A BILL TO BE ENTITLED
AN ACT
relating to a local optional teacher designation system implemented
by a school district, a security officer employed by a school
district, the basic allotment and guaranteed yield under the public
school finance system, and certain allotments under the Foundation
School Program; making an appropriation.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
SECTION 1. Sections 21.3521(a), (c), and (e), Education
Code, are amended to read as follows:
(a) Subject to Subsection (b), a school district or
open-enrollment charter school may designate a classroom teacher as
a master, exemplary, [or] recognized, or acknowledged teacher for a
five-year period based on the results from single year or multiyear
appraisals that comply with Section 21.351 or 21.352.
(c) Notwithstanding performance standards established
under Subsection (b), a classroom teacher that holds a National
Board Certification issued by the National Board for Professional
Teaching Standards may be designated as nationally board certified
[recognized].
(e) The agency shall develop and provide technical
assistance for school districts and open-enrollment charter
schools that request assistance in implementing a local optional
teacher designation system, including:
(1) providing assistance in prioritizing high needs
section
campuses; (2) providing examples or models of local optional
teacher designation systems to reduce the time required for a
district or school to implement a teacher designation system;
(3) establishing partnerships between districts and
schools that request assistance and districts and schools that have
implemented a teacher designation system;
(4) applying the performance and validity standards
established by the commissioner under Subsection (b);
(5) providing centralized support for the analysis of
the results of assessment instruments administered to district
students; and
(6) facilitating effective communication on and
promotion of local optional teacher designation systems.

section 2. Subchapter H, Chapter 21, Education Code, is
amended by adding Section 21.3522 to read as follows:
Sec. 21.3522. LOCAL OPTIONAL TEACHER DESIGNATION SYSTEM
GRANT PROGRAM. (a) From funds appropriated or otherwise
available for the purpose, the agency shall establish and
administer a grant program to provide money and technical
assistance to:
(1) expand implementation of local optional teacher
designation systems under Section 21.3521;
(2) increase the number of classroom teachers eligible
for a designation under that section; and
(3) increase the salaries paid to classroom teachers
employed by school districts or open-enrollment charter schools
that have established or are seeking to establish a designation
system under that section.

(b) A grant awarded under this section must:

   (1) meet the needs of individual school districts; and

   (2) enable regional leadership capacity.

SECTION 3. Section 48.051(a), Education Code, is amended to
read as follows:

   (a) For each student in average daily attendance, not
including the time students spend each day in special education
programs in an instructional arrangement other than mainstream or
career and technology education programs, for which an additional
allotment is made under Subchapter C, a district is entitled to an
allotment equal to \( \text{the lesser of } \$6,160 \text{ or } \) the amount that results
from the following formula:

\[
A = B \times \left[ \$6,160 \right] X \frac{TR}{MCR}
\]

where:

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

"B" is the base amount, which equals the greater of:

   (1) $6,235;

   (2) an amount equal to the district's base amount under
this section for the preceding school year; or

   (3) the amount appropriated under Subsection (b);

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

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

SECTION 4. Sections 48.112(c) and (d), Education Code, are
amended to read as follows:

(c) For each classroom teacher with a teacher designation under Section 21.3521 employed by a school district, the school district is entitled to an allotment equal to the following applicable base amount increased by the high needs and rural factor as determined under Subsection (d):

(1) $12,000, or an increased amount not to exceed $36,000 [$32,000] as determined under Subsection (d), for each master teacher;

(2) $9,000 [$6,000], or an increased amount not to exceed $25,000 [$18,000] as determined under Subsection (d), for each exemplary teacher; [and]

(3) $5,000 [$3,000], or an increased amount not to exceed $15,000 [$9,000] as determined under Subsection (d), for each recognized teacher; and

(4) $3,000, or an increased amount not to exceed $9,000 as determined under Subsection (d), for each:

(A) acknowledged teacher; or

(B) nationally board certified teacher.

(d) The high needs and rural factor is determined by multiplying the following applicable amounts by the average of the point value assigned to each student at a district campus under Subsection (e):

(1) $6,000 [$5,000] for each master teacher;

(2) $4,000 [$1,000] for each exemplary teacher; [and]

(3) $2,500 [$1,500] for each recognized teacher; and

(4) $1,500 for each:
(A) acknowledged teacher; or
(B) nationally board certified teacher.

SECTION 5. Section 48.115(a), Education Code, is amended to read as follows:
(a) Except as provided by Subsection (a-1), a school district is entitled to an annual allotment equal to the sum of the following amounts or a greater amount provided by appropriation:
(1) $20 [$10] for each student in average daily attendance, plus $1 for each student in average daily attendance per every $50 by which the district's maximum basic allotment under Section 48.051 exceeds the greater of $6,235 or the amount equal to the preceding school year [$6,160], prorated as necessary; and
(2) $30,000 [$15,000] per campus.

SECTION 6. Section 48.202(a-1), Education Code, is amended to read as follows:
(a-1) For purposes of Subsection (a), the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") for a school district is:
(1) the greater of the amount of district tax revenue per weighted student per cent of tax effort available to a school district at the 96th percentile of wealth per weighted student or the amount that results from multiplying the maximum amount of the basic allotment provided under Section 48.051 for the applicable school year [6,160, or the greater amount provided under Section 48.051(b), if applicable] by 0.016, for the first eight cents by which the district's maintenance and operations tax rate exceeds
the district's tier one tax rate; and

(2) subject to Subsection (f), the amount that results from multiplying the maximum amount of the basic allotment provided under Section 48.051 for the applicable school year [$6,160, or the greater amount provided under Section 48.051(b), if applicable,] by 0.008, for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (1).

SECTION 7. Sections 48.277(c-1), (d), and (e), Education Code, are amended to read as follows:

(c-1) Notwithstanding any other provision of this chapter, beginning with the 2024-2025 [2021-2022] school year, if the total amount of allotments to which school districts and open-enrollment charter schools are entitled under this section for a school year exceeds $65 [$400] million, the commissioner shall proportionately reduce each district's or school's allotment under this section. The reduction in the amount to which a district or school is entitled under this section may not result in an amount that is less than zero.

(d) A school district or open-enrollment charter school is not entitled to an allotment under Subsection (a) beginning with the 2025-2026 [2024-2025] school year.

(e) This section expires September 1, 2026 [2025].

SECTION 8. Subchapter G, Chapter 48, Education Code, is amended by adding Sections 48.310 and 48.311 to read as follows:

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

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

(1) if the district has 5,000 or fewer students enrolled for that school year, $10,000 per classroom teacher; and

(2) if the district has more than 5,000 students enrolled for that school year, $3,000 per classroom teacher.

(b-1) In addition to the amount under Subsection (b)(2), a school district described by that subdivision is entitled to an allotment in the amount equal to $7,000 multiplied by the result of dividing 5,000 by 14.5 if the school district received an allotment in a previous school year under:

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

(2) Section 48.311(b)(1), as that section existed on January 1, 2024.

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

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

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

(1) determining the amount by which the district must reduce the district's tier one revenue level under Section 48.257; and

(2) calculating a school district's maintenance and operations revenue under Section 48.277(a).

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

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

(1) if the district has 5,000 or fewer students enrolled for that school year, $10,000 per classroom teacher; and

(2) if the district has more than 5,000 students enrolled for that school year, $3,000 per classroom teacher.

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

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

(1) determining the amount by which the district must reduce the district's tier one revenue level under Section 48.257; and

(2) calculating a school district's maintenance and operations revenue under Section 48.277(a).

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

(f) This section expires September 1, 2024.

SECTION 9. Section 822.201(b), Government Code, is amended to read as follows:

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

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

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

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

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

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

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

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

(6) stipends paid to teachers in accordance with

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

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

(9) amounts received under the relevant parts of the
educator excellence awards program under Subchapter O, Chapter 21,
Education Code, or a mentoring program under Section 21.458,
Education Code, that authorize compensation for service;
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(10) salary amounts designated as health care supplementation by an employee under Subchapter D, Chapter 22, Education Code;

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

(12) increased compensation paid to a teacher by a school district using funds received by the district under the teacher incentive allotment under Section 48.112, Education Code;

and

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

SECTION 10. Section 18.78, Article IX, Chapter 1170 (H.B. 1), Acts of the 88th Legislature, Regular Session, 2023 (the General Appropriations Act), is amended by adding Subsection (m) to read as follows:

(m) In addition to amounts appropriated elsewhere in this Act, TEA is appropriated $1,196,500,000 from general revenue to implement the provisions of S.B. 2, Acts of the 88th Legislature, 3rd Called Session, 2023. From the amount appropriated under this subsection, not more than:

(1) $400,000,000 may also be used for school safety and related purposes; and
$796,500,000 may also be used for financial and other assistance to public school educators and/or the public school finance system.

SECTION 11. Sections 48.051(c), (c-1), (c-2), and (d), Education Code, are repealed.

SECTION 12. A bonus payment made to a classroom teacher, as defined by Section 48.310, Education Code, as added by this Act, by a school district with money received by the district under Section 48.311, Education Code, as added by this Act, as that section existed prior to its expiration, shall be included in salary and wages for service for purposes of Section 822.201, Government Code, as amended by this Act, regardless of the date the payment was made.

SECTION 13. Immediately following the effective date of this Act, a school district or open-enrollment charter school shall redesignate a teacher who holds a designation made under Section 21.3521, Education Code, before the effective date of this Act, to reflect the teacher's designation under Section 21.3521, Education Code, as amended by this Act. Funding provided to a school district under Section 48.112, Education Code, for a teacher who held a designation made under Section 21.3521, Education Code, as that section existed immediately before the effective date of this Act, shall be increased to reflect the teacher's redesignation under Section 21.3521, Education Code, as amended by this Act.

SECTION 14. (a) Except as provided by Subsection (b) of this section, this Act applies beginning with the 2023-2024 school year.

(b) Sections 48.277(c-1), (d), and (e), Education Code, as
amended by this Act and Section 48.310, Education Code, as added by this Act, apply beginning with the 2024-2025 school year.

SECTION 15. (a) Except as provided by Subsection (b), this Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect on the 91st day after the last day of the legislative session.

(b) Sections 48.277(c-1), (d), and (e), Education Code, as amended by this Act, take effect September 1, 2024.