  
10 state funding is received, other than fees permitted under Section  
11 11.158.

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

14 SECTION 23. Section 42.151(h), Education Code, is amended  
15 to read as follows:

16 (h) Funds allocated under this section, other than an  
17 indirect cost allotment established under State Board of Education  
18 rule or amounts made available for the transportation of special  
19 education students, must be used in the special education program  
20 under Subchapter A, Chapter 29.

21 SECTION 24. Section 42.153(a), Education Code, is amended  
22 to read as follows:

23 (a) For each student in average daily attendance in a  
24 bilingual education or special language program under Subchapter B,  
25 Chapter 29, a district is entitled to an annual allotment equal to  
26 the adjusted basic allotment multiplied by 0.11 [~~0.1~~].

27 SECTION 25. The heading to Section 42.154, Education Code,

1 is amended to read as follows:

2           Sec. 42.154. CAREER AND TECHNOLOGY EDUCATION AND TECHNOLOGY  
3 APPLICATIONS ALLOTMENT.

4           SECTION 26. Sections 42.154(a), (b), (c), and (e),  
5 Education Code, are amended to read as follows:

6           (a) For each full-time equivalent student in average daily  
7 attendance in an approved career and technology education program  
8 in grades eight [~~nine~~] through 12, in a technology applications  
9 course approved for high school credit, or in career and technology  
10 education programs for students with disabilities in grades seven  
11 through 12, a district is entitled to:

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

14                   (2) \$50, if the student is enrolled in:

15                           (A) two or more advanced career and technology  
16 education classes for a total of three or more credits; or

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

19           (b) In this section, "full-time equivalent student" means  
20 30 hours of contact a week between a student and career and  
21 technology education program or technology applications personnel.

22           (c) Funds allocated under this section, other than an  
23 indirect cost allotment established under State Board of Education  
24 rule or amounts made available for the transportation of career and  
25 technology education students, must be used in providing career and  
26 technology education programs in grades eight [~~nine~~] through 12,  
27 technology applications courses approved for high school credit, or

1 career and technology education programs for students with  
2 disabilities in grades seven through 12 under Sections 29.182,  
3 29.183, and 29.184.

4 (e) Out of the total statewide allotment [~~for career and~~  
5 ~~technology education~~] under this section, the commissioner shall  
6 set aside an amount specified in the General Appropriations Act,  
7 which may not exceed an amount equal to one percent of the total  
8 amount appropriated, to support regional career and technology  
9 education planning. After deducting the amount set aside under  
10 this subsection from the total amount appropriated for career and  
11 technology education and technology applications under this  
12 section, the commissioner shall reduce each district's tier one  
13 allotments in the same manner described for a reduction in  
14 allotments under Section 42.253.

15 SECTION 27. Section 42.1541(a), Education Code, is amended  
16 to read as follows:

17 (a) For the 2017-2018 and subsequent school years, the [~~The~~  
18 State Board of Education shall by rule revise [~~increase~~] the  
19 indirect cost allotments established under Sections 42.151(h),  
20 42.152(c), 42.153(b), and 42.154(c) [~~42.154(a-1) and (c)~~] and in  
21 effect for the 2016-2017 [~~2010-2011~~] school year to reflect any  
22 increase in the percentage of total maintenance and operations  
23 funding represented by the basic allotment [~~in proportion to the~~  
24 ~~average percentage reduction in total state and local maintenance~~  
25 ~~and operations revenue provided under this chapter for the~~  
26 ~~2011-2012 school year~~] as a result of [~~S.B. Nos. 1 and 2,~~] Acts of  
27 the 85th [~~82nd~~] Legislature, Regular [~~1st Called~~] Session, 2017

1 [2011].

2 SECTION 28. Subchapter C, Chapter 42, Education Code, is  
3 amended by adding Section 42.1561 to read as follows:

4 Sec. 42.1561. ALLOTMENT FOR STUDENT WITH DYSLEXIA OR  
5 RELATED DISORDER. (a) Subject to Subsection (b), for each student  
6 that a school district serves who has been identified as having  
7 dyslexia or a related disorder, the district is entitled to an  
8 annual allotment equal to the district's adjusted basic allotment  
9 as determined under Section 42.102 or Section 42.103, as  
10 applicable, multiplied by 0.1 for each school year or a greater  
11 amount provided by appropriation.

12 (b) A school district is entitled to the allotment under  
13 Subsection (a) only for a student who:

14 (1) is receiving instruction that:

15 (A) meets applicable dyslexia program criteria  
16 established by the agency; and

17 (B) is provided by a person with specific  
18 training in providing that instruction; or

19 (2) has received the instruction described by  
20 Subdivision (1) and is permitted, on the basis of having dyslexia or  
21 a related disorder, to use modifications in the classroom and  
22 accommodations in the administration of assessment instruments  
23 under Section 39.023.

24 (c) Funds allotted under this section must be used in  
25 providing services to students with dyslexia or related disorders.

26 (d) A school district may receive funding for a student  
27 under this section and Section 42.151 if the student satisfies the

1 requirements of both sections.

2 (e) Not more than five percent of a district's students in  
3 average daily attendance are eligible for funding under this  
4 section.

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

7 (b) For the first school year in which students attend a new  
8 instructional facility, a school district is entitled to an  
9 allotment of \$1,000 [~~\$250~~] for each student in average daily  
10 attendance at the facility. For the second school year in which  
11 students attend that instructional facility, a school district is  
12 entitled to an allotment of \$1,000 [~~\$250~~] for each additional  
13 student in average daily attendance at the facility.

14 (d-1) In addition to the appropriation amount described by  
15 Subsection (d), the amount of \$1 million may be appropriated each  
16 school year to supplement the allotment to which a school district  
17 is entitled under this section that may be provided using the  
18 appropriation amount described by Subsection (d). The commissioner  
19 shall first apply the funds appropriated under this subsection to  
20 prevent any reduction under Subsection (d) in the allotment for  
21 attendance at an eligible high school instructional facility,  
22 subject to the maximum amount of \$1,000 [~~\$250~~] for each student in  
23 average daily attendance. Any funds remaining after preventing all  
24 reductions in amounts due for high school instructional facilities  
25 may be applied proportionally to all other eligible instructional  
26 facilities, subject to the maximum amount of \$1,000 [~~\$250~~] for each  
27 student in average daily attendance.

1 (g) In this section:

2 (1) "Instructional[, ~~"instructional~~] facility" has  
3 the meaning assigned by Section 46.001.

4 (2) "New instructional facility" includes:

5 (A) a newly constructed instructional facility;

6 (B) a repurposed instructional facility; and

7 (C) a leased facility operating for the first  
8 time as an instructional facility with a minimum lease term of not  
9 less than 10 years.

10 SECTION 30. Section 42.2518(a), Education Code, as  
11 effective September 1, 2017, is amended to read as follows:

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

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

27 (b-1) Notwithstanding Subsection (b), the commissioner

1 shall adjust enrollment estimates and entitlement for each school  
2 district for each school year based on information provided by the  
3 comptroller under Section 29.367. This subsection expires  
4 September 1, 2021.

5 SECTION 32. Subchapter E, Chapter 42, Education Code, is  
6 amended by adding Section 42.2541 to read as follows:

7 Sec. 42.2541. ESTIMATED PROJECTIONS. (a) In this section,  
8 "equivalent equalized wealth level" means an equalized wealth level  
9 for a state fiscal biennium that results in approximately the same  
10 number of school districts that are required to take action under  
11 Chapter 41 to reduce wealth as the number of school districts that  
12 were required to take that action during the preceding state fiscal  
13 biennium.

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

16 (1) submit to the legislature a projection for an  
17 equivalent equalized wealth level for the following biennium based  
18 on the agency's estimate of:

19 (A) student enrollment under Section  
20 42.254(a)(1);

21 (B) the comptroller's estimate of any increase in  
22 total taxable value of all property in the state under Section  
23 42.254(a)(2);

24 (C) the number of school districts offering a  
25 local optional residence homestead exemption under Section  
26 11.13(n), Tax Code;

27 (D) the number of school districts adopting a tax

1 rate below the maximum tier one tax rate determined under Section  
2 42.252;

3 (E) the projected amount of maintenance and  
4 operations tax revenue per student in weighted average daily  
5 attendance of the Austin Independent School District; and

6 (F) the number of school districts adopting a  
7 maintenance and operations tax rate of \$1.17; and

8 (2) provide projections for the equalized funding  
9 elements under Section 42.007 for the following biennium as  
10 necessary to achieve the equivalent equalized wealth level  
11 projected under Subdivision (1).

12 SECTION 33. Section 42.302(a), Education Code, is amended  
13 to read as follows:

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

20 
$$\text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

21 where:

22 "GYA" is the guaranteed yield amount of state funds to be  
23 allocated to the district;

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

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

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

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

19 SECTION 34. Chapter 42, Education Code, is amended by  
20 adding Subchapter H to read as follows:

21 SUBCHAPTER H. FINANCIAL HARDSHIP TRANSITION PROGRAM

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

27 (b) The commissioner shall award grants under this

1 subchapter to districts as provided by Section 42.452.

2 (c) Except as provided by Subsection (d), funding provided  
3 to a district under this subchapter is in addition to all other  
4 funding provided under Chapter 41 and this chapter.

5 (d) A district is not eligible for funding under this  
6 subchapter for a school year if the district receives for that  
7 school year an adjustment of the district's taxable value of  
8 property under Section 42.2521. A district may decline an  
9 adjustment under Section 42.2521 to maintain eligibility for  
10 funding under this subchapter.

11 (e) The commissioner may obtain additional information as  
12 needed from a district or other state or local agency to make  
13 determinations in awarding grants under this subchapter.

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

17 
$$\underline{HG = (PL-CL) \times (TR) \times (TAHG/TEHG)}$$

18 where:

19 "HG" is the amount of a district's hardship grant;

20 "PL" is the amount of funding under previous law to which a  
21 district would be entitled under Chapter 41 and this chapter as  
22 those chapters existed on January 1, 2017, determined using current  
23 school year data for the district;

24 "CL" is the amount of current law funding under Chapter 41 and  
25 this chapter to which a district is entitled;

26 "TR" is a district's maintenance and operations tax rate, as  
27 specified by the comptroller's most recent certified report;

1 "TAHG" is the total funding available for grants under  
2 Section 42.456 for a school year; and

3 "TEHG" is the sum of the combined amounts for all districts  
4 calculated by applying the formula (PL-CL) X (TR) for each  
5 district.

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

8 (1) the amount equal to 10 percent of the total amount  
9 of funds available for grants under this subchapter for that school  
10 year; or

11 (2) the amount by which "PL" exceeds "CL" for that  
12 district for that school year.

13 (c) For purposes of calculating the formula under  
14 Subsection (a), the commissioner shall:

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

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

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

23 (4) if (TAHG/TEHG) equals a value greater than one,  
24 use a value of one for (TAHG/TEHG).

25 (d) If funds remain available under this subchapter for a  
26 school year after determining initial grant amounts under  
27 Subsection (a), as adjusted to reflect the limits imposed by

1 Subsection (b), the commissioner shall reapply the formula as  
2 necessary to award all available funds.

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

6 Sec. 42.454. REGIONAL EDUCATION SERVICE CENTERS AND COUNTY  
7 DEPARTMENTS OF EDUCATION NOT ELIGIBLE. A regional education  
8 service center or a county department of education is not eligible  
9 for a grant under this subchapter.

10 Sec. 42.455. CERTAIN SCHOOL DISTRICTS NOT ELIGIBLE. A  
11 school district is not eligible for a grant under this subchapter if  
12 for the 2015-2016 school year the district's expenditures per  
13 student in average daily attendance, excluding bond debt service  
14 payments, capital outlays, and facilities acquisition and  
15 construction costs, exceeded an amount that is equal to 110 percent  
16 of the state average amount for that school year of expenditures per  
17 student in average daily attendance, excluding bond debt service  
18 payments, capital outlays, and facilities acquisition and  
19 construction costs, as those amounts are determined by the  
20 commissioner.

21 Sec. 42.456. FUNDING LIMIT. The amount of grants awarded by  
22 the commissioner under this subchapter may not exceed \$125 million  
23 for the 2017-2018 school year or \$34 million for the 2018-2019  
24 school year.

25 Sec. 42.457. NO ADJUSTMENT BASED ON REVISED DATA. The  
26 commissioner may not adjust the amount of a school district's grant  
27 under this subchapter based on revisions to the district's data

1 received after a grant has been awarded.

2 Sec. 42.458. RULES. The commissioner may adopt rules as  
3 necessary to administer this subchapter.

4 Sec. 42.459. DETERMINATION FINAL. A determination by the  
5 commissioner under this subchapter is final and may not be  
6 appealed.

7 Sec. 42.460. EXPIRATION. This subchapter expires September  
8 1, 2019.

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

11 (a-1) The Texas Education Agency is entitled to obtain  
12 criminal history record information maintained by the department  
13 about a person who is a private tutor or an employee of a teaching  
14 service who intends to provide educational services to a child  
15 participating in the program established under Subchapter J,  
16 Chapter 29, Education Code, and is seeking approval to receive  
17 funds distributed under that program.

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

- 20 (1) Section 29.097(g);
- 21 (2) Section 29.098(e);
- 22 (3) Section 39.233;
- 23 (4) Section 39.234;
- 24 (5) Sections 41.002(e), (f), and (g);
- 25 (6) Section 42.1541(c);
- 26 (7) Section 42.155;
- 27 (8) Section 42.160;

1           (9) Section 42.2513; and

2           (10) Section 42.2517.

3           (b) Effective September 1, 2023, Section 42.103(c),  
4 Education Code, is repealed.

5           SECTION 37. (a) The constitutionality and other validity  
6 under the state or federal constitution of all or any part of  
7 Subchapter J, Chapter 29, Education Code, as added by this Act, may  
8 be determined in an action for declaratory judgment in a district  
9 court in Travis County under Chapter 37, Civil Practice and  
10 Remedies Code, except that this section does not authorize an award  
11 of attorney's fees against this state and Section 37.009, Civil  
12 Practice and Remedies Code, does not apply to an action filed under  
13 this section.

14           (b) An appeal of a declaratory judgment or order, however  
15 characterized, of a district court, including an appeal of the  
16 judgment of an appellate court, holding or otherwise determining  
17 that all or any part of Subchapter J, Chapter 29, Education Code, as  
18 added by this Act, is constitutional or unconstitutional, or  
19 otherwise valid or invalid, under the state or federal constitution  
20 is an accelerated appeal.

21           (c) If the judgment or order is interlocutory, an  
22 interlocutory appeal may be taken from the judgment or order and is  
23 an accelerated appeal.

24           (d) A district court in Travis County may grant or deny a  
25 temporary or otherwise interlocutory injunction or a permanent  
26 injunction on the grounds of the constitutionality or  
27 unconstitutionality, or other validity or invalidity, under the

1 state or federal constitution of all or any part of Subchapter J,  
2 Chapter 29, Education Code, as added by this Act.

3 (e) There is a direct appeal to the Texas Supreme Court from  
4 an order, however characterized, of a trial court granting or  
5 denying a temporary or otherwise interlocutory injunction or a  
6 permanent injunction on the grounds of the constitutionality or  
7 unconstitutionality, or other validity or invalidity, under the  
8 state or federal constitution of all or any part of Subchapter J,  
9 Chapter 29, Education Code, as added by this Act.

10 (f) The direct appeal is an accelerated appeal.

11 (g) This section exercises the authority granted by Section  
12 3-b, Article V, Texas Constitution.

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

19 (1) the applicant has a probable right to the relief it  
20 seeks on final hearing; and

21 (2) the applicant will suffer a probable injury that  
22 is imminent and irreparable, and that the applicant has no other  
23 adequate legal remedy.

24 (i) An appeal under this section, including an  
25 interlocutory, accelerated, or direct appeal, is governed, as  
26 applicable, by the Texas Rules of Appellate Procedure, including  
27 Rules 25.1(d)(6), 26.1(b), 28.1, 28.3, 32.1(g), 37.3(a)(1),

1 38.6(a) and (b), 40.1(b), and 49.4.

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

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

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

18 SECTION 41. Except as otherwise provided by this Act, this  
19 Act takes effect September 1, 2017.