

By: Eissler

H.B. No. 54

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the compensation and benefits of and programs for
3 public school employees.

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

5 SECTION 1. Subchapter D, Chapter 12, Education Code, is
6 amended by adding Section 12.133 to read as follows:

7 Sec. 12.133. WAGE INCREASE FOR CERTAIN PROFESSIONAL STAFF.

8 (a) This section applies to a charter holder that on January 1,
9 2006, operated an open-enrollment charter school.

10 (b) For the 2006-2007 school year, using state funds
11 received by the charter holder for that purpose under Subsection
12 (d), a charter holder that participated in the program under
13 Chapter 1579, Insurance Code, for the 2005-2006 school year shall
14 provide employees of the charter holder, other than administrators,
15 compensation in the form of annual salaries, incentives, or other
16 compensation determined appropriate by the charter holder that
17 results in average compensation increases as follows:

18 (1) for classroom teachers, full-time librarians,
19 full-time counselors, and full-time school nurses who are employed
20 by the charter holder and who would be entitled to a minimum salary
21 under Section 21.402 if employed by a school district, an average
22 increase at least equal to \$2,500;

23 (2) for full-time employees other than employees
24 described by Subdivision (1), an average increase at least equal to

1 \$500; and

2 (3) for part-time employees, an average increase at
3 least equal to \$250.

4 (c) For the 2006-2007 school year, using state funds
5 received by the charter holder for that purpose under Subsection
6 (e), a charter holder that did not participate in the program under
7 Chapter 1579, Insurance Code, for the 2005-2006 school year shall
8 provide employees of the charter holder, other than administrators,
9 compensation in the form of annual salaries, incentives, or other
10 compensation determined appropriate by the charter holder that
11 results in an average compensation increase for classroom teachers,
12 full-time librarians, full-time counselors, and full-time school
13 nurses who are employed by the charter holder and who would be
14 entitled to a minimum salary under Section 21.402 if employed by a
15 school district, in an amount at least equal to \$2,000.

16 (d) For the 2006-2007 school year, in addition to any
17 amounts to which a charter holder is entitled under this chapter, a
18 charter holder that participated in the program under Chapter 1579,
19 Insurance Code, for the 2005-2006 school year is entitled to state
20 aid in an amount, as determined by the commissioner, equal to the
21 sum of:

22 (1) the product of \$2,500 multiplied by the number of
23 classroom teachers, full-time librarians, full-time counselors,
24 and full-time school nurses employed by the charter holder at an
25 open-enrollment charter school;

26 (2) the product of \$500 multiplied by the number of
27 full-time employees other than employees described by Subdivision

1 (1); and

2 (3) the product of \$250 multiplied by the number of
3 part-time employees.

4 (e) For the 2006-2007 school year, in addition to any
5 amounts to which a charter holder is entitled under this chapter, a
6 charter holder that did not participate in the program under
7 Chapter 1579, Insurance Code, for the 2005-2006 school year is
8 entitled to state aid in an amount, as determined by the
9 commissioner, equal to the product of \$2,000 multiplied by the
10 number of classroom teachers, full-time librarians, full-time
11 counselors, and full-time school nurses employed by the charter
12 holder at an open-enrollment charter school.

13 (f) A payment under this section is in addition to wages the
14 charter holder would otherwise pay the employee during the school
15 year.

16 (g) This section expires September 1, 2007.

17 SECTION 2. Section 21.402, Education Code, is amended by
18 amending Subsections (a), (c), and (d) and adding Subsections (c-1)
19 and (c-2) to read as follows:

20 (a) Except as provided by Subsection (d), (e), or (f), a
21 school district must pay each classroom teacher, full-time
22 librarian, full-time counselor certified under Subchapter B, or
23 full-time school nurse not less than the minimum monthly salary,
24 based on the employee's level of experience or other factors, as
25 determined by commissioner rule, determined by the following
26 formula:

27
$$MS = SF \times FS$$

1 where:

2 "MS" is the minimum monthly salary;

3 "SF" is the applicable salary factor specified by Subsection
4 (c); and

5 "FS" is the amount, as determined by the commissioner under
6 Subsection (b), of state and local funds per weighted student
7 available to a district eligible to receive state assistance under
8 Section 42.302 with an enrichment tax rate, as defined by Section
9 42.302, equal to the maximum rate authorized under Section 42.303,
10 except that the amount of state and local funds per weighted student
11 does not include the amount attributable to the increase in the
12 guaranteed level made by Chapter 1187 [~~H.B. No. 3343~~], Acts of the
13 77th Legislature, Regular Session, 2001.

14 (c) The salary factors per step are as follows:

15	Years										
16	Experience	0	1	2	3	4					
17	Salary										
18	Factor	<u>.6226</u>	[-.5656]	<u>.6360</u>	[-.5790]	<u>.6492</u>	[-.5924]	<u>.6627</u>	[-.6058]	<u>.6909</u>	[-.6340]
19	Years										
20	Experience	5	6	7	8	9					
21	Salary										
22	Factor	<u>.7192</u>	[-.6623]	<u>.7474</u>	[-.6906]	<u>.7737</u>	[-.7168]	<u>.7985</u>	[-.7416]	<u>.8220</u>	[-.7651]
23	Years										
24	Experience	10	11	12	13	14					
25	Salary										
26	Factor	<u>.8441</u>	[-.7872]	<u>.8650</u>	[-.8082]	<u>.8851</u>	[-.8281]	<u>.9035</u>	[-.8467]	<u>.9213</u>	[-.8645]
27	Years										
28	Experience	15	16	17	18	19					
29	Salary										
30	Factor	<u>.9380</u>	[-.8811]	<u>.9539</u>	[-.8970]	<u>.9687</u>	[-.9119]	<u>.9828</u>	[-.9260]	<u>.9963</u>	[-.9394]
31	Years	20 and									
32	Experience	over									
33	Salary										
34	Factor	<u>1.009</u>	[-.9520]								

1 (c-1) Notwithstanding Subsection (a), for the 2006-2007
2 school year, a classroom teacher, full-time librarian, full-time
3 counselor certified under Subchapter B, or full-time school nurse
4 is entitled to a monthly salary that is at least equal to the sum of:

5 (1) the monthly salary the employee would have
6 received for the 2006-2007 school year under the district's salary
7 schedule for the 2005-2006 school year, if that schedule had been in
8 effect for the 2006-2007 school year, including any local
9 supplement and any money representing a career ladder supplement
10 the employee would have received in the 2006-2007 school year; and

11 (2) \$250.

12 (c-2) Subsection (c-1) and this subsection expire September
13 1, 2007.

14 (d) A classroom teacher, full-time librarian, full-time
15 counselor certified under Subchapter B, or full-time school nurse
16 employed by a school district in the 2006-2007 [~~2000-2001~~] school
17 year is, as long as the employee is employed by the same district,
18 entitled to a salary that is at least equal to the salary the
19 employee received for the 2006-2007 [~~2000-2001~~] school year.

20 SECTION 3. Subchapter I, Chapter 21, Education Code, is
21 amended by adding Section 21.415 to read as follows:

22 Sec. 21.415. EMPLOYMENT CONTRACTS. (a) A school district
23 shall provide in employment contracts that qualifying employees may
24 receive an incentive payment under an awards program established
25 under Subchapter N or O if the district participates in the program.

26 (b) The district shall indicate that any incentive payment
27 distributed is considered a payment for performance and not an

1 entitlement as part of an employee's salary.

2 SECTION 4. Subchapter J, Chapter 21, Education Code, is
3 amended by adding Section 21.458 to read as follows:

4 Sec. 21.458. MENTORS. (a) Each school district may assign
5 a mentor teacher to each classroom teacher who has less than two
6 years of teaching experience. A teacher assigned as a mentor must:

7 (1) teach in the same school;

8 (2) to the extent practicable, teach the same subject
9 or grade level, as applicable; and

10 (3) meet the qualifications prescribed by
11 commissioner rules adopted under Subsection (b).

12 (b) The commissioner shall adopt rules necessary to
13 administer this section, including rules concerning the duties and
14 qualifications of a teacher who serves as a mentor. The rules
15 concerning qualifications must require that to serve as a mentor a
16 teacher must:

17 (1) complete a research-based mentor and induction
18 training program approved by the commissioner;

19 (2) complete a mentor training program provided by the
20 district; and

21 (3) have at least three complete years of teaching
22 experience with a superior record of assisting students, as a
23 whole, in achieving improvement in student performance.

24 (c) From the funds appropriated to the agency for purposes
25 of this section, the commissioner shall adopt rules and provide
26 funding to school districts that assign mentor teachers under this
27 section. Funding provided to districts under this section may be

1 used only for providing:

2 (1) mentor teacher stipends;

3 (2) scheduled time for mentor teachers to provide
4 mentoring to assigned classroom teachers; and

5 (3) mentoring support through providers of mentor
6 training.

7 (d) In adopting rules under Subsection (c), the
8 commissioner shall rely on research-based mentoring programs that,
9 through external evaluation, have demonstrated success.

10 SECTION 5. Chapter 21, Education Code, is amended by adding
11 Subchapters N and O to read as follows:

12 SUBCHAPTER N. AWARDS FOR STUDENT ACHIEVEMENT PROGRAM

13 Sec. 21.651. DEFINITION. In this subchapter, "program"
14 means the awards for student achievement program.

15 Sec. 21.652. ESTABLISHMENT OF PROGRAM. (a) The
16 commissioner by rule shall establish an awards for student
17 achievement program under which an eligible campus may receive a
18 grant from the agency in the manner provided by this subchapter.

19 (b) In establishing the program, the commissioner shall
20 adopt program guidelines in accordance with this subchapter for a
21 campus to follow in developing a campus incentive plan under
22 Section 21.654.

23 Sec. 21.653. CAMPUS ELIGIBILITY. (a) Except as provided by
24 Subsection (b), a campus is eligible to apply for and may receive a
25 program grant if the campus:

26 (1) is ranked by the agency in the top half of this
27 state's elementary school campuses, middle or junior high school

1 campuses, high school campuses, or campuses for students of all
2 grade levels, as applicable, in the percentage of educationally
3 disadvantaged students enrolled at the campus; and

4 (2) is rated exemplary or recognized under Section
5 39.072 or ranked in the top quartile of campuses in comparable
6 improvement, as defined by Section 39.051(c), in mathematics or
7 reading.

8 (b) This subsection applies only to a registered
9 alternative education campus that has a student enrollment of at
10 least 30 students and is rated under alternative education
11 accountability procedures. A campus to which this subsection
12 applies is eligible to apply for and may receive a program grant if
13 the campus is ranked by the agency in the top third of elementary
14 school campuses, middle or junior high school campuses, high school
15 campuses, or campuses for students of all grade levels, as
16 applicable, in the percentage of educationally disadvantaged
17 students enrolled at the campus who perform successfully, as
18 determined under Section 39.024, on assessment instruments
19 administered under Section 39.023.

20 Sec. 21.654. CAMPUS INCENTIVE PLAN. (a) A campus-level
21 decision-making body, such as the campus-level planning and
22 decision-making committee established under Subchapter F, Chapter
23 11, for each eligible campus that intends to participate in the
24 program shall develop a campus incentive plan for the campus that:

25 (1) is designed to reward teachers who have a positive
26 impact on improving student achievement;

27 (2) meets all program guidelines adopted by the

1 commissioner under Section 21.652; and

2 (3) describes how grant funds will be distributed.

3 (b) A district-level committee, such as the district-level
4 planning and decision-making committee established under
5 Subchapter F, Chapter 11:

6 (1) must approve the campus incentive plan developed
7 under Subsection (a) before the plan is submitted to the agency; and

8 (2) shall approve the plan if the district-level
9 committee determines that the plan meets program guidelines adopted
10 by the commissioner under Section 21.652.

11 (c) A school district shall, on behalf of an eligible
12 campus, submit a campus incentive plan to the agency for approval.
13 The plan must be submitted together with:

14 (1) evidence of significant classroom teacher
15 involvement in the development of the plan presented through the
16 campus-level decision-making body's meeting attendance records or
17 minutes or other appropriate means;

18 (2) letters from at least three classroom teachers
19 assigned to the eligible campus describing the teachers' support
20 for and involvement in developing the plan; and

21 (3) evidence that the plan:

22 (A) has been made available for public viewing;
23 and

24 (B) has been presented to the public at a
25 regularly scheduled board of trustees meeting or will be presented
26 at a regularly scheduled board meeting on a date specified, as
27 applicable.

1 (d) The agency may approve only a campus incentive plan that
2 meets program guidelines adopted by the commissioner under Section
3 21.652 and satisfies this section. The agency may negotiate with a
4 school district to ensure that activities proposed in the campus
5 incentive plan the district submits meet program guidelines.

6 Sec. 21.655. AMOUNT OF PROGRAM GRANT AWARD. (a) Each
7 eligible campus whose campus incentive plan is approved by the
8 agency under Section 21.654 is entitled to a grant award in an
9 amount determined by the commissioner.

10 (b) Grants from funds appropriated for the program shall be
11 awarded beginning with the 2006-2007 school year and may not exceed
12 \$100 million in the 2006-2007 school year except as expressly
13 authorized by the General Appropriations Act or other law. This
14 subsection expires September 1, 2007.

15 Sec. 21.656. INCENTIVE PAYMENTS TO CLASSROOM TEACHERS. (a)
16 An eligible campus must use 75 percent of a grant award received
17 under Section 21.655 to provide incentive payments to classroom
18 teachers assigned to the campus. To the extent practicable, the
19 campus shall pay a classroom teacher an incentive payment in an
20 amount of not less than \$3,000 or more than \$10,000.

21 (b) In distributing incentive payments to classroom
22 teachers under this section, an eligible campus:

23 (1) may distribute an incentive payment only to a
24 classroom teacher who:

25 (A) demonstrates success in improving student
26 achievement using objective, quantifiable measures, such as local
27 benchmarking systems, portfolio assessments, end-of-course

1 assessments, and value-added assessments; and

2 (B) successfully collaborates with other faculty
3 and with staff in a manner that contributes to improving overall
4 student achievement at the campus; and

5 (2) may consider a classroom teacher's:

6 (A) assignment to teach a subject that:

7 (i) has been designated by the commissioner
8 as a subject historically experiencing a critical shortage of
9 teachers or a high teacher turnover rate; or

10 (ii) is a subject for which the district in
11 which the campus is located has a shortage of teachers; or

12 (B) demonstration of ongoing initiative,
13 commitment, professionalism, and involvement in an activity that
14 directly results in improved student achievement, including
15 working with students outside of assigned class hours, creating a
16 program that involves parents, and personalizing the learning
17 environment for each student.

18 Sec. 21.657. DISTRIBUTION OF OTHER PROGRAM FUNDS. (a) An
19 eligible campus must use 25 percent of a grant award received under
20 Section 21.655 to provide for:

21 (1) incentive payments to campus employees other than
22 classroom teachers, such as principals, assistant principals,
23 teachers who are not eligible for an incentive payment under
24 Section 21.656, counselors, speech therapists, instructional
25 coaches, teacher's aides, nurses, librarians, members of the
26 custodial staff, or other campus employees who have contributed to
27 improved student achievement;

1 (2) professional development for classroom teachers
2 who:

3 (A) do not receive an incentive payment under
4 Section 21.656; and

5 (B) would benefit from professional development
6 to develop or enhance skills and behaviors described under Section
7 21.656(b);

8 (3) reimbursement or funding for a professional
9 development activity that directly contributes to improved
10 classroom instruction and student achievement;

11 (4) signing bonuses for classroom teachers new to the
12 campus who are teaching subjects that have been designated by the
13 commissioner as historically experiencing a critical shortage of
14 teachers;

15 (5) a teacher mentoring program that meets the
16 requirements of Section 21.458;

17 (6) an activity that supports new teacher induction
18 programs, including:

19 (A) common planning time and collaboration;

20 (B) a professional development activity; and

21 (C) standards-based evaluations;

22 (7) an activity that supports common planning time and
23 curriculum development;

24 (8) a program that has been proven to recruit and
25 retain highly effective teachers;

26 (9) an activity that creates or furthers the goals of
27 an incentive system designed to improve student achievement;

1 (10) stipends for teachers who participate in an
2 after-school or Saturday program that directly contributes to
3 improved classroom instruction and student achievement;

4 (11) additional funding for feeder campuses that,
5 because they are not assigned performance ratings under Chapter 39,
6 do not qualify to participate in the program, such as campuses that
7 serve kindergarten through grade two, to implement an activity
8 described by this section; and

9 (12) any other program that directly contributes to
10 improved student achievement.

11 (b) A campus may not use any of a grant award received under
12 Section 21.655 to provide for an incentive payment to an employee
13 whose primary responsibility, as determined in accordance with
14 commissioner rule, is supervision of an athletic activity.

15 Sec. 21.658. RULES. The commissioner shall adopt rules
16 necessary to administer this subchapter.

17 SUBCHAPTER O. EDUCATOR EXCELLENCE AWARDS PROGRAM

18 Sec. 21.701. DEFINITION. In this subchapter, "program"
19 means the educator excellence awards program.

20 Sec. 21.702. EDUCATOR EXCELLENCE AWARDS PROGRAM. (a) The
21 commissioner by rule shall establish an educator excellence awards
22 program under which school districts, in accordance with local
23 awards plans approved by the commissioner, receive program grants
24 from the agency for the purpose of providing awards to district
25 employees in the manner provided by Section 21.705.

26 (b) In establishing the program, the commissioner shall
27 adopt program guidelines in accordance with this subchapter for a

1 school district to follow in developing a local awards plan under
2 Section 21.704.

3 Sec. 21.703. EDUCATOR EXCELLENCE FUND; AMOUNT OF GRANT
4 AWARD. (a) Each state fiscal year, the commissioner shall deposit
5 the sum of \$1,000 multiplied by the number of classroom teachers in
6 this state to the credit of the educator excellence fund in the
7 general revenue fund. Each state fiscal year, the agency shall use:

8 (1) not more than \$100 million of the funds in the
9 educator excellence fund to provide grant awards under the awards
10 for student achievement program established under Subchapter N; and

11 (2) any remaining funds in the educator excellence
12 fund to provide a qualifying school district a grant in an amount
13 determined by:

14 (A) dividing the amount of remaining money
15 available for distribution in the educator excellence fund by the
16 total number of students in average daily attendance in qualifying
17 districts for that fiscal year; and

18 (B) multiplying the amount determined under
19 Paragraph (A) by the number of students in average daily attendance
20 in the district.

21 (b) Subsection (a) applies beginning with the state fiscal
22 year beginning September 1, 2008. In the state fiscal year
23 beginning September 1, 2007, the commissioner shall deposit \$840
24 multiplied by the number of classroom teachers in this state to the
25 credit of the educator excellence fund in the general revenue fund.

26 The agency shall use:

27 (1) not more than \$100 million of the funds in the

1 educator excellence fund to provide grant awards under the awards
2 for student achievement program established under Subchapter N; and

3 (2) any remaining funds in the educator excellence
4 fund to provide a qualifying school district a grant in an amount
5 determined by:

6 (A) dividing the amount of remaining money
7 available for distribution in the educator excellence fund by the
8 total number of students in average daily attendance in qualifying
9 districts for that fiscal year; and

10 (B) multiplying the amount determined under
11 Paragraph (A) by the number of students in average daily attendance
12 in the district.

13 (c) Subsection (b) and this subsection expire September 1,
14 2008.

15 Sec. 21.704. LOCAL AWARDS PLANS. (a) A district-level
16 committee for a school district that intends to participate in the
17 program, such as the district-level planning and decision-making
18 committee established under Subchapter F, Chapter 11, shall develop
19 a local awards plan for the district. The local awards plan may
20 provide for all campuses in the district to participate in the
21 program or only certain campuses selected by the district-level
22 committee. A majority of classroom teachers assigned to a campus
23 that is selected by the district-level committee to participate in
24 the program must approve participation to be included in the local
25 awards plan.

26 (b) If appropriate, the district-level committee may use a
27 campus incentive plan developed for a campus in the district under

1 Subchapter N in whole or in part as part of the local awards plan
2 submitted under this section. Notwithstanding Section 21.705, the
3 commissioner by rule shall allow a campus that receives funding
4 under Subchapter N and that is included in a district's local awards
5 plan under this section to use grant funds received under this
6 subchapter as additional money to be spent in the manner provided by
7 Subchapter N.

8 (c) A school district shall submit a local awards plan to
9 the agency for approval. The plan must be submitted together with
10 evidence of significant teacher involvement in the development of
11 the plan.

12 (d) The agency may approve only a local awards plan that
13 meets program guidelines adopted by the commissioner under Section
14 21.702 and that satisfies this section and Section 21.705.

15 (e) The agency shall make model local awards plans available
16 to school districts that wish to participate in the program.

17 (f) A school district whose local awards plan is approved by
18 the agency to receive a program grant under this subchapter may
19 renew the plan for three consecutive school years without
20 resubmitting the plan to the agency for approval. A school district
21 may amend a local awards plan for approval by the agency for each
22 school year the district receives a program grant.

23 Sec. 21.705. AWARD PAYMENTS. A school district must use at
24 least 60 percent of grant funds awarded to the district under this
25 subchapter to directly award classroom teachers who effectively
26 improve student achievement as determined by meaningful, objective
27 measures. The remaining funds must be used only to:

1 (1) provide stipends to effective mentors or teacher
2 coaches;

3 (2) provide stipends to classroom teachers who are
4 certified in a subject that is designated by the commissioner as
5 commonly experiencing a critical shortage of teachers;

6 (3) provide stipends to classroom teachers with proven
7 records of success for improving student performance who are
8 assigned to campuses at which the district has experienced
9 difficulty assigning or retaining teachers;

10 (4) provide awards to principals who effectively
11 increase student performance as determined by objective measures;

12 (5) provide awards to other campus employees who
13 demonstrate excellence; or

14 (6) implement the components of a Teacher Advancement
15 Program (TAP), including:

16 (A) an instructionally focused accountability
17 system; and

18 (B) the adjustment of teaching schedules to
19 permit ongoing applied professional growth.

20 Sec. 21.706. RULES. The commissioner shall adopt rules
21 necessary to administer this subchapter.

22 SECTION 6. Subchapter D, Chapter 22, Education Code, as
23 added by Chapters 899 and 1359, Acts of the 79th Legislature,
24 Regular Session, 2005, is reenacted and amended to read as follows:

25 SUBCHAPTER D. HEALTH CARE [~~COMPENSATION~~] SUPPLEMENTATION

26 Sec. 22.101. DEFINITIONS. In this subchapter:

27 (1) "Cafeteria plan" means a plan as defined and

1 authorized by Section 125, Internal Revenue Code of 1986.

2 (2) "Employee" means an active, contributing member of
3 the Teacher Retirement System of Texas who:

4 (A) is employed by a district, other educational
5 district whose employees are members of the Teacher Retirement
6 System of Texas, participating charter school, or regional
7 education service center;

8 (B) is not a retiree eligible for coverage under
9 the program established under Chapter 1575, Insurance Code;

10 (C) is not eligible for coverage by a group
11 insurance program under Chapter 1551 or 1601, Insurance Code; and

12 (D) is not an individual performing personal
13 services for a district, other educational district that is a
14 member of the Teacher Retirement System of Texas, participating
15 charter school, or regional education service center as an
16 independent contractor.

17 (3) "Participating charter school" means an
18 open-enrollment charter school established under Subchapter D,
19 Chapter 12, that participates in the program established under
20 Chapter 1579, Insurance Code.

21 (4) "Regional education service center" means a
22 regional education service center established under Chapter 8.

23 Sec. 22.102. AUTHORITY TO ADOPT RULES; OTHER AUTHORITY.

24 (a) The agency may adopt rules to implement this subchapter.

25 (b) The agency may enter into interagency contracts with any
26 other agency of this state for the purpose of assistance in
27 implementing this subchapter.

1 Sec. 22.103. DESIGNATION OF COMPENSATION AS HEALTH CARE
2 SUPPLEMENTATION. (a) An employee of a school [~~ELIGIBILITY,~~
3 ~~WAITING PERIOD.~~ ~~A person is not eligible for a monthly distribution~~
4 ~~under this subchapter before the 91st day after the first day the~~
5 ~~person becomes an employee.~~

6 [~~Sec. 22.104. DISTRIBUTION BY AGENCY.~~ ~~Subject to the~~
7 ~~availability of funds, each month the agency shall deliver to each]~~
8 ~~district, [including a district that is ineligible for state aid~~
9 ~~under Chapter 42, each]~~ other educational district that is a member
10 of the Teacher Retirement System of Texas, [~~each~~] participating
11 charter school, or [~~and each~~] regional education service center may
12 elect to designate a portion of the employee's compensation to be
13 used as health care supplementation under this subchapter.

14 (b) The amount designated under this section may not exceed
15 the amount permitted under applicable federal law.

16 (c) This section does not apply to:

17 (1) an employee who is not covered by a cafeteria plan
18 or who is not eligible to pay health care premiums through a premium
19 conversion plan; or

20 (2) an administrator, as defined by the trustee,
21 employed by a school district, another educational district, a
22 participating charter school, or a regional education service
23 center [~~state funds in an amount, as determined by the agency, equal~~
24 ~~to the product of the number of eligible employees employed by the~~
25 ~~district, school, or service center multiplied by the amount~~
26 ~~specified in the General Appropriations Act for purposes of this~~
27 ~~subchapter and divided by 12. The agency shall distribute funding~~

1 ~~to only one entity for employees who are employed by more than one~~
2 ~~entity listed in this section].~~

3 Sec. 22.104 [~~22.105~~]. FUNDS HELD IN TRUST. All funds
4 received by a district, other educational district, participating
5 charter school, or regional education service center under this
6 subchapter are held in trust for the benefit of the employees on
7 whose behalf the district, school, or service center received the
8 funds.

9 Sec. 22.105. WRITTEN ELECTION REQUIRED. Each school year,
10 an active employee must elect in writing whether to designate a
11 portion of the employee's compensation to be used as health care
12 supplementation under this subchapter.

13 Sec. 22.106. [~~RECOVERY OF DISTRIBUTIONS. The agency is~~
14 ~~entitled to recover from a district, other educational district,~~
15 ~~participating charter school, or regional education service center~~
16 ~~any amount distributed under this subchapter to which the district,~~
17 ~~school, or service center was not entitled.~~

18 [~~Sec. 22.107. DETERMINATION BY AGENCY FINAL. A~~
19 ~~determination by the agency under this subchapter is final and may~~
20 ~~not be appealed.~~

21 [~~Sec. 22.108. DISTRIBUTION BY SCHOOL. Each month, each~~
22 ~~district, other educational district that is a member of the~~
23 ~~Teacher Retirement System of Texas, participating charter school,~~
24 ~~and regional education service center must distribute to its~~
25 ~~eligible employees the funding received under this subchapter. To~~
26 ~~receive the monthly distribution, an individual must meet the~~
27 ~~definition of an employee under Section 22.101 for that month.~~

1 ~~[Sec. 22.109.]~~ USE OF DESIGNATED ~~[SUPPLEMENTAL]~~
 2 COMPENSATION. An employee may use compensation designated for
 3 health care supplementation ~~[a monthly distribution received]~~
 4 under this subchapter for any employee benefit, including
 5 depositing the designated amount ~~[of the distribution]~~ into a
 6 cafeteria plan in which~~[, if]~~ the employee is enrolled ~~[in a~~
 7 ~~cafeteria plan,~~] or using the designated amount ~~[of the~~
 8 ~~distribution]~~ for health care premiums through a premium conversion
 9 plan. ~~[The employee may take the amount of the distribution as~~
 10 ~~supplemental compensation.]~~

11 ~~[Sec. 22.110. SUPPLEMENTAL COMPENSATION. An amount~~
 12 ~~distributed to an employee under this subchapter must be in~~
 13 ~~addition to the rate of compensation that:~~

14 ~~[(1) the district, other educational district,~~
 15 ~~participating charter school, or regional education service center~~
 16 ~~paid the employee in the preceding school year; or~~

17 ~~[(2) the district, school, or service center would~~
 18 ~~have paid the employee in the preceding school year if the employee~~
 19 ~~had been employed by the district, school, or service center in the~~
 20 ~~same capacity in the preceding school year.]~~

21 Sec. 22.107. WAGE INCREASE FOR SUPPORT STAFF. (a) For the
 22 2006-2007 school year, a school district shall pay each full-time
 23 district employee, other than an administrator or an employee
 24 subject to the minimum salary schedule under Section 21.402, an
 25 amount at least equal to \$500.

26 (b) For the 2006-2007 school year, a school district shall
 27 pay each part-time district employee, other than an administrator,

1 an amount at least equal to \$250.

2 (c) A school district employee entitled to a wage increase
3 under this section may elect to receive a portion of the person's
4 annual wages as health care supplementation as provided by this
5 subchapter.

6 (d) A payment under this section is in addition to wages the
7 district would otherwise pay the employee during the school year.

8 (e) This section expires September 1, 2007.

9 SECTION 7. Subchapter E, Chapter 42, Education Code, is
10 amended by adding Section 42.2513 to read as follows:

11 Sec. 42.2513. ADDITIONAL STATE AID FOR PROFESSIONAL STAFF
12 SALARY INCREASES. (a) A school district, including a school
13 district that is otherwise ineligible for state aid under this
14 chapter, is entitled to state aid in an amount equal to the product
15 of \$2,500 multiplied by the number of classroom teachers, full-time
16 librarians, full-time counselors certified under Subchapter B,
17 Chapter 21, and full-time school nurses employed by the district
18 and entitled to a minimum salary under Section 21.402.

19 (a-1) For the 2006-2007 school year, a school district,
20 including a school district that is otherwise ineligible for state
21 aid under this chapter, is entitled to state aid in an amount equal
22 to the sum of:

23 (1) the product of \$500 multiplied by the number of
24 full-time district employees, other than administrators or
25 employees subject to the minimum salary schedule under Section
26 21.402; and

27 (2) the product of \$250 multiplied by the number of

1 part-time district employees, other than administrators.

2 (a-2) Subsection (a-1) and this subsection expire September
3 1, 2007.

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

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

8 SECTION 8. Sections 822.201(b) and (c), Government Code,
9 are amended to read as follows:

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

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

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

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

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

25 (B) the benefit options in the cafeteria plan are
26 limited to one or more options that provide deferred compensation,
27 group health and disability insurance, group term life insurance,

1 dependent care assistance programs, or group legal services plans;

2 (4) performance pay awarded to an employee by a school
3 district as part of a total compensation plan approved by the board
4 of trustees of the district and meeting the requirements of
5 Subsection (e);

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

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

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

13 (8) a merit salary increase made under Section 51.962,
14 Education Code; and

15 (9) amounts received under the awards for student
16 achievement program under Subchapter N, Chapter 21, Education Code,
17 the educator excellence awards program under Subchapter O, Chapter
18 21, Education Code, or a mentoring program under Section 21.458,
19 Education Code.

20 (c) Excluded from salary and wages are:

21 (1) expense payments;

22 (2) allowances;

23 (3) payments for unused vacation or sick leave;

24 (4) maintenance or other nonmonetary compensation;

25 (5) fringe benefits;

26 (6) deferred compensation other than as provided by
27 Subsection (b)(3);

1 (7) compensation that is not made pursuant to a valid
2 employment agreement;

3 (8) payments received by an employee in a school year
4 that exceed \$5,000 for teaching a driver education and traffic
5 safety course that is conducted outside regular classroom hours;

6 (9) the benefit replacement pay a person earns as a
7 result of a payment made under Subchapter B or C, Chapter 661;

8 (10) any compensation designated as health care
9 supplementation [~~amount received~~] by an employee under Subchapter
10 D, Chapter 22, Education Code;i

11 (11) any amount received by an employee under:

12 (A) [7] former Article 3.50-8, Insurance Code;i

13 (B) [7] former Chapter 1580, Insurance Code;i

14 (C) Subchapter D, Chapter 22, Education Code, as
15 that subchapter existed January 1, 2006; [7] or

16 (D) Rider 9, Page III-39, Chapter 1330, Acts of
17 the 78th Legislature, Regular Session, 2003 (the General
18 Appropriations Act); and

19 (12) [~~11~~] any compensation not described in
20 Subsection (b).

21 SECTION 9. As soon as practicable after the effective date
22 of this Act, the commissioner of education shall adopt rules for
23 establishing and administering the awards for student achievement
24 program under Subchapter N, Chapter 21, Education Code, as added by
25 this Act, and the educator excellence awards program under
26 Subchapter O, Chapter 21, Education Code, as added by this Act. The
27 commissioner shall make the awards for student achievement program

1 available for campus participation not later than the 2006-2007
2 school year. The commissioner shall make the educator excellence
3 awards program available for school district participation
4 beginning with the 2007-2008 school year.

5 SECTION 10. Except as otherwise provided by this Act, this
6 Act applies beginning with the 2006-2007 school year.

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