

BILL ANALYSIS

Senate Research Center

H.B. 2879
By: Sadler (Bivins)
Education
5/10/2001
Engrossed

DIGEST AND PURPOSE

Current state policy regarding public education provides that the public school finance system of Texas is required to adhere to a standard of neutrality that provides for substantially equal access to similar revenue per student at a similar tax effort. Changes are needed to maintain compliance with this equity standards. Also, many districts struggle to build new instructional facilities despite the institution of the instructional facilities allotment (IFA). Decreasing the guaranteed yield of the IFA would allow more districts to receive funding from the limited pool of money for construction of new school facilities. Changes to the existing debt allotment (EDA) could assist more districts with facilities debt. In addition, the 76th Legislature changed the way students from districts that do not offer all grade levels were counted, leaving many of these districts with greatly reduced revenue. H.B. 2879 provides a three-year transition for districts that do not offer all grade levels to restore the level of state and local revenue to the 1999-2000 amount, increases the guaranteed yield, and modifies the IFA and EDA.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of education in SECTION 4 (Section 42.152, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1 Provides that effective September 1, 2001, Section 41.002(a), Education Code, a school district may not have a wealth per student that exceeds \$298,000, rather than \$295,000.

SECTION 2. Provides that effective September 1, 2002, Section 41.002(a), Education Code, a school district may not have a wealth per student that exceeds \$303,000, rather than \$295,000.

SECTION 3. Amends Chapter 41A, Education Code, by adding Section 41.0021, as follows:

Sec. 41.0021. WEALTH PER STUDENT IN CERTAIN DISTRICTS NOT SERVING ALL GRADES. (a) Provides that notwithstanding Section 41.002, for the 2001-2002, 2002-2003, and 2003-2004 school years, a school district that in the 1999-2000 school year did not offer each grade level from kindergarten through 12 may elect to have its wealth per student determined under this section.

(b) Provides that in accordance with a determination of the commissioner, the wealth per student that a school district to which this section applies is authorized to have after exercising an option under Section 41.003(2) or (3) is the amount needed to maintain state and local revenue in an amount equal to state and local revenue per weighted student for maintenance and operation of the district for the 1999-2000 school year less the district's current year distribution per weighted student from the available school fund, other than amounts distributed under Chapter 31, if the district imposes an effective tax rate for maintenance and operation of the district equal to the district's tax rate for maintenance and operation for the 1999-2000 school year. Provides that for purposes of this subsection, a district's effective tax rate is determined as provided by

Section 41.002(f).

(c) Requires the commissioner of education (commissioner) to perform certain duties.

(d) Provides that a school district that elects to have its wealth per student computed under this section is not entitled or subject to certain criteria.

(e) Provides that this section expires September 1, 2004.

SECTION 4. Amends Section 42.152(b), Education Code, to provide that for purposes of this section, the number of educationally disadvantaged students is determined by certain criteria.

SECTION 5. Amends Section 42.2512, Education Code, as follows:

Sec. 42.2512. **ADDITIONAL STATE AID FOR PROFESSIONAL STAFF SALARIES.**

(a) Provides that this section applies only to a school district that received state aid under this section for the 1999-2000 or 2000-2001 school year.

(b) Provides that a school district to which this section applies, including a school district that is otherwise ineligible for state aid under this chapter, is entitled to state aid in an amount, as determined by the commissioner, equal to the difference, if any, between certain sums.

SECTION 6. Provides that effective September 1, 2001, Section 42.302(a), Education Code, is amended to provide that the amount of state support, subject only to the maximum amount under Section 42.303, is determined by certain formulas.

SECTION 7. Provides that effective September 1, 2001, Section 42.302(a), Education Code, is amended to provide that the amount of state support, subject only to the maximum amount under Section 42.303, is determined by certain formulas.

SECTION 8. Amends Section 46.003, Education Code, amending Subsections (a) and (d)-(g) and adding Subsection (h), as follows:

(a) Provides that the amount of state support is determined by certain formulas.

(d) Authorizes the amount budgeted by a district for payment of eligible bonds to include certain taxes.

Redesignates Subsections (d) through (g) as Subsections (e) through (h).

SECTION 9. Amends Chapter 46A, Education Code, by adding Section 46.012, as follows:

Sec. 46.012. **MULTIPLE ALLOTMENTS PROHIBITED.** Provides that a school district is not entitled to state assistance under this subchapter based on taxes with respect to which the district receives state assistance under Chapter 42F.

SECTION 10. Amends Section 46.032, Education Code, by amending Subsection (a) and adding Subsection (c), as follows:

(a) Provides that the amount of state support, subject only to the maximum amount under Section 46.034, is determined by certain formulas.

(c) Makes conforming changes.

SECTION 11. Amends Section 46.033, Education Code, as follows:

Sec. 46.033. ELIGIBLE BONDS. Provides that bonds, including bonds issued under Section 45.006, are eligible to be paid with state and local funds under this subchapter if the district meets certain criteria.

SECTION 12. Amends Sections 46.034(a) and (c), Education Code, as follows:

(a) Prohibits the existing debt tax rate ("EDTR") under Section 46.032 from exceeding \$0.29, rather than \$0.12, per \$100 of valuation, or a greater amount for any year provided by appropriation.

(c) Prohibits the district, if the amount required to pay the principal of and interest on eligible bonds in a school year is less than the amount of payments made by the district on the bonds during the 1998-1999 school year or the district's audited debt service collections for that school year, from receiving aid in excess of the amount that, when added to the district's local revenue for the school year, equals the amount required to pay the principal of and interest on the bonds. Deletes reference to 1998-1999.

SECTION 13. Amends Chapter 46B, Education Code, by adding Section 46.036, as follows:

Sec. 46.036. MULTIPLE ALLOTMENTS PROHIBITED. Provides that a school district is not entitled to state assistance under this subchapter based on taxes with respect to which the district receives state assistance under Chapter 42F.

SECTION 14. Repealer: Sections 42.152(t) and 46.034(d), Education Code.

SECTION 15. Effective date: September 1, 2001.