

By: Dutton

H.B. No. 70

A BILL TO BE ENTITLED

AN ACT

relating to a financial exigency of a school district.

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

SECTION 1. Subchapter A, Chapter 44, Education Code, is amended by adding Section 44.011 to read as follows:

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.

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

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

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

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

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

15       (d) Not later than the 10th day after the date the board of  
16 trustees of a school district submits a report to the commissioner  
17 under Subsection (c), a financial exigency committee shall be  
18 established to review all documentation relevant in determining  
19 whether a district financial exigency exists. The committee shall  
20 be composed of five members, none of whom may be employed by the  
21 district. Two members of the committee shall be appointed by the  
22 board of trustees, two members shall be appointed by the  
23 commissioner, and one member shall be appointed to serve as  
24 presiding officer by the other members of the committee.

25       (e) In performing its duties under this section, the  
26 financial exigency committee may consult with any person and may  
27 consider oral or written submissions concerning the school

1 district's financial condition and district academic program  
2 redundancies.

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

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

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

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

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

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

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

25 (A) applying rigorous economies in all areas of  
26 the district's present and projected expenditures;

27 (B) using all reasonable means of increasing the

1 district's income; and

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

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

18 (h) If the financial exigency committee determines a school  
19 district financial exigency exists and no other satisfactory  
20 provision can be made for the continued employment of all district  
21 classroom teachers, the board of trustees of the district shall  
22 prepare a plan for the reduction in the number of classroom  
23 teachers. The plan must be structured in a manner that allows the  
24 district to continue to operate to the greatest extent practicable  
25 in accordance with the district's mission and may include a  
26 reduction in or elimination of one or more academic programs. The  
27 district may terminate contracts of and discharge classroom

1 teachers only to the extent necessary to alleviate the financial  
2 exigency. The number of classroom teachers discharged may not  
3 exceed the number recommended by the financial exigency committee  
4 under Subsection (g).

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

7 SECTION 2. This Act applies beginning with the 2011-2012  
8 school year.

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