

TEXAS EDUCATION CODE
TITLE 2: PUBLIC EDUCATION
SUBTITLE I. SCHOOL FINANCE AND FISCAL MANAGEMENT
CHAPTER 48. FOUNDATION SCHOOL PROGRAM
SUBCHAPTER C. STUDENT-BASED ALLOTMENTS

TEC, §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.

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- (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

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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.