

Amend **CSSB 8** (house committee printing) in SECTION 14 of the bill by striking added Section 44.011, Education Code (page 13, line 20, through page 14, line 8), and substituting the following:

Sec. 44.011. FINANCIAL EXIGENCY. (a) In this section, "financial exigency" means substantial and recurring financial deficits in the total operating budget of a school district that have occurred and are reasonably projected to continue to occur, placing the district at serious risk of insolvency. The term does not include:

(1) the expectation of short-term deficits in the operating budget of a district; or

(2) the elimination of or reduction in a district academic program for academic reasons.

(b) This section applies only if, in response to a financial exigency as determined by the board of trustees of a school district, the district proposes to terminate contracts of and discharge classroom teachers. A district shall consider termination of contracts and discharge of classroom teachers to be an exceptional action. The board of trustees of a district must comply with this section before the board may terminate contracts of and discharge classroom teachers on the basis of a financial exigency declared by resolution of the board.

(c) The board of trustees of a school district that proposes to terminate contracts of and discharge classroom teachers on the basis of a financial exigency must prepare and submit to the commissioner a report specifying the precise nature and extent of the district's financial problems. The report must include:

(1) a description of each measure the district has taken to address the financial problems;

(2) whether reduction or elimination of any academic program redundancies is recommended in addressing the financial problems;

(3) each reason for proposing termination of contracts and discharge of classroom teachers; and

(4) the number of classroom teachers whom the district is proposing to discharge.

(d) Not later than the 10th day after the date the board of

trustees of a school district submits a report to the commissioner under Subsection (c), a financial exigency committee shall be established to review all documentation relevant in determining whether a district financial exigency exists. The committee shall be composed of five members, none of whom may be employed by the district. Two members of the committee shall be appointed by the board of trustees, two members shall be appointed by the commissioner, and one member shall be appointed to serve as presiding officer by the other members of the committee.

(e) In performing its duties under this section, the financial exigency committee may consult with any person and may consider oral or written submissions concerning the school district's financial condition and district academic program redundancies.

(f) The financial exigency committee shall prepare and submit to the commissioner and the board of trustees of the school district, in the time and manner required by commissioner rule, a report that includes:

(1) an analysis of the nature and extent of the district's financial problems;

(2) a determination of whether a district financial exigency exists;

(3) a description of the potential impact on the district's academic programs of the district's proposals under Subsection (c);

(4) a determination of whether district enrollment projections are consistent with the reduction in the number of classroom teachers proposed under Subsection (c);

(5) a determination of whether the district has proposed making any necessary reductions among district employees in a manner that best maintains the academic viability of the district; and

(6) a determination of whether the district has exhausted all reasonable means, other than termination of contracts and discharge of classroom teachers, to alleviate the district's financial problems, including:

(A) applying rigorous economies in all areas of

the district's present and projected expenditures;

(B) using all reasonable means of increasing the district's income; and

(C) reducing the number of classroom teachers by voluntary retirement, resignation, or reduction in workload or by other voluntary means.

(g) If the financial exigency committee determines that a school district financial exigency does not exist, the district may not terminate a contract of and discharge a classroom teacher for budgetary reasons. If the committee determines that a district financial exigency does exist and that the district has exhausted all other reasonable means to alleviate the district's financial problems, the committee may recommend a reduction in the number of classroom teachers or in the district's budgetary allocations for classroom teacher salaries or benefits. If the committee recommends a reduction in the number of classroom teachers that is different from the number proposed under Subsection (c), the committee shall explain the reasons for the difference in the report under Subsection (f).

(h) If the financial exigency committee determines that a school district financial exigency exists and no other satisfactory provision can be made for the continued employment of all district classroom teachers, the board of trustees of the district shall adopt a resolution declaring a financial exigency and prepare a plan for the reduction in the number of classroom teachers. The plan must be structured in a manner that allows the district to continue to operate to the greatest extent practicable in accordance with the district's mission and may include a reduction in or elimination of one or more academic programs. The district may terminate contracts of and discharge classroom teachers only to the extent necessary to alleviate the financial exigency. The number of classroom teachers discharged may not exceed the number recommended by the financial exigency committee under Subsection (g).

(i) The commissioner shall adopt rules as necessary for the administration of this section.