

BILL ANALYSIS

Senate Research Center
76R13551 ESH -D

C.S.S.B. 4
By: Bivins
Education
4/23/1999
Committee Report (Substituted)

DIGEST

Currently, Texas law regulates public school finance. C.S.S.B. 4 is a comprehensive school finance, property tax relief, teacher pay raise, omnibus package. C.S.S.B. 4 and the corresponding appropriations would provide funds for children, teachers, local school districts, and taxpayers.

PURPOSE

As proposed, C.S.S.B. 4 regulates public school finance and public education.

RULEMAKING AUTHORITY

Rulemaking is granted to the commissioner of education in SECTIONS 7, 20, and 21 (Sections 42.158(e), 21.410(m), and 25.039(b), Education Code) and SECTION 19, and to the State Board of Educator Certification in SECTION 33 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 41.002(a), Education Code, effective September 1, 1999, to prohibit a school district from having a wealth per student that exceeds \$290,000, rather than \$280,000.

SECTION 2. Amends Section 41.002(a), Education Code, effective September 1, 2000, to prohibit a school district from having a wealth per student that exceeds \$300,000, rather than \$280,000.

SECTION 3. Amends Sections 41.002(b)-(e), Education Code, to require the commissioner of education (commissioner) to adjust, in accordance with Section 42.2521, the taxable value of a school district that, due to factors beyond the control of the board of trustees, experiences a rapid decline in the tax base used in calculating taxable values in excess of four percent of the tax base used in the preceding year. Prohibits the wealth per student that a school district may have after exercising an option under Section 41.003(2) or (3) from being less than the amount needed to maintain state and local revenue in an amount equal to state and local revenue per weighted student for maintenance and operation of the district for the 1999-2000 school year adjusted in accordance with Subsection (d), less the district's current year distribution per weighted student from the available school fund, other than amounts distributed under Chapter 31, if the district actually levies a tax for maintenance and operation of the district at a rate of \$1.50 on the \$100 valuation of taxable property, notwithstanding Subsection (a), in accordance with a determination of the commissioner. Requires the commissioner to adjust the amount of a school district's state and local revenue per weighted student for maintenance and operation of the district for the 1992-1993 school year by multiplying the amount by the quotient of the equalized wealth level divided by 280,000. Deletes text regarding amount of decline and money necessary to replace funds. Makes conforming changes.

SECTION 4. Amends Section 42.101, Education Code, effective September 1, 1999, to provide that for each student in average daily attendance a district is entitled to an allotment of \$2,426, rather than \$2,387.

SECTION 5. Amends Section 42.101, Education Code, effective September 1, 2000, to provide that for each student in average daily attendance a district is entitled to an allotment of \$2,435, rather than \$2,387.

SECTION 6. Amends Chapter 42B, Education Code, by adding Section 42.106, as follows:

Sec. 42.106. ADJUSTMENT PROPERTY VALUE FOR DISTRICTS NOT OFFERING ALL GRADE LEVELS. Provides that the taxable value of property of a school district that contracts for students residing in the district to be educated in another district under Section 25.039(a) is

adjusted by applying a certain formula.

SECTION 7. Amends Chapter 42C, Education Code, by adding Section 42.158, effective September 1, 2000, as follows:

Sec. 42.158. NEW INSTRUCTIONAL FACILITY ALLOTMENT. Provides that a school district is entitled to an additional allotment as provided by this section for operational expenses associated with opening a new instructional facility. Sets forth the amount of allotment for each year a student attends a new instructional facility. Provides that the number of additional students in average daily attendance at a facility is the difference between the number of students in average daily attendance in the current year at that facility and the number of students in average daily attendance at that facility in the preceding year. Prohibits the amount appropriated for allotments under this section from exceeding \$50 million in a school year. Requires the commissioner to reduce each district's allotment under this section in the manner provided by Section 42.253(h), if the total amount of allotments to which districts are entitled under this section for a school year exceeds the amount appropriated for allotments under this section. Authorizes the commissioner to adopt rules necessary to implement this section. Defines "instructional facility."

SECTION 8. Amends Section 42.251(a), Education Code, to provide that the sum of the tier one allotments and the assistance provided under the school facilities tier, rather than assistance program, under Subchapter I, rather than Subchapter H, computed in accordance with this chapter, constitute the total cost of the Foundation School Program.

SECTION 9. Amends Section 42.2511, Education Code, as follows:

Sec. 42.2511. New heading: ADDITIONAL STATE AID FOR 1999-2000 AND 2000-2001 SCHOOL YEARS. Provides that, notwithstanding any other provision of this chapter, for the 1999-2000 and 2000-2001 school years, a school district is entitled to a certain amount of additional state aid. Provides that this section expires September 1, 2001, rather than 1999. Deletes text regarding the computation of state aid.

SECTION 10. Amends Chapter 42E, Education Code, by adding Section 42.2521, as follows:

Sec. 42.2521. ADJUSTMENT FOR RAPID DECLINE IN TAXABLE VALUE OF PROPERTY. Authorizes the commissioner to adjust the taxable value of property in a school district that experiences a rapid decline in the tax base. Authorizes the commissioner, to the extent money specifically authorized to be used for that purpose is available, to adjust the district's taxable value for such losses in value exceeding four percent to reflect the local current year taxable value. Requires the commissioner to reduce adjustments in the manner provided by Section 42.253(h) so that the total amount of adjustments equals the amount of money available to fund the adjustment. Provides that a decision of the commissioner made under this section is final.

SECTION 11. Amends Section 42.253, Education Code, by amending Subsections (a) and (c), to require the commissioner to determine the amount of money to which a school district is entitled under Subchapter I. Provides that each school district is entitled to an amount equal to the difference for that district between the sum of Subsections (a)(1), (a)(2), and (a)(3) and the sum of Subsections (a)(4), (a) (5), and (a)(6).

SECTION 12. Amends Section 42.302, Education Code, effective date September 1, 1999, to redefine "GL," and "RL." Provides that the total amount of taxes collected by the school district does not include taxes collected to pay the local share of debt service for which the district receives state aid. Makes conforming changes.

SECTION 13. Amends Section 42.302(a), Education Code, effective September 1, 2000, to redefine "GL," "WADA," "DTR," and "LR."

SECTION 14. Amends Chapter 42, Education Code, by adding Subchapter I, as follows:

SUBCHAPTER I. SCHOOL FACILITIES TIER

Sec. 42.501. ALLOTMENT. Provides that each school district is guaranteed a specific amount per student in state and local funds for each cent of tax effort to pay the principal of and interest

on eligible bonds. Provides that the amount of state support, subject only to the maximum amount under Section 42.502, is determined by a certain formula. Prohibits the district facilities tax rate under Subsection (a) from exceeding the rate that would be necessary for the current year, using state funds under Subsection (a), to make payments of principal and interest on the bonds for which the tax is pledged. Authorizes a district to levy a facilities tax at a rate higher than the maximum rate for which it may receive state assistance under this subchapter, to enable the district to collect local funds sufficient to pay the district's share of debt service. Provides that bonds are eligible to be paid with state and local funds under this subchapter if certain conditions exist. Prohibits the district from receiving aid in excess of the amount that, when added to the district's local revenue for the school year, equals the amount required to pay the principal of and interest on the bonds. Sets forth the requirements under which the commissioner shall distribute to each district the amount of state assistance.

Sec. 42.502. LIMITATION ON FACILITIES TAX RATE. Prohibits the district facilities tax rate under Section 42.501, from exceeding \$0.06 per \$100 of valuation or a greater amount for any year provided by appropriation.

SECTION 15. Amends Section 46.003(a), Education Code, to redefine "FYL," "BRT," and "DPV."

SECTION 16. Amends Section 46.006, Education Code, to provide that a district's wealth per student is reduced for purposes of this section if a district has had substantial student enrollment in the preceding five-year period. Provides that the reduction is in addition to any reduction under Subsection (a). Provides that a district's wealth per student is reduced by certain amounts. Requires the commissioner to annually determine the rate of growth in average daily attendance for each school district in the state over the three preceding years. Requires the commissioner to rank each school district according to the district's rate of growth, beginning with the district with the highest rate. Provides that each district that is placed in the top quarter of that ranking is considered a fast-growth district for purposes of Subsection (a). Redefines "wealth per student." Makes conforming changes.

SECTION 17. Amends Chapter 21B, Education Code, by adding Section 21.0481, as follows:

Sec. 21.0481. MASTER READING TEACHER CERTIFICATION. Sets forth the requirements for a master reading teacher certification.

SECTION 18. Amends Section 21.401, Education Code, to require an educator employed under a 10-month contract to provide a minimum of 187 days of service. Deletes text regarding a certain formula. Makes conforming changes.

SECTION 19. Amends Sections 21.402(a), (b), and (c), Education Code, effective September 1, 1999, to set forth a certain formula for teacher and full-time librarian pay. Redefines "FS." Requires the commissioner to determine the amount of state and local funds per weighted student available, for purposes of Subsection (a), to a district described by that subsection for the following school year. Sets forth certain salary factors per student. Deletes text regarding FSD, ADA, and requiring the commissioner to exclude certain amounts.

SECTION 20. Requires the commissioner to notify each school district of certain information. Requires the commissioner, to the extent possible, to adjust the 2000-2001 amount to take into consideration any adjustments found necessary pursuant to Section 42.253(i), to the extent necessary to accurately reflect the amount of additional funds available to the district. Provides that a determination by the commissioner under this section is final and may not be appealed. Requires each school district to use at least 60 percent of the full amounts certified under this section to increase the salaries of classroom teachers or full-time librarians to a certain amount. Requires compliance with the requirements of this subsection to be examined and audited as part of the district annual audit under Section 44.008, Education Code. Authorizes the commissioner to make rules for the implementation of this section.

SECTION 21. Amends Chapter 21I, Education Code, by adding Section 21.410, as follows:

Sec. 21.410. MASTER READING TEACHER GRANT PROGRAM. Sets forth requirements for implementing a master reading teacher grant program. Authorizes the commissioner to adopt rules to implement the section.

SECTION 22. Amends Section 25.039(b), Education Code, to prohibit the amount of the institution paid from exceeding the lesser of the amount provided for by Section 25.038 or an amount specified by commissioner rule.

SECTION 23. Amends Section 44.004, Education Code, as follows:

Sec. 44.004. New heading: NOTICE OF BUDGET AND TAX RATE MEETING; BUDGET ADOPTION. Requires the president to provide for the publication of notice of the budget and proposed tax rate. Set forth requirements for the size of the notice in the publication. Provides an example of notice.

SECTION 24. Amends Section 822.201(b), Government Code, to redefine “salary and wages.”

SECTION 25. Amends Sections 824.203(a) and (e), Government Code, to provide that the standard service retirement annuity is an amount computed on the basis of the member’s average annual compensation for the years of service, whether or not consecutive, in which the member received the highest annual compensation, times 2.2 percent, rather than two percent, for each year of service credit in the Teacher Retirement System of Texas (TRS). Makes a conforming change.

SECTION 26. Amends Section 824.602(a), Government Code, to prohibit a retirement system from withholding a monthly benefit payment if the retiree is employed in a certain public institution Delete text regarding retiree benefits. Makes conforming changes.

SECTION 27. Amends Section 824.804(a), Government Code, to require the TRS to transfer certain funds monthly if the member had retired on the effective date of plan participation under the multiplier currently in effect.

SECTION 28. Amends Section 26.04(c), Tax Code, to redefine “effective tax rate,” and “rollback tax rate.”

SECTION 29. Amends Section 26.05(d), Tax Code, to prohibit the governing body from adopting a certain tax rate if certain conditions exist.

SECTION 30. Amends Section 26.06, Tax Code, by adding Subsection (g), to provide that this section, other than Subsection (a), does not apply to a school district. Requires a school district to provide notice of a public hearing on a tax increase as required by Section 44.004, Education Code.

SECTION 31. Amends Section 26.08, Tax Code, by amending Subsection (i) and adding Subsections (j) and (k), to set forth the rollback tax rate of a school district. Sets forth the rollback tax rate for the 1999 tax year. Provides that Subsections (j) and (k) expire on September 1, 2000.

SECTION 32. Repealer: Sections 42.251(c), Education Code (requiring the commissioner to compute and certify certain amounts); Section 42.252(e), Education Code (requiring the commissioner to hear appeals from school districts). Section 26.08(f), Tax Code (Election to Ratify School Taxes).

SECTION 33. Provides that the monthly payments of a death or retirement benefit annuity by the TRS are increased beginning with the payment due at the end of September 1999. Provides that the increase does not apply to certain sections of the Government Code. Sets forth a table to compute monthly benefits

SECTION 34. Requires the State Board for Educator Certification to propose rules establishing requirements and prescribing an examination for master reading teacher certification not later than January 1, 2001.

SECTION 35. Effective date: September 1, 1999, except as otherwise provided by this Act.

SECTION 36. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Adds new SECTION 1 by amending Section 41.002(a), Education Code, to prohibit a school district from having a wealth per student that exceeds \$290,000, rather than 280,000.

SECTION 2.

Adds new SECTION by amending Section 41.002(a), Education Code, to prohibit a school district from having a wealth per student that exceeds \$300,000, rather than \$290,000. Redesignates existing SECTIONS accordingly.

SECTION 3.

Amends Sections 41.002(b) - (e), Education Code, to prohibit a certain wealth per student that a school district may have after exercising an option under Section 41.003(2) or (3). Deletes text prohibiting a school district from having a wealth per student that exceeds \$300,000.

SECTION 4.

Amends Section 42.101, Education Code, to provide that for each student in average daily attendance a district is entitled to an allotment of \$2,426, rather than \$2,387, effective September 1, 1999.

SECTION 5.

Amends Section 42.101, Education Code, to provide that for each student in average daily attendance a district is entitled to an allotment of \$2,435, rather than \$2,387, effective September 1, 2000.

SECTION 6.

Amends Chapter 42B, Education Code, by adding Section 42.106, regarding adjusted property value for districts not offering all grade levels.

SECTION 7.

Amends Chapter 42C, Education Code, by adding Section 42.158, regarding new instructional facilities allotment.

SECTION 8.

Amends Section 42.251(a), Education Code, to provide that the sum of the tier one allotments and the assistance provided under the school facilities tier, rather than assistance program, under Subchapter I, rather than Subchapter H, computed in accordance with this chapter, constitute the total cost of the Foundation School Program.

SECTION 9.

Amends Section 42.2511, Education Code, to set forth provisions regarding additional state aid to school districts. Deletes text regarding the computation of state aid.

SECTION 11.

Amends Section 42.253, Education Code, by amending Subsections (a) and (c), to require the commissioner to determine the amount of money to which a school district is entitled under Subchapter I. Provides that each school district is entitled to an amount equal to the difference for that district between the sum of Subsections (a)(1), (a)(2), and (a)(3) and the sum of Subsections (a)(4), (a)(5), and (a)(6). Deletes text prohibiting the amount to which a district is entitled under this section from exceeding a certain amount to which the district would be entitled at a certain tax rate. Provides that this subsection expires September 1, 2001.

SECTION 12.

Amend Section 42.302, Education Code, effective September 1, 1999, to redefine “GL.”

SECTION 13.

Amends Section 42.302(a), Education Code, to redefine “GL,” “WADA,” “DTR,” and “LR.”

SECTION 14.

Amends Chapter 42, Education Code, by adding Subchapter I, regarding school facilities tier.

SECTION 15.

Amends Section 46.003(a), Education Code, to redefine “BRT,” and “DPV.”

SECTION 16.

Amends Section 46.006, Education Code, to set forth reductions in the districts wealth per student.

SECTION 17.

Amends Chapter 21B, Education Code, by adding Section 21.0481, to set forth the requirements for a master reading teacher certification.

SECTION 19.

Amends Sections 21.402(a), (b) and (c), Education Code, effective September 1, 1999, to set forth certain salary factors per student.

SECTION 20.

Sets forth provisions regarding additional state funds provided to school districts.

SECTION 21.

Amends Chapter 21I, Education Code, by adding Section 21.410, regarding a master reading teacher grant program.

SECTION 22.

Amends Section 25.039(b), Education Code, to prohibit the amount of the institution paid from exceeding the lesser of the amount provided for by Section 25.038 or an amount specified by commissioner rule.

SECTION 23.

Adds Section 44.04, Education Code, regarding notice of budget and tax rate meeting and budget adoption.

SECTION 24.

Amends Section 822.201(b), Government Code, to redefine “salary and wages.”

SECTION 25.

Amends Sections 824.203(a) and (e), Government Code, to provide that the standard service retirement annuity is an amount computed on the basis of the member’s average annual compensation for the years of service, whether or not consecutive, in which the member received the highest annual compensation, times 2.2 percent, rather than two percent, for each year of service credit in the TRS.

SECTION 26.

Deletes proposed changes to Section 824.602(a), Government Code, to prohibit a retirement system from withholding a monthly benefit payment if the retiree is employed in a certain public institution. Deletes text regarding retiree. Makes conforming changes.

SECTION 27.

Deletes proposed changes to Chapter 825E, Government Code, regarding rate of member contributions to be certified public school employees. Amends Section 824.804(a), Government Code, to require the TRS to transfer monthly if the member had retired on the effective date of plan participation under the multiplier currently in effect.

SECTION 29.

Amends Section 26.05(d), Tax Code, to prohibit the governing body from adopting a certain tax rate.

SECTION 30.

Amends Section 26.06, Tax Code, by adding Subsection (g), to provide that this section, other than Subsection (a), does not apply to a school district. Requires a school district to provide notice of a public hearing on tax increase as required by Section 44.004, Education Code.

SECTION 31.

Deletes proposed changes to Section 26.08, Tax Code, amending Subsection (i) and adding Subsections (j) and (k), to set forth the rollback tax rate of a school district. Sets forth the rollback tax rate for the 1999 tax year.

SECTION 33.

Provides that the monthly payments of a death or retirement benefit annuity by the TRS are increased beginning with the payment due at the end of September 1999. Provides that the increase does not apply to certain sections of the Government Code. Sets forth a table to compute monthly benefits.

SECTION 34.

Requires the State Board for Educator Certification to propose rules establishing requirements and prescribing an examination for master reading teacher certification not later than January 1, 2001.