

EDUCATION CODE

TITLE 2. PUBLIC EDUCATION

SUBTITLE I. SCHOOL FINANCE AND FISCAL MANAGEMENT

CHAPTER 48. FOUNDATION SCHOOL PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 48.001. STATE POLICY. (a) It is the policy of this state that the provision of public education is a state responsibility and that a thorough and efficient system be provided and substantially financed through state revenue sources so that each student enrolled in the public school system shall have access to programs and services that are appropriate to the student's educational needs and that are substantially equal to those available to any similar student, notwithstanding varying local economic factors.

(b) The public school finance system of this state shall adhere to a standard of neutrality that provides for substantially equal access to similar revenue per student at similar tax effort, considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Transferred, redesignated and amended from Education Code, Section 42.001 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.013, eff. September 1, 2019.

Sec. 48.002. PURPOSES OF FOUNDATION SCHOOL PROGRAM.

(a) The purposes of the Foundation School Program set forth in this chapter are to guarantee that each school district in the state has:

(1) adequate resources to provide each eligible student a basic instructional program and facilities suitable to the student's educational needs; and

(2) access to a substantially equalized program of financing in excess of basic costs for certain services, as provided by this chapter.

(b) The Foundation School Program consists of:

(1) two tiers that in combination provide for:

(A) sufficient financing for all school districts to provide a basic program of education that is rated acceptable or higher under Section 39.054 and meets other applicable legal standards; and

(B) substantially equal access to funds to provide an enriched program; and

(2) a facilities component as provided by Chapter 46.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Amended by Acts 1999, 76th Leg., ch. 396, Sec. 1.09, eff. Sept. 1, 1999.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 895 (H.B. 3), Sec. 60, eff. June 19, 2009.

Transferred, redesignated and amended from Education Code, Section 42.002 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.013, eff. September 1, 2019.

Sec. 48.003. STUDENT ELIGIBILITY. (a) A student is entitled to the benefits of the Foundation School Program if, on September 1 of the school year, the student:

(1) is 5 years of age or older and under 21 years of age and has not graduated from high school, or is at least 21 years of age and under 26 years of age and has been admitted by a school district to complete the requirements for a high school diploma; or

(2) is at least 18 years of age and under 26 years of age and is enrolled in an adult high school diploma and industry certification charter school program under Section 29.259.

(b) A student to whom Subsection (a) does not apply is entitled to the benefits of the Foundation School Program if the student is enrolled in a prekindergarten class under Section 29.153.

(c) A child may be enrolled in the first grade if the child is at least six years of age at the beginning of the school year of the district or has been enrolled in the first grade or has completed kindergarten in the public schools in another state

before transferring to a public school in this state.

(d) Notwithstanding Subsection (a), a student younger than five years of age is entitled to the benefits of the Foundation School Program if:

(1) the student performs satisfactorily on the assessment instrument administered under Section 39.023(a) to students in the third grade; and

(2) the district has adopted a policy for admitting students younger than five years of age.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 850 (H.B. 1137), Sec. 5, eff. June 15, 2007.

Acts 2013, 83rd Leg., R.S., Ch. 478 (S.B. 1142), Sec. 2, eff. September 1, 2013.

Acts 2015, 84th Leg., R.S., Ch. 142 (H.B. 4), Sec. 9, eff. May 28, 2015.

Acts 2019, 86th Leg., R.S., Ch. 1060 (H.B. 1051), Sec. 7, eff. June 14, 2019.

Transferred, redesignated and amended from Education Code, Section 42.003 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.013, eff. September 1, 2019.

Sec. 48.004. ADMINISTRATION OF THE PROGRAM. The commissioner shall adopt rules and take action and require reports consistent with this chapter as necessary to implement and administer the Foundation School Program.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Transferred, redesignated and amended from Education Code, Section 42.004 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.013, eff. September 1, 2019.

Sec. 48.005. AVERAGE DAILY ATTENDANCE. (a) In this chapter, average daily attendance is:

(1) the quotient of the sum of attendance for each day of the minimum number of days of instruction as described under Section 25.081(a) divided by the minimum number of days of

instruction;

(2) for a district that operates under a flexible year program under Section 29.0821, the quotient of the sum of attendance for each actual day of instruction as permitted by Section 29.0821(b)(1) divided by the number of actual days of instruction as permitted by Section 29.0821(b)(1);

(3) for a district that operates under a flexible school day program under Section 29.0822, the average daily attendance as calculated by the commissioner in accordance with Sections 29.0822(d) and (d-1); or

(4) for a district that operates a half-day program or a full-day program under Section 29.153(c), one-half of the average daily attendance calculated under Subdivision (1).

(b) A school district that experiences a decline of two percent or more in average daily attendance shall be funded on the basis of:

(1) the actual average daily attendance of the preceding school year, if the decline is the result of the closing or reduction in personnel of a military base; or

(2) subject to Subsection (e), an average daily attendance not to exceed 98 percent of the actual average daily attendance of the preceding school year, if the decline is not the result of the closing or reduction in personnel of a military base.

(c) The commissioner shall adjust the average daily attendance of a school district that has a significant percentage of students who are migratory children as defined by 20 U.S.C. Section 6399.

(d) The commissioner may adjust the average daily attendance of a school district in which a disaster, flood, extreme weather condition, fuel curtailment, or other calamity has a significant effect on the district's attendance.

(e) For each school year, the commissioner shall adjust the average daily attendance of school districts that are entitled to funding on the basis of an adjusted average daily attendance under Subsection (b)(2) so that:

(1) all districts are funded on the basis of the same percentage of the preceding year's actual average daily attendance;

and

(2) the total cost to the state does not exceed the amount specifically appropriated for that year for purposes of Subsection (b)(2).

(f) An open-enrollment charter school is not entitled to funding based on an adjustment under Subsection (b)(2).

(g) If a student may receive course credit toward the student's high school academic requirements and toward the student's higher education academic requirements for a single course, including a course provided under Section 28.009 by a public institution of higher education, the time during which the student attends the course shall be counted as part of the minimum number of instructional hours required for a student to be considered a full-time student in average daily attendance for purposes of this section.

(g-1) The commissioner shall adopt rules to calculate average daily attendance for students participating in a blended learning program in which classroom instruction is supplemented with applied workforce learning opportunities, including participation of students in internships, externships, and apprenticeships.

(h) Subject to rules adopted by the commissioner under Section 48.007(b), time that a student participates in an off-campus instructional program approved under Section 48.007(a) shall be counted as part of the minimum number of instructional hours required for a student to be considered a full-time student in average daily attendance for purposes of this section.

(i) A district or a charter school operating under Chapter 12 that operates a prekindergarten program is eligible to receive one-half of average daily attendance under Subsection (a) if the district's or charter school's prekindergarten program provides at least 32,400 minutes of instructional time to students.

(j) A district or charter school is eligible to earn full average daily attendance under Subsection (a) if the district or school provides at least 43,200 minutes of instructional time to students enrolled in:

(1) a dropout recovery school or program operating

under Section 12.1141(c) or Section 39.0548;

(2) an alternative education program operating under Section 37.008;

(3) a school program located at a day treatment facility, residential treatment facility, psychiatric hospital, or medical hospital;

(4) a school program offered at a correctional facility; or

(5) a school operating under Section 29.259.

(k) A charter school operating under a charter granted under Chapter 12 before January 1, 2015, is eligible to earn full average daily attendance under Subsection (a), as that subsection existed immediately before January 1, 2015, for:

(1) all campuses of the charter school operating before January 1, 2015; and

(2) any campus or site expansion approved on or after January 1, 2015, provided that the charter school received an academic accountability performance rating of C or higher, and the campus or site expansion is approved by the commissioner.

(1) A school district campus or charter school described by Subsection (j) may operate more than one program and be eligible for full average daily attendance for each program if the programs operated by the district campus or charter school satisfy all applicable state and federal requirements.

(m) The commissioner shall adopt rules necessary to implement this section, including rules that:

(1) establish the minimum amount of instructional time per day that allows a school district or charter school to be eligible for full average daily attendance, which may differ based on the instructional program offered by the district or charter school;

(2) establish the requirements necessary for a school district or charter school to be eligible for one-half of average daily attendance, which may differ based on the instructional program offered by the district or charter school; and

(3) proportionally reduce the average daily attendance for a school district if any campus or instructional

program in the district provides fewer than the required minimum minutes of instruction to students.

(n) To assist school districts in implementing this section as amended by H.B. 2442, Acts of the 85th Legislature, Regular Session, 2017, the commissioner may waive a requirement of this section or adopt rules to implement this section.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Amended by Acts 1997, 75th Leg., ch. 1071, Sec. 12, eff. Sept. 1,

1997; Acts 2001, 77th Leg., ch. 924, Sec. 1, eff. Sept. 1, 2001;

Acts 2001, 77th Leg., ch. 1156, Sec. 3, eff. Sept. 1, 2001; Acts

2003, 78th Leg., ch. 220, Sec. 2, eff. Sept. 1, 2003; Acts 2003,

78th Leg., ch. 824, Sec. 3, eff. June 20, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 1339 (S.B. 151), Sec. 4, eff. June 18, 2005.

Acts 2006, 79th Leg., 3rd C.S., Ch. 5 (H.B. 1), Sec. 5.07, eff. May 31, 2006.

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. 3646), Sec. 47, eff. September 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. 3646), Sec. 48, eff. September 1, 2011.

Acts 2011, 82nd Leg., R.S., Ch. 1104 (S.B. 1619), Sec. 2, eff. June 17, 2011.

Acts 2015, 84th Leg., R.S., Ch. 791 (H.B. 2660), Sec. 2, eff. June 17, 2015.

Acts 2015, 84th Leg., R.S., Ch. 797 (H.B. 2812), Sec. 1, eff. June 17, 2015.

Acts 2017, 85th Leg., R.S., Ch. 851 (H.B. 2442), Sec. 8, eff. June 15, 2017.

Acts 2017, 85th Leg., R.S., Ch. 970 (S.B. 2084), Sec. 1, eff. June 15, 2017.

Transferred, redesignated and amended from Education Code, Section 42.005 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.013, eff. September 1, 2019.

Text of section effective on September 01, 2020

Sec. 48.0051. INCENTIVE FOR ADDITIONAL INSTRUCTIONAL DAYS.

(a) Subject to Subsection (a-1), the commissioner shall adjust the average daily attendance of a school district or open-enrollment charter school under Section 48.005 in the manner provided by Subsection (b) if the district or school:

(1) provides the minimum number of minutes of operational and instructional time required under Section 25.081 and commissioner rules adopted under that section over at least 180 days of instruction; and

(2) offers an additional 30 days of half-day instruction for students enrolled in prekindergarten through fifth grade.

(a-1) A school district entitled to an incentive under this section and funding for a campus under Section 48.252 may receive only the incentive or funding for the campus, as applicable, that would result in the greater amount of funding.

(b) For a school district or open-enrollment charter school described by Subsection (a), the commissioner shall increase the average daily attendance of the district or school under Section 48.005 by the amount that results from the quotient of the sum of attendance by students described by Subsection (a)(2) for each of the 30 additional instructional days of half-day instruction that are provided divided by 180.

(c) The commissioner may provide the incentive under this section to a school district or open-enrollment charter school that intended, but due to circumstances beyond the district's or school's control, including the occurrence of a natural disaster affecting the district or school, was unable to meet the requirement for instruction under Section 25.081 plus an additional 30 days of half-day instruction. The commissioner may proportionately reduce the incentive provided to a district or school described by this subsection.

(d) This section does not prohibit a school district from providing the minimum number of minutes of operational and instructional time required under Section 25.081 and commissioner rules adopted under that section over fewer than 180 days of instruction.

(e) The agency shall assist school districts and



open-enrollment charter schools in qualifying for the incentive under this section.

(f) A school district or open-enrollment charter school may use funding attributable to the incentive provided under this section to pay costs associated with providing academic instruction in a voluntary summer program for students enrolled in the district or school.

(g) The commissioner shall adopt rules necessary for the implementation of this section.

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.014, eff. September 1, 2020.

Sec. 48.006. AVERAGE DAILY ATTENDANCE FOR DISTRICTS IN DISASTER AREA. (a) The commissioner may adjust the average daily attendance of a school district all or part of which is located in an area declared a disaster area by the governor under Chapter 418, Government Code, if the district experiences a decline in average daily attendance that is reasonably attributable to the impact of the disaster.

(b) The adjustment must be sufficient to ensure that the district receives funding comparable to the funding that the district would have received if the decline in average daily attendance reasonably attributable to the impact of the disaster had not occurred.

(c) The commissioner may make the adjustment under this section for the two-year period following the date of the governor's initial proclamation or executive order declaring the state of disaster.

(d) Section 48.005(b)(2) does not apply to a district that receives an adjustment under this section.

(e) A district that receives an adjustment under this section may not receive any additional adjustment under Section 48.005(d) for the decline in average daily attendance on which the adjustment under this section is based.

(f) For purposes of this title, a district's adjusted average daily attendance under this section is considered to be the district's average daily attendance as determined under Section

48.005.

Added by Acts 2009, 81st Leg., R.S., Ch. 1006 (H.B. 4102), Sec. 4, eff. June 19, 2009.

Transferred, redesignated and amended from Education Code, Section 42.0051 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.015, eff. September 1, 2019.

Sec. 48.007. OFF-CAMPUS PROGRAMS APPROVED FOR PURPOSES OF AVERAGE DAILY ATTENDANCE. (a) The commissioner may, based on criteria developed by the commissioner, approve instructional programs provided off campus by an entity other than a school district or open-enrollment charter school as a program in which participation by a student of a district or charter school may be counted for purposes of determining average daily attendance in accordance with Section 48.005(h).

(b) The commissioner shall adopt by rule verification and reporting procedures concerning time spent by students participating in instructional programs approved under Subsection (a).

Added by Acts 2015, 84th Leg., R.S., Ch. 797 (H.B. 2812), Sec. 2, eff. June 17, 2015.

Transferred, redesignated and amended from Education Code, Section 42.0052 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.015, eff. September 1, 2019.

Sec. 48.008. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS). (a) Each school district shall participate in the Public Education Information Management System (PEIMS) and shall provide through that system information required for the administration of this chapter and of other appropriate provisions of this code.

(b) Each school district shall use a uniform accounting system adopted by the commissioner for the data required to be reported for the Public Education Information Management System.

(c) Annually, the commissioner shall review the Public Education Information Management System and shall repeal or amend rules that require school districts to provide information through the Public Education Information Management System that is not

necessary. In reviewing and revising the Public Education Information Management System, the commissioner shall develop rules to ensure that the system:

(1) provides useful, accurate, and timely information on student demographics and academic performance, personnel, and school district finances;

(2) contains only the data necessary for the legislature and the agency to perform their legally authorized functions in overseeing the public education system; and

(3) does not contain any information related to instructional methods, except as provided by Section [29.066](#) or required by federal law.

(d) The commissioner's rules must ensure that the Public Education Information Management System links student performance data to other related information for purposes of efficient and effective allocation of scarce school resources, to the extent practicable using existing agency resources and appropriations.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Amended by Acts 2003, 78th Leg., ch. 903, Sec. 2, eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 1340 (S.B. [1871](#)), Sec. 7, eff. June 15, 2007.

Acts 2013, 83rd Leg., R.S., Ch. 295 (H.B. [1264](#)), Sec. 1, eff. June 14, 2013.

Acts 2017, 85th Leg., R.S., Ch. 550 (S.B. [490](#)), Sec. 3, eff. June 9, 2017.

Acts 2017, 85th Leg., R.S., Ch. 735 (S.B. [1153](#)), Sec. 4, eff. June 12, 2017.

Acts 2017, 85th Leg., R.S., Ch. 916 (S.B. [1404](#)), Sec. 1, eff. June 15, 2017.

Transferred, redesignated and amended from Education Code, Section [42.006](#) by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. [3](#)), Sec. 1.016, eff. September 1, 2019.

Sec. 48.009. REQUIRED PEIMS REPORTING. (a) In this section, "full-time equivalent school counselor" means 40 hours of

counseling services a week.

(b) The commissioner by rule shall require each school district and open-enrollment charter school to report through the Public Education Information Management System information regarding:

(1) the number of students enrolled in the district or school who are identified as having dyslexia;

(2) the availability of school counselors, including the number of full-time equivalent school counselors, at each campus;

(3) the availability of expanded learning opportunities as described by Section 33.252 at each campus;

(4) the total number of students, other than students described by Subdivision (5), enrolled in the district or school with whom the district or school, as applicable, used intervention strategies, as that term is defined by Section 26.004, at any time during the year for which the report is made; and

(5) the total number of students enrolled in the district or school to whom the district or school provided aids, accommodations, or services under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), at any time during the year for which the report is made.

(c) The agency shall maintain the information provided in accordance with this section.

(d) Not later than January 1, 2020, the commissioner shall adopt rules requiring the Public Education Information Management System (PEIMS) to include pregnancy as a reason a student withdraws from or otherwise no longer attends public school.

Transferred, redesignated and amended from Education Code, Section 42.006 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.017, eff. September 1, 2019.

Sec. 48.010. DETERMINATION OF FUNDING LEVELS. (a) Not later than July 1 of each year, the commissioner shall determine for each school district whether the estimated amount of state and local funding per student in weighted average daily attendance to be provided to the district under the Foundation School Program for

maintenance and operations for the following school year is less than the amount provided to the district for the 2010-2011 school year. If the amount estimated to be provided is less, the commissioner shall certify the percentage decrease in funding to be provided to the district.

(b) In making the determinations regarding funding levels required by Subsection (a), the commissioner shall:

(1) make adjustments as necessary to reflect changes in a school district's maintenance and operations tax rate;

(2) for a district required to reduce its local revenue level under Section 48.257, base the determinations on the district's net funding levels after deducting any amounts required to be expended by the district to comply with Chapter 49; and

(3) determine a district's weighted average daily attendance in accordance with this chapter as it existed on January 1, 2011.

Added by Acts 2011, 82nd Leg., 1st C.S., Ch. 8 (S.B. 8), Sec. 18, eff. September 28, 2011.

Transferred, redesignated and amended from Education Code, Section 42.009 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.018, eff. September 1, 2019.

For expiration of this section, see Subsection (e).

Sec. 48.011. COMMISSIONER AUTHORITY TO RESOLVE UNINTENDED CONSEQUENCES FROM SCHOOL FINANCE FORMULAS. (a) Subject to Subsections (b) and (d), the commissioner may adjust a school district's funding entitlement under this chapter if the funding formulas used to determine the district's entitlement result in an unanticipated loss or gain for a district.

(a-1) The commissioner may modify dates relating to the adoption of a school district's maintenance and operations tax rate and, if applicable, an election required for the district to adopt that rate as necessary to implement the changes made by H.B. 3, 86th Legislature, Regular Session, 2019.

(b) Before making an adjustment under Subsection (a) or (a-1), the commissioner shall notify and must receive approval from the Legislative Budget Board and the office of the governor.

(c) If the commissioner makes an adjustment under Subsection (a), the commissioner must provide to the legislature an explanation regarding the changes necessary to resolve the unintended consequences.

(d) Beginning with the 2021-2022 school year, the commissioner may not make an adjustment under Subsection (a) or (a-1).

(e) This section expires September 1, 2023.  
Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.019, eff. September 1, 2019.

For expiration of this section, see Subsection (d).

Sec. 48.012. STUDY ON GEOGRAPHIC EDUCATION COST VARIATIONS AND TRANSPORTATION COSTS. (a) The agency shall enter into a memorandum of understanding with a public institution of higher education to conduct a study on:

(1) geographic variations in known resource costs and costs of education due to factors beyond the control of school districts; and

(2) school district transportation costs.

(b) The study must include a review of cost drivers for school districts.

(c) Not later than December 1, 2020, the agency shall submit to the legislature a report on the results of the study.

(d) This section expires September 1, 2021.  
Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.019, eff. September 1, 2019.

#### SUBCHAPTER B. BASIC ENTITLEMENT

Text of section effective until September 01, 2020

Sec. 48.051. BASIC ALLOTMENT. (a) For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment equal to the

lesser of \$6,160 or the amount that results from the following formula:

$$A = \$6,160 \times TR/MCR$$

where:

"A" is the allotment to which a district is entitled;

"TR" is the district's tier one maintenance and operations tax rate, as provided by Section 45.0032; and

"MCR" is the state maximum compressed tax rate, which is the product of the state compression percentage, as determined under Section 48.255, multiplied by \$1.00.

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

(c) During any school year for which the maximum amount of the basic allotment provided under Subsection (a) or (b) is greater than the maximum amount provided for the preceding school year, a school district must use at least 30 percent of the amount, if the amount is greater than zero, that equals the product of the average daily attendance of the district multiplied by the amount of the difference between the district's funding under this chapter per student in average daily attendance for the current school year and the preceding school year to provide compensation increases to full-time district employees other than administrators as follows:

(1) 75 percent must be used to increase the compensation paid to classroom teachers, full-time librarians, full-time school counselors certified under Subchapter B, Chapter 21, and full-time school nurses, prioritizing differentiated compensation for classroom teachers with more than five years of experience; and

(2) 25 percent may be used as determined by the district to increase compensation paid to full-time district employees.

(d) In this section, "compensation" includes benefits such as insurance premiums.

Transferred, redesignated and amended by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.021, eff. September 1, 2019.

Text of section effective on September 01, 2020

Sec. 48.051. BASIC ALLOTMENT. (a) For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment equal to the lesser of \$6,160 or the amount that results from the following formula:

$$A = \$6,160 \times TR/MCR$$

where:

"A" is the allotment to which a district is entitled;

"TR" is the district's tier one maintenance and operations tax rate, as provided by Section [45.0032](#); and

"MCR" is the district's maximum compressed tax rate, as determined under Section [48.2551](#).

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

(c) During any school year for which the maximum amount of the basic allotment provided under Subsection (a) or (b) is greater than the maximum amount provided for the preceding school year, a school district must use at least 30 percent of the amount, if the amount is greater than zero, that equals the product of the average daily attendance of the district multiplied by the amount of the difference between the district's funding under this chapter per student in average daily attendance for the current school year and the preceding school year to provide compensation increases to full-time district employees other than administrators as follows:

(1) 75 percent must be used to increase the compensation paid to classroom teachers, full-time librarians, full-time school counselors certified under Subchapter B, Chapter [21](#), and full-time school nurses, prioritizing differentiated compensation for classroom teachers with more than five years of experience; and

(2) 25 percent may be used as determined by the district to increase compensation paid to full-time district employees.

(d) In this section, "compensation" includes benefits such



as insurance premiums.

Transferred, redesignated and amended by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1A.005, eff. September 1, 2020.

Sec. 48.052. SPARSITY ADJUSTMENT. (a) Notwithstanding Section 48.051, a school district that has fewer than 130 students in average daily attendance shall be provided a basic allotment on the basis of 130 students in average daily attendance if it offers a kindergarten through grade 12 program and has preceding or current year's average daily attendance of at least 90 students or is 30 miles or more by bus route from the nearest high school district. A district offering a kindergarten through grade 8 program whose preceding or current year's average daily attendance was at least 50 students or which is 30 miles or more by bus route from the nearest high school district shall be provided a basic allotment on the basis of 75 students in average daily attendance. An average daily attendance of 60 students shall be the basis of providing the basic allotment if a district offers a kindergarten through grade 6 program and has preceding or current year's average daily attendance of at least 40 students or is 30 miles or more by bus route from the nearest high school district.

(b) Subsection (c) applies only to a school district that:

(1) does not offer each grade level from kindergarten through grade 12 and whose prospective or former students generally attend school in a state that borders this state for the grade levels the district does not offer;

(2) serves both students residing in this state and students residing in a state that borders this state who are subsequently eligible for in-state tuition rates at institutions of higher education in either state regardless of the state in which the students reside; and

(3) shares students with an out-of-state district that does not offer competing instructional services.

(c) Notwithstanding Subsection (a) or Section 48.051, a school district to which this subsection applies, as provided by Subsection (b), that has fewer than 130 students in average daily attendance shall be provided a basic allotment on the basis of 130

students in average daily attendance if it offers a kindergarten through grade four program and has preceding or current year's average daily attendance of at least 75 students or is 30 miles or more by bus route from the nearest high school district.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Amended by:

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 57.10, eff. September 28, 2011.

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 57.11, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 785 (H.B. 2593), Sec. 1, eff. September 1, 2015.

Transferred, redesignated and amended from Education Code, Section 42.105 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.021, eff. September 1, 2019.

Sec. 48.053. ALLOTMENT FOR CERTAIN SPECIAL-PURPOSE SCHOOL DISTRICTS. (a) This section applies only to a special-purpose school district established under Section 11.351 that is operated by a general academic teaching institution, as that term is defined by Section 61.003.

(b) For each student who resides in this state and is enrolled in the district, a school district to which this section applies is entitled to funding under this chapter as if the district had no tier one local share for purposes of Section 48.256.

(c) A school district to which this section applies may decline to receive funding under Subsection (b).

(d) A school district that receives funding under Subsection (b) for a school year may not charge tuition or fees to students enrolled in the district who are residents of this state for that school year, other than fees authorized under Section 11.158.

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.022, eff. September 1, 2019.

#### SUBCHAPTER C. STUDENT-BASED ALLOTMENTS

Sec. 48.101. SMALL AND MID-SIZED DISTRICT ALLOTMENT.

(a) Small and mid-sized districts are entitled to an annual allotment in accordance with this section. In this section:

(1) "AA" is the district's annual allotment per student in average daily attendance;

(2) "ADA" is the number of students in average daily attendance for which the district is entitled to an allotment under Section 48.051; and

(3) "BA" is the basic allotment determined under Section 48.051.

(b) A school district that has fewer than 1,600 students in average daily attendance is entitled to an annual allotment for each student in average daily attendance based on the following formula:

$$AA = ((1,600 - ADA) \times .0004) \times BA$$

(c) A school district that offers a kindergarten through grade 12 program and has less than 5,000 students in average daily attendance is entitled to an annual allotment for each student in average daily attendance based on the formula, of the following formulas, that results in the greatest annual allotment:

(1) the formula in Subsection (b), if the district is eligible for that formula; or

$$(2) AA = ((5,000 - ADA) \times .000025) \times BA.$$

(d) Instead of the allotment under Subsection (b) or (c)(1), a school district that has fewer than 300 students in average daily attendance and is the only school district located in and operating in a county is entitled to an annual allotment for each student in average daily attendance based on the following formula:

$$AA = ((1,600 - ADA) \times .00047) \times BA$$

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.024, eff. September 1, 2019.

Sec. 48.102. SPECIAL EDUCATION. (a) For each student in average daily attendance in a special education program under Subchapter A, Chapter 29, in a mainstream instructional arrangement, a school district is entitled to an annual allotment equal to the basic allotment, or, if applicable, the sum of the

basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by 1.15. For each full-time equivalent student in average daily attendance in a special education program under Subchapter A, Chapter 29, in an instructional arrangement other than a mainstream instructional arrangement, a district is entitled to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by a weight determined according to instructional arrangement as follows:

Homebound . . . . .	5.0
Hospital class . . . . .	3.0
Speech therapy . . . . .	5.0
Resource room . . . . .	3.0
Self-contained, mild and moderate, regular campus . . . . .	3.0
Self-contained, severe, regular campus . . . . .	3.0
Off home campus . . . . .	2.7
Nonpublic day school . . . . .	1.7
Vocational adjustment class . . . . .	2.3

(b) A special instructional arrangement for students with disabilities residing in care and treatment facilities, other than state schools, whose parents or guardians do not reside in the district providing education services shall be established by commissioner rule. The funding weight for this arrangement shall be 4.0 for those students who receive their education service on a local school district campus. A special instructional arrangement for students with disabilities residing in state schools shall be established by commissioner rule with a funding weight of 2.8.

(c) For funding purposes, the number of contact hours credited per day for each student in the off home campus instructional arrangement may not exceed the contact hours credited per day for the multidistrict class instructional arrangement in the 1992-1993 school year.

(d) For funding purposes the contact hours credited per day for each student in the resource room; self-contained, mild and moderate; and self-contained, severe, instructional arrangements

may not exceed the average of the statewide total contact hours credited per day for those three instructional arrangements in the 1992-1993 school year.

(e) The commissioner by rule shall prescribe the qualifications an instructional arrangement must meet in order to be funded as a particular instructional arrangement under this section. In prescribing the qualifications that a mainstream instructional arrangement must meet, the commissioner shall establish requirements that students with disabilities and their teachers receive the direct, indirect, and support services that are necessary to enrich the regular classroom and enable student success.

(f) In this section, "full-time equivalent student" means 30 hours of contact a week between a special education student and special education program personnel.

(g) The commissioner shall adopt rules and procedures governing contracts for residential placement of special education students. The legislature shall provide by appropriation for the state's share of the costs of those placements.

(h) At least 55 percent of the funds allocated under this section must be used in the special education program under Subchapter A, Chapter 29.

(i) The agency shall encourage the placement of students in special education programs, including students in residential instructional arrangements, in the least restrictive environment appropriate for their educational needs.

(j) A school district that provides an extended year program required by federal law for special education students who may regress is entitled to receive funds in an amount equal to 75 percent, or a lesser percentage determined by the commissioner, of the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled for each full-time equivalent student in average daily attendance, multiplied by the amount designated for the student's instructional arrangement under this section, for each day the program is provided divided by the number of days in the minimum school year. The total amount of state funding for

extended year services under this section may not exceed \$10 million per year. A school district may use funds received under this section only in providing an extended year program.

(k) From the total amount of funds appropriated for special education under this section, the commissioner shall withhold an amount specified in the General Appropriations Act, and distribute that amount to school districts for programs under Section 29.014. The program established under that section is required only in school districts in which the program is financed by funds distributed under this subsection and any other funds available for the program. After deducting the amount withheld under this subsection from the total amount appropriated for special education, the commissioner shall reduce each district's allotment proportionately and shall allocate funds to each district accordingly.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Amended by Acts 2003, 78th Leg., ch. 545, Sec. 1, eff. Sept. 1, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 494 (H.B. 1130), Sec. 1, eff. September 1, 2011.

Transferred, redesignated and amended from Education Code, Section 42.151 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.025, eff. September 1, 2019.

For expiration of this section, see Subsection (d).

Sec. 48.1021. SPECIAL EDUCATION ALLOTMENT ADVISORY COMMITTEE. (a) The commissioner shall establish an advisory committee to develop and make recommendations regarding methods of financing special education under the public school finance system.

(b) The advisory committee consists of the following members appointed by the commissioner:

(1) a parent of a student eligible to participate in a school district's special education program under Section 29.003;

(2) a director of a school district's special education program under Subchapter A, Chapter 29;

(3) a teacher certified in special education;

- (4) a diagnostician;
- (5) a licensed specialist in school psychology;
- (6) a provider who provides related services, as described by Section 29.002(2);
- (7) a superintendent of a school district;
- (8) a member of a school district's board of trustees;
- (9) a representative of a disability advocacy organization;
- (10) a member of the special education continuing advisory committee under Section 29.006;
- (11) a teacher certified in general education;
- (12) a student eligible to participate in a school district's special education program under Section 29.003;
- (13) a representative of a regional education service center; and
- (14) a school district official who handles business and finance matters for the district.

(c) Not later than May 1, 2020, the advisory committee, with assistance from the Legislative Budget Board, shall submit to the lieutenant governor, the speaker of the house of representatives, and the standing legislative committees with primary jurisdiction over public education a report on methods of financing special education under the public school finance system. The report must include:

- (1) a description of the current funding methods;
- (2) an analysis of the possible implementation of a method of financing special education based on the services and supports each student receives instead of instructional arrangement;
- (3) data on current special education expenditures from a representative sample of school districts; and
- (4) recommendations for improvements to the current funding methods or for the implementation of new funding methods.

(d) This section expires September 1, 2021.

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.026, eff. June 12, 2019.

Sec. 48.103. ALLOTMENT FOR STUDENT WITH DYSLEXIA OR RELATED DISORDER. (a) Subject to Subsection (b), for each student that a school district serves who has been identified as having dyslexia or a related disorder, the district is entitled to an annual allotment equal to the basic allotment multiplied by 0.1 or a greater amount provided by appropriation.

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

(1) is receiving services for dyslexia or a related disorder in accordance with:

(A) an individualized education program developed for the student under Section 29.005; or

(B) a plan developed for the student under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794);

(2) is receiving instruction that:

(A) meets applicable dyslexia program criteria established by the State Board of Education; and

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

(3) is permitted, on the basis of having dyslexia or a related disorder, to use modifications in the classroom or accommodations in the administration of assessment instruments under Section 39.023.

(c) A school district may receive funding for a student under this section and Section 48.102 if the student satisfies the requirements of both sections.

(d) A school district may use an amount not to exceed 20 percent of the allotment provided for a qualifying student under this section to contract with a private provider to provide supplemental academic services to the student that are recommended under the student's program or plan described by Subsection (b). A student may not be excused from school to receive supplemental academic services provided under this subsection.

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.027, eff. September 1, 2019.

Sec. 48.104. COMPENSATORY EDUCATION ALLOTMENT. (a) For



each student who does not have a disability and resides in a residential placement facility in a district in which the student's parent or legal guardian does not reside, a district is entitled to an annual allotment equal to the basic allotment multiplied by 0.2 or, if the student is educationally disadvantaged, 0.275. For each full-time equivalent student who is in a remedial and support program under Section 29.081 because the student is pregnant, a district is entitled to an annual allotment equal to the basic allotment multiplied by 2.41.

(b) For each student who is educationally disadvantaged and resides in an economically disadvantaged census block group as determined by the commissioner under Subsection (c), a district is entitled to an annual allotment equal to the basic allotment multiplied by the weight assigned to the student's census block group under Subsection (d).

(c) For purposes of the allotment under Subsection (b), the commissioner shall establish an index for economically disadvantaged census block groups in the state that provides criteria for determining which census block groups are economically disadvantaged and categorizes economically disadvantaged census block groups in five tiers according to relative severity of economic disadvantage. In determining the severity of economic disadvantage in a census block group, the commissioner shall consider:

- (1) the median household income;
- (2) the average educational attainment of the population;
- (3) the percentage of single-parent households;
- (4) the rate of homeownership; and
- (5) other economic criteria the commissioner determines likely to disadvantage a student's preparedness and ability to learn.

(d) The weights assigned to the five tiers of the index established under Subsection (c) are, from least to most severe economic disadvantage, 0.225, 0.2375, 0.25, 0.2625, and 0.275.

(e) If insufficient data is available for any school year to evaluate the level of economic disadvantage in a census block

group, a school district is entitled to an annual allotment equal to the basic allotment multiplied by 0.225 for each student who is educationally disadvantaged and resides in that census block group.

(f) A student receiving a full-time virtual education through the state virtual school network may be included in determining the number of students who are educationally disadvantaged and reside in an economically disadvantaged census block group under Subsection (b) or (e), as applicable, if the school district submits to the commissioner a plan detailing the enhanced services that will be provided to the student and the commissioner approves the plan.

(g) Not later than March 1 of each year, the commissioner shall:

(1) review and, if necessary, update the index established under Subsection (c) to be used for the following school year, based on the most recent estimates published by the United States Census Bureau; and

(2) notify each school district of any changes to the index.

(h) The state demographer, the Department of Agriculture, and any other state agency with relevant information shall assist the commissioner in performing the commissioner's duties under this section.

(i) On a schedule determined by the commissioner, each school district shall report to the agency the census block group in which each student enrolled in the district who is educationally disadvantaged resides. The agency shall provide to school districts a resource for use in determining the census block group in which a student resides.

(j) The commissioner shall adopt rules for the method of determining the number of students who qualify for an allotment under this section at a campus that participates in the Community Eligibility Provision administered by the United States Department of Agriculture, as provided by the Healthy, Hunger-Free Kids Act of 2010 (Pub. L. No. 111-296).

(j-1) In addition to other purposes for which funds allocated under this section may be used, those funds may also be

used to:

(1) provide child-care services or assistance with child-care expenses for students at risk of dropping out of school, as described by Section 29.081(d)(5); or

(2) pay the costs associated with services provided through a life skills program in accordance with Sections 29.085(b)(1) and (3)-(7).

(k) At least 55 percent of the funds allocated under this section must be used to:

(1) fund supplemental programs and services designed to eliminate any disparity in performance on assessment instruments administered under Subchapter B, Chapter 39, or disparity in the rates of high school completion between:

(A) students who are educationally disadvantaged and students who are not educationally disadvantaged; and

(B) students at risk of dropping out of school, as defined by Section 29.081, and all other students; or

(2) support a program eligible under Title I of the Elementary and Secondary Education Act of 1965, as provided by Pub. L. No. 103-382 and its subsequent amendments, and by federal regulations implementing that Act.

(l) The commissioner shall adopt rules regarding the use of funds described by Subsection (k). The rules:

(1) must:

(A) permit a school district to use those funds for programs and services that reflect the needs of students at each campus in the district; and

(B) provide for streamlined reporting on the use of those funds; and

(2) may not prohibit the use of those funds for any purpose for which the use of those funds was authorized under former Section 42.152 as that section existed on September 1, 2018.

(m) The State Board of Education shall adopt rules requiring a report on the use of funds under Subsection (k) as part of the annual audit under Section 44.008 and shall develop minimum requirements for that report.

(n) The commissioner annually shall review each report

required under Subsection (m) for the preceding school year and:

(1) identify each school district that was not in compliance with Subsection (k) during that school year; and

(2) provide each district identified under Subdivision (1) a reasonable opportunity to comply with Subsection (k).

(o) The commissioner, in the year following a determination under Subsection (n) that a school district was not in compliance with Subsection (k) for the 2021-2022 school year or a subsequent school year, shall withhold from the district's foundation school fund payment an amount equal to the amount of compensatory education funds the commissioner determines were not used in compliance with Subsection (k). The commissioner shall release to a district funds withheld under this subsection when the district provides to the commissioner a detailed plan to spend those funds in compliance with Subsection (k). In determining whether a school district is subject to the withholding of funding required under this subsection, the commissioner may consider the district's average use of funds for the three preceding school years.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.  
Amended by Acts 1997, 75th Leg., ch. 1071, Sec. 16, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 396, Sec. 1.13, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 725, Sec. 11, eff. June 13, 2001; Acts 2001, 77th Leg., ch. 1156, Sec. 4, 12, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 201, Sec. 30, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 253, Sec. 1, eff. sept. 1, 2003; Acts 2003, 78th Leg., ch. 783, Sec. 2, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 785, Sec. 57, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 903, Sec. 3, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 6.009, eff. Sept. 1, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 728 (H.B. [2018](#)), Sec. 23.001(17), eff. September 1, 2005.

Acts 2007, 80th Leg., R.S., Ch. 1204 (H.B. [1609](#)), Sec. 3, eff. September 1, 2007.

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. [3646](#)), Sec. 52, eff. September 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. 3646), Sec. 53, eff. September 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. 3646), Sec. 105(a)(6), eff. September 1, 2009.

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 57.12, eff. September 28, 2011.

Acts 2015, 84th Leg., R.S., Ch. 1250 (H.B. 1305), Sec. 2, eff. June 20, 2015.

Transferred, redesignated and amended from Education Code, Section 42.152 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.028, eff. September 1, 2019.

Sec. 48.1041. COMPENSATORY EDUCATION ALLOTMENT ADVISORY COMMITTEE. (a) The commissioner shall establish an advisory committee to advise the agency in adopting rules for the compensatory education allotment under Section 48.104, including:

(1) rules establishing the economic criteria described by Section 48.104(c)(5);

(2) rules detailing the method to count students who qualify for the allotment in:

(A) a dropout recovery school or program; or

(B) a residential treatment facility;

(3) methods for properly counting students who are homeless within the meaning of "homeless children and youths" under 42 U.S.C. Section 11434a; and

(4) rules to determine the appropriate weight by which to adjust the basic allotment in determining the compensatory allotment for students described by Subdivision (3).

(b) The advisory committee consists of members appointed by the commissioner, including:

(1) school district superintendents and chief financial officers;

(2) classroom teachers;

(3) representatives of school districts located in an area other than an urban area, as designated by the United States Census Bureau;

(4) at least one representative of an open-enrollment

charter school;

- (5) demographers;
- (6) experts on census data;
- (7) public school finance experts; and
- (8) appropriate employees of the agency.

(c) Members of the advisory committee serve at the pleasure of the commissioner.

(d) A member of the advisory committee is not entitled to receive compensation for service on the committee or reimbursement for expenses incurred in performing official duties as a member of the committee.

(e) Chapter 2110, Government Code, does not apply to the advisory committee.

(f) Not less than once every two years, the advisory committee shall review census and student data and provide recommendations to the agency regarding any suggested changes to the rules adopted for the compensatory education allotment under Section 48.104.

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.029, eff. June 12, 2019.

Sec. 48.105. BILINGUAL EDUCATION ALLOTMENT. (a) For each student in average daily attendance in a bilingual education or special language program under Subchapter B, Chapter 29, a district is entitled to an annual allotment equal to the basic allotment multiplied by:

(1) for a student of limited English proficiency, as defined by Section 29.052:

(A) 0.1; or

(B) 0.15 if the student is in a bilingual education program using a dual language immersion/one-way or two-way program model; and

(2) for a student not described by Subdivision (1), 0.05 if the student is in a bilingual education program using a dual language immersion/two-way program model.

(b) At least 55 percent of the funds allocated under this section must be used in providing bilingual education or special

language programs under Subchapter B, Chapter 29. A district's bilingual education or special language allocation may be used only for program and student evaluation, instructional materials and equipment, staff development, supplemental staff expenses, salary supplements for teachers, incremental costs associated with providing smaller class sizes, and other supplies required for quality instruction.

(c) The State Board of Education shall adopt rules requiring a report on the use of funds under Subsection (b) as part of the annual audit under Section 44.008 and shall develop minimum requirements for that report.

(d) The commissioner annually shall review each report required under Subsection (c) for the preceding school year and:

(1) identify each school district that was not in compliance with Subsection (b) during that school year; and

(2) provide each district identified under Subdivision (1) a reasonable opportunity to comply with Subsection (b).

(e) The commissioner, in the year following a determination under Subsection (d) that a school district was not in compliance with Subsection (b) for the 2021-2022 school year or a subsequent school year, shall withhold from the district's foundation school fund payment an amount equal to the amount of bilingual education or special language funds the commissioner determines were not used in compliance with Subsection (b). The commissioner shall release to a district funds withheld under this subsection when the district provides to the commissioner a detailed plan to spend those funds in compliance with Subsection (b). In determining whether a school district is subject to the withholding of funding required under this subsection, the commissioner may consider the district's average use of funds for the three preceding school years.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Transferred, redesignated and amended from Education Code, Section 42.153 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.030, eff. September 1, 2019.

Sec. 48.106. CAREER AND TECHNOLOGY EDUCATION ALLOTMENT.

(a) For each full-time equivalent student in average daily attendance in an approved career and technology education program in grades 7 through 12, a district is entitled to:

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

(2) \$50 for each of the following in which the student is enrolled:

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

(B) a campus designated as a P-TECH school under Section 29.556; or

(C) a campus that is a member of the New Tech Network and that focuses on project-based learning and work-based education.

(b) In this section:

(1) "Career and technology education class" and "career and technology education program" include technology applications courses.

(2) "Full-time equivalent student" means 30 hours of contact a week between a student and career and technology education program personnel.

(c) At least 55 percent of the funds allocated under this section must be used in providing career and technology education programs in grades 7 through 12.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Amended by Acts 2003, 78th Leg., ch. 201, Sec. 31, eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 763 (H.B. 3485), Sec. 5, eff. June 15, 2007.

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. 3646), Sec. 54, eff. September 1, 2009.

Acts 2017, 85th Leg., R.S., Ch. 189 (S.B. 22), Sec. 4, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1088 (H.B. 3593), Sec. 5, eff. June 15, 2017.

Transferred, redesignated and amended from Education Code, Section



42.154 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.030, eff. September 1, 2019.

Sec. 48.107. PUBLIC EDUCATION GRANT ALLOTMENT. (a) Except as provided by Subsection (b), for each student in average daily attendance who is using a public education grant under Subchapter G, Chapter 29, to attend school in a district other than the district in which the student resides, the district in which the student attends school is entitled to an annual allotment equal to the basic allotment multiplied by a weight of 0.1.

(b) The total number of allotments under this section to which a district is entitled may not exceed the number by which the number of students using public education grants to attend school in the district exceeds the number of students who reside in the district and use public education grants to attend school in another district.

Added by Acts 1997, 75th Leg., ch. 722, Sec. 5, eff. Sept. 1, 1997.  
Transferred, redesignated and amended from Education Code, Section 42.157 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.030, eff. September 1, 2019.

Sec. 48.108. EARLY EDUCATION ALLOTMENT. (a) For each student in average daily attendance in kindergarten through third grade, a school district is entitled to an annual allotment equal to the basic allotment multiplied by 0.1 if the student is:

- (1) educationally disadvantaged; or
- (2) a student of limited English proficiency, as defined by Section 29.052, and is in a bilingual education or special language program under Subchapter B, Chapter 29.

(b) Funds allocated under this section must be used to fund programs and services designed to improve student performance in reading and mathematics in prekindergarten through third grade, including programs and services designed to assist the district in achieving the goals set in the district's early childhood literacy and mathematics proficiency plans adopted under Section 11.185.

(c) A school district is entitled to an allotment under each subdivision of Subsection (a) for which a student qualifies.

(d) A school district may receive funding for a student under this section and under Sections 48.104 and 48.105, as applicable, if the student satisfies the requirements of each applicable section.

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.031, eff. September 1, 2019.

Sec. 48.110. COLLEGE, CAREER, OR MILITARY READINESS OUTCOMES BONUS. (a) The purpose of this section is to further the goal set under the state's master plan for higher education developed under Section 61.051 for at least 60 percent of all adults aged 25 to 34 in this state to achieve a postsecondary degree or workforce credential by 2030.

(b) For purposes of the outcomes bonus under this section, the commissioner shall determine the threshold percentage as provided by Subsection (g) for college, career, or military readiness as described by Subsection (f) for each of the following cohorts:

(1) annual graduates who are educationally disadvantaged;

(2) annual graduates who are not educationally disadvantaged; and

(3) annual graduates who are enrolled in a special education program under Subchapter A, Chapter 29, regardless of whether the annual graduates are educationally disadvantaged.

(c) Each year, the commissioner shall determine for each school district the minimum number of annual graduates in each cohort described by Subsection (b) who would have to demonstrate college, career, or military readiness as described by Subsection (f) in order for the district to achieve a percentage of college, career, or military readiness for that cohort equal to the threshold percentage established for that cohort under Subsection (b).

(d) For each annual graduate in a cohort described by Subsection (b) who demonstrates college, career, or military readiness as described by Subsection (f) in excess of the minimum number of students determined for the applicable district cohort

under Subsection (c), a school district is entitled to an annual outcomes bonus of:

(1) if the annual graduate is educationally disadvantaged, \$5,000;

(2) if the annual graduate is not educationally disadvantaged, \$3,000; and

(3) if the annual graduate is enrolled in a special education program under Subchapter A, Chapter 29, \$2,000, regardless of whether the annual graduate is educationally disadvantaged.

(e) A school district is entitled to an outcomes bonus under each subdivision of Subsection (d) for which an annual graduate qualifies.

(f) For purposes of this section, an annual graduate demonstrates:

(1) college readiness if the annual graduate:

(A) achieves college readiness standards used for accountability purposes under Chapter 39 on the ACT, the SAT, or an assessment instrument designated by the Texas Higher Education Coordinating Board under Section 51.334; and

(B) during a time period established by commissioner rule, enrolls at a postsecondary educational institution;

(2) career readiness if the annual graduate:

(A) achieves college readiness standards used for accountability purposes under Chapter 39 on the ACT, the SAT, or an assessment instrument designated by the Texas Higher Education Coordinating Board under Section 51.334; and

(B) during a time period established by commissioner rule, earns an industry-accepted certificate; and

(3) military readiness if the annual graduate:

(A) achieves a passing score set by the applicable military branch on the Armed Services Vocational Aptitude Battery; and

(B) during a time period established by commissioner rule, enlists in the armed forces of the United States.

(g) The commissioner shall establish the threshold percentages under Subsection (b) using the 25th percentile of statewide college, career, or military readiness as described by Subsection (f) for the applicable cohort of annual graduates during the 2016-2017 school year.

(h) On application by a school district, the commissioner may allow annual graduates from the district to satisfy the requirement for demonstrating career readiness under Subsection (f)(2)(B) by successfully completing a coherent sequence of courses required to obtain an industry-accepted certificate. The district must demonstrate in the application that the district is unable to provide sufficient courses or programs to enable students enrolled at the district to earn an industry-accepted certificate within the time period established by the commissioner under Subsection (f)(2)(B). The commissioner by rule shall provide the criteria required for an application under this subsection.

(i) At least 55 percent of the funds allocated under this section must be used in grades 8 through 12 to improve college, career, and military readiness outcomes as described by Subsection (f).

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.031, eff. September 1, 2019.

For expiration of this section, see Subsection (c).

Sec. 48.1101. STUDY ON ALTERNATIVE CAREER READINESS MEASURES FOR SMALL AND RURAL DISTRICTS. (a) The agency shall conduct a study on alternative career readiness measures for small and rural school districts to determine if annual graduates demonstrate career readiness under Section 48.110(f)(2)(B).

(b) Not later than January 1, 2021, the agency shall submit to the legislature a report on the results of the study and any recommendations for legislative or other action.

(c) This section expires September 1, 2021.

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.031, eff. September 1, 2019.

Sec. 48.111. FAST GROWTH ALLOTMENT. A school district in

which the growth in student enrollment in the district over the preceding three school years is in the top quartile of student enrollment growth in school districts in the state for that period, as determined by the commissioner, is entitled to an annual allotment equal to the basic allotment multiplied by 0.04 for each student in average daily attendance.

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.031, eff. September 1, 2019.

Sec. 48.112. TEACHER INCENTIVE ALLOTMENT. (a) In this section, "rural campus" means a school campus that is:

(1) located in:

(A) an area that is not designated as an urbanized area or an urban cluster by the United States Census Bureau; and

(B) a school district with fewer than 5,000 enrolled students; or

(2) designated as a rural campus under rules adopted by the commissioner.

(b) To ensure classroom teachers in this state have access to a six-figure salary, the allotment provided to a school district under this section offers resources to the district to increase teacher compensation and prioritize funding for high needs and rural district campuses.

(c) For each classroom teacher with a teacher designation under Section 21.3521 employed by a school district, the school district is entitled to an allotment equal to the following applicable base amount increased by the high needs and rural factor as determined under Subsection (d):

(1) \$12,000, or an increased amount not to exceed \$32,000 as determined under Subsection (d), for each master teacher;

(2) \$6,000, or an increased amount not to exceed \$18,000 as determined under Subsection (d), for each exemplary teacher; and

(3) \$3,000, or an increased amount not to exceed \$9,000 as determined under Subsection (d), for each recognized

teacher.

(d) The high needs and rural factor is determined by multiplying the following applicable amounts by the average of the point value assigned to each student at a district campus under Subsection (e):

- (1) \$5,000 for each master teacher;
- (2) \$3,000 for each exemplary teacher; and
- (3) \$1,500 for each recognized teacher.

(e) Except as provided by Subsection (f), a point value for each student at a district campus shall be assigned as follows:

(1) 0, for a student for whom the district does not receive a compensatory education allotment under Section 48.104(b) or (e); or

(2) 0.5, 1.0, 2.0, 3.0, or 4.0, respectively, from least to most severe economic disadvantage according to the census block group in which the student resides, for a student for whom the district receives a compensatory education allotment under Section 48.104(b) or (e).

(f) If the campus at which a student is enrolled is classified as a rural campus, a student is assigned the point value two tiers higher than the student's point value determined under Subsection (e)(1) or (2).

(g) A district is entitled to receive an increased allotment under this section in the amount necessary for reimbursement for any fees paid under Section 21.3521.

(h) The commissioner shall annually make available to the public a list of campuses with the projected allotment amounts per teacher designation at each campus.

(i) A district shall annually certify that:

(1) funds received under this section were used as follows:

(A) at least 90 percent of each allotment received under Subsection (c) was used for the compensation of teachers employed at the campus at which the teacher for whom the district received the allotment is employed; and

(B) any other funds received under this section were used for costs associated with implementing Section 21.3521,

including efforts to support teachers in obtaining designations; and

(2) the district prioritized high needs campuses in the district in using funds received under this section.

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.031, eff. September 1, 2019.

Sec. 48.114. MENTOR PROGRAM ALLOTMENT. (a) A school district that has implemented a mentoring program for classroom teachers who have less than two years of teaching experience under Section 21.458 is entitled to an allotment as determined under Subsection (b) to fund the mentoring program and to provide stipends for mentor teachers.

(b) The commissioner shall adopt a formula to determine the amount to which each district described by Subsection (a) is entitled.

(c) Funding provided to districts under this section may be used only for providing:

(1) mentor teacher stipends;

(2) scheduled release time for mentor teachers and the classroom teachers to whom they are assigned for meeting and engaging in mentoring activities; and

(3) mentoring support through providers of mentor training.

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.031, eff. September 1, 2019.

#### SUBCHAPTER D. ADDITIONAL FUNDING

Sec. 48.151. TRANSPORTATION ALLOTMENT. (a) Each district or county operating a transportation system is entitled to allotments for transportation costs as provided by this section.

(b) As used in this section:

(1) "Regular eligible student" means a student who:

(A) resides two or more miles from the student's campus of regular attendance, measured along the shortest route that may be traveled on public roads, and who is not classified as a

student eligible for special education services; or

(B) is a homeless child or youth, as defined by 42 U.S.C. Section 11434a.

(2) "Eligible special education student" means a student who is eligible for special education services under Section 29.003 and who would be unable to attend classes without special transportation services.

(c) Each district or county operating a regular transportation system is entitled to an allotment based on a rate per mile per regular eligible student set by the legislature in the General Appropriations Act.

(d) A district or county may apply for and on approval of the commissioner receive an additional amount of up to 10 percent of its regular transportation allotment to be used for the transportation of children living within two miles of the school they attend who would be subject to hazardous traffic conditions or a high risk of violence if they walked to school.

(d-1) For purposes of Subsection (d), each board of trustees shall provide to the commissioner an explanation of the hazardous traffic conditions or areas presenting a high risk of violence applicable to that district and shall identify the specific hazardous or high-risk areas for which the allocation is requested. A hazardous traffic condition exists where no walkway is provided and children must walk along or cross a freeway or expressway, an underpass, an overpass or a bridge, an uncontrolled major traffic artery, an industrial or commercial area, or another comparable condition. An area presents a high risk of violence if law enforcement records indicate a high incidence of violent crimes in the area. Each board of trustees requesting funds for an area presenting a high risk of violence must, in addition to the explanation required by this subsection, provide the commissioner with consolidated law enforcement records that document violent crimes identified by reporting agencies within the relevant jurisdiction.

(d-2) A district or county may use all or part of any funds received under Subsection (d) to support community walking transportation programs, including walking school bus programs,



provided that the district or county requires each supported program to submit a financial report to the district or county each semester that covers services provided by the program for the benefit of the district or county. The commissioner shall adopt rules governing the transportation allotment as necessary to permit a district or county to receive funds under Subsection (d) that may be used to support innovative school safety projects, including community walking transportation programs as provided by this subsection and any other appropriate safety project, including rules defining an approved walking route mile that may be used as necessary in implementing this subsection.

(e) The commissioner may grant an amount set by appropriation for private or commercial transportation for eligible students from isolated areas. The need for this type of transportation grant shall be determined on an individual basis and the amount granted shall not exceed the actual cost. The grants may be made only in extreme hardship cases. A grant may not be made if the students live within two miles of an approved school bus route.

(f) The cost of transporting career and technology education students from one campus to another inside a district, from a sending district to another secondary public school for a career and technology program or an area career and technology school or to an approved post-secondary institution under a contract for instruction approved by the agency, or from a district campus to a location at which students are provided work-based learning under the district's career and technology program shall be reimbursed based on the number of actual miles traveled times the district's official extracurricular travel per mile rate as set by the board of trustees and approved by the agency.

(g) A school district or county that provides special transportation services for eligible special education students is entitled to a state allocation paid on a previous year's cost-per-mile basis. The rate per mile allowable shall be set by appropriation based on data gathered from the first year of each preceding biennium. Districts may use a portion of their support allocation to pay transportation costs, if necessary. The

commissioner may grant an amount set by appropriation for private transportation to reimburse parents or their agents for transporting eligible special education students. The mileage allowed shall be computed along the shortest public road from the student's home to school and back, morning and afternoon. The need for this type transportation shall be determined on an individual basis and shall be approved only in extreme hardship cases.

(h) Funds allotted under this section must be used in providing transportation services.

(i) In the case of a district belonging to a county transportation system, the district's transportation allotment for purposes of determining a district's foundation school program allocations is determined on the basis of the number of approved daily route miles in the district.

(j) The Texas School for the Deaf is entitled to an allotment under this section. The commissioner shall determine the appropriate allotment.

(k) Notwithstanding any other provision of this section, the commissioner may not reduce the allotment to which a district or county is entitled under this section because the district or county provides transportation for an eligible student to and from a child-care facility, as defined by Section 42.002, Human Resources Code, or a grandparent's residence instead of the student's residence, as authorized by Section 34.007 of this code.

(l) A school district may, with the funds allotted under this section, provide a bus pass or card for another transportation system to each student who is eligible to use the regular transportation system of the district but for whom the regular transportation system of the district is not a feasible method of providing transportation. The commissioner by rule shall provide procedures for a school district to provide bus passes or cards to students under this subsection.

(m) A school district shall be reimbursed on a per-mile basis for the cost of transporting a dual credit student to another campus in the district, a campus in another district, or a postsecondary educational institution for purposes of attending the course, if the course is not available at the student's campus.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.  
Amended by Acts 1997, 75th Leg., ch. 1071, Sec. 17, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 169, Sec. 4, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 201, Sec. 32, eff. Sept. 1, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 352 (H.B. 3506), Sec. 1, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 524 (S.B. 195), Sec. 1, eff. September 1, 2017.

Transferred, redesignated and amended from Education Code, Section 42.155 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.033, eff. September 1, 2019.

Sec. 48.152. NEW INSTRUCTIONAL FACILITY ALLOTMENT. (a) In this section:

(1) "Instructional facility" has the meaning assigned by Section 46.001.

(2) "New instructional facility" includes:

(A) a newly constructed instructional facility;

(B) a repurposed instructional facility; and

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

(b) A school district is entitled to an additional allotment as provided by this section for operational expenses associated with opening a new instructional facility.

(c) A school district entitled to an allotment under this section may use funds from the district's allotment to renovate an existing instructional facility to serve as a dedicated cybersecurity computer laboratory.

(d) For the first school year in which students attend a new instructional facility, a school district is entitled to an allotment of \$1,000 for each student in average daily attendance at the facility. For the second school year in which students attend that instructional facility, a school district is entitled to an allotment of \$1,000 for each additional student in average daily attendance at the facility.

(e) For purposes of this section, the number of additional students in average daily attendance at a facility is the difference between the number of students in average daily attendance in the current year at that facility and the number of students in average daily attendance at that facility in the preceding year.

(f) The amount appropriated for allotments under this section may not exceed \$100 million in a school year. If the total amount of allotments to which districts are entitled under this section for a school year exceeds the amount appropriated under this subsection, the commissioner shall reduce each district's allotment under this section in the manner provided by Section [48.266\(f\)](#).

Added by Acts 1999, 76th Leg., ch. 396, Sec. 1.14, eff. Sept. 1, 1999.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 1058 (H.B. [2237](#)), Sec. 15, eff. June 15, 2007.

Acts 2017, 85th Leg., R.S., Ch. 817 (H.B. [1081](#)), Sec. 1, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1088 (H.B. [3593](#)), Sec. 6, eff. June 15, 2017.

Transferred, redesignated and amended from Education Code, Section 42.158 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. [3](#)), Sec. 1.033, eff. September 1, 2019.

Sec. 48.153. DROPOUT RECOVERY SCHOOL AND RESIDENTIAL PLACEMENT FACILITY ALLOTMENT. A school district or open-enrollment charter school is entitled to \$275 for each student in average daily attendance who:

(1) resides in a residential placement facility; or

(2) is at a district or school or a campus of the district or school that is designated as a dropout recovery school under Section [39.0548](#).

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. [3](#)), Sec. 1.034, eff. September 1, 2019.

Sec. 48.154. TUITION ALLOTMENT FOR DISTRICTS NOT OFFERING ALL GRADE LEVELS. A school district that contracts for students residing in the district to be educated in another district under Section 25.039(a) is entitled to receive an allotment equal to the total amount of tuition required to be paid by the district under Section 25.039, not to exceed the amount specified by commissioner rule under Section 25.039(b).

Added by Acts 1999, 76th Leg., ch. 396, Sec. 1.12, eff. Sept. 1, 1999. Amended by Acts 2003, 78th Leg., ch. 1069, Sec. 2, eff. Sept. 1, 2003.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. 3646), Sec. 51, eff. September 1, 2009.

Transferred, redesignated and amended from Education Code, Section 42.106 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.035, eff. September 1, 2019.

Sec. 48.155. COLLEGE PREPARATION ASSESSMENT REIMBURSEMENT. A school district is entitled to reimbursement for the amount of fees paid by the district for the administration of an assessment instrument under Section 39.0261(a)(3).

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.036, eff. September 1, 2019.

Sec. 48.156. CERTIFICATION EXAMINATION REIMBURSEMENT. A school district is entitled to reimbursement for the amount of a subsidy paid by the district for a student's certification examination under Section 29.190(a) as provided by Section 29.190(c).

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.036, eff. September 1, 2019.

#### SUBCHAPTER E. TIER TWO ENTITLEMENT

Sec. 48.201. PURPOSE. The purpose of the tier two component of the Foundation School Program is to provide each school district with the opportunity to provide the basic program

and to supplement that program at a level of its own choice. An allotment under this subchapter may be used for any legal purpose other than capital outlay or debt service.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Amended by Acts 1999, 76th Leg., ch. 396, Sec. 1.20, eff. Sept. 1, 1999.

Transferred, redesignated and amended from Education Code, Section 42.301 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.038, eff. September 1, 2019.

Sec. 48.202. TIER TWO ALLOTMENT. (a) Each school district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the district's local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 48.203, is determined by the formula:

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

where:

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

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

"WADA" is the number of students in weighted average daily attendance, which is calculated by dividing the sum of the school district's allotments under Subchapters B and C by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the school district, which is determined by subtracting the amounts specified by Subsection (b) from the total amount of maintenance and operations taxes collected by the school district for the applicable school year and dividing the difference by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258 or by the quotient of the value of "DPV" as determined under Section 48.256(d) if that subsection applies to

the district, divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258 or by the quotient of the value of "DPV" as determined under Section 48.256(d) if that subsection applies to the district, divided by 100.

(a-1) For purposes of Subsection (a), the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") for a school district is:

(1) the greater of the amount of district tax revenue per weighted student per cent of tax effort available to a school district at the 96th percentile of wealth per weighted student or the amount that results from multiplying 6,160, or the greater amount provided under Section 48.051(b), if applicable, by 0.016, for the first eight cents by which the district's maintenance and operations tax rate exceeds the district's tier one tax rate; and

(2) subject to Subsection (f), the amount that results from multiplying \$6,160, or the greater amount provided under Section 48.051(b), if applicable, by 0.008, for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (1).

(a-2) The limitation on district enrichment tax rate ("DTR") under Section 48.203 does not apply to the district's maintenance and operations tax effort described by Subsection (a-1)(1).

(b) In computing the district enrichment tax rate of a school district, the total amount of maintenance and operations taxes collected by the school district does not include the amount of:

(1) the district's local fund assignment under Section 48.256; or

(2) taxes paid into a tax increment fund under Chapter 311, Tax Code.

(c) For purposes of this section, school district taxes for which credit is granted under Section 31.035, 31.036, or 31.037, Tax Code, are considered taxes collected by the school district as

if the taxes were paid when the credit for the taxes was granted.

(d) For purposes of this section, the total amount of maintenance and operations taxes collected for an applicable school year by a school district with alternate tax dates, as authorized by Section 26.135, Tax Code, is the amount of taxes collected on or after January 1 of the year in which the school year begins and not later than December 31 of the same year.

(e) For purposes of this section, school district taxes for which credit is granted under former Subchapter D, Chapter 313, Tax Code, are considered taxes collected by the school district as if the taxes were paid when the credit for the taxes was granted.

(f) For a school year in which the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") under Subsection (a-1)(2) exceeds the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") under Subsection (a-1)(2) for the preceding school year, a school district shall reduce the district's tax rate under Section 45.0032(b)(2) for the tax year that corresponds to that school year to a rate that results in the amount of state and local funds per weighted student per cent of tax effort available to the district at the dollar amount guaranteed level for the preceding school year. A school district is not entitled to the amount equal to the increase of revenue described by this subsection for the school year for which the district must reduce the district's tax rate. Unless Section 26.08(a-1), Tax Code, applies to the district, for a tax year in which a district must reduce the district's tax rate under this subsection, the district may not increase the district's maintenance and operations tax rate to a rate that exceeds the maximum maintenance and operations tax rate permitted under Section 45.003(d) or (f), as applicable, minus the reduction of tax effort required under this subsection. This subsection does not apply if the amount of state funds appropriated for a school year specifically excludes the amount necessary to provide the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort under Subsection (a-1)(2).

(f-1) Notwithstanding Subsection (f), for the 2019-2020



school year, the reduction of a school district's tax rate required under Subsection (f) applies to the district's total enrichment tax rate under Section [45.0032](#)(b) minus eight cents. This subsection expires September 1, 2020.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Amended by Acts 1997, 75th Leg., ch. 1071, Sec. 21, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 637, Sec. 3, eff. Aug. 30, 1999; Acts 1999, 76th Leg., ch. 396, Sec. 1.20, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 320, Sec. 1, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1187, Sec. 2.09, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1187, Sec. 2.10, eff. Sept. 1, 2002; Acts 2001, 77th Leg., ch. 1505, Sec. 8, eff. Jan. 1, 2002; Acts 2003, 78th Leg., ch. 1275, Sec. 2(21), eff. Sept. 1, 2003.

Amended by:

Acts 2006, 79th Leg., 3rd C.S., Ch. 5 (H.B. [1](#)), Sec. 1.08, eff. May 31, 2006.

Acts 2007, 80th Leg., R.S., Ch. 19 (H.B. [5](#)), Sec. 3, eff. May 12, 2007.

Acts 2007, 80th Leg., R.S., Ch. 1191 (H.B. [828](#)), Sec. 2, eff. September 1, 2010.

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. [3646](#)), Sec. 63, eff. September 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. [3646](#)), Sec. 105(c), eff. September 1, 2009.

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. [1](#)), Sec. 57.26, eff. September 28, 2011.

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. [1](#)), Sec. 61.08, eff. September 28, 2011.

Acts 2013, 83rd Leg., R.S., Ch. 1304 (H.B. [3390](#)), Sec. 21, eff. January 1, 2014.

Acts 2015, 84th Leg., R.S., Ch. 448 (H.B. [7](#)), Sec. 9, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 465 (S.B. [1](#)), Sec. 20, eff. November 3, 2015.

Transferred, redesignated and amended from Education Code, Section 42.302 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. [3](#)), Sec. 1.038, eff. September 1, 2019.

Sec. 48.203. LIMITATION ON ENRICHMENT TAX RATE. The district enrichment tax rate ("DTR") under Section 48.202 may not exceed the amount per \$100 of valuation by which the maximum rate permitted under Section 45.003 exceeds the rate used to determine the district's local share under Section 48.256, or a greater amount for any year provided by appropriation.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Amended by Acts 1997, 75th Leg., ch. 1071, Sec. 21, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 396, Sec. 1.20, eff. Sept. 1, 1999.

Amended by:

Acts 2006, 79th Leg., 3rd C.S., Ch. 5 (H.B. 1), Sec. 1.09, eff. May 31, 2006.

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. 3646), Sec. 64, eff. September 1, 2009.

Transferred, redesignated and amended from Education Code, Section 42.303 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.038, eff. September 1, 2019.

Sec. 48.204. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under this subchapter for a school district located on a federal military installation or at Moody State School is computed using the average tax rate and property value per student of school districts in the county, as determined by the commissioner.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Transferred, redesignated and amended from Education Code, Section 42.304 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.038, eff. September 1, 2019.

#### SUBCHAPTER F. FINANCING THE PROGRAM

Sec. 48.251. FINANCING; GENERAL RULE. (a) The cost of the Foundation School Program for a school district is the total sum of:

(1) the sum of the tier one allotments and other funding as follows:

(A) the basic allotment under Subchapter B;

(B) the student-based allotments under Subchapter C; and

(C) the additional funding under Subchapter D; and

(2) the tier two allotment under Subchapter E.

(b) The sum of the Foundation School Program maintenance and operations costs for all accredited school districts in this state constitutes the total maintenance and operations cost of the Foundation School Program.

(c) The program shall be financed by:

(1) state available school funds distributed in accordance with the law;

(2) ad valorem tax revenue generated by local school district effort; and

(3) state funds appropriated for the purposes of public school education and allocated to each district in an amount sufficient to finance the cost of each district's Foundation School Program not covered by other funds specified in this subsection.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Amended by Acts 1999, 76th Leg., ch. 396, Sec. 1.15, 3.01(a), eff. Sept. 1, 1999.

Amended by:

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 57.14, eff. September 28, 2011.

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 57.15, eff. September 1, 2015.

Transferred, redesignated and amended from Education Code, Section 42.251 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.040, eff. September 1, 2019.

Sec. 48.252. SCHOOL DISTRICT ENTITLEMENT FOR CERTAIN STUDENTS. (a) This section applies only to:

(1) a school district and an open-enrollment charter school that enter into a contract to operate a district campus as provided by Section 11.174;

(2) a charter granted by a school district for a program operated by an entity that has entered into a contract under

Section 11.174, provided that the district does not appoint a majority of the governing body of the charter holder; and

(3) a school district that contracts with an open-enrollment charter school to jointly operate a campus or campus program as provided by Section 11.157(b).

(b) Notwithstanding any other provision of this chapter or Chapter 49, a school district subject to this section is entitled to receive for each student in average daily attendance at the campus or program described by Subsection (a) an amount equivalent to the difference, if the difference results in increased funding, between:

(1) the amount described by Section 12.106; and

(2) the amount to which the district would be entitled under this chapter.

(c) The commissioner shall adopt rules as necessary to administer this section.

Added by Acts 2017, 85th Leg., R.S., Ch. 953 (S.B. 1882), Sec. 2, eff. June 15, 2017.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 677 (S.B. 2117), Sec. 2, eff. June 10, 2019.

Transferred, redesignated and amended from Education Code, Section 42.2511 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.040, eff. September 1, 2019.

Sec. 48.253. ADDITIONAL STATE AID FOR TAX INCREMENT FINANCING PAYMENTS. (a) For each school year, a school district is entitled to state aid in an amount equal to the amount the district is required to pay into the tax increment fund for a reinvestment zone under Section 311.013(n), Tax Code.

(b) A school district shall provide to the agency any agreements, amendments to agreements, or other information required by the agency to implement this section.

Added by Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 57.16, eff. September 28, 2011.

Transferred, redesignated and amended from Education Code, Section 42.2514 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.040,

eff. September 1, 2019.

Sec. 48.254. ADDITIONAL STATE AID FOR AD VALOREM TAX CREDITS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. For each school year, a school district, including a school district that is otherwise ineligible for state aid under this chapter, is entitled to state aid in an amount equal to the amount of all tax credits credited against ad valorem taxes of the district in that year under former Subchapter D, Chapter 313, Tax Code.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 6, eff. Jan. 1, 2002.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1304 (H.B. 3390), Sec. 20, eff. January 1, 2014.

Transferred, redesignated and amended from Education Code, Section 42.2515 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.040, eff. September 1, 2019.

Text of section effective until September 01, 2020

Sec. 48.255. STATE COMPRESSION PERCENTAGE. (a) In this title, "state compression percentage" means the percentage of the rate of \$1.00 per \$100 valuation of taxable property at which a school district must levy a maintenance and operations tax to receive the full amount of the tier one allotment to which the district is entitled under this chapter.

(b) The state compression percentage is:

(1) 93 percent; or

(2) a lower percentage set by appropriation for a school year.

Transferred, redesignated and amended by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.040, eff. September 1, 2019.

Text of section effective on September 01, 2020

Sec. 48.255. STATE COMPRESSION PERCENTAGE. (a) In this title, "state compression percentage" means the percentage of the rate of \$1.00 per \$100 valuation of taxable property that is used to determine a school district's maximum compressed tax rate under

Section [48.2551](#).

(b) The state compression percentage is the lower of:

(1) 93 percent, or a lower percentage set by appropriation for a school year;

(2) the percentage determined by the following formula:

$$SCP = PYCP \times 1.025 / (1 + ECPV); \text{ or}$$

(3) the percentage determined under this section for the preceding school year.

(c) For purposes of Subsection (b)(2):

(1) "SCP" is the state compression percentage;

(2) "PYCP" is the state compression percentage for the preceding school year; and

(3) "ECPV" is the estimated percentage change in total taxable property value for the applicable tax year as determined based on the estimate submitted to the legislature under Section [48.269](#).

Transferred, redesignated and amended by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1A.006, eff. September 1, 2020.

Text of section effective on September 01, 2020

Sec. 48.2551. MAXIMUM COMPRESSED TAX RATE. (a) In this section:

(1) "DPV" has the meaning assigned by Section [48.256](#);

(2) "E" is the expiration of the exclusion of appraised property value for the preceding tax year that is recognized as taxable property value for the current tax year, which is the sum of the following:

(A) property value that is no longer subject to a limitation on appraised value under Chapter [313](#), Tax Code; and

(B) property value under Section [311.013\(n\)](#), Tax Code, that is no longer excluded from the calculation of "DPV" from the preceding year because of refinancing or renewal after September 1, 2019;

(3) "MCR" is the district's maximum compressed rate, which is the tax rate for the current tax year per \$100 of valuation of taxable property at which the district must levy a maintenance

and operations tax to receive the full amount of the tier one allotment to which the district is entitled under this chapter;

(4) "PYDPV" is the district's value of "DPV" for the preceding tax year; and

(5) "PYMCR" is the district's value of "MCR" for the preceding tax year.

(b) Except as provided by Subsection (c), a district's maximum compressed rate ("MCR") is the lesser of:

(1) the rate determined by the following applicable formula:

(A) if "DPV" exceeds "PYDPV" by an amount equal to or greater than 2.5 percent:

$$\text{MCR} = (1.025((\text{PYDPV} + \text{E}) \times \text{PYMCR})) / \text{DPV}; \text{ or}$$

(B) if Paragraph (A) does not apply:

$$\text{MCR} = \text{PYMCR}; \text{ or}$$

(2) the product of the state compression percentage, as determined under Section 48.255, for the current tax year, multiplied by \$1.00.

(c) Notwithstanding Subsection (b), for a district to which Section 48.2552(b) applies, the district's maximum compressed rate is the value calculated for "MCR" under Subsection (b)(1)(B).

(c-1) For purposes of determining a district's maximum compressed rate ("MCR") under Subsection (b) for the 2020-2021 school year, the value of "PYMCR" is \$1.00. This subsection expires September 1, 2021.

(d) The agency shall calculate and make available school districts' maximum compressed rates, as determined under this section.

(e) It is the intent of the legislature that the state continue to fund public schools at the same or similar level as the state would have if this section had not taken effect.

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1A.007, eff. September 1, 2020.

Text of section effective on September 01, 2020

Sec. 48.2552. LIMITATION ON MAXIMUM COMPRESSED RATE.

(a) Each year, the agency shall evaluate the difference between

school districts' maximum compressed rates, as determined under Section 48.2551.

(b) If a school district has a maximum compressed rate that is less than 90 percent of another school district's maximum compressed rate, the district's maximum compressed rate is calculated under Section 48.2551(c) until the agency determines that the difference between the district's and another district's maximum compressed rates is not more than 10 percent.

(c) The amount of revenue available to the state as a result of the differences in the amount of state aid and reduction in local revenue between calculating a district's maximum compressed rate in accordance with Subsection (b) and calculating the district's maximum compressed rate under Section 48.2551 shall be used to lower the state compression percentage under Section 48.255. The agency shall provide estimates to the legislature of the reduction of the state compression percentage based on this subsection.

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1A.007, eff. September 1, 2020.

Text of section effective on September 01, 2020

Sec. 48.2553. PERMITTED TAX RATE FOR MAINTENANCE OF 2020-2021 SCHOOL YEAR BASIC ALLOTMENT. (a) Notwithstanding any other provision of this title or Chapter 26, Tax Code, if the maximum amount of the basic allotment provided under Section 48.051(a) or (b) for a school year is less than the maximum amount provided for the 2020-2021 school year, subject to Subsection (b), a school district may adopt a maintenance and operations tax rate that exceeds the maximum compressed tax rate permitted under Section 48.2551, provided that:

(1) the rate adopted by the district was previously approved by voters for a tax year subsequent to the 2005 tax year; and

(2) the rate may not exceed the lesser of:

(A) \$1.17; or

(B) the district's maximum compressed tax rate and the additional tax rate necessary to generate the amount of revenue equal to the difference in per student funding.



(b) Before adopting a maintenance and operations tax rate under Subsection (a), a school district must receive approval from the agency. To receive approval from the agency under this subsection the district must submit the following information:

(1) a statement detailing the loss of funding to the district that resulted from the decline in the maximum amount of the basic allotment provided under Section 48.051(a) or (b);

(2) the proposed additional tax effort and the amount of funding the proposed additional tax effort will generate;

(3) evidence that the proposed additional tax effort described by Subdivision (2) had been previously authorized by voters subsequent to the 2005 tax year; and

(4) any other information required by the commissioner.

(c) The agency's approval of a district's tax rate under Subsection (b) expires at the end of each tax year.

(d) Any additional tax effort by a school district authorized under this section is not:

(1) eligible for funding under Subchapter B, C, or D;

(2) eligible for the guaranteed yield amount of state funds under Section 48.202; or

(3) subject to the limit on local revenue under Section 48.257.

(e) The commissioner shall reduce state aid or adjust the limit on local revenue under Section 48.257 in an amount equal to the amount of revenue generated by a school district's tax effort that is not in compliance with this section or Section 48.2551.

(f) This section does not apply to a school district to which Section 45.003(f) applies.

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1A.007, eff. September 1, 2020.

For expiration of this section, see Subsection (c).

Text of section effective on September 01, 2020

Sec. 48.2554. STUDY ON DISTRICT PROPERTY TAX COMPRESSION.

(a) The Legislative Budget Board, in conjunction with other appropriate state agencies, shall study possible methods of

providing property tax relief through the reduction of school district maintenance and operations taxes. The study must evaluate:

(1) potential sources of revenue that may be used to reduce school district maintenance and operations taxes;

(2) methods of limiting increases in maintenance and operations tax revenue that adjust for enrollment growth, inflation, and other relevant factors; and

(3) for each method of providing property tax relief considered:

(A) any difference in anticipated benefits to property taxpayers based on the school district in which the taxpayer resides;

(B) the cost to the state; and

(C) the anticipated impact on equity in the public school finance system.

(b) Not later than September 1, 2020, the Legislative Budget Board shall submit to the governor, the lieutenant governor, and the speaker of the house of representatives a report on the results of the study and any recommendations for legislative or other action.

(c) This section expires September 1, 2021.  
Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1A.007, eff. September 1, 2020.

Sec. 48.256. LOCAL SHARE OF PROGRAM COST (TIER ONE).

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

$$LFA = TR \times DPV$$

where:

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

"TR" is the school district's adopted tier one maintenance and operations tax rate, as described by Section 45.0032(a) for each hundred dollars of valuation; and

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

(b) The commissioner shall adjust the values reported by the comptroller to reflect reductions in taxable value of property resulting from natural or economic disaster in the year in which the valuations are determined. The decision of the commissioner is final. An adjustment does not affect the local fund assignment of any other school district.

(c) Appeals of district values shall be held pursuant to Section 403.303, Government Code.

(d) This subsection applies to a school district in which the board of trustees entered into a written agreement with a property owner under Section 313.027, Tax Code, for the implementation of a limitation on appraised value under Subchapter B or C, Chapter 313, Tax Code. For purposes of determining "DPV" under Subsection (a) for a school district to which this subsection applies, the commissioner shall exclude a portion of the market value of property not otherwise fully taxable by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter. The comptroller shall provide information to the agency necessary for this subsection. A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year.

(e) Subsection (d) does not apply to property that was the subject of an application under Subchapter B or C, Chapter 313, Tax Code, made after May 1, 2009, that the comptroller recommended should be disapproved.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.  
Amended by Acts 1997, 75th Leg., ch. 1071, Sec. 18, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 396, Sec. 3.01(a), eff. Sept. 1, 1999.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. 3646), Sec. 59, eff. September 1, 2009.

Acts 2015, 84th Leg., R.S., Ch. 448 (H.B. 7), Sec. 7, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 465 (S.B. 1), Sec. 19, eff. November 3, 2015.

Transferred, redesignated and amended from Education Code, Section 42.252 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.040, eff. September 1, 2019.

Sec. 48.257. LOCAL REVENUE LEVEL IN EXCESS OF ENTITLEMENT.

(a) Subject to Subsection (b), if a school district's tier one local share under Section 48.256 exceeds the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund, the district must reduce the district's tier one revenue level in accordance with Chapter 49 to a level not to exceed the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund.

(b) This subsection applies only to a school district to which Subsection (a) applies. If a district's maintenance and operations tax collections from the tax rate described by Section 45.0032(a) for the current tax year minus the required reduction in a district's tier one revenue level under Subsection (a) results in an amount that is less than the amount of the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund, the agency shall adjust the amount of the reduction required in the district's tier one revenue level under Subsection (a) up to the amount of local funds necessary for the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund.

(c) For purposes of Subsection (a), state aid to which a district is entitled under this chapter that is not described by Section 48.266(a)(1), (2), or (3) may offset the amount by which a district must reduce the district's tier one revenue level under Subsection (a). Any amount of state aid used as an offset under this subsection shall reduce the amount of state aid to which the district is entitled.

(d) Except as provided by Subsection (e), a school district is entitled to retain the total amount of the district's tier two local share described by Section 48.266(a)(5)(A).

(e) In any school year for which the amount of state funds appropriated specifically excludes the amount necessary to provide

the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort under Section 48.202(a-1)(1), a district may only retain the amount of the district's tier two local share described by Section 48.266(a)(5)(A) equal to the amount of revenue that would be generated based on the amount appropriated for the dollar amount guaranteed level of state and local funds.

(f) If the amount of a school district's tier two local share described by Section 48.266(a)(5)(B) to which a district is entitled exceeds the amount described by Section 48.202(a-1)(2), the district must reduce the district's revenue in accordance with Chapter 49 to a level not to exceed the amount described by Section 48.202 (a-1)(2).

(g) For a district to which Section 45.003(f) applies, revenue generated from any cents of maintenance and operations tax effort that exceeds the maximum rate permitted under Section 45.003(d) is subject to the revenue limit established under Subsection (f).

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.041, eff. September 1, 2019.

Sec. 48.258. ADJUSTMENT FOR RAPID DECLINE IN TAXABLE VALUE OF PROPERTY. (a) For purposes of Chapters 46 and 49 and this chapter, and to the extent money specifically authorized to be used under this section is available, the commissioner shall adjust the taxable value of property in a school district that, due to factors beyond the control of the board of trustees, experiences a rapid decline in the tax base used in calculating taxable values in excess of four percent of the tax base used in the preceding year.

(b) To the extent that a sufficient amount of money is not available to fund all adjustments under this section, the commissioner shall reduce adjustments in the manner provided by Section 48.266(f) so that the total amount of adjustments equals the amount of money available to fund the adjustments.

(c) A decision of the commissioner under this section is final and may not be appealed.

Added by Acts 1999, 76th Leg., ch. 396, Sec. 1.18, eff. Sept. 1,

1999.

Transferred, redesignated and amended from Education Code, Section 42.2521 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

Sec. 48.259. ADJUSTMENT FOR OPTIONAL HOMESTEAD EXEMPTION.

(a) In any school year, the commissioner may not provide funding under this chapter or Chapter 46 based on a school district's taxable value of property computed in accordance with Section 403.302(d)(2), Government Code, unless:

(1) funds are specifically appropriated for purposes of this section; or

(2) the commissioner determines that the total amount of state funds appropriated for purposes of the Foundation School Program for the school year exceeds the amount of state funds distributed to school districts in accordance with Section 48.266 based on the taxable values of property in school districts computed in accordance with Section 403.302(d), Government Code, without any deduction for residence homestead exemptions granted under Section 11.13(n), Tax Code.

(b) In making a determination under Subsection (a)(2), the commissioner shall:

(1) notwithstanding Section 48.266(b), reduce the entitlement under this chapter of a school district whose final taxable value of property is higher than the estimate under Section 48.269 and make payments to school districts accordingly; and

(2) give priority to school districts that, due to factors beyond the control of the board of trustees, experience a rapid decline in the tax base used in calculating taxable values in excess of four percent of the tax base used in the preceding year.

(c) In the first year of a state fiscal biennium, before providing funding as provided by Subsection (a)(2), the commissioner shall ensure that sufficient appropriated funds for purposes of the Foundation School Program are available for the second year of the biennium, including funds to be used for purposes of Section 48.258.

(d) If the commissioner determines that the amount of funds

available under Subsection (a)(1) or (2) does not at least equal the total amount of state funding to which districts would be entitled if state funding under this chapter were based on the taxable values of property in school districts computed in accordance with Section 403.302(d)(2), Government Code, the commissioner may, to the extent necessary, provide state funding based on a uniform lesser fraction of the deduction under Section 403.302(d)(2), Government Code.

(e) The commissioner shall notify school districts as soon as practicable as to the availability of funds under this section. For purposes of computing a voter-approval tax rate under Section 26.08, Tax Code, a district shall adjust the district's tax rate limit to reflect assistance received under this section.

Added by Acts 1999, 76th Leg., ch. 396, Sec. 1.18, eff. Sept. 1, 1999. Amended by Acts 2001, 77th Leg., ch. 1158, Sec. 3, eff. Sept. 1, 2001.

Transferred, redesignated and amended from Education Code, Section 42.2522 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

Sec. 48.260. ADJUSTMENT FOR PROPERTY VALUE AFFECTED BY STATE OF DISASTER. (a) For purposes of Chapters 46 and 49 and this chapter, the commissioner shall adjust the taxable value of property of a school district all or part of which is located in an area declared a disaster area by the governor under Chapter 418, Government Code, as necessary to ensure that the district receives funding based as soon as possible on property values as affected by the disaster.

(b) The commissioner may fund adjustments under this section using funds specifically appropriated for the purpose or other funds available to the commissioner for that purpose.

(c) A decision of the commissioner under this section is final and may not be appealed.

Added by Acts 2009, 81st Leg., R.S., Ch. 1006 (H.B. 4102), Sec. 5, eff. June 19, 2009.

Amended by:

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 57.32(a)(4), eff. September 1, 2017.

Transferred, redesignated and amended from Education Code, Section 42.2523 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

Sec. 48.261. REIMBURSEMENT FOR DISASTER REMEDIATION COSTS.

(a) This section applies only to a school district all or part of which is located in an area declared a disaster area by the governor under Chapter 418, Government Code, and that incurs disaster remediation costs as a result of the disaster.

(b) During the two-year period following the date of the governor's initial proclamation or executive order declaring a state of disaster, a district may apply to the commissioner for reimbursement of disaster remediation costs that the district pays during that period and does not anticipate recovering through insurance proceeds, federal disaster relief payments, or another similar source of reimbursement.

(c) The commissioner may provide reimbursement under this section only if funds are available for that purpose from:

(1) amounts appropriated for that purpose, including amounts appropriated for school districts for that purpose to the disaster contingency fund established under Section 418.073, Government Code; or

(2) Foundation School Program funds available for that purpose, based on a determination by the commissioner that the amount appropriated for the Foundation School Program, including the facilities component as provided by Chapter 46, exceeds the amount to which districts are entitled under this chapter and Chapter 46.

(d) A district seeking reimbursement under this section must provide the commissioner with adequate documentation of the costs for which the district seeks reimbursement.

(e) The commissioner shall adopt rules necessary to implement this section, including rules:

(1) defining "disaster remediation costs" for purposes of this section, which must include the cost to repair or replace vehicles or computers damaged in the disaster; and

(2) specifying the type of documentation required



under Subsection (d).

(f) Notwithstanding any other provision of this section, the commissioner may permit a district to use amounts provided to a district under this section to pay the costs of replacing a facility instead of repairing the facility. The commissioner shall ensure that a district that elects to replace a facility does not receive an amount under this section that exceeds the lesser of:

(1) the amount that would be provided to the district if the facility were repaired; or

(2) the amount necessary to replace the facility.

(g) This section does not require the commissioner to provide any requested reimbursement. A decision of the commissioner regarding reimbursement is final and may not be appealed.

Added by Acts 2009, 81st Leg., R.S., Ch. 1006 (H.B. 4102), Sec. 5, eff. June 19, 2009.

Amended by:

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 57.32(a)(5), eff. September 1, 2017.

Transferred, redesignated and amended from Education Code, Section 42.2524 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

Sec. 48.262. ADJUSTMENTS FOR CERTAIN DISTRICTS RECEIVING FEDERAL IMPACT AID. The commissioner is granted the authority to ensure that school districts receiving federal impact aid due to the presence of a military installation or significant concentrations of military students do not receive more than an eight percent reduction should the federal government reduce appropriations to those schools.

Added by Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 57.21, eff. September 28, 2011.

Transferred, redesignated and amended from Education Code, Section 42.2525 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

For expiration of this section, see Subsection (c).

Sec. 48.263. ADJUSTMENT FOR DISTRICT OPERATING PILOT PROGRAM. (a) This section applies only to a school district operating a pilot program authorized by Section 28.0255.

(b) Beginning with the first school year that follows the first school year in which students receive high school diplomas under the pilot program authorized by Section 28.0255 and continuing for every subsequent school year that the district operates the pilot program, the commissioner shall provide funding for the district's prekindergarten program under Section 29.153 on a full-day basis for a number of prekindergarten students equal to twice the number of students who received a high school diploma under the pilot program authorized by Section 28.0255 during the preceding school year.

(c) This section expires September 1, 2023.  
Added by Acts 2013, 83rd Leg., R.S., Ch. 660 (H.B. 1122), Sec. 2, eff. September 1, 2013.  
Transferred, redesignated and amended from Education Code, Section 42.2526 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

For expiration of this section, see Subsection (d).

Sec. 48.264. ADJUSTMENT FOR CERTAIN DISTRICTS WITH EARLY HIGH SCHOOL GRADUATION PROGRAMS. (a) As a pilot program to enable the state to evaluate the benefit of providing additional funding at the prekindergarten level for low-income students, the commissioner shall provide prekindergarten funding in accordance with this section to a school district located in a county that borders the United Mexican States and the Gulf of Mexico.

(b) The commissioner shall provide funding for a school district's prekindergarten program on a half-day basis for a number of low-income prekindergarten students equal to twice the number of students who received, as a result of participation in an early high school graduation program operated by the district, a high school diploma from the district during the preceding school year after three years of secondary school attendance.

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

(d) This section expires September 1, 2023.

Added by Acts 2015, 84th Leg., R.S., Ch. 694 (H.B. 731), Sec. 1, eff. September 1, 2015.

Transferred, redesignated and amended from Education Code, Section 42.2527 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

Sec. 48.265. EXCESS FUNDS FOR VIDEO SURVEILLANCE OF SPECIAL EDUCATION SETTINGS. (a) Notwithstanding any other provision of law, if the commissioner determines that the amount appropriated for the purposes of the Foundation School Program exceeds the amount to which school districts are entitled under this chapter, the commissioner by rule shall establish a grant program through which excess funds are awarded as grants for the purchase of video equipment, or for the reimbursement of costs for previously purchased video equipment, used for monitoring special education classrooms or other special education settings required under Section 29.022.

(b) In awarding grants under this section, the commissioner shall give highest priority to districts with maintenance and operations tax rates at the greatest rates permitted by law. The commissioner shall also give priority to:

(1) districts with maintenance and operations tax rates at least equal to the state maximum compressed tax rate, as defined by Section 48.051(a), and lowest amounts of maintenance and operations tax revenue per weighted student; and

(2) districts with debt service tax rates near or equal to the greatest rates permitted by law.

(c) The commissioner may adopt rules to implement and administer this section.

Added by Acts 2015, 84th Leg., R.S., Ch. 1147 (S.B. 507), Sec. 3, eff. June 19, 2015.

Transferred, redesignated and amended from Education Code, Section 42.2528 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

Sec. 48.266. DISTRIBUTION OF FOUNDATION SCHOOL FUND.

(a) For each school year the commissioner shall determine:

(1) the amount of money to which a school district is entitled under Subchapters B, C, and D;

(2) the amount of money to which a school district is entitled under Subchapter E;

(3) the amount of money allocated to the district from the available school fund;

(4) the amount of each district's tier one local share under Section 48.256; and

(5) the amount of each district's tier two local share under Section 48.202 for:

(A) the district's maintenance and operations tax effort described by Section 48.202(a-1)(1); and

(B) the district's maintenance and operations tax effort described by Section 48.202(a-1)(2).

(b) Except as provided by this subsection, the commissioner shall base the determinations under Subsection (a) on the estimates provided to the legislature under Section 48.269, or, if the General Appropriations Act provides estimates for that purpose, on the estimates provided under that Act, for each school district for each school year. The commissioner shall reduce the entitlement of each district that has a final taxable value of property for the second year of a state fiscal biennium that is higher than the estimate under Section 48.269 or the General Appropriations Act, as applicable. A reduction under this subsection may not reduce the district's entitlement below the amount to which it is entitled at its actual taxable value of property.

(c) Each school district is entitled to an amount equal to the difference for that district between the sum of Subsections (a)(1) and (a)(2) and the sum of Subsections (a)(3), (a)(4), and (a)(5).

(d) The commissioner shall approve warrants to each school district equaling the amount of its entitlement except as provided by this section. Warrants for all money expended according to this chapter shall be approved and transmitted to treasurers or depositories of school districts in the same manner that warrants for state payments are transmitted. The total amount of the

warrants issued under this section may not exceed the total amount appropriated for Foundation School Program purposes for that fiscal year.

(e) If a school district demonstrates to the satisfaction of the commissioner that the estimate of the district's tax rate, student enrollment, or taxable value of property used in determining the amount of state funds to which the district is entitled are so inaccurate as to result in undue financial hardship to the district, the commissioner may adjust funding to that district in that school year to the extent that funds are available for that year.

(f) If the amount appropriated for the Foundation School Program for the second year of a state fiscal biennium is less than the amount to which school districts and open-enrollment charter schools are entitled for that year, the commissioner shall certify the amount of the difference to the Legislative Budget Board not later than January 1 of the second year of the state fiscal biennium. The Legislative Budget Board shall propose to the legislature that the certified amount be transferred to the foundation school fund from the economic stabilization fund and appropriated for the purpose of increases in allocations under this subsection. If the legislature fails during the regular session to enact the proposed transfer and appropriation and there are not funds available under Subsection (h), the commissioner shall adjust the total amounts due to each school district and open-enrollment charter school under this chapter and the total amounts necessary for each school district to comply with the requirements of Chapter 49 by an amount determined by applying to each district and school the same percentage adjustment to the total amount of state and local revenue due to the district or school under this chapter and Chapter 49 so that the total amount of the adjustment to all districts and schools results in an amount equal to the total adjustment necessary. The following fiscal year:

(1) a district's or school's entitlement under this section is increased by an amount equal to the adjustment made under this subsection; and

(2) the amount necessary for a district to comply with

the requirements of Chapter 49 is reduced by an amount necessary to ensure a district's full recovery of the adjustment made under this subsection.

(g) Not later than March 1 each year, the commissioner shall determine the actual amount of state funds to which each school district is entitled under the allocation formulas in this chapter for the current school year and shall compare that amount with the amount of the warrants issued to each district for that year. If the amount of the warrants differs from the amount to which a district is entitled because of variations in the district's tax rate, student enrollment, or taxable value of property, the commissioner shall adjust the district's entitlement for the next fiscal year accordingly.

(h) The legislature may appropriate funds necessary for increases under Subsection (g) from funds that the comptroller, at any time during the fiscal year, finds are available.

(i) The commissioner shall compute for each school district the total amount by which the district's allocation of state funds is increased or reduced under Subsection (g) and shall certify that amount to the district.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.  
Amended by Acts 1997, 75th Leg., ch. 1071, Sec. 19, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 396, Sec. 1.19, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 1187, Sec. 2.06, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 201, Sec. 34, eff. Sept. 1, 2003.

Amended by:

Acts 2006, 79th Leg., 3rd C.S., Ch. 5 (H.B. 1), Sec. 1.05, eff. May 31, 2006.

Acts 2006, 79th Leg., 3rd C.S., Ch. 5 (H.B. 1), Sec. 1.20, eff. May 31, 2006.

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. 3646), Sec. 60, eff. September 1, 2009.

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 57.22, eff. September 28, 2011.

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 57.23, eff. September 1, 2017.

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec.

57.32(a)(6), eff. September 1, 2017.

Transferred, redesignated and amended from Education Code, Section 42.253 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

Sec. 48.267. ADJUSTMENT BY COMMISSIONER. (a) The commissioner may make adjustments to amounts due to a school district under this chapter or Chapter 46, or to amounts necessary for a district to comply with the requirements of Chapter 49, as provided by this section.

(b) A school district that has a major taxpayer, as determined by the commissioner, that because of a protest of the valuation of the taxpayer's property fails to pay all or a portion of the ad valorem taxes due to the district may apply to the commissioner to have the district's taxable value of property or ad valorem tax collections adjusted for purposes of this chapter or Chapter 46 or 49. The commissioner may make the adjustment only to the extent the commissioner determines that making the adjustment will not:

(1) in the fiscal year in which the adjustment is made, cause the amount to which school districts are entitled under this chapter to exceed the amount appropriated for purposes of the Foundation School Program for that year; and

(2) if the adjustment is made in the first year of a state fiscal biennium, cause the amount to which school districts are entitled under this chapter for the second year of the biennium to exceed the amount appropriated for purposes of the Foundation School Program for that year.

(c) The commissioner shall recover the benefit of any adjustment made under this section by making offsetting adjustments in the school district's taxable value of property or ad valorem tax collections for purposes of this chapter or Chapter 46 or 49 on a final determination of the taxable value of property that was the basis of the original adjustment, or in the second school year following the year in which the adjustment is made, whichever is earlier.

(d) This section does not require the commissioner to make

any requested adjustment. A determination by the commissioner under this section is final and may not be appealed.

Added by Acts 2001, 77th Leg., ch. 1156, Sec. 5, eff. Sept. 1, 2001.  
Transferred, redesignated and amended from Education Code, Section 42.2531 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

Sec. 48.268. ADJUSTMENT FOR RESOLUTION OF DISPUTE OR ERROR RESULTING IN TAXATION OF SAME PROPERTY BY MULTIPLE SCHOOL DISTRICTS. The commissioner shall adjust the amounts due to a school district under this chapter and Chapter 46 as necessary to account for the resolution of a dispute or error involving the district and another district by an agreement between the districts entered into under Section 31.112(c), Tax Code, or by a final order of the supreme court entered under Section 72.010, Local Government Code.

Added by Acts 2017, 85th Leg., R.S., Ch. 768 (S.B. 2242), Sec. 5, eff. June 12, 2017.

Transferred, redesignated and amended from Education Code, Section 42.2532 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

Sec. 48.269. ESTIMATES REQUIRED. (a) Not later than October 1 of each even-numbered year:

(1) the agency shall submit to the legislature an estimate of the tax rate and student enrollment of each school district for the following biennium; and

(2) the comptroller shall submit to the legislature an estimate of the total taxable value of all property in the state as determined under Subchapter M, Chapter 403, Government Code, for the following biennium.

(b) The agency and the comptroller shall update the information provided to the legislature under Subsection (a) not later than March 1 of each odd-numbered year.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.  
Amended by Acts 1997, 75th Leg., ch. 1071, Sec. 20, eff. Sept. 1, 1997.



Transferred, redesignated and amended from Education Code, Section 42.254 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

Sec. 48.270. FALSIFICATION OF RECORDS; REPORT. When, in the opinion of the agency's director of school audits, audits or reviews of accounting, enrollment, or other records of a school district reveal deliberate falsification of the records, or violation of the provisions of this chapter, through which the district's share of state funds allocated under the authority of this chapter would be, or has been, illegally increased, the director shall promptly and fully report the fact to the State Board of Education, the state auditor, and the appropriate county attorney, district attorney, or criminal district attorney.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Transferred, redesignated and amended from Education Code, Section 42.255 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

Sec. 48.271. EFFECT OF APPRAISAL APPEAL. (a) If the final determination of an appeal under Chapter 42, Tax Code, results in a reduction in the taxable value of property that exceeds five percent of the total taxable value of property in the school district for the same tax year determined under Subchapter M, Chapter 403, Government Code, the commissioner shall request the comptroller to adjust its taxable property value findings for that year consistent with the final determination of the appraisal appeal.

(b) If the district would have received a greater amount from the foundation school fund for the applicable school year using the adjusted value, the commissioner shall add the difference to subsequent distributions to the district from the foundation school fund. An adjustment does not affect the local fund assignment of any other district.

(c) In addition to the funding provided under Subsection (b), a school district is entitled to reimbursement for the amount of interest included in a refund made by the district under Section

[42.43](#), Tax Code, in the state fiscal year ending August 31, 2018, or August 31, 2019. This subsection expires September 1, 2021.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Transferred, redesignated and amended from Education Code, Section 42.257 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. [3](#)), Sec. 1.042, eff. September 1, 2019.

Sec. 48.272. RECOVERY OF OVERALLOCATED FUNDS. (a) If a school district has received an overallocation of state funds, the agency shall, by withholding from subsequent allocations of state funds for the current or subsequent school year or by requesting and obtaining a refund, recover from the district an amount equal to the overallocation.

(b) Notwithstanding Subsection (a), the agency may recover an overallocation of state funds over a period not to exceed the subsequent five school years if the commissioner determines that the overallocation was the result of exceptional circumstances reasonably caused by statutory changes to Chapter [46](#) or [49](#) or this chapter and related reporting requirements.

(c) If a district fails to comply with a request for a refund under Subsection (a), the agency shall certify to the comptroller that the amount constitutes a debt for purposes of Section [403.055](#), Government Code. The agency shall provide to the comptroller the amount of the overallocation and any other information required by the comptroller. The comptroller may certify the amount of the debt to the attorney general for collection.

(d) Any amounts recovered under this section shall be deposited in the foundation school fund.

(e) Subject to Subsection (f), the agency may review a school district as necessary to determine if the district qualifies for each allotment received by the district under this chapter. If the agency determines that a school district received an allotment to which the district was not entitled, the agency may establish a corrective action plan or withhold the applicable amount of funding from the district.

(f) The agency may not review school district expenditures that occurred seven or more years before the review.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Amended by:

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 57.24, eff. September 28, 2011.

Transferred, redesignated and amended from Education Code, Section 42.258 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

Sec. 48.273. FOUNDATION SCHOOL FUND TRANSFERS. (a) In this section:

(1) "Category 1 school district" means a school district having a wealth per student of less than one-half of the statewide average wealth per student.

(2) "Category 2 school district" means a school district having a wealth per student of at least one-half of the statewide average wealth per student but not more than the statewide average wealth per student.

(3) "Category 3 school district" means a school district having a wealth per student of more than the statewide average wealth per student.

(4) "Wealth per student" means the taxable property values reported by the comptroller to the commissioner under Section 48.256 divided by the number of students in average daily attendance.

(b) Payments from the foundation school fund to each category 1 school district shall be made as follows:

(1) 15 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of September of a fiscal year;

(2) 80 percent of the yearly entitlement of the district shall be paid in eight equal installments to be made on or before the 25th day of October, November, December, January, March, May, June, and July; and

(3) five percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of February.

(c) Payments from the foundation school fund to each

category 2 school district shall be made as follows:

(1) 22 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of September of a fiscal year;

(2) 18 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of October;

(3) 9.5 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of November;

(4) 7.5 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of April;

(5) five percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of May;

(6) 10 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of June;

(7) 13 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of July; and

(8) 15 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of August.

(d) Payments from the foundation school fund to each category 3 school district shall be made as follows:

(1) 45 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of September of a fiscal year;

(2) 35 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of October; and

(3) 20 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of August.

(e) The amount of any installment required by this section

may be modified to provide a school district with the proper amount to which the district may be entitled by law and to correct errors in the allocation or distribution of funds. If an installment under this section is required to be equal to other installments, the amount of other installments may be adjusted to provide for that equality. A payment under this section is not invalid because it is not equal to other installments.

(f) Previously unpaid additional funds from prior fiscal years owed to a district shall be paid to the district together with the September payment of the current fiscal year entitlement.

(g) The commissioner shall make all annual Foundation School Program payments under this section for purposes described by Sections 45.252(a)(1) and (2) before the deadline established under Section 45.263(b) for payment of debt service on bonds. Notwithstanding any other provision of this section, the commissioner may make Foundation School Program payments under this section after the deadline established under Section 45.263(b) only if the commissioner has not received notice under Section 45.258 concerning a district's failure or inability to pay matured principal or interest on bonds.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Amended by Acts 1995, 74th Leg., ch. 426, Sec. 31, eff. June 9, 1995; Acts 1997, 75th Leg., ch. 165, Sec. 6.03, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 201, Sec. 35, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1310, Sec. 4, eff. June 20, 2003.

Amended by:

Acts 2006, 79th Leg., 3rd C.S., Ch. 5 (H.B. 1), Sec. 1.06, eff. August 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. 3646), Sec. 61, eff. September 1, 2009.

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 1.01, eff. September 28, 2011.

Acts 2013, 83rd Leg., R.S., Ch. 1410 (S.B. 758), Sec. 1, eff. June 14, 2013.

Transferred, redesignated and amended from Education Code, Section 42.259 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

Sec. 48.274. FOUNDATION SCHOOL FUND TRANSFERS TO CERTAIN CHARTER SCHOOLS. (a) On the request of an open-enrollment charter school, the commissioner shall compare the student enrollment of the open-enrollment charter school for the current school year to the student enrollment of the school during the preceding school year. If the number of students enrolled at the open-enrollment charter school for the current school year has increased by 10 percent or more from the number of students enrolled during the preceding school year, the open-enrollment charter school may request that payments from the foundation school fund to the school for the following school year and each subsequent school year, subject to Subsection (b), be made according to the schedule provided under Subsection (c).

(b) An open-enrollment charter school that qualifies to receive funding as provided by this section is entitled to receive funding in that manner for three school years. On the expiration of that period, the commissioner shall determine the eligibility of the open-enrollment charter school to continue receiving payments from the foundation school fund under this section for an additional three school years. Subsequently, the open-enrollment charter school must reestablish eligibility in the manner provided by this subsection every three school years.

(c) Payments from the foundation school fund to an open-enrollment charter school under this section shall be made as follows:

(1) 22 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of September of a fiscal year;

(2) 18 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of October;

(3) 9.5 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of November;

(4) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the

25th day of December;

(5) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of January;

(6) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of February;

(7) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of March;

(8) 7.5 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of April;

(9) five percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of May;

(10) seven percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of June;

(11) seven percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of July; and

(12) eight percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of August.

(d) The amount of any installment required by this section may be modified to provide an open-enrollment charter school with the proper amount to which the school may be entitled by law and to correct errors in the allocation or distribution of funds.

(e) Previously unpaid additional funds from prior fiscal years owed to an open-enrollment charter school shall be paid to the school together with the September payment of the current fiscal year entitlement.

Added by Acts 2015, 84th Leg., R.S., Ch. 767 (H.B. [2251](#)), Sec. 1, eff. June 17, 2015.

Transferred, redesignated and amended from Education Code, Section 42.2591 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. [3](#)), Sec. 1.042,

eff. September 1, 2019.

Sec. 48.275. USE OF CERTAIN FUNDS. (a) In this section, "participating charter school" means an open-enrollment charter school that participates in the uniform group coverage program established under Chapter 1579, Insurance Code.

(b) The amount of additional funds to which each school district or participating charter school is entitled due to the increases in formula funding made by H.B. No. 3343, Acts of the 77th Legislature, Regular Session, 2001, and any subsequent legislation amending the provisions amended by that Act that increase formula funding under Chapter 49 and this chapter to school districts and charter schools is available for purposes of Subsection (c).

(c) Notwithstanding any other provision of this code, a school district or participating charter school may use the sum of the following amounts of funds only to pay contributions under a group health coverage plan for district or school employees:

(1) the amount determined by multiplying the amount of \$900 or the amount specified in the General Appropriations Act for that year for purposes of the state contribution under Section 1579.251, Insurance Code, by the number of district or school employees who participate in a group health coverage plan provided by or through the district or school; and

(2) the difference between the amount necessary for the district or school to comply with Section 1581.052, Insurance Code, for the school year and the amount the district or school is required to use to provide health coverage under Section 1581.051, Insurance Code, for that year.

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

Added by Acts 2001, 77th Leg., ch. 1187, Sec. 2.08, eff. Sept. 1, 2002.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. 3646), Sec. 62, eff. September 1, 2009.

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 57.25, eff. September 28, 2011.



Acts 2017, 85th Leg., R.S., Ch. 930 (S.B. 1663), Sec. 1, eff. September 1, 2017.

Transferred, redesignated and amended from Education Code, Section 42.260 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.042, eff. September 1, 2019.

For expiration of this section, see Subsection (e).

For expiration of Subsections (d-1), (d-2), and (d-3), see Subsection (d-3).

Sec. 48.277. FORMULA TRANSITION GRANT. (a) A school district or open-enrollment charter school is entitled to receive an annual allotment for each student in average daily attendance in the amount equal to the difference, if the difference is greater than zero, that results from subtracting the total maintenance and operations revenue per student in average daily attendance for the current school year from the lesser of:

(1) 103 percent of the district's or school's total maintenance and operations revenue per student in average daily attendance for the 2019-2020 school year that the district or school would have received under former Chapters 41 and 42, as those chapters existed on January 1, 2019; or

(2) 128 percent of the statewide average amount of maintenance and operations revenue per student in average daily attendance that would have been provided for the 2019-2020 school year under former Chapters 41 and 42, as those chapters existed on January 1, 2019.

(b) For purposes of calculating maintenance and operations revenue under Subsection (a), the commissioner shall:

(1) for purposes of Subsections (a)(1) and (2), use the following applicable school year:

(A) in a school year ending in an even-numbered year, the 2019-2020 school year; and

(B) in a school year ending in an odd-numbered year, the 2019-2020 or 2020-2021 school year, whichever is greater;

(2) include all state and local funding, except for any funding resulting from:

(A) reimbursement for disaster remediation costs

under former Sections 41.0931 and 42.2524;

(B) an adjustment for rapid decline in taxable value of property under former Section 42.2521; and

(C) an adjustment for property value affected by a state of disaster under former Section 42.2523;

(3) adjust the calculation to reflect a reduction in tax effort by a school district; and

(4) if a school district or open-enrollment charter school receives a waiver relating to eligibility requirements for the national free or reduced-price lunch program under 42 U.S.C. Section 1751 et seq., use the numbers of educationally disadvantaged students on which the district's or school's entitlement to compensatory education funds was based for the school year before the school year in which the district or school received the waiver, adjusted for estimated enrollment growth.

(c) A decision by the commissioner under this section is final and may not be appealed.

(d) A school district or open-enrollment charter school is not entitled to an allotment under Subsection (a) beginning with the 2024-2025 school year.

(d-1) Subject to Subsection (d-2), a school district or open-enrollment charter school is entitled to receive an annual allotment for each student in average daily attendance in the amount equal to the difference, if the difference is greater than zero, that results from subtracting the total maintenance and operations revenue per student in average daily attendance for the current school year from the total maintenance and operations revenue per student in average daily attendance that would have been available to the district or school under former Chapters 41 and 42, as those chapters existed on January 1, 2019. For purposes of calculating a district's maintenance and operations revenue under this subsection, the commissioner shall:

(1) apply Subsection (b); and

(2) in calculating a district's maintenance and operations revenue under former Chapters 41 and 42, as those chapters existed on January 1, 2019, exclude any additional revenue the district would have received under former Sections 41.002(e)

through (g), as those sections existed on January 1, 2019.

(d-2) A school district or open-enrollment charter school may only receive an allotment under Subsection (a) or (d-1), whichever is greater, but not both.

(d-3) Subsections (d-1) and (d-2) and this subsection expire September 1, 2021.

(e) This section expires September 1, 2025.  
Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.043, eff. September 1, 2019.

For expiration of this section, see Subsection (c).

Sec. 48.278. EQUALIZED WEALTH TRANSITION GRANT.

(a) Subject to Subsection (b), a school district is entitled to receive an annual allotment in an amount equal to the amount of additional revenue a school district received for the 2018-2019 school year under former Sections 41.002(e) through (g), as those sections existed on January 1, 2019.

(b) For purposes of calculating a district's allotment under Subsection (a), the commissioner shall reduce the amount to which a district is entitled under Subsection (a) by:

- (1) for the 2020-2021 school year, 20 percent;
- (2) for the 2021-2022 school year, 40 percent;
- (3) for the 2022-2023 school year, 60 percent; and
- (4) for the 2023-2024 school year, 80 percent.

(c) This section expires September 1, 2024.  
Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.043, eff. September 1, 2019.

Sec. 48.279. MAINTENANCE OF STATE FINANCIAL SUPPORT FOR SPECIAL EDUCATION. (a) Funds appropriated for purposes of this section or transferred in accordance with this section are state funds for purposes of compliance with the requirements regarding maintenance of state financial support for special education under 20 U.S.C. Section 1412(a)(18). The commissioner shall identify the amount of funding described by this subsection and separate that amount from other funding provided under this chapter.

(b) If the commissioner determines that the total amount of

funding for special education for a school year that ends during the first state fiscal year of a state fiscal biennium is less than the amount required to comply with requirements regarding maintenance of state financial support under 20 U.S.C. Section 1412(a)(18), the commissioner shall use funds appropriated for the Foundation School Program for the second state fiscal year of that biennium to increase funding for special education for the first state fiscal year of that biennium in an amount necessary to ensure compliance with that provision.

(c) If the commissioner determines that the total amount of funding for special education for a school year that ends during the second state fiscal year of a state fiscal biennium is less than the amount required to comply with requirements regarding maintenance of state financial support under 20 U.S.C. Section 1412(a)(18), the commissioner shall submit to the legislature an estimate of the amount of funding needed to comply with that provision for that state fiscal year.

(d) If federal funds are withheld for a school year due to noncompliance with requirements regarding maintenance of state financial support under 20 U.S.C. Section 1412(a)(18), the commissioner shall use for that school year an amount of funds described by Subsection (a) equal to the amount of withheld funds in the same manner and for the same purposes as the withheld funds would have been provided.

(e) After the commissioner has replaced any withheld federal funds as provided by Subsection (d), the commissioner shall distribute the remaining amount, if any, of funds described by Subsection (a) to proportionately increase funding for the special education allotment under Section [48.102](#).

(f) In complying with Subsection (d), the commissioner may implement any program necessary to ensure the use of funds in accordance with that subsection.

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. [3](#)), Sec. 1.043, eff. September 1, 2019.

#### SUBCHAPTER G. MISCELLANEOUS PROVISIONS

Sec. 48.301. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A district is entitled to additional assistance under this section as provided by Section 29.203(c).

(b) The amount of additional assistance under this section is computed by subtracting the number of students residing in the district and using public education grants to attend school in another district for the year in which the assistance is granted from the number of students using public education grants to attend school in the district for that year and multiplying the difference by \$266.

Added by Acts 1997, 75th Leg., ch. 722, Sec. 6, eff. Sept. 1, 1997.  
Transferred, redesignated and amended from Education Code, Section 42.4101 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.045, eff. September 1, 2019.

Sec. 48.302. SUBSIDY FOR HIGH SCHOOL EQUIVALENCY EXAMINATION FOR CERTAIN INDIVIDUALS. (a) In this section, "commission" means the Texas Workforce Commission.

(b) The agency shall enter into a memorandum of understanding with the commission for the agency to transfer to the commission funds specifically appropriated to the agency for the commission to provide to an individual who is 21 years of age or older a subsidy in an amount equal to the cost of taking one high school equivalency examination administered under Section 7.111.

(c) The commission shall adopt rules to implement the subsidy program described by Subsection (b), including rules regarding eligibility requirements.

Added by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 1.046, eff. September 1, 2019.