By: Mizani H.B. No. 1074

A BILL TO BE ENTITLED

AN ACT

relating to a limitation on compensation of superintendents, principals, and other school district administrators.

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

SECTION 1. The heading to Subchapter E, Chapter 11, Education Code, is amended to read as follows:

SUBCHAPTER E. SUPERINTENDENTS, [~~AND~~] PRINCIPALS, AND OTHER SCHOOL ADMINISTRATORS

SECTION 2. Subchapter E, Chapter 11, Education Code, is amended by adding Section 11.203 to read as follows:

Sec. 11.203. LIMITATION ON SCHOOL ADMINISTRATOR COMPENSATION. (a) In this section:

(1) "Entry-level teacher salary" means the lowest annual base salary payable by a school district for a regular full-time classroom teaching position under the district's standard teacher contract for the school year to a teacher with no creditable years of service. The term excludes a stipend, bonus, or payment for additional duties.

(2) "School administrator" means a superintendent, principal, assistant or deputy superintendent, assistant principal, or other individual whose primary duties are to manage the operations, personnel, or budget of a school district, district campus, or district-level department. The term includes an individual serving in an acting or interim capacity or performing

the duties under a contract or through a third party.

(b) A school district may not agree to provide or provide compensation to a school administrator for service in a school year in an amount that exceeds five times the district's entry-level teacher salary for that school year. The limit is prorated for part-time or partial-year service in proportion to the administrator's full-time equivalent service for the district for that school year.

(c) For purposes of the limit, compensation includes base salary, bonuses, stipends, allowances, incentive and retention payments, deferred compensation, severance, and the fair market value of personal benefits provided by or on behalf of the district. Compensation does not include documented reimbursement of actual expenses reasonably incurred in performing official duties or employer contributions for group insurance or retirement benefits provided on the same terms as for other district employees. Compensation is attributed to the school year in which it is earned, regardless of when paid. Severance is attributed to the school year in which service ends.

(d) A district shall post the entry-level teacher salary and resulting compensation limit on its Internet website. A district that does not specify the salary in a published salary schedule shall adopt and post the amount before approving compensation subject to this section. The district may not pay a teacher described by Subsection (a)(1) an annual base salary below the amount the district uses to calculate its limit.

(e) A district that obtains school administrator services

through another person shall require the person to disclose the compensation attributable to the administrator's service to the district and to comply with the limit in Subsection (b) as a condition of the contract. A district may not divide, reclassify, or route compensation through another person to avoid the limit.

(f) Each district shall certify compliance annually as prescribed by commissioner rule. After notice and an opportunity for the district to respond, the commissioner may order the district to stop a prohibited payment or recover an excess payment. A contract provision is void to the extent it requires a prohibited payment.

(g) A school district may not obtain a waiver of or exemption from this section, including under Chapter 12A. The commissioner shall adopt rules necessary to administer this section.

SECTION 3. This Act applies to compensation under a contract entered into, renewed, extended, or amended to change compensation on or after the effective date of this Act. A contract entered into before that date is governed by former law until it expires or is renewed, extended, or amended to change compensation. For an administrator serving without a contract, this Act applies to services performed on or after that date.

SECTION 4. This Act takes effect September 1, 2027.