

By: Guillen

H.B. No. 116

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the basic allotment and guaranteed yield under the
3 public school finance system, certain allotments under the
4 Foundation School Program, determination of a school district's
5 assets to liabilities ratio under the public school financial
6 accountability rating system, and credit for prepayment of the
7 amount required to be paid by a school district for the purchase of
8 attendance credit under the public school finance system.

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

10 SECTION 1. Section 48.051, Education Code, is amended by
11 amending Subsection (a) and adding Subsection (c-3) to read as
12 follows:

13 (a) For each student in average daily attendance, not
14 including the time students spend each day in special education
15 programs in an instructional arrangement other than mainstream or
16 career and technology education programs, for which an additional
17 allotment is made under Subchapter C, a district is entitled to an
18 allotment equal to the lesser of \$8,000 [~~\$6,160~~] or the amount that
19 results from the following formula:

$$20 \quad A = \underline{\$8,000} [\del{\$6,160}] \times \text{TR/MCR}$$

21 where:

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

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

1 "MCR" is the district's maximum compressed tax rate, as
2 determined under Section 48.2551.

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

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

15 (1) 75 percent must be used to increase the
16 compensation paid to classroom teachers, full-time librarians,
17 full-time school counselors certified under Subchapter B, Chapter
18 21, and full-time school nurses, prioritizing differentiated
19 compensation for classroom teachers with more than five years of
20 experience; and

21 (2) 25 percent may be used as determined by the
22 district to increase compensation paid to full-time district
23 employees.

24 (c-1) A school district employee who received a salary
25 increase under Subsection (c) from a school district for the
26 2019-2020 school year is, as long as the employee remains employed
27 by the same district and the district is receiving at least the same

1 amount of funding as the amount of funding the district received for
2 the 2019-2020 school year, entitled to salary that is at least equal
3 to the salary the employee received for the 2019-2020 school year.
4 This subsection does not apply if the board of trustees of the
5 school district at which the employee is employed:

6 (1) complies with Sections 21.4021, 21.4022, and
7 21.4032 in reducing the employee's salary; and

8 (2) has adopted a resolution declaring a financial
9 exigency for the district under Section 44.011.

10 (c-2) A reduction in the salary of a school district
11 employee described by Subsection (c-1) is subject to the rights
12 granted to the employee under this code.

13 (c-3) Subsection (c)(1) does not apply to a school district
14 employee subject to Section 48.310 or Section 48.311.

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

17 SECTION 2. Section 48.202(a-1), Education Code, is amended
18 to read as follows:

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

22 (1) the greater of the amount of district tax revenue
23 per weighted student per cent of tax effort available to a school
24 district at the 96th percentile of wealth per weighted student or
25 the amount that results from multiplying \$8,000 [~~6,160~~], or the
26 greater amount provided under Section 48.051(b), if applicable, by
27 0.016, for the first eight cents by which the district's

1 maintenance and operations tax rate exceeds the district's tier one
2 tax rate; and

3 (2) subject to Subsection (f), the amount that results
4 from multiplying \$8,000 [~~\$6,160~~], or the greater amount provided
5 under Section 48.051(b), if applicable, by 0.008, for the
6 district's maintenance and operations tax effort that exceeds the
7 amount of tax effort described by Subdivision (1).

8 SECTION 3. Section 48.101, Subchapter C, Chapter 48,
9 Education Code, is amended to read as follows:

10 Sec. 48.101. SMALL AND MID-SIZED DISTRICT ALLOTMENT. (a)
11 Small and mid-sized districts are entitled to an annual allotment
12 in accordance with this section. In this section:

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

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

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

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

24
$$AA = ((1,600 - ADA) \times \underline{.0004} \underline{.0008}) \times BA$$

25 (c) A school district that offers a kindergarten through
26 grade 12 program and has less than 5,000 students in average daily
27 attendance is entitled to an annual allotment for each student in

1 average daily attendance based on the formula, of the following
2 formulas, that results in the greatest annual allotment:

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

5 (2) $AA = ((5,000 - ADA) \times \text{~~.000025~~ .00005}) \times BA$.

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

11 $AA = ((1,600 - ADA) \times \text{~~.00047~~ .00094}) \times BA$

12 SECTION 4. Subchapter G, Chapter 48, Education Code, is
13 amended by adding Sections 48.310 and 48.311 to read as follows:

14 Sec. 48.310. TEACHER RETENTION ALLOTMENT. (a) In this
15 section, "classroom teacher" has the meaning assigned by Section
16 5.001, except that the term also includes a person who is not
17 required to hold a certificate issued under Subchapter B, Chapter
18 21, who otherwise meets the definition of a classroom teacher under
19 that section.

20 (b) A school district is entitled to an annual allotment for
21 each classroom teacher employed by the district in the school year
22 for which the allotment is provided as follows:

23 (1) if the district has 10,000 or fewer students
24 enrolled for that school year, \$10,000 per classroom teacher; and

25 (2) if the district has more than 10,000 students
26 enrolled for that school year, \$3,000 per classroom teacher.

27 (b-1) In addition to the amount under Subsection (b)(2), a

1 school district described by that subdivision is entitled to an
2 allotment in the amount equal to \$7,000 multiplied by the result of
3 dividing 10,000 by 14.5 if the school district received an
4 allotment in a previous school year under:

5 (1) Subsection (b)(1); or

6 (2) Section 48.311(b)(1), as that section existed on
7 the date it was enacted.

8 (c) For the 2024-2025 school year, a school district shall
9 use money received under Subsection (b) to increase the salary
10 provided to each classroom teacher in the district for that year
11 over the salary the teacher received or would have received if
12 employed by the district in the 2023-2024 school year by at least
13 the amount received per classroom teacher under Subsection (b).

14 (d) For the 2025-2026 and each subsequent school year, a
15 school district shall use money received under Subsection (b) to
16 maintain the salary increases for classroom teachers provided under
17 Subsection (c). Any additional funding generated for a school
18 district under this section may only be used for the compensation of
19 classroom teachers employed by the district.

20 (e) Notwithstanding any other law, the commissioner shall
21 exclude the funding to which a school district is entitled under
22 this section for purposes of:

23 (1) determining the amount by which the district must
24 reduce the district's tier one revenue level under Section [48.257](#);
25 and

26 (2) calculating a school district's maintenance and
27 operations revenue under Section [48.277\(a\)](#).

1 Sec. 48.311. TEACHER RETENTION BONUS FOR 2023-2024 SCHOOL
2 YEAR. (a) In this section, "classroom teacher" has the meaning
3 assigned by Section 48.310.

4 (b) A school district is entitled to a one-time payment for
5 each classroom teacher employed by the district during the
6 2023-2024 school year in the following amount:

7 (1) if the district has 10,000 or fewer students
8 enrolled for that school year, \$10,000 per classroom teacher; and

9 (2) if the district has more than 10,000 students
10 enrolled for that school year, \$3,000 per classroom teacher.

11 (c) A school district shall use money received under
12 Subsection (b) to provide a bonus payment in the amount received per
13 classroom teacher under Subsection (b) to each classroom teacher in
14 the district as part of the teacher's salary payment for December
15 2023, if feasible, and if not feasible, then the district shall
16 provide the bonus payment as part of the teacher's salary payment
17 for the first month in which it is feasible. The bonus payment made
18 under this subsection is in addition to the salary and wages to
19 which the classroom teacher is otherwise entitled for the 2023-2024
20 school year.

21 (d) Notwithstanding any other law, the commissioner shall
22 exclude the funding to which a school district is entitled under
23 this section for purposes of:

24 (1) determining the amount by which the district must
25 reduce the district's tier one revenue level under Section [48.257](#);
26 and

27 (2) calculating a school district's maintenance and

1 operations revenue under Section 48.277(a).

2 (e) A bonus payment made under this section is included in
3 salary and wages for service for purposes of Section 822.201,
4 Government Code.

5 (f) This section expires September 1, 2024.

6 SECTION 5. Section 822.201(b), Government Code, is amended
7 to read as follows:

8 (b) "Salary and wages" as used in Subsection (a) means:

9 (1) normal periodic payments of money for service the
10 right to which accrues on a regular basis in proportion to the
11 service performed;

12 (2) amounts by which the member's salary is reduced
13 under a salary reduction agreement authorized by Chapter 610;

14 (3) amounts that would otherwise qualify as salary and
15 wages under Subdivision (1) but are not received directly by the
16 member pursuant to a good faith, voluntary written salary reduction
17 agreement in order to finance payments to a deferred compensation
18 or tax sheltered annuity program specifically authorized by state
19 law or to finance benefit options under a cafeteria plan qualifying
20 under Section 125 of the Internal Revenue Code of 1986, if:

21 (A) the program or benefit options are made
22 available to all employees of the employer; and

23 (B) the benefit options in the cafeteria plan are
24 limited to one or more options that provide deferred compensation,
25 group health and disability insurance, group term life insurance,
26 dependent care assistance programs, or group legal services plans;

27 (4) performance pay awarded to an employee by a school

1 district as part of a total compensation plan approved by the board
2 of trustees of the district and meeting the requirements of
3 Subsection (e);

4 (5) the benefit replacement pay a person earns under
5 Subchapter H, Chapter 659, except as provided by Subsection (c);

6 (6) stipends paid to teachers in accordance with
7 former Section 21.410, 21.411, 21.412, or 21.413, Education Code;

8 (7) amounts by which the member's salary is reduced or
9 that are deducted from the member's salary as authorized by
10 Subchapter J, Chapter 659;

11 (8) a merit salary increase made under Section 51.962,
12 Education Code;

13 (9) amounts received under the relevant parts of the
14 educator excellence awards program under Subchapter O, Chapter 21,
15 Education Code, or a mentoring program under Section 21.458,
16 Education Code, that authorize compensation for service;

17 (10) salary amounts designated as health care
18 supplementation by an employee under Subchapter D, Chapter 22,
19 Education Code;

20 (11) to the extent required by Sections 3401(h) and
21 414(u)(12), Internal Revenue Code of 1986, differential wage
22 payments received by an individual from an employer on or after
23 January 1, 2009, while the individual is performing qualified
24 military service as defined by Section 414(u), Internal Revenue
25 Code of 1986; ~~and~~

26 (12) increased compensation paid to a teacher by a
27 school district using funds received by the district under the

1 teacher incentive allotment under Section 48.112, Education Code;
2 and

3 (13) any increase in the payment of money made to a
4 classroom teacher by a school district from funds allotted to the
5 district under Section 48.310, Education Code.

6 SECTION 6. Section 48.102, Education Code, is amended by
7 adding Subsection (a-1) to read as follows:

8 (a-1) A school district that for the 2023-2024 school year
9 spent a greater amount for students in a special education program
10 under Subchapter A, Chapter 29, than the amount the district
11 received from the allotment under this section is entitled to
12 additional funding for the 2024-2025 school year in an amount equal
13 to twice the amount of the difference between the total of those
14 amounts. This subsection expires September 1, 2025.

15 SECTION 7. Section 39.082(c), Education Code, is amended to
16 read as follows:

17 (c) The system may not include an indicator under Subsection
18 (b) or any other performance measure that:

19 (1) requires a school district to spend at least 65
20 percent or any other specified percentage of district operating
21 funds for instructional purposes; ~~or~~

22 (2) lowers the financial management performance
23 rating of a school district for failure to spend at least 65 percent
24 or any other specified percentage of district operating funds for
25 instructional purposes; or

26 (3) for a school district required to reduce its local
27 revenue level under Section 48.257, includes in determining the

1 district's ratio of assets to liabilities any amount required to be
2 expended by the district to comply with Chapter 49.

3 SECTION 8. Subchapter D, Chapter 49, Education Code, is
4 amended by adding Section 49.1541 to read as follows:

5 Sec. 49.1541. CREDIT FOR PREPAYMENT. (a) If a school
6 district elects to pay for attendance credit purchased in the
7 manner provided by Section 49.154(a)(2), the total amount required
8 under Section 49.153 for the district to purchase credit under this
9 subchapter for any school year is reduced at a rate of one percent
10 for each full 30-day period remaining until August 15 of the school
11 year for which the agreement is in effect on the date the district
12 pays in one payment the total amount required to be paid by the
13 district.

14 (b) A reduction under Subsection (a) shall be made after
15 making any reduction to which the district is entitled under
16 Section 49.157 or another provision of this chapter.

17 SECTION 9. A bonus payment made to a classroom teacher, as
18 defined by Section 48.310, Education Code, as added by this Act, by
19 a school district with money received by the district under Section
20 48.311, Education Code, as added by this Act, as that section
21 existed prior to its expiration, shall be included in salary and
22 wages for service for purposes of Section 822.201, Government Code,
23 as amended by this Act, regardless of the date the payment was made.

24 SECTION 10. (a) Except as provided by Subsection (b) of
25 this section, this Act applies beginning with the 2024-2025 school
26 year.

27 (b) Section 48.311, Education Code, as added by this Act,

1 and Section 49.1541, Education Code, as added by this Act, apply
2 beginning with the 2023-2024 school year.

3 SECTION 11. This Act takes effect immediately if it
4 receives a vote of two-thirds of all the members elected to each
5 house, as provided by Section 39, Article III, Texas Constitution.
6 If this Act does not receive the vote necessary for immediate
7 effect, this Act takes effect on the 91st day after the last day of
8 the legislative session.