By:  Guillen H.B. No. 116

A BILL TO BE ENTITLED

AN ACT

relating to the basic allotment and guaranteed yield under the public school finance system, certain allotments under the Foundation School Program, determination of a school district's assets to liabilities ratio under the public school financial accountability rating system, and credit for prepayment of the amount required to be paid by a school district for the purchase of attendance credit under the public school finance system.

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

SECTION 1.  Section 48.051, Education Code, is amended by amending Subsection (a) and adding Subsection (c-3) 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 the lesser of $8,000 [~~$6,160~~] or the amount that results from the following formula:

A = $8,000 [~~$6,160~~] X TR/MCR

where:

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

"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.

(b)  A greater amount for any school year may be provided by appropriation.

(c)  During any school year for which the maximum amount of the basic allotment provided under Subsection (a) or (b) is greater than the maximum amount provided for the preceding school year, a school district must use at least 30 percent of the amount, if the amount is greater than zero, that equals the product of the average daily attendance of the district multiplied by the amount of the difference between the district's funding under this chapter per student in average daily attendance for the current school year and the preceding school year to provide compensation increases to full-time district employees other than administrators as follows:

(1)  75 percent must be used to increase the compensation paid to classroom teachers, full-time librarians, full-time school counselors certified under Subchapter B, Chapter 21, and full-time school nurses, prioritizing differentiated compensation for classroom teachers with more than five years of experience; and

(2)  25 percent may be used as determined by the district to increase compensation paid to full-time district employees.

(c-1)  A school district employee who received a salary increase under Subsection (c) from a school district for the 2019-2020 school year is, as long as the employee remains employed by the same district and the district is receiving at least the same amount of funding as the amount of funding the district received for the 2019-2020 school year, entitled to salary that is at least equal to the salary the employee received for the 2019-2020 school year. This subsection does not apply if the board of trustees of the school district at which the employee is employed:

(1)  complies with Sections 21.4021, 21.4022, and 21.4032 in reducing the employee's salary; and

(2)  has adopted a resolution declaring a financial exigency for the district under Section 44.011.

(c-2)  A reduction in the salary of a school district employee described by Subsection (c-1) is subject to the rights granted to the employee under this code.

(c-3)  Subsection (c)(1) does not apply to a school district employee subject to Section 48.310 or Section 48.311.

(d)  In this section, "compensation" includes benefits such as insurance premiums.

SECTION 2.  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 $8,000 [~~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 $8,000 [~~$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 3.  Section 48.101, Subchapter C, Chapter 48, Education Code, is amended to read as follows:

Sec. 48.101.  SMALL AND MID-SIZED DISTRICT ALLOTMENT. (a) Small and mid-sized districts are entitled to an annual allotment in accordance with this section. In this section:

(1)  "AA" is the district's annual allotment per student in average daily attendance;

(2)  "ADA" is the number of students in average daily attendance for which the district is entitled to an allotment under Section 48.051; and

(3)  "BA" is the basic allotment determined under Section 48.051.

(b)  A school district that has fewer than 1,600 students in average daily attendance is entitled to an annual allotment for each student in average daily attendance based on the following formula:

AA = ((1,600 - ADA) X ~~.0004~~ .0008) X BA

(c)  A school district that offers a kindergarten through grade 12 program and has less than 5,000 students in average daily attendance is entitled to an annual allotment for each student in average daily attendance based on the formula, of the following formulas, that results in the greatest annual allotment:

(1)  the formula in Subsection (b), if the district is eligible for that formula; or

(2)  AA = ((5,000 - ADA) X ~~.000025~~ .00005) X BA.

(d)  Instead of the allotment under Subsection (b) or (c)(1), a school district that has fewer than 300 students in average daily attendance and is the only school district located in and operating in a county is entitled to an annual allotment for each student in average daily attendance based on the following formula:

AA = ((1,600 - ADA) X ~~.00047~~ .00094) X BA

SECTION 4.  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 10,000 or fewer students enrolled for that school year, $10,000 per classroom teacher; and

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

(2)  if the district has more than 10,000 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 5.  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 former Section 21.410, 21.411, 21.412, or 21.413, Education Code;

(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;

(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 6.  Section 48.102, Education Code, is amended by adding Subsection (a-1) to read as follows:

(a-1)  A school district that for the 2023-2024 school year spent a greater amount for students in a special education program under Subchapter A, Chapter 29, than the amount the district received from the allotment under this section is entitled to additional funding for the 2024-2025 school year in an amount equal to twice the amount of the difference between the total of those amounts. This subsection expires September 1, 2025.

SECTION 7.  Section 39.082(c), Education Code, is amended to read as follows:

(c)  The system may not include an indicator under Subsection (b) or any other performance measure that:

(1)  requires a school district to spend at least 65 percent or any other specified percentage of district operating funds for instructional purposes; [~~or~~]

(2)  lowers the financial management performance rating of a school district for failure to spend at least 65 percent or any other specified percentage of district operating funds for instructional purposes; or

(3)  for a school district required to reduce its local revenue level under Section 48.257, includes in determining the district's ratio of assets to liabilities any amount required to be expended by the district to comply with Chapter 49.

SECTION 8.  Subchapter D, Chapter 49, Education Code, is amended by adding Section 49.1541 to read as follows:

Sec. 49.1541.  CREDIT FOR PREPAYMENT. (a) If a school district elects to pay for attendance credit purchased in the manner provided by Section 49.154(a)(2), the total amount required under Section 49.153 for the district to purchase credit under this subchapter for any school year is reduced at a rate of one percent for each full 30-day period remaining until August 15 of the school year for which the agreement is in effect on the date the district pays in one payment the total amount required to be paid by the district.

(b)  A reduction under Subsection (a) shall be made after making any reduction to which the district is entitled under Section 49.157 or another provision of this chapter.

SECTION 9.  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 10.  (a) Except as provided by Subsection (b) of this section, this Act applies beginning with the 2024-2025 school year.

(b)  Section 48.311, Education Code, as added by this Act, and Section 49.1541, Education Code, as added by this Act, apply beginning with the 2023-2024 school year.

SECTION 11.  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.