

## **BILL ANALYSIS**

Senate Research Center  
88S40023 TSS-F

S.B. 2  
By: Creighton; Huffman  
Finance  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Across the last several legislative sessions, the Texas Legislature has proven its commitment to Texas public schools and teachers, and this special session will be no different. S.B. 2 raises teacher salaries across the board, with additional compensation for teachers in small and mid-sized districts.

In the 2023–2024 school year, these raises are achieved through a one-time retention payment to teachers. In the 2024–2025 year and beyond, the retention payments will be integrated into teachers' salaries as a permanent pay raise.

S.B. 2 also provides additional per student funding in the form of a \$75 increase in the basic allotment. Because this legislation creates a new teacher retention allotment which provides pay raises, and in order to provide school districts additional flexibility in how their funds are spent, this bill also decouples teacher pay and basic allotment increases.

Lastly, S.B. 2 builds on the historic funding of H.B. 3, 88(R), by doubling the per campus allotment and per student allotments above those adopted during the 88th Regular Session.

As proposed, S.B. 2 amends current law relating to a local optional teacher designation system implemented by a school district, the basic allotment and guaranteed yield under the public school finance system, and certain allotments under the Foundation School Program, and makes an appropriation.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 21.3521(a), (c), and (e), Education Code, as follows:

(a) Authorizes a school district or open-enrollment charter school, subject to Subsection (b) (relating to requiring the commissioner of education (commissioner) to establish certain standards for each local optional teacher designation system), to designate a classroom teacher as a master, exemplary, 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 (Recommended Appraisal Process and Performance Criteria) or 21.352 (Local Role).

(c) Authorizes a classroom teacher that holds a National Board Certification issued by the National Board for Professional Teaching Standards, notwithstanding performance standards established under Subsection (b), to be designated as nationally board certified, rather than be designated as recognized.

(e) Requires the Texas Education Agency (TEA) to 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 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. Amends Subchapter H, Chapter 21, Education Code, by adding Section 21.3522, as follows:

Sec. 21.3522. LOCAL OPTIONAL TEACHER DESIGNATION SYSTEM GRANT PROGRAM. (a) Requires TEA, from funds appropriated or otherwise available for the purpose, to 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 (Local Optional Teacher Designation System);
- (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) Requires that a grant awarded under this section:

- (1) meet the needs of individual school districts; and
- (2) enable regional leadership capacity.

SECTION 3. Amends Section 48.051(a), Education Code, as follows:

(a) Entitles a district, 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 (Student-Based Allotments), to an allotment equal to the amount that results from a certain formula, rather than equal to the lesser of \$6,160 or the amount that results from a certain formula.

SECTION 4. Amends Sections 48.112(c) and (d), Education Code, as follows:

(c) Entitles a school district, for each classroom teacher with a teacher designation under Section 21.3521 employed by the school district, 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, rather than \$32,000, as determined under Subsection (d), for each master teacher;

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

(3) \$5,000, rather than \$3,000, or an increased amount not to exceed \$15,000, rather than \$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 acknowledged teacher or nationally board certified teacher.

(d) Provides that 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 assigned at a district campus under Subsection (e) (relating to assigning a point value for each student at a district campus):

(1) \$6,000, rather than \$5,000, for each master teacher;

(2) \$4,000, rather than \$3,000, for each exemplary teacher;

(3) \$2,500, rather than \$1,500, for each recognized teacher; and

(4) \$1,500 for each acknowledged teacher or nationally board certified teacher.

SECTION 5. Amends Section 48.115(a), Education Code, as follows:

(a) Entitles a school district, except as provided by Subsection (a-1) (relating to providing that a school district campus that provides only virtual instruction or utilizes facilities not subject to the district's control is not included for the purposes of the school district's allotment), to an annual allotment equal to the sum of the following amounts or a greater amount provided by appropriation:

(1) \$20, rather than \$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 (Basic Allotment) exceeds the greater of \$6,235 or the amount equal to the district's base amount, as defined by Section 48.051(a), for the preceding school year, rather than exceeds \$6,160, prorated as necessary; and

(2) \$30,000, rather than \$15,000, per campus.

SECTION 6. Amends Section 48.202(a-1), Education Code, as follows:

(a-1) Provides that for the purposes of Subsection (a) (relating to providing that each school district is guaranteed a specific amount per weighted student in state and local funds), 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, rather than \$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) (relating to the requirement that a school district reduce its tax rate under certain circumstances), the amount that results from multiplying the maximum amount of the basic allotment provided under Section 48.051 for the applicable school year, rather than \$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. Amends Sections 48.277(c-1), (d), and (e), Education Code, as follows:

(c-1) Requires the commissioner, notwithstanding any other provision of Chapter 48 (Foundation School Program), beginning with the 2024–2025 school year, rather than the 2021–2022 school year, if the total amount of allotments to which school districts and open-enrollment charter schools are entitled under Section 48.277 (Formula Transition Grant) for a school year exceeds \$65 million, rather than \$400 million, to proportionately reduce each district's or school's allotment under this section.

(d) Provides that a school district or open-enrollment charter school is not entitled to an allotment under Subsection (a) (relating to providing that each school district or open-enrollment charter school is entitled to receive a certain annual allotment for each student in average daily attendance) beginning with the 2025–2026 school year, rather than the 2024–2025 school year.

(e) Provides that this section expires September 1, 2026, rather than September 1, 2025.

SECTION 8. Amends Subchapter G, Chapter 48, Education Code, by adding Sections 48.310 and 48.311, as follows:

Sec. 48.310. TEACHER RETENTION ALLOTMENT. (a) Defines "classroom teacher."

(b) Entitles a school district 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) Provides that 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 the date it was enacted.

(c) Requires a school district, for the 2024–2025 school year, to 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) Requires a school district, for the 2025–2026 and each subsequent school year, to use money received under Subsection (b) to maintain the salary increases for classroom teachers provided under Subsection (c). Authorizes any additional funding generated for a school district under this section to be used for the compensation of classroom teachers employed by the district.

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

(1) determining the amount by which the district is required to reduce the district's tier one revenue level under Section 48.257 (Local Revenue Level in Excess of Entitlement); 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) Defines "classroom teacher."

(b) Entitles a school district 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) Requires a school district to 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 requires the district to provide the bonus payment as part of the teacher's salary payment for the first month in which it is feasible. Provides that 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) Requires the commissioner, notwithstanding any other law, to exclude the funding to which a school district is entitled under this section for purposes of:

(1) determining the amount by which the district is required to 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) Provides that a bonus payment made under this section is included in salary and wages for service for purposes of Section 822.201 (Member Compensation), Government Code.

(f) Provides that this section expires September 1, 2024.

SECTION 9. Amends Section 822.201(b), Government Code, to redefine "salary and wages."

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

(m) Provides that in addition to amounts appropriated elsewhere in this Act, TEA is appropriated \$1,196,500,000 from general revenue to implement the provisions of .B. ., 88th Legislature, 4th Called Session, 2023. Provides that from the amount appropriated under this subsection, not more than:

(1) \$400,000,000 is authorized to also be used for school safety and related purposes; and

(2) \$796,500,000 is authorized to also be used for financial and other assistance to public school educators and the public school finance system.

SECTION 11. Repealers: Sections 48.051(c) (relating to requiring a school district to use a certain amount to provide compensation increases to full-time district employees other than administrators under certain circumstances) and (c-1) (relating to entitling a school district employee who received a salary increase from a school district for the 2019–2020 school year to salary that is at least equal to the salary the employee received for the 2019–2020 school year), Education Code.

Repealers: Sections 48.051(c-2) (relating to providing that certain salary reductions of school district employees are subject to the rights granted to the employee under this code) and (d) (relating to defining "compensation"), Education Code.

SECTION 12. Requires that 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, 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. Requires a school district or open-enrollment charter school, immediately following the effective date of this Act, to 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. Provides that funding provided to a school district under Section 48.112 (Teacher Incentive Allotment), 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, is required to be increased to reflect the teacher's redesignation under Section 21.3521, Education Code, as amended by this Act.

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

(b) Provides that 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) Effective date, except as provided by Subsection (b) of this section: upon passage or the 91st day after the last day of the legislative session.

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