

Amend CSHB 2 as follows:

(1) Strike SECTION 2A.04 of the bill (page 60, line 19, through page 63, line 2) and substitute the following:

SECTION 2A.04. Section 21.402, Education Code, is amended by amending Subsections (a) and (c) to read as follows:

(a) Except as provided by Subsection (d)~~[(e)],~~ or (f), a school district must pay each classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse not less than the minimum monthly salary, based on the employee's level of experience, prescribed by Subsection (c) ~~[determined by the following formula:~~

$$[MS = SF \times FS$$

~~[where:~~

~~["MS" is the minimum monthly salary,~~

~~["SF" is the applicable salary factor specified by Subsection (c); and~~

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

(c) The minimum monthly salary under this section is ~~[factors per step are]~~ as follows:

Years Experience	0	1	2
Monthly Salary	<u>\$2,424</u> [-.5656]	<u>\$2,481</u> [-.5790]	<u>\$2,539</u> [-.5924]
[Factor]			
Years Experience	3	4	5
Monthly Salary	<u>\$2,596</u> [-.6058]	<u>\$2,717</u> [-.6340]	<u>\$2,838</u> [-.6623]
[Factor]			
Years Experience	6	7	8
Monthly Salary	<u>\$2,959</u> [-.6906]	<u>\$3,072</u> [-.7168]	<u>\$3,178</u> [-.7416]

[Factor]

Years Experience	9	10	11
Monthly Salary	<u>\$3,279</u> [-.7651]	<u>\$3,373</u> [-.7872]	<u>\$3,464</u> [-.8082]

[Factor]

Years Experience	12	13	14
Monthly Salary	<u>\$3,549</u> [-.8281]	<u>\$3,628</u> [-.8467]	<u>\$3,705</u> [-.8645]

[Factor]

Years Experience	15	16	17
Monthly Salary	<u>\$3,776</u> [-.8811]	<u>\$3,844</u> [-.8970]	<u>\$3,908</u> [-.9119]

[Factor]

Years Experience	18	19	20 and over
Monthly Salary	<u>\$3,968</u> [-.9260]	<u>\$4,026</u> [-.9394]	<u>\$4,080</u> [-.9520]

[Factor]

(2) In ARTICLE 2 of the bill, insert the following appropriately lettered PART and reletter existing PARTS accordingly:

PART __. HEALTH COVERAGE OR COMPENSATION SUPPLEMENTATION

SECTION 2__.01. Chapter 1580, Insurance Code, is reenacted to read as follows:

CHAPTER 1580. ACTIVE EMPLOYEE HEALTH COVERAGE

OR COMPENSATION SUPPLEMENTATION

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1580.001. DEFINITIONS. In this chapter:

(1) "Cafeteria plan" means a plan as defined and authorized by Section 125, Internal Revenue Code of 1986, and its subsequent amendments.

(2) "Employee" means a participating member of the Teacher Retirement System of Texas who:

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

(B) is not a retiree covered under the program established under Chapter 1575.

(3) "Participating charter school" means an open-enrollment charter school established under Subchapter D, Chapter 12, Education Code, that participates in the program

established under Chapter 1579.

(4) "Regional education service center" means a regional education service center established under Chapter 8, Education Code.

(5) "Trustee" means the Teacher Retirement System of Texas.

Sec. 1580.002. AUTHORITY TO ADOPT RULES; OTHER AUTHORITY.

(a) The trustee may adopt rules to implement this chapter.

(b) The trustee may enter into interagency contracts with any agency of this state for the purpose of assistance in implementing this chapter.

[Sections 1580.003-1580.050 reserved for expansion]

SUBCHAPTER B. DISTRIBUTION OF STATE FUNDS BY TRUSTEE

Sec. 1580.051. DISTRIBUTION BY TRUSTEE. Each year, the trustee shall deliver to each school district, including a school district that is ineligible for state aid under Chapter 42, Education Code, each other educational district that is a member of the Teacher Retirement System of Texas, each participating charter school, and each regional education service center state funds in an amount, as determined by the trustee, equal to the product of the number of active employees employed by the district, school, or service center multiplied by \$1,000 or a greater amount as provided by the General Appropriations Act for purposes of this chapter.

Sec. 1580.052. EQUAL INSTALLMENTS. The trustee shall distribute funds under this chapter in equal monthly installments.

Sec. 1580.053. FUNDS HELD IN TRUST. All funds received by a school district, other educational district, participating charter school, or regional education service center under this chapter are held in trust for the benefit of the active employees on whose behalf the district, school, or service center received the funds.

Sec. 1580.054. RECOVERY OF DISTRIBUTIONS. The trustee is entitled to recover from a school district, other educational district, participating charter school, or regional education service center any amount distributed under this chapter to which the district, school, or service center was not entitled.

Sec. 1580.055. DETERMINATION OF TRUSTEE FINAL. A determination by the trustee under this subchapter is final and may

not be appealed.

[Sections 1580.056-1580.100 reserved for expansion]

SUBCHAPTER C. EMPLOYEE ELECTION

Sec. 1580.101. EMPLOYEE COVERED BY CAFETERIA PLAN. (a) If an active employee is covered by a cafeteria plan of a school district, other educational district, participating charter school, or regional education service center, the state contribution under this chapter shall be deposited in the cafeteria plan, and the employee may elect among the options provided by the cafeteria plan.

(b) A cafeteria plan receiving state contributions under this chapter may include a medical savings account option and must include, at a minimum, the following options:

- (1) a health care reimbursement account;
- (2) a benefit or coverage other than that provided under Chapter 1579, or any employee coverage or dependent coverage available under Chapter 1579 but not otherwise fully funded by the state or the employer contributions, any of which must be a "qualified benefit" under Section 125, Internal Revenue Code of 1986, and its subsequent amendments;
- (3) an option for the employee to receive the state contribution as supplemental compensation; or
- (4) an option to divide the state contribution among two or more of the other options provided under this subsection.

Sec. 1580.102. EMPLOYEE NOT COVERED BY CAFETERIA PLAN. If an active employee is not covered by a cafeteria plan of a school district, other educational district, participating charter school, or regional education service center, the state contribution under this chapter shall be paid to the active employee as supplemental compensation.

Sec. 1580.103. SUPPLEMENTAL COMPENSATION. Supplemental compensation under this subchapter must be in addition to the rate of compensation that:

- (1) the school district, other educational district, participating charter school, or regional education service center paid the employee in the preceding school year; or
- (2) the district, school, or service center would have

paid the employee in the preceding school year if the employee had been employed by the district, school, or service center in the same capacity in the preceding school year.

Sec. 1580.104. TIME FOR ELECTION. For each state fiscal year, an election under this subchapter must be made before the later of:

- (1) August 1 of the preceding state fiscal year; or
- (2) the 31st day after the date the employee is hired.

Sec. 1580.105. WRITTEN EXPLANATION; ELECTION FORM. (a) The trustee shall prescribe and distribute to each school district, other educational district, participating charter school, and regional education service center:

(1) a model explanation written in English and Spanish of the options active employees may elect under this section and the effect of electing each option; and

(2) an election form to be completed by active employees.

(b) Each state fiscal year, a school district, other educational district, participating charter school, or regional education service center shall prepare and distribute to each active employee a written explanation in English and Spanish, as appropriate, of the options the employee may elect under this section. The explanation must be based on the model explanation prepared by the trustee under Subsection (a) and must reflect all available health coverage options available to the employee. The explanation must be distributed to an employee before the later of:

- (1) July 1 of the preceding state fiscal year; or
- (2) the fifth day after the date the employee is hired.

(c) The written explanation under Subsection (b) must be accompanied by a copy of the election form prescribed under Subsection (a)(2).

Sec. 1580.106. RETURN OF UNENCUMBERED FUNDS. Any unencumbered funds that are returned to the school district from accounts established under Section 1580.101 may be used only to provide employee compensation, benefits, or both.

[Sections 1580.107-1580.150 reserved for expansion]

SUBCHAPTER D. MEDICAL SAVINGS ACCOUNT

Sec. 1580.151. DEFINITION. In this subchapter, "qualified health care expense" means an expense paid by an employee for medical care, as defined by Section 213(d), Internal Revenue Code of 1986, and its subsequent amendments, for the employee or the employee's dependents, as defined by Section 152, Internal Revenue Code of 1986, and its subsequent amendments.

Sec. 1580.152. RULES. The trustee, by rule, shall specify the requirements for a medical savings account established under this chapter.

Sec. 1580.153. QUALIFICATION OF ACCOUNT. (a) The trustee shall request in writing a ruling or opinion from the Internal Revenue Service as to whether the medical savings accounts established under this chapter and the state rules governing those accounts qualify the accounts for appropriate federal tax exemptions.

(b) Based on the response of the Internal Revenue Service under Subsection (a), the trustee shall:

(1) modify the rules, plans, and procedures adopted under this section as necessary to ensure the qualification of those accounts for appropriate federal tax exemptions; and

(2) certify the information regarding federal tax qualifications to the comptroller.

Sec. 1580.154. EMPLOYEE ELECTION. An employee who elects under Section 1580.101 to have state funds distributed under this chapter placed in a medical savings account may use the money in that account only for a qualified health care expense.

(3) On page 144, line 12, between "code" and the bracket, insert ", or Chapter 1580, Insurance Code".

(4) Strike SECTION 3.43 of the bill (page 158, line 24, through page 159, line 18) and substitute the following:

SECTION 3.43. Section 822.201(c), Government Code, is amended to read as follows:

(c) Excluded from salary and wages are:

(1) expense payments;

(2) allowances;

(3) payments for unused vacation or sick leave;

- (4) maintenance or other nonmonetary compensation;
- (5) fringe benefits;
- (6) deferred compensation other than as provided by Subsection (b)(3);
- (7) compensation that is not made pursuant to a valid employment agreement;
- (8) payments received by an employee in a school year that exceed \$5,000 for teaching a driver education and traffic safety course that is conducted outside regular classroom hours;
- (9) the benefit replacement pay a person earns as a result of a payment made under Subchapter B or C, Chapter 661;
- (10) supplemental compensation [~~contributions to a health reimbursement arrangement account~~] received by an employee under Chapter 1580 [~~Article 3.50-8~~], Insurance Code; [~~and~~]
- (11) amounts received under the educator excellence incentive program under Subchapter J, Chapter 42, Education Code;
and
- (12) any compensation not described in Subsection (b).

(5) Strike SECTION 3.46 of the bill (page 160, line 26, through page 161, line 6) and renumber the subsequent sections of the bill accordingly.

(6) On page 164, strike lines 9-10 and renumber subsequent subdivisions of SECTION 4.01(g) of the bill accordingly.