

BILL ANALYSIS

Senate Research Center
82R12074 KKA-D

S.B. 1581
By: Ogden
Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

This bill removes a requirement that the state contribution rate to the Teacher Retirement System (TRS) Pension Trust Fund be no less than the contribution rate required for active employees.

This bill reduces the rate of the required state contribution to TRS for the TRS-Care retiree insurance program to 0.5 percent of active member payroll.

This bill caps school district revenue targets for purposes of determining state aid under the Foundation School Program (FSP) to no more than \$8,000 per student in weighted average daily attendance (WADA).

This bill implements the recommendation in the report, "Limit Advanced Placement Incentive Program Exam Fee Subsidies and End Campus Awards," in the Legislative Budget Board's Government Effectiveness and Efficiency Report submitted to the 82nd Legislature, 2011, by funding the cost of examinations for students who demonstrate financial need in accordance with adopted guidelines.

This bill ends eligibility to redeem Early High School Graduation Scholarships awards issued prior to fiscal year 2012 effective for fiscal year 2018 and closes the program to new awards effective for fiscal year 2012.

This bill eliminates automatic transfers of funding from FSP to the Texas Higher Education Coordinating Board for purposes of funding certain tuition exemption programs.

This bill limits eligibility for educational aide tuition exemptions to persons seeking certification in teacher shortage areas, as determined by the commissioner of education.

This bill excludes physical education curriculum from counting towards contact hours used to determine a junior college's proportionate share of appropriated state money.

As proposed, S.B. 1581 amends current law relating to state fiscal matters related to public and higher education.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

ARTICLE 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY

SECTION 1.01. Provides that this article applies to any state agency, school, institution of higher education, or other entity that receives an appropriation under Article III of the General Appropriations Act.

SECTION 1.02. Provides that, notwithstanding any other statute of this state, each entity to which this article applies is authorized to reduce or recover expenditures by:

- (1) consolidating any reports or publications the entity is required to make and filing or delivering any of those reports or publications exclusively by electronic means;
- (2) extending the effective period of any license, permit, or registration the entity grants or administers;
- (3) entering into a contract with another governmental entity or with a private vendor to carry out any of the entity's duties;
- (4) adopting additional eligibility requirements for persons who receive benefits under any law the entity administers to ensure that those benefits are received by the most deserving persons consistent with the purposes for which the benefits are provided;
- (5) providing that any communication between the entity and another person and any document required to be delivered to or by the entity, including any application, notice, billing statement, receipt, or certificate, may be made or delivered by e-mail or through the Internet; and
- (6) adopting and collecting fees or charges to cover any costs the entity incurs in performing its lawful functions.

ARTICLE 2. FISCAL MATTERS CONCERNING RETIRED TEACHERS

SECTION 2.01. Amends Section 825.404(a), Government Code, as follows:

- (a) Requires the state, during each fiscal year, to contribute to the retirement system an amount equal to at least six and not more than 10 percent of the aggregate annual compensation of all members of the retirement system during that fiscal year. Deletes existing text prohibiting the amount of the state contribution made under this section from being less than the amount contributed by members during that fiscal year in accordance with Section 825.402 (Rate of Member Contributions).

SECTION 2.02. Amends Section 1575.202(a), Insurance Code, to require the state, each state fiscal year, to contribute to the fund an amount equal to 0.5 percent, rather than one percent, of the salary of each active employee.

SECTION 2.03. Provides that this article applies beginning on September 1, 2011.

ARTICLE 3. FISCAL MATTERS CONCERNING STATE REVENUE FOR SCHOOL DISTRICTS

SECTION 3.01. Amends Section 42.2516, Education Code, by amending Subsection (b) and adding Subsection (b-2), as follows:

- (b) Provides that, notwithstanding any other provision of this title, but subject to the limit imposed by Subsection (b-2), a school district that imposes a maintenance and operations tax at a rate at least equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year is entitled to at least the amount of state revenue necessary to provide the district with the sum of:

- (1) as calculated under Subsection (e), the amount of state and local revenue per student in weighted average daily attendance for maintenance and operations that the district would have received during the 2009-2010 school year under Chapter 41 (Equalized Wealth Health) and this chapter, as those chapters existed on January 1, 2009, at a maintenance and operations tax rate equal to the product of

the state compression percentage for that year multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;

(2) an amount equal to the product of \$120 multiplied by the number of students in weighted average daily attendance in the district;

(3) an amount equal to the amount the district is required to pay into the tax increment fund for a reinvestment zone under Section 311.013(n) (relating to the applicability to a school district whose computed taxable value is reduced in a certain manner), Tax Code, in the current tax year; and

(4) any amount to which the district is entitled under Section 42.106 (Tuition Allotment for Districts Not Offering All Grade Levels).

(b-2) Prohibits the amount of state revenue to which a school district is entitled under Subsection (b), notwithstanding any other provision of this section, from exceeding the amount necessary to result in a total amount of state and local revenue per student in weighted average daily attendance of \$8,000.

ARTICLE 4. FISCAL MATTERS CONCERNING ADVANCED PLACEMENT

SECTION 4.01. Amends Section 28.053(h), Education Code, as follows:

(h) Authorizes the commissioner of education (commissioner) to enter into agreements with the college board and the International Baccalaureate Organization to pay for all examinations taken by eligible public school students. Provides that an eligible student is a student who:

(1) takes a college advanced placement or international baccalaureate course at a public school or who is recommended by the student's principal or teacher to take the test; and

(2) demonstrates financial need as determined in accordance with guidelines adopted by the State Board of Education that are consistent with the definition of financial need adopted by the college board or the International Baccalaureate Organization.

ARTICLE 5. FISCAL MATTERS CONCERNING EARLY HIGH SCHOOL GRADUATION

SECTION 5.01. Amends Subchapter K, Chapter 56, Education Code, by adding Section 56.2012, as follows:

Sec. 56.2012. EXPIRATION OF SUBCHAPTER; ELIGIBILITY CLOSED. (a) Provides that this subchapter expires September 1, 2017.

(b) Prohibits a person, notwithstanding Section 56.203 (Eligible Person), from receiving an award under this subchapter if the person graduates from high school on or after September 1, 2011.

SECTION 5.02. Amends Section 54.213(b), Education Code, as follows:

(b) Requires the Texas Education Agency (TEA) to accept and make available to provide tuition exemptions under Section 54.214 (Educational Aides) gifts, grants, and donations made to the agency for that purpose. Requires the commissioner to transfer those funds to the Texas Higher Education Coordinating Board (THECB) to distribute to institutions of higher education that provide exemptions under that section.

Deletes existing text requiring the savings to the foundation school fund that occur as a result of the Early High School Graduation Scholarship program created in Subchapter K (Early High School Graduation Scholarship Program), Chapter 56 (Student Financial

Assistance), and that are not required for the funding of state credits for tuition and mandatory fees under Section 56.204 (Entitlement) or school district credits under Section 56.2075 (Payment of School District Credit) be used first to provide tuition exemptions under Section 54.212 (One-Year Exemption for Certain TANF Students). Requires that any of those savings remaining after providing tuition exemptions under Section 54.212 be used to provide tuition exemptions under Section 54.214. Deletes existing text requiring payment of funds under this subsection shall be made in the manner provided by Section 56.207 (Payment of State Credit) for state credits under Subchapter K, Chapter 56.

SECTION 5.03. Repealer: Section 56.210 (Notification by High Schools Regarding Program Requirements), Education Code.

ARTICLE 6. FISCAL MATTERS CONCERNING TUITION EXEMPTIONS

SECTION 6.01. Amends Section 54.214(c), Education Code, as follows:

- (c) Requires a person, to be eligible for an exemption under this section, to:
- (1) be a resident of this state;
 - (2) be a school employee serving in any capacity;
 - (3) for the initial term or semester for which the person receives an exemption under this section, have worked as an educational aide for at least one school year during the five years preceding that term or semester;
 - (4) establish financial need as determined by THECB rule;
 - (5) be enrolled at the institution of higher education granting the exemption in courses required for teacher certification in one or more subject areas determined by TEA to be experiencing a critical shortage of teachers at the public schools in this state, rather than be enrolled at the institution of higher education granting the exemption;
 - (6) maintain an acceptable grade point average as determined by THECB rule; and
 - (7) comply with any other requirements adopted by THECB under this section.

SECTION 6.02. Provides that this article applies beginning with the 2011-2012 school year. Makes application of this article to tuition and fees prospective to the 2011 fall semester.

ARTICLE 7. FISCAL MATTERS CONCERNING DUAL HIGH SCHOOL AND JUNIOR COLLEGE CREDIT

SECTION 7.01. Amends Section 130.008(c), Education Code, as follows:

- (c) Requires that the contact hours attributable to the enrollment of a high school student in a course offered for joint high school and junior college credit under this section, excluding a course for which the student attending high school may receive course credit toward the physical education curriculum requirement under Section 28.002(a)(2)(C) (relating to physical education), be included in the contact hours used to determine the junior college's proportionate share of the state money appropriated and distributed to public junior colleges under Sections 130.003 (State Appropriations for Public Junior Colleges) and 130.0031 (Transfers: When Made), even if the junior college waives all or part of the tuition or fees for the student under Subsection (b) (requiring that money appropriated for payment to junior colleges be paid to each eligible category 1 junior college out of the public junior college reimbursement fund in a certain manner).

SECTION 7.02. Provides that this article applies beginning with funding for the 2011 fall semester.

ARTICLE 8. EFFECTIVE DATE

SECTION 8.01. Effective date: September 1, 2011.